

4 April, 2008

Dr John Tamblyn
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By email: submissions@aemc.gov.au

Dear John,

Submission on the proposed Rule change for Performance Standards Compliance of Generators

Thank you for the opportunity to make a submission on the National Generators Forum's (NGF) Rule change proposal which seeks to modify the arrangements for Generator Performance Standards compliance.

NEMMCO broadly supports this Rule change proposal but has some specific comments relating to the proposal which are set out below.

Adjustment of Performance Standards (proposed clauses 4.14(p) and (q))

NEMMCO supports proposed clauses 4.14(p) and (q) because the NGF has used a pragmatic approach to address issues where all relevant parties agree that a performance standard is incorrect.

Submission and Acceptance of Performance Standards (clause 4.13 and 4.14)

Under the existing Rules, clause 4.14 only applies to Tasmanian generators because clause 4.14(a) only requires that NEMMCO assess performance standards submitted in accordance with clause 4.13(a) or 4.14(g). In particular, clause 4.13(a) states that:

A Generator, Customer or Market Network Service Provider who, at the date that Tasmania becomes a participating jurisdiction, engages in the activity of owning, operating or controlling a facility located in Tasmania must, within 30 days of the date that Tasmania becomes a participating jurisdiction, submit to NEMMCO proposed performance standards for that plant...

NEMMCO notes that clause 4.13 was added to the Rules as a transitional arrangement for Tasmania's entry into the NEM. Given that Tasmania has transitioned into the NEM, NEMMCO suggests that clause 4.13 should be deleted from the existing Rules and any references to it removed.

In addition, clause 4.14(a)–(m) should be deleted since they are no longer applicable.

Cost Recovery (clause 4.14)

Under clause 5.3.9, there are provisions which allow the NSP to recover costs for changes made to the performance standards as agreed. Consistent with these provisions NEMMCO recommends that the following clauses be added to clause 4.14:

- (r) The *Network Service Provider* may as a condition of considering a submission made under clause 4.14(p), require payment of a fee to meet the reasonable costs anticipated to be incurred by the provider, other *Network Service Providers* and NEMMCO, in the assessment of the submission.
- (s) The *Network Service Provider* must require payment of a fee under clause 4.14(r) if so requested by NEMMCO.
- (t) On payment of the required fee referred to in clause 4.14(r), the *Network Service Provider* must pay such amounts as are on account of the costs anticipated to be incurred by the other *Network Service Providers* and NEMMCO, as appropriate.

Establishment of Guidelines for Compliance Monitoring Programmes (proposed clause 4.15(ca))

NEMMCO strongly supports this proposal and considers the NGF's proposed method is sound because it would ensure compliance programmes are established in a consistent manner. Additionally, it provides a mechanism that allows these programmes to be improved by taking into account experience and improvements in monitoring and testing techniques.

NEMMCO believes that further amendments may be required to clause 8.8.3 which are additional to those proposed to clause 8.8.1 to ensure that the establishment of guidelines for compliance monitoring programmes are incorporated into the Reliability Panel's processes. As such, it is suggested that the following changes should be inserted into existing clause 8.8.3:

- (a)(6) the *compliance program guidelines*,
- (ba) At least every calendar year from the date the *compliance guidelines* are determined pursuant to clause 8.8.3(a) and at such other times as the AEMC may request, the *Reliability Panel* must conduct a review of the performance of the *compliance program guidelines* in accordance with this clause 8.8.3.
- (c) The AEMC must advise the *Reliability Panel* of the terms of reference for any determination or review by the *Reliability Panel*. The AEMC may advise the *Reliability Panel* of standing terms of reference in relation to the annual reviews described in clause 8.8.3(b) and clause 8.8.3(ba) from time to time.

Clarification of Obligations under Rule 4.15 (clause 4.15(a))

NEMMCO notes that "*reviewable operating incidents*" has been italicised in the proposed Rule change but it hasn't been given a corresponding definition in chapter 10. Depending on the intention of the phrase it may be simpler not to italicise it.

Advice to the AER from NEMMCO regarding generator non-conformance with Performance Standards (clause 4.15(f))

NEMMCO supports this proposed change because it clarifies NEMMCO's reporting obligations in this area. However, NEMMCO considers that any change needs to also clarify NEMMCO's reporting obligations where it reasonably believes, in accordance with clause 4.15(i)(2), that a Generator has failed to comply with its performance standard but has not received a notice under clause 4.15(f).

Review Mechanism Regarding Determination of the Time for Rectification (proposed clause 4.15(n))

NEMMCO supports this proposed change because it would encourage greater administrative accountability and transparency of decisions made by NEMMCO regarding generators performance standards. In addition, NEMMCO considers that a more robust process for the development and continuous improvement of compliance monitoring programmes is created by including an appeals process for rectification. NEMMCO considers that the NGF has used a pragmatic approach to address Generator's concerns in this area.

Tests to Demonstrate Compliance with Connection Requirements for Generators (clause 5.7.3(d))

It is possible that a situation could occur where a connection agreement states that under certain conditions the plant has an operating restriction for non-scheduled plant that is not reflected in the performance standards. Therefore, the following amendments are suggested to capture both the technical requirements of schedule 5.2.5 and the relevant connection agreement in situations such as these in the proposed clause 5.7.3.

- (c) If a test required by clause 5.7.3(a) demonstrates that a *generating system* is not complying with one or more technical requirements of clause S5.2.5 ~~and~~ or the relevant *connection agreement* or one or more of the *performance standards* then the *Generator* must:
- (d) If *NEMMCO* reasonably believes that a *generating system* is not conforming with one or more *applicable performance standards* or one or more applicable technical requirements of clause S5.2.5 ~~and~~ or the relevant *connection agreement*, *NEMMCO* may instruct the *Generator* to conduct tests within 25 *business days* to demonstrate that the relevant *generating system* conforms with those *performance standards* or technical requirements.

Provision of Information (clause S5.2.4)

Under clause 5.3.9(b) a Generator must provide specific information regarding a proposed alteration to the generating system to the NSP and give a copy to NEMMCO. As such proposed changes under clause 4.14(p) should also be included as a trigger in the provision of information to ensure that the information provision is explicitly included in clause S5.2.4 as set out below.

- (b) A *Generator*, or person required under the *Rules* to register as the *Generator* in respect of a *generating system* comprised of *generating units* with a combined *nameplate rating* of 30 MW or more, by the earlier of:
- (1) the day on which an *application to connect* is made under clause 5.3.4(a);
 - (2) the day on which amendments to *performance standards* are submitted under clause 4.14 (p) or 5.3.9(b);

Purpose of the Reliability Panel (new clause 8.8.1(a)(2b))

NEMMCO supports this proposed change because it would ensure the Reliability Panel, in determining or modifying compliance program guidelines, takes into consideration input from the parties affected. However, NEMMCO considers that the proposed clause 8.8.1(a)(2b) should also seek advice from NSPs since they are involved in the process. As such, the following insertion is suggested to the proposed clause 8.8.1(a)(2b):

- (2b) on the advice of NEMMCO, Network Service Providers and Generators, determine, and modify as necessary, the compliance program guidelines.

If you have any queries on any of the matters raised in this submission please contact Garth Gum Gee on (02) 8884 5353.

Yours sincerely,


Brian Spalding
Chief Operating Officer