



16 November 2009

Dr John Tamblyn
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

By email: submissions@aemc.gov.au

Re: Cost Recovery for Other Services Directions ERC0090

Dear Dr Tamblyn,

The NGF made a submission in relation to this Rule change proposal on 24 August 2009, which proposed that the classification of directions for “other services” was problematic and needed to be redefined. In particular, in the majority of circumstances, such services are directions for energy and therefore should be classified as such in the National Electricity Rules (NER).

In responding to the NGF submission on 7 September, the AEMO considered that adopting the NGF proposal would raise issues regarding compensation under NER clause 3.15.7(d). As a consequence, AEMO suggested this provision be removed.

More recently, however, in discussions with generators, the AEMO has made an alternative proposal. Rather than removing NER clause 3.15.7(d), the AEMO considered it could limit its application to only those events where a direction was given because AEMO was unable to dispatch a participant bid or offer due to a failure of the central dispatch systems.

We understand that the AEMO will make a supplementary submission outlining this alternative and will accept the NGF proposal for reclassification of services, subject to the above change to NER clause 3.15.7(d).

The NGF has considered AEMO's alternative and now supports its implementation as a condition for implementing the NGF's new service definition.

Please do not hesitate to call Ken Secomb on 03 9617 8321 in the first instance if you wish to discuss any aspect of this submission

Kind regards,



Malcolm Roberts
Executive director