



AEMC
By web submission

23 February 2010

Reliability Standard and Settings Review
AEMC Reference: REL0034

Hydro Tasmania welcomes the opportunity to comment on the Reliability Standard and Settings Draft Report and accompanying consulting report by Roam Consulting.

Reliability Standard

Hydro Tasmania supports the Panel's proposals with respect to the Reliability Standard.

Reliability Settings

The Panel notes it engaged Roam Consulting "to undertake the modelling work to assist the Panel to assess the Reliability Settings". Hydro Tasmania believes the modelling, by its nature, is very subjective and sensitive to a range of key variables. This results in outcomes that are very open to critical analysis. The modelling work is a very theoretical approach to the issue and consequently any outcomes should be treated in this light. In assessing new entrant generation and the respective mix of technologies, any theoretical modelling outcomes need to be balanced with the commercial realities as to how these decisions are made by business. There will be a variety of reasons as to why some businesses choose to build new plant and select specific technology. These may include, but are not limited to, value of contract market products, individual company growth strategies in the retail and/or generation sectors, risk mitigation measures etc.

Based upon the evidence supplied Hydro Tasmania does not believe there is any compelling case for an adjustment to the MPC.

Hydro Tasmania understands the original purpose of the CPT was to replicate a force majeure event and as a result to minimise participants exposure in the event of a major event. Hydro Tasmania believes it would be useful to have this re-affirmed by the panel.

Hydro Tasmania believes it is important to have a uniform MPC and CPT across the NEM. This is consistent with a single market and minimises the probability of creating perverse incentives, with potential short to medium term ramifications in particular regions during periods of market/system stress.

Please give me a call to discuss any of these comments if you require clarification.

Yours sincerely,

A handwritten signature in black ink that reads "D. Bowker." with a horizontal line underneath the name.

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