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Dear Michael

**Snowy Hydro Trading Pty Ltd - extension of notional unit derogation from NECA:  
Application for authorisation (Nos A90776, A90777 and A90778) of amendments to the  
National Electricity Code.**

Thank you for the opportunity to submit TransGrid's comments on the proposed Code changes put forward by NECA to the ACCC on this particular issue.

Whilst TransGrid recognises SHTPL's need to complete upgrading and installation of the relevant control and communication systems, we are also concerned about the possible implications of the existing arrangements upon the efficient and equitable operation of the market and the efficacy of ensuing information provided for pre-despatch used to forecast power transfer capabilities across the NSW-Snowy-Victorian interconnection.

By way of example, difficulty in forecasting interconnector limits predisposes pre-despatch to unnecessarily conservative assessments. This, among other issues like load forecast accuracy, the distribution of demand across the State, and the complex impacts upon the modelling of constraint equations, creates a challenging basis for imposing system security limits on market operations. As we understand the marketplace, this complicates contract positions for various participants and clouds the transparency of the operation of both the power system and the market to interested parties and participants.

Recent emergency conditions that existed on January 15, 2001 also raise concerns about the complexity faced by NEMMCO in the management of power flows with the continued operation of the single Snowy notional generating unit.

In authorising this Code change the ACCC should ensure that it properly considers the potential system security constraints this may impose on efficient market operation. Both continued system security and efficient wholesale market operation are important public benefit considerations.

Yours sincerely

ACCC  
14 MAR 2001

*Philip Gall 9/3/2001*  
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