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25 November 2008

Dr John Tamblyn  
Chairman  
Australian Energy Market Commission  
PO Box A2449  
Sydney South 1235

Dear Dr Tamblyn,



**Queensland Generator Technical Performance Standards Derogations – Ref ERC0070**

The Australian Energy Regulator (AER) welcomes the opportunity to comment on the Queensland Government's rule change proposal relating to Queensland Generator Technical Performance Standards Derogations.

The rule change proposal affects clause 9.37 of the National Electricity Rules (NER). It removes derogations from certain generator technical requirements for some generating units in Queensland.

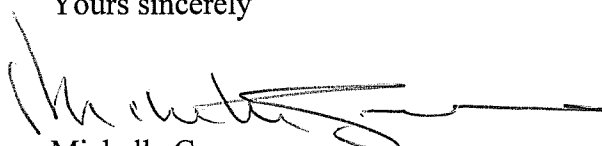
This Rule change proposal is in response to the AER's recommendations to the Queensland Government (as well as the Victorian Government) arising from its investigation into the events of 16 January 2007, when bushfires in the north east of Victoria resulted in widespread load shedding. The investigation found that, among other things, the application of less exacting technical standards to generating units in Queensland and Victoria, through derogations in Chapter 9 of the NER, has the potential to compromise system security.

Following the introduction of a requirement under the NER to register generator performance standards that reflect the actual capability of generators, and further recent changes that allow these performance standards to be renegotiated under certain conditions, the jurisdictional derogations in question have become unnecessary.

The AER supports the Queensland Government's rule change proposal which will result in the registered performance standards under clause 4.15 of the rules applying to the relevant generators in Queensland. The AER also looks forward to the Queensland Government's removal of the remaining derogations for Gladstone and Collinsville Power Stations, which will continue to apply until generator technical performance standards for those stations are finalised.

The AER therefore encourages the AEMC to endorse the proposed rule change submitted by the Queensland Government to remove these jurisdictional derogations.

Yours sincerely



Michelle Groves  
CEO