

Our Ref: AER223914

Generator notice of closure exemption application

Decision notice

The Australian Energy Regulator (AER) has issued this notice to communicate that it has granted an exemption to Iberdrola Australia SAGT Pty Ltd (Iberdrola) to submit a closure date for the Temporary Generation South facility (SATGS) of 1 May 2022.

AER assessment

Iberdrola's proposal would, in effect, only result in a temporary outage with the units returning before the peak summer period. SATGS currently operates on diesel fuel. Iberdrola's proposal would allow the generators to operate on gas fuel. Once connected, this may allow Iberdrola to participate more actively in the South Australian market, adding to regional competition.

In considering Iberdrola's application, the AER consulted with AEMO, which advised that it had no security or reliability concerns with the closure and relocation of SATGS proposed by Iberdrola.

Application details

On 24 December 2021, the AER received an application from Iberdrola seeking exemption from the generator notice of closure obligations under section 2.10.1 of the National Electricity Rules (NER). The application was for the following generating units:

Generating unit (region)	Registered capacity	Applied-for closure date	Current closure date	Current expected closure year
Temporary Generation South – SATGS1 (SA)	123.2 MW	1 May 2022	N/A	2022

In its application, Iberdrola identified the following reasons why it is seeking exemption:

- SATGS currently operates on diesel fuel. Iberdrola is looking to move the units to a new location, which will allow it to operate on gas fuel.
- The relocated generator units will be registered as a new facility, which Iberdrola expects to commence operation from 1 November 2022.

Background

Under the NER, generators are required to provide 42 months' minimum notice of their intention to close. A generator must apply to the AER for exemption from this requirement if its intended closure date is in less than 42 months' time. The AER's [guideline](#) sets out the approach we applied for handling applications for exemption.

9 February 2022

A handwritten signature in black ink, appearing to read 'S. Jolly'.

Stephanie Jolly
General Manager
Market Performance