



**NATIONAL ELECTRICITY CODE
ADMINISTRATOR LIMITED**

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9 September 2002

Mr M Rawstron
General Manager
Regulatory Affairs - Electricity
Australian Competition & Consumer Commission
DICKSON ACT 2602

FILE No: C2002/1328
DOC: 002/49 107
MARS/PRISM:

Dear Mike,

SAFETY NET PROVISIONS AND RESERVE CONTRACTING

NEMMCO has requested a derogation under chapter 8 of the Code to the provisions governing the reserve trader. The main aim of the proposed derogation is to widen the scope of those existing provisions to allow more extensive demand-side involvement in reserve trading. The proposed derogation is intended to ensure that:

- ◆ more reserve can be offered than is currently possible under the rules;
- ◆ reserve contracting will be a more competitive process; and
- ◆ any inflexibilities associated with reserve contracts can be managed through intervention pricing.

The proposed changes would broaden the application of the rules to include both scheduled and non-scheduled reserve capacity. They are intended to apply until the sunset of the existing reserve trader arrangements, which is currently 30 June 2003. The Reliability Panel will shortly be initiating a separate consultation on whether that sunset should be extended.

We published details of the proposed derogation on our website on 12 July. Written comments were received from AGL and Ergon Energy. Copies of those comments are enclosed. Both expressed concern that the derogation might result in NEMMCO inadvertently interfering with retailers' existing demand-side management arrangements. Ergon proposed the inclusion of procedural checks in the methodology for contracting reserve capacity. We agree with this suggestion and have imposed, as a proposed condition of the grant of the derogation, that NEMMCO should be restricted to contracting only with otherwise uncommitted reserve.

AGL argued that NEMMCO should be required to contract with retailers in the first instance for demand-side capacity. We do not believe, however, that it has made the case for mandating this requirement. The proposed derogation would allow NEMMCO to contract with any source of reserve capacity so long as the counter-party is able to warrant that the capacity will be available when required by NEMMCO.

AGL also argued that it would be more appropriate to address this issue by means of a Code change rather than a derogation. The Code, however, expressly envisages the use of derogations in these circumstances. Moreover, our and the ACCC's consultation and approval processes are in practice anyway identical whether the proposal is treated as a Code change or a derogation.

NEMMCO is keen that the proposed derogation should be authorised ahead of the summer in order to enable it to deal with potential unexpected loss of plant or delays in new investment commissioning programmes.

Yours,


Stephen Kelly
Managing Director

PRISM

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AUSTRALIAN COMPETITION &
CONSUMER COMMISSION
CANBERRA
10 SEP 2002



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14 August 2002

Paul Dunn
National Electricity Code Administrator
Level 5, 41 Currie St
ADELAIDE SA 5000

By email to pdunn@neca.com.au

Dear Paul,

Safety net provisions and reserve contracting

AGL considers that the proposal by NEMMCO to modify the Code by derogation to enhance its ability to fulfil its responsibilities as Reserve Trader should be rejected. This view is taken because:

- a derogation is an inappropriate way to expand or clarify the operation of the Code
- the changes put forward by NEMMCO are misdescribed
- no provision is made in the Code to prevent the negative consequences that are likely (and which NEMMCO has already identified).

A derogation under the Code is to allow a participant or participant to gain relief from the operation of aspects of the Code "that would otherwise apply" (clause 8.4.1). This proposal is, to paraphrase, designed to create a concept, address inconsistencies and clarify the Code operation. These aspects require a Code change process not a derogation process.

NECA and NEMMCO only recently concluded a thorough review of directions in the NEM. Not that long ago NECA reviewed capacity mechanisms under the Code, resulting in the establishment of the reliability safety net. These changes were not canvassed during those reviews, both of which thoroughly examined the issues at hand. NECA, through the Reliability Panel, is also currently re-examining capacity mechanisms in the market at the request of the NEM Ministers' Forum. Given the earlier reviews and the existence of the current review, these major changes should not be made by a derogation process but rather examined by the current review.

The changes are misleading since, except for the inclusion of non-scheduled contracts, the full impact of the other major changes are not described in the text, being described as consequential. The formatting of the derogation, which does not show the actual marked up Code that would apply *in effect* were the derogation to be accepted, also makes it difficult to determine the full effect of the changes. Two key aspects not described in the covering note are:

- reduction on the obligation of NEMMCO from "... must ensure that ..." to "... must use its reasonable endeavours to ensure that ..." in relation to dispatch under conditions of supply in clause 3.8.14 (derogation clause 2(b))
- the ability of NEMMCO to dispatch reserve plant before all other options are exhausted (derogation clause 2(f))



AGL Electricity Limited
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Changes of this nature need to be fully considered and examined for their broader impact not considered from a single perspective as they are in this derogation. Again, broad changes of this form should not be part of a derogation process and the opportunity should be taken to include them in the current NECA review.

The changes are intended to allow NEMMCO to contract a broader range of reserves. This is a laudable objective. In fact, it is probable that the current restrictions on the operation of the Reserve Trader require that non-scheduled options be considered since there is no ability of NEMMCO to encourage new investment. These changes are, however, not comprehensive enough to ensure this objective can be met without potentially damaging the market for demand side response. The covering note to the proposed derogation identifies serious risks with the proposal and notes that NEMMCO must consider how to implement the changes without damaging the market. The changes do not, however, include provisions that would assure the market that those risks would be minimised. Serious risks are:

- that NEMMCO's use of the Reserve Trader to contract demand side would trample over the efforts of Retailers contracting demand side response, reducing the ability of the market to respond on its own
- the potential for NEMMCO to contract with demand side providers that would have responded to the high price signal without the contract and thus distorting the market
- overstatement of reserves expected by NEMMCO where a contract is placed with a demand side provider that has ceased drawing load when reserves are required for other reasons.

AGL and other retailers are actively seeking demand side capability in the market as a defence against high price events. In general, AGL contracts demand side as part of a sale contract and works with customers to develop demand side capability. This usually involves redesigning plant configuration and working with the customers to develop mechanisms to price and verify demand side activities.

Most demand side response is non-firm since it requires the demand to be in place before it can be curtailed. Retailers are able, by contracting with a range of customers, to develop a level of firmness for their demand side activities. This means, however, that customers are left with discretion on the demand side use.

NEMMCO's proposed approach has the potential to undermine these activities of retailers. Firstly, customers may contract with NEMMCO. Even if firm, the effect is to withdraw it from the pool available to the retailer reducing their capability to respond. If not firm, the curtailment may have already occurred (through operation of retailer contracts) leaving NEMMCO short of its expected capability. In any case it is likely that NEMMCO will be purchasing capability nurtured by retailers at some cost and then requiring retailers to pay for the capability again through reliability safety net charges.

If, as is likely, NEMMCO required access to demand side response to meet its reserve requirements NEMMCO should be contracting with retailers in the first instance. Using the reliability safety net funding to firm up existing capability, enhancing its value to the market would be the most efficient approach.

The requirement for NEMMCO to work with Market Customers in establishing any demand side components of this proposal should be included in any Code change or derogation. AGL would be pleased to discuss this with NECA and NEMMCO to determine how this could be achieved.

If you have any questions regarding the above matters, please contact Alex Cruickshank, Manager NEM Development on (03) 9201 7694 or e-mail acruicks@agl.com.au.

Yours sincerely,

Unsigned electronic copy

Mark Travill
Acting General Manager Wholesale Energy



AGL Electricity Limited



09 August 2002

Mr Paul Dunn
NECA
Level 5
41 Currie Street
ADELAIDE SA 5000

Our Ref: R-02-165

Dear Mr Dunn,

SAFETY NET PROVISIONS AND RESERVE CONTRACTING

We refer to the Draft Derogation "*Safety Net Provisions and Reserve Contracting*" (the Derogation) released by NECA for comment by 9 August 2002. Please accept this letter as Ergon Energy Pty Ltd's ('Ergon Energy') response on the issues raised for consideration in the Code Changes and accompanying explanatory material.

