

4 September 2014

John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235
Lodged Electronically

Dear Mr Pierce,

RE: ERP0039 Optional Firm Access Design and Testing Review, First Interim Report

Goldwind Australia welcomes the opportunity to make a submission on this important issue.

Goldwind Australia

Goldwind Australia is fully owned by Goldwind Science and Technology - the largest wind turbine manufacturer in China (with 23.3% Chinese market share) and second largest globally (with 10.3% global market share). Goldwind manufactures advanced technology wind turbines. Goldwind's business includes:

- Wind turbine R&D, design, manufacturing and sales;
- Services including project development, Engineering Procurement and Construction (EPC) Contracting, Operation and Maintenance; and
- Wind farm investment/ownership.

By the end of 2013 Goldwind's accumulated wind power installations exceeded 19,000 MW. That wind power generation capacity is equivalent to 13 million tons of coal saved per year or 39 million tons of carbon emissions reduced per year or 21 million cubic meters of newly planted forest.

Goldwind is listed on both the Shenzhen Stock Exchange and Hong Kong Stock Exchange.

Goldwind's first Australian project, the 19.5MW Morton's Lane Wind Farm, was commissioned in late 2012 and is now owned by CGN Wind Energy Ltd. Goldwind's second Australian project, the 165.5MW Gullen Range Wind Farm, is Goldwind's largest project outside China. Construction of Gullen Range Wind Farm is well advanced with completion of construction due later in 2014. Goldwind Australia is a member of the Clean Energy Council.

Optional Firm Access

Optional Firm Access (OFA) would represent the most significant change in the National Electricity Market since its inception. We do not support the implementation or continued development of OFA. It would have wide reaching ramifications on the NEM and beyond.

There is an absence of any clear, measurable and justified benefit from OFA, nor is there any plan to clearly and quantifiably justify any potential benefits.

The introduction of an OFA model would be likely to impede future generation investments as it introduces significant new risks and complexity that would represent barriers to entry. This includes impeding the objectives of external legislated instruments including the Renewable Energy Target.

Although the Commission is proposing an assessment framework for OFA the Commission has also repeatedly stated that many of its components cannot be assessed quantitatively. Therefore, the context that the Commission would be making its recommendations from is deeply flawed. It includes:

- Numerous subjective qualitative assessments based on limited consideration of likely outcomes;
- Changing objectives of the OFA model which appear to be addressing unintended consequences as they are identified as being material, or even requiring reform;
- Views of the OFA model which are clearly conflicted by the terms of reference for this Review, compromising the independence of the Commission;
- A disconnect from reality: in that the benefits the Commission suggests will flow to generators are considered by generators to be disadvantages of the OFA system; and
- A proposed transitional arrangement that will impede the development of new projects by distorting competitive outcomes and creating barriers to entry in the form of subsidised firm access for the majority of their economic life.

The Commission's clear objective of proceeding on a 'leap of faith' basis is extremely concerning. The OFA model presents numerous significant risks and costs for consumers that have either not been considered, or have been brushed aside.

As a member of the Clean Energy Council we support their submission and encourage the Commission to take account of the matters raised for consideration as part of the Commission's assessment, should this review proceed.

Conclusion

Goldwind Australia does not support the implementation or continued development of OFA. The Commission's role in this matter is quite concerning and the Review should be stopped in the absence of any evidence of demonstrable material benefits assessed by an independent agency. We do not believe that any material benefit flowing from OFA to consumers will overcome the numerous and, when compounded, substantial risks that the proposed reforms impose on consumers.

Yours Sincerely,

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