

6th November 2017

Dominic Adams  
Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

**Reference: ERC0222**

Dear Mr Adams,

### **General Technical Performance Standards Rule Change Proposal**

Snowy Hydro Limited (SHL) appreciates the opportunity to make a submission in response to the Australian Energy Market Commission's ("**AEMC's**") *Generator Technical Performance Standards Consultation Paper*.

Snowy Hydro acknowledges the responsibilities of the Market Operator and Network Service Provider functions and the potential power system implications of an increasing proportion of intermittent, low inertia energy systems entering the market.

Respecting AEMOs rule change proposal, Snowy Hydro expresses the following concerns:

1. The urgency and time frame in which AEMO wishes to implement these rule changes:
  - It is difficult for SHL to gain a full appreciation of the motivation and potential implications of these changes and how they may affect our business;
  - Without a holistic understanding of the fundamental objectives of the Rule change, it is difficult to assess the implications of each individual Generator Performance Standards (GPS) change;
  - Many of the proposed GPS changes appear to have been developed in isolation without respect of the interdependencies with each other. The consequence is conflicting GPS requirements and the potential for different interpretations of the proposed Rule by Participants negotiating the GPS with the Network Service Providers and AEMO; and
  - In places, the wording is poor and confusing (e.g. S5.2.5.14 Active Power Control "*for a semi scheduled generating unit or system, subject to energy source availability, is capable of not changing its active power output within 5 minutes by more than the raise and lower amounts specified in an instruction electronically issues by a control centre*").
2. The potential cost implications to the SHL business of having to negotiate and comply with new GPS requirements when considering new generation opportunities or modification of existing generation systems due to:
  - The negotiating process and circular arguments; and
  - The ability to be able to assess and prove compliance.

Respecting this and Snowy Hydro's understanding of the Rules, SHL believes the current structure of the Rules provides sufficient ability for AEMO, Network Service Providers (NSP) and Generators to

effectively negotiate Generator Performance Standards aligned to the key requirements of National Electricity Rules (NER) 5.3.4A namely:

- A negotiated access standard must be set at a level that will not adversely affect power system security;
- A negotiated access standard must be set at a level that will not adversely affect the quality of supply for other network users.

In addition SHL also believes that the content provided by generators as part of the Connection process (e.g. models, due diligence studies, compliance verification etc) provides the NSP and AEMO with sufficient information to enable effective management of grid security obligations.

Finally, Snowy Hydro notes that the AEMC does not have the power to make Rule changes apply retrospectively. SHL strongly objects to the Rule change proposal to make the Rule retrospectively applied. AEMO has proposed that transitional arrangements apply so that connection requests lodged on or after the date of the rule change proposal, 11th August 2017, are captured by the new standards. This request has no precedence in the National Electricity Market and if ratified would set a dangerous precedence which would increase the risk of operating and investing in the NEM. Snowy Hydro strongly objects to this proposal. The proposed rule change should only come into force at a date after the date of the Final Determination.

### **Summary Statements**

For the reasons stated above Snowy Hydro:

- Strongly objects to the Rule change being retrospectively applied from the 11 August 2017;
- Does not support the rule changes proposed in its current format;
- Would be willing to contribute to an industry working group in order to conclude the core issues seeking to be resolved and the collaborative design of pragmatic rule changes focused on:
  - Resolving underlying industry issues;
  - The assessment methodologies of individual rules during the Connection Application process; and
  - Compliance verification (e.g. asset commissioning and periodic GPS compliance testing).

Snowy Hydro appreciates the opportunity to participate in this consultation process. For further clarification on our submission, contact Greg Falconer, Manager Engineering Systems and Support, on +61 2 6453 2277.

Yours sincerely,



Kevin Ly  
Head of Wholesale Regulation

