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27 March 2014

Mr John Pierce  
Mr Neville Henderson  
Dr Brian Spalding  
Australian Energy Market Commission

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

Dear Commissioners,

**RE: ERC0165 - National Electricity Amendment (Generator ramp rates and dispatch inflexibility in bidding) Rule 2014**

By way of background InterGen Australia (**InterGen**) is owned by InterGen N.V. and the China HuaNeng Group (**CHG**), China's largest generation company. InterGen and CHG are leading developers and operators of electricity generation facilities worldwide. In Australia, InterGen is the operator and majority owner of the 851MW Millmerran Power Station and a 50% owner of the 850MW Callide C Power Station.

The Australian Energy Market Commission (**AEMC**) has sought stakeholder submissions to the National Electricity Amendment (Generator ramp rates and dispatch inflexibility in bidding) Rule 2014, dated 13 February 2014 (**Rule Change**). The AEMC is specifically seeking stakeholder views on the AER's proposed rule change which would require generators to submit ramp rates and dispatch inflexibility profiles that reflect the technical capabilities of generating plant at all times.

InterGen's position is set out below.

**Determining the Maximum Technical Ramp Rate**

InterGen supports the AEMC's assertion that the "AER rule change request is unclear as to the definition of maximum technical ramp rates and the method generators would use to determine their maximum technical ramp rates<sup>1</sup>". While we acknowledge the AER's intention to provide further detail in amendments to its Rebidding and Technical Parameters Guideline, we contend that this information would have greatly assisted our consideration of the efficacy of the proposed Rule Change.

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<sup>1</sup> Section 6.1.1, page 32 National Electricity Amendment (Generator ramp rates and dispatch inflexibility in bidding) Rule 2014, dated 13 February 2014

Should the AEMC proceed with the Rule Change request, InterGen strongly recommends that the AEMC have regard to ramp rate design limitations inherent in generation plant especially in relation to changing direction of load. These limitations are specific to plant and void the use of a generic "one size fits all" approach.

Additionally, there may be a divergence between a "maximum technical ramp rate" (a design concept) and that which is prudent to operate a plant. In other words, InterGen contends that the maximum ramp rate for a particular load is determined by the rate at which there is a tolerable risk of the control system becoming unstable, leading to the plant tripping. This may be at degrees lower than that at which the plant can be *technically* pushed to. On this basis, the definition of the "maximum technical ramp rate" should reflect a baseline level of a single MW/minute value at which a generator can maintain reliable operation across all output levels and under any conditions.

Finally, InterGen's concern is that the proposed rule will limit its ability to both safely and cost effectively, operate its plant. Strict compliance to the Rules may force operators to run plant according to a rigid and generic regulator's view of plant performance rather than the more prudent risk based approach that reflects the prevailing operational status of the generation plant. On this basis, the proposed Rule Change may inadvertently introduce an increased forced outage risk as a result of businesses seeking to avoid a compliance risk.

#### **Conclusion**

InterGen welcomes the thoroughness of approach undertaken by the AEMC with respect to the proposed Rule Change and we trust that the AEMC will carefully consider the issues we have raised. Please feel free to contact Mr. Robert Pane on 07 3001 7124 regarding any queries on this submission.

Yours sincerely,



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**Sam Bristow**

General Manager, Trading & Development  
InterGen (Australia) Pty Ltd