



## Forecast-forensics finds furphy: 300MW DSM deficit, on 16 Jan, in 2600MW Vic bushfire-crash at record, 9000MW, Vic peak

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Six days after 2007's "Black Tuesday", and - with a curious lack of public notice - on 22 January, NEMMCO computed a new *Statement of Opportunities* update. In the same week NEMCCO advertised for a new head of corporate communications.

**300 MW error:** The update to the ten-year-ahead-forecast showed demand side was about 300MW less than listed (in December

2006), as available for the summer of 2006-2007

**Revision of summer demand side :** Results of a recent survey by NEMMCO of energy retailers had led to the "revision of the amount of demand side response (DSP) available for this summer".

**New figures were:**

- NSW 8MW (previously 21MW);
- Queensland 77MW (previously 96MW);
- Victoria+South Australia 78MW (previously 283MW); and
- Tasmania 0MW (unchanged).

The update also provided (unofficial) changes to the status of generation projects and changes to transmissions constraints.

**Bogong committed:** The December 2009, NEMMCO SOO update shows the AGL Hydro Partnership 141MW capacity Bogong power station in Victoria was expected to enter service by December 2009.

**Change in status:** This project was reported as publicly announced in the 2006 SOO, but was now, regarded as 'committed'.

**10MW increase in Angaston capacity:** The Infratil EnergyAustralia Angaston project in South Australia had increased its summer and winter capacity from 40MW to 50MW.

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Find out more at the subscriber section of [www.erisk.net](http://www.erisk.net)

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# Top price for NEM week 28 Jan - 3 Feb 2007: Mackay at \$298.02/MWh

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TAS			
Generator	Income (\$)	Output (MWh)	Av Price (/MWh)
Liap/Way/Cat	\$550,899	14,337	\$38.43
Bell Bay Power	\$685,233	17,498	\$39.16
John Butters	\$33,034	661	\$49.97
Tungatinah	\$197,338	5,264	\$37.49
Poatina	\$235,692	7,500	\$31.42
Tarraleah	\$472,224	12,215	\$38.66
Reece	\$579,490	15,059	\$38.48
Cethana	\$51,626	1,580	\$32.68
Tribute	\$292,488	7,328	\$39.92
Lemonthyme/Wilmot	-\$19,310	354	-\$54.55
Trevallyn	\$38,821	1,209	\$32.11
Mackintosh	\$194,067	4,635	\$41.87
Bastyan	\$188,977	5,010	\$37.72
Woolnorth Wind	-	-	-
Gordon	\$1,030,214	28,518	\$36.13
Vic->Tas	\$2,236,717	54,663	\$40.92
Devils Gate	\$68,325	1,947	\$35.09
Fisher	\$2,690	64	\$41.83
Meadowbank	112460.4442	2773.555	\$40.55
Lake Echo	161988.5776	4196.84	\$38.60
Repulse	-	-	-
Paloona	-	-	-
Cluny	-	-	-

## Stanwell coke project not proceeding:

NEMMCO produced a table showing changes to proposed scheduled generation projects since the 2006 SOO. This showed:

- the Stanwell coke project of 350MW in Stanwell Energy Park in Queensland was no longer proceeding;
- the Alinta Energy Tamar Valley power station in Tasmania with combined cycle gas turbines (CCGT) of 200MW capacity, not reported in the 2006 SOO, was now publicly announced with a planned service date of March 2009.

SA			
Generator	Income (\$)	Output (MWh)	Av Price (/MWh)
North n Power	\$3,404,274	85,485	\$39.82
Ladbroke	\$234,102	3,904	\$59.96
Osborne	\$1,007,303	24,241	\$41.55
Pelican Pt	\$2,779,535	67,134	\$41.40
Torrens Is. B	\$1,834,217	38,554	\$47.58
Vic->SA	\$1,257,204	30,277	\$41.52
MLink->SA	-	-	-
Torrens Is. A	\$323,101	6,222	\$51.92
Mintaro	\$18,898	228	\$82.82
Dry Creek	\$22,898	231	\$99.08
Playford	\$734,724	16,726	\$43.93
Snuggery	\$11,541	165	\$69.95
Pt Lincoln	-	-	-
Quarantine	\$131,820	1,922	\$68.60
Angaston Power	\$1,398	15	\$93.23
Hallett Power	\$246,009	3,080	
Lonsdale	-	-	-
Terminal Storage	-	-	-
Lake Bonney Wind	-	-	-

VIC			
Generator	Income (\$)	Output (MWh)	Av Price (/MWh)
Loy Yang A	\$11,961,067	348,137	\$34.36
Loy Yang B	\$6,059,863	175,940	\$34.44
Hazelwood	\$8,941,862	254,493	\$35.14
Yallourn	\$7,886,894	231,704	\$34.04
Anglesea	\$860,625	24,947	\$34.50
Energy Brix	\$551,136	15,965	\$34.52
Newport	\$238,733	5,105	\$46.76
MLink->Vic	-	-	-
SA->Vic	\$50,729	1,614	\$31.43
Snowy->Vic	\$1,030,095	18,438	\$55.87
Tas->Vic	\$317,504	5,116	\$62.06
Jeeralang	-	-	-
West Kiewa	\$32,015	477	\$67.08
Bairnsdale	\$198,826	3,784	\$52.54
Dartmouth	-	-	-
Eildon	\$71,265	1,348	\$52.85
Hume Vic	-	-	-
McKay Power	\$757	7	\$109.06
Clover	-	-	-
Valley Power	\$1,076,089	22,651	\$47.51
Rubicon	-	-	-
Laverton North	1105969.242	23678.335	
Somerton Power	103459.6862	1776.565	
Sunshine Energy	-	-	-
Longford	-	-	-

NSW			
Generator	Income (\$)	Output (MWh)	Av Price (/MWh)
Bayswater	\$14,404,943	337,829	\$42.64
Liddell	\$8,580,090	215,941	\$39.73
Mt Piper	\$7,377,152	181,596	\$40.62
Wallerawang	\$3,579,986	84,598	\$42.32
Vales Point	\$6,643,873	157,611	\$42.15
Munmorrah	\$1,940,398	47,881	\$40.53
Eraring	\$14,392,669	338,587	\$42.51
Redbank	\$969,612	24,536	\$39.52
Smithfield	\$852,429	19,813	\$43.02
Snowy->NSW	\$5,541,535	77,308	\$71.68
Shoalhaven	\$444,797	11,454	\$38.83
Hunter Valley	\$1,537	42	\$36.25
Hume Hydro	-	-	-
Blowering	\$73,954	1,922	\$38.49
Northern Gas	-	-	-
Burrinjuck	-	-	-
Brown Mountain	-	-	-
Keepit	-	-	-
Broken Hill	-	-	-
Ergon Energy	-	-	-
DL Q->N	\$336,679	7,844	\$42.92
QLD->NSW	\$1,613,460	45,051	\$35.81
Pindari Hydro	-	-	-
West Nowra	-	-	-
Country En (NSW)	-	-	-

