



TransGrid

The TransGrid Generator Forum

Network Support & Control Ancillary Services (NSCAS) Rule Change

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Network Support & Control Ancillary Services

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Background

- Rule Change regarding NSCAS initiated by AEMO
- Final Rule determination published 7 April 2011
- Rule change will take effect on the 5 April 2012

Background

- Rule change transfers responsibility for planning and procurement of NSCAS from AEMO to TNSPs based on AEMO's NTNDP.
- AEMO to have a “procurer of last resort” role if TNSPs fail to acquire the required NSCAS

Current Position

- AEMO's existing NSCAS contracts for NSW region will cease on 30 June 2012
- Either TransGrid or AEMO is required to have NSCAS contracts in place by 1 July 2012
- NER requires TransGrid to apply RIT-T to NSCAS procurement
- TransGrid is discussing with AEMO regarding the current situation

Issues to be addressed

1. Quantity of NSCAS required in NSW

- > AEMO has identified NSCAS needs in its NTNDP (mid-December 2011):

<u>Types of NSCAS</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
<u>Absorbing RPAS</u>	<u>720</u>	<u>740</u>	<u>740</u>	<u>740</u>	<u>740</u>

- > Significant change from previous years
- > Meetings held with AEMO to clarify NSCAS requirements for NSW

Issues to be addressed (2)

2. Dispatch of NSCAS in NSW

- > TransGrid and AEMO are working together on how to best manage NSCAS dispatch in NSW region

- > TransGrid's current preferred option:
 - TransGrid to provide relevant guidelines to AEMO (by System Operations)
 - AEMO to decide when to dispatch these services

- > System Operations will liaise with AEMO

Issues to be addressed (3)

3. Recovery of costs for NSCAS

> Legal advice received:

– TransGrid may recover cost through

- Cost Pass Through (materiality: 1% of MAR)
- Network Support Pass Through

> **Risk of uncertainty**: what AER will (or won't) allow TransGrid to pass through/recover

Issues to be addressed (4)

Other issues

- > Increased TransGrid resources required to carry out planning and procurement
- > Lead time versus how far ahead into the future do we go out with an EOI/RFP
- > Short term – impact on TUOS prices – managing customer and stakeholder concerns regarding rising price of electricity

Current Project Status

- EOI issued on 9/11/2011 and closed on 29/11/2011
- Engaged consultant to assist in RFP preparation
- TransGrid been working closely with AEMO to finalise technical inputs

Current Project Status (2)

Completed Tasks

- Preparation of EOI documentation
- EOI Advertised and closed

The Way Forward

- Undertake RIT-T & RFP
- Explore Network/Non- network solutions

Possible Outcomes

- Network solutions – TransGrid to install reactive plant
- OR
- Non-network solution - Contract NSCAS with others.
 - Most economic and prudent solution will be recommended as an outcome of RIT-T