

27 February 2014

WATERFRONT PLACE 1 EAGLE STREET BRISBANE
PO BOX 7844 WATERFRONT PLACE QLD 4001 AUSTRALIA
DX 102 BRISBANE www.minterellison.com
TELEPHONE +61 7 3119 6000 FACSIMILE +61 7 3119 1000

Dr Richard Chadwick
General Manager Adjudication Branch
Australian Competition and Consumer Commission
GPO Box 3131
CANBERRA ACT 2601

AUST COMPETITION &
CONSUMER COMMISSION
BRISBANE
27 FEB 2014

Dear Richard

North West Power System - Dispatch Protocol

We refer to our recent correspondence in relation to the North West Power System.

Please find **enclosed** Stanwell Corporation Limited's and Diamantina Power Station Pty Limited's applications for authorisation of certain technical and operational arrangements to ensure the North West Power System is operated safely and securely.

Enclosed is:

- (a) Form A: Exclusionary Provisions and Associated Cartel Provisions;
- (b) Form B: Agreements Affecting Competition or Incorporating Related Cartel Provisions;
- (c) a submission in support of the authorisation applications; and
- (d) a cheque in the amount of \$9,000 payable to the Australian Competition and Consumer Commission.

If you have any questions or wish to discuss any aspect of this matter, please do not hesitate to contact us.

Yours faithfully
MINTER ELLISON



Contact: Kathryn Finlayson Direct phone: +61 7 3119 6380 Direct fax: +61 7 3119 1380
Email: kathryn.finlayson@minterellison.com
Partner responsible: Mark Carkeet
Our reference: KEXF MLC 40-7535308

enclosure

Copy to Vishal Ahuja Vishal.Ahuja@au.kwm.com

Form A

Commonwealth of Australia

Competition and Consumer Act 2010 — subsections 88 (1A) and (1)

EXCLUSIONARY PROVISIONS AND ASSOCIATED CARTEL PROVISIONS:

APPLICATION FOR AUTHORISATION

To the Australian Competition and Consumer Commission:

Application is hereby made under subsection(s) 88 (1A)/88 (1) of the *Competition and Consumer Act 2010* for an authorisation:

- to make a contract or arrangement, or arrive at an understanding, a provision of which would be, or might be, a cartel provision within the meaning of Division 1 of Part IV of that Act and which would also be, or might also be, an exclusionary provision within the meaning of section 45 of that Act.
- to give effect to a provision of a contract, arrangement or understanding that is, or may be, a cartel provision within the meaning of Division 1 of Part IV of that Act and which is also, or may also be, an exclusionary provision within the meaning of section 45 of that Act.
- ~~• to make a contract or arrangement, or arrive at an understanding, where a provision of the proposed contract, arrangement or understanding would be, or might be, an exclusionary provision within the meaning of section 45 of that Act.~~
- ~~• to give effect to a provision of a contract, arrangement or understanding where the provision is, or may be, an exclusionary provision within the meaning of section 45 of that Act.~~

(Strike out whichever is not applicable)

PLEASE FOLLOW DIRECTIONS ON BACK OF THIS FORM

1. Applicant

(a) Name of Applicant:

(Refer to direction 2)

A91412 Stanwell Corporation Limited (ABN 37 078 848 674) (Stanwell)
Diamantina Power Station Pty Limited (ABN 55 149 762 176) (DPS Co)

(b) Description of business carried on by applicant:

(Refer to direction 3)

Stanwell carries on the business of generating and supplying electricity in the North West Queensland Power System (NWPS).

Stanwell, through its subsidiaries, Mica Creek Pty Limited and SCL North West Pty Ltd, is the owner and operator of the Mica Creek Power Station. The Mica Creek Power Station is currently the primary generator and supplier of electricity in the NWPS.

DPS Co is the developer of the Diamantina Power Station and the Leichhardt Power Station. Upon commissioning of DPS and LPS, it is expected that DPS Co will become the primary generator and supplier of electricity in the NWPS.

DPS Co is a 50/50 joint venture between AGL Energy Limited and APA Group.

(c) **Address in Australia for service of documents on the applicant:**

Stanwell

Mark Carkeet
Partner
Minter Ellison Lawyers
Level 22, Waterfront Place
1 Eagle Street
BRISBANE QLD 4000
Tel: +61 7 3119 6215
Fax: +61 7 3119 1215
mark.carkeet@minterellison.com

DPS Co

Vishal Ahuja
Partner
King & Wood Mallesons
Level 61, Governor Phillip Tower
1 Farrer Place
SYDNEY NSW 2000
Tel: +61 2 9296 2116
Fax: +61 2 9296 3999
vishal.ahuja@au.kwm.com

2. **Contract, arrangement or understanding**

(a) **Description of the contract, arrangement or understanding, whether proposed or actual, for which authorisation is sought:**

(Refer to direction 4)

Stanwell, DPS Co and the other participants in the NWPS propose to enter into arrangements in relation to certain technical and operational matters to ensure the safety, stability and reliability of electricity supply in the NWPS.

The specific arrangements for which authorisation is sought are detailed in Schedule 1 of the **attached** submission.

(b) **Description of those provisions of the contract, arrangement or understanding described at 2 (a) that are, or would or might be, exclusionary provisions and (if applicable) are, or would or might be, cartel provisions:**

(Refer to direction 4)

See **attached** Submission.

(c) **Description of the goods or services to which the contract, arrangement or understanding (whether proposed or actual) relate:**

Generation and supply of electricity in the NWPS.

(d) **The term for which authorisation of the provision of the contract, arrangement or understanding (whether proposed or actual) is being sought and grounds supporting this period of authorisation:**

5 years.

The grounds supporting the term for which authorisation is sought are set out in the **attached** Submission.

3. Parties to the proposed arrangement

(a) Names, addresses and descriptions of business carried on by other parties or proposed parties to the contract or proposed contract, arrangement or understanding:

- Mica Creek Pty Limited (ABN 82 075 522 093)
GPO Box 800
Brisbane QLD 4000

Mica Creek Pty Limited is a subsidiary of Stanwell. Mica Creek Pty Limited and SCL North West Pty Limited own and operate the Mica Creek Power Station.

- SCL North West Pty Limited (ABN 89 075 522 119)
GPO Box 800
Brisbane QLD 4000
Attention: Company Secretary
cc/ General Counsel

SCL North West Pty Limited is a subsidiary of Stanwell. SCL North West Pty Limited and Mica Creek Pty Limited, own and operate the Mica Creek Power Station.