QLD			
Generator	Income (\$)	Output (MWh)	Av Price (/MWh)
Tarong	\$15,308,159	258,962	\$59.11
Millmerran	\$4,391,290	81,282	\$54.03
Swanbank	\$3,299,187	48,347	\$68.24
Stanwell	\$10,143,862	172,639	\$58.76
Callide B	\$5,368,791	94,077	\$57.07
Callide Power	\$7,379,409	133,053	\$55.46
Townsville	\$2,045,708	31,523	\$64.90
Gladstone	\$11,154,260	175,615	\$63.52
Collinsville	\$493,818	6,891	\$71.66
Swanbank C, D, E	\$3,136,921	48,920	\$64.12
Barcardine	\$321,574	3,015	\$106.67
Callide A	-	-	-
Kareeya	\$834,005	14,270	\$58.44
Barron Gorge	\$561,008	9,231	\$60.77
Mt Stuart	\$1,154,977	6,803	\$169.77
Wivenhoe	\$151,362	2,555	\$59.24
Braemar Power	\$3,454,360	39,321	\$87.85
Mackay	\$1,763	6	\$298.02
Roma	\$359,271	3,454	\$104.00
Oakey	\$529,029	2,708	\$195.37
DL N->Q	\$32,531	257	\$126.39
NSW->QLD	\$1,707,141	11,964	\$142.69
Rocky Point	-	-	-
Tableland	-	-	-
Stapylton	-	-	-

**Projects with planning consents:** Planning consents were in progress for the following publicly announced or advanced projects:

- International Power's three 40MW gas/distillate turbines near Parkes in NSW, with an unidentified service date and an 18-month minimum lead time;
- International Power's three 40MW distillate turbines near Buronga in NSW, with an unidentified service date and an 18-month lead time;
- International Power's three 40MW distillate turbines at Herrons Creek NSW, with an unidentified service date and an 18-month minimum lead time;
- the 500MW capacity stage one of Origin Energy's combined cycle gas turbines (CCGT) of 1000MW at Spring Gully, 80km north of Roma in Queensland, with a mid-2009 service date.

**Project with planning consent:** Planning consent had been obtained for the 500MW stage one of Origin Energy's gas turbine 1000MW capacity Mortlake power station in Victoria, with a mid-2009 service date.

**It also warned:**

- Low water storages "are currently impacting the operational capacity of several hydro generation plants in Victoria"; and published
- new information regarding transmission network augmentation projects affecting the capacity of NTFPs and

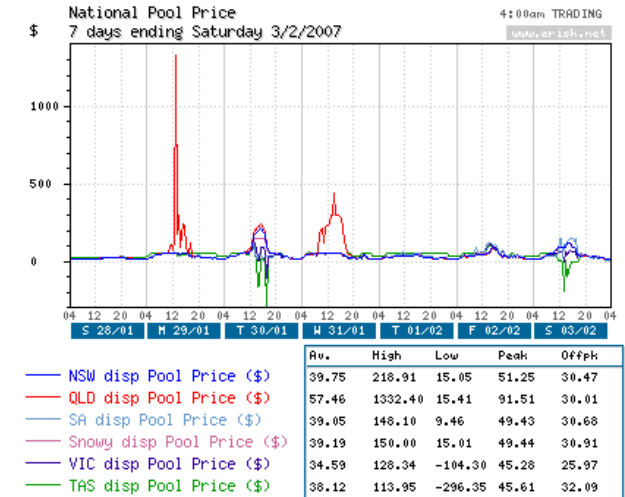
## the week in detail

• **NSW:** Average price \$39.75/MWh, down 28 per cent on the spike-affected \$55.04/MWh the previous week, down 80 per cent on the spike-affected \$194.36/MWh of the comparable week last year; maximum price \$218.91/MWh for the 30-minute trading interval ended 1600EST on Tuesday. Average demand 9055MW, down 1.2 per cent on the previous week, down 2.4 per cent on a year ago; maximum demand 12,643MW in the 1600EST interval on Tuesday, up 4.5 per cent on the 12,104MW the previous week.

• **Victoria:** Average price \$34.59/MWh down 24 per cent on the spike-affected \$45.55/MWh the previous week, up 30 per cent on the \$26.62/MWh of the comparable week last year; maximum price \$128.34/MWh for the 30-minute trading interval ended 1330EST Tuesday. Average demand 5862MW, up 7.3 per cent on the previous week, up 1.5 per cent on a year ago; maximum demand 8290MW in the 1600EST Friday interval, up 18.1 per cent on the 7018MW the previous week.

• **South Australia:** Average price \$39.05/MWh, up 7 per cent on the spike-affected \$36.66/MWh the previous week, up 36 per cent on the \$28.80/MWh of the comparable week last year; maximum price \$148.10/MWh for the 30-minute trading interval ended 1300EST Monday. Average demand 1645MW, up 16.6 per cent on the previous week, up 15.4 per cent on a year ago; maximum demand 2554MW in the 1630EST Friday interval, up 23.9 per cent on the 2061MW the previous week.

• **Queensland:** Average price \$57.46/MWh, down 55 per cent on the spike-affected \$127.77/MWh the previous week, down 61 per cent on the spike-affected \$146.51/MWh of the comparable week last



year; maximum price \$1332.40/MWh for the trading interval ended 1330EST on Monday. Average demand 6466MW, down 2.5 per cent on the previous week, down 0.3 per cent on a year ago; maximum demand a record 8378MW in the 1600EST Monday interval, up 7MW on the former record of 8371MW of the previous week.

• **Tasmania:** Average price \$38.12/MWh, down 22 per cent on the spike-affected \$49.09/MWh the previous week, up 24 per cent on the \$30.82/MWh of the comparable week last year; maximum price \$113.95/MWh for the trading interval ended 2300EST on Tuesday. Average demand 1076MW, up 1.8 per cent on the previous week, up 0.9 per cent on a year ago; maximum demand 1270MW for the 0800EST Monday interval, up 3.5 per cent on the 1227MW the previous week.

Table 1 Regional DSP – 2006 SOO and December 2006 survey (MW)

	2006 SOO		December 2006 Survey	
	Committed	Non-Committed	Committed	Non-Committed
Queensland	96	109	77	95
New South Wales	21	108	8	107
Victoria and South Australia	283	229	78	274
Tasmania	0	0	0	0

Table 2: Changes to existing and committed generation since the 2006 SOO

Company	Plant	Region	Summer Capacity	Winter Capacity	Status
AGL Hydro Partnership	Bogong Power Station <sup>1</sup>	VIC	141 MW	141 MW	Committed - Service by Dec 2009
Infratil Energy Australia	Angaston <sup>2</sup>	SA	50 MW	50 MW	Existing

## 300MW demand side hole

**Post-crash survey finds 300MW gone AWOL:** In response to a query received in December 2006 regarding the denition and quantity of committed DSP, NEMMCO undertook a survey of potential providers of DSP to clarify levels of committed DSP in the NEM. The survey results indicate that the committed level of DSP is lower than that reported in the 2006 SOO (in Chapter 3, Table 3.45). A summary of the survey results is provided in Table 1. But 300 MW of new gen forecast: The reported increase in committed generation will largely offset the reduction in committed DSP over the longer timeframe covered by the supply-demand outlook. Hence, these changes will not impact on the timing of projected low reserve level conditions reported in the 2006 SOO Executive Brieng. This document is an update to the 2006 Statement of Opportunities (2006 SOO). It provides signicant new information that has become available to NEMMCO since publication of the 2006 SOO, including: changes to the status of several committed and proposed scheduled generation projects; and a reduction in demand-side participation (DSP)The information included in this SOO Update will be updated if further signicant new information is brought to NEMMCOs attention prior to March 2007.