While Ergon Energy generally supports the derogation proposed by NEMMCO to create the concept of non-scheduled reserve contracts, we do raise the following issues for consideration:

- Ergon Energy shares similar concerns to those expressed in the explanatory material regarding the potential for the revised arrangements to impact on existing DSM arrangements. We note that NEMMCO intends to address this issue through the contractual arrangements it will enter into with the DSM entity. As these contractual arrangements are likely to remain commercial in confidence between NEMMCO and the DSM entity, we believe that clarification as to NEMMCO's approach to this issue and in particular, the warranties that will be sought should be provided in the reserve contracting methodology once developed.
- A typographical error occurs in the definition of "*non-scheduled reserve contract*". This definition should be amended to refer to "*a contract entered into by NEMMCO...*"

Please do not hesitate to contact Sandra Heymer on (07) 3228 8259 should you have any queries or wish to discuss our comments in any way.

Yours faithfully,

Darren Barlow
Manager Regulation
Strategic Business Development Group

Derogations (Chapter 8)

Granted by NECA under the Provisions of Chapter 8 of the National Electricity Code

Part 7**Provision of Non-Scheduled Reserves by NEMMCO****1. Definitions**

In this derogation:

“**non-scheduled reserve**” means the amount of surplus or unused capacity:

- (a) of *generating units* (other than *scheduled generating units*); or
- (b) arising out of the reduction in demand (other than a *scheduled load*).

“**non-scheduled reserve contract**” means a contract entered into by *NEMMCO* for the provision of *non-scheduled reserve*.

“**activated**” means operation of a *generating unit* (other than a *scheduled generating unit*) at an increased *loading level* or reduction in demand (other than a *scheduled load*) undertaken in response to a request by *NEMMCO* in accordance with a *non-scheduled reserve contract*.

2. Derogation

Chapter 3 of the *Code* applies to *NEMMCO* as modified and varied in the following manner:

- (a) for clause 3.2.5 of the *Code* there was substituted:

“3.2.5 Reserves

NEMMCO must trade in *reserves* by negotiating and entering into contracts to secure the availability of ~~plant for~~ *reserves* under *reserve contracts* or *non-scheduled reserve contracts* in accordance with clause 3.12.”

- (b) for clause 3.8.14 of the *Code* there was substituted:

“3.8.14 Dispatch under conditions of supply scarcity

During times of supply scarcity, *NEMMCO* must use its reasonable endeavours to ensure that, during times of supply scarcity, the actions set out below occur in the following sequence:

- (a) subject to any adjustments which may be necessary to implement action under clause 3.8.14(c), and subject to any inflexibilities associated with

~~reserves under reserve contracts or non-scheduled reserve contracts~~, all valid *dispatch bids* and *dispatch offers* submitted by *Market Participants* are *dispatched*, including those priced at *VoLL*;

- (b) subject to any adjustments which may be necessary to implement action under clause 3.8.14(c), ~~and subject to any inflexibilities associated with reserves under reserve contracts or non-scheduled reserve contracts~~, after all valid *dispatch bids* and *dispatch offers* submitted by *Market Participants* have been exhausted;

(1) *dispatch bids* or *dispatch offers* submitted by *NEMMCO* in respect of *plant* or *scheduled network services* under *reserve contracts* for the provision of *reserves* are *dispatched*; and

(2) ~~generating units or loads are activated under non-scheduled reserve contracts; and~~

- (c) any further corrective actions required are implemented in accordance with clauses 3.12.9, 4.8.5 and 4.8.8.”

- (c) for clause 3.9.3 of the *Code* there was substituted:

“3.9.3 Pricing in the event of intervention by NEMMCO

- (a) In respect of a *dispatch interval* in which

(1) *NEMMCO* *dispatches plant* provided under a *reserve contract*; or

(2) *NEMMCO* has issued a *direction* to a *Scheduled Generator*, *Scheduled Network Service Provider* or *Market Participant* in accordance with clause 4.8.5; or

(3) ~~generating units or loads under non-scheduled reserve contracts have been activated.~~

NEMMCO must declare that *dispatch interval* to be an *intervention price dispatch interval* and the *dispatch price* for that *dispatch interval* shall be set by *NEMMCO*, in accordance with the methodology or assumptions described in clause 3.9.3(b) or clause 3.9.3(c) (as the case requires), at the value which *NEMMCO*, in its reasonable opinion, considers would have applied as the *dispatch price* for that *dispatch interval* had

(4) the *plant* provided under the *reserve contract* not been *dispatched*; or

(5) ~~had~~ the *direction* not been issued; or

(6) ~~generating units or loads under non-scheduled reserve contracts not been activated.~~

- (b) *NEMMCO* must develop in accordance with the *Code consultation procedures* and *publish* details of the methodology it will use, and any assumptions it may be required to make, to determine the prices described in clause 3.9.3(a) to apply in *intervention price dispatch intervals*. The methodology must be consistent with the principles for *spot price* determination set out in clause 3.9.1, and such methodology must enable *NEMMCO* to determine and *publish* such *dispatch prices* in accordance with clause 3.13.4(l).

~~(c) *NEMMCO* must develop in accordance with the *Code consultation procedures* and *publish* details of the methodology it will use to request that *generating units* or *loads* under *non-scheduled reserve contracts* be *activated*, and any assumptions it may be required to make, to determine the prices described in clause 3.9.3(a) in relation to *generating units* or *loads* in accordance with *non-scheduled reserve contracts* being *activated*. In developing this methodology, *NEMMCO* must consult *Code Participants* on measures to be adopted in order to reduce the possibility that *generating units* or *loads* likely to be activated under *non-scheduled reserve contracts* are not otherwise encumbered at the time *non-scheduled reserve contracts* are entered into by *NEMMCO*.~~

- (d) for clause 3.12.1 of the *Code* there was substituted:

“3.12.1 Reliability Safety Net

- (a) *NEMMCO* may enter into *reserve contracts* ~~or *non-scheduled reserve contracts*~~ in accordance with this clause 3.12 and the relevant guidelines and procedures developed by the *Reliability Panel*, as described in clause 8.8.1, prior to 1 July 2003. *NEMMCO* must not enter into such contracts thereafter.
- (b) The *Reliability Panel* will, at the same time as it conducts a study of the value of *VoLL* in accordance with clause 3.9.4(1), consider whether the reliability safety net provided for by the power granted to *NEMMCO* under this clause 3.12.1 to enter into *reserve contracts* ~~or *non-scheduled reserve contracts*~~ can be removed from the *Code* prior to 1 July 2003. Any recommendation from the *Reliability Panel* that such power can be removed from the *Code* will be deemed to be a recommended change to the *Code* in a report by the *Reliability Panel* under clause 8.8.3(m).
- (c) In consultation with persons nominated by the relevant jurisdictions, *NEMMCO* may determine to enter into *reserve contracts* ~~or *non-scheduled reserve contracts*~~ for the provision of *reserve* to ensure that the *reliability of supply* in a *region* meets the reliability standard established by the *Reliability Panel*.
- (d) In entering into *reserve contracts* ~~or *non-scheduled reserve contracts*~~ under 3.12.1(c), *NEMMCO* must agree with the relevant nominated persons cost-sharing arrangements between the regions for the purposes of determining charges under clause 3.15.9.

- (e) If, at any time NEMMCO deems it necessary to commence contract negotiations for the provision of:

(1) *reserves, under reserve contracts or non-scheduled reserve contracts*, or

(2) *market network services*,

to make *reserves* available where required, NEMMCO must publish a notice of its intention to do so.

- (f) When contracting for the provision of *reserves under reserve contracts*, NEMMCO must not enter into contracts in relation to *generating units, scheduled network services or scheduled loads* for which *dispatch offers* or *dispatch bids* have been submitted or are considered by NEMMCO to be likely to be submitted or be otherwise available for *dispatch* in the *trading intervals* to which the contract relates.