- Mount Isa Mines Limited (ABN 87 009 661 447) (MIM)
Private Mail Bag 6
Mount Isa QLD 4825
Attention: Energy Contracts Manager

MIM purchases electricity for its operations in and around Mount Isa and on-supplies electricity to Ergon Energy Queensland Pty Limited; its subsidiary Ernest Henry Mining Pty Limited; and other entities including third parties embedded within its network.

MIM is also:

- the owner of the Mines Power Station; and
- the lessee of the Aggreko Power Station.

MIM is part of the Glencore Xstrata plc Group.

- Ergon Energy Corporation Limited (ABN 50 087 646 062) (EECL)
PO Box 264
Fortitude Valley QLD 4006
Attention: Company Secretary and General Counsel

EECL is the owner and operator of the distribution infrastructure in the NWPS. EECL is a Queensland Government owned corporation.

- Ergon Energy Queensland Pty Limited (ABN 11 121 177 802) (EEQ)
PO Box 264
Fortitude Valley QLD 4006
Attention: Company Secretary and General Counsel

EEQ is a wholly owned subsidiary of EECL which conducts business as an electricity retailer. In the NWPS, it retails electricity to residential, commercial and mining customers in the Mount Isa and Cloncurry regions.

- Ernest Henry Mining Pty Ltd (ABN 18 008 495 574) (**EHM**)
Private Mail Bag 6
Mount Isa QLD 4825
Attention: Energy Contracts Manager

EHM is a subsidiary of MIM. The Ernest Henry Mine is a copper and gold mining and processing operation located 38 kilometres north east of Cloncurry in north west Queensland.

- MMG Century Limited (ABN 59 006 670 300) (**MMG Century**)
PO Box 8016
Garbutt Business Centre
Garbutt QLD 4814
Attention: General Manager Operations – Queensland

The MMG Century mine is an open-cut zinc mine located in north-west Queensland. MMG Century purchases electricity from the NWPS for use in its mining operations.

MMG Century is a member of the MMG group.

- MMG Dugald River Pty Limited (ABN 19 083 405 556) (**MMG Dugald River**)
PO Box 8016
Garbutt Business Centre
Garbutt QLD 4814
Attention: General Manager Operations – Queensland

The Dugald River deposit is a long-life ore body located approximately 65 kilometres north-west of Cloncurry in Queensland. MMG Dugald River does not currently but may in future purchase electricity from the NWPS for the Dugald River project.

MMG Dugald River is a member of the MMG group.

- The Applicants also request that any authorisation granted by the Commission be expressed to apply to any future participant in the NWPS who enters into the Dispatch Protocol (including other generators capable of supplying greater than 10MW of electricity who becomes a party to the arrangements after authorisation is granted) as permitted by section 88(10).
- (b) **Names, addresses and descriptions of business carried on by parties and other persons on whose behalf this application is made:**
- (Refer to direction 5)*
- Not applicable.

4. Public benefit claims

- (a) **Arguments in support of application for authorisation:**
- (Refer to direction 6)*
- See attached Submission.
- (b) **Facts and evidence relied upon in support of these claims:**
- See attached Submission.

5. Market definition

Provide a description of the market(s) in which the goods or services described at 2 (c) are supplied or acquired and other affected markets including: significant suppliers and acquirers; substitutes available for the relevant goods or services; any restriction on the supply or acquisition of the relevant goods or services (for example geographic or legal restrictions):

(Refer to direction 7)

See attached Submission.

6. Public detriments

- (a) **Detriments to the public resulting or likely to result from the contract arrangement or understanding for which authorisation is sought, in particular the likely effect of the contract arrangement or understanding, on the prices of the goods or services described at 2 (c) and the prices of goods or services in other affected markets:**

(Refer to direction 8)

See attached Submission.

- (b) **Facts and evidence relevant to these detriments:**

See attached Submission.

7. Contracts, arrangements or understandings in similar terms

This application for authorisation may also be expressed to be made in relation to other contracts, arrangements or understandings or proposed contracts, arrangements or understandings, that are or will be in similar terms to the abovementioned contract, arrangement or understanding:

- (a) **Is this application to be so expressed?**

No.

- (b) **If so, the following information is to be furnished:**

- (i) **description of any variations between the contract, arrangement or understanding for which authorisation is sought and those contracts, arrangements or understandings that are stated to be in similar terms:**

Not applicable.

- (ii) **Where the parties to the similar term contract(s) are known — names, addresses and descriptions of business carried on by those other parties:**

Not applicable.

- (iii) **Where the parties to the similar term contract(s) are not known — description of the class of business carried on by those possible parties:**

Not applicable.

8. Joint Ventures

- (a) Does this application deal with a matter relating to a joint venture (See section 4J of the *Competition and Consumer Act 2010*)?

No.

- (b) If so, are any other applications being made simultaneously with this application in relation to that joint venture?

Not applicable.

- (c) If so, by whom or on whose behalf are those other applications being made?

Not applicable.

9. Further information

- (a) Name, postal address and telephone contact details of the person authorised by the applicant seeking authorisation to provide additional information in relation to this application:

Stanwell

DPS Co

Mark Carkeet

Vishal Ahuja

Partner

Partner

Minter Ellison Lawyers

King & Wood Mallesons

Level 22, Waterfront Place

Level 61, Governor Phillip Tower

1 Eagle Street

1 Farrer Place

BRISBANE QLD 4000

SYDNEY NSW 2000

Tel: +61 7 3119 6215

Tel: +61 2 9296 2116

Fax: +61 7 3119 1215


Fax: +61 2 9296 3999

mark.carkeet@minterellison.com

vishal.ahuja@au.kwm.com

Dated.....27/2/14.....

Signed on behalf of Stanwell


.....

Mark Carkeet

Partner

Dated.....27-2-14.....

Signed on behalf of DPS Co


.....

Vishal Ahuja

Partner

DIRECTIONS

1. Use Form A if the contract, arrangement or understanding includes a provision which is, or might be, a cartel provision and which is also, or might also be, an exclusionary provision. Use Form B if the contract, arrangement or understanding includes a provision which is, or might be, a cartel provision or a provision which would have the purpose, or would or might have the effect, of substantially lessening competition. It may be necessary to use both forms for the same contract, arrangement or understanding.

In lodging this form, applicants must include all information, including supporting evidence, that they wish the Commission to take into account in assessing their application for authorisation.

Where there is insufficient space on this form to furnish the required information, the information is to be shown on separate sheets, numbered consecutively and signed by or on behalf of the applicant.