## Less from Basslink, more from Vic Snowy

Table 4 – Changes to NTFPs and Interconnectors since the 2006 SOO

NTFP / Interconnector	Project Description	Project Information	Project Status	Service Date	Source
TAS-LV and LV-TAS	Basslink	Basslink capacity into TAS has been reduced from 480 MW to 478 MW, and capacity into VIC has been reduced from 600 MW to 594 MW.	In Service	April 2006	Advice from the asset owner
NNS-SEQ	Addressing Emerging Constraints On The Queensland to New South Wales Interconnector (QNI)	Transgrid has published an Application Notice in relation to this project. This project is now classified as a large network augmentation, due to increased costs. It was previously classified as a small network augmentation, and was considered committed in the 2006 SOO ANTS simulations.	Conceptual	2008/09	Transgrid Application Notice <sup>1</sup>
NNS-NCEN and CAN-NCEN	Transmission network limitations in supplying the Newcastle – Sydney - Wollongong load area	Transgrid has published a Final Report in relation to this project. This project has received approval from the NSW government.	Routine	2008/09 and 2009/10	Transgrid Final Report <sup>2</sup>
CAN-NCEN	Southern Supply to the ACT	Transgrid has published a Final Report in relation to this project. When complete this project alters the arrangement of 330 kV lines connecting Canberra and Central NSW.	Conceptual	2012	Transgrid Final Report <sup>3</sup>
SNY-CAN	Increase in the in SNOWY1 Interconnector Transfer Limit	A control scheme has been installed which increases the transfer limit from Snowy to NSW by up to 200 MW when it is in service. The scheme initiates rapid reduction of Snowy generation and prearranged NSW loads following a line trip. <sup>4</sup>	Committed	In service from 22 January 2007.	NEMMCO Communication No. 2358

<sup>1</sup> <http://www.transgrid.com.au/trim/trim220870.pdf>

<sup>2</sup> <http://www.transgrid.com.au/trim/trim224993.pdf>

<sup>3</sup> <http://www.transgrid.com.au/trim/trim213540.pdf>

<sup>4</sup> The scheme allows use of short time overload ratings on NSW lines 01,02, 03 & 07

*Anyone with information they believe should be included in a future SOO update should provide it to NEMMCO at [soo\\_update@nemmco.com.au](mailto:soo_update@nemmco.com.au) From March 2007, NEMMCO will commence collection of information for the 2007 SOO. Due to the intensive nature of this work, NEMMCO does not intend to publish any further updates to*

*the 2006 SOO between March 2007 and the publication of the 2007 SOO in October 2007. NEMMCO considers that it is not practicable for it to carry out these tasks concurrently. 30th January 2007 2006 Statement of Opportunities Update Page 5*

**Unofficial 2007 generation update:** Right: Table 2 may not contain all changes to existing and committed scheduled generation as this (Statement of Opportunities ) SOO Update contains information brought to NEMMCO's attention by owners of existing generation, proponents of new generation; public announcements regarding new generation developments. Chapter 4 of the 2006 SOO provides capacity of existing and committed scheduled generation in each region for the next 10 years; and Information on advanced and publicly announced new scheduled generation projects. The information provided in Chapter 4 was obtained through a survey of the owners of existing generation plant registered with NEMMCO, and proponents who had publicly announced their intention to commence new generation projects.

*This information is current as at 30th June 2006. NEMMCO has not undertaken a new survey since then. Table 2 summarises significant new information regarding existing and committed scheduled generation that has become available to NEMMCO since publication of the 2006 SOO. Anyone with further information on changes to existing and committed scheduled generation they believe should be included in a future SOO update should provide it to NEMMCO at [soo\\_update@nemmco.com.au](mailto:soo_update@nemmco.com.au).*

## Generation in the pipeline

**Table 3: Changes to proposed scheduled generation projects since the 2006 SOO.**

Company/ Operator	Plant	Region	Service Date	Site	Major Components	Planning Consents	Construction Approvals	EIS	Finance	Construction commenced	Status
Stanwell Corporation <sup>3</sup>	Stanwell Coke Project, 350 MW, Stanwell Energy Park	QLD	-	-	-	-	-	-	-	-	No longer proceeding.
Alinta Energy <sup>4</sup>	Tamar Valley Power Station, Combined Cycle Gas Turbines, 200 MW	TAS	Mar-09	Yes	No	No	No	No	No	No	Publicly Announced
International Power	Near Parkes, 3 x 40 MW gas / distillate turbines.	NSW	Not identified - minimum 18 month lead time required	Yes	No	In Progress	No	No	No	No	Publicly Announced
International Power	Near Buronga, 3 x 40 MW distillate turbines.	NSW	Not identified - minimum 18 month lead time required	No	No	In Progress	No	No	No	No	Publicly Announced
International Power	Hérons Creek, 3 x 40 MW distillate turbines.	NSW	Not identified - minimum 18 month lead time required	No	No	In Progress	No	No	No	No	Publicly Announced
Origin Energy	Combined Cycle Gas Turbines, 1,000 MW, Spring Gully	QLD	Stage 1 (500 MW) by Mid 2009	Yes	No	In Progress	In Progress	Yes	No	No	Advanced
Origin Energy	Mortlake Power Station, Gas Turbine, 1,000 MW	VIC	Stage 1 (500 MW) by Mid 2009	Yes	No	Yes	Yes	Yes	No	No	Advanced

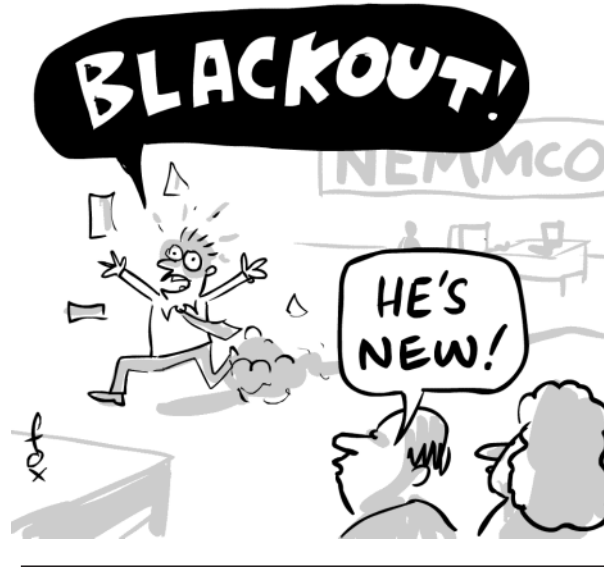
<sup>3</sup> Reported in the 2006 SOO as Publicly Announced

<sup>4</sup> Not reported in the 2006 SOO

interconnectors that has become available to NEMMCO since the publication of the 2006 SOO (see details inside); and

- a reduction in demand-side participation (DSP). "In response to a query received in December 2006 regarding the definition and quantity of committed DSP, NEMMCO undertook a survey of potential providers of DSP to clarify levels of committed DSP in the NEM. The survey results indicate that the committed level of DSP is lower than that reported in the 2006 SOO in Chapter 3 see new data, inside).

**Reference: Update by National Electricity Market Management Company (NEMMCO) to the 2006 Statement of Opportunities (SOO) which includes significant new information that has become available since the SOO publication. 5 February 2007. Address: Level 12, 15 William Street, Melbourne. Vic. 3000. Phone: (03) 9648 8777. Fax: (03) 9648 8778. <http://www.nemmco.com.au>**



## March 2007: another blackout risk for Victoria and SA

**T**hree changes to MT PASA: Two changes have been made in the medium term projected assessment of system adequacy (MT PASA) issued at 0944EST on Tuesday, 6 February to that issued on Tuesday, 30 January. Two changes involve 2007:

- the omission of a low reserve condition (LRC) in NSW for April; and
- the addition of March for Victoria and South Australia; and
- the third involved the addition of December for Victoria and South Australia, in 2008.

**LRC forecasts for week days:** In the 6 February MT PASA, NEMMCO said the reliability results forecast LRC for a number of week days in the following months:

### 2007

- South Australia: February and December; and
- Victoria+South Australia: February and March.

### 2008

- Queensland: November and December;
- NSW: April and December;
- South Australia: January, February and March; and
- Victoria+South Australia: January, February, March and December.

