

**NATIONAL ELECTRICITY LAW**  
**SECTION 74**  
**INFRINGEMENT NOTICE ISSUED TO**  
**AGL HYDRO PARTNERSHIP**

**To: AGL HP1 PTY LIMITED & AGL HP2 PTY LIMITED & AGL HP3 PTY LIMITED**  
**trading as AGL Hydro Partnership (ABN 86 076 691 481)**  
**699 Bourke Street**  
**DOCKLANDS VIC 3008**

**Infringement Notice No.: AER28-2016**

1. The Australian Energy Regulator (**AER**):
  - a. has reason to believe that AGL HP1 PTY LIMITED & AGL HP2 PTY LIMITED & AGL HP3 PTY LIMITED trading as AGL Hydro Partnership (ABN 86 076 691 481) (**AGL**):
    - i. is, and was at all relevant times, a Scheduled Generator by virtue of being registered in accordance with clause 2.2.2 of the National Electricity Rules (**NER**), in respect of the Somerton generating system, comprised of one scheduled generating unit (**AGLSOM**) located in Victoria, and
    - ii. has breached clause 4.9.8(b) of the **NER**, as described in Schedule 1 to this Infringement Notice (**the alleged breach**); and
  - b. has decided to serve this Infringement Notice on AGL under section 74 of the *National Electricity (Victoria) Law (NEL)*.
2. Clause 4.9.8(b) of the **NER** is a civil penalty provision within the meaning of the **NEL**.
3. The infringement penalty is \$20,000.

**WHAT CAN AGL DO IN RESPONSE TO THIS INFRINGEMENT NOTICE?**

4. AGL can choose whether or not to comply with this Infringement Notice. If AGL chooses not to comply with this Infringement Notice, the **AER** may commence proceedings against it in relation to the alleged breach. AGL is entitled to disregard this Infringement Notice and to defend any proceedings in respect of the alleged breach.
5. If AGL chooses to comply with this Infringement Notice, it must pay the infringement penalty by 30 January 2017, being not less than 28 days from the date of service of this Infringement Notice, beginning on the day after the day on which this Infringement Notice is served (**the compliance period**).
6. To ensure payment is made in accordance with this Infringement Notice, payment must be received on or before **30 January 2017**.
7. If AGL 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period, the **AER** will not institute proceedings in respect of the alleged breach unless the Infringement Notice is withdrawn before the end of the compliance period in accordance with section 79 of the **NEL**.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 DOES AGL PAY THE INFRINGEMENT PENALTY?

8. AGL may pay the \$20,000 infringement penalty in either of two ways:
- by cheque made out to the "ACCC Official Administered Account", \* enclosing a copy of this Infringement Notice, addressed to:

Australian Energy Regulator  
GPO Box 520  
MELBOURNE VIC 3001

You should allow at least 5 business days for payment to be received.

or

- by electronic funds transfer to the following account:\*

Account name: ACCC Official Administered Account  
BSB: 032-730  
Account: 146550  
Description: AER28-2016

You should allow at least 2 business days for payment to be received

- \* The Australian Competition and Consumer Commission (**ACCC**) handles the receipt of infringement penalty payments for the AER. All payments received are paid into the Consolidated Revenue Fund.
- Please allow sufficient time for your payment to be received within the compliance period.
  - AGL will be issued with a Tax Invoice following payment of the \$20,000 infringement penalty.

DATE OF ISSUE: 20 December 2016



Paula Conboy  
Chair

Australian Energy Regulator

## SCHEDULE 1

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

1. AGL is, and was at all relevant times, a Scheduled Generator being registered with AEMO as a scheduled generator under clause 2.2.2 of the NER within the meaning of the term in the NER in respect of AGLSOM.
2. Clause 4.9.8(b) of the NER provides that a Scheduled Generator must ensure that each of its scheduled generating units is at all times able to comply with its latest generation dispatch offer under Chapter 3 in respect of that generating unit.
3. On 12 January 2016 AGL made a generation dispatch offer to AEMO which, amongst other things, specified a dispatch inflexibility profile with a T1 parameter of one minute for AGLSOM, in relation to the trading interval ending 1530 for 13 January 2016. The T1 parameter is defined in clause 3.8.19(e)(1) of the NER as the time taken, in minutes, following the issue of a dispatch instruction by AEMO for a generating unit to increase its loading from 0 MW, which is required for the plant to begin to vary its dispatch level from 0 MW in accordance with the instruction.
4. AGL was not able to comply with this generation dispatch offer at all times during the relevant period because the AGLSOM scheduled generating unit was not physically capable of increasing its loading from 0 MW in one minute following the issue of a dispatch instruction by AEMO at all times in the trading interval. :
5. Accordingly, the AER alleges that AGL breached clause 4.9.8(b) of the NER in respect of AGLSOM.