



Media Release

Inquiry into licensing arrangements for generators in South Australia

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Stronger rules to apply to new electricity generators

Stronger rules will apply to all new electricity generators seeking to connect to the South Australian power system.

Following a detailed review, the Essential Services Commission has decided to increase its local technical licensing conditions and apply them to any new electricity generators connected to the National Electricity Market (NEM), regardless of generation type.

The current conditions, which were imposed in 2005 and reviewed in 2010, apply only to the connection of grid-scale wind-powered electricity generators. However, there has been a rapid emergence of other new technologies in the past few years.

The Commission's Chief Executive Officer, Mr Adam Wilson, said it had always been intended that the conditions would be transitional, but they were still required because the provisions of the National Electricity Rules did not yet cater for the efficient integration of a changing mix of generation technologies.

"The South Australian power system is undergoing a fundamental transformation, with the technical and system impacts of that transformation not adequately dealt with under the existing national regulatory framework," he said.

"During this transformation the power system must integrate all generation technologies including existing and new – into an appropriately diversified portfolio of generating fleet that provides energy and essential system security services that meet South Australians' needs."

The final report of the review makes it clear that all new generators, regardless of technology or type, seeking to connect to the South Australian power system "must have the capabilities to contribute to a secure and resilient power system that meets the modern and future needs of South Australian consumers".

The new conditions, which are consistent with and do not duplicate existing national rules and frameworks, will require new generators to be better able to:

- ▶ ride through power system disturbances without prematurely disconnecting and be available to assist with remediating contingency events
- ▶ control their energy output to maintain stable operation of the power system (as well as being able to assist with the control of voltage and frequency, if required)
- ▶ manage and control voltages to support the network during disturbances and to efficiently transfer power
- ▶ be capable of operating in weak system conditions (where limited fault current is available), and
- ▶ assist with power system restoration, should there be a major outage on the power system.

Hornsedale Wind Farm Stage 3, which has recently been granted a generation licence, will be required to comply with tougher conditions for the 112 megawatt third stage of its development, demonstrating that new technologies can and should contribute to a secure and resilient power system.

Mr Wilson said while the conditions initially would not apply to existing generators, the Commission would work with the Australian Energy Market Operator, network service providers and generators over the next year to consider whether further changes to the conditions were required.

It also would monitor developments in the sector, with a particular focus on NEM rules, with a view to removing the conditions when possible.

“Overall, the new conditions will enable all new generators to incorporate cost-effective features to contribute towards a secure and resilient power system as it evolves over time,” the report says. “They will assist in promoting the security, resilience, and reliability of the South Australian power system under a range of scenarios, including the potential for a greater proportion of non-synchronous and other new generation technologies.”

“Nevertheless, the Commission confirms its position that, were a robust national framework in place for the connection of new generation technologies, specific licence conditions in South Australia may be unnecessary and the licence conditions could be removed.”

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