



National Electricity Market  
Management Company Ltd

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Sydney Office

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Dr John Tamblyn  
Chairman  
Australian Energy Market Commission  
PO Box A2449  
SYDNEY SOUTH NSW 1235

Dear John

**Proposed National Electricity Amendment (Compensation During Administered Price Periods) Rule 2007**

Thank you for the opportunity to make this submission on the above amendment to the National Electricity Rules (**Rules**) proposed by EnergyAustralia.

NEMMCO is supportive of the thrust of the amendment to address the issues that Energy Australia has identified with the operation of the current Rule. However there are some specific points on the application of the proposed Rule which should be considered.

**Application to Classes of Market Participant**

The proposed Rule does not address or change the provision of compensation to Scheduled Network Service Providers, Scheduled Loads, Ancillary Service Generating Units, Ancillary Service Loads or the proposed Semi-scheduled Generators. All but the last of these categories are currently eligible for compensation through the same mechanism applying to scheduled generators. For consistency, the draft Rule should address possible claims from these categories of Participant, so that they are clearly determined from cost considerations rather than taking into account bids and offers.

It is noted that the current Rule provides compensation to Scheduled Generators and Scheduled Network Service Providers. NEMMCO suggests that compensation should be restricted to Market Scheduled Generators and Market Network Service Providers. This is because only the Market Scheduled category of participants is required to operate in accordance with the central dispatch process, and is paid consistent with that process unless their dispatch offers are priced above the price cap level. Non-Market participants are not disadvantaged by the price cap as they receive no market payments, and Non-Scheduled participants are free to operate their plant independently of the central dispatch process.

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## Recognition of Compensation Period

The proposed Rule is clear that the compensation should take into account the difference between the incurred costs and the spot market transactions of Rule 3.15.6 and 6A. However, it is important to clarify the period over which these amounts are calculated. NEMMCO recommends that the proposed Rule 3.14.6(e)(3) is modified to read:

“...to the extent the total of such costs during the Administered Price Period is greater than any amounts the Scheduled Generator is entitled to receive during the same period under clauses 3.15.6 and 3.15.6A.”

The period over which compensation is awarded is important to the operation of the recovery process in accordance with Rule 3.15.10

## Conclusion

We look forward to the Commission's consideration of the above points. If there are any queries about this submission, please contact John Wormald on 02 9239 9107.

Yours sincerely



**Murray Chapman**  
**For Brian Spalding**  
Chief Operating Officer