### 2009

- South Australia: January and February;
- NSW: January and February; and
- Victoria + South Australia: January and February.

**New minimum reserve levels:** NEMMCO said the following minimum reserve levels became operational in MT PASA from 24 October 2006:

Year	Queensland*	NSW	Vic/SA	SA*
2006/2007	480MW	-1490MW	615MW	-50MW
2007/2008	560MW	-1430MW	615MW	-50MW

\* This is a local requirement and must be met by generation within the region.

#### **New interconnector headroom constraints:**

In addition, in order to remain consistent with the calculation of the new minimum reserve levels, the following new interconnector headroom constraints for MT PASA were implemented from 24 October 2006:

- The Queensland minimum reserve level (MRL) was assessed with 0MW transfer into the region because it was a local requirement.
- The NSW MRL was assessed with a net import limit into NSW of 1878MW for 2006/07 and 1946MW for 2007/08.
- The Victorian MRL was assessed with a net import limit into Victoria of 2510MW.
- The South Australian MRL was assessed with 0MW transfer into the region because it is a local requirement.

#### **Summary of results for next 12 months:**

NEMMCO said the results for the next 12 months were summarised at <http://www.nemmco.com.au/data/mtoutlook.htm>. NEMMCO had also published a guide to the MT PASA reserve forecasts at <http://www.nemmco.com.au/dispatchandpricing/556.htm#MTPASA>

## National demand was at record levels in the week from Sunday, 14 January to Saturday, 20 January 2007

**P**rices for the week averaged between \$39/MWh in Tasmania and \$321/MWh in Victoria, the Australian Energy Regulator (AER) said in its review of the week from Sunday, 14 January to Saturday, 20 January 2007.

**Record national demand:** The review noted that high temperatures across the board saw national demand reach record levels.

**Spot prices soar on high demand:** On the afternoon of Tuesday, 16 January a record demand in Victoria of more than 9000MW occurred, which together with demand in South Australia at near record levels saw spot prices exceed \$5000/MWh in both regions.

**Snowy-Vic interconnector opens:** At 1502EST bushfires near the fully loaded Snowy to Victoria interconnector caused it to open, which led to the interruption of 2600MW of Victorian customer load.

**Aftermath of interconnector loss:** Following the loss of the interconnector, the price in South Australia rose to close to the price cap, Victoria's price fell to zero before rising to the cap and the price in Tasmania fell to -\$1000/MWh.

**Supply restored by 1800EST:** Restoration of customers began at 1549EST and all supply was restored by around 1800EST. The AER said it would be issuing a separate report into the events of that day. If anyone has additional information they believe NEMMCO should include in a future SOO update, they should forward it to NEMMCO at [soo\\_update@nemmco.com.au](mailto:soo_update@nemmco.com.au). The information contained in this SOO Update is current as at 22nd January 2007.

**Reference: Market analysis for week Sunday 14 January to Saturday, 20 January 2007 by Australian Energy Regulator (AER). 2 February 2007. Address: Level 11, The Tower, 360 Elizabeth Street, Melbourne Central, Melbourne. Vic. 3000. GPO Box 520, Melbourne. Vic. 3001. Phone: (03) 9290 1444. Fax: (03) 9290 1457. <http://www.aer.gov.au>**

## 2007 starts big, with average prices up 26-311pc on Dec

**A**verage prices jumped 26-311 per cent in January to a range of \$44.40-\$91.47/MWh on December 2006, an analysis of average prices shows.

**Victoria the highest average price:** Victoria had the highest average price of \$91.47/MWh, followed by Queensland at \$73.70/MWh, South Australia at \$66.48/MWh, NSW at \$55.93/MWh and Tasmania at \$44.40/MWh.

**SA down on January 2006:** January's average prices were up 20-147 per cent in NSW, Victoria, Queensland and Tasmania and down 10 per cent in South Australia on January 2006.

**Demand up 3.8pc to 8.4pc on mainland:**

Average demand was up between 3.8 per cent and 8.4 per cent in the mainland regions on December 2006, but fell 2.7 per cent in Tasmania.

**SA and Qld demand down on January 2006:**

However, average demand was down in South Australia and Queensland on January 2006, steady in Tasmania and up 1.4 to 2.3 per cent in NSW and Victoria.

**January 2007 in detail:** The following shows average price and demand figures for January 2007, compared with December 2006 and January 2006:

- **NSW:** Average price \$55.93/MWh, up \$34.94/MWh (166 per cent) on the average \$20.99/MWh in December, up \$29.11/MWh (109 per cent) on the average \$26.82/MWh of January 2006. Average demand 8912MW, up 519MW (6.2 per cent) on the 8393MW of December, up 199MW (2.3 per cent) on the 8713MW of January 2006.

- **Victoria:** Average price \$91.47/MWh, up \$69.19/MWh (311 per cent) on the average \$22.28/MWh in December, up \$38.05/MWh (71 per cent) on the average \$53.42/MWh of January 2006. Average demand 5791MW, up 213MW (3.8 per cent) on the 5578MW of December, up 78MW (1.4 per cent) on the 5713MW of January 2006.

- **South Australia:** Average price \$66.48/MWh, up \$27.74/MWh (72 per cent) on the average \$38.74/MWh in December, down \$7.19/MWh (10 per cent) on the average \$73.67/MWh of January 2006. Average

demand 1581MW, up 96MW (6.5 per cent) on the 1485MW of December, down 11MW (0.7 per cent) on the 1592MW of January 2006.

- **Queensland:** Average price \$73.70/MWh, up \$53.72/MWh (269 per cent) on the average \$19.98/MWh in December, up \$43.87/MWh (147 per cent) on the average \$29.83/MWh of January 2006. Average demand 6284MW, up 489MW (8.4 per cent) on the 5795MW of December, down 37MW (0.6 per cent) on the 6321MW of January 2006.

- **Tasmania:** Average price \$44.40/MWh, up \$9.25/MWh (26 per cent) on the average \$35.15/MWh in December, up \$7.53/MWh (20 per cent) on the average \$36.87/MWh of January 2006. Average demand 1062MW, down 30MW (2.7 per cent) on the 1092MW of December, up 8MW on the 1054MW of January 2006.

**Reference: Average prices and demand for NSW, Victoria, South Australia, Queensland and Tasmania for January 2007, December 2006 and January 2006 as shown in National Price and National Demand in Price/Demand section of Erisk Net – Realtime NEM Data. <http://www.erisk.net>**

## Two-thirds of \$554m in energy market turnover for week to 20 January occurs in Vic power crisis on “black Tuesday”

**T**urnover in the energy market for the week was \$554 million, the Australian Energy Regulator (AER) said in its review of the

week from Sunday, 14 January to Saturday, 20 January 2007.

**Up \$180 million on previous week:** This was up \$180 million (48.1 per cent) on the \$374 million turnover shown for the week ending 13 January and up \$448 million (422.6 per cent) on the \$106 million shown for the week ending 6 January.

**Power crisis from bushfires:** The review said two-thirds of the \$554 million in the week to 20 January occurred during the Victorian power crisis following bushfires cutting transmission lines on Tuesday, 16 January.

**Ancillary services cost \$20 million:** The total cost of ancillary services for the week was \$20 million, with 99 per cent of that accruing on “black Tuesday”.

**Way up on first two weeks of 2007:** The \$20 million cost of ancillary services for the week compares to a \$466,000 total cost for the week ending 13 January and \$207,000 for the week ending 6 January.

**Actual prices differ sharply from forecasts:** The review said significant variations between actual prices and those forecast four and 12 hours ahead occurred in 207, or nearly two-thirds, of the 336 30-minute trading intervals in a week.

