

18 June 2008

Dr John Tamblyn
Chairman
Australian Energy Market Commission
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By email: submissions@aemc.gov.au

Dear John,

Submission on the proposed Rule change regarding Ramp Rates, Market Ancillary Offers and Dispatch Inflexibility

Thank you for the opportunity to make a submission on the Australian Energy Regulator's (AER) Rule change proposal. NEMMCO understands that the proposal seeks to limit Generators' and Market Participants' ability to use technical parameters such as ramp rates and those related to the provision of frequency control ancillary services (i.e. enablement limits, response capability and response breakpoints) to pursue commercial objectives where system security could be compromised.

NEMMCO supports the proposed Rule change and has included some specific comments below for the AEMC's consideration.

Further to the proposed Rule change, NEMMCO has identified some errors in clauses 3.8.6 and 3.8.22 of Schedule 2 of the *National Electricity Amendment (Central Dispatch and Integration of Wind and Other Intermittent Generation) Rule 2008 No.2*, which commences on 31 March 2009. These changes relate to ramp rates and rebidding for Semi-Scheduled Generators, NEMMCO considers that it would be timely to consider address these errors while considering the AER's proposal. NEMMCO notes that the submitted amendments are related to the subject matter of the proposed Rule change but do not directly impact them.

Ramp rates

NEMMCO supports the proposal for a minimum ramp rate availability of at least 3MW per minute for a Scheduled Generator, Market Customer or Market Network Service Provider because it would lead to better management of system security during critical system events. It would also lead to a significant reduction in market price spikes (both positive and negative) that occur immediately after moderate system events such as reclassification of double circuit interconnectors or the tripping of a heavily loaded line. This reduction would occur because significant step changes in transmission flows can be accommodated more

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easily when generating units are more responsive and this would reduce the need for NEMMCO to dispatch generation capacity in extreme price bands.

NEMMCO notes that Scheduled Generators also have the ability to vary ramp rates using SCADA and that ramp rates of Scheduled Generators are, in most cases, provided to NEMMCO via SCADA from the power stations. NEMMCO applies the minimum of the SCADA and offer values in dispatch. There are no practical arrangements, nor is it feasible for reasons to be provided and recorded when SCADA limits are changed. The SCADA limits are not separately reported, only the minimum of SCADA and offer values. In addition to the notifications set out in proposed clause 3.8.3A(a), NEMMCO considers that it is important that the Rule change proposal also addresses the existing provision of ramp rate limits by SCADA.

Amendments to proposed definitions

The AER proposed that a definition for maximum nameplate ramp rate should be added to Chapter 10 of the Rules. The word "nameplate" is not appropriate as ramp rate limits do not appear on nameplates. Therefore, NEMMCO submits that the word "nameplate" be removed from the definition and any further references to it should be referred to as "maximum ramp rate", no change to the definition is recommended.

The AER has proposed amendments to the Rules' definition of ramp rate which is currently defined as:

The rate of change of *active power* supplied from a *generating unit*, supplied to a load or transferred by a *scheduled network service*.

The AER also seeks to include an upward or downward distinction of active power in the definition. In NEMMCO's view, this does not add any value to the definition. In the Rule change proposal, the critical concept is the available rate of change that is offered or bid, as distinct from the actual ramp rate to which a unit is dispatched. Accordingly, the definition of ramp rate could be expressed more concisely as "The rate of change of active power (expressed as MW/min) required for dispatch".

NEMMCO proposed changes

The proposed changes relate to Schedule 2 of the *National Electricity Amendment (Central Dispatch and Integration of Wind and Other Intermittent Generation) Rule 2008 No.2*.

Clause 3.8.6(g) only requires a Semi-Scheduled Generator to provide an incremental MW amount for each price band specified in the dispatch offer and not ramp rates. However under clause 3.8.22, ramp rates can be rebid and the AEMC's Final Determination stated that:

To maintain the integrity and accuracy of dispatch, the Commission has decided to include ramp rate limits for Semi-Scheduled Generators in dispatch.¹

Given this, NEMMCO considers that there is an error in clause 3.8.6(g) and ramp rates were meant to be included in the dispatch offer. It is also necessary for a Semi-Scheduled Generator to provide ramp rates for its generating unit offer to ensure that Semi-Scheduled Generators are set reasonable, achievable targets under constrained operation and this would restore consistency with Scheduled Generator offers. NEMMCO submits the following for the AEMC's consideration:

¹ AEMC, *Rule Determination: National Electricity Amendment (Central Dispatch and Integration of Wind and Other Intermittent Generation) Rule 2008*, p. 41.

(g) A *Semi-Scheduled Generator's dispatch offer* may contain up to 10 *price bands* and must specify for each of the 48 *trading intervals* in the *trading day*.

(1) an incremental MW amount for each *price band* specified in the *dispatch offer*; and

(2) a MW/min *ramp rate capability*.

Clause 3.8.22 relates to rebidding, however under the drafting of clause 3.8.22(b)(1) semi-scheduled generating units have not been included. NEMMCO submits that semi-scheduled generating units should be included otherwise, under the Rules, Semi-Scheduled Generators would not be able to rebid its available capacity, daily energy constraints, dispatch inflexibilities and ramp rates. NEMMCO submits the following for the AEMC's consideration:

(b) Subject to paragraph (c) and clause 3.8.22A, a *Scheduled Generator, Semi-Scheduled Generator or Market Participant* may vary:

(1) its *available capacity, daily energy constraints, dispatch inflexibilities and ramp rates of scheduled generating units, semi-scheduled generating units, scheduled network services and scheduled loads*; and

We look forward to the AEMC's consideration of our submission. If you have any queries on any of the matters raised in this submission please contact Taryn Maroney on (02) 8884 5609.

Yours sincerely,



Mark Miller
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