

25 September 2007

Dr John Tamblyn
Chairman
Australian Energy Market Commission
Level 16, 1 Margaret Street
Sydney NSW 2000

Email: submissions@aemc.gov.au

Dear Dr Tamblyn

Rule Change Proposal: Central Dispatch and Integration of Wind and Other Intermittent Generation – Supplementary Submission

Flinders Power made an earlier submission commenting on the above Rule change proposal.

Reason for supplementary submission

Since that time, a number of supplementary submissions on this proposal have been received, and the AEMC has extended the timeframe for consideration of this proposal in light of the new information raised in these submissions.

Based on the additional information that has emerged, Flinders Power would like to offer the following additional comments, addressing in particular issues raised by NEMMCO in its submission dated 1 August 2007.

Comments

Flinders reiterates its support for the fundamental need for semi-dispatch as an essential market feature in the interests of effective system operation, market efficiency and transparency.

In its supplementary submission, NEMMCO has identified two key areas of risk that arise as a result of the influence of distribution connected generation on the transmission network – namely thermal overloads and power system instability. It has cited two practical examples of instances in which intermittent generators appear in such constraints at present, warranting central management through the dispatch process.

Whilst the precise impact of the generators in question on the operation of the network has been disputed in one instance through a subsequent industry submission, these examples nevertheless serve to highlight the practical system management risks semi-dispatch is designed to manage. There is a clear and compelling need to manage these risks in a coordinated manner through the market arrangements to avoid undesirable system risks and suboptimal market outcomes, such as reducing flow limits on affected transmission lines, to the detriment of the efficient operation of the NEM.

However, it is noted that the two generation examples cited represent existing non-scheduled generation sources, and would therefore be excluded from semi-dispatch through the blanket carve-out arrangements NEMMCO has proposed in the name of grandfathering. The practical issues identified in this instance would therefore not be managed by the limited introduction of semi-dispatch as proposed.

These examples clearly demonstrate the need to apply the semi-dispatch arrangements consistently across all new and existing large non-scheduled generators that are able to participate in these processes, as noted previously by Flinders. Clear provision for exemption should be available where participation is not possible on technical grounds, consistent with the principle of grandfathering.

In instances where non-scheduled generators participate in a positive manner towards a constraint, semi-dispatch would be expected to place no constraints on generator output.

Flinders Power would also note that, since the initial lodgement of this Rule change, at least one intermittent generator has commenced operation in the NEM on a fully scheduled basis. This would appear to demonstrate that the practical challenges of operating on a semi-scheduled basis – involving far less onerous obligations than that of a scheduled generator – can be overcome.

Conclusion

The practical examples identified by NEMMCO in its supplementary submission clearly demonstrate the need to apply semi-dispatch in an even-handed manner to all new and existing non-scheduled generation sources that have the capability to participate in these processes, in the interest of market operation and efficiency, and consistent with the market objective.

Provision for exemption should be provided in clear cases where participation is not possible on technical grounds, to observe the principle of grandfathering.

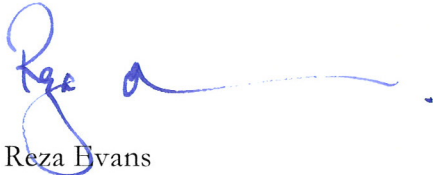
At the very least, this approach should capture those non-scheduled generators with existing dispatch control mechanisms in place under their licensing or connection arrangements, to bring these controls transparently within the market dispatch processes. There is very little if any additional cost to intermittent generators who already have the ability to receive output targets from a network operator and regulate their plant accordingly to participate in semi-dispatch.

FLINDERS

P O W E R

Flinders appreciates the opportunity to offer this supplementary submission to the Commission. Should you have any queries in relation to the above submission, please feel free to contact me on 08 8372 8726 or Simon Appleby on 08 8372 8706.

Yours sincerely



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