**Variations in actual demand:** Demand forecasts produced four and 12 hours ahead varied from actual by more than 5 per cent in around a quarter of all trading intervals across the market.

Reference: Market analysis for week Sunday 14 January to Saturday, 20 January 2007 Australian Energy Regulator (AER). 2 February 2007. Address: Level 11, The Tower, 360 Elizabeth Street, Melbourne Central. Melbourne. Vic. 3000. GPO Box 520, Melbourne. Vic. 3001. Phone: (03) 9290 1444. Fax: (03) 9290 1457.

## Three maximum prices of \$10,000.00/MWh in Victoria on 16 January highlight month which saw spikes on 17 days

Three spikes to the \$10,000.00/MWh Value of Lost Load (VoLL) were recorded in Victoria on 16 January, one of 17 days when there were 57 times when the regions recorded a top price exceeding \$100.00/MWh, an analysis of spikes in January shows.

**Range from \$100.07-\$10,000.00/MWh:** On the 57 times when there was a top price exceeding \$100 in the six National Electricity Market (NEM) regions, the prices ranged from \$100.07/MWh to \$10,000/MWh. (While there were \$10,000.00/MWh prices in three 30-minute trading intervals in Victoria on 16 January, the top price is shown as \$10,000.00/MWh and only this one price is counted for Victoria on that day).

**Much higher than December:** January spikes were way up on December 2006 when there was a total of six spikes on six days ranging from \$145.00-\$4430.63/MWh.

**Two fewer spike days than January 2006:** However, there were two fewer spike days in January 2007 than the 19 spike days in January 2006, which had 10 fewer spikes at 47. The January 2006 spikes ranged from \$108.32-\$7758.08/MWh.

**Comparison of spikes:** The following table compares the spike picture in January 2007, December 2006 and January 2006.

Spike amounts	January 2007	December 2006	January 2006
\$100-\$200/MWh	32	3	13
\$201-\$500/MWh	9	-	13
\$501-\$1000/MWh	2	-	7
\$1001-\$2000/MWh	3	2	2
\$2001-\$5000/MWh	5	1	9
\$5001-\$10,000/MWh	6	-	3
<b>Total</b>	<b>57</b>	<b>6</b>	<b>47</b>

Reference: Analysis of maximum prices above \$100.00/MWh in National Price for each of 31 days in January 2007, December 2006 and January 2006 in Price/Demand section of Erisk Net - Realtime NEM Data. <http://www.erisk.net> <http://www.aer.gov.au>

## ICAC examines Costa's sacking of TransGrid chair Higginson, who refused to reappoint "Bernie's mate"

According to Imre Salusinszky, in *The Australian* (26/1/07, p.1), the Independent Commission Against Corruption has begun interviewing witnesses to examine Phillip Higginson's claim that NSW

Treasurer Michael Costa sacked him in November because he refused to reappoint the friend of a "union mate" of Costa to the board of a superannuation fund.

**Bernie Riordan involved:** Higginson, who chaired TransGrid for 12 years, said that Costa had summoned him to a meeting with Electrical Trades Union chief and NSW Labor Party president Bernie Riordan on November 2 and told him, "I'll sack you if you don't put Bernie's mate on the board."

**One appointment permitted:** TransGrid can make one appointment to the board of the Energy Industries Superannuation Scheme. With the support of TransGrid's board, Higginson had written a letter replacing former TransGrid chief executive David Croft with current chief executive Kevin Murray. Croft enjoyed the support of Riordan, a fellow member of the EISS board.

**Counter claim:** In an increasingly messy affair, *The Australian* learned on the night of 25 January that Costa has counter-referred Higginson to ICAC, alleging he improperly tried to direct the contract for the search for a new TransGrid chief executive to his own consultancy, Proned. Higginson has denied the allegation.

**Proned charge unaddressed:** It is understood the ICAC interview dealt only with the November 2 meeting and that the Proned matter was not broached.

**Tarnished reputation:** Less than two months out from the state election, the investigation

raises new questions about the standard of conduct of senior figures in the lemma Labor Government.

**Tripodi cleared:** Only a day ago, ICAC cleared Energy Minister Joe Tripodi of misconduct over his involvement in a company that bought government properties in the 1990s, then sold them at a profit.

**One in 25 investigated:** ICAC receives about 3000 referrals each year, of which about 120 are investigated.

## NEMMCO slashes committed DSP from 400MW to 163MW

The National Electricity Market Management Company (NEMMCO) has slashed the amount of committed demand-side participation (DSP) published in its 2006 Statement of Opportunities (SOO) from 400MW to 163MW.

**Query led to survey:** NEMMCO said in its update of the 2006 SOO that a query in December regarding the definition and quantity of committed DSP in the 2006 SOO resulted in it conducting a survey in December.

**Big change in Victoria-South Australia total:** The survey covered Queensland, NSW, Victoria-South Australia and Tasmania. The big difference in committed DSP was for Victoria-South Australia which dropped from 283MW in the 2006 SOO to 78MW in the December survey.

**Non-committed DSP slightly higher:** The survey showed the non-committed level of DSP at 476MW was slightly higher than the 444MW in the 2006 SOO.

**Comparison of results:** The following table compares committed and non-committed DSP in the 2006 SOO and in the December 2006 survey:

Region	2006 SOO committed	2006 SOO non-committed	December 2006 survey committed	December 2006 survey non-committed
Queensland	96MW	109MW	77MW	95MW
NSW	21MW	106MW	8MW	107MW
Victoria and South Australia	283MW	229MW	78MW	274MW
Tasmania	0MW	0MW	0MW	0MW

**Reference:** Update by National Electricity Market Management Company (NEMMCO) to the 2006 Statement of Opportunities (SOO) which includes significant new information that has become available since the SOO publication. 5 February 2007. Address: Level 12, 15 William Street, Melbourne. Vic. 3000. Phone: (03) 9648 8777. Fax: (03) 9648 8778. <http://www.nemmco.com.au>

## Reduction in DSP largely covered by increase in committed generation, main change in 2006 SOO update

The National Electricity Market Management Company (NEMMCO) has updated the 2006 Statement of Opportunities (SOO) published on 25 October 2006 because of “significant new information” that has become available since then.

**What the new information covers:** NEMMCO said in a summary of the update that the new information included:

- changes to the status of several committed and proposed scheduled generation projects; and
- a reduction in demand-side participation (DSP).

**Why outlook does not need revising:** NEMMCO said it did not believe it was necessary to revise the supply-demand outlook, or other key findings presented in the 2006 SOO on the basis of the new information, as:

- an increase in committed generation would largely offset a reduction in committed DSP over the longer timeframe covered by the supply-demand outlook; and
- it had not been advised of changes to the key scheduled demand forecasts.

**Work starts on 2007 SOO in March:** NEMMCO said the information included in this SOO update would be updated if further significant new information were brought to NEMMCO’s attention before March 2007 when it would begin collecting information for the 2007 SOO.

**No updates between March and October:** NEMMCO did not intend to publish any updates between March and the publication of the 2007 SOO in October because it was not practicable to carry out these tasks concurrently.

Reference: Update by National Electricity Market Management Company (NEMMCO) to the 2006 Statement of Opportunities (SOO) which includes significant new information that has become available since the SOO publication. 5 February 2007. Address: Level 12, 15 William Street, Melbourne. Vic. 3000. Phone: (03) 9648 8777. Fax: (03) 9648 8778. <http://www.nemmco.com.au>

## More Hydro Tas asset sales? Sales of wind energy to China Datang Cor; now Datang CEO to tour Hydro Tas assets

China Datang Corporation president Zhai Ruoyu and nine others would spend three days touring and discussing Tasmania's renewable energy assets, reported *The Mercury*, (1/2/2007, p.10).

