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Your Ref: ERC0222
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John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235

Dear Mr Pierce,

**Submission on the Generator technical performance standards rule change
(ERC0222)**

The AER welcomes the opportunity to comment on the above National Electricity Rule (NER) change request made by the Australian Energy Market Operator (AEMO).

We are supportive of an initiative that contributes to the National Electricity Objective (NEO) and that, in this case, is also aimed at helping AEMO improve the secure and safe operating state of the power system and manage the risk of major supply interruptions. We also acknowledge that this Rule change request would satisfy, in part, recommendation 2.1 of the Finkel Review into the future security of the National Electricity Market (NEM).

We agree with the Commission's proposed approach to assess this NER change request, which includes considering the need to: maintain system security at the lowest cost to consumers; allocate the associated costs and risks appropriately; provide regulatory certainty and flexibility; and, promote technological neutrality.

The AER cannot comment on additional costs that participants may face as a result of the proposed changes to the standards under consideration. However, given current circumstances, changes such as these should not present a material barrier to entry for new technologies, providing appropriate measures are taken by proponents and AEMO, when considering and integrating new technologies in the NEM.

We consider that international standards may also provide useful guidance in conjunction with State based technical and regulatory requirements and instruments that are relevant to this NER change request. Striving for greater alignment between federal and State regimes will contribute to consistency and certainty.

Further, we consider that changes of the kind proposed under this NER rule change request, may benefit from a wider review of other GPS matters and related arrangements under the NER.

Accordingly, we believe there would be value in considering the introduction of the following requirements:

- Given the fast pace at which new technologies are emerging and the fact that the current access standards were last reviewed in 2007—the introduction of a Rule or other arrangement to review these standards at least every five (5) years. This would ensure that the standards reflect the evolving power system more proactively.
- In the interest of making this framework more robust, to support AEMO's enquiries and to improve the basis on which negotiated access standards are determined—a disclosure obligation, requiring Generators to provide AEMO with all relevant information about their generating systems' capabilities and settings, for connection and GPS registration purposes.

Other clauses in the NER that we consider relevant to GPS-related changes include, but are not limited to, 4.14 and 4.15, which provide for, among other things, a GPS registry maintained by AEMO, compliance program requirements on Generators and a breach notification reporting framework. In no particular order:

- Compliance programs (clause 4.15(b))—any change to particular standards should also result in the review of the Template for compliance programs published by the Reliability Panel, which is a key guidance document for Generators in how to test for, and demonstrate, GPS compliance.
- Non-compliance reporting (clause 4.15(f))—there are no published guidelines about this framework and, in particular, the handling by AEMO of the mandated non-compliance notices and their resolution under this sub-clause. Relevantly, we believe there may be the risk, in some cases, that in resolving non-compliances a registered GPS may be amended to lower technical requirements. Given that such an approach could, ultimately, have adverse impacts on power system security, there should be a mechanism in place, either under the NER or any AEMO guidelines, to explicitly forbid such an outcome.
- There should also be a requirement for AEMO to provide the AER with a consolidated copy of controlled versions of all registered GPS at least annually or, within five (5) business days, a copy of any amended GPS or GPS that is formally requested by the AER. This would assist with considering GPS matters more promptly and effectively—particularly in terms of the reporting regime under clause 4.15(f) and the AER's review function and determination role under clause 4.15(n) and (o), respectively.

If you would like to discuss any aspect of this submission please contact Craig Oakeshott on (08) 8213 3469.

Yours sincerely,



Peter Adams
General Manager | Wholesale Markets
Australian Energy Regulator