



Quarterly Compliance Report

April – June 2008

August 2008

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Glossary

AER	Australian Energy Regulator (see www.aer.gov.au)
AEST	Australian Eastern Standard Time
associated Regulations	The National Electricity (South Australia) Regulations made under the National Electricity Act
DNSP	Distribution Network Service Provider
ESCV	Essential Services Commission of Victoria
ESIPC	Electricity Supply Industry Planning Council of South Australia
FCAS	Frequency Control Ancillary Services
LNSP	Local Network Service Provider
Market	The Australian electricity wholesale exchange operated and administered by NEMMCO, and the national electricity system, which covers the following regions as at May 2008: New South Wales, Queensland, Snowy Mountains, South Australia, Victoria and Tasmania
MW	Megawatt
National Electricity Act	National Electricity (South Australia) Act 1996 (South Australia)
NDSC	NEMMCO's National Dispatch and Security Centre
NEL	National Electricity Law (a Schedule to the National Electricity Act)
NEM	National Electricity Market (see "Market")
NEMMCO	National Electricity Market Management Company
NER	National Electricity Rules, made under Part 7 of the NEL
NSP	Network Service Provider
registered participants	A person who is registered by NEMMCO in any one or more of the categories listed in clauses 2.2 to 2.7 of the NER (see NEMMCO's Registration and Exemption lists)
TNSP	Transmission Network Service Provider
\$5,000 report	Reports issued by the AER under clause 3.13.7(d) of the NER

Summary

The purpose of this Quarterly Compliance Report is to summarise the results of the compliance monitoring and enforcement activities undertaken by the Australian Energy Regulator (AER) during the quarter from April to June 2008.

Part 2.1 provides an update regarding the enquiries undertaken by the AER in the last quarter, which relate to:

- Generators following dispatch instructions and the use of the inflexibility provisions of the National Electricity Rules (NER) in Queensland in October and November 2007
- Generators rebidding in good faith and the use of the inflexibility provisions of the NER in Queensland and South Australia between January and March 2008
- the reduction in the transfer limits of the Heywood Interconnector.

Part 2.2 summarises the outcomes of the AER's compliance auditing relating to generator and TNSP technical performance standards and associated compliance programs, which resulted from the AER's 16 January 2007 investigation.

Part 2.3 contains the outcome of the AER's targeted review of the NER in the present and past quarters, as well as future areas for review. During this quarter, the AER targeted 7 provisions of the NER relating to:

- Classifying generators for the provision of ancillary services
- The provision of power system protective devices and systems by generators
- Responding to a request for information from NEMMCO regarding directions or reserve contracts
- Complying with directions and clause 4.8.9 instructions
- Processes relating to network connection enquiries and offers to connect.

Part 2.4 concerns jurisdictional derogation reviews. There were no compliance issues reported by the Smelter Traders, Power Traders and Nominated Generators covered by derogations under Chapter 9 of the NER.

Finally, as reported in part 2.5, over this quarter, there were a total of 20 instances when the quality of the reasons provided for rebids was in question. The AER has sought further information from the relevant registered participants regarding these instances, where necessary.

The matters covered in this quarterly compliance report are summarised in the following table.

Summary table

Enforcement / Compliance activity	Matter	Status / Outcome
Investigations and further enquiries	Market events of 8, 10 and 29 October and 4 November 2007	<p>AER sought further information from Millmerran Energy Trader with respect to the dispatch inflexibility – no further action</p> <p>Further information being sought from Braemar Power Projects with respect to following dispatch instructions</p> <p>AER is continuing to examine other compliance issues as a result of these events</p>
	Market events of January and February 2008.- Investigation into rebidding and dispatch inflexibility	AER sought further information from AGL, CS Energy, and Stanwell Corporation – investigations continuing
	Interconnector transfer limits reduction	Investigation into circumstances surrounding the Heywood Interconnector’s import capability continuing
\$5,000 reports	Spot price events exceeding \$5,000/MWh	No reports issued this quarter
Audits	Generator and TNSP technical performance compliance programs	An independent assessment of technical compliance programs has been concluded - audit findings being reviewed and assessed by AER
Targeted compliance reviews-	Ancillary services generating unit	No apparent compliance issues
	Generator protection requirements	No apparent compliance issues
	Determination of the latest time for intervention by direction or dispatch of reserve contract	No apparent compliance issues
	Power to issue directions and clause 4.8.9 instructions	Review of this clause, involving other registered participants, ongoing
	Dispatch instructions to scheduled generators	No apparent compliance issues
	Connection enquiry	No apparent compliance issues
	Offer to connect	No apparent compliance issues
	Sought further information following earlier targeted compliance reviews	Relevant information received from 3 registered participants
Jurisdictional derogations reviews	Derogations relating to Smelter Traders, Power Traders and Exempted Generator Agreements	No compliance issues reported

1 Introduction

The AER is responsible for compliance monitoring, reporting and enforcement in the National Electricity Market (NEM).

Section 15 of the National Electricity Law (NEL) sets out the function and powers of the AER which include the requirement to:

- (a) monitor compliance by registered participants and other persons with the NEL, the NER and relevant Regulations; and
- (b) investigate breaches or possible breaches of provisions of the NEL, the NER or relevant Regulations that are not offence provisions.

In carrying out its monitoring functions, the AER collects and analyses information from registered participants and the National Electricity Market Management Company (NEMMCO). In accordance with clause 8.7.1 of the NER, the AER aims for:

- consistency in monitoring over time
- no unnecessary discrimination between registered participants
- cost effective monitoring for registered participants, NEMMCO and the AER
- transparency, with information published or otherwise made available to the market, subject to any confidentiality requirements.

The AER aims to assist registered participants achieve high levels of compliance with the NEL, NER and associated Regulations.

This report provides an overview of the AER's approach to compliance monitoring and a summary of outcomes and status of compliance and enforcement activities undertaken by the AER during the period April to June 2008.

The AER would like to hear from any registered participant and other interested parties on any matters of compliance, including the specific areas targeted or proposed to be targeted for review as outlined in this report.

2 Compliance monitoring and enforcement strategy

The aim of the AER's compliance monitoring and enforcement strategy is to build a culture of corporate compliance within the energy sector. Registered participants with sound compliance cultures reduce their risk of breaching legislative obligations and potentially penalty levels in the event of a breach. A culture of compliance also means that the NEM and other registered participants will be less likely to be prejudiced as a result of non-compliant conduct.

The AER issued a "Compliance and Enforcement – Statement of Approach"¹ in August 2007, which aims to provide greater transparency about the AER's compliance monitoring and enforcement strategy.