- (g) When contracting for the provision of:

(1) *reserves under reserve contracts or non-scheduled reserve contracts*, or

(2) *market network services*,

to make *reserves* available where required, NEMMCO must give first priority to facilities which, if called upon, would result in the least distortion of the *spot price*.

- (h) If NEMMCO requests a Market Code Participant to enter into a *reserve contract* in relation to a *scheduled generating unit, scheduled network service, or a scheduled load* or a *non-scheduled reserve contract*, then the Market Code Participant must negotiate with NEMMCO in good faith as to the terms and conditions of that contract.”

- (e) for clause 3.12.3(b) of the *Code* there was substituted:

“3.12.3 NEMMCO’s response to violations, low reserve or lack of reserve

...

- (b) If, in NEMMCO’s reasonable opinion, there is insufficient time between the publication of the *low reserve* or *lack of reserve* condition and the latest time for action determined under clause 3.12.2 to follow, or to continue to follow, the process set out in clause 3.12.4, NEMMCO may seek to intervene in the *market* by:
- (1) the submission of *dispatch bids, generation dispatch offers or network dispatch offers* in relation to *reserves* which NEMMCO has available under *reserve contracts*; or

~~(2) requesting generating units or loads under non-scheduled reserve contracts be activated.”~~

(f) after clause 3.12.6 of the *Code* there was inserted:

“3.12.6A Activation of non-scheduled reserves and the spot market

~~NEMMCO must aim to request generating units and loads under non-scheduled reserve contracts be activated in such a way that any distortions to spot prices are minimised.”~~

(g) for clause 3.12.7 of the *Code* there was substituted:

“3.12.7 Central dispatch where NEMMCO has submitted dispatch offers or dispatch bids

- (a) Subject to clause 3.12.7(b), ~~and subject to any inflexibilities associated with reserves under reserve contracts or non-scheduled reserve contracts,~~ NEMMCO must not dispatch plant subject to a reserve contract unless all valid dispatch bids or dispatch offers submitted by Market Participants and Scheduled Generators, including those priced at VoLL, have been dispatched and there would otherwise be insufficient supply to meet the load in any region.
- (b) ~~Subject to any inflexibilities associated with reserves under reserve contracts or non-scheduled reserve contracts~~ If, notwithstanding the dispatch of all valid dispatch bids or dispatch offers submitted by Market Participants and Scheduled Generators, including those priced at VoLL, there would still be insufficient supply to meet the load in any region, NEMMCO may make such changes to the pre-dispatch schedule or to central dispatch as may be necessary to dispatch plant provided under a reserve contract, provided that NEMMCO must aim to do so in such a way that any distortions to spot prices are minimised.”

(h) for clause 3.12.8(b) of the *Code* there was substituted:

“3.12.8 NEMMCO’s risk management and accounts relating to the reliability safety net

...

- (b) NEMMCO must ensure that, as described in clause 1.11, it maintains in its books separate accounts relating ~~to~~ the reliability safety net provided for by the powers granted to NEMMCO under clause 3.12.1 to enter into reserve contracts ~~or non-scheduled reserve contracts.~~”

(i) for clause 3.12.9(a) of the *Code* there was substituted:

“3.12.9 Issue of directions

- (a) If the latest practicable time for intervention, as estimated by *NEMMCO* under clause 3.12.2, is reached and, taking into account any *reserve contracts* ~~or non-scheduled reserve contracts~~, the *low reserve* or *lack of reserve* condition has not been alleviated, then *NEMMCO* must notify *Market Participants* and *Scheduled Generators* that *NEMMCO*:
- (1) considers the time for the negotiation of further *reserve contracts* to have elapsed; and
 - (2) intends to issue *directions* to *Market Participants* or *Scheduled Generators* in accordance with clause 4.8.5.”

- (j) for clauses 3.12.11(a) and (b) of the Code there was substituted:

“3.12.11 Compensation to Market Participants in respect of intervention price trading intervals

- (a) Where an *intervention price trading interval* has occurred and in *NEMMCO*’s reasonable opinion a *direction*, or the operation of resources provided under a *reserve contract* or *non-scheduled reserve contract*, during that *intervention price trading interval* has caused a net auditable change in the financial position of:
- (1) a *Scheduled Generator* in respect of one of its *scheduled generating units* (other than a *generating unit* which was the subject of a *direction* or which was provided under a *reserve contract*), then the *Scheduled Generator* is entitled to receive from *NEMMCO*, or must pay to *NEMMCO*, an amount calculated by the independent expert appointed under clause 3.12.11(b), or the panel described in clause 3.12.11(j), as an adjustment determined in accordance with this clause 3.12.11 to put the relevant *Scheduled Generator* in the position that the *Scheduled Generator* would have been in regarding the *scheduled generating unit* had:
 - (i) the *direction* not been issued; or
 - (ii) the *plant* under the *reserve contract* not been *dispatched*; or
 - (iii) ~~the operation of resources under a non-scheduled reserve contract not been activated~~,as appropriate; or
 - (2) a *Market Customer* in respect of one or more of its *scheduled loads* (other than a *scheduled load* which was provided under a *reserve contract*), then the *Market Customer* is entitled to receive from

NEMMCO for each *intervention price trading interval* an amount calculated by applying the following formula:

$$DC = ((RRP \times LF) - BidP) \times QD$$

where:

DC (in dollars) is the amount the *Market Customer* is entitled to receive in respect of that *scheduled load* for the relevant *intervention price trading interval*;

RRP (in dollars per MWh) is the *regional reference price* for the *scheduled load* in the relevant *intervention price trading interval*;

LF where the *scheduled load's connection point* is a *transmission connection point*, is the *intra-regional loss factor* at that *connection point* or where the *scheduled load's connection point* is a *distribution network connection point*, is the product of the *distribution loss factor* at that *connection point* multiplied by the *intra-regional loss factor* at the *transmission connection point* to which it is assigned;

BidP (in dollars per MWh) is the price of the highest priced *price band* specified in a *dispatch offer* for the *scheduled load* in the relevant *intervention price trading interval*;

QD (in MWh) is the difference between the amount of electricity consumed by the *scheduled load* during the relevant *intervention price trading interval* determined from the *metering data* and the amount of electricity which the independent expert appointed under clause 3.12.11(b) (or the panel described in clause 3.12.11(j)) determines would have been consumed by the *scheduled load* if the *direction* had not been issued or the *plant* under the *reserve contract* not been dispatched or the operation of resources under a non-scheduled reserve contract not been activated, as appropriate,

provided that if DC is negative for the relevant *intervention price trading interval*, then the adjustment that the *Market Customer* is entitled to receive in respect of that *scheduled load* for that *intervention price trading interval* is zero.

- (3) a *Scheduled Network Service Provider* in respect of one of its *scheduled network services* (other than a *scheduled network service* which was the subject of a *direction* or was provided under a *reserve contract*), then the *Scheduled Network Service Provider* is entitled to receive from NEMMCO, or must pay to NEMMCO, an amount calculated by the independent expert appointed under clause 3.12.11(b) or the panel described in clause 3.12.11(j) as an adjustment determined in accordance with this clause 3.12.11 to put

the relevant *Scheduled Network Service Provider* in the position that the *Scheduled Network Service Provider* would have been in regarding the *scheduled network service* had the *direction* not been issued or the *plant* under the *reserve contract* not been *dispatched or the operation of resources under a non-scheduled reserve contract not been activated*, as appropriate; and

