



Our ref: AA1000454
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22 October 2019

BY EMAIL

Dear Sir/Madam

Stanwell Corporation Limited & Diamantina Power Station Pty Ltd - application for revocation and substitution of authorisation – AA1000454 – interested party consultation

The Australian Competition and Consumer Commission (the ACCC) has received an application for revocation and substitution of authorisation from Stanwell Corporation Limited & Diamantina Power Station Pty Ltd (the Applicants).

As a potentially interested party, the ACCC invites you to provide a submission in relation to this application. If you do not wish to make a submission, no further action is required from you.

Application for authorisation

The Applicants both operate electricity generators which supply electricity to the North West Power System (NWPS) for use by an energy retailer and large companies, predominately mining operations. The NWPS is an isolated electricity generation and transmission network based in Mt Isa and is not connected to the national grid.

The Applicants are seeking reauthorisation of the technical and operational arrangements related to the operation of the NWPS. Specifically, the parties are seeking authorisation to agree to rules related to the coordination of dispatch of generators, and demand management and load shedding of certain electricity consumers within the NWPS (the Dispatch Protocol).

The Dispatch Protocol was previously authorised on 29 January 2015. The Applicants are seeking reauthorisation because the existing authorisation is due to expire on 20 February 2020.

The following condition (the **Notification Condition**) was imposed when the Dispatch Protocol was authorised in 2015:

- The Applicants must notify the ACCC in writing of any amendment to the Dispatch Protocol or schedules to the Dispatch Protocol within 10 days of the amendment being made, with the exception of amendments made to Schedule 5 – Forecast Data Format or Schedule 6 – Key Contact Details.

The applicants are seeking to amend the Notification Condition so that in addition to Schedule 5 and Schedule 6 of the Dispatch Protocol, the applicants are not required to notify the ACCC of amendments to:

- Schedule 1 – Working Committee Charter (except for clause 11 ‘Voting rights’);
- Schedule 4 – Metering requirements;
- Schedule 9 – list of participants and disconnected participants in the NWPS;
- Schedule 10 – Facilities Status; and
- Schedule 12 – Form of Confidentiality deed poll.

Authorisation has been sought for 10 years.

The Applicants are not seeking authorisation for the entire Dispatch Protocol. Rather, they seek authorisation for certain arrangements forming part of the Dispatch Protocol as set out in Attachment A to this letter. This conduct is unchanged since its authorisation in 2015. A full copy of the application for authorisation and Dispatch Protocol is available on the ACCC’s website <www.accc.gov.au/AuthorisationsRegister>.

Request for submissions

The ACCC invites you to make a submission on the likely public benefits and effect on competition, or any other public detriment, from the proposed arrangements.

If you intend to provide a submission in relation to the Applicants application for reauthorisation, please do so by **8 November 2019**. Submissions should be emailed to adjudication@acc.gov.au with the subject “AA1000454 – Stanwell Corporation Limited & Diamantina Power Station Pty Ltd – submission”.

Alternatively, if you would like to provide comments orally, please contact Kobi Maybury on (02) 6243 1222 to organise a suitable time.

Submissions, including oral submissions, will be placed on the ACCC’s public register subject to any request for exclusion. Further information about excluding information from the public register is available here:

www.accc.gov.au/excludinginformationfrompublicregister.

Timetable

The ACCC will progress its assessment of the application in a timely manner. An indicative timetable is set out below for your information.

4 October 2019	Lodgement of application and supporting submission.
22 October 2019	Public consultation process begins.
8 November 2019	Closing date for submissions from interested parties.
15 November 2019	Applicants respond to any issues raised in the public consultation process.
December 2019	Draft determination.
January/February	Public consultation on draft determination

2020

including any conference if called.

February 2020

Final determination.

Please advise if you do not wish to make a submission at this time, but would like to be informed of the progress of the applications at the draft and final determination stages. You can also forward this letter to any other party who may wish to make a submission to the ACCC regarding the application.

This letter has been placed on the ACCC's public register. If you wish to discuss any aspect of this matter, please do not hesitate to contact Kobi Maybury on (02) 6243 1222 or adjudication@accc.gov.au.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'G Jones', with a stylized flourish extending from the end.

Gavin Jones
Director
Adjudication

ATTACHMENT A – PROPOSED ARRANGEMENTS

(a) Operational control

The Major Generators agree the Generation Co-ordinator will co-ordinate the dispatch of electricity as required, to maintain system frequency, voltage and reactive power flows and time error control for the NVWPS, in order to ensure that they are able to meet their contractual obligations to their customers.

(b) Generation capacity

At any time the Major Generators will each have in service sufficient capacity to supply all the loads contracted and forecast by their respective offtakers and offtaker's customers.

At any time the Major Generators will each have in service spinning capacity and reserve plant margin as required under agreements with their respective offtakers.

(c) New load

The Participants agree new loads or network extensions will be permitted if:

- (i) the new load or network extension complies with the prescribed technical requirements; and
- (ii) the prescribed system studies show that the proposed new load or network extension will not adversely impact the safety, reliability and quality of electricity supply in the NWPS and of its Participants; or
- (iii) if the studies identify an adverse impact on the safety, reliability and quality of electricity supply, the entity seeking the new load or network extensions addresses those issues to the satisfaction of the Working Committee acting honestly and reasonably before connecting.

(d) New generation capacity

The Participants agree that additional generation capacity will be permitted to connect to the NWPS if:

- (i) the entity seeking to connect complies with the prescribed technical requirements; and
- (ii) the prescribed system studies show that the proposed generation will not adversely impact the safety, reliability and quality of electricity supply in the NWPS and of its Participants; or
- (iii) if the studies identify an adverse impact on the safety, reliability and quality of electricity supply, the entity seeking to connect addresses those issues to the satisfaction of the Working Committee acting honestly and reasonably before connecting.

(e) Starting large load

The Participants will agree an approval procedure for permitting connection of large loads. In accordance with this procedure, Major Generators agree that they will not supply electricity to large individual loads rated greater than 3MW, or loads with an instantaneous apparent power demand during starting greater than 10MVA, without the approval of the Generation Co-ordinator except in certain limited circumstances.

(f) Load shedding

The Participants will agree a system of load shedding following a generation shortfall whereby the Major Generators will cease supply to offtakers in accordance with the agreed system.

(g) Reconnection of load following a load shed event

The Major Generators agree to recommence supply to offtakers following a load shed event at the direction of the Generation Co-ordinator.

(h) Arrangements in relation to EEQ

The Major Generators agree that EEQ is to be given priority of dispatch from DPS generation.

(i) Participants must be signatories to the Dispatch Protocol

The Major Generators agree that they will only:

- (i) supply electricity to offtakers; and
- (ii) permit new generators to connect to the NWPS,

if those offtakers and/or new generators are signatories to the Dispatch Protocol as amended from time to time.

(j) Amendments to particulars

The Participants in the Dispatch Protocol are bound by amendments to the Dispatch Protocol, provided those amendments are consistent with the principles set out in paragraphs I - 9, and do not otherwise constitute a new contract, arrangement or understanding, in breach of the CCA.