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Mr Dominic Adams  
Project Leader  
Australian Energy Market Commission  
PO Box A2449  
AEMC  
Sydney South NSW 1235

Dear Mr Adams,

## **AEMC Draft Rule Determination ERCO222 – Generator Technical Performance Standards**

Power and Water Corporation appreciates this opportunity to consider and comment on the AEMC's Draft Rule Determination, Generator Technical Performance Standards, released on 31 May 2018.

If made, the proposed changes will affect rules which, though published in the Northern Territory National Electricity Rules (NT NER), are not yet operative, and whose future application is not yet clear. We support in principle the outcomes sought from the proposed rule changes, though we are unsure at this stage how the rules might operate in the Northern Territory.

## **Status of adoption of NER Chapter 5 in the Northern Territory**

Some rules have been made and will commence on 1 July 2019.<sup>1</sup> However, most provisions of Chapter 5 (including the provisions affected by the proposed rule changes) are published in the current NT NER Version 24, but with a qualifying note stating,

*This rule [or schedule] has no effect in this jurisdiction (see regulation 5A of the National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations). The application of this rule will be revisited as part of the phased implementation of the Rules in this jurisdiction.<sup>2</sup>*

As such, we cannot yet provide considered comments on the proposed rule changes.

## **Achieving fit for purpose rules for the Northern Territory**

The Northern Territory electricity system is not physically connected to the national electricity system and has many physical characteristics that differ from those in other jurisdictions, and legacy arrangements that may need to be addressed in the transition to new rules.

Nevertheless, Power and Water Corporation supports the Northern Territory Government's efforts to harmonise rules with the national electricity framework where possible. The aim is to apply the national framework in the Territory in a manner that aligns with regulatory arrangements in other

<sup>1</sup> See for example NT NER rules 5.0, 5.0A (principles and obligations of NSPs and connection applicants), and 5.10 through to 5.13A (network planning and expansion).

<sup>2</sup> See for example NT NER rules 5.1 through to 5.9, and schedules S5.1a through to S5.7.

jurisdictions to the greatest extent possible, while also being fit for purpose for the Northern Territory.

To that end, we are systematically working through the detailed content of all of Chapter 5, in consultation with the Department of Treasury and Finance. It is a complex process, with considerable work to follow. We understand the Territory Government's work is guided by:

- the National Electricity Objective;
- good regulatory practice, to ensure that rules are workable, with regulatory benefits that outweigh the costs in the Territory context; and
- the Northern Territory Government's overarching adoption principle to only derogate from the NER where adoption may impose unnecessary or unjustified costs that may be borne by consumers or impact the Territory Budget through increased community service obligation payments to retailers, noting any proposed derogations must be approved by the Council of Australian Governments Energy Council.

#### **Support for ENA submission**

We have reviewed and support in principle the positions set out in a submission prepared by Energy Network Australia (ENA).

We agree with the ENA that it would be helpful to participants for the AEMC's final determination to clearly summarise in tabular form the relationships between AEMO's rule change request, the ESCOSA requirements, the final rule and the related system strength and inertia rule changes.

These tabular approaches to the various rule changes and obligations may also be helpful to the Territory Government from an NT NER perspective, to inform the potential application of these rules and amendments to NT generator connections.

If you have any questions, please contact Ms Jodi Triggs, Senior Executive Manager - Network Regulation and Commercial, on (08) 8985 8456 or via email [Jodi.Triggs@powerwater.com.au](mailto:Jodi.Triggs@powerwater.com.au).

Yours sincerely



Djuna Pollard  
**Executive General Manager Power Networks**

13 July 2018