- (4) a *Scheduled Generator* in respect of one of its *scheduled generating units* which was the subject of a *direction* or a *Scheduled Network Service Provider* in respect of one of its *scheduled network services* which was the subject of a *direction*, then the *Scheduled Generator* or *Scheduled Network Service Provider*, as the case may be, is entitled to receive from NEMMCO an amount, calculated by the independent expert appointed under clause 3.12.11(b), or the panel described in clause 3.12.11(j), equal to the highest of:
- (i) the market value of the energy generated by the *Scheduled Generator* or capacity provided by the *Scheduled Network Service Provider* in complying with the *direction* as measured by the *spot price* at the time the energy was generated or capacity provided;
 - (ii) the market value of the *reserves* provided by the *Scheduled Generator* or *Scheduled Network Service Provider* taking into account the market value of the energy generated by the *Scheduled Network Service Provider* calculated in accordance with clause 3.12.11(a) (4) and the price paid by NEMMCO or which NEMMCO agreed to pay for similar *reserves* in any *reserve contracts* entered into by NEMMCO in the *region* in which the *reserves* which were the subject of the *direction* were provided; or
 - (iii) the costs incurred by the *Scheduled Generator* or *Scheduled Network Service Provider* including, without limitation:
 - (A) fuel costs in connection with the *scheduled generation unit* or *scheduled network service*;
 - (B) incremental maintenance costs in connection with the *scheduled generating unit* or *scheduled network service*;
 - (C) incremental manning costs in connection with the *scheduled generating unit* or *scheduled network service*;
 - (D) acceleration costs of maintenance work in connection with the *scheduled generating unit*, where such acceleration costs are incurred to enable the *scheduled*

generating unit or *scheduled network service* to be available;

- (E) delay costs for maintenance work in connection with the *scheduled generating unit* or *scheduled network service* where such delay costs are incurred to enable the *scheduled generating unit* to be available;
- (F) other costs incurred in connection with the *scheduled generation unit*, or *scheduled network service* where such costs are incurred to enable the *scheduled generating unit* to be available; and
- (G) any compensation which the *Scheduled Generator* or *Scheduled Network Service Provider* receives or could have obtained by taking reasonable steps in connection with the *scheduled generating unit* being available.

(b) If:

- (1) *NEMMCO* gives a *direction*; or
- (2) *NEMMCO* dispatches plant under a *reserve contract*; or
- (3) the operation of resources under a *non-scheduled reserve contract* have been *activated*;

then *NEMMCO* must appoint an independent expert to determine the adjustments (if any) payable by, or receivable by, *Scheduled Generators* under clause 3.12.11(a)(1) or *Market Customers* under clause 3.12.11(a)(2) or *Scheduled Network Service Providers* under clause 3.12.11(a)(3) or the amount payable to *Scheduled Generators* or *Scheduled Network Service Providers* under clause 3.12.11(a)(4) in respect of the relevant *intervention price trading interval*."

(k) for clause 3.12.11(d)(3) of the *Code* there was substituted:

"3.12.11 Compensation to Market Participants in respect of intervention price trading intervals

...

- (3) any difference between the amount of electricity *sent out* by the *scheduled generating unit* during the relevant *intervention price trading interval* determined from the *metering data* and the amount of electricity which would have been *sent out* by the *scheduled generating unit* if the *direction* had not been issued or had the plant provided under the *reserve contract* not been dispatched or the operation of resources under a non-scheduled reserve contract not been activated, as appropriate; and"

(l) for clause 3.12.11(i) of the *Code* there was substituted:

“3.12.11 Compensation to Market Participants in respect of intervention price trading intervals

...

(i) If:

- (1) *NEMMCO* gives a *direction* or *dispatches plant* provided under a *reserve contract* or the operation of resources under a non-scheduled reserve contract are activated; and
- (2) the final report of the independent expert appointed under clause 3.12.11(b) in respect of the relevant *intervention price trading interval* indicates that:
 - (A) any or no adjustment is payable to or by a particular *Scheduled Generator, Scheduled Network Service Provider* or *Market Customer* under clauses 3.12.11(a)(1) to (3); or
 - (B) an amount is payable to a *Scheduled Generator* or *Scheduled Network Service Provider* under clause 3.12.11(a)(4); and
- (3) the *Scheduled Generator, Scheduled Network Service Provider* or *Market Customer* believes that the amount of the adjustment is incorrect,

then the *Scheduled Generator, Scheduled Network Service Provider* or *Market Customer* may request *NEMMCO* to establish a panel to redetermine the amount of the adjustment payable by or to that *Scheduled Generator, Scheduled Network Service Provider* or *Market Customer*.”

(m) for clause 3.13.6 of the *Code* there was substituted:

“3.13.6 Reserve trading by NEMMCO

- (a) If any *plant* under a *reserve contract* with *NEMMCO* is *dispatched* or generating units or loads are activated under a non-scheduled reserve contract, then *NEMMCO* must, as soon as practicable thereafter, make available to all *Market Participants* a report outlining:
 - (1) the reasons why the *reserve plant* was *dispatched* under a reserve contract or generating units or loads were activated under a non-scheduled reserve contract;
 - (2) *NEMMCO*’s opinion as to the effect that the *dispatch* of the *reserve plant* under a reserve contract or generating units or loads under a non-scheduled reserve contract being activated had on the amounts to be paid to each *Scheduled Generator* and *Market Network Service Provider* and by each *Market Customer*; and

- (3) NEMMCO's estimate of the financial effect on its *reserve* trading activities due to:
- (i) the dispatch of the plant under a reserve contract, or
 - (ii) generating units or loads under a non-scheduled reserve contract being activated.
- (b) Within 30 days of the end of the *financial year* ending on 30 June 2003, NEMMCO must *publish* a report detailing:
- (1) each occasion on which it intervened to secure *reserve plant* availability;
 - (2) each occasion during the financial year when *plant under a reserve contract was dispatched or generating units or loads under a non-scheduled reserve contract were activated*; and
 - (3) its costs and finances in connection with its *reserve* trading activities (described in this clause ~~3.12~~ 3.13) according to appropriate accounting standards including profit and loss, balance sheet, sources and applications of funds."
- (n) for clauses 3.15.9(b) and (c) of the *Code* there was substituted:

"3.15.9 Reserve Settlements

...

- (b) Included in the statements to be provided under clauses 3.15.14 and 3.15.15, NEMMCO must give each *Market Participant* a statement setting out:
- (1) the aggregate of the amounts payable by NEMMCO under *reserve contracts and non-scheduled reserve contracts*; and
 - (2) any amounts determined as payable by NEMMCO by the independent expert under clause 3.12.11, or, in the case of reserve contracts and non-scheduled reserve contracts, any re-determination by the panel established under that clause as a result of, plant under a reserve contract being dispatched or generating units or loads under a non-scheduled reserve contract being activated, in respect of the relevant *billing period*; and
 - (3) the aggregate of the amounts receivable by NEMMCO under these *market rules* in respect of plant under reserves provided under reserve contracts and non-scheduled reserve contracts during the relevant *billing period*.
- (c) Separate statements must be provided under clause 3.15.9(b):

- (1) for *reserve contracts* ~~and non-scheduled reserve contracts~~ entered into by *NEMMCO* specifically in respect of the *Market Participant's region* in accordance with clause 3.15.9(d); and
- (2) for *reserve contracts* ~~and non-scheduled reserve contracts~~ other than those entered into for and allocated to a specific *region* or *regions*.”

3. End of Derogation

This derogation applies until the end of 30 June 2003.

FORM A

COMMONWEALTH OF AUSTRALIA

Trade Practices Act 1974 - Sub-section 88(1)

EXCLUSIONARY PROVISIONS:

APPLICATIONS FOR AUTHORISATION

To the Australian Competition and Consumer Commission:

Application is hereby made under sub-section 88(1) of the *Trade Practices Act 1974* for an authorisation under that sub-section:

- to make a contract or arrangement, or arrive at an understanding, where a provision of the proposed contract, arrangement or understanding would be, or might be, an exclusionary provision within the meaning of section 45 of that Act; and
- to give effect to a provision of a contract, arrangement or understanding where the provision is, or may be, an exclusionary provision within the meaning of section 45 of that Act.

