



**EnergyAustralia**

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Australian Energy Market Commission

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Dear Commissioners

Lodged electronically: [www.aemc.gov.au](http://www.aemc.gov.au) (ERC0165)

### **AEMC 2014, Generator ramp rates and dispatch inflexibility in bidding, rule determination, 28 August 2014**

EnergyAustralia welcomes the opportunity to make a submission on the 'Generator ramp rates and dispatch inflexibility in bidding' draft report (the report).

EnergyAustralia is one of the country's leading retailers, providing gas and electricity to more than 2.7 million customers. We own and operate a range of generation and storage facilities, including coal, gas and wind assets, in NSW, Victoria and South Australia.

The Commission has proposed a more preferable draft rule that would require ramp rates provided by generators to be at least one per cent of maximum generation capacity per minute. The rationale for the preferred rule is that it would apply consistently and proportionately, regardless of generator size, plant configuration or technology type.

We agree that the draft rule more appropriately addresses the commercial aspects of generator ramp rates than the rule proponent's approach that would have required generators to bid their maximum technical ramp capability at all times. The draft rule will more fairly distribute the requirement to provide ramping capability to the market.

However, ramp capability has both technical and commercial characteristics and the draft rule will set minimum ramp rates at or above the technical capability of some large units.

The draft rule requires 29 market generators (DUIDs) to at least double their current minimum ramping level. All but 5 of these are single unit coal powered steam turbines. The current minimum of 3MW/min is not far below the technical capability of many of these units. The draft rule would increase the aggregate level of ramp in the market and impose an unwarranted increase in regulatory burden for these 24 thermal generators.

Mt. Piper Power Station, with a maximum capacity of 700MW, would have a minimum ramp of 7MW/min, up from 3MW/min. An incremental increase of even 1 MW of registered capacity for a unit would increase this to 8MW/min due to the requirement in the draft rule to round up. The station does not always have the ability to ramp at 7MW/min, as ramp capacity is affected by coal quality, mill changes, generation level, and other physical equipment constraints.

The draft rule would increase the compliance burden due to the need to rebid with technical constraints. Imposing ramp rates near the physical limit of a plant may lead to increased maintenance costs and reduce efficiency. The new rule should allow market participants the freedom to run their plants in an efficient manner without reaching binding technical constraints in normal operations.

If the Commission determines to make the rule in the format proposed the rule should allow for normal arithmetic rounding to the nearest whole number. A minimum ramp of 1 MW/min for small plant may be desirable.

We acknowledge the structure of the AEMC's draft rule provides a simple and technology neutral approach, however a more discerning rule would be appropriate. We encourage the AEMC to consider the following alternative preferred rules that would better balance the technical and commercial aspects of ramp, while still being simple to implement.

- Apply the current rule to the individual units behind DUIDs
- Retain current requirements on ROC up while applying the draft rule to ROC down
- Apply the draft rule using different percentages based on technology type

We encourage the use of conservative numbers for defining minimum ramp rates. Ramp rates that approach technical limits create undue regulatory burdens and plant inefficiencies.

Please contact me for any further information on (03) 8628 4518 or [Ben.Hayward@EnergyAustralia.com.au](mailto:Ben.Hayward@EnergyAustralia.com.au).

Regards



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Wholesale Regulation