### Important visit for Tasmanian energy:

Tasmanian Energy Minister, David Llewellyn, said the CDT delegation's visit represented a great opportunity for Tasmania. "To put how important this visit is into perspective, CDT has a total controlled installed capacity of more than 50,000MW, which is more than Australia's entire generating capacity," Llewellyn said, "CDT is active in developing renewable energy and have set up aggressive targets, which can only benefit Tasmania's energy businesses".

### Further wind energy joint-ventures:

"Roaring 40s already has a joint-venture arrangement with the Datang Jilin Resourceful

Power Generation Company, a subsidiary of CDT, to build the Shuangliao Wind Farm, in the Jilin Province," he said. "The potential of Roaring 40s to expand current activities with CDT is excellent, with negotiations under way for further joint-venture wind energy developments in China." The group's tour includes meetings with Hydro Tasmania and Roaring 40s, and visits to the Gordon power station and Woolnorth wind farm.

## National Electricity Rules provide distributors with an unfair competitive advantage over independent metering

According to Maco Bogaers, managing director, Metropolis, in a proposal for a rule-change for National Electricity Market (NEM) "Chapter 7 Rule Responsible Person Contestability", Metropolis Metering Assets Pty Ltd (Metropolis) proposed a rule change, under section 91 of the National Electricity Law.

**Distributor-retailer monopoly not needed:** If a Retailer does not wish to be the Responsible Person for a Type 1-4 metering installation, it has no option but to seek an offer from the Local Network Service Provider. Clause 7.4,2(d) of the National Electricity Rules prohibits a Retailer from being the Metering Provider for a connection point through which it trades energy.

### Distributors - power to appoint themselves:

Bogaers said it was not competitive that Distributors may appoint themselves as Metering Provider. Bogaers said as a result "every electricity Distributor is accredited as a Metering Provider or wholly owns a subsidiary accredited as a Metering Provider".

### Unfair competitive advantage:

"The National Electricity Rules therefore provide electricity Distributors with an unfair competitive advantage over independent Metering Providers, such as Metropolis, which cannot offer to act as the 'Responsible Person'. Why not?" Bogaers said there was no logical reason why the National Electricity Rules should limit Retailer choice of Responsible Person to only the Local Network Service Provider in its network area. He noted that the Joint Jurisdictional Regulators recommended that the National Electricity Rules "should be amended to provide Retailer choice of Responsible Person ... for all first tier customers ... (and) second tier customers ... that have a ... metering installation type 1, 2, 3 or 4. As an accredited Metering Provider, Metropolis is just as capable as any Distributor to be the Responsible Person. And Metropolis is more than prepared to extend its offering and act as the Responsible Person within and across network areas. This then puts Metropolis - and other Metering Providers - on an equal competitive footing with Distributors."

**Metropolis explains how to do it:** Bogaers said, "The only way to effectively implement competition for type 1, 2, 3 and 4 metering

services, as recommended by the jurisdictional regulators, is to ensure that all areas of meter service provision - including the role of Responsible Person - are open to competition.

#### **Metropolis lists benefits of competition:**

"Given a lack of competition, Distributors are not necessarily compelled to put the best deals on the table or to seek competitive offers from other Metering Providers. Allowing electricity Retailers to seek offers from accredited Metering Providers to act as the Responsible Person across network areas will generate competition and promote efficiency, innovation and price competitiveness. Electricity Retailers will be compelled to explore competitive options and a vibrant, competitive market will quickly emerge. If the Local Network Service Provider truly is the most efficient, innovative and cost-effective provider of metering services then at the very least this rule change will provide electricity Retailers with greater price transparency - so that they know they're getting a good deal".

#### **Distributors self-accredited as Providers:**

1. ActewAGL Distribution;
2. Aurora Energy;
3. Australian Inland (Country Energy);
4. Country Energy;
5. Citipower;
6. Ergon Energy;
7. ETSA Utilities Pty Ltd;
8. SP AusNet;

9. Powercor;
10. Alinta;
11. Energex (trading as Metering Dynamics);
12. Integral Energy (trading as InfoMet); and
13. Energy Australia (trading as Testing and Certification Australia).

#### **Accredited Distributor subsidiaries:**

14. Data & Measurement Solutions owned and operated by SP Ausnet;
15. Agility Services owned and operated by AGL Electricity.

**Reference: Metropolis Metering Assets Pty Ltd, Level 2/420 Victoria Street, Brunswick VIC 3056, Phone: (03) 9940 1545. Fax: (03) 9381 0700. Website: <http://www.metropolis.net.au>**

## Solar panel woman tells ESC how she's "a captive supplier to AGL" under system that breaks competition principles

**E**very year AGL sent her a letter about the rise in the Consumer Price Index (CPI) causing an increase in her electricity charges, Kensington woman Sue Healy told the Essential Services Commission (ESC).

**Details of another problem with AGL:** In her submission on the Victorian Renewable Energy Target (VRET) framework paper and draft rules, Healy used this as the second of her problems with electricity supplier AGL since installing solar panels on her roof in 2000.

**Company not required to negotiate:** She said that when she queried the company about the cost to it of the power from her solar panels, she was told there was no regulation requiring the company to negotiate with her on a rise in her price.

**No other company can take on this part:** The third problem arose from this. When she discussed the possibility of changing the supplier to another company, she was told no other company could take on this part of her contract.

**Captive supplier to AGL:** "I am therefore a captive supplier to AGL, which seems to me to make a nonsense of national competition guidelines."

**Reference: Submission from Sue Healy of 37 Collett Street, Kensington, Victoria, to Essential Services Commission (ESC) of Victoria on the Victorian Renewable Energy Target (VRET) framework paper and draft rules. January, 2007. ESC address: 2nd floor, 35 Spring Street, Melbourne. Vic. 3000. Phone (03) 9651 0222. Fax: (03) 9651 3688. <http://www.esc.vic.gov.au>**

## Monday, 5 Feb: spikes with top prices above \$1000MWh in five mainland regions, and up to \$131.15/MWh in Tas

Spikes with top prices of \$131.15/MWh in Tasmania, \$1003.65/MWh in Queensland, \$1077.21/MWh in South Australia, \$1096.66/MWh in Snowy, \$1181.72/MWh in NSW and \$1220.09/MWh in Victoria were recorded on Monday, 5 February.

### 11 spike intervals in Victoria and SA:

Victoria and South Australia each had spikes in 11 30-minute trading intervals, with NSW, Queensland and Snowy having spikes in nine intervals and Tasmania in seven.

**NEM demand near record level:** System-wide maximum demand was up 1904MW (6.4 per cent) to 31,865MW, within 25MW of the NEM record as Adelaide recorded a top temperature of 38 degrees, Melbourne 35 degrees and Brisbane 30 degrees. All regions recorded increases in demand compared to Friday, the previous week day.

