

15 May 2009

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By email: [aer inquiry@aer.gov.au](mailto:aer inquiry@aer.gov.au)

Dear Tom,

### **Rebidding and Technical Guideline**

Thank you for the opportunity to make a submission on the AER's proposed Rebidding and Technical Guideline (**guideline**) which outlines the AER's interpretation of the rebidding and technical parameter provisions in the National Electricity Rules (**Rules**) and how it intends to monitor and enforce compliance with these. NEMMCO considers the guideline will assist Scheduled Generators, Semi-Scheduled Generators or Market Participants (**relevant participants**) to understand their obligations in respect of recent Rule changes to ramp rates and technical parameters.

#### *Information to be provided – section 2.1.1*

The AER has stated that relevant participants "...should provide a written justification to NEMMCO, as a part of the annual review of standing data, explaining why the ramp rate is less than the minimum ramp rate". NEMMCO considers this may be inconsistent with the requirements of clause 3.8.3A, which requires reasons to be submitted simultaneously with notifications of scheduled capacity and offers for dispatch. NEMMCO understood through the Rule change consultation that it would not be required to implement a system to collect justifications from relevant participants relating to ramp rates, including for its annual review of standing data, except through the bid and offer process.

NEMMCO also notes that the responsibility to seek further information on the reasons for submitting a low ramp rate resides with the AER (as per clause 3.8.3A(f) of the Rules). NEMMCO considers that the requirement for an annual justification should be removed from the guideline and instead state the AER would seek further information regarding the justification of reasons provided by relevant participants if it requires.

#### *Minimum safe operating level – section 2.1.2*

“Minimum safe operating level” is not a defined term used in the Rules and the meaning of this term is unclear. For example in the case of coal fired generating units, lower operating outputs can be achieved at some cost through the use of auxiliary firing. Is the “minimum safe operating level” that can be achieved with or without auxiliary firing?

NEMMCO understands the AER’s intention is for relevant participants to provide NEMMCO with the minimum ramp rate that the generating unit can safely attain to ensure sufficient flexibility is available to maintain system security. NEMMCO suggests this should be clarified by either removing the term or setting out the obligation in terms similar to those used in clause 3.8.3A(d) of the Rules.

#### *Bidding a zero down rate - section 2.1.2*

The AER suggests that where a relevant participant cannot safely follow a dispatch instruction to vary its output downward, it is preferable to submit a zero down ramp rate rather than submit an inflexible bid. The AER states that this provides greater flexibility to ensure the market remains in a secure operating state. In practice, where a generating unit is being constrained off by a network constraint, the use of inflexible bids and zero ramp rates have similar effects on the violation of a network or frequency control ancillary services constraint. Asymmetric ramp rates can also result in an effect where dispatch targets tend to increase away from the desired minimum level.

Additionally, NEMMCO requires and has in place systems to identify inflexible bids to operating staff but not for zero ramp rates to allow it to manage the constrained operation of the power system. Identifying zero ramp rates or ramp rates below the required minimums would require a change to the market systems. As indicated earlier, NEMMCO understood that it would not be required to make system changes to accommodate the Rule.

NEMMCO also notes that section 2.1.2 only refers to down ramp rates, whereas the Rules refer to up and down ramp rates. Ramp up rates should also be included in the guideline to deal with the situation where a generating unit is ramping up following synchronisation.

#### *General comments*

NEMMCO notes that relevant participants can alter a generating unit’s rate of change by entering it into the bidding system or through the SCADA system; dispatch uses the minimum of these values. The guideline does not acknowledge this distinction and therefore does not provide guidance on how the AER may deal with a situation where a generating unit was regularly bid above the minimum ramp rate but the SCADA value was less than the minimum ramp rate. NEMMCO considers that the guideline should clarify how the AER would deal with this potential issue.

NEMMCO would expect that a change in the SCADA ramp rate should be followed up by an appropriate rebid within a reasonable period of time.



We look forward to the AER's consideration of our submission. If there are any enquiries regarding this submission please contact Taryn Maroney on (02) 8884 5609.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Nelson", with a long horizontal flourish extending to the right.

Brian Nelson  
Head of Regulatory Affairs and Compliance