

24 January 2008

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Dr John Tamblyn  
Chairman  
Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

By email: [submissions@aemc.gov.au](mailto:submissions@aemc.gov.au)

Dear Dr Tamblyn,

Re: Submission on draft Rule determination – “Central Dispatch and Integration of Wind and Other Intermittent Generation”

Pacific Hydro supports the AEMC’s approach in reviewing NEMMO’s original proposal for this Rule change which was to take the requirements for non-scheduled generators as the starting point and add only those requirements that are necessary for a semi-scheduled generating unit to operate in the market. In our view this creates a more realistic transition from non-scheduled generation to semi-scheduled generation.

Enclosed with this letter is a table setting out Pacific Hydro’s submissions on particular sections of the draft Rule. Comments on certain key aspects of the draft Rule are made below.

#### Transitional provisions

We welcome the Commission’s interest in the transitional provisions of the draft Rule and note the Commission’s request for specific examples of projects which could be affected by those transitional provisions.

Pacific Hydro is currently developing a number of projects in the NEM, two of which are at an advanced stage of development. Each of these two projects is discussed in more detail below. The Clements Gap project in particular illustrates the difficulties we have identified with the definition of “committed project” in 11.X.1 of the draft Rule.

#### 1. Portland Wind Farm

Pacific Hydro Portland Wind Farm Pty Ltd (PHPWF) is in the process of constructing a wind farm at Portland in Victoria. As of December 2007, PHPWF has been registered as a non-scheduled generator. As part of achieving that registration, PHPWF has obtained NEMMCO’s approval to classify each of the generating units that will form part of the wind farm as non-scheduled generating units. Accordingly, it is our understanding that those units will fall within the definition of a “classified generating unit” and under 11.X.2(a) of the draft Rule will

[ENCLOSURE](#) : table of Pacific Hydro detailed comments

not be required to reclassify as semi-scheduled generating units and PHPWF will not be required to register as a semi-scheduled generator.

## 2. Clements Gap Wind Farm

The Clements Gap Wind Farm project in South Australia is also well-advanced. A connection agreement has been in place for some time, tenure has been secured over all necessary land, financing arrangements have been approved, development approval has been granted, and a commitment to enter into the turbine supply contract, with a financial penalty for project cancellation and a firm date for commencement of on-site construction of the turbines, was made in November 2007.

The Clements Gap Wind Farm does not technically satisfy the definition of "committed project" as set out in the draft Rule primarily because the land is not owned by Pacific Hydro, the financing arrangements are not secured through project financing contracts, even though the project is fully committed, and the turbine supply contract had not been executed by 1 January 2008 although a firm commitment to do so including financial penalties for cancellation had been made. Also, construction of wind farms typically commences once all the planning and construction approvals and licences required for the commencement of construction are in place. Other more minor permits may be obtained during the construction phase.

Given the level of the project's progress and the overall intent of the definition of "committed project", it would be unreasonable if the Clements Gap project was found not to satisfy the definition. In addition to the definition not reflecting the realities of wind farm project development, there may well be other projects that also fail to meet a minor aspect of the definition where other circumstances exist that result in the project being properly considered to be a "committed project". Accordingly, we propose that the definition of "committed project" is amended as set out in the attached table, specifically to allow NEMMCO some discretion in evaluating when a project is a "committed project" and permitting other factors in addition to those listed in the definition (which are not intended to be an exhaustive list) to be taken into account.

### Dispatch instructions

Two other major issues which are further addressed in the attached table relate to dispatch instructions to semi-scheduled generators. First, the Rule needs to be clear that a semi-scheduled generating unit is not required to follow a dispatch instruction "maximum generation" during a non semi-dispatch interval. The situation could occur where the UIGF (which is used to set the dispatch cap in a non semi-dispatch interval) is forecasting a lower output than the wind farm is actually producing, in which case the Rule as currently drafted requires the wind farm to follow the dispatch instruction (being the UIGF). Pacific Hydro's understanding is that the intention concerning the rule change was only to limit semi-scheduled generators to a dispatch cap during a semi-dispatch interval. We propose that during a non semi-dispatch interval the dispatch cap reverts to the registered capacity of the semi-scheduled generating unit. If the UIGF

is retained as the method of setting the dispatch cap in a non semi-dispatch interval it must be clear that the generator is not precluded from generating above the UIGF if conditions allow.

Secondly, the requirement to have personnel available at all times to respond immediately to a dispatch instruction should be aligned with the requirement that applies to scheduled loads, which is to ensure that appropriate personnel or electronic facilities are available to receive and immediately act upon dispatch instructions. A requirement to run a permanently-staffed control room, where electronic facilities could be used instead, does not meet the NEM objective of promoting efficient investment.

#### Voltage control

Pacific Hydro agrees with the approach the Commission has taken on voltage control. It is our view that NEMMCO should not be able to give instructions regarding voltage regulation in low voltage distribution systems as such systems are subject to control by the DNSP. It is normal operating practice that the DNSP controls the voltage within its distribution system and the DNSP typically requires a much tighter voltage range than NEMMCO does within the transmission system.

Please contact Kate Summers of our office (03 8621 6442) if you would like to discuss any aspect of this submission.

Yours sincerely,

(signature omitted from electronic version)

Rachel Watson  
Legal Counsel