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16 February 2007

John Tamblyn
Commissioner
AEMC

By email submissions@aemc.gov.au

Dear John

Proposed NEM Rule Change: Cost Recovery of Localised FCAS Regulation Services

TRUenergy welcomes and supports¹ the proposal by the National Generators' Forum to arrange for regionalised cost recovery of FCAS regulation services where localised requirements exist.

It was the intention shortly after the creation of FCAS markets in 2001 that all services, including regulation, should move towards regionalised recovery where regionalised requirements exist. This was driven by the advantages listed in the proposal and by its potential to facilitate secondary markets in the various services.

Whilst contingency services had regionalised recovery implemented shortly thereafter, regulation services were initially overlooked as their incidence of separation was lower and their resolution more complex. However the entry of Tasmania necessitated an urgent response and so the current "Tasmania only" derogation was implemented.

It is now appropriate for regulation services to be brought into line with the contingency services and for a single generic solution to be proposed rather than a "Tasmania only" approach.

Your Sincerely,

Ben Skinner
Regulatory Manager, Wholesale Markets

¹ Note: TRUenergy is supportive of the intent but has not considered the proposed drafting in detail.

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