

16th October 2008

Dr John Tamblyn
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Submission sent electronically to:
submissions@aemc.gov.au

Dear Dr Tamblyn,

**Supplementary Submission to – Rule Change Proposal
Ramp Rates, Market Ancillary Service Offers, and Dispatch Inflexibility**

Snowy Hydro has examined the submissions published on the AEMC's website. After consideration of the issues raised by Participants, this supplementary submission presents a compromise solution that should be acceptable to the AER, NEMMCO, and all generator participants.

Ramp Rates

Snowy Hydro supports the minimum ramp rate concept for all scheduled generators unless the generator can justify to NEMMCO a lower rate for practical/technical reasons. To re-iterate, setting the level of minimum down ramp rates is a balance between system security concerns (to allow NEMMCO to manage the system securely) and addressing the commercial driver of generator participants to maintain generation output at times of transmission constraints.

Minimum ramp rates should not be based on physical generator units because doing so would erode the efficiency benefits from the legitimate use of aggregate generator units. If the AEMC were to rule that the minimum ramp rate should be set as 3MW/min of individual generation units then this would lead to an erosion of efficiency benefits for those generator Participants that have legitimate efficiency reasons to operate their plant as Aggregate Units as opposed to individual generator units. There would also be significant costs to implement the physical ramp rate of 3MW/minute applied to all individual generators units in the aggregate group.

We believe the current proposal of 3MW/minute to apply equally across aggregate and scheduled units would be sufficient to meet NEMMCO's requirements to meet system security. However, Snowy Hydro does recognise the issues raised by smaller generator units to achieving 3MW/minute.

If the AEMC is looking for a compromise solution that meets NEMMCO's requirements, and does have unintended consequences for Aggregate generator units and smaller generators, Snowy Hydro suggests that the minimum ramp rate for both individual generator units and

aggregate generator units is set at 0.5% of the capacity of the individual generator unit or 0.5% of the overall capacity of the group of aggregated generator units (rounded up to the nearest whole number).

Please contact Kevin Ly, Manager Market and Regulatory Strategy on (02) 9278 1862 if you would like to discuss the issues outlined in this submission.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Roger Whitby', is centered on a light blue rectangular background.

Roger Whitby
Executive Officer, Trading

