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1 April 2010

Dr John Tamblyn  
Chairman  
Australian Energy Market Commission

By electronic submission

Dear Dr Tamblyn,



**Victorian Generator Technical Performance Standards Derogations – Ref. ERC0102**

The Australian Energy Regulator (AER) welcomes the opportunity to comment on the Victorian Government's Rule change proposal to remove most of the derogations from Schedule 9A3 of the National Electricity Rules.

This Rule change proposal follows the AER's recommendations to the Victorian Government stemming from the investigation into the events of 16 January 2007, when bushfires in the north east of Victoria resulted in widespread load shedding. The investigation found that, among other things, the application of less exacting standards to generating units, through derogations in Chapter 9 of the Rules, has the potential to compromise system security.

Following the introduction of a requirement under the Rules to register generator technical performance standards that reflect the actual capability of generators, and arrangements that allow these performance standards to be renegotiated under certain conditions, the jurisdictional derogations in question have become unnecessary.

It is noted that, in 2008, your Commission approved a similar Rule change proposal made by the Queensland Government (Ref. ERC0070). As in that case, and in the interest of a consistent approach to generator technical performance standards within the National Electricity Market, the AER ultimately looks forward to the removal of all relevant derogations.

The AER encourages the AEMC to endorse the present Rule change proposal submitted by the Victorian Government.

Yours sincerely



Michelle Groves  
CEO