

27 October 2005

Mr. Martin Dolan
Chief Executive Officer
Australian Energy Market Commission
Level 16
1 Margaret Street
SYDNEY NSW 2001

Dear Martin,

**Revision of Dispatch Pricing due to Manifestly Incorrect Inputs (Rule 2005/3)
Submission from NEMMCO on Draft Rule Determination**

I am writing in relation to the draft Rule determination recently published by AEMC in respect of NEMMCO's proposed Rule change to allow price revisions for manifestly incorrect inputs. You have requested advice from NEMMCO in relation to the effective date for the commencement of any such Rule change.

NEMMCO considers that the effective date for the commencement of the Rule should be 1 June 2006 so as to manage the risks of implementation and provide time to consult with the market on details of implementation. The implementation of this project cannot be done manually. System development must be integrated with NEMMCO's Market Management System (MMS) implementation schedule which in agreement with industry operates on a six-monthly MMS project release cycle.

This price revisions project has been placed at the highest priority for implementation within the mid year 2006 MMS release. To ensure that NEMMCO meets the performance standard referred to in the proposed Rule Clause 3.9.2B(j) (that is, no less than 50% of intervals identified as "Subject to Review" are determined to have manifestly incorrect inputs), NEMMCO will need to determine, test and validate the automatic "Subject to Review" flag trigger settings in consultation with registered participants prior to implementation into production market systems.

The date proposed by NEMMCO will ensure sufficient lead-time so that the market software required for this relatively complex project is designed accurately and is implemented correctly in NEMMCO's market systems.

This implementation date also allows sufficient time to develop and test NEMMCO's internal procedures and train operational staff on identifying dispatch intervals with manifestly incorrect inputs within the specified time frame.

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NEMMCO

Given the above reasons, NEMMCO believes that scheduling the commencement of this Rule change any earlier than 1 June 2006 may result in unacceptable risks to NEMMCO and the NEM.

If you would like to discuss this letter, please do not hesitate to contact John Wormald on (02) 9239 9107.

Your's sincerely



Brian Spalding
Chief Operating Officer