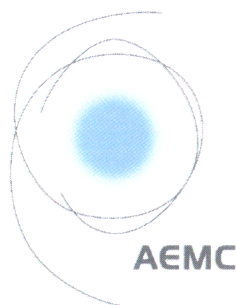


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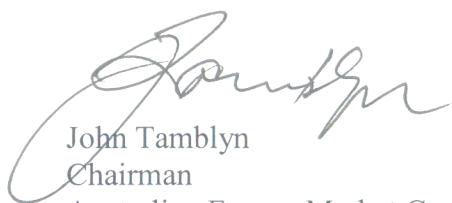


### **Draft National Electricity Amendment (Performance Standards Compliance of Generators) Rule 2008**

under the National Electricity Law as applied by:

- (a) the National Electricity (South Australia) Act 1996;
- (b) the Electricity (National Scheme) Act 1997 of the Australian Capital Territory;
- (c) the National Electricity (New South Wales) Act 1997 of New South Wales;
- (d) the Electricity - National Scheme (Queensland) Act 1997 of Queensland;
- (e) the Electricity - National Scheme (Tasmania) Act 1999 of Tasmania;
- (f) the National Electricity (Victoria) Act 2005 of Victoria; and
- (g) the Australian Energy Market Act 2004 of the Commonwealth.

The Australian Energy Market Commission makes the following Rule under the National Electricity Law.



John Tamblyn  
Chairman  
Australian Energy Market Commission

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### **Draft National Electricity Amendment (Performance Standards Compliance of Generators) Rule 2008**

#### **1. Title of Rule**

This Rule is the *Draft National Electricity Amendment (Performance Standards Compliance of Generators) Rule 2008*.

#### **2. Commencement**

This Rule commences operation on [insert date].

#### **3. Amendment of the National Electricity Rules**

The National Electricity Rules are amended as set out in Schedule 1.

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### Schedule 1      Amendment of National Electricity Rules

(Clause 3)

#### [1]    Rule 4.13      Submission of Performance Standards

Omit rule 4.13.

#### [2]    Rule 4.14      Acceptance of Performance Standards

Omit rules 4.14(a) to 4.14(m).

#### [3]    Rule 4.14      Acceptance of Performance Standards

After rule 4.14(o), insert:

- (p)    A *performance standard* may be amended at any time by agreement between *NEMMCO*, the relevant *Registered Participant* and the *Network Service Provider* provided that:
  - (1)    where the *performance standard* was established under a transitional arrangement in rule 4.16 or 4.17, the amendment is consistent with the actual *plant* capability agreed between *NEMMCO*, the relevant *Registered Participant* and the *Network Service Provider*, notwithstanding that it may be less than the relevant *minimum access standard* that applied to applications to *connect* at the time of agreement; or
  - (2)    the amendment satisfies all requirements for *negotiated access standards* under clause 5.3.4A(b).
- (q)    *NEMMCO* must not withhold agreement under rule 4.14(p) on a matter that is not a *NEMMCO advisory matter* under clause 5.3.4A(a), unless the proposed amendment would adversely affect *power system security*.
- (r)    The *Network Service Provider* may as a condition of considering a submission made under rule 4.14(p) require payment of a fee to meet the reasonable costs anticipated to be incurred by the provider, other *Network Service Providers* and *NEMMCO*, in the assessment of the submission.
- (s)    The *Network Service Provider* must require payment of a fee under rule 4.14(r) if so requested by *NEMMCO*.
- (t)    On payment of the required fee referred to in rule 4.14(r), the *Network Service Provider* must pay the costs anticipated to be incurred by the other *Network Service Providers* and *NEMMCO*, as appropriate.

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### **[4] Rule 4.15 Performance Standard Compliance**

Omit the rule title “Performance Standard Compliance” and substitute with the words “Compliance with Performance Standards”.