2. Where the application is made by or on behalf of a corporation, the name of the corporation is to be inserted in item 1 (a), not the name of the person signing the application and the application is to be signed by a person authorised by the corporation to do so.
3. Describe that part of the applicant's business relating to the subject matter of the contract, arrangement or understanding in respect of which authorisation is sought.
4. Provide details of the contract, arrangement or understanding (whether proposed or actual) in respect of which the authorisation is sought. Provide details of those provisions of the contract, arrangement or understanding that are, or would or might be, exclusionary provisions. Provide details of those provisions of the contract, arrangement or understanding that are, or would or might be, cartel provisions.

In providing these details:

- (a) to the extent that any of the details have been reduced to writing, provide a true copy of the writing; and
 - (b) to the extent that any of the details have not been reduced to writing, provide a full and correct description of the particulars that have not been reduced to writing.
5. Where authorisation is sought on behalf of other parties provide details of each of those parties including names, addresses, descriptions of the business activities engaged in relating to the subject matter of the authorisation, and evidence of the party's consent to authorisation being sought on their behalf.
 6. Provide details of those public benefits claimed to result or to be likely to result from the proposed contract, arrangement or understanding including quantification of those benefits where possible.
 7. Provide details of the market(s) likely to be effected by the contract, arrangement or understanding in particular having regard to goods or services that may be substitutes for the good or service that is the subject matter of the application for authorisation.
 8. Provide details of the detriments to the public, including those resulting from any lessening of competition, which may result from the proposed contract, arrangement or understanding. Provide quantification of those detriments where possible.

9. Where the application is made also in respect of other contracts, arrangements or understandings, which are or will be in similar terms to the contract, arrangement or understanding referred to in item 2, furnish with the application details of the manner in which those contracts, arrangements or understandings vary in their terms from the contract, arrangements or understanding referred to in item 2.
10. Where authorisation is sought on behalf of other parties provide details of each of those parties including names, addresses, and descriptions of the business activities engaged in relating to the subject matter of the authorisation, and evidence of the party's consent to authorisation being sought on their behalf.

Form B

Commonwealth of Australia

Competition and Consumer Act 2010 — subsections 88 (1A) and (1)

AGREEMENTS AFFECTING COMPETITION OR INCORPORATING RELATED CARTEL PROVISIONS: APPLICATION FOR AUTHORISATION

To the Australian Competition and Consumer Commission:

Application is hereby made under subsection(s) 88 (1A)/88 (1) of the *Competition and Consumer Act 2010* for an authorisation:

- ~~• to make a contract or arrangement, or arrive at an understanding, a provision of which would be, or might be, a cartel provision within the meaning of Division 1 of Part IV of that Act (other than a provision which would also be, or might also be, an exclusionary provision within the meaning of section 45 of that Act).~~
- ~~• to give effect to a provision of a contract, arrangement or understanding that is, or may be, a cartel provision within the meaning of Division 1 of Part IV of that Act (other than a provision which is also, or may also be, an exclusionary provision within the meaning of section 45 of that Act).~~
- to make a contract or arrangement, or arrive at an understanding, a provision of which would have the purpose, or would or might have the effect, of substantially lessening competition within the meaning of section 45 of that Act.
- to give effect to a provision of a contract, arrangement or understanding which provision has the purpose, or has or may have the effect, of substantially lessening competition within the meaning of section 45 of that Act.

(Strike out whichever is not applicable)

PLEASE FOLLOW DIRECTIONS ON BACK OF THIS FORM

1. Applicant

- (a) Name of Applicant:
(Refer to direction 2)

A91413 Stanwell Corporation Limited (ABN 37 078 848 674) (**Stanwell**)
Diamantina Power Station Pty Limited (ABN 55 149 762 176) (**DPS Co**)

- (b) Short description of business carried on by applicant:
(Refer to direction 3)

Stanwell carries on the business of generating and supplying electricity in the North West Queensland Power System (**NWPS**).

Stanwell, through its subsidiaries, Mica Creek Pty Limited and SCL North West Pty Ltd, is the owner and operator of the Mica Creek Power Station. The Mica Creek Power Station is currently the primary generator and supplier of electricity in the NWPS.

DPS Co is the developer of the Diamantina Power Station and the Leichhardt Power Station. Upon commissioning of DPS and LPS, it is expected that DPS Co will become the primary generator and supplier of electricity in the NWPS.

DPS Co is a 50/50 joint venture between AGL Energy Limited and APA Group.

- (c) Address in Australia for service of documents on the applicant:

Stanwell

Mark Carkeet

Partner

Minter Ellison Lawyers

Level 22, Waterfront Place

1 Eagle Street

BRISBANE QLD 4000

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Fax: +61 7 3119 1215

mark.carkeet@minterellison.com

DPS Co

Vishal Ahuja

Partner

King & Wood Mallesons

Level 61, Governor Phillip Tower

1 Farrer Place

SYDNEY NSW 2000

Tel: +61 2 9296 2116

Fax: +61 2 9296 3999

vishal.ahuja@au.kwm.com

2. Contract, arrangement or understanding

- (a) Description of the contract, arrangement or understanding, whether proposed or actual, for which authorisation is sought:

(Refer to direction 4)

Stanwell, DPS Co and the other participants in the NWPS propose to enter into arrangements in relation to certain technical and operational matters to ensure the safety, stability and reliability of electricity supply in the NWPS.

The specific arrangements for which authorisation is sought are detailed in Schedule 1 of the **attached** submission.

- (b) Description of those provisions of the contract, arrangement or understanding described at 2 (a) that are, or would or might be, cartel provisions, or that do, or would or might, have the effect of substantially lessening competition:

(Refer to direction 4)

See **attached** Submission.

- (c) Description of the goods or services to which the contract, arrangement or understanding (whether proposed or actual) relate:

Generation and supply of electricity in the NWPS.

- (d) The term for which authorisation of the contract, arrangement or understanding (whether proposed or actual) is being sought and grounds supporting this period of authorisation:

5 years.

The grounds supporting the term for which authorisation is sought are set out in the **attached** Submission.

3. Parties to the proposed arrangement

(a) Names, addresses and descriptions of business carried on by other parties or proposed parties to the contract or proposed contract, arrangement or understanding:

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GPO Box 800
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- Mount Isa Mines Limited (ABN 87 009 661 447) (MIM)
Private Mail Bag 6
Mount Isa QLD 4825
Attention: Energy Contracts Manager

MIM purchases electricity for its operations in and around Mount Isa and on-supplies electricity to Ergon Energy Queensland Pty Limited; its subsidiary Ernest Henry Mining Pty Limited; and other entities including third parties embedded within its network.

MIM is also:

- the owner of the Mines Power Station; and
- the lessee of the Aggreko Power Station.

MIM is part of the Glencore Xstrata plc Group.

