



Victorian Energy Networks Corporation

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17 February 2009

Mr Ian C Woodward
The Reliability Panel
Australian Energy Market Commission
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SYDNEY SOUTH NSW 1235
By e-mail: panel@aemc.gov.au

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Your Ref: N/A
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Dear Mr Woodward,

TECHNICAL STANDARDS REVIEW SUBMISSION

VENCorp appreciates the opportunity to respond to the Technical Standards Review. We agree with the purpose of the review and are generally in accord with the intention of the guiding principles developed by the Reliability Panel. However, VENCorp has some issues with the principles as follows.

PRINCIPLES 4 AND 5

Principle 4 - *"An access standard proposed by a connection applicant should be accepted when it meets the level of the automatic access standard. The automatic access standard denotes the performance level where there is a high degree of certainty that any network user, employing any technology, located at any point on the national grid, could connect to the power system and not adversely impact system security, the quality of supply to other network users, or where relevant, the operation of the power system in accordance with the system standards."*

Principle 5 - *"A connection applicant may negotiate an access standard below the level of the automatic access standard, but above the level of the minimum access standard, where this does not adversely impact system security, the quality of supply to other network users, or where relevant, the operation of the power system in accordance with the system standards."*

VENCorp believes that maintaining system security and reliability of the power system is paramount and the access standards should reflect its critical role in ensuring that outcome. Therefore, the Principle 4 should be altered such that the automatic access standard denotes that there is **no uncertainty** that a network user would adversely impact system security, the quality of supply to other network users, or where relevant, the operation of the power system in accordance with the system standards. A *"high degree of certainty"* is not a sufficiently high standard.

In addition, Principle 4 seems to impose a weaker requirement than Principle 5. A connection at a negotiated access standard seems to offer a higher level of protection and quality to other network users than would a connection at automatic access standard. The reason for this is because the standard in Principle 5 ensures that there are no adverse impacts on stability, security, quality of supply, etc. whereas Principle 4 only guarantees a *"high degree of certainty"* that this is the case. The Principles need to ensure that irrespective of the standard that a generator connects at, the outcome will be the same, namely, there should be no adverse



impact on system security and reliability and on existing users' quality of supply. Accordingly, we reiterate the need to remove reference to a "high degree of certainty" and replace it with "no uncertainty".

PRINCIPLE 6

"A lower performance standard should be permitted at the time of connection on the condition that equipment is upgraded in the future if a higher performance standard is deemed necessary."

VENCorp holds some reservations about the ability to require a user to upgrade connection assets after it has been connected. This type of approach raises many issues from enforcement (the ultimate remedy for a user that does not comply with subsequent requests to upgrade is disconnection) to investment signals (there is no guarantee that a user will be anymore willing to locate at a particular place on the network knowing that it has the prospect of increased but indeterminate future costs than one who has full knowledge of higher but quantified costs from day one). In addition, this principle raises questions about what kind of upgrade the user will be forced to comply with in the future. It is not as simple as imposing an incremental cost on that user since the only solution on the arrival of a subsequent user may be to remove and replace all the existing users' connection assets in their entirety. This can potentially be a very expensive exercise.

PRINCIPLE 7

"The performance standards under a connection agreement are protected for the duration of those agreements, and a performance standard may only be changed when agreed to by the relevant network user, the relevant NSP, and NEMMCO."

Given the limited ability to vary performance standards once incorporated into a connection agreement, it is crucial that this review settle on an agreeable level of performance standards in order to give both NSPs and generators confidence in entering into long term connection agreements. This assists in maintaining the stability of the networks they connect into on the part of the NSP and gives the generator long term certainty of its investment.

PRINCIPLE 13

"The technical standards should place obligations on the party that is most capable of responding to that obligation in a manner that advances the National Electricity Objective (NEO)."

VENCorp agrees in principle with the above statement but notes that the practical application of the statement often depends on the point of view of the person reading it. Ultimately, a well planned network will only perform as well as the connections into it will allow it to. Generators and loads have a much greater capability to contribute to network performance than is often credited. That is the reason that generators' and loads' performance standards have historically been expressed as absolute obligation and certain NSP obligations were set as "best endeavours" obligations.

While users' performance standards are contractually enforceable, contractual obligations of themselves do not physically ensure compliance and ultimately, performance is in the direct control of the generators or loads. To make the NSPs strictly liable to ensure that the network performs to technical standards in these cases would be inequitable. It is VENCORP's strongly held view that the obligation in relation to those standards that ultimately depend on the performance of contractual obligations of third parties should remain a "best endeavours" one.



EMBEDDED GENERATION

With regard to the Panel's position on Embedded Generation (i.e. non-registered generators should not be required to comply with technical standards in the National Electricity Rules ("NER")) VENCORP does not believe that non-registered generators should be exempt from compliance with **all** the technical standards in the NER. While the non-compliance of a small number of embedded generators may be manageable, it would become increasingly difficult for system standards to be met as the number and combined rating of embedded generators increase.

VENCORP believes that there is merit in an alternative but less onerous framework as follows:

1. apply an alternative set of technical standards for embedded generators without reference to the Rules. These standards could be based on one or more Australian or international standards for generators; or
2. establish a subset of technical requirements within the Rules for embedded generators. This would include any NER references to Australian or international standards.

Under alternative 2, the NER requirements that would need to be retained for embedded generators include quality of electricity generated, generating system response to voltage disturbances (minimum standard only), generating system response to disturbances following contingency events (minimum standard only), protection systems, frequency control, voltage and reactive power control and fault current.

If you have any further questions relating to this matter please contact Mr Louis Tirpcou on (03) 8664 6615.

Yours sincerely

A handwritten signature in cursive script that reads "Graeme Cook".

Graeme Cook
Interim Chief Executive Officer