



Government
of South Australia

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Dr John Tamblyn
Chairman
Australian Energy Market Commission
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Dear Dr Tamblyn

Thank you for the opportunity to provide comment on the central despatch and the integration of wind and other intermittent generation, which is an important issue for South Australia.

It is the South Australian Government's view that the Draft Rule principally delivers NEMMCO's policy intent in that it accepts the general concept of the semi-dispatch model (i.e. semi-scheduled generators should be incorporated into central dispatch during times of network constraint) and is therefore supported by South Australia as a valuable improvement on the status quo position in the Rules.

South Australia has some concern the Draft Rule makes priority a desire to minimise the cost of compliance for intermittent generators rather than on treating all generators equally to the maximum extent possible. When the first wind farms were registered as non-scheduled generators their contribution to the market was inconsequential. The preferential treatment given to these generators was not of great concern, which is no longer the case. South Australia alone will have approximately 800 MW by the end of this year close to double the current capacity. The Commonwealth Government intends to implement a 20 per cent renewable energy target, which is anticipated to require additional thousands of megawatts of wind. Wind is already a significant source of generation in South Australia and is likely to be significant nationally.

It is the Government's view that aligning the regulatory requirements for scheduled and semi-scheduled generators will encourage a level playing field for all significant sources of generation, which will allow for improved efficiency both in investment and dispatch in keeping with the National Electricity Law (NEL) objective. As highlighted in the second reading speech when the NEL was introduced in 2005, technological neutrality is fundamental, particularly embedded within the NEL objective.

The South Australian experience, where the volume of wind energy entering the market has continued to grow strongly (new wind farms in SA are required to be classified as scheduled generators) has indicated that requiring intermittent generators to adhere to the same regulatory regime as scheduled generators does not discourage investment or act as a barrier to entry.

There are also concerns regarding a number of technical issues including voltage control, aggregation and frequency control ancillary services (FCAS) Causer Pays which are detailed in the ESIPC submission on this matter. The South Australian Government strongly supports the views put forth in the ESIPC submission and welcomes ongoing dialogue between the AEMC and ESIPC to help resolve these issues.

Should you wish to discuss any of the above matters, please contact Vince Duffy, Director, Markets and Sustainability, Energy Division, the Department for Transport Energy and Infrastructure on 08 8204 1724.

Yours sincerely



HON PATRICK CONLON MP
MINISTER FOR ENERGY

8 ^{March} ~~February~~ 2008