

23 May 2008

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

By email: [submissions@aemc.gov.au](mailto:submissions@aemc.gov.au)

Dear Dr Tamblyn,

### **Rule Change - Setting of VoLL Following the Shedding of Interruptible Load**

The Energy Retailers Association of Australia (the Association) welcomes the opportunity to provide comments on the Rule change proposal regarding the setting of the Value of Lost Load (VoLL) following the shedding of Interruptible load - as proposed by the Australian Energy Regulator (AER).

The Association supports the proposal to remove the obligation of NEMMCO to set the dispatch price to VoLL following automatic load shedding. The Association believes the removal of this obligation would allow the market to set the dispatch price through the bid stack, therefore removing the risk of unnecessarily distorting the market by incorrectly setting prices to VoLL.

The Association also supports the other component of the Rule change to amend clause 4.2.3 of the NER in order to set out a clearer process for NEMMCO to follow when re-classifying contingency events during abnormal conditions. The changes; to require NEMMCO to develop, and then apply pre-determined risk assessment criteria when considering whether to re-classify a contingency event,

and to provide market participants with improved information about potential and actual re-classifications of contingency events, will result in a more efficient reclassification process.

Should you require any further information in relation to this matter please feel free to contact me on (02) 9437 6180.

Yours sincerely

A handwritten signature in black ink, reading "Cameron O'Reilly". The signature is written in a cursive style with a large, stylized 'O' and 'R'.

Cameron O'Reilly  
Executive Director  
Energy Retailers Association of Australia