



**Hydro Tasmania**  
*the renewable energy business*

10 June 2008

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

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

Dear Dr Tamblyn,

**Submission Re: Draft Rule Determination – National Electricity Amendment  
(NEM: Reliability Settings: Information, Safety Net and Directions) Rule 2008**

Hydro Tasmania appreciates the opportunity to provide comments on the Draft Rule Determination – National Electricity Amendment (NEM: Reliability Settings: Information, Safety Net and Directions) Rule 2008.

Hydro Tasmania understands that the NEM 'drought reports' have been a useful addition, for some stakeholders, to other information provisions in the NEM such as MTPASA. Although we see the AEMC's draft rule change as a mechanism for formalising the provision of these reports and we have a few concerns in relation to the Energy Adequacy Assessment Projection (EAAP) and the GELF framework.

**Administration of EAAP**

Clause 3.7B (f) (2) of the draft rules states that:

For the purposes of preparing the EAAP, a Scheduled Generator must provide NEMMCO with the following information in accordance with the timetable:

- (2) an estimate of anticipated generation for the scheduled generating units of that Scheduled Generator for each month of the EAAP as provided in accordance with the EAAP guidelines; and

Hydro Tasmania believes there is no value in providing this information on a monthly basis for Hydro generators like Hydro Tasmania's generation assets. Generation output on a month by month basis is significantly dependent on the actual market conditions, hydrology and inter & intra-regional network constraints. An obligation to provide a monthly forecast for a 24 month period would be meaningless and highly uncertain as the hydro generators actual output would be dependent on the market and climate conditions that eventuate. This is a significant change for Hydro Tasmania from the existing drought report produced by NEMMCO.

Further, NEMMCO already has the power through the EAAP guidelines to request the individual generator to provide monthly generation estimates where this information is appropriate and is of value.

Hydro Tasmania also notes that NEMMCO expresses reservations about the feasibility of using the each participants preferred monthly energy usage in its submission on this issue dated 20 May 2008. Therefore we believe that imposing this obligation on generators when NEMMCO has expressed uncertainty on the value of the information is very concerning.

For the reasons outlined above Hydro Tasmania recommends that this Rule be removed.

### **Generator Energy Limitation Framework**

Hydro Tasmania believes the information provided to NEMMCO for the current “drought reports” provides the appropriate level of information required for both the Generator Energy Limitation Framework (GELF) and GELF parameters. In the case of the ‘drought report’, Hydro Tasmania is represented as a single GELF.

It is our understanding that the GELF is a description of the physical energy supply arrangements that explains how energy constraints can arise. The GELF would only be updated if there is a physical change in the system that limits the ability of the generator to generate. Hydro Tasmania believes the intent of the draft rule was that GELFs are only updated in relation to changes in infrastructure (as GELF is a description of the physical energy supply arrangements that explains how energy constraints can arise).

However, our concern arises because we believe that the definition of energy constraints could be interpreted as including the GELF parameters and this could lead to confusion as to whether GELFs need to be changed other than for a change in the physical infrastructure.

GELF parameters are defined in the draft rule as ‘Variable parameters specific to a GELF which are identified in the EAAP guidelines and supplement the GELF, and are submitted by a Scheduled Generator and updated in accordance with rule 3.7B for the purpose of the EAAP’. These are required to be updated at least every 3 months.

We interpret the GELF parameters as variable parameters to include such things as water levels in dams. If this is the correct interpretation we have concerns with the definition of “energy constraints”.

The definition of energy constraint is ‘a limitation on the ability of a generating unit or group of generating units to generate active power due to the restrictions in the availability of fuel or other necessary expendable resources such as, but not limited to, gas, coal, or water for operating turbines or for cooling’. Rule 3.7B(j) requires updating of GELFs if there is material change to “energy constraints”.

Hydro Tasmania suggests a redrafting of the definition of “energy constraints” to make it clear that they are basically physical/infrastructure bottlenecks and not variable parameters.



## **Frequency of GELF parameter updates**

Hydro Tasmania agrees with the frequency of GELF parameters updates as specified in 3.7B(i) – 3 monthly updates. We do not believe that any deviation from this timeframe would be justified.

## **Conclusion**

Hydro Tasmania believes that given the limited usefulness of the EAAP information to the market it is really important that the administrative imposition be minimised. Therefore we believe that the requirement for information should not exceed that already required for the 'drought report'.

If you have any queries please contact David Bowker on 6230 5775 or via email on [david.bowker@hydro.com.au](mailto:david.bowker@hydro.com.au).

Yours sincerely



*for*

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Manager, Market Regulation