grid australia
BACKBONE OF THE NEM

6 June 2008

Mr John Tamblyn
Chairman
Australian Energy Market Commission
Level 5, 201 Elizabeth Street
Sydney NSW 2000

By email: submissions@aemc.gov.au

Dear John,

Confidentiality of Information Required for Power System Studies

Grid Australia welcomes the opportunity to comment on the Rule change proposal submitted by the National Generators Forum (NGF) to modify the confidentiality arrangements in respect of information required for power system studies.

Grid Australia supports the broader objectives described by the NGF in its Rule change proposal. Grid Australia is, however, concerned with several proposals put forward in the NGF's Rule change in relation to:

- Network Service Providers (NSPs) being required to provide Releasable Information (RI) to other NSPs; and
- the consequential addition administrative tasks and costs associated with these.

As an overarching principle, Grid Australia considers that the National Electricity Rules (Rules) should unequivocally require NEMMCO to make all unencrypted data available to NSPs for the purpose of discharging their obligations under the Rules. This issue is discussed further below.

Encrypted Data - Releasable Information (RI)

Grid Australia supports the NGF's proposal that certain parts of the functional block diagram (Releasable User Guide) and source code, known collectively as Releasable Information (RI)[1], be made available to Registered Participants other than NSPs. Currently the Rules do not permit generators to access confidential system data.

[1] NGF's Rule change proposal – Confidentiality Arrangements in Respect of Information Required for Power System Studies.

Grid Australia understands that this restriction has impeded generators' and/or their consultants in their ability to undertake system studies relevant to, and in support of, new generator connection applications and the registration of performance standards.

An amendment to the Rules which allows for the provision of encrypted data, as proposed by the NGF's Rule change, should help remedy this current Rule deficiency while at the same time providing for the protection of intellectual property (IP) between generators.

Unencrypted Data

The Rules are ambiguous in relation to an NSP's right to share information with other NSPs for the purposes of fulfilling their obligations under the Rules. By contrast, the Rules are unequivocally clear on the responsibilities of NSPs. Among other things, NSPs are required to:

- participate with other NSPs in the planning and development of their networks and connections points;
- participate in the inspection, testing and commissioning of facilities and equipment; and
- use reasonable endeavours to ensure modelling data is complete and accurate[2].

Grid Australia, understands that underlying the NGF's Rule change proposal is the principle that IP confidentiality for all manufacturers, be protected, in particular manufacturers of wind farm equipment. Grid Australia notes that NSPs have and will continue to receive unencrypted data (IP) as part of connection applications, as required under the Rules. Further, NGF's Rule change proposal does not propose any change to this provision.

NSPs have long shared essential information amongst themselves, well before the National Electricity Market commenced, for undertaking studies which require system wide inputs to be taken into account. It is with this context in mind that NSPs consider the Rules should provide the ability to share unencrypted data amongst NSPs and between NSPs and NEMMCO for the purposes of meeting their Rules obligations.

Grid Australia also considers that, notwithstanding the responsibilities of NSPs under the Rules, the Rules do not support NSPs in meeting these obligations. To ensure this occurs, Grid Australia considers that there is a need for the Rules to specify that NSPs have the authority to share unencrypted data with other NSPs and between NSPs and NEMMCO, for the purpose of fulfilling their Rules obligations.

The NGF proposes that only encrypted data be provided to NSPs from another NSP. Grid Australia considers that this will clearly impede the functions of NSPs. NSPs require detailed unencrypted data to be provided by connection applicants in order to test the veracity of the assumptions put forward and to model these in power system studies. Without access to such detailed information, NSPs cannot determine the impact of such a connection on their networks and other connected parties, and hence upon the obligations they are legally required to meet.

Another important practical difficulty with NSPs being provided with only encrypted data is the difficulty (or complete inability) to update the data as computer application requirements change over time, particularly with IT system and/or application upgrades. Therefore, it is imperative that

[2] The National Electricity Rules 5.2.3 (d)

NSPs have access to unencrypted data, which is essential for the ongoing maintenance of system data.

In light of the discussion above, Grid Australia recommends that the following clause be added to the Rules to allow NSPs to fulfil their Rules obligations:

3.13.3 Standing data

(k3) NEMMCO and NSPs, and NSPs collectively, are to share all relevant unencrypted data for the purpose of fulfilling their respective roles, which includes NSPs having ongoing access to NEMMCO's Operations and Planning Data Management System (OPDMS) and any unencrypted data for the purpose of discharging their obligations under the Rules.

Releasing Releasable Information

Grid Australia considers that clause 5.3.8 (c1) is unclear on the process for obtaining and releasing RI. In particular, it is unclear whether:

- a NSP should seek the permission to disclose RI from the originator of the RI directly or via NEMMCO;
- if sought directly from the originator of the RI, whether it is the responsibility of the NSP or the originator of the RI to inform NEMMCO that such permission has been obtained and, if so, how this is to be done; and
- if sought directly from NEMMCO, whether it is the responsibility of the originator of the RI or NEMMCO to advise the NSP that consent has been given to release the RI.

As highlighted above, NSPs have clear obligations under the Rules which require ongoing access to unencrypted data in order to fulfil these obligations. As RUGs contain only encrypted data, NSPs do not require access to them and should not be required to be the custodians of, or be responsible for, the distribution of RUGs or RI to other market participants. Grid Australia considers that it would be more appropriate and efficient that the party seeking the RI should do so directly through NEMMCO.

