

NEMMCO

National Electricity Market
Management Company Ltd

ABN 94 072 010 327

Sydney Office

| ~~27 November 2006~~ 24 November 2006

Dr John Tamblyn
Chairman
Australian Energy Market Commission
PO Box H166
Australia Square NSW 1215

Dear Dr Tamblyn

Re: Extension of Cost Recovery of Regulation Services in Tasmania

Thankyou for the opportunity for comment on Aurora Energy's objection to the expedited Rule change process being applied to the above matter.

NEMMCO's purpose in proposing this derogation was to maintain the current arrangements while debate on the issue was underway elsewhere. In particular, we refer to the NGF's proposed Rule on recovery of regulation FCAS and NEMMCO's review of market ancillary services. We believe the main points raised by Aurora would be better dealt with in those forums.

The core benefit from extending the derogation is to ensure regulatory certainty for the market and avoid additional costs from changing cost recovery arrangements. The Commission may already be aware that NEMMCO has completed software changes to settle the market but has deferred changes to the calculation of "causer pays" factors for the recovery of regulation FCAS until the future of the derogation is decided. There may also be a number of Registered Participants who are yet to make changes to their systems.

NEMMCO requested the Commission expedite the Rule on the grounds that it is non-controversial. This was because the value of the moneys involved has been small and because it is an extension of an arrangement that has not until now been controversial.

For further details, please do not hesitate to contact John Colquhoun on (03) 9648 8784.

Yours sincerely



Brian Nelson
Head of Regulatory Affairs and Compliance

Mansfield Office
PO Box 2516
Mansfield QLD 4122
Tel: (07) 3347 3100
Fax: (07) 3347 3200

Melbourne Office
Level 12
15 William Street
Melbourne VIC 3000
Tel: (03) 9648 8777
Fax: (03) 9648 8778

Norwest Office
PO Box 7326
Baulkham Hills BC NSW 2153
Tel: (02) 8884 5000
Fax: (02) 8884 5500

Sydney Office
Level 22, Norwich House
6-10 O'Connell Street
Sydney NSW 2000
Tel: (02) 9239 9199
Fax: (02) 9233 1965