In developing the compliance monitoring and enforcement strategy, the AER undertook a comprehensive compliance risk assessment by reviewing each of the 1500 provisions in the NER.

The AER primarily uses this risk assessment to help determine which monitoring mechanism to use for each provision of the NER, the intensity of monitoring, and the enforcement response where breaches are identified.

The mechanisms available to the AER include:

- audits
- targeted compliance reviews
- market monitoring.

The outcomes of the AER's investigations, reporting and application of the above compliance mechanisms during the June 2008 quarter are set out in this report, as are future targeted areas of compliance.

2.1 Investigations and \$5,000/MWh reports

The AER undertakes investigations in accordance with its function and powers under section 15 of the NEL. Where the AER's monitoring identifies potential breaches of the NEL, NER or associated Regulations, an investigation is conducted to establish the existence, nature and extent of any breach.

Information gathering powers under sections 21 and 28 of the NEL allow the AER to obtain search warrants and to compel the production of information and documents that are relevant to its monitoring and enforcement functions. The AER will usually seek information on a voluntary basis in the first instance.

This part of the report provides an update on:

¹ A copy of this Statement is available from the AER's website – see <http://www.aer.gov.au/content/index.phtml/itemId/685897/fromItemId/656069>.

- the outcomes during the quarter arising from past AER investigations
- any market events which occurred during the June 2008 quarter.

This part of the report also provides a summary of the reports issued by the AER under Chapter 3 of the NER relating to events where the spot price exceeded \$5,000/MWh. During this quarter, there were no events where the spot price exceeded \$5,000/MWh.

Appendix A of this report lists the investigations undertaken and reports issued by the AER concerning events where the spot price exceeded \$5,000/MWh during the previous 12 months.

2.1.1 Investigation into the events of 4 November 2007

The AER published its \$5000 report into the events of 4 November 2007 early in 2008. Following that investigation, the AER sought further information respectively from Millmerran Energy Trader regarding its reliance on the dispatch inflexibility provisions and from Braemar Power Projects with respect to a possible failure on its part to follow dispatch instructions. The AER concluded that Millmerran Energy Trader satisfied the requirements of the dispatch inflexibility provisions of the NER on 4 November 2007. As a result, no further action is required with respect to Millmerran Energy Trader. The AER is continuing to review Braemar Power Project's apparent failure to follow dispatch instructions. Similar compliance issues identified during October in Queensland will be reviewed in due course.

2.1.2 Investigation into rebidding and dispatch inflexibility

In May and June 2008, the AER published a series of \$5000 reports following 72 high price events during the March quarter across the NEM. As part of those investigations, the AER wrote to a number of participants in Queensland and South Australia seeking further information in the context of the rebidding provisions (clauses 3.8.22(c)(3) and 3.8.22A) of the NER. The AER is continuing to review the results of those enquiries.

2.1.3 Investigation into interconnector transfer limits

The high price events experienced in South Australia during the March 2008 quarter were contributed to by the reduction of the Heywood Interconnector's maximum allowable flow by around 100MW or 25 per cent. In June 2008, the Electricity Supply Industry Planning Council of South Australia (ESIPC) released its 2008 Annual Planning Report. In that report, ESIPC refers to advice from ElectraNet claiming that the reduction of the Heywood Interconnector's import capability, and associated changes to its import constraint equations, were due to the:

- change in the maximum capacity of the Northern Power Station² units
- completion of the Tungkillo Substation
- completion of the Lake Bonney Stage 2 wind farm.

² Northern Power Station is the largest generator in South Australia.

The AER has written to ElectraNet and will also write to NEMMCO to obtain further information to ascertain whether obligations relating to, among other things, ElectraNet's power system operations and annual planning reporting, have been met.

2.1.4 Spot price events exceeding \$5,000/MWh

Clause 3.13.7(d) of the NER requires the AER to publish reports whenever the NEM spot price exceeds \$5,000/MWh in a trading interval.³ As well as assisting the AER to identify instances of non-compliance, these reports provide greater transparency regarding the operation of the NEM.

During the June quarter, the spot price did not exceed \$5,000/MWh. As a result, the AER did not publish any \$5,000/MWh reports. Copies of previous \$5000 reports are available on the [AER website](#).

2.2 Audits

Auditing is one of the mechanisms used by the AER to assess compliance with the NER. The AER will conduct audits to verify and assess compliance by registered participants with their obligations under the NEL, the associated Regulations and the NER.

There are two main types of audits:

- audits of registered participants' internal systems and processes
- technical audits focusing on compliance with technical standards under the NER.

The following part of the report provides an update on the AER's auditing activities during the quarter.

2.2.1 Technical standards

As outlined in the previous quarterly compliance report, the AER engaged consultants to assist with a series of audits of four generators and one Network Service Provider (NSP) regarding technical performance standards and associated compliance programs required under the NER. These participants were targeted following the AER's investigation into the bushfires of 16 January 2007 in Victoria. Two primary objectives of these specific audits were to:

- assess the extent and rigour of compliance with the provisions of the NER that were being targeted in the context of the audits; and
- where possible, provide industry participants with guidance regarding how to achieve best practice to ensure compliance with those provisions in the future. This is particularly relevant with respect to the performance standards compliance regime for generators, which has been newly established under the NER.

³ The spot price for electricity in a trading interval is the average of the 6 5-minute dispatch prices determined in accordance with clause 3.9.2 of the NER. A trading interval is a 30-minute period ending on the hour (AEST) or on the half hour and, where identified by a time, means the 30 minute period ending at that time.

The consultants' audit findings were provided to the AER in June 2008. The AER is currently undertaking a full review and assessment of those findings. Once this review is complete, the AER intends to publish relevant details of the audit findings in a public report.

The AER intends to extend its technical audit program to other registered participants.

2.3 Targeted compliance reviews

Targeted compliance reviews are an important element of the AER's broader compliance monitoring activities. The AER targets a minimum of 24 NER provisions each year for detailed compliance reviews.

Each quarter, the AER intends to target, on average, 6 provisions under the NER. The provisions to be targeted are selected on the basis of the AER's compliance risk assessment (see page 2). Appendix B lists the NER provisions targeted during the previous 12 months.

NER provisions are selected for review in accordance with these principles:

- all relevant areas of the NER are considered and provisions with relatively high compliance risk are targeted as a matter of priority
- both systemic issues and the potential for isolated but significant incidents are addressed
- there is no unnecessary discrimination between registered participants, who are generally selected at random.

The primary aims of targeted compliance reviews are to determine:

- registered participants' understanding of their obligations under the NER
- what systems and processes, including compliance programs and plans, registered participants have in place to deal with their obligations.

