

6 March 2009

Mr Ian Woodward
Chairman
Reliability Panel
Australian Energy Market Commission
Level 5, 201 Elizabeth Street
Sydney NSW 2000

By email: submissions@aemc.gov.au

Dear Ian,

**AEMC Reliability Panel Issues Paper - Template for Generator Compliance Programs
(Reference Code: REL0032)**

Grid Australia welcomes the opportunity to respond to the AEMC Reliability Panel Issues Paper on the Template for Generator Compliance Programs dated 22 January 2009.

Grid Australia comprises transmission network service providers (TNSPs) ElectraNet Pty Limited, Powerlink Queensland, SP AusNet, Transend Networks Pty Ltd and TransGrid. Collectively, this group owns and operates over 40,000 km of high voltage transmission lines and has assets in service with a current regulatory value in excess of \$10 billion.

Grid Australia members are responsible for ensuring that the transmission service requirements of existing and prospective transmission network customers are addressed as required by the National Electricity Rules. Grid Australia members are also accountable for ensuring the efficient development of the transmission network having regard for the performance characteristics of existing and prospective generators.

Grid Australia notes that generation companies are responsible and accountable for ensuring that their generating plant meets the registered performance standards at all times. A template based approach may provide guidance to generation companies; however the existence or otherwise of a template does not change the obligation or accountability for compliance by these companies.

The proposed principles are broader than those currently stipulated in the Rules. In Grid Australia's opinion the Rules should be the primary reference for the principles surrounding Template obligations. Consistent with the Rules the overriding principle is that the registered performance standards must be met over time to ensure:

- the power system can be operated safely and securely;
- the power system can be planned and developed with confidence that generators will perform in accordance with the registered performance standards; and
- that the legitimate service expectations of all system users are met.

To this end:

1. the templates provided by the Reliability Panel may assist by providing examples of current good practice but should serve as a guideline rather than override or create inconsistency with existing Rules obligations;
2. performance compliance programs should be required to reflect a genuine commitment to the adoption of a quality management approach to asset management by generation companies. Inherent in this approach is a commitment, by generation companies, to refining compliance assurance processes over time to ensure continuous application of good electrical industry practice;
3. it is not appropriate to adopt the specific Categories proposed in Attachment A for application to all circumstances. However, it may be appropriate to provide these Categories as an example of an approach that could be adopted, provided it is adapted to fit the specific circumstances applying to the relevant generation equipment;
4. the template should set out minimum requirements and should not constrain Generators from innovation to ensure compliance with registered performance standards over time;
5. the approach proposed in Appendix B would appear to a good starting point for the Panel's deliberations but this needs further development;
6. regarding the sample templates in Appendices B, C, and D, these are most useful as guidelines but would need to be demonstrably supported by detailed asset management strategies, processes, and procedures (including internal compliance assessment procedures) developed as part of a quality asset management system. The specific content would need to be amended to reflect the specific circumstances applying to each generating system, in line with asset management strategies developed on the basis of the engineering requirements of the particular generating plant involved; and
7. the NEMMCO guidelines (Appendix D) appear to be a useful as a way of presenting a high level summary of a generator compliance program. However, it should be considered as a reference point to be adapted to reflect the requirements of the underlying detailed asset management strategies and associated quality systems.

In summary, Grid Australia members are responsible for ensuring that the transmission service requirements of existing and prospective transmission network customers are addressed as required by the National Electricity Rules. Grid Australia members are also accountable for ensuring the efficient development of the transmission network, having regard for the performance characteristics of existing and prospective generators.

It also follows that, for TNSPs to meet their Rules obligations, they need to be able to rely on the technical performance information provided by generators. Accordingly, the 'template' for generator compliance programs must reinforce generation companies' accountability for generators under their stewardship meeting the registered performance standards over time.

Grid Australia would welcome the opportunity to discuss any aspect of this submission with the Reliability Panel or staff.

Yours sincerely,



Rainer Korte
Chairman
Regulatory Managers Group