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PO Box 264
Fortitude Valley QLD 4006
Attention: Company Secretary and General Counsel

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Attention: Company Secretary and General Counsel

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Private Mail Bag 6

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Attention: Energy Contracts Manager

EHM is a subsidiary of MLM. The Ernest Henry Mine is a copper and gold mining and processing operation located 38 kilometres north east of Cloncurry in north west Queensland.

- MMG Century Limited (ABN 59 006 670 300) (**MMG Century**)
PO Box 8016
Garbutt Business Centre
Garbutt QLD 4814
Attention: General Manager Operations – Queensland

The MMG Century mine is an open-cut zinc mine located in north-west Queensland. MMG Century purchases electricity from the NWPS for use in its mining operations.

MMG Century is a member of the MMG group.

- MMG Dugald River Pty Limited (ABN 19 083 405 556) (**MMG Dugald River**)
PO Box 8016
Garbutt Business Centre
Garbutt QLD 4814
Attention: General Manager Operations – Queensland

The Dugald River deposit is a long-life ore body located approximately 65 kilometres north-west of Cloncurry in Queensland. MMG Dugald River does not currently but may in future purchase electricity from the NWPS for the Dugald River project.

MMG Dugald River is a member of the MMG group.

- The Applicants also request that any authorisation granted by the Commission be expressed to apply to any future participant in the NWPS who enters into the Dispatch Protocol (including other generators capable of supplying greater than 10MW of electricity who becomes a party to the arrangements after authorisation is granted) as permitted by section 88(10).
- (b) Names, addresses and descriptions of business carried on by parties and other persons on whose behalf this application is made:
(Refer to direction 5)

Not applicable.

4. Public benefit claims

- (a) Arguments in support of authorisation:
(Refer to direction 6)
See **attached** Submission.
- (b) Facts and evidence relied upon in support of these claims:
See **attached** Submission.

5. Market definition

Provide a description of the market(s) in which the goods or services described at 2 (c) are supplied or acquired and other affected markets including: significant suppliers and acquirers; substitutes available for the relevant goods or services; any restriction on the supply or acquisition of the relevant goods or services (for example geographic or legal restrictions):
(Refer to direction 7)

See attached Submission.

6. Public detriments

- (a) Detriments to the public resulting or likely to result from the authorisation, in particular the likely effect of the contract, arrangement or understanding, on the prices of the goods or services described at 2 (c) and the prices of goods or services in other affected markets:
(Refer to direction 8)

See attached Submission

- (b) Facts and evidence relevant to these detriments:

See attached Submission

7. Contract, arrangements or understandings in similar terms

This application for authorisation may also be expressed to be made in relation to other contracts, arrangements or understandings or proposed contracts, arrangements or understandings, that are or will be in similar terms to the abovementioned contract, arrangement or understanding.

- (a) Is this application to be so expressed?

No.

- (b) If so, the following information is to be furnished:

- (i) description of any variations between the contract, arrangement or understanding for which authorisation is sought and those contracts, arrangements or understandings that are stated to be in similar terms:
(Refer to direction 9)

Not applicable.

- (ii) Where the parties to the similar term contract(s) are known — names, addresses and descriptions of business carried on by those other parties:

Not applicable.

- (iii) Where the parties to the similar term contract(s) are not known — description of the class of business carried on by those possible parties:

Not applicable.

8. Joint Ventures

- (a) Does this application deal with a matter relating to a joint venture (See section 4J of the *Competition and Consumer Act 2010*)?

No.

- (b) If so, are any other applications being made simultaneously with this application in relation to that joint venture?

Not applicable.

- (c) If so, by whom or on whose behalf are those other applications being made?

Not applicable.

9. Further information

- (a) Name and address of person authorised by the applicant to provide additional information in relation to this application:

Stanwell


Mark Carkeet
Partner
Minter Ellison Lawyers
Level 22, Waterfront Place
1 Eagle Street
BRISBANE QLD 4000
Tel: +61 7 3119 6215
Fax: +61 7 3119 1215
mark.carkeet@minterellison.com

DPS Co

Vishal Ahuja
Partner
King & Wood Mallesons
Level 61, Governor Phillip Tower
1 Farrer Place
SYDNEY NSW 2000
Tel: +61 2 9296 2116
Fax: +61 2 9296 3999
vishal.ahuja@au.kwm.com

Dated..... 27/2/14

Signed on behalf of Stanwell


.....

Mark Carkeet

Partner

Dated..... 27-2-14

Signed on behalf of DPS Co


.....

Vishal Ahuja

Partner

DIRECTIONS

1. Use Form A if the contract, arrangement or understanding includes a provision which is, or might be, a cartel provision and which is also, or might also be, an exclusionary provision. Use Form B if the contract, arrangement or understanding includes a provision which is, or might be, a cartel provision or a provision which would have the purpose, or would or might have the effect, of substantially lessening competition. It may be necessary to use both forms for the same contract, arrangement or understanding.

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2. Where the application is made by or on behalf of a corporation, the name of the corporation is to be inserted in item 1 (a), not the name of the person signing the application and the application is to be signed by a person authorised by the corporation to do so.
3. Describe that part of the applicant's business relating to the subject matter of the contract, arrangement or understanding in respect of which the application is made.
4. Provide details of the contract, arrangement or understanding (whether proposed or actual) in respect of which the authorisation is sought. Provide details of those provisions of the contract, arrangement or understanding that are, or would or might be, cartel provisions. Provide details of those provisions of the contract, arrangement or understanding that do, or would or might, substantially lessen competition.

In providing these details:

- (a) to the extent that any of the details have been reduced to writing, provide a true copy of the writing; and
 - (b) to the extent that any of the details have not been reduced to writing, provide a full and correct description of the particulars that have not been reduced to writing.
5. Where authorisation is sought on behalf of other parties provide details of each of those parties including names, addresses, descriptions of the business activities engaged in relating to the subject matter of the authorisation, and evidence of the party's consent to authorisation being sought on their behalf.
 6. Provide details of those public benefits claimed to result or to be likely to result from the proposed contract, arrangement or understanding including quantification of those benefits where possible.
 7. Provide details of the market(s) likely to be effected by the contract, arrangement or understanding, in particular having regard to goods or services that may be substitutes for the good or service that is the subject matter of the authorisation.
 8. Provide details of the detriments to the public which may result from the proposed contract, arrangement or understanding including quantification of those detriments where possible.
 9. Where the application is made also in respect of other contracts, arrangements or understandings, which are or will be in similar terms to the contract, arrangement or

understanding referred to in item 2, furnish with the application details of the manner in which those contracts, arrangements or understandings vary in their terms from the contract, arrangements or understanding referred to in item 2.