While the majority of obligations under the NER do not require registered participants to establish specific compliance programs, the AER will take into account a participant's compliance culture in determining the type of enforcement action to take in responding to breaches of the NEL, the NER and associated Regulations.

In assessing the participant's compliance, the AER will, amongst other things, consider systems and processes in place, whether they are up-to-date, and whether they are applied appropriately.

In the quarter ending June 2008, the AER targeted a range of NER provisions which focused on the provision of ancillary services and power system security (generator protection requirements and transmission network operations by authorised persons) as well as compliance with directions and clause 4.8.9 instructions, as a continuation of last quarter's review. Other areas targeted covered networks' offer and connection processes and aspects of the process for determining the latest time for intervention by direction or dispatch of reserve contract.

The AER also followed up outstanding matters associated with clauses 4.4.2(b) and 5.2.5(a) of the NER. These clauses were previously considered in quarter 4 of 2007 and quarter 1 of 2008 respectively.

The specific NER provisions targeted for the quarter ending June 2008 were:

- Classifying generators for the provision of ancillary services (clause 2.2.6)
- The provision of power system protective devices and systems by generators (clause 4.4.3)
- Responding to a request for information from NEMMCO regarding directions or reserve contracts (clause 4.8.5A)
- Complying with directions and clause 4.8.9 instructions (clause 4.8.9)
- Responding to dispatch instructions (clause 4.9.2)
- Local NSP response to connection enquiry (clause 5.3.2)
- Making an offer to connect (clause 5.3.6).

2.3.1 Ancillary services generating unit

Ancillary services are required by NEMMCO to manage power system security and to facilitate the orderly operation of the NEM. These services are generally acquired through a spot market arrangement. Chapter 2 of the NER sets out the process by which a generating unit may be classified as an ancillary services generating unit for the provision of specific services.

Given their importance in managing power system security, it is crucial that participants whose generating units are registered for the purpose of providing ancillary services have systems and procedures that enable them to comply with the obligations associated with these services.

Under clause 2.2.6 of the NER, market generators are required to comply with any terms and conditions imposed by NEMMCO, where NEMMCO has approved the classification of a generating unit as an ancillary service generating unit. In addition, market generators must ensure that market ancillary services are provided in accordance with the coordinated central dispatch process operated by NEMMCO and with the applicable market ancillary service specification⁴ made and published by NEMMCO.

As part of this review, the AER requested the following information from three New South Wales generators – namely, Delta Electricity, Eraring Energy and Macquarie Generation:

⁴The market ancillary service specifications are developed by NEMMCO in accordance with clause 3.11.2(b). This specification contains a detailed description of all market ancillary services and the performance parameters and requirements in order for a service to qualify as, and how a market participant is to provide, a relevant kind of market ancillary service.

- details of any existing systems and processes in place to ensure they provide market ancillary services in accordance with the coordinated central dispatch process operated by NEMMCO and the applicable market ancillary service specification under all operating conditions
- details of any existing systems and processes in place to ensure they comply with any relevant terms and conditions imposed by NEMMCO in the context of the provision of market ancillary services.

Response summary

Delta Electricity

In its response, Delta Electricity confirmed it has a Compliance and Asset Management program to ensure compliance with the terms and conditions imposed by NEMMCO, as set out in the Network Control Ancillary Services agreement.

Delta Electricity advised that all its units are classified as frequency control ancillary services (FCAS) generating units. To ensure compliance with the obligations imposed by clause 2.2.6 of the NER, Delta Electricity has developed and implemented seven internal arrangements. The response outlines these internal arrangements, which consist of: a primary bidding application; a backup bidding application; a compliance monitoring system; internal procedures and trading instructions; FCAS system generated alarms; primary monitoring system; and a backup monitoring system.

The response also outlines the communication protocols that have been developed to assist in managing compliance with the relevant obligations.

Eraring Energy

Eraring Energy advised that only the Eraring Power Station is registered to provide FCAS.

Eraring Energy outlined the compliance measures it uses to meet its NER obligations and ensure that the correct market ancillary service availability is incorporated into NEMMCO's central dispatch process. Those measures include regular updates to a document setting out FCAS parameter availability, training and staff awareness programs as well as ongoing monitoring of FCAS performance.

Eraring Energy considers that Eraring Power Station has complied with the NER regarding the provision of market ancillary services on the basis that it meets the requirements of NEMMCO's market ancillary services specification, which covers control facilities, measurement facilities and verification.

Macquarie Generation

Macquarie Generation outlined the systems and processes it has in place to ensure compliance with NEMMCO's market ancillary service specification. These systems cover automated data collection and storage, routine governor maintenance and routine maintenance of automated pulsing system.

Macquarie Generation has designed and installed data systems that automatically collect and store data on ancillary service provision. These systems automatically measure power flows and frequency levels when the local frequency moves outside the trigger rate and trigger range.

Macquarie Generation also outlined the process by which the provision of contingency frequency control ancillary services is controlled through turbine governor response and described the relevant maintenance procedures.

Review outcomes

From the information provided, the three New South Wales generators targeted in this review have all detailed various measures that, if applied as intended, would help to achieve compliance with clause 2.2.6 of the NER.

2.3.2 Generator protection requirements

Chapter 4 of the NER deals with power system security, which is of paramount importance for the safe and reliable operation of the NEM. Schedules to the NER set out performance requirements and standards, as well as terms and conditions applicable to registered participants. In particular, Schedule 5.2 sets out conditions for connection of a generator to the network

Under clause 4.4.3 of the NER, a generator must, in accordance with Schedule 5.2 and Chapter 5 of the NER, provide any necessary automatically initiated protective device or systems to protect their plant and associated facilities against abnormal voltage and extreme frequency excursions of the power system.

As part of the compliance review of this obligation, the AER sought information from two Victorian generators, Loy Yang Marketing Management Company and TRUenergy Yallourn. This information included:

- whether the obligation contained in clause 4.4.3 is reflected in the performance standards' compliance program of each participant, and if so how
- details of any audits undertaken and/or other monitoring mechanism used to test and ensure that each participant has automatically initiated arrangements in place to provide protection against abnormal voltage and extreme frequency excursions of the power system
- details of instances, if any, of non-compliance with this clause, including an explanation of the reasons for their occurrence and steps taken to avoid recurrence.

Response summary

Loy Yang Marketing Management Company (LYMMCO)

LYMMCO confirmed that it ensures compliance with clause 4.4.3 of the NER through compliance with NER Schedules 5.2.5.8, 5.2.5.9 and 5.2.5.10. In support of this claim, an extract of the section from LYMMCO's Compliance Plan was provided. The compliance plan provides for periodic testing every 1 to 3 years or whenever the generators trip, on all the associated generation equipment to demonstrate compliance to the technical performance standards.

