

South Australia

Electricity (General) (Electricity Security Target) Variation Regulations 2017

under the *Electricity Act 1996*

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Part 1—Preliminary

1—Short title

These regulations may be cited as the *Electricity (General) (Electricity Security Target) Variation Regulations 2017*.

2—Commencement

These regulations will come into operation on 1 July 2017.

3—Variation provisions

In these regulations, a provision under a heading referring to the variation of specified regulations varies the regulations so specified.

Part 2—Variation of *Electricity (General) Regulations 2012*

4—Insertion of heading to Part 9A Division 1

Before regulation 44A insert:

Division 1—General

5—Insertion of Part 9A Division 2

After regulation 44E insert:

Division 2—Electricity security target scheme

Subdivision 1—Preliminary

44EA—Preliminary

- (1) In accordance with section 6A(1)(c) of the Act, the Commission has such functions and powers as are necessary or expedient to give effect to this Division including the following functions:
 - (a) to administer the electricity security target scheme;
 - (b) to create and register electricity security certificates under Subdivision 3;
 - (c) to ensure that relevant generating entities and NERL retailers comply with the relevant requirements of this Division.
- (2) The requirements of this Division are requirements specified for the purposes of section 63AB(1)(e) of the Act.

44EB—Interpretation

- (1) In this Division—

accredited electricity generating plant means electricity generating plant in respect of which an accreditation is granted under regulation 44EC(1);

annual liability—see regulation 44EI(2);

authorised person means a person authorised by a relevant generating entity to verify the creation of electricity security certificates by the entity in respect of eligible electricity generated by an accredited electricity generating plant operated by the entity;

certificate or **electricity security certificate** means a certificate created in accordance with regulation 44ED or by the Commission under regulation 44EE;

certificate excess—see regulation 44EI(3)(b)(ii);

certificate shortfall—see regulation 44EI(3)(b)(i);

eligible electricity—eligible electricity is calculated in accordance with regulation 44ED(2);

eligible fuel source means—

- (a) gas (within the meaning of the *Gas Act 1997*); or
- (b) an eligible renewable energy source within the meaning of the *Renewable Energy (Electricity) Act 2000* of the Commonwealth;

fault current means current that results from a fault;

inertial response means the absorption or release of kinetic energy by a rotating mass to arrest a change in frequency;

marginal loss factor—see subregulation (3);

National Electricity Market has the same meaning as in the *National Electricity (South Australia) Law*;

real inertia means the provision of an inertial response;

relevant generating entity means an electricity entity that operates an accredited electricity generating plant;

sent out generation, in relation to an accredited electricity generating plant, has the same the meaning as in the National Electricity Rules.

- (2) A reference in this Division to **electricity imported into an accredited electricity generating plant** is a reference to electricity used by, or supplied to, the accredited electricity generating plant from a power system operated in the National Electricity Market for the purposes of the generation of electricity.
- (3) The Commission must, for each accredited electricity generating plant, by notice in the Gazette, fix a multiplier that represents the estimated electrical energy loss for electricity used by or transmitted from an accredited electricity generating plant in a financial year (the **marginal loss factor**).
- (4) A notice under subregulation (3) may fix marginal loss factors in respect of—
 - (a) a particular financial year; or
 - (b) a series of financial years (and marginal loss factors may differ from year to year).
- (5) The Commission may, by further notice in the Gazette, vary or revoke a notice under subregulation (3).

- (6) Nothing in subregulation (3) is to be taken to prevent the Commission from fixing a marginal loss factor of 1 or more than 1 in relation to an accredited electricity generating plant.

Subdivision 2—Accreditation of electricity generating plant

44EC—Accreditation of electricity generating plant

- (1) The Commission may, on application by an electricity entity that operates electricity generating plant, grant an accreditation in respect of the plant if the Commission is satisfied that the plant—
- (a) is a scheduled generator (within the meaning of the National Electricity Rules); and
 - (b) provides the following energy security services to the State's power system:
 - (i) fault current;
 - (ii) real inertia; and
 - (c) generates electricity within the State from an eligible fuel source; and
 - (d) is connected to a power system operated in the National Electricity Market.
- (2) An application under subregulation (1) must—
- (a) be made in a manner and form determined by the Commission; and
 - (b) contain the information specified by the Commission; and
 - (c) be accompanied by a fee of \$375.
- (3) The applicant must give the Commission any further information specified by the Commission in relation to an application under subregulation (1).
- (4) The Commission—
- (a) must make an accreditation granted under this regulation subject to a condition that the relevant generating entity comply with the requirements of this Division; and
 - (b) may make an accreditation granted under this regulation subject to other conditions determined by the Commission.
- (5) The Commission may, by notice to a relevant generating entity, vary or revoke a condition of the accreditation of electricity generating plant of the entity (other than the condition referred to in subregulation (4)(a)), or impose further conditions on the accreditation.

- (6) The Commission may, by written notice to a relevant generating entity, suspend or revoke an accreditation of electricity generating plant of the entity—
- (a) if satisfied that a condition of the accreditation has been breached; or
 - (b) on application by the entity.