-
- | | |
|---|---|
| 1. (a) Name of applicant (See Direction 2) | National Electricity Code Administrator Limited (ACN 073 942 775) (NECA) |
| (b) Short description of business carried on by applicant | Administration of the National Electricity Code ("the Code"). |
| (c) Address in Australia for service of documents on the applicant | Mr Stephen Kelly
Managing Director
National Electricity Code Administrator Limited
Level 5
41 Currie Street
ADELAIDE SA 5000
Phone: (08) 8213 6307
Fax: (08) 8213 6300 |
-
- | | |
|---|--|
| 2. (a) Description of contract, arrangement or understanding and, where already made, its date | <p>The contract, arrangement or understanding with respect of which this application is made are those entered into by participants in the National Electricity Market, pursuant to the Code as amended in accordance with the draft Derogations submitted with this Form A (and the accompanying Forms B & E) by NECA. These amendments relate to the Derogations contained in Chapter 8 of the Code.</p> <p>For the avoidance of doubt, this application relates only to the changes to the Derogations contained in Chapter 8 and not to the Code as a whole.</p> |
|---|--|

- (b) **Brief description of those provisions of the contract, arrangement or understanding that are, or would or might be, exclusionary provisions (See Direction 4)**
- See the NECA letter submitted with this Form A (and the accompanying Forms B & E).
- (c) **Names and addresses of other parties or proposed parties to contract, arrangement or understanding**
- Code Participants, being the National Electricity Market Management Company Limited (ACN 072 010 327) ("NEMMCO") and every person registered with NEMMCO as a Code Participant as at the date of this application and whose names and addresses are listed in Appendix A to this Form A and any other persons who subsequently register with NEMMCO under the Code as a Code Participant.
3. **Names and addresses (where known) of parties and other persons on whose behalf application is made**
- This application is made on behalf of all code participants, being NEMMCO and every person registered with NEMMCO as a Code participant as of the date of this application and whose names and addresses are listed at Appendix A to this Form A.
- In addition this authorisation application is made on behalf of and in relation to all persons who become parties to the proposed contract or arrangement after it is made, or become a party to the proposed understanding at a time after it is arrived at, within the meaning of section 88(10) of the Act.
4. (a) **Grounds for grant of authorisation**
- Authorisation is sought on grounds set out in the NECA letter submitted with this Form A.
- (b) **Facts and contentions relied upon in support of those grounds (See Notice 1)**
- These facts and contentions are set out in the NECA letter.
5. **This application for authorisation may be expressed to be made also in relation to other contracts, arrangements or understandings or proposed contracts, arrangements or understanding, that are or will be in similar terms to the abovementioned contract, arrangement or understanding.**
- (a) **Is this application to be so expressed?**
- Yes, this application is made with respect to each other similar contract, arrangement or understanding or proposed contract arrangement or understanding for the purposes of section 88(13), (14) and (15) of the Act.
- (b) **If so, the following information is to be furnished:**
- (i) **the names of the parties**
- The applicant and all Code Participants (being NEMMCO

to each other contract,
arrangement or
understanding

and every person registered with NEMMCO as a Code Participant as at the date of this application and whose names and addresses are listed in Appendix A to this Form A within the meaning of section 88(10) of the Act).

- (ii) the names of the parties to each other proposed contract, arrangement or understanding which names are known at the date of this application (See *Direction 5 and Notice 2*)

The applicant and all Code Participants (being NEMMCO and every person registered with NEMMCO as a Code Participant as at the date of this application and whose names and addresses are listed in Appendix A to this Form A within the meaning of section 88(10) of the Act) and any other persons who subsequently register with NEMMCO under the Code as a Code Participant. The names of those persons who will register with NEMMCO as a Code Participant are not known at this time.

6. (a) Does this application deal with a matter relating to a joint venture (See section 4J of the *Trade Practices Act 1974*)?

No

- (b) If so, are any other applications being made simultaneously with this application in relation to that joint venture?

Not applicable

- (c) If so, by whom or on whose behalf are those other application being made?

Not applicable

7. Name and address of person authorised by the applicant to provide additional information in relation to this application.

Mr Stephen Kelly
Managing Director
National Electricity Code Administrator Limited
Level 5
41 Currie Street
ADELAIDE SA 5000
Phone: (08) 8213 6307
Fax: (08) 8213 6300

Date: 9 September 2002

Signed on behalf of NECA

.....
(Signature) Mr Stephen Kelly

Managing Director
National Electricity Code Administrator Limited

* **Note:** References in this application to the Act are references to the *Trade Practices Act 1974* and also include the Competition Codes of New South Wales, Victoria and the Australian

Capital Territory as defined in the Competition Reform legislation in force in each jurisdiction.

DIRECTIONS

1. Where there is insufficient space on this form to furnish the required information, the information is to be shown on separate sheets, numbered consecutively and signed by or on behalf of the applicant.
2. Where the application is made by or on behalf of a corporation, the name of the corporation is to be inserted in item 1(a), not the name of the person signing the application and the application is to be signed by a person authorised by the corporation to do so.
3. In item 1(b), describe that part of the applicant's business relating to the subject matter of the contract, arrangement or understanding in respect of which the application is made.
4. Furnish with the application particulars of the contract, arrangement or understanding in respect of which the authorisation is sought. Those particulars shall be furnished:
 - (a) in so far as the particulars or any of them have been reduced to writing - by lodging a true copy of the writing; and
 - (b) in so far as the particulars or any of them have not be reduced to writing - by lodging a memorandum containing a full and correct statement of the particulars that have not been reduced to writing.
5. Where the application is made also in respect of other contracts, arrangements or understanding which are or will be in similar terms to the contract, arrangement or understanding referred to in item 2, furnish with the application details of the manner in which those contracts, arrangements or understandings vary in their terms from the contract, arrangement or understanding referred to in item 2.

NOTICES

1. In relation to item 4, your attention is drawn to sub-section 90(8) of the *Trade Practices Act 1974* which provides as follows:

“(8) The Commission shall not:

 - (a) made a determination granting:
 - (i) an authorisation under subsection 88(1) in respect of a provision of a proposed contract, arrangement or understanding, that is or may be an exclusionary provision; or
 - (ii) an authorisation under subsection 88(7) in respect of proposed conduct; or
 - (iii) an authorisation under subsection 88(8) in respect of proposed conduct to which subsection 47(6) or (7) applies; or
 - (iv) an authorisation under subsection 88(8A) for proposed conduct to which section 48 applies;

unless it is satisfied in all the circumstances that the proposed provision or the proposed conduct would result, or be likely to result, in such a benefit

to the public that the proposed contract or arrangement should be allowed to be made, the proposed understanding should be allowed to be arrived at, or the proposed conduct should be allowed to take place, as the case may be; or

- (b) made a determination granting an authorisation under subsection 88(1) in respect of a provision of a contract, arrangement or understanding that is or may be an exclusionary provision unless it is satisfied in all the circumstances that the provision has resulted, or is likely to result, in such a benefit to the public that the contract, arrangement or understanding should be allowed to be given effect to."

2. If an authorisation is granted in respect of a proposed contract, arrangement or understanding, the names of the parties to which are not known at the date of application, the authorisation shall, by sub-section 88(14) of the *Trade Practices Act 1974*, be deemed to be expressed to be subject to a condition that any party to the contract, arrangement or understanding will, when so required by the Commission, furnish to the Commission the names of all the parties to the contract, arrangement or understanding.

FORM B

COMMONWEALTH OF AUSTRALIA

Trade Practices Act 1974 - Sub-section 88(1)

AGREEMENTS AFFECTING COMPETITION:

APPLICATIONS FOR AUTHORISATION

To the Australian Competition and Consumer Commission:

Application is hereby made under sub-section 88(1) of the *Trade Practices Act 1974* for an authorisation under that sub-section:

- to make a contract or arrangement, or arrive at an understanding, a provision of which would have the purpose, or would have or might have the effect, of substantially lessening competition within the meaning of section 45 of that Act; and
- to give effect to a provision of a contract, arrangement or understanding which provision has the purpose, or has or may have the effect, of substantially lessening competition within the meaning of section 45 of that Act.