LYMMCO stated that “an internal testing procedure and database ensure that an appropriate and adequate testing is completed on the units at the required intervals, and performance is checked during major system events.”

LYMMCO also advised that it has a number of protection devices and systems in place that provide protection against abnormal voltage and extreme frequency excursions.

TRUenergy Yallourn

In its response, TRUenergy advised that its performance standard and compliance plan provide for the monitoring and testing of its registered performance standards, including plant performance at extreme voltage and frequencies in accordance with Schedule 5.2 of the NER. In turn, this is said to ensure compliance with clause 4.4.3 of the NER. A summary of performance standards relevant to clause 4.4.3 was provided.

TRUenergy has also advised that a site procedure has been developed which details testing requirements, including routine frequency testing. A copy of this procedure was provided. A maintenance overhaul was undertaken in May 2008, during which various tests within the compliance program were performed. These tests included excitation performance, generator and transformer protection and voltage dip testing.

TRUenergy stated that it is unaware of any instances of non-compliance by its plant with clause 4.4.3.

Review outcomes

The underlying driver of clause 4.4.3 of the NER is power system security, which has been a focus of the AER’s compliance reviews in the past. Both Loy Yang Marketing Management Company and TRUenergy Yallourn referred to their technical performance compliance programs, which all generators are required to have in accordance with clause 4.15 of the NER.

The AER would expect that, through the establishment of a comprehensive compliance program, which included a regime of regular monitoring and testing that is suitable for the relevant technical requirement, participants would be well positioned to comply with clause 4.4.3. From the information provided, both LYMMCO and TRUenergy Yallourn have detailed various measures that, if applied as intended, would help to ensure compliance with clause 4.4.3.

2.3.3 Determination of the latest time for intervention by direction or dispatch of reserve contract

The review in this area related to clause 4.8.5A(d) of the NER, which requires scheduled generators to use reasonable endeavours to comply with a request for information made by NEMMCO under clause 4.8.5A(c). The information requested must be provided within the timeframe specified by NEMMCO, and such requests may include, but are not limited to: information relating to plant status; any expected or planned outages and the amount of affected capacity; estimates of the relevant costs to be incurred should the scheduled generator be the subject of a direction (but only if NEMMCO considers this event to be reasonably likely).

As part of this compliance review, the AER requested the following information from Flinders Power and Millmerran Energy Trading:

- details of the systems or procedures that are in place to respond to a request by NEMMCO under clause 4.8.5A(c) and within the stipulated timeframe
- the process used to ensure that information provided to NEMMCO under clause 4.8.5A is also accurately reflected in the market systems as required by clause 3.13 of the NER
- the criteria used to estimate the relevant costs associated with the provision of information to NEMMCO, provided under clause 4.8.5A(c)(3).

Response summary

Flinders Power

Flinders Power advised that a specific register is maintained that documents obligations imposed by the NER, including clause 4.8.5A(d). A detailed procedures manual is maintained for managing compliance risks associated with energy trading activities, including the process to be followed in response to an information request from NEMMCO.

Flinders Power ensures that information provided to NEMMCO is accurately reflected in the market systems as required under the market information provisions of clause 3.13 of the NER through the use of documented trading procedures and clearly defined responsibilities. Mechanisms used to support compliance with this clause were also outlined.

To estimate the relevant costs associated with the provision of information to NEMMCO under clause 4.8.5A(c)(3), an approved schedule of rates for each generator is maintained. This schedule documents the specific operating parameters and costing assumptions to be applied in the operation of its generating units and is the basis upon which information would be provided to NEMMCO.

Millmerran Energy

Millmerran Energy Trading advised that it has arrangements whereby, upon receipt of a request for information by NEMMCO, it makes immediate enquiries of its related companies, Millmerran Operating Company Pty Ltd and Millmerran Power Management Pty Ltd.

Specifically, the Plant Manager of the Millmerran Power Station and the General Manager of Operations, who have responsibility for compliance with the requirements of the NER, source the relevant information in the required timeframe. Millmerran Energy Trading did not elaborate on how this information is updated in the market management systems in accordance with clause 3.13 of the NER.

Millmerran Energy Trading stated that technical, market-based and accounting personnel are capable of estimating the relevant costs associated with complying with a direction of NEMMCO.

Review outcomes

From the information received, the AER notes that both Flinders Power and Millmerran Energy are aware of their obligations under clause 4.8.5A(d) of the NER and have put in place procedures to help ensure compliance with those obligations.

The AER stresses the importance of ensuring that measures established to achieve compliance with clause 4.8.5A(d) are compatible with measures necessary to ensure compliance with the obligations contained in clause 3.13 of the NER, which requires that information is accurately reflected in market systems.

In this quarter, the AER's review was confined to clause 4.8.5A(d) of the NER. In the future, the AER will extend its consideration to a review of NEMMCO's obligations under clause 4.8.5A of the NER.

2.3.4 Power to issue directions and clause 4.8.9 instructions

During the previous quarter, the review of the obligations under clauses 4.8.9(c) - (e) of the NER involved Bell Bay Power and Hydro Tasmania⁵. In this quarter, the review under clauses 4.8.9(c) - (e) of the NER was extended to include Snowy Hydro.

The information requested included the following:

- details of the systems or procedures that are in place to ensure compliance with directions issued under clause 4.8.9
- details of any criteria used to determine whether complying with a direction issued by NEMMCO would be a hazard to public safety or materially damage equipment, or contravene any law.

Response summary

Snowy Hydro

Snowy Hydro relies on a Dispatch Operating Instruction to provide guidance for control room staff on compliance with relevant aspects of the NER. Snowy Hydro's control room staff (who are located in Cooma, New South Wales) also receive training on the requirements of the Operating Instruction and are aware of the requirements relating to directions, including reporting to the AER in the event of any non-compliance.

In the case of doubt as to the nature of NEMMCO's intervention, the above instruction requires control room staff to seek clarification from NEMMCO to confirm whether its request to Snowy Hydro to operate in a particular manner is a direction under clause 4.8.9 or otherwise.

Circumstances which may be relevant in determining whether complying with a direction issued by NEMMCO would be a hazard to public safety or materially

⁵ Refer to part 2.3.3 of the [quarterly compliance report for January-March 2008](#) for the results of this review.

damage equipment, or contravene any law, include:

- damage to dams (hazard to public safety)
- bushfires in the vicinity (material risk of damaging equipment)
- risk of harm to the environment (contravention of laws)

Snowy Hydro stated that the actual criteria employed will be a question of fact at the time a direction is issued and will depend upon all relevant circumstances. Snowy Hydro has also confirmed that it will revise its Dispatch Operation Instruction to incorporate specific reference to the circumstances that may be relevant in determining whether compliance with a NEMMCO direction is possible.

