

18 August 2021

Australian Energy Market Commission
GPO Box 2603
Sydney NSW 2001

Sent by: online lodgement

**Generator Registration and Connections
Draft Rule Decision**

Major Energy Users Inc (MEU) is pleased to provide its thoughts in response to the draft rule decision relating to the Generation and Registration and Connections proposed rule changes.

The MEU points out that the views in this submission are those of end users of electricity and no attempt has been made to provide views that might be in the interests of other stakeholder groups.

The MEU supports the bulk of the draft rule decision and notes that most of its concerns have been addressed within the more preferable rule developed by the AEMC.

However, the MEU is concerned that there remains a grey area in relation to a generator established by an end user for use as a back-up supply for its facilities. Under clause 2.2.3(b)(1), if a generation unit is primarily used as a back-up (regardless of its size) the unit could be classified as non-scheduled on the basis that it is seldom used and might generate into the NEM "...rarely, if ever...". Removal of this clause means that a generator >30 MW capacity which is used:

- primarily as a back-up supply for a specific facility and therefore seldom used and only when the market supply or network fails, and/or
- only for Reliability and Emergency Reserve (RERT) services¹ (noting that RERT is an essential source of supply when market reliability or security is at risk) and therefore seldom used and only when called by AEMO,

¹ The MEU notes that requiring a large generator only providing RERT would have to incur considerable costs for its occasional dispatch. The cost for imposing "scheduled" classification on

the generator would have to be registered as a scheduled generator, with all of the costs that this entails and unnecessarily incurred for its infrequent use. The MEU recognises the general intent of the proposed rule change but sees that there are instances where clause 2.2.3(b)(1) does rightly capture legitimate reasons for permitting a large generator to be classified as non-scheduled.

With this in mind, the MEU considers that clause 2.2.3(b)(1) should not be removed but perhaps with modification of the term “local use” in the clause so that use of a >30 MW generator as a back-up source of supply and/or to provide occasional RERT services does not have to be a scheduled generator with all the liabilities and costs that such a classification entails.

The MEU commented in its response dated 17 December 2020 to the consultation paper, the registration process

“... must be unequivocal and ensure that end users which have generation, but do not generate for the market as a primary activity, [so that these generators are not] ... captured by the changes [and that] these generators ... remain exempt and non-scheduled.”

The MEU does not consider that the preferred rule provides this certainty and needs to be modified as suggested above.

The MEU also noted in its response to the consultation paper there should be a clear ability to appeal a decision by AEMO about its classification of a generator. While the MEU accepts there is a dispute process within the NEM rules to appeal a AEMO decision, but to appeal a AEMO decision the appellant must be a Market Participant. To become a Market Participant incurs costs, unnecessary costs if the appeal is upheld. To incur the costs to be a Market Participant purely to appeal the decision should be unnecessary. The MEU considers that the new draft rule should be modified to allow a generator seeking to be classified non-scheduled, should be allowed to appeal the AEMO decision during the application process without having to become a Market Participant first.

The MEU is happy to discuss the issues further with you if needed or if you feel that any expansion on the above comments is necessary. In this event, please contact our Public Officer at davidheadberry@bigpond.com or on 0417 397 056

Yours faithfully



David Headberry
Public Officer