



NEMMCO

National Electricity Market
Management Company Ltd

ABN 94 072 010 327

Melbourne

19 February 2007

Dr John Tamblyn
Chairman
Australian Energy Market Commission
PO Box H166
AUSTRALIA SQUARE NSW 1215

Dear Dr Tamblyn,

**RE: OPERATION AND COMMENCEMENT OF NATIONAL ELECTRICITY AMENDMENT
(REALLOCATIONS) RULE 2007**

I refer to the Commission's recent decision on the above Rule published in the South Australian Government Gazette on 15 February 2007. I understand that the Commission intends to publish a further notice on Thursday 22 February 2007 that will make the Rule and that the proposed commencement date will also be 22 February 2007.

I am writing to request that the Commission consider deferring commencement of the Rule to 31 May 2007.

As you would be aware, a component of the new Rule establishes new prudential management arrangements including a new prudential margin methodology.

To implement the new arrangements, NEMMCO must:

- develop and publish the methodology used in determining prudential margins;
- develop guidelines and procedures for registering Reallocators;
- calculate new prudential margins, and advise each participant accordingly;
- implement market systems changes;
- liaising with participant on the new arrangement;.

Some participants may need or elect to provide additional credit support to NEMMCO. Further, some participants may be required to provide credit support for the first time.

We estimate this process will take three months, after allowing for NEMMCO's change management requirements, changes to participant systems, and development and dissemination of revised procedures.

You will note this timeframe also aligns with the winter release of software changes to the market management systems. This is particularly important when considered in the context

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of other changes to the market systems, and in particular the draft decision to eliminate the Snowy Region at the end of the year.

I look forward to your favourable response to this request. Should you have any queries regarding the above please do not hesitate to contact me on 03 9648 8702.

Yours sincerely,



LESLIE V HOSKING

Managing Director and Chief Executive Officer

cc. David Waterson
Brian Nelson