Review outcomes

The AER notes Snowy Hydro's implementation of an Operating Instruction (and associated revisions as a result of this compliance review), which include criteria that appear to be of relevance to the parameters of clause 4.8.9 directions.

2.3.5 Dispatch instructions to scheduled generators

There are approximately 185 large generators within the NEM⁶, whose electricity is dispatched every five minutes, through a central dispatch system managed by NEMMCO. To implement central dispatch, NEMMCO has the power to direct or instruct relevant registered participants, with dispatch instructions given by NEMMCO under clauses 4.9.2, 4.9.2A, 4.9.3 or 4.9.3A of the NER.

This quarter, the AER targeted clause 4.9.2 for review. Under clause 4.9.2(a), NEMMCO has the power to: direct or instruct a scheduled generator regarding the level of power to be supplied by the scheduled generating unit; or require the generator to facilitate remote control by NEMMCO. Under clause 4.9.2(b), NEMMCO may instruct a generator, with a nameplate rating of 30MW or more, to change the voltage level of a voltage control system or supply or absorb reactive power at its connection point.

Clause 4.9.2(d) requires scheduled generators to have appropriate personnel available to receive and immediately act upon dispatch instructions issued by NEMMCO.

As part of this review, the AER requested two Queensland generators – Stanwell Corporation and Tarong Energy to provide details of their systems or procedures, as well as human resources, in place to ensure that the obligation contained in clause 4.9.2 (d) is met for the purposes of clause 4.9.2(b).

Response summary

Stanwell Corporation

Stanwell Corporation's response relates to the generators it operates, which include

⁶ See "Chapter 1 – Electricity Generation" of the AER's [State of the Energy Market 2007](#) publication for details of these generators.

Stanwell Power Station, Barron Gorge Hydro Power Station, Mackay Gas Turbine and the Gladstone Power Station.

The Stanwell Power Station has an Automatic Generation Control (AGC) system that responds to signals from NEMMCO and Powerlink, the relevant network service provider. This power station is manned 24 hours a day. Changes to the generator transformer tap position⁷ can occur automatically via the AGC system. Tap positions and voltage can also be controlled remotely or manually by on-site operators.

Stanwell Corporation is the registered participant for the Gladstone Power Station (due to derogations under Chapter 9 of the NER). This plant, however, is operated by NRG Gladstone Operating Services Pty Ltd. Stanwell Corporation advised that this plant's generator transformer can be controlled from its power station control room which is manned 24 hours a day, or remotely by the system operator.

With respect to the Barron Gorge Power Station, its operators can locally control generator transformer tap positions and voltage. This power station is manned during business hours and has nominated on-call staff at all other times. As the Mackay gas turbine is a peaking plant which operates for less than 5 per cent of the time, the unit can only be dispatched by a remote operations system, with generator transformer tap position and voltage controlled locally by on-site staff. Given the limited operations of the Mackay Gas Turbine, Stanwell Corporation indicated there is no requirement for on-call staff.

Stanwell Corporation also advised that it operates a 24 hour spot trading desk, which is the primary point of contact for NEMMCO. Stanwell Corporation stated that, except in the case of the Mackay gas turbine, there are communication processes in place between the trading desk and each of the other power stations. Processes are currently being put in place for Mackay Gas Turbine also.

Tarong Energy

Tarong Energy's response relates to its Tarong, Tarong North and Wivenhoe power stations.

In the case of Tarong and Tarong North power stations, voltage control is operated manually. While there are no formal documented procedures for dealing with tap change⁸ requests from NEMMCO, Tarong Energy stated that it has adequate communication channels and manning arrangements to fulfil its obligations under clause 4.9.2.

⁷ Generator transformer tap position is defined in the NER as follows: "Where a tap changer is fitted to a transformer, each tap position represents a change in voltage ratio of the transformer which can be manually or automatically adjusted to change the transformer output voltage. The tap position is used as a reference for the output voltage of the transformer."

⁸ The term "tap change" relates to transformer tap position, which is defined under the NER as follows: "Where a tap changer is fitted to a transformer, each tap position represents a change in voltage ratio of the transformer which can be manually or automatically adjusted to change the transformer output voltage. The tap position is used as a reference for the output voltage of the transformer."

In both instances, plant operators are notified via telephone from the NEMMCO National Dispatch and Security Centre (NDSC). As the Tarong power station's control room and Tarong North power station units are staffed 24 hours a day, operators are able to respond to requests for changes to voltage levels and reactive output at any time.

In the case of the Wivenhoe power station, voltage control is performed via its control room or remotely from Tarong power station.

Review outcomes

Stanwell Corporation and Tarong Energy have both indicated they have specific systems and procedures in place, as well as human resources, to receive and immediately act upon dispatch instructions issued by NEMMCO.

As such, based on this advice, there are no apparent compliance issues in this area. The AER will extend its review of clause 4.9.2 of the NER to other generators in future quarters.

2.3.6 Connection enquiry

Provisions under Chapter 5 of the NER, which relate to network connection matters, have been reviewed by the AER in past quarters.

Clause 5.3.2 of the NER relates specifically to the process and timeframes that a Local Network Service Provider (LNSP) is required to follow upon receiving a connection enquiry from a person⁹ referred to in clause 5.3.1(b) and (c). The mandated process may also involve another Network Service Provider (NSP) (individually or jointly with the LNSP), depending on the circumstances.

As part of this review, the AER requested Energex and SP AusNet to provide information including:

- details of the systems or procedures used to receive, process and respond to connection enquiries
- details of the criteria and arrangements in place to assess and process connection enquiries where: (i) the LNSP recommends that the connection enquiry be directed to another NSP; or (ii) the connection enquiry is jointly processed with another/other NSPs.
- confirmation that connection enquiries are processed within the applicable timeframes, and details of any internal monitoring, auditing or other processes to assess timeliness of responses to connection enquiries.

Response summary

Energex

Energex assigns responsibility for receiving, processing and responding to connection

⁹ Clauses 5.3.1(b) and (c) of the NER describe a person as either a registered participant or a person wishing to establish connection to the network.

enquiries to its Commercial and Compliance Group and Asset Managers. The process to be followed consists of several major steps: pre-feasibility enquiry for possible new connection; connection enquiry; connection application; connection offer and project approval.

The general criteria used by Energex to direct a connection enquiry to another NSP depends on the size of the load. In the case of generators with a load greater than 5 MW, Powerlink, being the relevant Transmission Network Service Provider (TNSP), is notified. Energex stated that as a result of the introduction of full retail competition in Queensland, it is now revisiting its connection enquiry process. It is also liaising with other relevant NSPs (Ergon Energy and Powerlink) with a view to align all processes.

