

NATIONAL ELECTRICITY LAW

Section 74

Infringement Notice – Braemar Power Station generating Unit 1

To: Braemar Power Project Pty Ltd (ACN 116 665 608)
The Chifley Tower
Level 23
2 Chifley Square
Sydney NSW 2000

1. The Australian Energy Regulator ('AER') has reason to believe that Braemar Power Project Pty Ltd ('BPP'), a Registered Participant within the meaning of the *National Electricity Rules* ('NER'), in respect of the Braemar Power Station ('Braemar'), has breached clause 4.9.8(b) of the NER in respect of Unit 1 at Braemar on 4 November 2007 for the reasons set out in Schedule 1 to this Infringement Notice ('the alleged breach').
2. The alleged breach comprises a breach of a civil penalty provision within the meaning of the *National Electricity Law* ('NEL').
3. The infringement penalty for the alleged breach is \$20,000.
4. Pursuant to s.74 of the NEL, the AER resolved to serve this Infringement Notice on BPP.

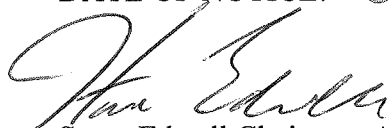
PAYMENT OF THE INFRINGEMENT PENALTY

5. BPP may pay the infringement penalty under this Infringement Notice by cheque or electronic funds transfer in accordance with the details set out in the invoice annexed to this Infringement Notice.
6. Notwithstanding anything set out in the invoice annexed to this Infringement Notice, the infringement penalty must be paid within 28 days of the date this Infringement Notice is served on BPP ('the payment period') unless this Infringement Notice is withdrawn before the end of the payment period in accordance with s.79 of the NEL.

OTHER MATTERS

7. The AER will not commence proceedings in respect of the alleged breach if the infringement penalty is paid before the end of the payment period.
8. BPP is entitled to disregard this Infringement Notice and defend any proceedings in respect of the alleged breach.

DATE OF NOTICE: 5th November 2008


Steve Edwell Chairman AER

INFRINGEMENT NOTICE – BRAEMAR POWER PROJECT PTY LTD

SCHEDULE 1 MATTERS CONSTITUTING A BREACH OF A RELEVANT CIVIL PENALTY PROVISION

1. BPP is a Registered Participant and a Scheduled Generator within the meaning of those terms in the NER in respect of Braemar and specifically in respect of Unit 1 at Braemar.
2. Clause 4.9.8(b) of the NER requires a Scheduled Generator to ensure that each of its generating units is at all times able to comply with the latest generation dispatch offer under Chapter 3 of the NER in respect of that generating unit.
3. The dispatch inflexibility profile in respect of Unit 1 at Braemar offered by BPP and notified to NEMMCO in accordance with clause 3.8.19(d) of the NER was as follows:

Dispatch Inflexibility Profile	Minutes
T1	5
T2	0
T3	0
T4	5
Minimum MW loading level	6MW

4. The dispatch inflexibility profile indicated that at any time, after T1, Unit 1 could be reduced from the minimum loading level to zero in the next 5 minute dispatch interval if required (T4).
5. Also, the dispatch inflexibility profile indicated that Unit 1 required zero minutes to reach its minimum loading level (T2) and was not required to remain above its minimum loading level for any period of time (T3).
6. In respect of Unit 1 on 4 November 2007, an instruction was received from NEMMCO to start at 7.05am and a dispatch instruction to generate 9.54MW in the dispatch interval ending 7.10am followed.
7. BPP's dispatch inflexibility profile flags applying for the relevant dispatch intervals for Unit 1 on 4 November 2007 are set out in column 2 in the table below.
8. The dispatch instructions given to BPP by NEMMCO in respect of Unit 1 for the dispatch intervals ending 7.05am to 7.45am on 4 November 2007 are set out in column 3 in the table below.
9. Column 4 of the table below sets out the output of Unit 1 at the end of the relevant dispatch intervals.
10. From a comparison of the information in columns 3 and 4, it is apparent that for the dispatch intervals 7.20am to 7.45am Braemar's output was in excess of the dispatch instructions given by NEMMCO.

11. The AER issued a notice under s.28 of the NEL to BPP dated 8 July 2008. In response to the notice, BPP provided reasons for its non-compliance with the dispatch instructions and these reasons are summarised in column 5 of the table below.

12. The table below sets out the information described at paragraphs 6 to 11 above.

Column 1	Column 2	Column 3	Column 4	Column 5
Dispatch interval	FSIP flag ¹	Dispatch instruction (MW)	Output of Unit 1 (MW)	BPP's reasons given in response to the s.28 notice
7.05am	1	0	0	
7.10am	4	9.54	0	
7.15am	0	0	0	
7.20am	0	0	39	
7.25am	0	0	81.39	The Unit had commenced generation and the target was redundant and in any event greater than the Unit's ramp rate.
7.30am	0	0	122.8	The Unit had commenced generation following the original start instruction and the target was more than the Unit's ramp rate.
7.35am	1	0	139	The Unit was provided a redundant start instruction and had been operating on the basis of the start instruction from 7.08am.
7.40am	4	13.42	111	The Unit had been operating on the basis of the start instruction from 7.08am and the dispatch instruction exceeded the ramp rate.
7.45am	4	81	90	The Unit had been switched out of Automated Governor Control ('AGC') and remained at minimum load.

13. Based on this information, the dispatch inflexibility profile submitted in respect of Unit 1:

(a) did not provide a time period that accurately reflected the time required by the Unit to reach its alleged minimum loading level. BPP stated in its response to the notice issued by the AER under s.28 of the NEL that the unit typically ramps up at 6-8 MW/min. Accordingly it should take at least three dispatch intervals to reach a minimum loading level of 92MW and not five minutes as provided by T1 plus T2 of the dispatch inflexibility profile.

¹ The Fast Start Inflexibility Profile (FSIP) flag, published by NEMMCO, reflects the inflexibility mode of a fast start generator, based on the offer data submitted in accordance with clause 3.8.19 of the NER.

(b) did not provide a time period that accurately reflected the time required for the Unit to be shut down following a start signal. The dispatch inflexibility profile provided a T3 of zero minutes, with T3 being the time that the plant is required to be operated at or above its minimum loading level before it can be reduced below that level. Accordingly, NEMMCO's dispatch process (as performed by National Electricity Market Dispatch Engine) assumed that the Unit could be shut down in the 5 minute dispatch interval immediately following its start signal, when this was not the case.

(c) showed a minimum MW loading level of 6 MW, being far less than the 92 MW minimum MW loading level stated in BPP's response to the notice issued by the AER under s.28 of the NEL (being the minimum load claimed by BPP in its response as critical to avoid a hazard to public safety or materially risk damaging equipment).

14. Consequently, BPP did not ensure that it was at all times able to comply with the latest generation dispatch offer under Chapter 3 of the NER in respect of Braemar Unit 1 as it failed to rebid its dispatch inflexibility profile to reflect its actual ability, or inability, to vary the output of Unit 1.
15. In the circumstances, BPP should have initially established, or in the alternative rebid, its dispatch inflexibility profile to ensure that it was at all times able to comply with dispatch instructions issued by NEMMCO in reliance upon BPP's dispatch inflexibility profile.
16. Accordingly, for the dispatch intervals ending 7.20am to 7.45am on 4 November 2007 BPP breached clause 4.9.8(b) of the NER by failing to ensure that it was at all times able to comply with the latest generation dispatch offer.