

11 March 2020

Mr A Wilson
Chief Executive Officer
Essential Services Commission of South Australia
GPO Box 2605
Adelaide SA 5001

Dear Mr Wilson

Amendment to existing SA Power Networks' Generation Licence to enable operation of up to 200 MW of temporary generation

I refer to discussions with the Commission's staff about amending SA Power Networks' existing generation licence¹ in relation to the Plant B specified in the Annexure to the licence. The amendment relates to the expiry date of Plant B and the removal from Plant B of the four GE TM2500 aero derivative turbines located at Lonsdale.

Since our original licence variation for Plant B, the South Australian Government has executed in principle agreements with Nexif and Infigen to lease respectively the five GE TM2500 aero derivative turbines (each 30.7MW) with a maximum output of 153.5MW at Edinburgh and the four GE TM2500 aero derivative turbines (each 30.7MW) with a maximum output of 122.8MW at Lonsdale. Infigen² has applied to the Commission for a generation licence for the four turbines at Lonsdale, with that application now open for public consultation³. Nexif will relocate the five turbines at Edinburgh to a new site, and the commencement date for these five turbines to be relocated to the new site is 1 May 2021. It is expected to be fully operational by 1 December 2021 at the latest.

The South Australian Government has requested that SA Power Networks continue to operate the five turbines at Edinburgh (referred to as Elizabeth in the Government's letter) under the current arrangements until they are transferred to Nexif and the new site. Please refer to attached letter.

The turbines at Edinburgh will continue to be operated by SA Power Networks to prevent load shedding in South Australia if there is a shortfall in available National Electricity Market generation and will only be operated at the direction of either the Australian Energy Market Operator (AEMO) or the South Australian Government's or for monthly testing. The generator performance standards of the turbines will not be altered during their continued operation at Edinburgh.

¹ SA Power Networks currently has a generation licence issued by the Commission, that details four different Plants within the Annexure.

² Infigen Energy South Australian Government Pty Ltd.

³ <https://www.escosa.sa.gov.au/projects-and-publications/projects/electricity/electricity-generation-licence-application-infigen-energy-sagt/generation-licence-application-infigen-energy-sagt>

SA Power Networks is a good corporate citizen and is unaware of any instance where SA Power Networks has been:

- found guilty of an offence; or
- successfully prosecuted under any Territory, State or Commonwealth legislation or the Competition and Consumer Act 2010; or
- subject to any material past or present administrative or legal actions in relation to an authorisation, authority or licence in any industry.

SA Power Networks has appropriate governance policies, procedures and practices to ensure compliance with its legal obligations. In addition, where a breach has been identified actions are taken to remedy a breach where material or systemic, as reported annually to the Commission in accordance with our Distribution and Generation Licence obligations.

SA Power Networks is unaware of any instances where its officers or major shareholders of SA Power Networks have been found guilty of an offence, been successfully prosecuted or been subject to any administrative or legal actions in relation to an authorisation or licence in any industry.

SA Power Networks has applied to the Australian Energy Regulator to extend its existing waiver for operating the amended Plant B (ie the Edinburgh five turbines) from our distribution licensing ring-fencing requirements for operating the temporary generation until 30 June 2021. Consequently, we request that the amendment of our generation licence for Plant B to have an end date of 30 June 2021.

Should you require any further information regarding this amendment to the SA Power Networks' Generation Licence please contact Grant Cox by email: grant.cox@sapowernetworks.com.au or phone (08) 8404 5012.

Yours sincerely



Patrick Makinson
GENERAL MANAGER GOVERNANCE AND REGULATION
GPO Box 77, ADELAIDE SA 5001