**How prices moved:** The following table shows how prices moved in the spike intervals:

Trading interval	NSW	Victoria	South Australia	Queensland	Snowy	Tasmania
1200EST	-	\$103.93/MWh	\$119.99/MWh	-	-	-
1230EST	-	\$119.63/MWh	\$134.59/MWh	-	-	\$107.34/MWh
1300EST	\$116.27/MWh	\$131.82/MWh	\$139.32/MWh	\$105.34/MWh	\$113.03/MWh	-
1330EST	\$113.35/MWh	\$133.26/MWh	\$139.57/MWh	\$103.07/MWh	\$109.89/MWh	\$103.21/MWh
1400EST	\$115.11/MWh	\$126.70/MWh	\$135.74/MWh	\$104.62/MWh	\$110.64/MWh	-
1430EST	\$186.01/MWh	\$204.38/MWh	\$203.03/MWh	\$169.60/MWh	\$178.45/MWh	\$131.07/MWh
1500EST	\$290.03/MWh	\$311.24/MWh	\$295.35/MWh	\$262.62/MWh	\$275.50/MWh	\$131.15/MWh
1530EST	\$372.41/MWh	\$398.65/MWh	\$368.19/MWh	\$306.13/MWh	\$353.44/MWh	\$131.15/MWh
1600EST	\$1181.72/MWh	\$1220.09/MWh	\$1077.21/MWh	\$1003.65/MWh	\$1096.66/MWh	\$131.15/MWh
1630EST	\$225.43/MWh	\$225.72/MWh	\$145.00/MWh	\$202.73/MWh	\$205.93/MWh	\$130.700/MWh
1700EST	\$114.86/MWh	\$116.86/MWh	\$113.27/MWh	\$105.02/MWh	\$107.55/MWh	-

Reference: National Prices for NSW, Victoria, South Australia, Queensland, Snowy and Tasmania for one day, Monday 5 February, in Price/Demand section of Erisk Net – Realtime NEM Data. <http://www.erisk.net>

## Saturday, 3 February: negative prices recorded in three Tas trading intervals and in one Victorian trading interval

Negative prices were recorded in three 30-minute afternoon trading intervals in Tasmania and one trading interval in Victoria on Saturday, 3 February.

### Negative prices at same time as SA spikes:

All the negative prices occurred in intervals when South Australia was recording spikes. Two of the three Tasmanian negative prices

were in intervals when NSW, Queensland and Snowy were also recording spikes.

**Details of negative prices:** The following table shows the negative prices and the intervals in which they occurred:

Trading interval	Victoria	Tasmania
1400EST	-\$0.85/MWh	-\$189.90/MWh
1500EST	-	-\$96.67/MWh
1530EST	-	-\$26.36/MWh

Reference: National Price for Victoria and Tasmania for one day, Saturday 3 February, in Price/Demand section of Erisk Net – Realtime NEM Data. <http://www.erisk.net>

## Users lobby group calls AEMC’s decision on electricity transmission ‘full of holes’

Headberry Partners Pty Ltd and Bob Lim & Co Pty Ltd in a submission for the Major Energy Users lobby group said the two did not agree with the AEMC’s decision in the electricity transmission review not to have any audit of past expenditures.

### Consumers demand a right to an audit:

‘With over \$35 billion in expenditures (spent over the past 5 years by all electricity and gas infrastructure businesses) and a similar amount planned for the next 5-10 years in the energy infrastructure area, consumers demand a right to an audit. Ultimately it is consumers

that will be returning this capital back to the infrastructure investors, complete with interest and capital appreciation. This approach is totally at odds with how the ATO allows recovery of capital invested.

**Plan full of holes:** “Therefore, adding this over-recovery of capital invested with removal of the prudence test and an administrative assessment, is akin to an invitation for excessive and inappropriate expenditure claims. This decision by the AEMC is so full of holes that consumers are rendered defenceless in the likelihood (almost a guarantee) that excessive past expenditures would be automatically rolled into the RAB at each regulatory reset! This is a very poor outcome for consumers”.

**Reference:** Major Energy Users Inc submission to MCE on Initial National Gas Rules. Assistance in preparing this submission by the Major Energy Users Inc was provided by Headberry Partners Pty Ltd and Bob Lim & Co Pty Ltd. Document is available at: <http://www.mce.gov.au/assets/documents/mceinternet/The%5FMajor%5FEnergy%5FUsers%5FInc20070115153520%2Epdf>

## Consumers Advocacy Panel argues plan for SA Review disempowers wider consumer-community in other regions

**D**avid J L Bremner, executive officer, in a submission to the Standing Committee of Officials, Ministerial Council on

Energy of the National Electricity Consumers Advocacy Panel, said a proposed process of Review by South Australian Parliament does not ensure balanced national submissions. "The Panel understands that regulations made under the Act will be subject to review by the South Australian Parliament as part of the normal process for the setting of regulations. However, this process does not necessarily ensure that all interested parties will be given an opportunity to consider the funding criteria and to make submissions on them".

**Consumers won't get a look-in:** The Panel's view was "funding criteria were the foundation of the advocacy funding process and therefore it is essential that changes to the criteria are subject to wide scrutiny by the parties most affected by them – the generators, distributors, retailers, and consumers of electricity".

**Annual report rule questioned:** A further issue in relation to the annual report is the requirement in clause 46(1)(b) that the Panel report on the “outcomes achieved” by projects and research. The term “outcomes achieved” can be interpreted in at least two ways – it may mean:

- the outcome of the projects in terms of a report being published; or
- a submission lodged or the outcome in terms of the effect on a decision maker's decision as a result of the advocacy project funded by the Panel.

The first interpretation would involve a minimal workload whereas the second would involve a

significant workload as the term implies that for each funded project the Panel would have to review the decision of the recipient of the advocacy to identify where it was impacted by the advocacy funded by the Panel.

**Impossible to assess?** "On several occasions over the past four years the Panel had attempted to assess the outcomes achieved by a project. The assessments have been carried out by members of the Panel or by external consultants engaged to review a particular project. As a result of this experience, the Panel recognises that conducting an assessment of every project will involve a significant workload (and cost) for the Panel and its staff."

**How to define "success":** When discussing the assessment of project outcomes with recipients of Panel funding, the point was made to the Panel that a project that involves a submission to a decision maker may appear to be unsuccessful in that the decision maker does not take up in its decision the points made in the submission whereas it is actually successful in terms of making the decision maker more aware of the impact of its decision on end-users. Thus, it is not always apparent from a decision maker's decision that the Panel funded advocacy has been worthwhile.

**Call to re-define 'outcomes':** The Panel therefore recommends that the term “outcomes achieved” be reconsidered and if it is to be retained it should be spelt out in greater detail so its meaning is obvious.

**Chair should get a casting vote:** Clause 38 (5) provides that at least three members present at a meeting must concur on a decision. The current Rules 2 provide that the chair also has a casting vote. The Panel has experienced meetings where at the last moment a member has been unable to attend but because the chair has a casting vote this has not precluded decisions being made where a majority decision has not initially been reached. In the absence of the chair having a casting vote, the likelihood that votes on an application may be deadlocked will increase. The Panel therefore recommends that the chair be given a casting vote.

**Please order Panel to consult:** Similarly, clause 43(2) requires the Panel to consult the AEMC and other interested stakeholders when developing guidelines for grant allocation. The process to be followed in consulting with the AEMC and other interested stakeholders is not stated. In the interests of ensuring that the consultation process is transparent to interested parties and independently prescribed, the Panel recommends that the Bill provide that when developing its guidelines the Panel must consult stakeholders in accordance with the Rules consultation procedures.

**Reference: Consumer Advocacy Panel Amendment Bill 2006, 635 Canterbury Road Surrey Hills Victoria 3127, PO Box 43 Surrey Hills Victoria 3127. Phone (03) 9899 5111. Facsimile (03) 9899 1666. Email [djlb@axtonjones.com.au](mailto:djlb@axtonjones.com.au). ABN 42 203 580 500. Document is available at: <http://www.mce.gov.au/assets/documents/mceinternet/National%20Electricity%20Consumer%20Advocacy%20Panel%202007%2011%2014%2026%20E.pdf>**

## AGL didn't train meter readers to tell difference between power used and power generated by solar panels

**A** woman who installed solar panels in 2000 told Victoria's Essential Services Commission (ESC) how a meter reader untrained in dealing with a special meter providing readings of electricity used and electricity generated was responsible for her getting a bill four times larger than normal.