### **[5] Rule 4.15 Performance Standard Compliance**

Omit rule 4.15(a) and substitute:

- (a) A *Registered Participant* must:
  - (1) ensure that its *plant* meets or exceeds the *performance standard* applicable to its *plant*;
  - (2) ensure that its *plant* is not likely to cause a material adverse effect on *power system security* through its failure to comply with a *performance standard*; and
  - (3) immediately ensure that its *plant* ceases to be likely to cause a material adverse effect on *power system security* through its failure to comply with a *performance standard*, if:
    - (i) the *Registered Participant* reasonably believes that by failing to comply with a *performance standard*, its *plant* is likely to cause a material adverse effect on *power system security*; or
    - (ii) *NEMMCO* advises the *Registered Participant* that by failing to comply with a *performance standard*, the *Registered Participant’s plant* is likely to cause a material adverse effect on *power system security*.

### **[6] Rule 4.15 Performance Standard Compliance**

Omit rule 4.15(b) and substitute:

- (b) A *Registered Participant* who engages in the activity of planning, owning, controlling or operating a *plant* to which a *performance standard* applies must institute and maintain a compliance program, which must comply with the conditions specified in rule 4.15(c), as soon as reasonably practicable, but no later than:
  - (1) for a newly registered *plant*, six months after registration.
  - (2) for an existing *plant*, six months after the *performance standards* are accepted by *NEMMCO*.

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### **[7] Rule 4.15 Performance Standard Compliance**

Omit rule 4.15(c) and substitute:

- (c) A compliance program instituted and maintained in accordance with rule 4.15(b) must:
  - (1) be consistent with the *template for generator compliance programs*;
  - (2) monitor the performance of the *plant* in a manner that is consistent with *good electricity industry practice*;
  - (3) be modified to reflect changes made to the *template for generator compliance programs*, by no later than six months after changes are made to that template; and
  - (4) provide reasonable assurance of ongoing compliance with each applicable *performance standard*.
  
- (ca) The *Reliability Panel* must establish the *template for generator compliance programs* to be used for the development of compliance programs in accordance with rule 4.15(b). The *template for generator compliance programs* must:
  - (1) cover all *performance standards*;
  - (2) define suitable testing and monitoring regimes for each *performance standard* so that a *Registered Participant* can select a regime that can provide the assurances required by rules 4.15(a), 4.15(b) and 4.15(c) for their particular *plant*;
  - (3) be amended:
    - (i) after relevant *reviewable operating incidents*;
    - (ii) after changes to the *Rules*; or
    - (iii) as considered necessary by the *Reliability Panel*; and
  - (4) be reviewed in accordance with clause 8.8.3.

### **[8] Rule 4.15 Performance Standard Compliance**

In rule 4.15(d), after the words “The AER”, insert the words “or any relevant *Network Service Provider*”.

### **[9] Rule 4.15 Performance Standard Compliance**

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In rule 4.15(e), omit the number “2” and substitute with the number “5”.

### **[10] Rule 4.15 Performance Standard Compliance**

Omit rule 4.15(f) and substitute:

- (f) A *Registered Participant* who engages in the activity of planning, owning, controlling or operating a *plant* to which a *performance standard* applies must immediately notify *NEMMCO* if:
  - (1) the *Registered Participant* becomes aware that the *plant* is breaching a *performance standard* applicable to the *plant*; or
  - (2) the *Registered Participant* reasonably believes that the *plant* is likely to breach a *performance standard* applicable to the *plant*,and *NEMMCO* must forward a copy of that notice to the *AER* and the relevant *Network Service Provider* within 5 *business days* of receipt.

### **[11] Rule 4.15 Performance Standard Compliance**

Omit rule 4.15(h) and substitute:

- (h) A *Registered Participant* who has notified *NEMMCO*, in accordance with rule 4.15(f), must notify *NEMMCO* and the relevant *Network Service Provider* that its *plant* has returned to compliance with the *performance standard* immediately following the *Registered Participant* becoming aware of the return of the *plant* to compliance.

