



26 July 2019

Ms Jodi Triggs
Market Operator
Power and Water Corporation
GPO Box 2601
Darwin NT 0801

By email to market.operator@powerwater.com.au

Dear Jodi

Generator Performance Standards (GPS) second consultation paper

Thank you for the opportunity to provide a submission to the Generator Performance Standards (GPS) review second consultation paper published in June 2019 (the second consultation paper).

As you know, EDL is a leading global producer of sustainable distributed energy. We own and operate around one hundred power stations across Australia, North America and Europe including the Pine Creek and McArthur Rivers Power Stations in the Northern Territory.

As stated in our submission in response to the first consultation paper, EDL supports the Government's objectives to maintain power system security and reliability, accommodate additional sources of low carbon generation and deliver affordable energy prices to the Territory's households and businesses.

We note that PWC has agreed to propose, and the Utilities Commission may only accept, the GPS changes on the basis that the cost of adopting them outweighs the benefits. We also note that:

- at the 27 June workshop, Houston Kemp provided the high-level results of its analysis regarding the potential generation mix under the Government's renewable energy target
- nevertheless, a meaningful assessment of the net costs of the GPS changes doesn't yet appear to have been undertaken — we accept that this work may be contingent on the modelling and testing work that PWC and the generators are currently undertaking.

Our submissions on the specific matters raised in the second consultation paper are as follows.

Grandfathering

We endorse the policy intent set out in section 6.2 of the second consultation paper (words in italics added to clarify) that:

- existing generators, to the extent they are able (without requiring modification, alteration or enhancement), will comply with the automatic access standards *with that performance to be reflected in their connection agreements and*



- generators that modify any part of their generating system, *to the extent that those modifications impact performance levels*, will comply with the relevant Northern Territory NER requirements.

With regard to the latter, we support PWC's statement in the 26 June workshop that, for any such modifications, the connection agreement will be updated to reflect the generator's performance post-modification provided the performance level has not decreased as the result of the modification.

Subject to the below, EDL is comfortable that the proposed changes to the Network Technical Code (NTC) appear sufficient to deliver on that intention. We are currently progressing the testing and validation of the performance of our generators in order to submit the results for inclusion in the revised connection agreements.

We note T-Gen's concern, set out in section 6.3.1 of the second consultation paper, that there is no detail in the NTC changes regarding the process to demonstrate compliance should there be plant modifications. EDL supports codification in the NTC of the process described in the workshop.

Capacity forecasting

We note that our generators and associated systems are currently incapable of supporting the proposed capacity forecasting requirements referred to in section 3 of the second consultation paper. As their capability will be grandfathered, they will not be required to participate in the new forecasting approach. EDL remains open to discussions regarding funding to upgrade the relevant systems to support more secure and efficient market outcomes.

We also strongly encourage PWC to consider the proposed changes to the forecasting framework together with the proposed changes to the Northern Territory Electricity Markets (NTEM) dispatch arrangements. It would be inefficient and potentially costly to require two systems and/or having them misaligned.

Ancillary services

It was apparent from the submissions made in response to the first consultation paper and the 27 June workshop that there is considerable stakeholder interest in being able to contract for ancillary services rather than simply mandating that generators provide on-site firming. While grandfathered from the latter, EDL wishes to express its interest in being able to provide ancillary services in the future. We therefore strongly endorse PWC's view in section 3.7.2 of the second consultation paper that, provided the relevant technical suitability can be demonstrated, there should be no barrier to third party ancillary services contracting.

In this regard, section 3.8.5 of the second consultation paper proposes that the System Controller can de-rate a generator's dispatch where it has failed to meet the required capacity forecasting accuracy. Neither the specific trigger for that decision or nature of the derating process are provided. EDL's concern is that this may serve as a disincentive to generators offering capacity contracts.

Delivering an effective reform package

Finally, and picking up on the issue noted above regarding the importance of aligning the proposed forecasting and dispatch capabilities, we remain concerned about the process for revising the GPS and its interaction with the ongoing development of the NTEM. It appears from



the 27 June workshop briefing package that there will be limited opportunities to further engage in the substance of the NTEM design prior to the detailed version of that design being drafted.

We note that it is crucial that the GPS and NTEM processes deliver a well-integrated set of market arrangements to help secure the Government's policy objectives. EDL is committed to continuing to work with PWC, the Government and the rest of the industry in this regard.

Please feel free to contact me on (07) 3275 5504 or anthony.englund@edlenergy.com should you wish to discuss any aspect of the above.

Yours faithfully

A handwritten signature in black ink, consisting of several overlapping loops and a vertical stroke, positioned above the typed name.

Anthony Englund
Head of Regulatory Affairs
EDL