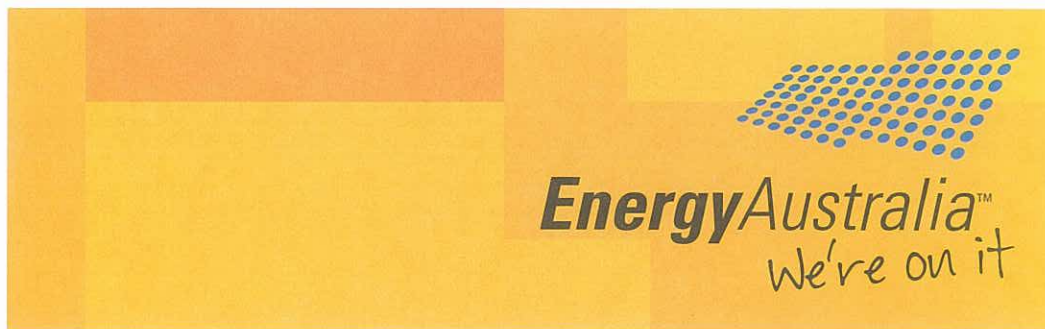


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22 May 2008

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

By email: submissions@aemc.gov.au

Dear John,

Rule Change - Setting of VoLL Following the Shedding of Interruptible Load

EnergyAustralia welcomes the opportunity to provide comments on the Rule change proposal relating to the obligation imposed on NEMMCO under clause 3.9.2 of the National Electricity Rules (**NER**) to set the dispatch price (within 3 dispatch intervals) to the Value of Lost Load (**VoLL**) following the shedding of interruptible load as a result of a contingency event (automatic load shedding).

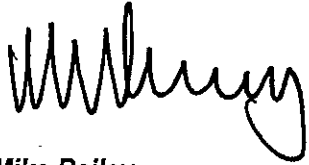
EnergyAustralia supports the proposal to remove the obligation of NEMMCO to set the dispatch price to VoLL following automatic load shedding. EnergyAustralia would also support the removal of the requirement contained in clause 3.9.2(e)(1)(i), which requires NEMMCO to set the price to VoLL following manual load shedding, as a result of generation scarcity¹. EnergyAustralia believes the removal of both obligations would allow the market to set the dispatch price through the bid stack, therefore removing the risk of unnecessary distorting the market by incorrectly setting prices to VoLL.

EnergyAustralia also supports the other component of the Rule change to amend clause 4.2.3 of the NER in order to set out a clearer process for NEMMCO to follow when re-classifying contingency events during abnormal conditions. The changes; to require NEMMCO to develop, and then apply pre-determined risk assessment criteria when considering whether to re-classify a contingency event, and to provide market participants with improved information about potential and actual re-classifications of contingency events, will result in a more efficient reclassification process.

¹ Recognising manual load shedding is rare and that generators are not limited in their ability to change their bid stack prior to dispatch.

Should you require any further information or have any questions relating to this submission, please do not hesitate to contact Nicholas Convery, Executive Manager Retail Regulation – Acting on 02 9269 2485.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Mike Bailey', with a stylized, cursive script.

Mike Bailey
Executive General Manager Retail