

Peter Adams
NECA

By E-mail: padams@neca.com.au

Dear Peter

Revision to despatch pricing due to manifestly incorrect inputs

Hydro Tasmania (HT), as an intending market participant, appreciates the opportunity to comment on this proposed Code change.

HT notes that NEMMCO, in making this proposal, has indicated that it will continue its efforts to minimise the incidence of incorrect inputs to dispatch. We support this ongoing work, but recognise that it is likely that there will be a continuing small incidence of incorrect input to dispatch. We therefore support this proposal to minimise the impact on the market of this residual incidence.

We agree with NEMMCO that the implementation detail needs to provide a balance between certainty of detection of error and the unnecessary creation of pricing uncertainty. The provision for evolution of the details of implementation gives space for this balance to be achieved.

We also support the choice of detecting error through energy prices only, to the exclusion of ancillary service prices, given the generally low materiality of ancillary service costs.

In relation to the right of compensation from the Participant Compensation Fund, we question the desirability of the asymmetric treatment of generators where inappropriate dispatch results from an erroneous input. This compensation, as drafted, is specific to generators dispatched above their correct level, and fails to deal with generators dispatched below their correct level. We note that generators are disadvantaged by either use of their offered resource at less than the offered price or by failure to dispatch an offered resource when the market price is above the offer and there is no actual impediment to dispatch.

HT suggests that NECA revises this aspect of the proposed change.

We note in passing some suggested changes to the drafting of the Code changes, which are not intended to depart from the original intention.

Clause	Proposal
3.9.2(c1)B	Replace “NEMMCO cannot” with “NEMMCO must not”
3.16.2(c2)2 and 3.16.2(c3)2	Replace “will determine” with “should determine”

If you have any questions in relation to the above comments, please call Ken Secomb on 03 6230 5356.

Yours faithfully

Stephen Davy
Manager Contract Trading
Hydro Tasmania