



9 June 2017

Con Carellas
Essential Services Commission of South Australia
GPO Box 2605
ADELAIDE SA 5001

Dear Mr. Con Carellas,

ESCOSA – Inquiry into the licensing arrangements for generators in South Australia

The South Australian Chamber of Mines and Energy (SACOME) welcomes the opportunity to provide comment on the Inquiry into the licensing arrangements for generators in South Australia. Energy affordability, security and reliability are key factors for SACOME members operating in South Australia.

The review by Essential Services Commission of South Australia (ESCOSA) into the licensing arrangements for generators in South Australia is timely. Previous reviews by the Australian Energy Market Operator (AEMO) in 2005 and 2010 were undertaken in a different generation market. There has been an additional 1,881MW of new wind and solar PV installed into the system over this period impacting on system security and reliability.

The ability for network operators and managers to assess an electrical system to ensure there is adequate reserve and capability to react to contingency events is underpinned by information inputs into assessments. The system black event in South Australia is an example where the standards that were understood at the time were not aligned with the actual standards on the physical units contributing to the cascading failure.

SACOME in its submission to the Finkel Review emphasised contingency planning is only as robust as the information in the assessment, and adequate governance and reaction is essential to preventing large system wide outages. The recommendations in the draft report and AEMO advice are supported in principle as they will provide additional capacity to ensure a strengthened system, while enabling network operators the ability to accurately monitor and analyse the system.

SACOME supports technology neutral approaches and welcomes ESCOSA's policy in this review, but further investigation is warranted to ensure standards do not inhibit generation that is required for system strength requirements. For example, reactive current injection can be difficult to achieve to a general standard across different generating technologies, and short settling times can limit the capacity for thermal generators to meet the standard.

These new standards can potentially conflict with similar rules and standards introduced by other regulatory bodies. It is essential for ESCOSA to ensure that any new arrangements do not conflict with other regulatory bodies, reviews and amendments on licensing standards. SACOME welcomes ESCOSA's acknowledgement that when national standards are in place, State standards can be repealed to remove duplication.

SACOME is supportive of reviews and periodical assessments of electricity generation to ensure that the system is operating securely and reliably. It is timely that an assessment on generator licensing

arrangements is undertaken as a lapse in information was a component of the cascading failure that occurred on 28 September 2017.

A technology neutral approach to new licensing arrangements will require further investigation on all current and proposed generation to ensure that there are no unintended consequences and where the license condition does not meet the objectives of the review.

Should you wish to discuss this submission further, please contact me on 08 8202 9999 or via e-mail at deckermann@sacome.org.au.

Yours Sincerely,

A handwritten signature in black ink, appearing to be 'D. Eckermann', with a long horizontal line extending to the right.

Mr. Dayne Eckermann
Senior Policy Advisor

