

Australian Energy Market Commission
PO Box A2449, Sydney South NSW 1235

28 July 2017

Dear Sir/Madam,

BASSLINK'S SUBMISSION IN RESPONSE TO AEMC'S NOTICE OF CONSULTATION ON REQUEST FOR RULE CHANGE GENERATING SYSTEM MODEL GUIDELINES

Basslink Pty Ltd (**BPL**) appreciates the opportunity to provide a second submission to the Australian Energy Market Commission (**AEMC**) in response to its Notice of Consultation and Information Sheet on proposed rule changes to the Generating System Model Guidelines (**Guidelines**).

In addition to the reason provided in BPL's first submission BPL contends that:

1. This rule change represents an investment risk exposure to current participants as the quantum of the risk; its duration and repeatability of exposure are known and uncapped.
2. Basslink should be considered a special case because of the relative size the interconnector relative to the adjacent AC network and its unique technology and place it's in the market.
3. BPL has been approached a number of times to change its connection agreement due to changes in both TSNP's technical envelopes. The last approach being this year. This would not be normal for other market participants and demonstrates that when adjacent networks identify problems that they cannot address the default expectation is that BPL becomes party of first resort. This rule change represents an escalation of this tendency. This observation is backed by the fact that Basslink has not change since construction.
4. Basslink already provides services to the market that it does not receive compensation AEMO claim its value in excess of \$1 million to mitigate evidence of this system weakness (AEMO Energy Update August 2014, page 6). This clearly has a direct impact on investment signals or at a minimum it could be viewed as a market perversion reducing that incentive for investment. As a result Basslink is currently the only participant that does not

have to comply with dispatch targets which BPL would suggest a fundamental technical/commercial mismatch for current system modelling.

5. AEMO have requested information in late 2014 and 2015 for issues in the vein of the current rule change that are due to the continuing trend of weakness in the NEM. This issue has still not been resolved.

Due to the uniqueness of Basslink to the NEM and the fundamental net good it does uncompensated for the NEM, BPL requests that the AEMC expressly exclude Basslink from this rule change.

Should the AEMC wish to discuss this submission BPL please feel free to contact me suitable time for further discussions.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Joska Ferencz', with a long horizontal flourish extending to the right.

Joska Ferencz
Technical Service Manager