Subdivision 3—Creation of and dealing with certificates

44ED—Creation of certificates by relevant generating entities

- (1) A relevant generating entity that operates an accredited electricity generating plant may create a certificate in relation to each MW.h of eligible electricity generated by the accredited electricity generating plant.
- (2) For the purposes of this Division, eligible electricity generated by an accredited electricity generating plant is calculated according to the following formula:

$$EE = SOGen \times \%EF \times MLF$$

Where—

EE is eligible electricity;

SO Gen is the sent out generation from the accredited electricity generating plant (expressed in MW.h);

%EF is the proportion of electricity generated from an eligible fuel source by the accredited electricity generating plant;

MLF is the marginal loss factor for the accredited electricity generating plant.

- (3) A certificate must—
- (a) be created in an electronic form approved by the Commission; and
 - (b) comply with any other requirements determined by the Commission.
- (4) A certificate must contain—
- (a) the date on which the eligible electricity to which the certificate relates was generated; and
 - (b) the eligible energy source from which the eligible electricity was generated; and
 - (c) the date on which the certificate was created; and
 - (d) any other information specified by the Commission.

44EE—Creation of certificates by Commission

The Commission may, from time to time, create such number of certificates as the Commission considers necessary for the purposes of this Division (in addition to certificates created by relevant generating entities).

44EF—Registration of certificates

- (1) The Commission may register an electricity security certificate created by a relevant generating entity on application by an authorised person for the entity.
- (2) An application under subregulation (1) must be made in a manner and form determined by the Commission.
- (3) The Commission may require an applicant for registration of a certificate to provide such information as the Commission reasonably requires for the purpose of determining whether or not to register the certificate.
- (4) The Commission must register a certificate created by the Commission under regulation 44EE.
- (5) If the Commission registers a certificate, the Commission must—
 - (a) apply a unique identification code to the certificate; and
 - (b) enter the following details in the register of electricity security certificates in relation to the certificate:
 - (i) the date of registration;
 - (ii) the name of the person or body that created the certificate;
 - (iii) any other details determined by the Commission; and
 - (c) in the case of a certificate created under regulation 44ED—return the certificate to the applicant.
- (6) On registration of a certificate—
 - (a) the certificate has effect for the purposes of this Division; and
 - (b) the owner of the certificate is—
 - (i) in the case of a certificate created under regulation 44ED—the relevant generating entity that created the certificate; or
 - (ii) in the case of a certificate created by the Commission—the Commission.

44EG—Transfer of certificates

- (1) The owner of a certificate registered under this Division, other than a certificate created by the Commission under regulation 44EE, may apply to the Commission for registration of the transfer of the ownership of the certificate to a NERL retailer.
- (2) A NERL retailer may apply to the Commission for the transfer of the ownership of a certificate created by the Commission under regulation 44EE to the NERL retailer.
- (3) An amount of \$50 is payable by a NERL retailer to the Commission for each certificate transferred by the Commission to the NERL retailer on an application under subregulation (2).
- (4) An application under subregulation (1) or (2) must—
 - (a) be made in a manner and form determined by the Commission; and
 - (b) be accompanied by the fee fixed by the Minister and any amount payable under subregulation (3).
- (5) The Commission may register the transfer of the ownership of a certificate on an application under subregulation (1) or (2).
- (6) The Commission registers a transfer of the ownership of a certificate under subregulation (5) by altering the entry in the register of electricity security certificates relating to the certificate to record the name of the transferee as the owner of the certificate.
- (7) The transfer of ownership of a certificate registered under this Division takes effect on registration of the transfer under subregulation (5).

44EH—Surrender, cancellation of certificates

- (1) The Commission may, on application by the owner of a certificate registered under this Division, approve—
 - (a) the surrender of the certificate for the purposes of compliance with the requirements of this Division; or
 - (b) the cancellation of the certificate.
- (2) An application under subregulation (1) must—
 - (a) be made in a manner and form determined by the Commission; and
 - (b) contain the information specified by the Commission; and
 - (c) be accompanied by the fee fixed by the Minister.
- (3) The Commission may cancel a certificate registered under this Division if the Commission is satisfied that the certificate was not created in accordance with this Subdivision.

- (4) If the Commission approves the surrender or cancellation of a certificate under subregulation (1) or cancels a certificate under subregulation (3)—
 - (a) the certificate ceases to have effect for the purposes of this Division; and
 - (b) the Commission must alter the entry in the register of electricity security certificates relating to the certificate to show that the certificate no longer has effect.