The technical criteria used by Energex to determine whether a connection enquiry is jointly processed with another NSP (in most cases being Powerlink) relates in the first instance to the estimated maximum demand for a load customer and demand output for a generator. Systems and access standards are in place for the various stages of the connection enquiry or application process. The Commercial and Compliance Group is responsible for liaising with other NSPs and for internally monitoring compliance in this area, with the use of a monitoring tool that takes into account the timeframes established under the NER.

SP AusNet

The information provided by SP AusNet as part of this review was in its capacity as a TNSP. It advised that formal connection enquiries involve a process that is “usually iterative and slow” and “driven predominantly” by the person proposing a network connection. SP AusNet also indicated that it is approached relatively infrequently about new network connections, with only one or two enquiries made per year.

Under the process adopted by SP AusNet, connection enquiries are registered and a monthly report is submitted into its regulatory compliance management system. Enquiries are then assigned to a customer consultant. SP AusNet claims that the process followed, as set out in SP AusNet’s negotiating framework, is consistent with the NER requirements. SP AusNet advised that it responds within the prescribed timeframes with a standard letter and that its regulatory compliance management system is used as an internal monitoring control.

SP AusNet referred to “several distinguishing features of network connection in Victoria”, whereby the network user is responsible for connection asset planning and VENCORP is responsible for planning of the network. In the application of clause 5.3.2, SP AusNet is responsible for negotiating with proponents for entry and exit connection services in respect of its network. A coordinated approach is reached by proponents being advised to also direct connection enquiries to VENCORP.

SP AusNet also stated that joint planning by distribution businesses at load terminal stations avoids individual parties’ connection service requirements having an impact on others. However, there may be situations where another NSP is likely to be affected by a person’s proposals from a Distribution Network Service Provider (DNSP) or non-DNSP party, in which case SP AusNet will advise the affected NSP in writing about such proposals. In any event, SP AusNet advised that it will not proceed

to enter into a connection agreement with new proponents without the written agreement from the affected NSPs.

Review outcomes

Energex operates a distribution network in Queensland with over 1.2 million customers¹⁰, whereas SP AusNet is both a DNSP and TNSP in Victoria. For the purposes of this review, SP AusNet was asked to provide information about its transmission operations.

On the basis of the responses received from Energex and SP AusNet, it appears that the procedures in place, if applied as described, would help these NSPs to comply with requirements of clause 5.3.2 of the NER.

There is likely to be a significant increase in the number of new connection applications received by NSPs over coming years. This will be, in part, a result of the increase in distributed generation, wind farms, and other new low emission technologies. The AER intends to monitor closely the performance of NSPs with respect to these obligations. The AER encourages feedback from participants, intending participants and network users on the effectiveness of the connection enquiry process.

2.3.7 Offer to connect

Clause 5.3.6, which has been the subject of ongoing review by the AER, relates to the process and timeframes that a NSP is required to follow when making an offer to connect to a connection applicant.

This provision requires that an NSP's offer to connect must be fair and reasonable and must be consistent with the safe and reliable operation of the power system in accordance with the NER. Unless otherwise agreed between the parties, an offer to connect is considered fair and reasonable if it offers connection and network services consistent with Schedules 5.1, 5.2, 5.3 and 5.3a and does not impose conditions on the connection applicant that are more onerous than those contemplated in these Schedules.

The AER has written to CitiPower, SP AusNet and United Energy to obtain information including:

- details of the systems and procedures used to process applications and make offers to connect
- confirmation that offers to connect an applicant's facilities to the network are made within the applicable timeframes, and details of any internal monitoring, auditing or other process to assess timeliness of responses to applications to connect
- confirmation that offers to connect are made in accordance with clauses 5.3.6(b), 5.3.6(b1) and 5.3.6(c)

¹⁰ See "Chapter 5 – Electricity Distribution" of the AER's [State of the Energy Market 2007](#) publication.

- details, including the reasons for and number of instances when offers were not consistent with, or more onerous than, the conditions contained in Schedule 5.1 and, as applicable, Schedules 5.2, 5.3 and 5.3a.

Response summary

CitiPower

CitiPower provided an overview of its overarching compliance arrangements. CitiPower indicated that the manner in which it deals with each offer to connect depends on the load and connection characteristics of each application and whether or not the applicant is a market participant.

For applications involving large customer loads, CitiPower undertakes system planning studies to determine the impact on the distribution network, and consults with any affected NSP as required. CitiPower provides relevant information to the applicant, which ranges from the likely supply connection arrangements to budget estimates for the works involved. Network planners become involved to identify any affected connection agreement and negotiate on the most appropriate course of action with any affected NSPs. A functional scope is developed by these planners, with more detailed scoping and/or design work required in some cases to ensure offers are fair and reasonable.

A separate major projects group services major customer loads and embedded generators, in which case the level of detail and timeframe for a response is tailored according to the complexity of the project. For applications involving small customer loads, CitiPower will facilitate customer connection so long as connection standards, service and installation rules and obligations under its distribution licence and distribution code are complied with. For these applicants, CitiPower stated that the process under Chapter 5 of the NER is generally cumbersome. The application process here is consistent with relevant guidelines issued by the Essential Services Commission of Victoria (ESC).

To manage this process, CitiPower has implemented a new system called “Customer Project Management”, which registers all connection enquiries and offer requests other than simple mains connections. This system facilitates monitoring, auditing and management reporting, including timeliness.

In relation to timeliness and other requirements under the NER, CitiPower referred to its State-based obligations. CitiPower understands that compliance in this area of the NER is achieved if the relevant Victorian regulations are complied with. For instance, the terms and conditions associated with CitiPower’s offers to connect are set out in its gazetted contract under the *Electricity Industry Act 2000* (Vic).

SP AusNet

SP AusNet stated that an application to connect may be received subsequent to the connection enquiry under clause 5.3.2¹¹ of the NER. However, this is generally not

¹¹ Also reviewed this quarter.

the case. Connection proponents tend to request an offer to connect directly following preliminary discussions on the service requirement and lead time necessary for SP AusNet to provide the required connection asset infrastructure.

When an application to connect is received by SP AusNet:

- each application is registered and is included in the monthly reports submitted into its regulatory compliance management system for monitoring purposes
- the application is assigned to a customer consultant, who is responsible for taking the necessary steps within the prescribed timeframes (often the assigned customer consultant has conducted preliminary discussions, including addressing connection enquiries, with the applicant)
- all necessary information is sought, with data schedules available to facilitate meeting relevant requirements
- offers for infrastructure augmentation are made in accordance with SP AusNet's negotiation framework, requiring an offer to be made to network users within 65 business days of receipt of all information, and 20 business days in the case of requests from VENCORP for a shared network augmentation.

