

NATIONAL ELECTRICITY LAW
SECTION 74
INFRINGEMENT NOTICES ISSUED TO
C S ENERGY LIMITED

TO: C S Energy Limited (ACN: 078 848 745)
HQ 'North Tower'
Level 2, 540 Wickham Street
FORTITUDE VALLEY QLD 4006

Infringement Notice Nos.: AER01-2021, AER02-2021, AER03-2021, AER04-2021, AER05-2021, AER06-2021

1. The Australian Energy Regulator (**AER**):
 - a. has reason to believe that C S Energy Limited (**ACN: 078 848 745**) (**CS Energy**):
 - i. at all relevant times, is and was a Market Participant within the meaning of Chapter 2 of the *National Electricity Rules (NER)*, and classified its Callide B Power Station Unit 2 (**CALL_B_2**) located in Queensland as an ancillary service generating unit in accordance with Chapter 2 of the NER;
 - ii. has breached clause 4.9.8(d) of the NER on each of the six occasions described in Schedules 1-6 (**the alleged breaches**); and
 - b. has decided to serve these six Infringement Notices on CS Energy under section 74 of the *National Electricity (Queensland) Law (NEL)*.
2. Clause 4.9.8(d) of the NER is a relevant civil penalty provision within the meaning of Part 6, Division 5 of the NEL, and provides as follows:

A Market Participant which has classified a generating unit or load as an ancillary service generating unit or an ancillary service load, as the case may be, must ensure that the ancillary service generating unit or ancillary service load is at all times able to comply with the latest market ancillary service offer for the relevant trading interval.
3. The infringement penalty is \$20,000 for each of the alleged breaches.

Note: If CS Energy chooses to pay each of the six (6) \$20,000 infringement penalties, the combined infringement penalty amount is \$120,000.

WHAT CAN CS ENERGY DO IN RESPONSE TO THE
INFRINGEMENT NOTICES?

4. In respect of each one of these six (6) Infringement Notices:

- a. CS Energy can choose whether or not to comply with the Infringement Notice. If CS Energy chooses not to comply with the Infringement Notice, the AER may commence proceedings against it in relation to the alleged breach. CS Energy is entitled to disregard the Infringement Notice and to defend any proceedings in respect of the alleged breach.
- b. If CS Energy chooses to comply with the Infringement Notice, it must pay the infringement penalty to the AER, on behalf of the Commonwealth, by **17 February 2021**, being not less than 28 days from the date of service of the Infringement Notice, beginning on the day after the day on which the Infringement Notice is served (**the compliance period**).
- c. To ensure payment is made in accordance with the Infringement Notice, payment must be received on or before **17 February 2021**.
- d. If CS Energy pays the infringement penalty within the compliance period, the AER will not institute proceedings in respect of the alleged breach unless the Infringement Notice is withdrawn before the end of the compliance period in accordance with section 79 of the NEL.

HOW TO PAY AN INFRINGEMENT PENALTY

5. CS Energy may pay each of the six (6) \$20,000 infringement penalties in three ways:

- a. by cheque made out to the “ACCC Official Administered Account”,* enclosing a copy of the Infringement Notice to:

Australian Energy Regulator
GPO Box 520
MELBOURNE VIC 3001

You should allow at least five business days for payment to be received

or

- b. by electronic funds transfer to the following account:*

Account name: ACCC Official Administered Account
BSB: 032-730
Account: 146550

Please ensure that you include the Infringement Notice No. [AER01-2021, AER02-2021, AER03-2021, AER04-2021, AER05-2021 and/or AER06-2021] for each infringement penalty being paid in the description field of your electronic funds transfer to identify payment.

You should allow at least two business days for payment to be received.

or

- c. by credit card via the ACCC online payment system at www.accc.gov.au/payments.*

Please ensure that you include the Infringement Notice No. [AER01-2021, AER02-2021, AER03-2021, AER04-2021, AER05-2021 and/or AER06-2021] for each infringement penalty being paid in the description field of your electronic funds transfer to identify payment.

You should allow at least two business days for payment to be received.

- * The Australian Competition and Consumer Commission handles the receipt of infringement penalty payments for the AER on behalf of the Commonwealth of Australia. All payments received are paid into the Consolidated Revenue Fund.
- 6. Please allow sufficient time for your payment to be received within the compliance period.
- 7. CS Energy will be issued with a Tax Invoice following payment of each infringement penalty.