Subdivision 4—Requirements of NERL retailers relating to certificates

44EI—Liability of NERL retailers to surrender certificates

- (1) Subject to this regulation, a NERL retailer must, within 1 month after the end of a financial year (or at such other time or times as may be agreed by the Minister), surrender to the Commission the number of certificates registered under this Division that are equal to its annual liability for that financial year.
- (2) The *annual liability* of a NERL retailer for a financial year is calculated by—
 - (a) multiplying the electricity security fraction by the liable load of the NERL retailer for the financial year; and
 - (b) adding any certificate shortfall, or subtracting any certificate excess, from the previous financial year.
- (3) The following provisions apply to the calculation of whether a NERL retailer has a certificate shortfall or certificate excess for a financial year:
 - (a) the number of certificates surrendered by a NERL retailer in relation to the financial year is to be subtracted from the annual liability of the NERL retailer for that financial year;
 - (b) if—
 - (i) the number resulting from the subtraction is more than zero, the NERL retailer has a *certificate shortfall* equal to the result of the subtraction; or
 - (ii) the number resulting from the subtraction is less than zero, the NERL retailer has a *certificate excess* equal to the result of the subtraction (expressed as a positive number).
- (4) A NERL retailer is not in breach of subregulation (1) if the NERL retailer has a certificate shortfall in relation to a financial year that is less than 10% of the annual liability of the NERL retailer for that financial year (but nothing in this subregulation is to be taken to affect the operation of subregulation (2)(b)).

(5) In this regulation—

electricity security fraction—the electricity security fraction for a financial year is calculated by dividing the electricity security target (for the financial year) by the aggregate of the liable load for all NERL retailers operating in South Australia in the previous financial year;

electricity security target—the electricity security target for a financial year is the amount specified opposite that financial year as follows:

- (a) 2017/18—4500 GW.h;
- (b) 2018/19—4700 GW.h;
- (c) 2019/20—4900 GW.h;
- (d) 2020/21—5100 GW.h;
- (e) 2021/22—5300 GW.h;
- (f) 2022/23—5500 GW.h;
- (g) 2023/24—5750 GW.h;
- (h) 2024/25 and each financial year thereafter until 2029/30—6000 GW.h;

liable load—the liable load of a NERL retailer for a financial year is the amount of electricity acquired by the NERL retailer for the purpose of retailing to customers in South Australia (being the amount of electricity consumed by customers of the NERL retailer in South Australia for that financial year).

44EJ—Reporting by NERL retailers

- (1) A NERL retailer must, within 1 month after the end of a financial year, provide a report to the Commission relating to the annual liability of the NERL retailer for that financial year.
- (2) A report under subregulation (1) must include the following information in relation to the financial year to which the report relates:
 - (a) the information required by the Commission to calculate the liable load of the NERL retailer;
 - (b) an estimate of the annual liability of the NERL retailer;
 - (c) the number of certificates surrendered by the NERL retailer;
 - (d) any other information specified by the Commission.
- (3) A report under subregulation (1) must be provided in the manner and form determined by the Commission.

44EK—Determination, notification and reporting by Commission on annual liability, shortfalls etc

- (1) The Commission must, after receiving a report under regulation 44EJ from a NERL retailer (or, if no such report is received from a NERL retailer, on its own initiative) make a determination for each NERL retailer in relation to the relevant financial year setting out—
 - (a) the annual liability of the NERL retailer for that year; and
 - (b) the number of certificates surrendered by the NERL retailer for that year; and
 - (c) the amount of the certificate shortfall or certificate excess (if any) of the NERL retailer for that year.
- (2) The Commission must notify a NERL retailer of the information set out in the determination under subregulation (1) that relates to the NERL retailer.
- (3) The Commission must, within 3 months after the end of each financial year, report to the Minister on—
 - (a) the extent of compliance by relevant generating entities and NERL retailers with the requirements of this Division, including details as to any certificate shortfalls of NERL retailers for that year; and
 - (b) any other matter relating to this Division as required by the Minister.

Subdivision 5—Registers

44EL—Registers to be maintained

- (1) The Commission must maintain—
 - (a) the register of accredited electricity generating plant; and
 - (b) the register of electricity security certificates.
- (2) A register must—
 - (a) be maintained electronically; and
 - (b) be made available for inspection by relevant generating entities and NERL retailers on a website determined by the Commission.

44EM—Register of accredited electricity generating plant

The register of accredited electricity generating plant must contain the following details in relation to each accredited electricity generating plant entered in the register:

- (a) the name of the accredited electricity generating plant;
- (b) the name of the relevant generating entity and the authorised person in respect of the accredited electricity generating plant;

- (c) the marginal loss factor for the accredited electricity generating plant;
- (d) any other information that the Commission considers appropriate.

44EN—Register of electricity security certificates

The register of electricity security certificates must contain the following details in relation to each certificate entered in the register:

- (a) the unique identification code of the certificate;
- (b) the date on which the certificate was created;
- (c) the date of registration of the certificate;
- (d) in the case of a certificate created under regulation 44ED—
 - (i) the name of the authorised person who verified the creation of the certificate; and
 - (ii) the date on which the eligible electricity to which the certificate relates was generated; and
 - (iii) the eligible energy source from which the eligible electricity was generated;
- (e) any other information that the Commission considers appropriate.

Note—

As required by section 10AA(2) of the *Subordinate Legislation Act 1978*, the Minister has certified that, in the Minister's opinion, it is necessary or appropriate that these regulations come into operation as set out in these regulations.

Made by the Governor

with the advice and consent of the Executive Council
on

No of 2017

MMRE17/13CS