



Hydro Tasmania
the renewable energy business

23rd November 2006

Dr John Tamblyn,
Chairman, Australian Energy Market Commission,
PO Box H166,
AUSTRALIA SQUARE, NSW 1215

Submission by email: panel@aemc.gov.au

**Consultation on the Reliability Panel's review of the performance of the
National Electricity Market during 2005-06**

Feedback on the draft report

Dear Dr Tamblyn,

Hydro Tasmania would like to thank the AEMC for the opportunity to provide feedback on the draft review by the national Reliability Panel, (RP) of the performance of the National Electricity Market during 2005-06.

We wish to commend the AEMC on a clear concise report, which provides an appropriate amount of detail and references to sources.

Since NEM entry on 29 May 2005, Tasmania has continued to use the frequency standards, determined by the Tasmanian Reliability and Network Planning Panel. We support the stability created by the seamless transition on 30 May 2007, to frequency standards determined by the RP.

We note that the Panel intends to review the Tasmanian frequency standard after approximately 12 months of Basslink operation. We support the NEMMCO view that it would be quite impractical to impose the mainland frequency operating standards on the Tasmanian power system within the foreseeable future. This position is based on the reality that:-

- The Tasmanian power system is not synchronised to the mainland, because Basslink is a DC connection which means there is no technical need for convergence.

- The state's small size and the relatively large contingencies that can occur here which make it difficult to manage system frequency to the same degree as in the larger mainland system.

There is no pressure from Tasmanian customers to reduce the range of frequencies. We note NEMMCO's view that there could be some scope for minor adjustments towards alignment of standards when the Tasmanian power system becomes large enough, subject to economic justification. However, based on our operating experience, we would caution against overoptimism in this direction.

We support the undertaking of a robust economic cost benefit analysis prior to any change but suggest that a preliminary qualitative review might rule out some of the more adventurous options.

Please contact John Arneaud on 03-62305190 or by email on john.arneaud@hydro.com.au if you have any questions in relation to our submission.

Yours sincerely

David Bowker

Manager Regulatory Affairs