

13 April 2017

By electronic submission to AEMC

AEMC Reference: ERC0219

Istvan Szabo
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Dear Mr Szabo

Generating System Model Guidelines – Consultation Paper

Hydro Tasmania appreciates the opportunity to make a submission to the Australian Energy Market Commission (AEMC) in relation to the National Electricity Amendment (Generating System Model Guidelines) Rule 2017 proposal.

Hydro Tasmania agrees with AEMO that with the increased level of asynchronous plant connected to the power system the existing standard modelling is insufficient on its own to adequately model the power system appropriately. Hydro Tasmania is concerned, however, that the proposed rule changes are ambiguous, broad in scope and will potentially significantly increase compliance costs for market participants.

To address these concerns, Hydro Tasmania seeks an extension to this consultation process to enable participants to work with the AEMC and AEMO to clarify the modelling requirements while minimising potential costs.

Hydro Tasmania provides the following responses to the issues outlined in the Consultation Paper.

Issue 1: Materiality of the issue

- 1. Is it necessary to amend the NER to place more explicitly defined obligations on participants to provide specific modelling data to AEMO?*

Hydro Tasmania believes the rule change proposed by AEMO introduces ambiguity in the rules surrounding the specific information requirements which may be imposed on participants. The rule changes are broad in scope, open to multiple interpretations and create high levels of compliance cost uncertainty. The cost of this uncertainty will ultimately need to be priced into all projects and result in higher costs to consumers. This could range from existing generator upgrades to construction of new power stations. It should be noted that some existing generator

upgrades, particularly control systems, often have a large portion of their costs attributed to modelling. Any further increase in costs could see these projects being unfeasible which would be a negative outcome for the power system as upgrades are often beneficial for power system security and performance. Hydro Tasmania believes that the AEMC should review this issue further and consider ways to explicitly define the proposed participant obligations.

Although not immediately relevant to Hydro Tasmania, the addition of the proposed clause in S.5.3.1 for the requirement of Network Users consuming over 20 000 MWh to provide modelling information is noted. This seems onerous in potentially requiring expert information from Network Users presumably not currently obligated, when the overall aim was principally to capture new asynchronous generation data.

Issue 3: Costs of Compliance

The costs of complying with the proposed changes, as highlighted by AEMO, could be around \$75,000 per generator. Hydro Tasmania is particularly concerned about the change in potential information requirements as it has over 50 registered generating units, with a number of upgrades undertaken each year, with information provided in accordance with the NER 5.3.9 requirements.

Issue 5: Existing generators

1. *Should AEMO be able to request additional modelling data from existing generators who are already registered and have executed connection agreements?*

These changes come with a risk of imposing additional costs on all participants; therefore any ambiguity on obligation for participants is not desirable. The AEMC states that AEMO's rule change request would mainly be applied to new connecting generators. If this is the intent, then this application should be more clearly stated for certainty noting the changes to rule 5.3.9 are general in nature.

2. *Does the rule change request and the proposed rule provide sufficient guidance or clarity regarding what circumstances AEMO may require additional model data from existing participants?*

Hydro Tasmania believes the rule change request and the proposed rule changes do not provide sufficient guidance or clarity to specify which circumstances AEMO will require additional model data from existing participants. For example, the proposed change in the condition requiring information under NER 5.3.9(2), from assessment against the relevant technical standards, to in "AEMO's reasonable opinion..." introduces uncertainty in the process.

Please contact Cameron McCulloch on 0438 247 101 if you would like to discuss any matters associated with this submission.

Yours sincerely

A handwritten signature in blue ink that reads "John Cooper". The signature is written in a cursive style with a large, sweeping initial "J".

John Cooper
Policy & Regulatory Analyst