

Attachment 1: Draft of the Proposed Rule

3.14.2A Application of Contingency Administered Price Cap [new clause]

- (a) NEMMCO must immediately notify all *Market Participants* of the commencement and closing of a *contingency administered price period* under rule 3.14.
- (b) A *trigger event* is a sequence of related events affecting the *power system* that:
 - (1) would, were the events to have occurred simultaneously, be a *non-credible contingency event*; and
 - (2) where initiated, or reasonably likely to have been initiated, by the failure of *generating plant* at a *power station*, includes the failure of:
 - (i) a *generating unit* at another *power station*; or
 - (ii) a *transmission element*.
- (c) a *material network constraint* in a *region* is any *network constraint*:
 - (1) that limits the *dispatch* of a *generating unit* in that *region* or the *interconnector flow* into or out of that *region*; and
 - (2) such that, were the *central dispatch process* undertaken as if that *network constraint* did not exist but otherwise in accordance with clause 3.9.2, the *network constraint* would then be violated by an amount that is greater than the *CAPP threshold* for that *region*
- (d) As soon as reasonably practicable after becoming aware that a possible *trigger event* has occurred, NEMMCO shall determine, in its opinion whether a *trigger event* has occurred and shall notify all Market Participants of that determination and the time of that determination
- (e) Where NEMMCO determines that a *trigger event* has occurred, NEMMCO must establish as soon as reasonably practicable, and then update as necessary until a subsequent *contingency administered price period* has ended or is no longer likely to be declared, a list of events that occurred during or following the *trigger event* and that would not, in NEMMCO's reasonable opinion, have occurred in the absence of that *trigger event*, of the following types:
 - (1) the *disconnection* from the *transmission network* of a *generating unit* that has not subsequently *synchronised* or, in NEMMCO's reasonable opinion, been reasonably able to *synchronise*;
 - (2) the occurrence of a *material network constraint*; and
 - (3) the *outage* of a *transmission element*.

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- (f) A *contingency administered price period* in a *region* shall:
- (1) take place over a number of consecutive *dispatch intervals*;
 - (2) commence when:
 - (i) *NEMMCO* lists, pursuant to clause 3.14.2A(e)(1), *generating units* in the *region* whose aggregate *available capacity* immediately prior to the *trigger event* exceeded the *CAPP threshold* for the *region*; or
 - (ii) *NEMMCO* lists, pursuant to clause 3.14.2A(e)(2), a *material network constraint* in the *region*;but, in any event, no later than 22 hours after the *trigger event* occurred;
 - (3) continue for a minimum of two hours;
 - (4) end no later than 24 hours after the *trigger event* occurred;
 - (5) subject to clauses 3.14.2A(f)(3) and 3.14.2A(f)(4), end when:
 - (i) the *generating units* in the *region* that are listed by *NEMMCO* pursuant to clause 3.14.2A(e)(1) had, immediately prior to the *trigger event*, aggregate *available capacity* less than the *CAPP threshold* for the *region*; and
 - (ii) one or more of the following has occurred:
 - (A) there are no remaining *material network constraints* in the *region* listed by *NEMMCO* pursuant to clause 3.14.2A(e)(2); or
 - (B) there are no remaining *outages of transmission elements* listed by *NEMMCO* pursuant to clause 3.14.2A(e)(3); or
 - (C) the remaining *outages of transmission elements* listed by *NEMMCO* pursuant to clause 3.14.2A(e)(3) could, hypothetically and immediately prior to the *trigger event*, have been the result of a single *credible contingency event*;
 - (6) not recommence in relation to the same *trigger event*.
- (g) *NEMMCO* shall develop and publish, in consultation with *registered participants*, a procedure for determining, and for notifying *Market Participants* of its determination:
- (1) when a *trigger event* has occurred;
 - (2) the list of events referred to in clause 3.14.2A(e);
 - (3) the times at which a *contingency administered price period* commences and ends; and
 - (4) the *CAPP threshold* for each *region*.