-
- | | |
|---|--|
| 1. (a) Name of applicant (See Direction 2) | National Electricity Code Administrator Limited (ACN 073 942 775) (NECA) |
| (b) Short description of business carried on by applicant | Administration of the National Electricity Code. |
| (c) Address in Australia for service of documents on the applicant | Mr Stephen Kelly
Managing Director
National Electricity Code Administrator Limited
Level 5
41 Currie Street
ADELAIDE SA 5000
Phone: (08) 8213 6307
Fax: (08) 8213 6300 |
| 2. (a) Description of contract, arrangement or understanding and, where already made, its date | <p>The contract, arrangement or understanding in respect of which the application is made is set out in the draft Derogations submitted with this Form B, being amendments to the Code in respect of the Derogations contained in Chapter 8.</p> <p>For the avoidance of doubt, this application relates only to the changes to the Derogations contained in Chapter 8 and not to the Code as a whole.</p> |

- (b) **Names and addresses of other parties or proposed parties to contract, arrangement or understanding**
- Code Participants, being the National Electricity Market Management Company Limited (ACN 072 010 327) ("NEMMCO") and every person registered with NEMMCO as a Code Participant as at the date of this application and whose names and addresses are listed in Appendix A to this Form B and any other persons who subsequently register with NEMMCO under the Code as a Code Participant.
3. **Names and addresses (where known) of parties and other persons on whose behalf application is made**
- This application is made on behalf of all code participants, being NEMMCO and every person registered with NEMMCO as a Code participant as of the date of this application and whose names and addresses are listed at Appendix A to this Form B.
- In addition this authorisation application is made on behalf of and in relation to all persons who become parties to the proposed contract or arrangement after it is made, or become a party to the proposed understanding at a time after it is arrived at, within the meaning of section 88(10) of the Act.
4. (a) **Grounds for grant of authorisation**
- Authorisation is sought on the grounds set out in the NECA letter submitted with this Form B and the accompanying Forms A and E.
- (b) **Facts and contentions relied upon in support of those grounds (See Notice 1)**
- The facts and contentions relied upon are set out in the NECA letter.
5. **This application for authorisation may be expressed to be made also in relation to other contracts, arrangements or understandings or proposed contracts, arrangements or understanding, that are or will be in similar terms to the abovementioned contract, arrangement or understanding.**
- (a) **Is this application to be so expressed?**
- Yes, this application is made with respect to all similar other contracts, arrangements or understandings, or proposed other contracts arrangements or understandings, for the purposes of sections 88(13), (14) and (15) of the Act. The terms of such other contracts are comprised in the Code as amended by the Code changes.
- (b) **If so, the following information is to be furnished:**
- (i) **the names of the parties**
- The applicant and all Code Participants (being NEMMCO

- to each other contract, arrangement or understanding
- (ii) the names of the parties to each other proposed contract, arrangement or understanding which names are known at the date of this application (See *Direction 5 and Notice 2*)
6. (a) Does this application deal with a matter relating to a joint venture (See section 4J of the *Trade Practices Act 1974*)?
- (b) If so, are any other applications being made simultaneously with this application in relation to that joint venture?
- (c) If so, by whom or on whose behalf are those other application being made?
7. Name and address of person authorised by the applicant to provide additional information in relation to this application.
- and every person registered with NEMMCO as a Code Participant as at the date of this application and whose names and addresses are listed in Appendix A to this Form B within the meaning of section 88(10) of the Act).
- The applicant and all Code Participants (being NEMMCO and every person registered with NEMMCO as a Code Participant as at the date of this application and whose names and addresses are listed in Appendix A to this Form B within the meaning of section 88(10) of the Act) and any other persons who subsequently register with NEMMCO under the Code as a Code Participant. The names of those persons who will register with NEMMCO as a Code Participant are not known at this time.
- No.
- Not applicable.
- Not applicable.
- The person nominated in item 1(c) of this form.

Date: 9 September 2002

Signed on behalf of NECA

.....Stephen Kelly.....
(Signature) ~~Mr Stephen Kelly~~

Managing Director
National Electricity Code Administrator Limited

*** Note:** References in this application to the Act are references to the *Trade Practices Act 1974* and also include the Competition Codes of New South Wales, Victoria and the Australian

Capital Territory as defined in the Competition Reform legislation in force in each jurisdiction.

DIRECTIONS

1. Where there is insufficient space on this form to furnish the required information, the information is to be shown on separate sheets, numbered consecutively and signed by or on behalf of the applicant.
2. Where the application is made by or on behalf of a corporation, the name of the corporation is to be inserted in item 1(a), not the name of the person signing the application and the application is to be signed by a person authorised by the corporation to do so.
3. In item 1(b), describe that part of the applicant's business relating to the subject matter of the contract, arrangement or understanding in respect of which the application is made.
4. Furnish with the application particulars of the contract, arrangement or understanding in respect of which the authorisation is sought. Those particulars shall be furnished:
 - (a) in so far as the particulars or any of them have been reduced to writing - by lodging a true copy of the writing; and
 - (b) in so far as the particulars or any of them have not be reduced to writing - by lodging a memorandum containing a full and correct statement of the particulars that have not been reduced to writing.
5. Where the application is made also in respect of other contracts, arrangements or understanding which are or will be in similar terms to the contract, arrangement or understanding referred to in item 2, furnish with the application details of the manner in which those contracts, arrangements or understandings vary in their terms from the contract, arrangement or understanding referred to in item 2.

NOTICES

1. In relation to item 4, your attention is drawn to sub-sections 90(6) and (7) of the *Trade Practices Act 1974* which provides as follows:
 - “(6) The Commission shall not make a determination granting an authorisation under sub-section 88(1), (5) or (8) in respect of a provision (not being a provision that is or may be an exclusionary provision) of a proposed contract, arrangement or undertaking, in respect of a proposed covenant, or in respect of proposed conduct, unless it is satisfied in all the circumstances that the provision of the proposed contract, arrangement or understanding, the proposed covenant, or the proposed conduct, as the case may be, would result, or be likely to result, in a benefit to the public and that that benefit would outweigh the detriment to the public constituted by any lessening of competition that would result, or be likely to result, if:
 - (a) the proposed contract or arrangement were made, or the proposed understanding were arrived at, and the provision concerned were given effect to;
 - (b) the proposed covenant were given, and were complied with; or
 - (c) the proposed conduct were engaged in,

as the case may be.

- (7) The Commission shall not make a determination granting an authorisation under sub-section 88(1) or (5) in respect of a provision (not being a provision that is or may be an exclusionary provision) of a contract, arrangement or understanding or, in respect of a covenant, unless it is satisfied in all the circumstances that the provision of the contract, arrangement or understanding, or the covenant, as the case may be, has resulted, or is likely to result, in a benefit to the public and that benefit outweighs or would outweigh the detriment to the public constituted by any lessening of competition that has resulted, or is likely to result, from giving effect to the provision or complying with the covenant."

- 2. If an authorisation is granted in respect of a proposed contract, arrangement or understanding, the names of the parties to which are not known at the date of application, the authorisation shall, by sub-section 88(14) of the *Trade Practices Act 1974*, be deemed to be expressed to be subject to a condition that any party to the contract, arrangement or understanding will, when so required by the Commission, furnish to the Commission the names of all the parties to the contract, arrangement or understanding.

FORM E

COMMONWEALTH OF AUSTRALIA

Trade Practices Act 1974 - Sub-section 88(8)

EXCLUSIVE DEALING:

APPLICATIONS FOR AUTHORISATION

To the Australian Competition and Consumer Commission:

Application is hereby made under sub-section 88(1) of the *Trade Practices Act 1974* for an authorisation under that sub-section to engage in conduct that constitutes or may constitute the practice of exclusive dealing.