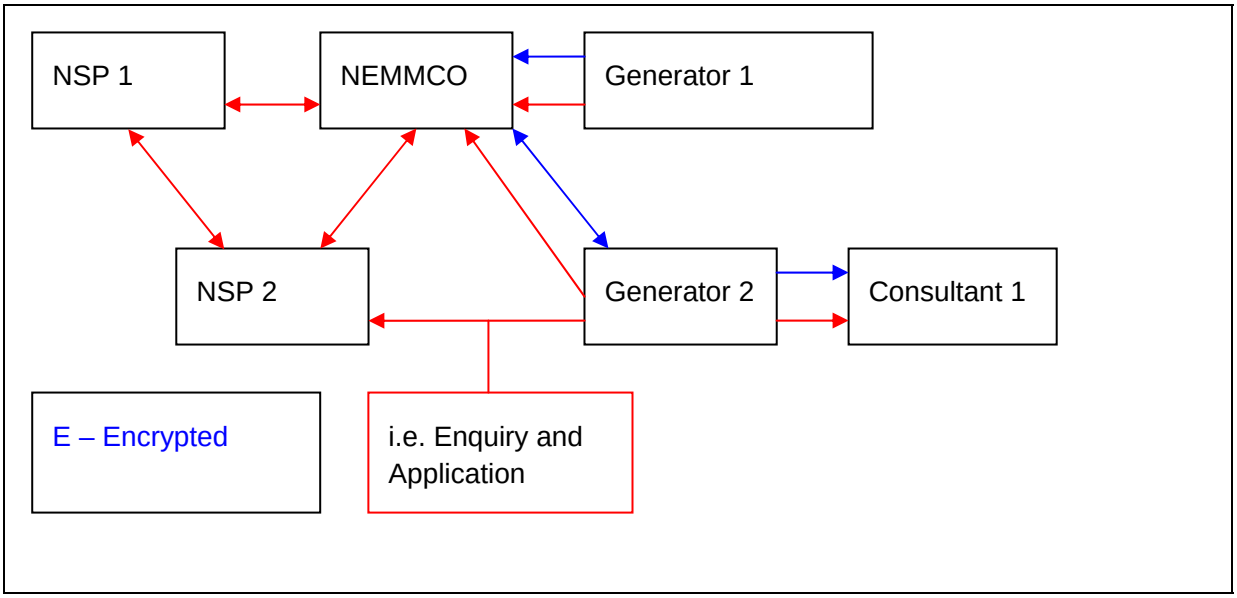
This would be more administratively efficient, and lead to lower overall costs, because a party seeking RIs for a number of generators across the NEM will only need to approach one party, NEMMCO, instead of approaching each NSP individually.

For the reasons outlined above, Grid Australia recommends clause 5.3.8 (c1) be deleted. Grid Australia does not support the NGF's proposal for NSPs to be the custodians of RIs or be responsible for their distribution. Responsibility for the distribution and management of RIs should lie with NEMMCO.

In addition, Grid Australia recommends that release of the RI to third parties should not require permission from the originator of the RI. This would ensure that the originator of a RI does not unreasonably withhold consent to disclose the RI to another party in relation to a legitimate connection application. This situation could potentially arise where the RI-seeking party is or could be perceived to be in competition with the originator of the RI. For this reason, Grid Australia considers that NEMMCO should have responsibility for determining whether the RI is released.

For explanatory purposes, Grid Australia includes the following diagram. The diagram shows the nature of the data (encrypted or unencrypted) that is required between various market participants.

Diagram 1: Depicts Generator 2 Seeking Connection in NSP 2's Area



Releasable Information's Contents

Grid Australia notes that the NGF's Rule change proposal does not address the issue of developing a RI for existing generators. Without such a requirement, key data will not be available to other market participants for the purposes of undertaking power system studies relevant to a connection application.

While there is a proposed definition for a RI within the Rule change proposal, the definition itself is not enough. Given that every generator currently not supplying unencrypted data to market participants will be required to provide a RI for the provision of power flow analysis, in the interests of efficiency, this process should only be undertaken once. Grid Australia considers that this could be achieved by a market consultation process to ensure that all participant needs are identified in developing a minimum set of requirements for a RI.

Consistent with this, Grid Australia considers that the Rules should be amended to include a date by which existing generators are also required to provide a RI or unencrypted data to market participants to undertake power flow analysis, depending on the nature of the market participant.

Releasable Information's Register

Grid Australia does not consider there is a need for a RI register to be established, as proposed by the NGF, which would essentially contain information on who has requested, received and approved the release of a RI.

Grid Australia understands from the NGF's proposal that the purpose of a RI is to protect IP by encrypting the data contained therein. By its very nature, a RI provides IP protection. Therefore, a register of information that is IP protected seems unnecessary. However, in the event that the

Commission determines that a register is required, Grid Australia agrees with the NGF that NEMMCO is the appropriate party to establish and maintain such a register.

Grid Australia would be pleased to discuss any aspects of this submission with the Commission.

Yours sincerely,

Rainer Korte
Chairman
Regulatory Managers Group