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## **OPEN LETTER**

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## **LICENSING OF WIND GENERATORS IN SOUTH AUSTRALIA**

A number of organisations have applied to the Commission, pursuant to the Electricity Act 1996, for a generation licence for wind farms. The Commission has 11 such applications before it at the present time.

On 17 June 2005 the Commission released for public comment a draft Statement of Principles outlining a proposed approach in relation to the issuing of wind generation licences. This approach included a set of licence conditions concerning technical standards to be met by wind generators, forecasting of the output of wind generators, and integration of wind generators more fully into the National Electricity Market through optimised dispatch and allocation of the costs of ancillary services.

As is clear from that draft Statement of Principles, the Commission believes that there are two options available for wind generation licence applicants: for each applicant to request that its application be held in abeyance pending changes to the National Electricity Rules; or to maintain the licence application before the Commission with the understanding that the Commission considers that additional licence conditions are required to manage the impacts of wind generators on the South Australian network. The Commission has no preference as to which approach an applicant may choose to adopt; it is, however, concerned that its licence conditions achieve the required outcomes.

The Commission is currently reviewing stakeholder responses to the draft Statement of Principles and the proposed licence conditions, and has sought further advice from ESIPC. While it has not yet reached a position on the final form of those conditions, it is nevertheless of the view that it cannot issue wind generation licences in the absence of conditions similar to those proposed. The final form of conditions will, however, be greatly influenced by the submissions received, representations made and the further advice of ESIPC. The Commission is thus giving consideration to the appropriateness of technical standards to be applied to wind generators, including the automatic access standards of the National Electricity Rules.

As the Commission has not reached a final position as to the form of the licence conditions, it is not able, at this stage, to proceed to issue any applicant with a wind generation licence. The Commission can, however, assure proponents that it is working assiduously towards that end. The Commission will release its finalised Statement of Principles on 30 September, and will then be in a position to issue licences to applicants that can demonstrate compliance with any associated conditions precedent.

Yours sincerely



Patrick Walsh

**ACTING CHAIRPERSON**