DATE OF ISSUE: 19 January 2021



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Clare Savage
Chair
Australian Energy Regulator

SCHEDULE 1

INFRINGEMENT NOTICE No.: AER01-2021

MATTERS CONSTITUTING AN ALLEGED BREACH OF A CIVIL PENALTY PROVISION: CLAUSE 4.9.8(d) OF THE NATIONAL ELECTRICITY RULES

1. CS Energy made a market ancillary service offer for the CALL_B_2 generating unit to provide the delayed lower service for the 14:30 trading interval for the 25 August 2018 trading day (**relevant trading interval**).
2. During the relevant trading interval, the Queensland region was islanded from the NEM until approximately 4 seconds after 14:20 on 25 August 2018. For the remainder of the relevant trading interval, the Queensland region operated as part of an interconnected system.
3. During the relevant trading interval, the CALL_B_2 generating unit had its Frequency Influence Bias (**FIB**) setting set to OFF.
4. With the FIB setting set at OFF, the CALL_B_2 generating unit operated with a wide range frequency deadband of (+/- 0.5 Hz) responding to frequency deviations greater than >50.50Hz or less than <49.50Hz.
5. Because the FIB setting was set at OFF, for the relevant trading interval the CALL_B_2 generating unit was not at all times able to comply with its market ancillary service offer to provide the delayed lower service in accordance with the NER and the market ancillary service specification.
6. Accordingly, CS Energy breached clause 4.9.8(d) of the NER, by failing to ensure that the CALL_B_2 generating unit was at all times able to comply with the latest market ancillary service offer for the relevant trading interval.

SCHEDULE 2

INFRINGEMENT NOTICE No.: AER02-2021

MATTERS CONSTITUTING AN ALLEGED BREACH OF A CIVIL PENALTY PROVISION: CLAUSE 4.9.8(d) OF THE NATIONAL ELECTRICITY RULES

1. CS Energy made a market ancillary service offer for the CALL_B_2 generating unit to provide the slow lower service for the 14:30 trading interval for the 25 August 2018 trading day (**relevant trading interval**).
2. During the relevant trading interval, the Queensland region was islanded from the NEM until approximately 4 seconds after 14:20 on 25 August 2018. For the remainder of the relevant trading interval, the Queensland region operated as part of an interconnected system.
3. During the relevant trading interval, the CALL_B_2 generating unit had its Frequency Influence Bias (**FIB**) setting set to OFF.
4. With the FIB setting set at OFF, the CALL_B_2 generating unit operated with a wide range frequency deadband of (+/- 0.5 Hz) responding to frequency deviations greater than >50.50Hz or less than <49.50Hz.
5. Because the FIB setting was set at OFF, for the relevant trading interval the CALL_B_2 generating unit was not at all times able to comply with its market ancillary service offer to provide the slow lower service in accordance with the NER and the market ancillary service specification.
6. Accordingly, CS Energy breached clause 4.9.8(d) of the NER, by failing to ensure that the CALL_B_2 generating unit was at all times able to comply with the latest market ancillary service offer for the relevant trading interval.

SCHEDULE 3

INFRINGEMENT NOTICE No.: AER03-2021

MATTERS CONSTITUTING AN ALLEGED BREACH OF A CIVIL PENALTY PROVISION: CLAUSE 4.9.8(d) OF THE NATIONAL ELECTRICITY RULES

1. CS Energy made a market ancillary service offer for the CALL_B_2 generating unit to provide the fast lower service for the 14:30 trading interval for the 25 August 2018 trading day (**relevant trading interval**).
2. During the relevant trading interval, the Queensland region was islanded from the NEM until approximately 4 seconds after 14:20 on 25 August 2018. For the remainder of the relevant trading interval, the Queensland region operated as part of an interconnected system.
3. During the relevant trading interval, the CALL_B_2 generating unit had its Frequency Influence Bias (**FIB**) setting set to OFF.
4. With the FIB setting set at OFF, the CALL_B_2 generating unit operated with a wide range frequency deadband of (+/- 0.5 Hz) responding to frequency deviations greater than >50.50Hz or less than <49.50Hz.
5. Because the FIB setting was set at OFF, for the relevant trading interval the CALL_B_2 generating unit was not at all times able to comply with its market ancillary service offer to provide the fast lower service in accordance with the NER and the market ancillary service specification.
6. Accordingly, CS Energy breached clause 4.9.8(d) of the NER, by failing to ensure that the CALL_B_2 generating unit was at all times able to comply with the latest market ancillary service offer for the relevant trading interval.

