



13 September 2007.

Dr John Tamblyn
Chairman
Australian Energy Market Commission
PO Box H166
Australia Square NSW 1215

Dear Dr Tamblyn

Timing of SRAS testing – Expedited rule change proposal

The National Generator Forum (NGF) wishes to thank the AEMC for the opportunity to make comments on the above rule change proposal.

The majority of System Restart Ancillary Services (SRAS) in the NEM are supplied by NGF members. As such, we have taken a great interest in the development of the SRAS tender guidelines being conducted by NEMMCO.

We have reviewed the proposed expedited rule change put forward by NEMMCO on 1 August 2007. In our view, this rule change will more appropriately reflect the intention of the AEMC's review of the System Restart Ancillary Service of 2006.

A recent submission to NEMMCO by the NGF identified that the requirement for testing prior to a restart contract being awarded would represent a barrier to the submission of tenders. The reasons for this included the:

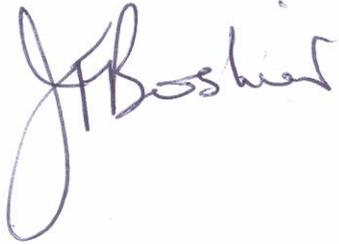
- High costs and risks of conducting SRAS tests (which can't be justified without the certainty of a revenue to offset these risks); and the
- Inability of potential investors in restart services being able to submit a tender (and confirm the revenue source for their investment) due to an inability to test.

The rule change proposed by NEMMCO will remove these barriers to the offer of SRAS tenders, increasing the potential field of suppliers and therefore competition in the tender process. At the same time, NEMMCO will still be able to conduct appropriate testing once contracts are awarded, and therefore be confident that providers will be able to deliver contracted services if required.

On this basis we believe the proposed rule change is consistent with the market objective, and support it being expedited.

If you have any further questions, please contact Methsiri Aratchige on 02 8268 4235.

Yours sincerely

A handwritten signature in blue ink, appearing to read "J Boshier". The signature is stylized with a large loop for the letter 'J' and a cursive 'Boshier'.

John Boshier
Executive Director