

Australian Energy Market Commission

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Our ref: REL0054

15 September 2014

Mr Neville Henderson
Chairman, Reliability Panel
Commissioner, AEMC
PO Box A2449
Sydney South NSW 1235

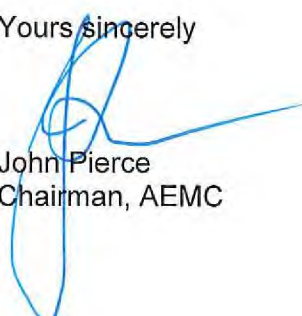
Dear Neville

Template for Generator Compliance Programs Review 2015 – Terms of Reference

In accordance with section 38 of the National Electricity Law and clause 8.8.3 of the National Electricity Rules, I am writing to provide you with the standing terms of reference from the Australian Energy Market Commission to the Reliability Panel (Panel), requesting the Panel to undertake a review of the template for generator compliance programs.

The purpose, scope and timing for this review are set out in the enclosed terms of reference.

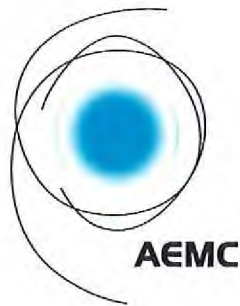
Yours sincerely



John Pierce
Chairman, AEMC

Encl:

AEMC Terms of Reference to the Reliability Panel – Review of Template for Generator Compliance Programs, 9 September 2014



Review of Template for Generator Compliance Programs

AEMC Terms of Reference to the Reliability Panel

9 September 2014

Introduction

These terms of reference are intended to guide the Reliability Panel (the Panel) in its next review of the template for generator compliance programs (the template). The Australian Energy Market Commission (AEMC) requests that the Panel consider these to be the standing terms of reference for the three-yearly review of the template under clause 8.8.3(c) of the National Electricity Rules (NER). The purpose, scope and timing for this review are set out below.

Background

Under clause 8.8.1(a)(2b) of the NER, the Panel must determine, and modify as necessary, and publish the template. The Panel must determine the template in accordance with clause 8.8.3.

Clause 8.8.3(ba) of the NER, requires the Panel to conduct a review of the template at least every three years from the date the template is determined, and at such other times as the AEMC may request. Following such a review, the Panel may amend the template in accordance with any recommendations that it makes in a report that is submitted to the AEMC under clause 8.8.3(j).

The first template was determined and published on 31 July 2009. Following a review in early 2012, the template was amended on 27 June 2012. In that review, the Panel did not identify any material issues and subsequently made only minor amendments to the template to increase clarity and ease of use.

Purpose of the review

To maintain power system security of the National Electricity Market (NEM), market participants must comply with the relevant technical standards. Achieving high levels of compliance to these technical standards is fundamental to the safe and reliable operation of the NEM within the power system's technical envelope.

The template provides clarity on what constitutes good electricity industry practice with respect to technical standards compliance. By defining an appropriate compliance framework, it assists generators with developing and designing their compliance programs. While generators are responsible for instituting and maintaining their own compliance programs, they need to ensure their programs are consistent with the template. The template may also assist the Australian Energy Regulator (AER) with its enforcement and monitoring of generators' compliance with the technical requirements under the NER.

The template refers to specific generator compliance provisions under the NER, as well as to suitable testing and monitoring methodologies. The three-yearly review, therefore, provides the Panel with the opportunity to review and amend the template, where appropriate, to ensure that it

remains consistent with the NER and reflects any changes in technologies, performance standards or compliance methods. The review also allows the Panel to consider any potential improvements to the template as a consequence of generators' practical application of the template.

Scope of the review

In accordance with clause 8.8.3(c) of the NER, the AEMC requests the Panel to undertake a review of the template.

In undertaking this review, the AEMC requests the Panel to consider whether:

- there have been any material changes to the NER that impact the template;
- there have been any changes in technology that should be reflected in the template;
- there have been any changes in performance standards that should be reflected in the template;
- AER and generator experiences with the template have identified ways in which the template may be improved; and
- there are any other factors, including outcomes of any power system incidents, that should be considered to further clarify and improve the template.

In undertaking this review, the Panel should also consider the compliance principles as set out in the latest version of the template, and the national electricity objective as set out in section 7 of the National Electricity Law.

Timing and deliverables

The Panel must carry out the review of the template in accordance with the following process:

- Give notice to all registered participants of commencement of this review and invite submissions for a period of at least four weeks.
- Publish a draft report and invite submissions for a period of at least six weeks.
- At the time of publishing the draft report, notify stakeholders that they may request a public meeting on the draft report within five business days of the draft report being published.
- If stakeholders have requested a public meeting, notify stakeholders that a public meeting will be held. At least two weeks' notice of the public meeting must be given.
- Publish a final report and submit this report to the AEMC no later than six weeks after the period for consultation on the draft report has closed.

The Panel should also prepare and publish an issues paper for consultation with stakeholders at the time of notifying stakeholders of the review. This paper should outline the key issues and questions the Panel will consider when deciding whether it is necessary to make amendments to the template.

The AEMC requests that the Panel complete the review once every three years from the date the template for generator compliance is determined.