

2 May 2008

Mr Ian Woodward
Chairman
Reliability Panel

By email: submissions@aemc.com.au

Dear Mr Woodward,

Mainland frequency operating standards during periods of supply scarcity

The Energy Retailers Association of Australia (ERAA)¹ is pleased to have the opportunity to comment on the interpretation of the mainland frequency operating standard during periods of supply scarcity.

Retailers are the interface between the industry and customers. As such we have a keen interest in making sure that customers are reconnected to supply as soon as possible after any major load shedding or scarcity of supply events.

NEMMCO have presented two options on how the operating standards could be implemented during periods of load restoration.

The first, a conservative approach, would maintain the minimum frequency band at 49Hz during load restoration. This approach would rely on keeping generation in reserve to cover contingency events that may occur during the load restoration process. This approach would be expected to lead to slower reconnection of customers to supply, but less risk of cascading generation failure in the event of a contingency.

The second proposes to tolerate slightly wider frequency deviations during load restoration (down to 47.5Hz), by utilising under frequency load shedding capability to manage contingency events during load restoration. It is expected that this approach would allow faster restoration of customer supply, but marginally increase the possibility of cascading failure in the event of a contingency. NEMMCO recommends this approach.

The ERAA supports further exploration of the second option. We believe that the benefits of more rapidly reconnecting customers should outweigh the minor increase in risk posed by this approach. However we note that the analysis provided by NEMMCO is fairly high level, and greater analysis of the potential risks and implications of this scheme is desirable to ensure that they are acceptable.

¹ The ERAA is an independent association representing twelve retailers of electricity and gas throughout the National Electricity Market (NEM) and the jurisdictional gas markets. ERAA members collectively provide electricity to 11 million customers in the NEM and are the first point of contact for end use customers for both gas and electricity.

If you require any further information in relation to this matter please feel free to contact me on (02) 9437 6180.

Yours sincerely

A handwritten signature in black ink that reads "Cameron O'Reilly". The signature is written in a cursive style with a large, looped 'y' at the end.

Cameron O'Reilly
Executive Director
Energy Retailers Association of Australia