

4 April 2008

Mr John Tamblyn
Chairman
Australian Energy Market Commission
Level 5, 201 Elizabeth Street
Sydney NSW 2000

By email: submissions@aemc.gov.au

Dear John,

NGF Proposed *National Electricity Amendment (Performance Standard Compliance of Generators) Rule 2008*

Thank you for the invitation to provide a submission to the AEMC on the *National Electricity Amendment (Performance Standard Compliance of Generators) Rule 2008 (Rule Change)* proposed by the National Generators Forum (**NGF**).

Grid Australia is broadly supportive of the proposed Rule Change and notes that it does not materially alter, or facilitate the alteration of, the generators' substantive performance obligations, without the relevant network service provider's (**NSP's**) consent. More specifically:

- the proposed Rule Change does not make any material change to the substantive obligations of a registered participant established by existing Rule 4.15(a) of the National Electricity Rules (**Rules**); and
- the proposed new Rule 4.14(p) permits changes to the performance standards of registered participants only with the agreement of the relevant NSP.

However, Grid Australia is concerned that an inadvertent consequence of the transmission network service providers' (**TNSPs**) not having any involvement in the development of generator compliance programs may be that TNSPs are not sufficiently informed regarding generator performance to discharge their power system security responsibilities.

Under the Rules, TNSPs are responsible for planning, developing, maintaining and operating transmission assets in a way that delivers a system capable of operation in a secure state (see, in particular, Rules 4.3.4, 5.2.3(b), 5.6.2(e) and Schedule 5.1). In order to discharge these responsibilities, TNSPs require access to information on generator performance on an ongoing basis. For example, in transmission planning and operation of the transmission network, TNSPs rely on models of the power system built on the assumption of ongoing compliance by generators

with their performance standards. Non-compliance may have implications for TNSPs' transmission planning and operational decisions, which, in turn, may have implications for power system security.

Under the proposed Rule Change, a generator would continue to be required to:

- provide the relevant NSP with evidence that its generating system complies with the applicable performance standards within 6 months of commissioning its plant (see existing Rule 5.7.3(a)); and
- provide notice to a NSP and advise the NSP of remedial steps it proposes to take, if a test required by Rule 5.7.3(a) demonstrates that a generating system is not complying with one or more of the performance standards (see existing Rule 5.7.3(c)).

However, under the proposed Rule these are obligations on the generator that must be discharged within 6 months of the commissioning of its plant. Grid Australia believes the Rule change should not refer to “within 6 months” in new Rule 5.7.3, but rather “within the time frames specified (in new Rule) 4.15”. New Rule 4.15 already sets out the relevant time periods for new and existing plant.

Under the existing Rules, it is the TNSPs' role in the approval of generators' performance standard compliance programs that provides an avenue for TNSPs to obtain ongoing access to information on generator performance against their performance standards. In particular, existing rule 5.7.3(b) relevantly provides:

*'Each Generator must negotiate in good faith with the relevant Network Service Provider and NEMMCO to agree on a compliance monitoring program, **including an agreed method for its generating system to confirm ongoing compliance with the performance standards**' [Emphasis added]*

With the deletion of this Rule by the proposed Rule Change, however, TNSPs will no longer have an avenue available to them for obtaining the ongoing access to information on generator performance against their performance standards essential for the discharge of their power system security responsibilities.

While TNSPs have a general requirement for this type of information the need is particularly relevant to matters that impact on planning analysis and decisions. These include:

- Reactive Capability
- Quality of Supply
- Stability
- Excitation
- Fault Level

Against this background, Grid Australia seeks the following changes to the proposed Rule Change:

- 1 The conferral by the proposed Rule Change on TNSPs of a right, akin to that of the AER under existing Rule 4.15(d), to request compliance program and other records setting out the written results of any performance monitoring from a registered participant that is required to operate and maintain a compliance program. Grid Australia recommends that the drafting be amended in new Rule 4.15(d) to:

“The AER **or an NSP** may request....”

- 2 The amendment of Rule 4.15(f) as proposed by the Rule Change so that it either:

- imposes an obligation on a registered participant to notify the relevant TNSP, in addition to NEMMCO, of any actual or anticipated non-conformance with a performance standard; or
- imposes an obligation on NEMMCO to forward a copy of the notice to the relevant TNSP, in addition to, and simultaneously with, forwarding a copy to the AER.

Grid Australia recommends that the drafting be amended in new Rule 4.15(f) to

“.....and NEMMCO must forward a copy to that notice **to the relevant NSP** and the AER within 5 business days of receipt.”

- 3 The amendment of Rule 4.15(h), as proposed by the Generator Performance Standard Compliance Rule Change, to impose an obligation on a registered participant to notify the relevant TNSP, in addition to, and simultaneously with, notifying NEMMCO, of its plants return to conformance with the performance standards.

Grid Australia recommends that the drafting be amended in new Rule 4.15(h) to

“.....must notify NEMMCO **and the relevant NSP** that its plant has returned to conformance.....”

- 4 The amendment of Rule 4.15(i) as proposed by the Rule Change to impose an obligation on NEMMCO to notify the relevant TNSP, in addition to, and simultaneously with, notifying the registered participant, of the period within which the registered participant must rectify any non-conformance with performance standards notified to NEMMCO under Rule 4.15(f).

Grid Australia recommends that the drafting be amended in new Rule 4.15(i) to

“... (3)...NEMMCO must in accordance with clause 4.15(j) advise **the relevant NSP** and the Registered participant.....”

- 5 The amendment of the new Rules 4.15(n) and 4.15(o) proposed by the Rule Change to provide for the relevant TNSP to be informed of:

- any application by the registered participant for a review by the AER of the rectification period notified by NEMMCO under proposed Rule 4.15(n); and
- the AER's decision on any review of the rectification period under proposed Rule 4.15(o).

Grid Australia recommends that the drafting be amended in new Rule 4.15(o) to

“(o) ... and provide reasons for its decision **to the Registered Participant. The AER must also advise NEMMCO and the relevant NSP.....**”

- 6 The amendment of Rule 4.15(q) as proposed by the Rule Change (formerly Rule 4.15(k)) to impose an obligation on NEMMCO to notify the relevant TNSP, in addition to, and simultaneously with, notifying the AER, if the plant of a registered participant remains operating in non-conformance with the performance standards for a period greater than the rectification period determined by NEMMCO or the AER (as the case may be).

Grid Australia recommends that the drafting be amended in new Rule 4.15(q) to

“..., NEMMCO must notify the AER **and the relevant NSP.**”

The provision to the relevant TNSP of information on a generator's ongoing conformance with performance standards as contemplated by the changes proposed in 1 to 6 above will enable the TNSP to effectively discharge its power system security responsibilities.

Grid Australia looks forward to publication of the Draft Rule determination. In the interim, Grid Australia would be happy to provide the AEMC with any further assistance or clarification regarding its submission set out above.

Yours sincerely,



Rainer Korte
Chairman
Regulatory Managers Group