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Dear Anita

### **Generator Compliance Program**

The Reliability Panel has asked AEMO to provide our views on the suitability of the current template for generator compliance programs. The Reliability Panel is required to review the template for generator compliance programs every 3 years, with the next review due for completion by July 2012.

As you are aware, the changes to the National Electricity Rules (Rules) which came into force from July 2009 removed the obligation for generators to agree their compliance program with NEMMCO and the relevant network service provider. As such AEMO's involvement is now focussed on when the generator reports non compliance issues, whether caused by testing or a power system incident. Thus AEMO is not in a position to assess the adequacy of the generator compliance testing program.

AEMO considers that this regime appears to be operating adequately, where compliance is the responsibility of generators and generators are required to notify AEMO of non-compliance with their generator performance standards. AEMO informs the AER and the relevant Network Service Provider (NSP) and assesses the impact on system security and the operation of the power system.

While AEMO keep records of generator non-compliances with performance standards, it is not possible to determine the relationship between this and compliance programs. As such, we have no direct view on the suitability of the template for generator compliance programs.

In respect of the actual template, as the frequency of testing set out in the compliance program is usually 3 or more years, AEMO considers that the length of time that this compliance program has been in force is insufficient for any significant trend to emerge.

Together with the lack of information, AEMO is not able to assess the influence of the compliance program on generator non-compliance.

AEMO believes a number of procedural changes would improve the compliance reporting regime. These include:

1. Review the application of the compliance regime to generators which do not operate often. For example generators which only operate for a few hours a year may be required to implement a testing and compliance program that is potentially more frequent than is required. The compliance program as published has been developed around large generating units operating as base or intermediate load operation.

2. A change in generation mix across the NEM which also considers peaking operation and renewable generators should be considered. The template should be updated to reflect new technologies (such as solar) and any requirements that may be necessary in relation to it. Clause 5.7.3 of the Rules requires generators to demonstrate that they comply with the performance standards in the time specified in clause 4.15. This is generally 6 months after commissioning. However it is believed that the intention of this clause is that compliance be demonstrated at the time of commissioning, as may be required under Clause 5.8.1(b). AEMO considers that this should be clarified.

To assist you with your review, these are the number of con compliance issues over the past 5 years.

Year	Non-Compliance Notices(not resolved)	Non-Compliance Notices(resolved)	Total No. of Non-compliance Notices
2007	2	6	8
2008	0	10	10
2009	0	22	22
2010	6	14	20
2011	12	10	22

If you wish to discuss this matter further please contact Garth Gum Gee (02) 8884 5353 in the first instance.

Yours sincerely



**John Howarth**  
**Executive General Manager, Transmission Services**