-
- | | |
|---|---|
| 1. (a) Name of applicant (See Direction 2) | National Electricity Code Administrator Limited (ACN 073 942 775) (NECA) |
| (b) Short description of business carried on by applicant | Administration of the National Electricity Code. |
| (c) Address in Australia for service of documents on the applicant | Mr Stephen Kelly
Managing Director
National Electricity Code Administrator Limited
Level 5
41 Currie Street
ADELAIDE SA 5000
Phone: (08) 8213 6307
Fax: (08) 8213 6300 |
-
- | | |
|---|--|
| 2. (a) Description of the goods or services in relation to the supply or acquisition of which this application relates | <p>The goods or services in relation to the supply or acquisition of which this application relates is electricity sold into the National Electricity market, as affected by the amendments set out in the NECA letter submitted with this Form E.</p> <p>For the avoidance of doubt, this application relates only to changes to the Derogations contained in Chapter 8 and not to the Code as a whole.</p> |
| (b) Description of the conduct that would or may constitute the practice of exclusive dealing (See Direction 4) | <p>The supply of electricity or provision of network services on condition that both the acquisition and resale is in accordance with the Code.</p> <p>The acquisition of electricity or network services on the condition that the supply is in accordance with the Code.</p> <p>Refusing to supply or acquire electricity or network services because the supplier/acquirer has failed to</p> |

comply with the Code.

Aiding, abetting, procuring, counselling or inducing any corporation to engage in any of the above-mentioned conduct.

3. (a) Class or classes or persons to which the conduct relates

The classes of persons are:

- (i) the applicant;
- (ii) Code Participants, being the National Electricity Market Management Company Limited (ACN 072 010 327) ("**NEMMCO**") and every person registered with NEMMCO as a Code Participant and whose names and addresses are listed in Appendix A to this Form E; and
- (iii) any other subsequent parties to the Code, being all parties who register with NEMMCO under the Code as a Code Participant.

This application is made on behalf of each person identified in Appendix A to this Form E. In addition:

- (a) the authorisation being applied for by this application is, in accordance with section 88(8AA) of the Act, to be expressed so as to apply to the applicant and every person who is registered with NEMMCO as a Code Participant as at the date of this application (being the persons identified in Appendix A to this Form E), and in relation to each other person who becomes a party to the Code by registering with NEMMCO as a Code Participant; and
- (b) this application is expressed to be made also in relation to other proposed contracts, industry codes of practice, arrangements or understandings that will be in similar terms to the Code within the meaning of sections 88(13), 88(14) and 88(15) of the Act, being each of the proposed contracts, industry codes of practice, arrangements or understandings to be made between a person who registers with NEMMCO under the Code as a Code Participant, the applicant, and each existing participant under the Code at that time.

The names of the parties to each other proposed contract, industry code of practice, arrangement or understanding which are known at the date of this

application are the applicant and Code Participants (being NEMMCO and each person who is registered with NEMMCO as a Code Participant as at the date of this application and identified in Appendix A to this Form E). Other than to state that the other parties to each proposed contract, industry code of practice, arrangement or understanding for the purposes of section 88(13), (14) and (15) of the Act will be persons who register with NEMMCO under the Code as a Code Participant and each existing Participant under the Code at that time, the names of those other parties are not known as at the date of this application.

- | | | | | | | | | | | | | | | | |
|---|--|-----------------|---|------------|----|-----------|----|---------------------------|----|----------------------|----|------------------------|---|---------|---|
| (b) Number of those persons | <p>(i) At present time</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">NECA and NEMMCO</td> <td style="text-align: right;">2</td> </tr> <tr> <td>Generators</td> <td style="text-align: right;">44</td> </tr> <tr> <td>Customers</td> <td style="text-align: right;">29</td> </tr> <tr> <td>Network Service Providers</td> <td style="text-align: right;">25</td> </tr> <tr> <td>Special Participants</td> <td style="text-align: right;">17</td> </tr> <tr> <td>Intending Participants</td> <td style="text-align: right;">9</td> </tr> <tr> <td>Traders</td> <td style="text-align: right;">9</td> </tr> </table> <p>(ii) Estimated within the next year</p> <p>Unknown</p> | NECA and NEMMCO | 2 | Generators | 44 | Customers | 29 | Network Service Providers | 25 | Special Participants | 17 | Intending Participants | 9 | Traders | 9 |
| NECA and NEMMCO | 2 | | | | | | | | | | | | | | |
| Generators | 44 | | | | | | | | | | | | | | |
| Customers | 29 | | | | | | | | | | | | | | |
| Network Service Providers | 25 | | | | | | | | | | | | | | |
| Special Participants | 17 | | | | | | | | | | | | | | |
| Intending Participants | 9 | | | | | | | | | | | | | | |
| Traders | 9 | | | | | | | | | | | | | | |
| (c) Where number of persons stated in item 3(b)(i) is less than 50, their names and addresses | Not applicable | | | | | | | | | | | | | | |
| 4. (a) Grounds for grant of authorisation | Authorisation is sought on the grounds set out in the NECA letter, a copy of which is submitted with this Form E (and the accompanying Forms A and B). | | | | | | | | | | | | | | |
| (b) Facts and contentions relied upon in support of those grounds (See Notice) | The facts and contentions relied upon in respect of the Code changes are set out in the NECA letter. | | | | | | | | | | | | | | |
| 5. (a) Does this application deal with a matter relating to a joint venture (See section 4J of the Trade Practices Act 1974)? | No. | | | | | | | | | | | | | | |
| (b) If so, are any other applications being made simultaneously | Not applicable. | | | | | | | | | | | | | | |

**with this application in relation
to that joint venture?**

- (c) If so, by whom or on whose
behalf are those other
applications being made?**

Not applicable

6. Name and address of person authorised by the applicant to provide additional information in relation to this application.

Mr Stephen Kelly
Managing Director
National Electricity Code Administrator Limited
Level 5
41 Currie Street
ADELAIDE SA 5000
Phone: (08) 8213 6307
Fax: (08) 8213 6300

Date: 9 September 2002

Signed on behalf of NECA

.....Stephen Kelly.....
(Signature) Mr Stephen Kelly

Managing Director
National Electricity Code Administrator Limited

*** Note:** References in this application to the Act are references to the *Trade Practices Act 1974* and also include the Competition Codes of New South Wales, Victoria and the Australian Capital Territory as defined in the Competition Reform legislation in force in each jurisdiction.

Appendix A

to

Form A Application for Authorisation in respect of Exclusionary Provisions

Form B Application for Authorisation in respect of Agreements Affecting Competition

Form E Application for Authorisation in respect of Exclusive Dealing

List of Code participants



List of Code Participants

Company Aliases	Address	City	State	Postcode
AGL Gas Company (ACT) Ltd and ACTEW Distribution Ltd t/a ActewAGL (Distribution)	GPO Box 366	CANBERRA	ACT	2601
AES Transpower Holding Pty Ltd t/a Ecogen Energy	PO Box 61	NEWPORT	VIC	3015
AGL Electricity Ltd	PO Box 14120, MCMC	MELBOURNE	VIC	8001
AGL South Australia Pty Ltd	GPO Box 77	ADELAIDE	SA	5001
Aurora Energy Pty Ltd	GPO Box 191	HOBART	TAS	7001
Australian Energy Services Pty Ltd	PO Box 868	MT WAVERLEY	VIC	3149
Australian Inland Energy and Water	PO Box 800	BROKEN HILL	NSW	2880
BIEP Pty Ltd	PO Box 4	PINKENBA	QLD	4008
Callide Power Trading Pty Ltd	PO Box 575, Albert Street	BRISBANE	QLD	4002
Citipower Pty	Locked Bag 14031 MCMC	MELBOURNE	VIC	8001
Country Energy	PO Box 172	BATHURST	NSW	2795
CS Energy Ltd	GPO Box 769	BRISBANE	QLD	4001
CSR Limited	PMB 6, Townsville Mail Centre	TOWNSVILLE	QLD	4816
Cummins Engine Company Pty Ltd	2 Caribbean Drive	SCORESBY	VIC	3179
Delta Electricity	PO Box Q863 Queen Victoria Building	SYDNEY	NSW	1230
Duke Energy Australia Trading and Marketing Pty Ltd	Level 30, Angel Place 123 Pitt Street	SYDNEY	NSW	2000
Duke Energy Bairnsdale Operations Pty Ltd	PO Box 7863	BRISBANE	QLD	4000
EdgeCap Pty Ltd	Level 9, 446 Collins Street	SOUTH BANK	VIC	3006

