



Generation Licensing

Generator Licensing Requirements

Protection of the long term interests of South Australian consumers with respect to the price, quality and reliability of essential services

Licensing of generation plants



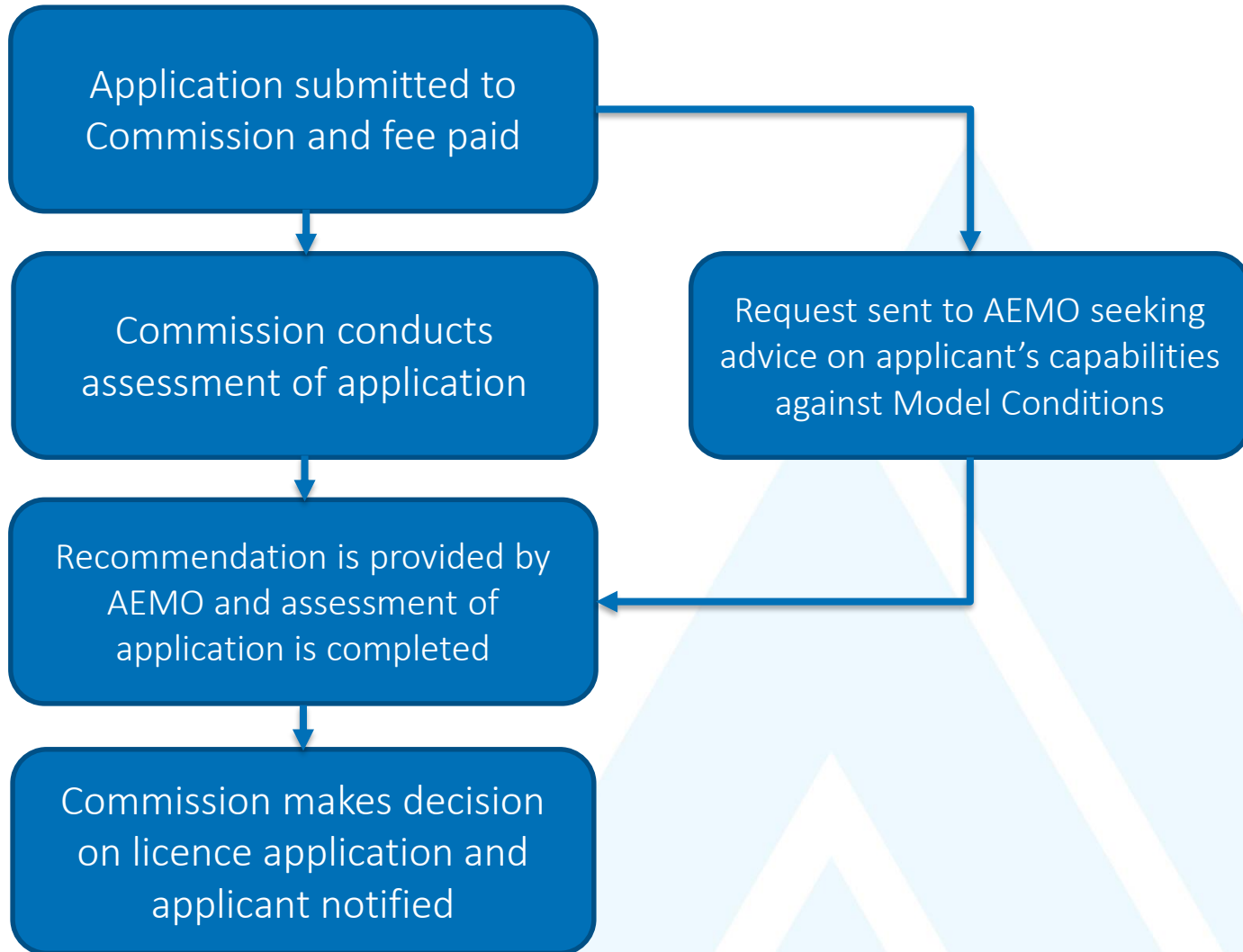
- ▶ A generation licence is required for generators > 100 kVa, who supply for reward by a transmission or distribution network.
- ▶ The Commission seeks technical advice from AEMO (and the Technical Regulator).
- ▶ Applicants must comply with the 2017 model licence conditions for generators – verified by AEMO.
- ▶ The Commission considers AEMO's advice on generator performance in its assessment.
- ▶ The final decision on the application and licence conditions is made by the Commission.
- ▶ Batteries and other storage systems are considered generators.

The Commission's 2017 model licence conditions for generators



- ▶ The Commission 2017 model licence conditions require new generators to have the capability to:
 - ride through power system disturbances without prematurely disconnecting and will also be available to assist with remediating contingency events
 - control their energy output to maintain stable operation of the power system (as well as being able to assist with the control of voltage and frequency, if required)
 - manage and control voltages to support the network during disturbances and to efficiently transfer power
 - be capable of operating in weak system conditions (where limited fault current is available), and
 - assist with power system restoration, should there be a major outage on the power system.

