

----- Forwarded by Brian Spalding/NEMMCO on 08/09/2006 12:02 PM -----

**Brian Spalding/NEMMCO**

31/08/2006 05:52 PM

To Roger.Whitby@snowyhydro.com.au

cc

Subject Energy Reserves at Snowy

Roger

I refer to the letter you wrote to the AEMC on 28 August 2006 and request that you advise on what basis you have come to the view that the current low winter inflows and extremely low Eucumbene dam levels are such that NEMMCO intervention, by way of direction, may not be possible or effective in requiring Snowy to recover energy reserves for Murray generation.

I also remind you that Snowy is obliged to routinely provide the following information.

- a) MT PASA - to ensure the energy limits are continually updated on each of the Snowy stations in the MT PASA system. The MT PASA will allocate available energy to maximise reserves and will highlight any low reserve conditions.
- b) ST PASA - to ensure the daily energy limits as well as half hourly capacity available are continually updated on each of the Snowy stations in the ST PASA system. The ST PASA will allocate the energy across the day and will report any reserve shortages as low reserve conditions.

The current information in those systems is not indicating any existing substantial energy limitations.

If low reserves are forecast in Victoria/South Australia or NSW, NEMMCO will contact Snowy to discuss in more detail, the energy limitations at Snowy for the upcoming week(s). If NEMMCO assesses that any of the low reserve conditions can be relieved by relaxing some of the energy limitations advised by Snowy, then NEMMCO will initially have discussions with Snowy to understand the options and then request or if necessary direct Snowy to increase station energy reserves.

Snowy would be expected to rearrange their proposed running regime to provide more energy on the day(s) as required. This could be by rearranging the energy proposed to be utilised in earlier periods or to alter water diversion arrangements including pumping.

Regards,

Brian Spalding