

Australian Energy Market Operator
Level 22
530 Collins Street
MELBOURNE VIC 3000

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Submitted via e-mail to: ModelGuidelines@aemo.com.au

Power System Model Guidelines

The Australian Energy Council (the “**Energy Council**”) welcomes the opportunity to make a submission in response to the Australian Energy Market Operator’s (“**AEMO**’s”) *Power System Model Guidelines Issues Paper*.

The Energy Council is the industry body representing 21 electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. These businesses collectively generate the overwhelming majority of electricity in Australia and sell gas and electricity to over ten million homes and businesses.

Discussion

The increasing proportion of intermittent output non-synchronous generation has the potential to affect the power system’s operation. To maintain power system security, AEMO has proposed that the *Power System Model Guidelines* (previously known as the *Generating System Model Guidelines*) be updated and expanded.

The Energy Council recognises AEMO’s and the Network Service Providers’ need for current, accurate models to assess the impact on power system security of new generation and existing generation which has undertaken modifications after original commissioning. However the Energy Council is concerned that the significant cost of providing the new comprehensive model requirements compared to the existing model requirements may outweigh the benefit to be obtained. While Table 2 of the proposed Guidelines sets out limited exemptions for small plant, the Guidelines as a whole are very prescriptive in terms of the model types, model requirements and model accuracy which applicants for connection to the grid must provide, and AEMO’s attention is drawn to the new National Electricity Rule S5.5.7(c)(1), which requires AEMO to “have regard to the reasonable costs of efficient compliance by Registered Participants with those guidelines and data sheets compared to the likely benefits from the use of the information provided under the guidelines and data sheets”.

It is also unclear from the Issues Paper if the new model requirements would apply to existing generators which have not undertaken any plant modifications post original commissioning but are simply applying for the replacement of their connection agreement when the existing connection agreement expires. The Energy Council does not believe that this should be the case.

Under Section 9 of the Guidelines (“Alternative Process”), there is a limited ability for applicants who “cannot provide the required information or model” to apply for a variation to the requirement to provide the specified data and models. According to the Guidelines AEMO must consider “the reasonable costs of efficient compliance by Applicants with these Guidelines and the Data Sheets compared to the likely benefits from the use of the information provided under those”, the Guidelines lack detail on how the likely benefits will be identified, quantified and compared with the costs of providing the requested information. The Energy Council suggests that the assessment process used by AEMO should be more transparent and clearly defined, including the methodology and process to be used in quantifying benefits. Furthermore, it is important that the assessment of costs includes not only the applicant’s direct costs in producing the data and models, but also considers the costs and impacts to consumers of any delays in the connection of new equipment as a result of the request for information.

The cost and time needed by applicants to provide the necessary models and information may also affect the returns of new entrants and those considering capacity expansions, particularly if they result in connection

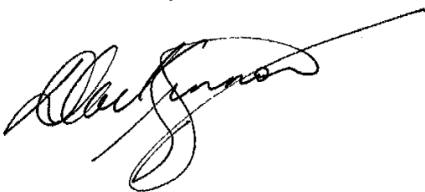
delays. It is important that AEMO takes this into account when deciding the detail required from applicants for its power system modelling.

Conclusion

In conclusion, the Energy Council believes it is important for AEMO to consider the costs (including market costs) to applicants of providing the requested models and information, and when making its assessment of the costs to applicants of doing so versus the benefits of AEMO obtaining the information, AEMO should be transparent in its decision-making processes. Therefore the Energy Council supports the inclusion in the Guideline of the methodology and process to be used in quantifying costs and benefits in the assessment process.

Any questions about this submission should be addressed to the writer, by e-mail to Duncan.MacKinnon@energycouncil.com.au or by telephone on (03) 9205 3103.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Duncan MacKinnon', with a long horizontal flourish extending to the right.

Duncan MacKinnon
Wholesale Policy Manager
Australian Energy Council