



30 August 2002

Mr Michael Rawstron
General Manager
Regulatory Affairs - Electricity
Australian Competition and Consumer Commission
PO Box 1199
DICKSON ACT 2602

Via E-mail: electricity.group@accc.gov.au

Dear Michael,

Technical Standards- Request for Submissions

This submission highlights our areas of concern in relation to proposed amendments to the National Electricity Code. Further to our letter of 23 August, we have now completed our submission and provide more detailed comments (refer attached). Thank you once again for extending the deadline to enable us to finalise our submission.

We believe that significant revisions to the Code have been needed for some time, and acknowledge the extensive effort that the Reliability Panel and Technical Standards Working Group have invested in reviewing the Code technical provisions. We are generally supportive of the proposed changes and appreciate that the proposed changes will provide many benefits to Code Participants, particularly for Generators and Customers.

VENCorp's detailed comments provided in the attachment and are based on the following principles:-

- Transmission Network Service Providers have the primary transmission service obligation to connected parties;
- NEMMCO's role in operational system security is acknowledged, however responsibility for design issues related to system security and quality of supply issues reside with Network Service Providers;
- Some of enhanced roles proposed for NEMMCO and the Reliability Panel raise significant accountability and liability issues;
- Compliance monitoring for generators is absolutely critical, and both NEMMCO and Network Service Providers need to be assured of acceptable generator performance. We believe this can best be addressed by regular testing undertaken by an accredited agency;
- The Connection Application process should be streamlined as much as possible, and the involvement of other parties such as NEMMCO (or the Reliability Panel) should be minimised;
- Network Service Providers should not be required to unnecessarily raise performance standards on their networks above existing design levels;

- Proposed performance standards for generators should not adversely impact on power transfer capabilities between regions, in the short term or longer term.

We have identified four main areas where the proposed changes are of significant concern to VENCORP. These areas are as follows:

- The changes to the Connection Application process in Chapter 5:-
 - will make the process more protracted and iterative, resulting in greater cost to Network Service Providers, which would have to be passed through to customers;
 - give NEMMCO a role in the process which is unnecessary and will make the process even more protracted with additional costs for Network Service Providers, which would also have to be passed through to customers.
- The proposed compliance monitoring regime for performance standards in Chapters 4 and 5 has some significant shortcomings that would create potential uncertainties over time regarding generator performance standards, with potential adverse impacts on power system security, and reliability of electricity supply to customers.
- While the draft code changes are aimed at reducing barriers to entry for new electricity customers, some of the draft changes to Schedules 5.1a and 5.1 effectively raise the network standards required of Network Service Providers. This particularly applies to the requirements for protection systems. To meet the proposed higher standards for protection systems would cost Network Service Providers many millions of dollars, for little benefits to customers. These costs would have to be passed through to customers through Use of System Charges.
- Some of the reduced standards proposed for generator excitation systems in Schedule 5.2 will potentially have an adverse impact on power system transient stability, which in time could adversely impact on interconnection transfer capability, potentially resulting in a binding constraints at lower levels of power transfer (resulting in higher wholesale market prices in the importing state for the duration of the constraint)

It is worth noting that following a public consultation process by the Reliability Panel on the draft Code changes earlier this year substantial changes were made to the draft, we understand following further consideration of a comprehensive submission by NEMMCO. Unfortunately, these late changes were not submitted to the Technical Standards Working Group for further review and debate. Thus, in our opinion a number of the final code change proposals did not represent a balanced and well considered view from Code Participants.

If you have any queries in relation to this submission, please contact Garry Breuer on (03) 8664 6577.

Yours faithfully,

[signed]

Joe Spurio

Acting Executive Manager, Energy Infrastructure

Att.