

21 March 2005

Mr Peter Adams
National Electricity Code Administrator Limited
Level 5, 41 Currie Street
Adelaide, SA, 5000



e-mail: padams@neca.com.au

Dear Peter,

RE: Proposed Code Change to Introduce Revision of Dispatch Pricing Due to a Manifestly Incorrect Input

The Energy Retailers Association of Australia (ERAA) appreciates the opportunity to comment on this proposed code change. Overall, the Association welcomes the proposal and supports the code change.

As NEMMCO's analysis finds, incorrect data inputs have the potential to significantly impact upon dispatch pricing and inter-regional settlement residues. In turn, these occurrences can be costly (unnecessarily) to Market Customers and undermine market efficiency.

Therefore, the ERAA encourages initiatives that prevent and reduce the incidence of such events. It is apparent that NEMMCO has adopted a controlled approach in the formulation and implementation of the procedures to revise prices due to input errors.

Although it is recognised that a 'cost' of the proposal could be a potential loss of price certainty for market participants, the ERAA's view is that such a risk is not sufficient to delay or prevent these code changes from being implemented. We believe that the proposal contains an adequate range of safeguards to overcome and negate this possibility.

The safeguards include putting the market on notice through the flagging of dispatch intervals that are the subject of review. Further, limiting the time for replacement of suspected erroneous based prices to 30 minutes, which effectively caps the length of any price uncertainty, along with a target of limiting the number of dispatch intervals incorrectly identified for review to not more than 50% of all intervals nominated.

As a final fall back, both scheduled generators and network service providers who have been disadvantaged by price revisions will have access to compensation. In all, the ERAA sees this NEMMCO code change as a positive progression to improve the operation of the spot market.

The Association would be pleased to provide further input on this code change should it be required.

Yours sincerely

Deane Russell
Executive Director