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Ms Samantha Byrne  
Senior Director Utilities Reform  
Department of Treasury and Finance

Via email: [DTF.UtilitiesReform@nt.gov.au](mailto:DTF.UtilitiesReform@nt.gov.au)

Dear Ms Byrne

### **Reliability Standard Consultation Paper**

Territory Generation (TGen) welcomes the opportunity to comment on the proposed form of Reliability Standard Consultation paper (the Paper) issued by the Department of Treasury and Finance.

TGen endorses the move to introduce a reliability standard into the NT regulated power systems and makes the following comments:

- The Paper requests submissions on the form of a reliability standard, not on the specification of the standard.
- TGen agrees that it seems appropriate to introduce a customer focussed rather than a generator focussed reliability standard.
- The Paper identifies that the reliability standard is intended to provide a measure related to the generation capacity (MW) needed to meet the power system peak demand. All three regulated power systems have reasonably consistent system annual peak generation requirements from year to year, therefore the proposal that a 'Loss of Load Hours' form of standard be implemented seems to be appropriate in all three power systems.
- TGen queries whether there an intention under the current reforms to define a 'generator of last resort' role and if so how would last resort capacity be contracted?
- Reliability standard only addresses issues associated with establishing criteria for meeting peak system loads and is primarily related to providing a means to provide signals for investment in generation capacity (MW). An emerging issue in the NT power systems is managing the capability for keeping power systems secure at times where the requirements on traditional generation is low due to increasing levels of distributed behind the meter generation. To manage this there are other capabilities that need to be deployed that do not necessarily have any generation capacity. There needs to be a means of providing investment signals in these capabilities as there is currently no mechanism within the existing framework. TGen believes it worth highlighting in this submission and looks forward to it being addressed in the forthcoming reforms.
- There are still significant regulatory reforms and detailed analysis to be undertaken to establish and implement the actual reliability standard. It is noted that the proposed NTEM reforms include a Capacity Adequacy Mechanism (3.2.1 of NTEM Functional Specification). A reliability standard is needed to determine the implementation of this mechanism. TGen is concerned that the proposed transitional arrangements for the Capacity Adequacy Mechanism are stated as being

based on simplifications of the reliability standard. This consultation is merely around what form that reliability standard will take. There does not appear to be a clear plan for implementation and considerable uncertainty exists.

Please feel free to contact me if you wish to discuss the contents of this submission.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Hieu Nguyen', with a long, sweeping horizontal stroke extending to the right.

Hieu Nguyen  
General Counsel and Company Secretary

3 March 2019