



27 October 2005

By email: submissions@aemc.gov.au

Dear Sir or Madam:,

TRUenergy submission on Revision of Dispatch Pricing due to Manifestly Incorrect Inputs

TRUenergy supports AEMC's decision to move directly to draft rule determination in this matter as it has previously been consulted by both NEMMCO, in the preparation of the mechanism, and then by NECA.

In our experience, incorrect pricing outcomes often manifest themselves in extreme high or low priced dispatch intervals completely inconsistent with current supply/demand conditions. The outcome is often a significant loss to our organisation, adding to the risk burden of operating in the market and creating inefficiency that is against the long-term interests of customers as described in the draft determination.

We acknowledge the good work carried out by NEMMCO in minimising the instances of manifestly incorrect inputs, but note that these are still not and will probably never be, entirely eliminated. Thus the rule change will continue to benefit the market.

We further support the rule clarifications that will facilitate compensation claims for scheduled parties who as a result of the price correction suffer a loss. In our experience, these compensation claims are likely to be modest compared to the losses being suffered (without compensation) by participants from an incorrect price.

We note two potential drawbacks of the proposal:

- Inadvertent flagging of dispatch intervals that are not incorrect leading to uncertainty for up to 30 minutes;
- The substitution of price in regions that are not affected by the incorrect price.

We feel that on balance these drawbacks are well outweighed by the benefits.

For further discussion of our views on these matters, please contact me on 03 8628 1280.

Your Sincerely,

Ben Skinner
Regulatory Manager, Wholesale Markets