Depending on the nature of the connection, the process of proponents finalising fundamental information required by SP AusNet typically takes 6 to 18 months. This is because of the need to assess shared network impact with VENCORP as well as the range of connection options with SP AusNet. Regular meetings and reviews are undertaken to optimise a proposed project and evaluate all options (e.g. power security arrangements, shared network boundaries, planning for future service requirements and integration into SP AusNet's asset replacement and environmental programs).

During the year that its register has been in force, SP AusNet has no record of any offers not made within the applicable deadlines. SP AusNet did, however, also state that in the past the availability of specialist resources has had an impact on its ability to meet timeframes.

United Energy

The information received from United Energy indicated that its systems and process for managing connection enquiries are designed to comply with the requirements under clause 5.3.6 of the NER as well as its electricity distribution licence issued by the ESC, jurisdictional guidelines and codes. There are separate processes for load and generation connection offers. Where connections require network planning considerations, specific staff are assigned. More straightforward connections are processed through more basic systems and procedures.

United Energy indicated that, on average, each year it processes some 900 new enquiries for connection of load customers, with more than 99.5 per cent of resulting connection offers made within 20 days from receipt of the enquiry or relevant information required for the purpose of making such offers.

With respect to connection of generators, United Energy stated that the majority of connection requests relate to small generators that are compliant with Australian Standard AS4777. Given the volume of these connections, they are processed on a

case-by-case basis by specific network planning engineers, with the exact process to be followed determined in consultation with the connection applicant. It is common for United Energy to assist generators with the preparation of feasibility studies. The time taken to move to the stage of making a connection offer depends on the scope and complexity of the connection proposal.

In its reply, United Energy stated that, notwithstanding the jurisdictional derogation under clause 9.7.4 of the NER that would otherwise obviate the need to comply with clause 5.3.6, the obligations placed upon United Energy by the ESC are said to be consistent with those of clause 5.3.6 and the related clause 5.3.3¹² of the NER. United Energy further stated that it is not aware of any instances where its connection offers were inconsistent with, or more onerous than, the applicable conditions contained in Schedule 5.1 to 5.3a of the NER.

Finally, United Energy also stated that its monitoring processes include annual compliance questionnaires involving network engineers and project planners, with audits in relation to generator connection requests and offers undertaken in 2006. United Energy addressed the deficiencies identified by these audits.

Review outcomes

Clause 5.3.6 deals with NSP obligations relating to connection offers for all kinds of loads and generator connections. The AER notes that each of the targeted registered participants is aware of its obligations and has developed system and procedures to help satisfy those obligations, as well as State-based requirements.

As part of its compliance monitoring and new economic regulatory functions related to distribution networks, the AER is keen to ensure the process of connecting to the network is consistent with the NER and is effective. As in the case of the associated review of clause 5.3.2 above, the AER intends to monitor closely the performance of NSPs with respect to the obligations contained in clause 5.3.6. The AER encourages feedback from participants, intending participants and network users on the effectiveness of the offer to connect process.

2.3.8 Follow-up matters

Three matters associated with past compliance reviews were also followed-up during the June quarter.

Clause 4.4.2(b) of the NER imposes an obligation on a generator to ensure that all of its generating units have responsive speed governor systems, which comply with the requirements of Schedule 5.2 of the NER. In its follow-up response to the AER's review of this clause, International Power provided a progress report on the development of a compliance program for its entire portfolio, originally scheduled for completion in June. International Power has indicated that the completion date of this project is now late 2008.

Clause 4.8.2(a) of the NER imposes an obligation on Registered Participants to advise NEMMCO whenever they become aware that any relevant protection or control

¹² This clause was reviewed by the AER in the quarter ending December 2007.

system is defective or unavailable for service. If NEMMCO considers the situation to be a threat to power system security, NEMMCO may direct that the equipment protected or operated by the relevant system be taken out of operation or operated as NEMMCO directs. Clause 4.8.2(b) requires a Registered Participant to comply with a direction given by NEMMCO under clause 4.8.2(a). In its follow-up response to the AER's review of clause 4.8.2, TRUenergy advised that it has formally adopted a quality management system for its Yallourn operations, which will help ensure compliance with this clause, whereas the development of test procedures for its Hallett operations in South Australia were not as advanced, with a target date of late 2008.

In response to a request for more details regarding Energy Development Limited (EDL) and its ability to satisfy clause 5.2.5(a) of the NER, a review of which was initiated last quarter, EDL provided the necessary details regarding connection agreements and performance standards.

2.3.9 Upcoming targeted compliance reviews

In the next quarter, the AER will continue its reviews of clause 4.8.9 of the NER, as stated above, and other areas of review will include:

- System restart plans and local black system procedures
- Power system operating procedures
- Aspects relating to Market Customers and non-scheduled generating units
- Aspects relating to the provision of metering services and metering data

The AER will also target TNSPs in relation to the market information provided by them on planned network outages. This is a second stage review to that conducted in 2006.

2.4 Jurisdictional derogations reviews

Chapter 9 of the NER preserves certain jurisdiction-specific arrangements. These are known as jurisdictional derogations and exempt particular registered participants from compliance with specified provisions in the NER. Each quarter, the AER must prepare an assessment of the effect that any act or omission would have on the efficient operation of the market, arising from the operations of registered participants to whom the derogations apply. This section outlines relevant outcomes as well as any regulatory developments during the quarter.

2.4.1 Derogations relating to Smelter Traders, Power Traders and Exempted generator Agreements

A series of Chapter 9 derogations provide exemptions for Victorian Smelter Traders, New South Wales Power Traders and nominated generators in Queensland (for the purposes of Exempted generator Agreements) from complying with the NER to the extent that there exists:

- any inconsistency between the NER and a contractual requirement under the relevant agreement
- any other specified exemption in the jurisdictional derogations.

These participants must give notice to the AER of any act or omission which partly or wholly constitutes non-compliance with the NER, within the terms of clauses 9.4.3 (Smelter Trader – Vicpower Trading), 9.12.3 (Power Traders – Delta Electricity and Macquarie Generation) and 9.34.6 (nominated generators – CS Energy and Stanwell Corporation) of the NER.

The above registered participants have advised the AER that there were no instances of non-compliance which materially affected the efficient operation of the market during the quarter, for the purpose of clauses 9.4.4, 9.12.3 and 9.34.6 of the NER.

2.5 Market monitoring

The AER monitors the performance of the NEM on an ongoing basis. The purpose of this monitoring as a compliance mechanism, is to screen for indicators of any non-compliance with obligations under the NEL, the NER or associated Regulations using publicly available data and information provided to the AER by registered participants and NEMMCO.

