

Submission
No 90

INQUIRY INTO RURAL WIND FARMS

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The Director
General Purpose Standing Committee No.5
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Dear Sir/Madam

Legislative Council: Inquiry into Rural Wind Farms

TransGrid welcomes the opportunity to provide a submission to the NSW General Purpose Standing Committee No. 5 on its Inquiry into Rural Wind Farms.

TransGrid owns and operates the high voltage electricity transmission network throughout New South Wales, and is in a good position to provide input into this Inquiry.

TransGrid considers that it would assist the Standing Committee to be made aware of the following matters currently underway or in place, which have the potential to impact on the Committee's deliberations.

1. Australian Energy Market Commission (AEMC) Climate Change Review – Network Extensions for Remote Generation (NERG) Model Development

In August 2008, the AEMC commenced its Review of Energy Market Frameworks in light of Climate Change Policies as directed by the Ministerial Council on Energy (MCE). The NSW Government is party to the MCE, which was established under the auspices of the Council of Australian Governments (COAG). The AEMC Review is required to determine whether existing energy market frameworks provide any impediments to currently proposed climate change policy initiatives such as a Carbon Pollution Reduction Scheme (CPRS) and an expanded national Renewable Energy Target (expanded RET). This includes determining what, if any, amendments are needed to those frameworks as a result. The Review will conclude with advice to the MCE in September 2009.

The current status of this review is that the AEMC published its Second Interim Report on 30 June 2009, and is working towards final recommendations by the end of September 2009. One key development evolving out of the review is the potential creation of a Network Extension for Remote Generation (NERG) model for supporting remote generation projects connecting to the grid, inclusive of wind and other clean, renewable energy.

2. National Requirements for Connecting Wind Farms and Other Technologies to Electricity Networks

The electricity network service providers in NSW are subject to the requirements of the National Electricity Law (NEL) and National Electricity Rules (NER). This is a national legislative framework endorsed by the MCE that applies in a uniform manner to all States except Western Australia. Among other matters, this framework regulates the connection of generators to electricity networks. It imposes legally binding obligations on electricity network service providers and both existing and intending generators. A key objective of this framework is to ensure that the interconnected power system, linking the five eastern States, remains reliable under all operating conditions. To this end, there are strict standards of performance which need to be met by generators and network service providers.

The NEL provides that the AEMC is the body established to amend the NER once it is satisfied that Rule change enhances the 'National Electricity Objective'. This framework is consistent with policy established by the Council of Australian Government's Ministerial Council on Energy, of which the NSW Government has representation, determines key energy policy matters.

Most importantly, any person can propose a Rule change, including Government bodies, and the AEMC is obliged to assess a Rule change proposal against the National Electricity Objective. It is also open to Governments to initiate AEMC enquiries via the MCE processes. These are, therefore, avenues already available to the NSW Government to implement policies in support of renewable electricity generation.

3. Rule Changes in Recognition of Emerging Renewable Generation Technologies

In recent times there have been a number of Rule change proposals, which impact directly on wind generation. This section provides examples of these.

a) AEMC Amending Rule # 2, 2007 (8 March 2007)

On 8 March 2007 the AEMC published its Final Determination and Rule in response to a Rule change proposal from the National Electricity Market Management Company (NEMMCO - now AEMO). The Rule amendment alters the technical standards applying to generators, including introducing more technologically neutral requirements for non-scheduled (principally wind) generation. It also increases information provision requirements on generators and amends the framework for negotiated access to electricity networks. The Rule came into effect on 15 March 2007.

b) AEMC Amending Rule # 2, 2008 (1 May 2008)

On 23 April 2007, the AEMC received a Rule change proposal from NEMMCO (now AEMO) requiring significant intermittent generators (such as wind farms) to participate in the central dispatch and Projected Assessment of System Adequacy processes. This included requirements for these generators to limit their output at times when that output would otherwise violate secure power system limits.

c) Grid Australia Rule Change Proposal (Amend confidentiality provisions on NER Clause 5.3.8)

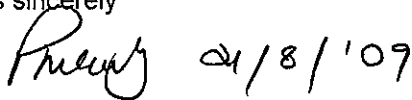
On 1 April 2009, Grid Australia (representing National Electricity Market electricity transmission owners including TransGrid) lodged a Rule change proposal with the AEMC to amend the existing confidentiality provisions relating to network connection enquiries and applications under clause 5.3.8 of the NER. The purpose of Grid Australia's proposal is to remove impediments to co-ordinating the connection of new generators, including wind generators. Specifically the Rule change proposed:

- allowing Network Service Providers (NSPs) to disclose confidential information to third parties under limited circumstances authorised in the Rules, such as, information in the public domain, information provided to an employee, advisor or consultant, and information where consent is given to disclose; and
- allowing NSPs to disclose basic information regarding connection applications that, under the current Rules, must be treated as confidential information by NSPs.

The AEMC is currently working on a Draft Determination, due out shortly. Should this proposal be approved, it should assist in processing connection applications on a more efficient and timely basis.

In summary, it is hoped that the information provided in this submission will assist this important Inquiry by the Legislative Council by providing clarity on current context for connecting generators to electricity networks in NSW including the important roles of the MCE, AEMC, and National Electricity Rules.

Yours sincerely



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Attach: