

20 February 2009

Margaret Cross
Executive Director Regulatory Development and Implementation
Essential Services Commission of South Australia (ESCOSA)
GPO Box 2605
Adelaide, SA 5001

Via e-mail: escosa@escosa.sa.gov.au

Dear Ms Cross,

Submission on Wind Generation Licensing – Draft Proposals (December 2008)

Suzlon Energy Australia Pty Ltd (SEA) is the largest turnkey constructor and operations and maintenance service provider of grid connected wind power plants in Australia. We are a subsidiary of Suzlon Energy Ltd of Pune India, the world's fifth largest manufacturer of wind turbines.

In Australia, we are presently delivering over 450 megawatts of wind power generation across five wind power plants, for a range of utility and investor clients.

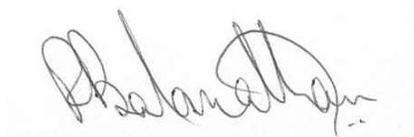
Suzlon Energy Australia (SEA) appreciates the opportunity to comment on ESCOSA's Wind Generation Licensing – Draft Proposals.

SEA is concerned that the proposals put forward by the Commission ("ESCOSA") have not been technically justified hence it is not clear how the draft proposal is supporting the progression of the National Electricity Objective (NEO). Our submission raises the following key concerns:

- Wind power plants less than 30MW should be allowed to register as "non-scheduled" in the National Electricity market;
- The wording of the fault ride through capability standard requires refinement;
- The reactive power requirements should be considered on a broader system approach; and
- The technical standard wording from the Statement of the Principles should align with the Generator license.

Our response on the proposed licensing conditions is provided below. Should you wish to discuss any aspect of our comments please contact the undersigned.

Yours faithfully,



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Extract from ESCOSA document, Page 12

The Commission proposes to:

Require that all future wind generation licensees must be classified as semi-scheduled under the National Electricity Rules.

The Commission notes that existing licensees wishing to transfer to the new classification may do so within the terms of the licence currently issued

SEA Response: Under the above proposal all wind generating systems in South Australia are required to register as “semi-scheduled” in the National Electricity Market (NEM). With respect to the National Electricity Rules (NER) generating systems with a nameplate rating between 5MW and 30MW are allowed to register as “non-scheduled” and/or “non-market” generator subject to NEMMCO approving this classification. The requirement to impose the “semi-schedule” classification across all wind generating systems irrespective of nameplate capacity would significantly affect the economic viability of some wind power plant projects. For example, a 6MW wind farm would require infrastructure similar to that of a 200MW wind power plant to receive dispatch target from NEMMCO and participation in the market. It is strongly recommended the Commission’s principle be aligned with the National Electricity Rules to impose the “semi-schedule” classification for wind power plants greater than 30MW.

Extract from ESCOSA document, Page 22

The Commission proposes to:

Retain the technical standards for fault ride through and reactive power.

Review and refine the technical licence conditions for consistency with the NER but not so as to vary their technical effect.

SEA Response: It is noted the Commission is waiting for further advice from the Electricity Supply Industry Planning Council (ESIPC) in relation to the wording of the technical conditions. SEA is of the view that the Commission should consult with the industry on its final proposal prior to mandating its’ determination, ie. technical license conditions.

With reference to the above extract, the Commission is proposing to continue with the fault ride through capability and reactive power capability requirements as previously mandated in September

2005. The current proposal lacks technical justification and applies to all connection points within the South Australian power system regardless of the strength of the connection point. Our studies have indicated that the reactive power requirement in some instances is well over and above what is required to satisfy the applicable generator performance standards. The NER provides an avenue to negotiate the installation of reactive power plant at other locations within the power system to support this generator connection. This would be a far more effective way of progressing the NEO than imposing a mandatory requirement at each wind power plant. Furthermore, when processing a generator connection application, the NER allows the connecting Network Service Provider (NSP) to assess the impact of considered projects in the NEM as well as other relevant projects in relation to generation projects. Note that “other relevant projects” is not an italicised term in the NER, hence it is open to interpretation and as a result does not limit the generation projects that the connecting NSP could include in their assessment of a generator connection application.

With regards to the fault ride through capability, the emphasis for the wind power plants should be to ride through for credible contingencies as per the standard, and maintain continuous uninterrupted operation provided the voltage is within the specified envelope. It should not be a requirement to demonstrate compliance at the boundary of the voltage envelope if the power system is not susceptible to such a voltage recovery profile, ie. say 80% of nominal voltage for 10 seconds – this aspect is not clear from the proposed wording of the fault ride through capability standard.

It is noted the ESIPC is considering the inclusion of clauses from the NER such as S5.2.5.13 (Voltage and reactive power control) as part of the technical requirements in SA. It should be noted the inclusion of such standards without appropriate consultation with the industry could disadvantage some technologies over others.

Higher technical standards for fault ride through and reactive power capability are being sought in South Australia; however, the proposal fails to provide technical justification to support the proposed technical requirements. The Reliability Panel, established by the Australian Energy Market Commission (AEMC), is currently conducting a Technical Standards Review in the NEM and has suggested that the provision of reactive power capability could be provided more efficiently through market arrangements. Therefore, SEA believes the proposals mandated by the Commission should be aligned with the Reliability Panel’s proposal.

With respect to some of the generator licenses that have been issued to date by the Commission, it is noted that the wording of the technical requirement did not accurately reflect the wording in the Commission’s Wind Generation Licensing (WGL) Statement of Principles document, for example, the following is an extract from a generator license issued by the Commission:

- 11.3 The electricity generating plant operated by the **licensee** must at all times be capable of providing:
- (a) at least 50 percent of the reactive power capabilities referred to in clause 11.1 and clause 11.2 on a dynamically variable basis; and
 - (b) the balance of any reactive power capability referred to in clause 11.1 and clause 11.2 not supplied dynamically on a static basis.

The term "...at all times..." has been included in the generator license but this is not reflected in the WGL Statement of Principles document. Mis-alignment such as this creates significant risk for turbine suppliers when providing quotes for our clients' projects which takes into account the WGL Statement of Principles document since the client has not yet progressed to the stage of obtaining a wind generation license.