

8 November 2019

Mr Adam Wilson  
Chief Executive Officer  
Essential Services Commission of SA  
GPO Box 2605  
Adelaide SA 5001

*Lodged electronically via website*

Dear Adam

**re: Licensing arrangements for generators in South Australia - draft decision**

We welcome the opportunity to provide a response to the draft decision of the Essential Services Commission of South Australia (the Commission) on its review of the licensing arrangements for generators in South Australia.

We support the Commission's draft decision to remove 12 of the 15 State-based technical licence conditions for electricity generators in light of recent amendments to the National Electricity Rules (Rules) changing the way levels of performance are negotiated for equipment connecting to the power system and improving the technical requirements for new generating systems.<sup>1</sup> The removal of these conditions avoids unnecessary duplication with the Rules and promotes consistency in access standards across the National Electricity Market.

The draft decision also addresses additional matters relating to the new framework for negotiated access standards, including an issue we raised in response to the June 2019 consultation paper which is summarised in the draft decision as follows:<sup>2</sup>

*ElectraNet expressed concern in its submission that, despite due diligence in the assessment of performance requirements by the NSP and AEMO under the Rules' negotiation framework, the process is still a negotiation. The outcome of the negotiation may be legally challenged and result in a negotiated access standard being rejected. To avoid this situation, ElectraNet suggested (but did not advocate) that if the Commission's intent was to ensure the automatic access standard is achieved, then the Commission should mandate this standard to avoid any adverse outcome from the negotiation process.*

While this summarises our concerns in part, it does not capture an important point in our submission regarding the new framework for negotiated access standards – in addition to network service

<sup>1</sup> AEMC, [National Electricity Amendment \(Generator Technical Performance Standards\) Rule 2018](#), Rule Determination, 27 September 2018 (AEMC, 2018 Generator Technical Performance Standards Rule determination).

<sup>2</sup> Essential Services Commission of South Australia, [Review of the licensing arrangements for generators in South Australia](#), Draft Decision, 14 October 2019, Table 5, p.12.

providers (NSPs), AEMO has a key role in assessing system security requirements as part of the access standards assessment process, as acknowledged in the 2018 Generator Technical Performance Standards Rule change.<sup>3</sup> For instance, NSPs are obliged to take AEMO advice on access standards that relate to system security matters.

It is therefore important to recognise both the nature of the negotiation process and the important role of AEMO in the assessment of generator access standards under the Rules in the context of the current decision to remove specific jurisdictional licence conditions.

Subject to this clarification being made in the Commission's final decision expected in December 2019, we support the outcomes of the draft decision.

Should you have any questions with respect to this submission please contact Bill Jackson on (08) 8404 7969 in the first instance.

Yours sincerely



Simon Appleby  
**Senior Manager, Regulation and Land Management**

cc: Damien Sanford, Chief of Operations, AEMO

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<sup>3</sup> AEMC, 2018 Generator Technical Performance Standards Rule determination, p.19.