Submission in support of application for authorisation

North West Power System

MinterEllison

L A W Y E R S

LEVEL 22 WATERFRONT PLACE 1 EAGLE STREET BRISBANE QLD 4000
AUSTRALIA DX 102 BRISBANE
T +61 7 3119 6000 F +61 7 3119 1000
www.minterellison.com

Submission in support of application for authorisation

North West Power System

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Submission in support of application for authorisation

1. Introduction

1.1 The Applicants

This submission is made by Stanwell Corporation Limited (**Stanwell**) and Diamantina Power Station Pty Ltd (**DPS Co**) (together, the **Applicants**) in support of their application for authorisation of certain technical and operational arrangements to ensure the North West Power System (**NWPS**) is operated safely and securely.

Stanwell, through its subsidiaries Mica Creek Pty Limited and SCL North West Pty Limited, is the owner and operator of the Mica Creek Power Station (**MCPS**). MCPS is currently the primary generator and supplier of electricity in the NWPS. Stanwell is a Queensland Government Owned Corporation responsible for generating over 45% of Queensland's electricity.

DPS Co is a joint venture between AGL Energy Limited and APA Group. It is the developer of the Diamantina Power Station (**DPS**) and the Leichhardt Power Station (**LPS**). Upon commissioning of DPS and LPS, it is expected that DPS Co will become the primary generator and supplier of electricity in the NWPS.

1.2 The Application

Application is made under section 88(1A)/88(1) of the *Competition and Consumer Act 2010* (Cth) (**CCA**) for authorisation to make and give effect to a contract or arrangement, or arrive at an understanding, which involves the proposed conduct set out in **Schedule 1** to this submission. That conduct forms an essential part of proposed rules providing for the co-ordination of dispatch of generators, and for demand management and load shedding of certain electricity consumers within the NWPS (**the Dispatch Protocol**).

Elements of the proposed conduct may involve cartel provisions and/or exclusionary provisions within the meaning of the CCA. The Applicants seek authorisation of those elements of the proposed conduct which may raise competition issues.

The Applicants request authorisation for a period of 5 years.

The other parties to the arrangements are the other participants in the NWPS from time to time. A complete list of those parties as at the date of the application are identified in section 3(a) of the application (**Participants**).

The Applicants also request that any authorisation granted by the Commission under section 88(1A)/88(1) of the CCA be expressed to apply to any future participant in the NWPS who enters into the Dispatch Protocol (including other generators capable of supplying greater than 10MW of electricity who becomes a party to the arrangements after authorisation is granted) as permitted by section 88(10).

1.3 Application for Interim Authorisation

The Applicants also request interim authorisation by 28 March 2014 for the reasons outlined in Section 4 of this submission.

2. The North West Power System

2.1 Description of the NWPS

The NWPS is an isolated electricity generation and transmission network centred on Mount Isa, Queensland. The NWPS extends to Cloncurry and surrounding mines but is not connected to the national grid. A map of the NWPS is provided in **Schedule 2**.

Ergon Energy Corporation Limited (EECL) owns and operates the 220kV and portions of the 132kV electricity transmission system. It is highly improbable that the NWPS will be connected to the national electricity grid during the period to which this application relates.

Stanwell, as the owner and operator of MCPS, operates as a defacto 'system operator' for the NWPS. Stanwell has no statutory obligation to function as the system operator. Those duties and responsibilities arise as a consequence of its contractual relationships with customers.

Once the DPS and the LPS are commissioned, it is likely DPS Co will assume the role of system operator subject to a satisfactory handover process.

2.2 Market definition

The affected market is the wholesale market for the supply and acquisition of electricity in the NWPS.

2.3 Current Generation

MCPS is currently the primary generator and supplier of electricity in the NWPS. MCPS is a gas fired power station capable of generating up to 304.7 MW of electricity.

In addition to MCPS, small amounts of capacity are currently supplied by:

- (a) the Mines Power Station (MPS) owned and operated by Mount Isa Mines Limited (MIM). The MPS comprises a 12.5MW and a 15MW waste heat recovery generator, which run one at a time only and are connected to MIM's copper smelter operations. These operations and consequently MPS is expected to cease in 2016.
- (b) the X41 Power Station (XPS), owned by APA Group. The XPS is a 41MW gas fired power station. XPS is currently operated at the direction of MIM, but will be operated at the direction of DPS Co from May 2014.
- (c) the Aggreko Power Station (APS), owned by Aggreko Pty Ltd. The APS comprises approximately 15 MW of temporary additional generating units installed adjacent to the XPS. The APS is leased to and operated by MIM, but will cease operation soon after the first 80MW of generation at DPS commences.

2.4 Future Generation

Two new power stations, the DPS and the LPS, are currently under construction by DPS Co.

The DPS is a 242 MW combined cycle gas turbine. It is expected to be fully operational mid-2014.

The LPS is adjacent to DPS and is a 60 MW open cycle gas turbine. LPS is also expected to be fully operational by mid-2014.

There are no further generation sources envisaged in the short term.

2.5 Current Offtakers

MCPS currently supplies the following customers (**Offtakers**) under Power Purchase Agreements (**PPAs**):

- (a) MIM for operations at Mount Isa Mine, Ernest Henry Mine, George Fisher Mine (also known as the Hilton Mine), Lady Loretta Mine, Lady Annie Mine and Mount Gordon Mine. MIM is part of the Glencore Xstrata plc Group;
- (b) Ergon Energy Queensland Pty Limited (EEQ) which conducts business as an electricity retailer. In the NWPS, it resells electricity to residential, commercial and mining customers in the Mount Isa and Cloncurry regions. EEQ is a wholly owned subsidiary of EECL;
- (c) MMG Century Limited (**MMG Century**) for its MMG Century Mine; and
- (d) MMG Dugald River Pty Limited (**MMG Dugald River**) for its Dugald River project (although this is not yet connected to the NWPS).

Once DPS is commissioned, it will supply electricity to MIM and EEQ. MMG Century and MMG Dugald River will remain offtakers of MCPS.

2.6 Future Offtakers

A customer of MCPS or DPS which has an aggregate connected load greater than 10MW (**Threshold Demand**) is required to become a party to the Dispatch Protocol.

No new offtakers or major customer loads are envisaged in the short term.

2.7 Constraints

As recognised by the Commission in its 1997 authorisation of the National Electricity Code, 'electricity is a good whose supply and transportation through the power system requires continual balancing to ensure safety, security and quality of supply'.¹

Special challenges arise in isolated electricity generation and transmission systems due to the relative interdependence of the Participants and the potential for the activities of one party to adversely affect the entire system.