Overview of licence application process



- ▶ Licence applications
 - Advisory Bulletin No. 4
 - Application Form
 - Generation Licensing Fact Sheet
 - Refer: <http://bit.ly/electricity-licence-applications>

- ▶ Inquiry into the licensing arrangements for generators in SA
 - 2017 model licence conditions for new generators
 - Final Inquiry Report
 - Refer: <http://bit.ly/Inquiry-LicensingArrangements-generators>



Generation licensing fact sheet

Information for applicants

The Essential Services Commission (**Commission**) is responsible for administering the licensing regime that applies to electricity entities, as established in the [Electricity Act 1996](#). It is responsible for issuing, varying or transferring licences to participants in the electricity supply industry where those participants engage in the generation of electricity.

A generation licence is required from the Commission for generators with a rated nameplate output of more than 100 kVA, who supply electricity for reward by means of a transmission or distribution network.

How to apply for a licence

Entities wishing to apply for a South Australian electricity generation licence should read [Advisory Bulletin No 4/8](#) which outlines the procedure for the issuing of licences. To apply, entities must complete and submit an application form (available on the Commission's [website](#)).

Technical requirements

All new generators, regardless of technology or type, seeking to connect to the South Australian power system must have the capabilities to contribute to a secure and resilient power system that meets the modern (and future) needs of South Australian consumers.

The Commission's [2017 model licence conditions for new generators](#) require new generators to be able to:

- ▶ ride through power system disturbances without prematurely disconnecting and will also be available to assist with remediating contingency events

- ▶ control their energy output to maintain stable operation of the power system (as well as being able to assist with the control of voltage and frequency, if required)
- ▶ manage and control voltages to support the network during disturbances and to efficiently transfer power
- ▶ be capable of operating in weak system conditions (where limited fault current is available), and
- ▶ assist with power system restoration, should there be a major outage on the power system.

For further information please refer to the Commission's [Inquiry into the licensing arrangements for generators in South Australia](#).

Consultation with other regulators

The Commission seeks advice from the Technical Regulator and Australian Energy Market Operator (**AEMO**), when considering an application for a generation licence. Applicants must demonstrate compliance with the Technical Regulator's and AEMO's technical requirements, prior to the issue of a generation licence.

The Technical Regulator advises the Commission on whether the generating plant is suitable for the South Australian network and may suggest the inclusion of additional licence conditions to maintain system security. Further, the Technical Regulator also requires developers to include power system security services as part of their South Australian-based projects and has released a guideline specifying the [technical requirements that generators above 5 megawatts must meet](#) before seeking development approval.

AEMO is responsible for [registering applicants as a Generator in the National Electricity Market](#), or granting an exemption from registration, in accordance with the National Electricity Rules (**Rules**). Applicants must confirm to AEMO that they meet the technical requirements set out in the Rules. Further, applicants must demonstrate to AEMO that they can meet the Commission's [2017 model licence conditions for generators](#). The Commission seeks AEMO's advice on each generator's ability to comply with these requirements.

Please note that in order to maintain power system security, AEMO limits non-synchronous generation in South Australia when only a minimum strength requirement is met. Applicants should refer to AEMO's [Market Notices](#) and [Transfer Limit Advice – South Australia System Strength](#), for further information.

Assessment

In assessing an electricity generation application, the Commission considers the application against the relevant licensing provisions set out in the [Electricity Act 1996](#). It will also have regard to its primary objective under the [Essential Services Commission Act 2002](#), being the protection of the long-term interests of South Australian consumers with respect to the price, quality and reliability of essential services and other factors as they apply to the Commission's role as an economic regulator of the South Australian electricity industry.

The Commission may only issue a licence if it is satisfied the applicant is a suitable person to hold the licence. In making its assessment the Commission considers (among other things):

- ▶ the standard of honesty and integrity shown by the applicant and its directors and major shareholders in previous commercial and regulatory dealings

- ▶ the financial, technical and human resources available to the applicant
- ▶ the quality of the generated electricity for the relevant transmission or distribution network, and
- ▶ [2017 model licence conditions for new generators](#).

Application process

Following receipt of a complete application and payment of the application fee (as applicable), the Commission will conduct public consultation of a minimum of four weeks. The Commission will consider any submissions received and, where appropriate, seek further information from the applicant to inform its assessment of the application. Applicants should allow a minimum of 16 weeks for a completed licence application to be assessed.

Please note that, if an incomplete application is submitted or if further substantiating information is required, the Commission will seek further information from the applicant. The 16 week assessment process will only commence once all relevant information has been provided. You are therefore encouraged to contact the Commission at an early stage to understand any information requirements which may be relevant to your application.

Licence fees

The Treasurer of South Australia sets fees, in accordance with section 20 of the Electricity Act 1996, for [licence applications and annual licence fees](#).

A licence may only be issued following the payment of the annual licence fee, or the first instalment of the annual licence fee (as the case may require).

The Essential Services Commission is an independent statutory authority with functions in a range of essential services including water, sewerage, electricity, gas, rail and maritime services, and also has a general advisory function on economic matters. For more information, visit www.escosa.sa.gov.au.

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