



Hydro Tasmania
the renewable energy business

23 May 2008

Julian Eggleston
Reliability Panel
PO Box A2449
Sydney NSW 1235

By email: submission@aemc.gov.au

Dear Julian,

Review of Tasmanian Frequency Operating Standards

Thank you for the opportunity to provide a submission on this very important topic for Tasmania.

Hydro Tasmania has given this issue considerable attention recently as it is a core issue in the ability of the market to deliver energy reliably and at the least cost in Tasmania. The area is one of very high technical complexity with consequences which will affect both the five minute dispatch and the supply situation in Tasmania for the next 20 years.

The complexity of the situation is compounded by the presence of two proponents who have well developed plans for building plant which does not meet the current standards. We believe that there are plant available which could have been selected, based on aero-derivative gas turbines, which are capable of meeting the current standard.

In this circumstance, for the Reliability Panel to choose the current standard would not allow the new proponents to connect their plant which is not a pragmatic outcome. If the Panel chooses the new standard, proposed by Alinta, this would have disastrous consequences for Tasmania. We believe that there is an innovative solution which can be constructed where Tasmania can retain the current frequency operating standard and achieve connection of this new proposed plant. Any solution would clearly need to ensure that system reliability was not compromised.

New Zealand was faced with this problem and have now integrated large CCGT plant into their system successfully using the broad approach we are outlining. We have made a specific proposal in our submission to keep the standard very similar to the current standard with some rule changes or other mechanism to allow safe connection of the new plant.

We are looking forward to working with the Panel in finding a good solution to this issue and are willing to make our expertise available to the Panel. Our contact for this review is David Bowker on 03-62305775.

Yours sincerely,

A handwritten signature in cursive script, appearing to read "Vince Hawksworth".

Vince Hawksworth

Chief Executive Officer