In the NWPS, the relevant constraints include:

- (a) instantaneous generation may not physically match instantaneous demand;
- (b) because of limited available supply, interruptions are more likely. Those interruptions have safety implications, in particular for mining and industrial applications;
- (c) individual customers' power demands are relatively large in comparison to available capacity;
- (d) individual customers can quickly bring into service large collections of load at rates which exceed the rate at which additional generation capacity can be provided;
- (e) sudden network or customer outages cause variations in voltage and current fluctuations which may damage the network and customer installations;
- (f) when it is necessary to do so, load shedding must be undertaken immediately to protect supply to other customers and the safety of the network;
- (g) following a load shed event, both the ramp up of generating plant and the reconnection of loads must be coordinated in order to maintain system integrity.

¹Applications for Authorisation A40074-A40076, National Electricity Code, 10 December 1997, p110.

2.8 The requirement for a Dispatch Protocol

As a consequence of these constraints:

- (a) generators must coordinate their output to ensure the distribution/transmission system is not overloaded and the demand for all customers is met;
- (b) processes must be put in place to ensure adequate spinning reserve is maintained;
- (c) it is necessary to agree in advance the conditions which may give rise to load shedding, and the priority in which loads may be shed and to permit the automatic disconnection of loads to ensure load shedding may occur in a fast, safe and co-ordinated way;
- (d) processes are required to ensure that the power system is capable of maintaining quality of supply obligations to all customers under steady-state conditions, and that the system will remain stable under transient conditions;
- (e) where there is a large disturbance in frequency or voltage, processes are required to ensure portion(s) of the network are quickly isolated or loads quickly curtailed to avoid system instability or failure.

3. The Dispatch Protocol

3.1 History of the Dispatch Protocol

As the NWPS is an isolated power system not connected to the national grid, MCPS as the sole generator, EECL as the transmission network owner and their customers developed and issued a dispatch protocol for the NWPS in June 1998 (**1998 Dispatch Protocol**). Customers were bound by the 1988 Dispatch Protocol pursuant to the provisions of their PPAs.

The 1998 Dispatch Protocol regulated certain technical and operational matters as between MCPS and its customers including:

- (a) system planning, monitoring and control;
- (b) forecasting by customers of their electricity requirements, so that Stanwell as generator could manage the production of electricity at MCPS;
- (c) requirements for the quality of energy supplied;
- (d) procedures for dispatch of energy from generators;
- (e) responsible parties and processes for ensuring the system was operated safely and securely; and
- (f) requirements for the metering of energy.

The 1998 Dispatch Protocol was a dynamic document and was revised from time to time.

Its existence allowed MCPS and its customers to rely upon load shedding to ensure safety, security and reliability of the system rather than requiring construction and continuous operation of additional reserve generation to provide this assurance.

3.2 The Dispatch Protocol

Upon the commissioning of the DPS and the LPS, DPS will become the primary generator in the NWPS and the 1998 Dispatch Protocol, a document between Stanwell and its customers, will no longer be effective to ensure system safety, security and reliability.

Against that background, Stanwell and DPS Co (as the **Major Generators**), along with other Participants in the NWPS propose to reach agreements as to the means for determining certain

technical and operational matters to ensure the safety, stability and reliability of electricity supply in the NWPS.

These agreements include a new Dispatch Protocol which will take into account the additional generation from the DPS and the LPS and supersede the 1998 Dispatch Protocol.

Consistent with the 1998 Dispatch Protocol, the purpose of the Dispatch Protocol is to coordinate certain activities of all Participants using protocols to achieve a safe, reliable and stable system with formal procedures to allow for growth of the NWPS over time.

The Dispatch Protocol will:

- (a) establish the membership and obligations of a Working Committee to oversee the day to day implementation and development of the NWPS;
- (b) govern the conduct and interaction between the Participants in the NWPS in relation to safe reliable supply of power in the NWPS;
- (c) define a set of technical and quality standards for the NWPS which will apply to any future development of the NWPS;
- (d) recognise the need for energy balance and settlement agreements between the Major Generators; and
- (e) include processes for using diesel generation in the event of an emergency interruption to gas supply subject to commercial contracts being established.

3.3 Overarching Principles

The Dispatch Protocol is based on overarching principles including:

- (a) it is developed for the benefit of stakeholders in general and the Generators and Offtakers directly connected to the Supply Network;
- (b) new generation capacity, load and network extensions are welcome subject to complying with necessary technical requirements and addressing safety, reliability and quality of supply issues;
- (c) equity between stakeholders is to be applied while ensuring safety and system security. Subject to technical and contractual constraints, operational restrictions will be applied fairly and equitably on all offtakers and only to the extent necessary to maintain the safety and security of the NWPS;
- (d) automatic load shedding will be used to protect the NWPS and to mitigate the risk of a system collapse. Load shedding will reflect contractual supply obligations between each Major Generator and its offtakers and will disconnect loads as required in an orderly manner so that generation capacity available in the NWPS is adequate to maintain system stability. The key elements of the system will be fast speed of response and the ability to take progressive action in discrete steps to restore stability and minimise the extent of the disruption to offtakers.

3.4 Key elements of the Dispatch Protocol

The key elements of the Dispatch Protocol are outlined below.

(a) Generation Co-ordinator

The Generation Co-ordinator will be responsible for coordinating the operations of the major generators including the MCPS, the DPS and the LPS so that the following factors are controlled effectively:

- (i) system frequency;

- (ii) voltage and reactive power flows through suitable control mechanisms;
- (iii) generator loading is in compliance with contractual obligations through application of appropriate governor control mechanisms; and
- (iv) management of the generators' energy balance process.

(b) Technical Requirements

The Dispatch Protocol establishes:

- (i) technical standards for quality of energy supply and requirements for new and modified facilities;²
- (ii) the procedures to be followed by any Participant wishing to add or remove generation capacity, load or transmission network facilities which, individually or in aggregate, have a nameplate capacity in excess of the Threshold Demand;
- (iii) requirements for the metering of energy; and
- (iv) principles to be applied to the calculation and allocation of system transmission losses.

(c) Generation

The Major Generators are required to supply the energy needs as contracted by their respective Offtakers.

The Major Generators that sell energy under PPAs or Energy Supply Agreements (ESAs) are required to enter into an Energy Balance Agreement to settle imbalances between energy dispatch and load between the Major Generators.

In the event of the loss of generation capacity, the Load Shedding System will operate automatically to disconnect an amount of load to match the deficiency in generation following the generation loss.

The Dispatch Protocol requires the owners and operators of Minor Power Stations and Embedded Power Stations (MPS, XPS, APS and the ICP Acid Plant) to install protective equipment to disconnect the Minor Power Station and Embedded Power Station from the NWPS in certain circumstances.

