

20 September 2012

Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

Dear Sir/Madam

**Re: National Electricity Amendment (Changes to normal voltage) Rule 2012 - ERC0148**

We refer to the proposed Rule Change detailed in the Australian Energy Market Commission (AEMC) Consultation Paper titled *National Electricity Amendment (Changed to nominal voltage) 2012* dated 23 August 2012.

Hydro Tasmania has considered the Proponent's Rule Change request to impose consultation requirements on Network Service Provider's (NSP's) by providing a reference to Clause 5.3 of the National Electricity Rules (NER) in the glossary definition of normal voltage and is of the firm view that the Proposed Rule Change is unnecessary and would result in additional material time delays in processing requested connection changes as well as increased costs for the connection change applicant and existing connected participants.

Hydro Tasmania's opposition to the proposed Rule Change is based on our experience that NSP's do consult with affected parties when an NSP is considering changing the normal voltage level at a connection point and that this consultation while not specifically identified as such, is based on the provisions contained within Clause 5.3.

As a result, Hydro Tasmania is strongly of the view that the current process is efficient, timely and cost effective and does, in practice, deliver the consultation sought by the Proponent's Rule Change but more efficiently.

Hydro Tasmania notes that the Consultation Paper refers to two examples where the normal voltage was changed by the local NSP, Transend. It is Hydro Tasmania's understanding that Transend did consult with parties connected at that time to George Town when considering Hydro Tasmania's request to increase the normal voltage to 231kV. Also, Hydro Tasmania can confirm that it was consulted by Transend when Transend was considering Aurora Energy Tamar Valley's (AETV's) request to reduce the George Town normal voltage back to 220kV to facilitate AETV's connection to George Town.

Therefore, in both situations quoted by the AEMC, the local NSP did consult with parties connected at George Town at the time regarding the changes proposed to the George Town normal voltage before reaching a decision on whether to implement the change in the nominal voltage level.

The impact of introducing this additional consultation will be to delay the implementation of the change to the normal voltage because informal consultation can be undertaken more quickly than a formal process. The most likely reason for a change of normal voltage is to overcome a transmission issue and to make dispatch more efficient. This may be because analysis has shown a better way of operating the system or it may be in response to some fault which needs to be overcome. In either case, the delay will cause additional costs to the market which would not be there without the rule change.

A further issue is created by a lack of clear definition of “affected parties” that would need to be consulted by the NSP whilst considering a connection modification. The proposal would hence potentially allow La Trobe valley power station owners to provide input into the George Town voltage consultation for the purpose of detrimentally affecting its direct competitor, despite not being physically connected to the point or affected by the constraints derived from the normal voltage. Such tactics would, at a minimum, cause further delays in delivery of low cost energy to the consumer, to the detriment of NEO.

Hydro Tasmania also notes that, to its knowledge, there have been only two changes by an NSP to the normal voltage at National Electricity Market (NEM) connection points in Tasmania since NEM commencement (i.e. over a 14 year period). In addition the Consultation Paper provides no further examples of changes to normal voltages at connection points in the other 4 NEM regions. Thus it can reasonably be concluded that such changes are extremely rare throughout the NEM.


Given this fact and Hydro Tasmania’s experience that in practice NSP’s do consult with all connection parties affected by a proposed change to the normal voltage at a connection point, Hydro Tasmania believes that the proposed Rule Change will have no practical effect or benefit and is therefore not warranted.

In conclusion Hydro Tasmania does not support the proposed Rule Change based on the following:

- the proposed rule change is unnecessary as there is evidence that in practice NSP’s do undertake consultation with connection parties on proposed changes to normal voltage levels at a NEM connection point under the current rules and that this consultation is generally in accordance with NER Clause 5.3, although conducted in a more timely way. There are no known incidents of insufficient consultation by NSP in these matters in the entire NEM history.
- the consultation that occurs under the present rule is both efficient and effective for the NSP and the genuinely affected parties;
- the proposed change will impose additional costs on affected parties, the NSP and AEMO with no commensurate offsetting cost or other benefits;
- the proposed change will, if implemented, result in additional material time delays in processing and implementing connection change requests`. These delays could postpone resulting benefits to NEM consumers;
- the proposed rule change is unwarranted as in practice it offers no benefits to those already available under the current rule.
- thus the proposed rule change results in no improvements to the National Electricity Objective and may delay market benefits.

If you have any queries, please contact the undersigned.

Yours sincerely,

A handwritten signature in black ink that reads "D. Bowker." with a horizontal line underneath the name.

David Bowker  
Manager Regulatory Affairs

t 03-6230 5775

e [david.bowker@hydro.com.au](mailto:david.bowker@hydro.com.au)