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- (h) During a *contingency administered price period* the procedures for *PASA*, *dispatch*, *spot price* and *ancillary service price* determination are to continue in accordance with the provisions of the *Rules*.
- (i) If, within a *contingency administered price period*, the *dispatch price* for the *region* identified in clause 3.14.2A(f) calculated as if this clause 3.14.2A(i) did not apply:
 - (1) exceeds the *administered price cap*, then *NEMMCO* must set the *dispatch price* to the *administered price cap*; or
 - (2) is less than the *administered floor price*, *NEMMCO* must set the *dispatch price* to the *administered floor price*.
- (j) If within a *contingency administered price period* an *ancillary service price* for a *market ancillary service* for the *region* identified in clause 3.14.2A(f) calculated as if this clause 3.14.2A(j) did not apply exceeds the *administered price cap*, then *NEMMCO* must set that *ancillary service price* to the *administered price cap*.
- (k) If during a *contingency administered price period* the *dispatch price*:
 - (1) at any *regional reference node* is set to the *administered price cap* under clause 3.14.2A(i), the *dispatch prices* at all other *regional reference nodes* connected by a *regulated interconnector* or *regulated interconnectors* that have an *energy flow* towards that *regional reference node* must not exceed the product of the *administered price cap* multiplied by the average *loss factor* for that *dispatch interval* between that *regional reference node* and the *regional reference node* at which *dispatch prices* have been set to the *administered price cap* determined in accordance with clause 3.14.2A(k)(3) .
 - (2) at any *regional reference node* is set to the *administered floor price* under clause 3.14.2A(i), then *dispatch prices* at all other *regional reference nodes* connected by a *regulated interconnector* or *regulated interconnectors* that have an *energy flow* away from that *regional reference node* must be equal to or greater than the product of the *administered floor price* multiplied by the average *loss factor* for that *dispatch interval* between that *regional reference node* and the *regional reference node* at which *dispatch prices* have been set to the *administered floor price* determined in accordance with clause 3.14.2A(k)(3).
 - (3) *NEMMCO* must determine the average *loss factors* applicable to clause 3.14.2A(k)(1) and 3.14.2A(k)(2) by reference to the *inter-regional loss factor* equations relating to the relevant *regulated interconnector*.

Other Consequential Changes

3.9.2(e)(5): [insert new subclause] a *contingency administered price period* in accordance with rule 3.14 applies, then *NEMMCO* must limit the *dispatch price* in accordance with clause 3.14.2A(i).

3.14.2(c)(1): insert new words "and clause 3.14.2A" immediately before the existing words "...did not apply..."

3.14.2(c)(1A): insert new words "and clause 3.14.2A" immediately before the existing words "...did not apply..."

3.14.6(a): insert new words "a contingency administered price period" immediately before the existing words "...or market suspension ..."

3.14.6(a2): insert new words "a contingency administered price period" immediately before the existing words "...or market suspension ..."

3.14.6(b): insert new words "or a contingency administered price period" immediately before the existing words "...or period of market suspension ..."

Terms to be added to the Glossary (Chapter 10 of the Rules)

Defined Term	Meaning
<i>contingency administered price period</i>	A period declared by <i>NEMMCO</i> , in accordance with clause 3.14.2A, in which a <i>contingency administered price cap</i> may be invoked
<i>trigger event</i>	An event or sequence of events affecting the <i>power system</i> , described in clause 3.14.2A(b)
<i>CAPP threshold</i>	for a <i>region</i> , 300MW, or 4% of the projected average-weather summer <i>maximum demand</i> for the current <i>financial year</i> , as published in the most recent <i>statement of opportunities</i> , rounded to the nearest 100MW, whichever is the larger
<i>material network constraint</i>	a <i>network constraint</i> described in clause 3.14.2A(c)