Company Aliases	Address	City	State	Postcode
Edison Mission Energy Australia Ltd	Level 20, HWT Tower 40 City Road	SOUTH MELBOURNE	VIC	3205
Electranet Pty Ltd	PO Box 7096, Hutt Street	ADELAIDE	SA	5001
Electricity Supply Industry Planning Council (ESIPC)	GPO BOX 2010	ADELAIDE	SA	5001
EMMLINK Pty Ltd	Level 24, AMP Place 10 Eagle Street	BRISBANE	QLD	4000
ENERGEX Ltd	GPO Box 1461	BRISBANE	QLD	4001
Energex Retail Pty Ltd (formerly Southern Electricity Retail Corporation Pty Ltd)	GPO Box 1461	BRISBANE	QLD	4001
Energy Australia	GPO Box 4009	SYDNEY	NSW	2001
Energy Brix Australia Corporation Pty Ltd	Level 1 677 Springvale Road	MULGRAVE	VIC	3170
Energy Developments (Operations) Pty Ltd	PO Box 535	RICHLANDS	QLD	4077
Enron Australia Finance Pty Ltd	Level 21 9 Castlereagh Street	SYDNEY	NSW	2000
Eraring Energy (formerly Pacific Power)	GPO Box A2238	SYDNEY SOUTH	NSW	1235
Ergon Energy Corporation Ltd (Distribution)	PO Box 1090	TOWNSVILLE	QLD	4810
Ergon Energy Pty Ltd (Retail)	PO Box 107 Albert Street	BRISBANE	QLD	4001
Ergon Energy (Victoria) Pty Ltd	PO Box 107 Albert Street	BRISBANE	QLD	4001
CKI Utilities Development Ltd, HEI Utilities Development Ltd, CKI Utilities Holdings Ltd, HEI Utilities Holdings Ltd and CKI/HEI Utilities Distribution Ltd t/a ETSA Utilities	GPO Box 77	ADELAIDE	SA	5001
Ferrier Hodgson Electricity Pty Ltd	GPO Box 4114	SYDNEY	NSW	2001

Company Aliases	Address	City	State	Postcode
National Power Australia Investments Ltd, Hazelwood Pacific Pty Ltd, Australian Power Partners BV, CISL (Hazelwood) Pty Ltd, Hazelwood Investment Company Pty Ltd t/a Hazelwood Power	Brodribb Road	MORWELL	VIC	3840
HQI Australia Limited Partnership	Level 24, AMP Place 10 Eagle Street	BRISBANE	QLD	4000
Integral Energy Australia	PO Box 6366	BLACKTOWN	NSW	2148
Loy Yang Power Management Ltd	Bartons Lane	TRARALGON SOUTH	VIC	3844
Macquarie Bank Ltd	GPO Box 4294	SYDNEY	NSW	1164
Macquarie Generation	34 Griffiths Road	LAMBTON	NSW	2299
Meridian Energy Australia Pty Ltd	PO Box 79	PALMERSTON	NT	0830
Millmerran Energy Trader	PO Box 5743, Central Plaza	BRISBANE	QLD	4001
Morgan Stanley Dean Witter Australia Finance Ltd Attention: Commodities Electricity Group	1585 Broadway Fourth Floor	NEW YORK	NY	10036-8293 USA
Murraylink Transmission Company Pty Ltd	GPO Box 7077 Riverside Centre	BRISBANE	QLD	4001
NRG Flinders Operating Services Pty Ltd	GPO Box 2535	ADELAIDE	SA	5001
Origin Energy Electricity Ltd	GPO Box 910	SYDNEY	NSW	1041
Pelican Point Power Pty Ltd	PO Box 1276	NORTH HAVEN	SA	5018
Powercor Australia Ltd	Locked Bag 14090	MELBOURNE	VIC	8001
Pulse Energy Pty Ltd	Box 1685P	MELBOURNE	VIC	3001
Queensland Electricity Transmission Corporation Ltd (Powerlink Queensland)	PO Box 1193	VIRGINIA	QLD	4016
Queensland Power Trading Corporation (t/a Enertrade)	GPO Box 10	BRISBANE	QLD	4001
Redbank Project Pty Ltd	PO Box 311	SINGLETON	NSW	2330
RMB Australia Ltd	GPO Box 202	SYDNEY	NSW	2001

Company Aliases	Address	City	State	Postcode
SG Australia Ltd	Level 21 400 George Street	SYDNEY	NSW	2000
Sithe Australia Power Services Pty Ltd	PO Box 2097	SMITHFIELD	NSW	2164
Snowy Hydro Trading Pty Ltd	GPO Box 4351	SYDNEY	NSW	4351
Snowy Mountains Hydro-Electric Authority	Monaro Highway	COOMA	NSW	2630
Alliant Energy Hydro Pty Ltd, Alliant Energy Southern Hydro Australia Pty Ltd, Alliant Energy Hydro No 2 Pty Ltd t/a Southern Hydro Partnership	Level 13 500 Collins Street	MELBOURNE	VIC	3000
SPI PowerNet Pty Ltd	PO Box 222, Collins Street West	MELBOURNE	VIC	8007
Stanwell Corporation Ltd	GPO Box 773	BRISBANE	QLD	4001
State Electricity Commission of Victoria (SECV) trading as Vicpower	GPO Box 2765Y	MELBOURNE	VIC	3000
Synergen Power Pty Ltd	PO Box 3286 Rundle Mall	ADELAIDE	SA	5000
Tarong Energy Corporation Ltd	GPO Box 800	BRISBANE	QLD	4001
TransGrid (NSW Electricity Transmission Authority)	GPO Box A1000	SYDNEY SOUTH	NSW	2001
Transmission Lessor Corporation	ETSA, 1 Anzac Highway	KESWICK	SA	5035
TXU Electricity Ltd	Locked Bag 14060, MCMC	MELBOURNE	VIC	8001
TXU (South Australia) Pty Ltd	PO Box 195	PORT ADELAIDE	SA	5015
United Energy Limited	Locked Bag 13	MT WAVERLEY	VIC	3149
Utilities Management Pty Ltd	Level 6 1 Anzac Highway	KESWICK	SA	5035
Valley Power Pty Ltd	Level 20, HWT Tower 40 City Road	SOUTH MELBOURNE	VIC	3205
VENCorp (Victorian Energy Networks Corporation)	PO Box 413, World Trade Centre	MELBOURNE	VIC	8005
Westpac Banking Corporation	Level 5 Dealing Floor 255 Elizabeth Street	SYDNEY	NSW	2000

Company Aliases	Address	City	State	Postcode
Yallourn Energy Pty Ltd	Box 444	MOE	VIC	3825
Yamasa Australia Pty Ltd	20 Gilbertson Road	LAVERTON NORTH	VIC	3026

Known intending participants

Company Aliases	Street Address	City	State	Postcode
ACTEW Retail Ltd and AGL (ACT) Retail Investments Pty Ltd t/a ActewAGL (Retail)	GPO Box 366	CANBERRA	ACT	2601
Auspine Green Energy Pty Ltd	PO Box 79	MOUNT GAMBIER	SA	5290
CEPA (Kogan Creek) Holding Pty Ltd	GPO Box 2256	BRISBANE	QLD	4001
Hydro-Electric Corporation	GPO Box 335	HOBART	TAS	7001
National Grid International Ltd	PO Box 4606SS	MELBOURNE	VIC	3001
Sleiman Trading Pty Ltd	PO Box 334	POTTS POINT	NSW	2001
Snowylink 1 Pty Ltd	GPO Box 7077 Riverside Centre	BRISBANE	QLD	4001
Southernlink Transmission Company Pty Ltd	GPO Box 7077 Riverside Centre	BRISBANE	QLD	4001
Wambo Power Ventures Pty Ltd	Level 1 Princeton Court Three 13 Princeton Street	KENMORE	QLD	4069

National Electricity Code Administrator
22 August 2002

Approved for Public Register and
to be published on the Internet

YES / NO

[Signature]

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