(d) The Supply Network

The Dispatch Protocol contains provisions regarding the transmission and distribution systems owned and operated by EECL (as the Network Operator), MIM, DPS Co and Stanwell. Conditions regarding future additions to the Supply Network are also set out in the Dispatch Protocol.

(e) Energy dispatch

The Dispatch Protocol includes:

- (i) notification of energy requirements and demand;
- (ii) procedures regarding starting of single large capacity equipment;
- (iii) procedures regarding connection of large collection of loads; and

² The technical standards include requirements in relation to voltage at the point of connection, voltage fluctuations, voltage control and reactive power capability, voltage impulse withstand level, power factor, harmonic current distortion, voltage unbalance, frequency, earthing of equipment and protection/control facilities and systems and switching procedures.

- (iv) restrictions on large cyclic loads during generator synchronising.

(f) Communication and distribution of information

The Dispatch Protocol sets out the requirements for interchange of system information between the Participants necessary for the safe secure operation of the NWPS.

(g) NWPS System Security

The Dispatch Protocol:

- (i) requires Participants to comply with Good Engineering and Operating Practice (GEOP) so that the security of the NWPS is not put at risk;
- (ii) requires Embedded and Minor Power Stations in the NWPS to have the necessary protection equipment to prevent damage to other Participants' equipment;
- (iii) establishes the circumstances and planned responses for contingency events (e.g. major generation shortfall and reconnection of loads following a major disconnection);
- (iv) establishes procedures for ensuring system security, including load shedding; and
- (i) provides for coordination of both the ramp up of generating plant and the reconnection of loads after a load shed event in order to maintain system integrity.

(h) Co-ordination of work

The co-ordination of work provisions in the Dispatch Protocol relate to:

- (i) across boundary connections and services;
- (ii) across boundary isolation and earthing; and
- (iii) planned outages.

(i) Right of appeal from Working Committee decisions

To the extent that a dispute arises between a potential new entrant or Participant wishing to add new facilities, generation capacity or extend the supply network and the Working Committee which cannot be resolved by negotiation, the Dispatch Protocol provides a right of appeal to an independent expert. In default of agreement, that expert will be appointed by an independent arbitral body.

4. Interim authorisation

4.1 Introduction

The Applicants request interim authorisation to make and give effect to a contract or arrangement, or arrive at an understanding, which involves the proposed conduct set out in Schedule 1 to this submission.

DPS Co requires an authorisation to be in effect at the time it commissions the second of two combined-cycle power blocks at DPS (**Second Commercial Operation**) so that the Dispatch Protocol may commence.

Second Commercial Operation is expected to occur after March 2014.

Interim authorisation is necessary because the arrangements underpinning the Dispatch Protocol have taken time to be developed and agreed and have only recently reached a stage where they are substantially agreed. It is therefore not possible to seek and obtain a final authorisation before the expected date of Second Commercial Operation.

4.2 Timing of Interim authorisation

The Applicants request the ACCC grant interim authorisation by Friday, 28 March 2014.

Although the Applicants will not make and give effect to agreements which involve the proposed conduct set out in Schedule 1 to this submission until the date the Dispatch Protocol takes effect, interim authorisation is sought by 28 March 2014 for the following reasons:

- (a) DPS Co wishes the Dispatch Protocol to take effect by Second Commercial Operation. In the absence of interim authorisation at Second Commercial Operation, the Dispatch Protocol will be unable to commence and DPS Co and its customers will suffer harm due to their inability to give effect to the arrangements in the Dispatch Protocol that will ensure quality and reliability of supply, system security and safety in the NWPS in an efficient manner.
- (b) Second Commercial Operation was scheduled to occur in March 2014. However this date has been delayed and will now occur after March 2014. Regardless of the delay, DPS Co has commitments to ensure that the relevant conduct necessary to facilitate execution of the Dispatch Protocol will have interim authorisation by 28 March 2014, so that the authorisation will be in place when the Second Commercial Operation occurs. DPS Co will provide the ACCC with a separate confidential submission explaining these arrangements.

4.3 Staged commissioning

DPS is being commissioned in a number of stages:

- In the first stage, DPS Co will commission two open-cycle units. In this stage, DPS Co will only supply MIM.
- In the second stage, DPS Co will commission a further two open-cycle units. In this stage, DPS Co will only supply MIM.
- In the third stage, DPS Co will commission the first of two combined cycle power blocks. In this stage, called First Commercial Operation, DPS Co will continue to only supply MIM.
- In the fourth stage, DPS Co will commission the second combined cycle power block and will commence supplying Ergon Energy, ie Second Commercial Operation.

4.4 Prior to Second Commercial Operation

The Dispatch Protocol is not required to commence before the date of Second Commercial Operation because MIM intends to utilise such generation “locally”, so that it will, in effect, be supplied directly to MIM by DPS Co. MIM will control the dispatch of generation supplied by DPS Co during this period.

There will be no need to coordinate dispatch between DPS Co and MCPS in this period (except to the extent necessary for Stanwell to perform its role as the current Generation Coordinator) because DPS Co’s generation should not exceed MIM’s local energy requirements (which can be up to 120MW on any day) prior to Second Commercial Operation. Prior to First Commercial Operation, DPS Co is only authorised to supply 80MW of generation to MIM. Between First Commercial Operation and Second Commercial Operation, DPS Co may be authorised to supply up to 120MW of generation to MIM in certain circumstances.

4.5 Dispatch Protocol at Second Commercial Operation

The Dispatch Protocol needs to be in place at Second Commercial Operation because:

- (a) following Second Commercial Operation, DPS Co will be supplying generation to both MIM and EEQ and will therefore need to manage its dispatch into the NWPS for both its

customers (ie it is not appropriate at this stage for MIM to manage DPS dispatch given it will no longer be the only customer);

- (b) it will ensure system safety, security and reliability of electricity supply in the NWPS. This includes by DPS Co undertaking the Generation Co-ordinator role to co-ordinate dispatch of DPS, MCPS, and embedded generation, and the new load shedding arrangements being implemented to reflect different generators supplying different customers.

4.6 Impact of granting interim authorisation

If interim authorisation is denied and Second Commercial Operation is achieved prior to the grant of any authorisation, DPS Co and its customers will suffer harm due to the inability to have an effective Dispatch Protocol that would ensure quality and reliability of supply, system security and safety in the NWPS. These factors are described in further detail in Section 5 of this submission.

There will be no permanent change if interim authorisation is granted but final authorisation denied. In these circumstances, the Dispatch Protocol will be terminated and the Applicants will have to implement alternative arrangements.

