

31 May 2017

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PO Box 606
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Mr Con Carellas
Principal Advisor
Essential Services Commission of South Australia
GPO Box 2605
Adelaide, South Australia, 5001

Dear Mr Carellas,

RE: Inquiry into the licensing arrangements for generators in South Australia

TasNetworks welcomes the important work that is currently being undertaken by the Essential Services Commission of South Australia (**ESCOSA**) and the Australian Energy Market Operator (**AEMO**) with respect to licensing arrangements for generators in South Australia.

The transition of the power system from a 'traditional' synchronous generation fleet to one in which non-synchronous generation is a significant component (predominantly in the form of intermittent renewable energy sources), is presenting new challenges for the National Electricity Market (**NEM**) and those responsible for managing power system security, reliability and resilience. The growth of Distributed Energy Resources (**DER**) will be a predominant feature of the NEM in the future which presents significant challenge in an evolving market and further complicating the practical operation of the power system.

We consider the proposed licence conditions recommended by AEMO to ESCOSA are an appropriate and cost effective way to not only assist with managing these challenges, but also extend the capability of the electricity network in South Australia to successfully host additional renewable energy developments in line with stated emission reduction objectives.

Tasmania has faced and continues to face similar technical challenges to South Australia with the increasing connection of asynchronous generation sources. A consistent framework that ensures security, reliability and resilience for the NEM should be the ultimate goal. The work currently being undertaken by ESCOSA is an important first step towards ultimately updating the National Electricity Rules (**NER**) to better reflect the capabilities of renewable generation technologies now being connected en masse, as well as their associated performance characteristics.

The transition strategy for the NEM needs to be developed with a holistic approach in mind encompassing customer, technical, regulatory and market perspectives. Determining who and how best to coordinate this activity represents a significant challenge in its own right. We await the outcomes of the review into the Future Security of the National Electricity Market and the AEMC's System Security Frameworks review.

We welcome the opportunity to discuss this submission with you and to participate in future industry activities with ESCOSA and AEMO that support a nationally consistent framework to ensure safe, secure and reliable energy to customers. If you would like to discuss further, please contact Stephen Jarvis (03) 6271 6640.

Yours sincerely



Kirstan Wilding
Leader Regulation