### **[12] Rule 4.15 Performance Standard Compliance**

Omit rule 4.15(i) and substitute:

- (i) If:
  - (1) a *Registered Participant* notifies *NEMMCO* in accordance with rule 4.15(f); or
  - (2) *NEMMCO* otherwise reasonably believes that the *plant* of a *Registered Participant*, in respect of which a *performance standard* applies, is in breach of that *performance standard*,then:
  - (3) *NEMMCO* must, in accordance with rule 4.15(j), advise the *Registered Participant* and the relevant *Network Service Provider*

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- of the period within which the *Registered Participant* must rectify the breach;
- (4) subject to rule 4.15(i)(2), *NEMMCO* must notify the *AER* of the breach; and
  - (5) the *Registered Participant* must rectify the breach within that period, unless the *Registered Participant* seeks a review from the *AER* of the rectification period under rule 4.15(n).

### **[13] Rule 4.15 Performance Standard Compliance**

Omit rule 4.15(j) and substitute:

- (j) *NEMMCO* must, when determining the period within which a *Registered Participant* must rectify a *performance standard* breach in accordance with rule 4.15(i), take into consideration:
  - (1) the time that *NEMMCO*, in its reasonable opinion, considers necessary to provide the *Registered Participant* with the opportunity to remedy the breach;
  - (2) the impact on the operation of the *NEM*, including on the power system and the *spot market*, resulting from the breach; and
  - (3) any actions required by *NEMMCO* in response to the breach.

### **[14] Rule 4.15 Performance Standard Compliance**

Omit rules 4.15(k) to 4.15(m).

### **[15] Rule 4.15 Performance Standard Compliance**

After rule 4.15(m), insert:

- (n) If *NEMMCO* advises a *Registered Participant* of a rectification period and that *Registered Participant* considers that *NEMMCO* has not reasonably applied the criteria under rule 4.15(j) with respect to the rectification period, the *Registered Participant* may, within 20 *business days* of *NEMMCO*'s advice on the rectification period, make an application to the *AER* requesting a review of *NEMMCO*'s advice and the *Registered Participant*'s reasons for a review.
- (o) If the *AER* receives an application under rule 4.15(n), the *AER* must review the application, within 30 *business days*, and either:

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- (1) accept the rectification period imposed by *NEMMCO*; or
- (2) impose a new rectification period on the *Registered Participant*, and provide reasons for its decision to the *Registered Participant*, *NEMMCO* and the relevant *Network Service Provider*.
- (p) The *Registered Participant* must comply with any decision made on the rectification period by the *AER* under rule 4.15(o) from the day of the *AER*'s decision.
- (q) If the *plant* of a *Registered Participant* remains operating in a manner that is in breach of a *performance standard* for a period greater than that determined in accordance with rule 4.15(i) or 4.15(o), *NEMMCO* must notify the *AER* and the relevant *Network Service Provider*.

### [16] Clause 4.16.1 Definitions

In clause 4.16.1, omit the following definitions and substitute:

**agreed performance standard** means a standard of performance that:

- (a) is established as a result of that standard being accepted by *NEMMCO* in accordance with clause 4.14(d)(1) of the National Electricity Code; and
- (b) is in respect of a performance requirement.

**deemed performance standard** means a standard of performance that:

- (a) is established as a result of it being deemed to apply in accordance with clause 4.14(h) of the National Electricity Code; and
- (b) is in respect of a performance requirement.

### [17] Clause 5.7.3 Tests to demonstrate compliance with connection requirements for generators

Omit clause 5.7.3(a) and substitute:

- (a) Each *Generator* must, within the time frames specified in rule 4.15, provide evidence to any relevant *Network Service Provider* with which that *Generator* has a *connection agreement* and to *NEMMCO*, that its *generating system* complies with:



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- (1) the applicable technical requirements of clause S5.2.5; and
- (2) the relevant *connection agreement* including the *performance standards*.

### **[18] Clause 5.7.3 Tests to demonstrate compliance with connection requirements for generators**

Omit clause 5.7.3(b).

### **[19] Clause 5.7.3 Tests to demonstrate compliance with connection requirements for generators**

Omit clause 5.7.3(c) and substitute:

- (c) If a test required by clause 5.7.3(a) demonstrates that a *generating system* is not complying with one or more technical requirements of clause S5.2.5 or the relevant *connection agreement* or one or more of the *performance standards* then the *Generator* must:
  - (1) promptly notify the relevant *Network Service Provider* and *NEMMCO* of that fact;
  - (2) promptly advise the *Network Service Provider* and *NEMMCO* of the remedial steps it proposes to take and the timetable for such remedial work;
  - (3) diligently undertake such remedial work and report at monthly intervals to the *Network Service Provider* on progress in implementing the remedial action; and
  - (4) conduct further tests or monitoring on completion of the remedial work to confirm compliance with the relevant technical requirements or *performance standards* (as the case may be).

### **[20] Clause 5.7.3 Tests to demonstrate compliance with connection requirements for generators**

In clause 5.7.3(d), omit the word “and” and substitute with the word “or”.

### **[21] Clause S5.2.4 Provision of Information**

In clause S5.2.4(b)(2), after the words “are submitted under”, insert the words “rule 4.14(p) or”.

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### **[22] Clause 8.8.1 Purpose of Reliability Panel**

After clause 8.8.1(a)(2a), insert:

- (2b) on the advice of *NEMMCO, Network Service Providers and Generators*, determine, and modify as necessary, the *template for generator compliance programs*;

### **[23] Clause 8.8.3 Reliability review process**

In clause 8.8.3(a)(4), omit the word “and”.

### **[24] Clause 8.8.3 Reliability review process**

In clause 8.8.3(a)(5), omit the matter “.” and substitute with the words “; and”.

### **[25] Clause 8.8.3 Reliability review process**

After clause 8.8.3(a)(5), insert:

- (6) the *template for generator compliance programs*,

### **[26] Clause 8.8.3 Reliability review process**

After clause 8.8.3(b), insert:

- (ba) At least every 3 years from the date the *template for generator compliance programs* is determined pursuant to clause 8.8.3(a) and at such other times as the *AEMC* may request, the *Reliability Panel* must conduct a review of the performance of the *template for generator compliance programs* in accordance with this clause 8.8.3.

### **[27] Clause 8.8.3 Reliability review process**

Omit clause 8.8.3(c) and substitute:

- (c) The *AEMC* must advise the *Reliability Panel* of the terms of reference for any determination or review by the *Reliability Panel*. The *AEMC* may advise the *Reliability Panel* of standing terms of reference in relation to the reviews described in clauses 8.8.3(b) and 8.8.3(ba) from time to time.

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### [28] Chapter 10 Substituted definitions

In Chapter 10, substitute the following definition:

#### **performance standard**

A standard of performance that:

- (a) is established as a result of it being taken to be an applicable performance standard in accordance with clause 5.3.4A(i); or
- (b) is included in the register of *performance standards* established and maintained by *NEMMCO* under rule 4.14(n),

as the case may be.

### [29] Chapter 10 New definitions

In Chapter 10, insert the following definitions in alphabetical order:

#### **reviewable operating incident**

An incident defined in clause 4.8.15(a).

#### **template for generator compliance programs**

The template established by the *Reliability Panel* under rule 4.15(ca) and clause 8.8.3 of the Rules.

### [30] Chapter 11 Savings and Transitional Rules

After rule 11.18, insert:

## **Part O Performance Standard Compliance of Generators**

**11.19 Rules consequential on the making of the National Electricity Amendment (Performance Standards Compliance of Generators) Rule 2008**

**11.19.1 Definitions**

Subject to this rule 11.19, in this rule 11.19:

**Amending Rule** means the National Electricity Amendment (Performance Standards Compliance of Generators) Rule 2008.

**Old Clause 5.7.3(b)** means the clause 5.7.3(b) in the version of the Rules that was in force immediately prior to the commencement of the Amending Rule.

**11.19.2 Application of rule 11.19 for compliance programs implemented immediately after the commencement of the Amending Rule**

*Registered Participants* are not required to comply with the obligation set out in rule 4.15(b) until 3 months after the *Reliability Panel* has established its initial *template for generator compliance programs* pursuant to rule 4.15(ca).

**11.19.3 Application of rule 11.19 for compliance programs implemented immediately prior to the commencement of the Amending Rule**

*Registered Participants* that implemented *compliance programs* pursuant to the Old Clause 5.7.3(b) must maintain compliance with those programs until the date that is 3 months after the *Reliability Panel* has established its initial *template for generator compliance programs* pursuant to rule 4.15(ca).

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