The grant of the interim authorisation would also result in no discernible harm to the customers, but will in fact benefit customers from having a Dispatch Protocol in place from Second Commercial Operation. The Dispatch Protocol will ensure quality and reliability of supply, system security and safety in the NWPS.

The proposed conduct does not have the potential to have any significant anti-competitive effects, as discussed further in Section 6 of this submission.

5. Public benefits

5.1 Background

The features of the new dispatch protocol which might give rise to competition law concerns are those relating to:

- the coordination of output by generators and demand management, load shedding, insofar as it effects customers; and
- requirements on new generators and customers wishing to connect to the NWPS.

Those elements form an essential part of the overall Dispatch Protocol. Without them, the Dispatch Protocol cannot be effective, and the public benefits accruing to the Dispatch Protocol as a whole cannot be achieved without the inclusion of the arrangements relating to coordination of output, load shedding and demand and minimum requirements on new Participants.

5.2 Three key benefits

The Applicants submit there are three key public benefits associated with the arrangements including the proposed conduct:

- (a) quality and reliability of supply;
- (b) system security; and
- (c) safety.

These benefits are discussed in more detail below.

5.3 Quality and reliability of supply

The Applicants submit that it is in the public interest for the NWPS to meet the highest quality and reliability of supply for its customers:

(a) Technical requirements

Specifying technical requirements for generation and connection will ensure the ability of the network to provide the quality of service required by users. It also gives certainty in relation to the standard and security of supply for new entrants on either side of the demand/supply equation, and for customers wishing to connect new loads.

(b) Appointing a Generation Co-ordinator

By aligning demand and supply to a central function in the Generation Co-ordinator, frequency, voltage and system connection requirements can be proactively monitored and managed. In issuing directions to dispatch, the Generation Co-ordinator will be required to act impartially and to have regard to generators' contractual obligations.

(c) Minimising shortages of supply

As the NWPS is an isolated system, from time to time it is possible that there will be shortages of supply due to factors which affect generation or the NWPS generally. The proposed arrangements will require the major generators to have in service:

- (i) sufficient capacity to supply all the loads contracted and forecast by their respective offtakers and customers; and
- (ii) that spinning capacity and reserve plant margin as required under agreements with their respective offtakers.

(d) Energy Balancing

When instantaneous generation does not physically match instantaneous demand, the Major Generators will follow the process in the Energy Balance Agreement to reduce the accumulated energy imbalance by the repayment of energy. These arrangements are designed to improve reliability of supply by making small amounts of additional capacity available at one power station available to the other power station's customers should it be required. There is no distortion of incentives in the electricity supply market as generators are only required to have capacity equal to that required in their agreements with offtakers.

(e) Managing safety issues

Further, interruptions to supply have safety implications, in particular for mining and industrial applications. This means that mining and industrial customers must have a clear understanding of the priority of their loads, and are put in the best position to manage any such interruptions. Arrangements which have the purpose and likely effect of minimising these interruptions give rise to a clear public benefit.

5.4 System security

The Commission has previously accepted that arrangements for maintaining power system security are in the public interest as long as they are efficient.³ In this case, the arrangements for maintaining power system security avoid the need for the construction of excess redundancy in the generation and transmission systems and do no more than is necessary within that context to ensure security.

³ Applications for Authorisation A40074-A40076, National Electricity Code, 10 December 1997, p xiv.

(a) Isolation and load shedding procedures

Where there is a large disturbance in frequency or voltage, processes are required to ensure portions of the network are quickly isolated or loads quickly curtailed to avoid system instability or failure.

(b) Load shedding priorities

Agreed automatic load shedding procedures, including a priority load shedding schedule, are vital to ensure that, if the NWPS cannot be operated in a secure operating state, the risks of a system wide disruption and collapse are minimised.

(c) Ramp up of generation/ reconnection of load

In a similar way, arrangements to co-ordinate ramp up of generation and reconnection of load following a load shed event will minimise the impact of any disruption which does occur and ensure the system is returned to a steady operating state as soon as possible.

(d) Connecting new large loads

The proposed arrangements also involve restrictions on connection of individual loads rated greater than 3MW, or loads with an instantaneous apparent power demand during starting which is greater than 10MVA, to ensure system stability when such a connection or start is made. Individual customers' power demands are relatively large in comparison to available capacity; it is necessary to coordinate connection of these loads to ensure system security is maintained.

The Applicants submit that the proposed arrangements to specify technical requirements for generation and connection are efficient as they do no more than set a minimum standard of technical competence, consistent with good operating practice, relevant Australian standards, the Electricity Industry Code (Queensland) and recognised industry codes of practice. They do not impose any unnecessary barriers to those seeking to join the NWPS, as they do not impose any requirements beyond those necessary to:

- (i) ensure an adequate level of power system security and adequacy of supply; and
- (ii) minimise the risk of overloading the system and involuntary load shedding.

5.5 Safe operation

In the Applicants' submission, safe operation of the electricity generation and transmission system is the most important public benefit of the proposed arrangements.

It is necessary in order to achieve a safe, reliable and stable system for the generators to co-ordinate certain activities of Participants in the NWPS. These activities include technical restrictions on new generation, new load and network extensions, load shedding procedures and procedures to ramp up generation and reconnect load following a load shed event.

The proposed arrangements can only be effective if they bind all generators and offtakers in the NWPS including proposed new generators or offtakers. Compliance by all Participants, particularly with technical requirements, load shedding and restrictions on connection of large individual loads, is vital to preserve the integrity of the power system and ensure public safety.

6. Public detriments

The Applicants submit that the arrangements including the proposed conduct involve no discernible public detriment or anti-competitive effect.

The proposed conduct is confined to contracts, arrangements or understandings involving the conduct set out in Schedule 1 to this submission. Any potential detriment is reduced by the

limited scope of the proposed conduct sought to be authorised and the express agreement in the Dispatch Protocol that the Participants will not discuss or disclose:

- (a) the pricing under PPAs or ESAs;
- (b) information which will prevent, restrict or limit the Participants' production capability or capacity to supply electricity;
- (c) confidential information relating to each of the Participants, unless its disclosure is not prohibited by a PPA/ESA or a connection and access agreement, as the case may be, and is required for the operation of the Dispatch Protocol; and
- (d) any other matter which may be in breach of the CCA.

7. Conclusion

For the reasons set out above, the Applicants submit the arrangements including the proposed conduct involve substantial public benefits and no discernible public detriment. The Applicants seek authorisation as outlined above.

Schedule 1

(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 NWPS, 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 1 - 9, and do not otherwise constitute a new contract, arrangement or understanding, in breach of the CCA.

Schedule 2