SCHEDULE 4

INFRINGEMENT NOTICE No.: AER04-2021

MATTERS CONSTITUTING AN ALLEGED BREACH OF A CIVIL PENALTY PROVISION: CLAUSE 4.9.8(d) OF THE NATIONAL ELECTRICITY RULES

1. CS Energy made a market ancillary service offer for the CALL_B_2 generating unit to provide the delayed lower service for the 15:00 trading interval for the 25 August 2018 trading day (**relevant trading interval**).
2. During the relevant trading interval, the CALL_B_2 generating unit had its Frequency Influence Bias (**FIB**) setting set to OFF until 14:50.
3. With the FIB setting set at OFF during that period, the CALL_B_2 generating unit operated with a wide range frequency deadband of (+/- 0.5 Hz) responding to frequency deviations greater than >50.50Hz or less than <49.50Hz.
4. Because the FIB setting was set at OFF, for the relevant trading interval the CALL_B_2 generating unit was not at all times able to comply with its market ancillary service offer to provide the delayed lower service in accordance with the NER and the market ancillary service specification.
5. Accordingly, CS Energy breached clause 4.9.8(d) of the NER, by failing to ensure that the CALL_B_2 generating unit was at all times able to comply with the latest market ancillary service offer for the relevant trading interval.

SCHEDULE 5

INFRINGEMENT NOTICE No.: AER05-2021

MATTERS CONSTITUTING AN ALLEGED BREACH OF A CIVIL PENALTY PROVISION: CLAUSE 4.9.8(d) OF THE NATIONAL ELECTRICITY RULES

1. CS Energy made a market ancillary service offer for the CALL_B_2 generating unit to provide the slow lower service for the 15:00 trading interval for the 25 August 2018 trading day (**relevant trading interval**).
2. During the relevant trading interval, the CALL_B_2 generating unit had its Frequency Influence Bias (**FIB**) setting set to OFF until 14:50.
3. With the FIB setting set at OFF during that period, the CALL_B_2 generating unit operated with a wide range frequency deadband of (+/- 0.5 Hz) responding to frequency deviations greater than >50.50Hz or less than <49.50Hz.
4. Because the FIB setting was set at OFF, for the relevant trading interval the CALL_B_2 generating unit was not at all times able to comply with its market ancillary service offer to provide the slow lower service in accordance with the NER and the market ancillary service specification.
5. Accordingly, CS Energy breached clause 4.9.8(d) of the NER, by failing to ensure that the CALL_B_2 generating unit was at all times able to comply with the latest market ancillary service offer for the relevant trading interval.

SCHEDULE 6

INFRINGEMENT NOTICE No.: AER06-2021

MATTERS CONSTITUTING AN ALLEGED BREACH OF A CIVIL PENALTY PROVISION: CLAUSE 4.9.8(d) OF THE NATIONAL ELECTRICITY RULES

1. CS Energy made a market ancillary service offer for the CALL_B_2 generating unit to provide the fast lower service for the 15:00 trading interval for the 25 August 2018 trading day (**relevant trading interval**).
2. During the relevant trading interval, the CALL_B_2 generating unit had its Frequency Influence Bias (**FIB**) setting set to OFF until 14:50.
3. With the FIB setting set at OFF during that period, the CALL_B_2 generating unit operated with a wide range frequency deadband of (+/- 0.5 Hz) responding to frequency deviations greater than >50.50Hz or less than <49.50Hz.
4. Because the FIB setting was set at OFF, for the relevant trading interval the CALL_B_2 generating unit was not at all times able to comply with its market ancillary service offer to provide the fast lower service in accordance with the NER and the market ancillary service specification.
5. Accordingly, CS Energy breached clause 4.9.8(d) of the NER, by failing to ensure that the CALL_B_2 generating unit was at all times able to comply with the latest market ancillary service offer for the relevant trading interval.