

30 April 2009

Mr John Tamblyn
Chairman, Australian Energy Markets Commission
PO Box A2449
Sydney South
NSW. 1235

By email (submissions@aemc.gov.au)

Dear Dr Tamblyn,

AETV Participant Derogation to allow commissioning of a new power station – ERC0087

Roaring 40s and Aurora Energy (AETV) have examined in depth the obligations that would be imposed on AETV, NEMMCO and Transend in dispatching generation in the Tasmanian region during the period the proposed derogation would be in place, if that derogation is granted by the Commission.

It had always been AETV's intention in seeking this derogation, that the 144 MW contingency size limit would be imported as part of the proposed derogation. AETV believes that this had also been the understanding of NEMMCO and Transend, when AETV sought their views prior to submitting the participant derogation proposal to the Commission.

However in the examination of the participant derogation which has recently been undertaken by Roaring 40's and AETV, and in particular the wording of the proposed Draft Rule, it became apparent that the proposed Draft Rule could benefit from an amendment to clarify this point.

This will ensure that the benefits of operating AETV's new high efficiency gas plant in advance of the full implementation of the new Tasmanian Frequency Operating Standards are not countered by a potentially substantial increase in FCAS costs arising from increased requirements for contingency raise FCAS services.

It is proposed that the Draft Rule be amended in the manner set out in the marked up text in the attachment.

It is the view of both AETV and Roaring 40s that this amendment to the derogation is a minor clarification only, given the understanding and assumption which was common to AETV, NEMMCO and Transend, as mentioned above.



On the basis that the Draft Rule contains an express reference to the 144 MW limit, Roaring 40s supports the non-controversial status of the derogation.

Please call Shaun O'Loughlin of AETV on 0418 139 002 or Andrew Jones of Roaring 40s on 0400 537 944 if there are any questions regarding this submission.

Yours Sincerely

A handwritten signature in blue ink, appearing to read "J. Titchen".

John Titchen,
General Manager Business Development Roaring 40s

A handwritten signature in blue ink, appearing to read "M. Brewster".

Michael Brewster
Chief Executive Officer, AETV Power

AURORA ENERGY (TAMAR VALLEY) PTY LTD
DRAFT PARTICIPANT DEROGATION

National Electricity Amendment (Aurora Energy (Tamar Valley) Pty Ltd)

Participant Derogation (Modification of Clause S5.2.5.3(c) Minimum Access Standard) Rule 2009 No. [x]

1. Title of Rule

This Rule is the *National Electricity Amendment (Aurora Energy (Tamar Valley) Pty Ltd) Participant Derogation (Modification of Clause S5.2.5.3(c) Minimum Access Standard) Rule 2009 No. [x]*.

2. Commencement

This Rule commences operation on [the date the notice making this Rule is published under clause 103 of the *National Electricity Law*] [insert date which must be after the date the notice making the Rule is published in the *South Australian Government Gazette*].

3. Amendment of the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 1.

Schedule 1 Amendment of National Electricity Rules

Chapter 8A Participant Derogations

Insert the following new Part at the end of Chapter 8A:

Part 13 Derogations granted to Aurora Energy (Tamar Valley) Pty Ltd

8A.13 Derogation from clause S5.2.5.3(c) *minimum access standard*

8A.13.1 Definitions

For the purposes of this rule 8A.13:

AETV means Aurora Energy (Tamar Valley) Pty Ltd.

AETV generating system means the *generating system* that will be comprised within AETV's Tamar Valley *power station*.

commencement date means the date on which this Rule 8A.13 commences operation.

expiry date means the earlier of:

- (a) the date on which the New Tasmanian *frequency operating standards* commence to apply in the Tasmanian *region*; and
- (b) 31 December 2009.

New Tasmanian frequency operating standards means the new Tasmanian *frequency operating standards* set out in the recommendations of the *Reliability Panel* dated 18 December 2008.

Transend means Transend Networks Pty Limited (ABN 57 082 586 892).

8A.13.2 Clause S5.2.5.3 *minimum access standard* applying to AETV *generating system* before expiry date

- (a) Subject to clause 8A.13.2(b), the *minimum access standard* which will apply under clause S5.2.5.3(c) during the period from the commencement date to the expiry date for the purposes of determining the *negotiated access standard* for the AETV *generating system* in relation to the technical requirements set out in clause S5.2.5.3 will be determined by reference to the New Tasmanian *frequency operating standards*.
- (b) Without limiting AETV's, Transend's and NEMMCO's other rights and obligations under clause 5.3.4A and clause S5.2.5.3(c), any arrangements, (including:
 - (1) the details of the *protection system* which will trip the AETV *generating system* in accordance with the

requirements of clause S5.2.5.3(c)(6) if the *frequency* exceeds the level agreed with *NEMMCO* for the purposes of that clause; and

- (2) the *frequency* level referred to in clause 8A.13.2(b)(1) above; and
- (3) the details concerning the implementation by AETV, Transend and/or *NEMMCO* of any limits set out in the New Tasmanian *frequency operating standard* (including, in particular, the 144 MW limit referred to in New Tasmanian *frequency operating standard*),

which are required to be established in order to satisfy any relevant requirements under the *Rules* (including the requirements of clause 5.2.4A(b) -and clause S5.2.5.3(c)) during the period from the commencement date to the expiry date must be negotiated and agreed between AETV, Transend and *NEMMCO* before the AETV *generating system* is connected to Transend's *transmission system*.

- (c) For the avoidance of doubt, during the period from the commencement date to the expiry date, *NEMMCO* will limit the size of *generating unit contingency in the Tasmanian Region* to 144 MW.