The AER's role and responsibilities extend to the verification and substantiation of market information provided by registered participants and/or available to the AER. Market monitoring is used primarily to identify cases where non-compliance with a particular obligation is readily apparent from data to which the AER has access, such as rebidding and the obligations to provide information contained in Chapters 3 and 4 of the NER.

2.5.1 Rebidding inquiries

Scheduled generators and market participants submit offers and bids for each of the 48 trading intervals in the trading day. These offers and bids cover prices and volumes in up to 10 price bands. These volumes can be changed right up to the time of dispatch, via rebidding.

Clause 3.8.22A of the NER requires scheduled generators and market participants to make dispatch offers, dispatch bids and rebids in good faith – that is, with the genuine intention of honouring that offer or bid.

Under clause 3.8.22 of the NER, market participants are required to provide to NEMMCO, at the same time as a rebid is made:

- a brief, verifiable and specific reason for the rebid;
- and
- the time at which the event(s) or other occurrence(s) adduced by the market participant as the reason for the rebid occurred.

Equivalent requirements apply where a market participant advises NEMMCO that a scheduled generating unit, scheduled network service or scheduled load is inflexible, under clause 3.8.19 of the NER.

Compliance with the information requirements in clause 3.8.22 is required to enable the AER to determine whether scheduled generators and market participants operate in good faith.

For the quarter ending 30 June 2008, the AER identified the following number of issues relating to the quality of the rebid reasons provided under clauses 3.8.19 (inflexibility) and 3.8.22 (rebidding) of the NER.

NER Clause	Compliance issue	No. of Participants under review
3.8.19(b)(1)	The rebid submitted does not provide a brief, verifiable and specific reason why the scheduled generating unit, scheduled network service or scheduled load is inflexible	3
3.8.22(c)(2)(i)	The rebid submitted does not provide a brief, verifiable and specific reason for the rebid	5
3.8.22(c)(2)(ii)	The rebid submitted does not include the time at which the event(s) or other occurrence(s) adduced by the scheduled generator or market participant as the reason for the rebid occurred	12

The AER has sought further information from the relevant participants regarding these instances, where necessary. In most cases, as a result of initial enquiries by the AER, corrective action by participants has resulted in improvements in the quality of the rebid reasons provided.

Appendix A: AER investigations and reporting summary

This is a summary table of the AER's investigations and \$5,000/MWh reports during the previous 12 months.

Date of event	Description	Status
12-28 June 2007	\$5,000/MWh Report	Issued
8-29 October 2007	Generator compliance with dispatch instructions and inflexibility	Review ongoing
22 October 2007	\$5,000/MWh Report	Issued
4 November 2007	\$5,000/MWh Report	Issued
	Investigation into generator compliance (Queensland)	Review ongoing
31 December 2007	\$5,000/MWh Report	Issued
4 and 10 January, 18 and 19 February 2008	\$5,000/MWh Report	Issued
	Investigation into rebidding (South Australia)	Review ongoing
	Investigation into reduced flow capabilities of interconnector (South Australia)	Review ongoing
21 January 2008	Investigation into rebidding (Queensland)	Review ongoing
26 January 2008	\$5,000/MWh Report	Issued
30 January and 7 February 2008	\$5,000/MWh Report	Issued
22-23 February 2008	\$5,000/MWh Report	Issued

Date of event	Description	Status
	Investigation into rebidding (Queensland)	Review ongoing
5-7 and 12-13 March 2008	\$5,000/MWh Report	Issued
	Investigation into rebidding (South Australia)	Review ongoing
17 March 2008	\$5,000/MWh Report	Issued

Appendix B: Targeted NER provisions summary

This is a summary table of the targeted NER provisions subject to compliance reviews by the AER during the previous 12 months.

Quarter ending	NER clause	Description	No. of Participants targeted	Status ¹³
June 2007	3.6.3	Distribution loss factors – calculation and alignment of connection points	1	Review completed
	4.3.5	Market Customer obligations – provision of interruptible load	2	Review completed
	5.7.4	Routine testing of protection equipment	1	Review completed
	7.6.1	Responsibility for testing – metering installations	1	Review completed
	8.2.3	Dispute management systems of registered participants and NEMMCO	6	Review completed
September 2007	4.8.1	Power system security operations – registered participants’ advice	2	Review completed
	5.2.1	Obligations of registered participants – network connections	2	Review completed
	7.2A.4	Local retailers’ compliance with B2B Procedures	2	Review completed
	7.5.2	Metering register discrepancy	1	Review completed
	7.9.4	Metering data validation and substitution	1	Review completed

¹³ “Review ongoing” refers to a targeted provision’s review conducted over more than one quarter and involving different registered participants in each of the quarters.

Quarter ending	NER clause	Description	No. of Participants targeted	Status¹³
	8.6.1	Confidentiality of information	3	Review completed
December 2007	4.8.2	Protection or control system abnormality	4	Review completed
	4.9.3	Instructions to registered participants	3	Review completed
	4.9.4	Dispatch related limitations on scheduled generators	3	Review completed
	4.9.8	General responsibilities of registered participants	1	Review completed
	4.11.4	Records of power system operational communication	1	Review completed
	5.3.3	Response to connection enquiry	3	Review completed
	5.3.5	Preparation of offer to connect	6	Review completed
	5.7.5	Testing by registered participants of their own plant requiring changes to normal operation	4	Review completed
March 2008	3.11.3	Acquisition of non-market ancillary services	1	Review completed
	4.4.2	Operational frequency control requirements	2	Review completed
	4.8.9	Power to issue directions and clause 4.8.9 directions	2	Review ongoing
	4.8.14	Power system restoration	2	Review completed
	4.10.3	Operating interaction with Distribution Networks	1	Review completed

Quarter ending	NER clause	Description	No. of Participants targeted	Status¹³
	5.2.5	Obligations of generators	3	Review completed
	5.5	Access arrangements relating to Distribution Networks	2	Review completed
	7.3.4	Metering installation types and accuracy	2	Review completed
	7.8.2	Metering security controls	2	Review completed
June 2008	2.2.6	Ancillary services generating unit	3	Review completed
	4.4.3	Generator protection requirements	2	Review completed
	4.8.5A	Determination of the latest time for intervention by direction or dispatch of reserve contract	2	Review completed
	4.8.9	Power to issue directions and clause 4.8.9 instructions	1	Review ongoing
	4.9.2	Dispatch instructions to scheduled generators	2	Review completed
	5.3.2	Connection enquiry	2	Review completed
	5.3.6	Offer to connect	3	Review completed