

NATIONAL ELECTRICITY LAW
SECTION 74
INFRINGEMENT NOTICE ISSUED TO
CS ENERGY LIMITED

To: CS Energy Limited (ACN 078 848 745)
HQ 'North Tower'
Level 2, 540 Wickham Street
FORTITUDE VALLEY QLD 4006

Infringement Notice No.: AER19-2016

1. The Australian Energy Regulator (**AER**):
 - a. has reason to believe that CS Energy Limited (ACN 078 848 745) (**CS Energy**):
 - i. is, and was at all relevant times, the Nominated Generator for the Gladstone generating system (**GSTONE**), comprised of six scheduled generating units (GSTONE1, GSTONE2, GSTONE3, GSTONE4, GSTONE5 and GSTONE6) located in Queensland, in accordance with clause 9.34.6 and Schedule 9E1 of the National Electricity Rules (**NER**), and as such, the Registered Participant under clause 2.2 of the NER,
 - ii. is, and was at all relevant times, a Scheduled Generator by virtue of being registered by the Australian Energy Market Operator (**AEMO**) as such under clause 2.2.2 of the NER in respect of GSTONE,
 - iii. has breached clause 4.9.8(b) of the NER, as described in Schedule 1 to this Infringement Notice (**the alleged breach**); and
 - b. has decided to serve this Infringement Notice on CS Energy under section 74 of the *National Electricity (Queensland) Law* (**NEL**).
2. Clause 4.9.8(b) of the NER is a civil penalty provision within the meaning of the NEL.
3. The infringement penalty is \$20,000.

WHAT CAN CS ENERGY DO IN RESPONSE TO THIS INFRINGEMENT NOTICE?

4. CS Energy can choose whether or not to comply with this Infringement Notice. If CS Energy chooses not to comply with this Infringement Notice, the AER may commence proceedings against it in relation to the alleged breach. CS Energy is entitled to disregard this Infringement Notice and to defend any proceedings in respect of the alleged breach.
5. If CS Energy chooses to comply with this Infringement Notice, it must pay the infringement penalty by 18 July 2016, being not less than 28 days from the date of service of this Infringement Notice, beginning on the day after the day on which this Infringement Notice is served (**the compliance period**).
6. To ensure payment is made in accordance with this Infringement Notice, payment must be received on or before **18 July 2016**.
7. If CS Energy pays the infringement penalty within the compliance period, the AER will not institute proceedings in respect of the alleged breach unless the Infringement Notice is withdrawn before the end of the compliance period in accordance with section 79 of the NEL.

HOW DOES CS ENERGY PAY THE INFRINGEMENT PENALTY?

8. CS Energy may pay the \$20,000 infringement penalty in either of two ways:
 - a. by cheque made out to the "ACCC Official Administered Account",* enclosing a copy of this Infringement Notice, addressed to:

Australian Energy Regulator
GPO Box 520
MELBOURNE VIC 3001

You should allow at least 5 business days for payment to be received.

or

- b. by electronic funds transfer to the following account:*

Account name: ACCC Official Administered Account
BSB: 032-730
Account: 146550
Description: AER19-2016

You should allow at least 2 business days for payment to be received

- * The Australian Competition and Consumer Commission (**ACCC**) handles the receipt of infringement penalty payments for the AER. All payments received are paid into the Consolidated Revenue Fund.

9. Please allow sufficient time for your payment to be received within the compliance period.
10. CS Energy will be issued with a Tax Invoice following payment of the \$20,000 infringement penalty.

DATE OF ISSUE: 15 June 2016

Paula Conboy
Chair

Australian Energy Regulator

SCHEDULE 1

MATTERS CONSTITUTING AN ALLEGED BREACH OF A CIVIL PENALTY PROVISION:

CLAUSE 4.9.8(b) OF THE NATIONAL ELECTRICITY RULES

1. CS Energy is, and was at all relevant times, a Scheduled Generator being registered with AEMO as a scheduled generator under clause 2.2.2 of the NER within the meaning of the term in the NER in respect of GSTONE, and in particular, in respect of GSTONE6.
2. Clause 4.9.8(b) of the NER provides that a Scheduled Generator must ensure that each of its scheduled generating units is at all times able to comply with its latest generation dispatch offer under Chapter 3 in respect of that generating unit.
3. On 13 February 2014 CS Energy made a generation dispatch offer to AEMO which, amongst other things, specified an up ramp rate and down ramp rate of twelve (12) megawatts per minute for GSTONE6 in relation to the trading interval ending 1530 for 13 February 2014.
4. CS Energy was not able to comply with this generation dispatch offer at all times during the relevant period because the GSTONE6 scheduled generating unit was not physically capable of changing output at the rate offered during certain dispatch intervals in the 1530 trading interval.
5. Accordingly, the AER alleges that CS Energy breached clause 4.9.8(b) of the NER in respect of GSTONE6.