**No satisfactory answer from supplier:** In a submission on the Victorian Renewable Energy Target (VRET) framework paper and draft rules, Sue Healy of Kensington said initially she was unable to get any satisfactory answer from her electricity supplier AGL.

**AGL says no possibility reading faulty:** The only thing AGL told her was that it was her responsibility to pay the bill, and there was no possibility that it could be faulty. Healy said she installed solar panels on her roof in 2000, taking advantage of the Commonwealth subsidy at the time. She found the installation and official processes to be efficient and reasonable.

**Meter the first problem with AGL:** However, she had experienced problems with AGL over the years since the installation. The first problem came after a special meter was installed to provide readings of both electricity use and generation.

**Two extra readings added together:** Healy said that after receiving the unsatisfactory responses from AGL about the bill four times bigger than normal, she worked out the reason – the meter reader had added together two extra meter readings and then added them incorrectly to her normal costs.

**Analysis of error finally accepted:** AGL finally accepted her analysis and credited the amount to her account. It also took notice of her request to train the meter readers, as several times she found men reading the meter in between billing cycles.

**Billing system OK at present:** She was satisfied with the billing system at present.

**Reference: Submission from Sue Healy of 37 Collett Street, Kensington, Victoria, to Essential Services Commission (ESC) of Victoria on the Victorian Renewable Energy Target (VRET) framework paper and draft rules. January, 2007. ESC address: 2nd floor, 35 Spring Street, Melbourne. Vic. 3000. Phone (03) 9651 0222. Fax: (03) 9651 3688. <http://www.esc.vic.gov.au>**

## Tuesday, 30 January: negative prices of \$104.30/MWh in Vic and between \$25.54/MWh to \$396.35/MWh in Tasmania

**V**ictoria and Tasmania recorded negative prices of between \$104.30/MWh and \$296.35/MWh on Tuesday, 30 January following spikes with top prices of \$128.34/MWh in Victoria and \$113.95/MWh in Tasmania.

**Four intervals in Tasmania, one in Victoria:** The negative prices occurred in the 30-minute trading interval ended 1730EST in Victoria and in the trading intervals ended 1500EST, 1530EST, 1700EST and 1730EST in Tasmania.

**When negative prices occurred:** The following table shows when the negative prices occurred in the two regions:

Trading interval	Victoria	Tasmania
1500EST	-	-\$165.64/MWh
1530EST	-	-\$149.31/MWh
1700EST	-	-\$25.54/MWh
1730EST	-\$104.30	-\$296.35/MWh

Reference: National Price for Victoria and Tasmania for one day, Tuesday 20 January, in Price/Demand section of Erisk Net – Realtime NEM Data <http://www.erisk.net>

## Solution sought to overload of Victor Harbor, Goolwa substations in Golden Grove area of South Australia

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**E**TSA Utilities is South Australia's principal Distribution Network Service Provider (DNSP), and is responsible for the distribution of electricity to all distribution grid-connected customers within the state under a regulatory framework.

**What's ETSA's job about:** ETSA Utilities design, install, upgrade, repair and maintain the poles and wires which make up the distribution network carrying the electrical energy to South Australian homes and businesses.

**EMNP to upgrade Golden Grove supply:** ETSA Utilities has identified a possible Eligible Major Network Project (EMNP, as defined in ESCOSA Electricity Industry Guideline 12) to upgrade the electricity supply to the Golden Grove area, South Australia.

**Proposals requested for EMNP solution:** In accordance with the requirements of the National Electricity Rules and ESCOSA Guideline 12, ETSA Utilities has consulted with Registered Participants, Interested Parties and customers regarding the above EMNP by issuing a Request for Proposals to potential solution providers for the project.

**ETSA Evaluation Report from internet:** ETSA Utilities has performed the AER regulatory test on different options to address the network constraint identified in RFP001/06: Overload of Victor Harbor & Goolwa Substations. The Evaluation Report is available on the ETSA Utilities website: <http://www.etsautilities.com.au/default.jsp?xcid=873> & [http://www.nemmco.com.au/transmission\\_distribution/179-0328.htm](http://www.nemmco.com.au/transmission_distribution/179-0328.htm). The Evaluation Report describes the options developed and scenarios considered in determining the recommended option.

Reference: Enquires should be directed to [requestforproposals@etsautilities.com.au](mailto:requestforproposals@etsautilities.com.au) (Attn:

Hugo Klingenberg, Senior Planning Engineer, ETSA Utilities).

## Hands up who wants a nuclear power plant: Australia Institute finds suggested SA sites not popular locally

**R**esidents in areas tipped as the best places to put nuclear power plants in South Australia are likely to be against their establishment, with an accompanying report from the left-wing think tank Australia Institute finding that two-thirds of Australians are opposed to a nuclear plant being built in their area, reported *The Advertiser* (31 January 2007 p.11).

**The list:** The sites flagged as best suited were Mt Gambier or Millicent, Port Adelaide, and Port Pirie or Port Augusta.

**Close to infrastructure, but quake-prone:** Despite the 'Siting Nuclear Power Plants in Australia' report finding the areas had high earthquake risks, they satisfied the main criteria for nuclear power plant siting - proximity to electricity and transport infrastructure, demand and access to large amounts of water for cooling.

**Port Augusta Mayor: govt needs guts:** Port Augusta Mayor, Joy Baluch, said there would have to be widespread debate. "We could be the world leaders in nuclear energy if only governments had the balls to grasp it now," she said.

**Port Adelaide Enfield Mayor opposed:** But Port Adelaide Enfield Mayor, Gary Johanson, said nuclear power would not be welcome at the port, the site of the state's largest gas-fired power station at Torrens Island, while Mt Gambier Mayor, Steve Perryman, said he was surprised by the report because the town did not have large water supplies.

**NIMBY no-sayers:** Another Australia Institute report released on 30 January, 'Who wants a Nuclear Power Plant?', found the not-in-my-backyard phenomenon was prevalent.

**Maternal concern:** Women or people with children were most likely to be opposed, with 75 and 72 per cent against living near a nuclear power plant.

## Generator lobby proposes emissions-market price-fixing; or compo for "loss of profits" for loss of free right to pollute

**J**ohn Boshier, executive director, National Generators' Forum (NGF), in response to the "Discussion Paper – Possible Design for a National Greenhouse Gas Emissions Trading Scheme", said one process considered by National Generators' Forum (NGF) members involved:

- making 'the' allocation formula the trading instrument; with

- annual conversions (for 20 years) into real emissions permits;
- based on an agreed pool price trajectory starting from the present; and
- actual emissions (averaged over the past few years or current year); then,
- with the formula in place, annual permit allocation would be calculated using the actual pool price and permit price, with the CPI indexed initial (pre-NETS) pool price and generator carbon intensity being the other parameters.

**Market forces plus experience:** "The permit market will quickly establish the forward price curve based on the allocation formula and growing experience over time. The allocation process will also need to recognise current voluntary and verifiable abatement action by generators".

**Or - just pay us money directly:** Other allocation options will also need to be explored, including options of direct compensation rather than ex post allocation to energy-intensive, trade-exposed participants.

**In summary:** With respect to permit allocation, the NGF recommended:

- permit allocation to affected generation businesses based on loss of revenue, reflecting loss of asset value;
- allocation on a power station, unit by unit basis;

- government planners to work closely with NGF and its members in modelling a range of permit allocation processes, but with the prime objective of succeeding in developing a viable scheme and not creating excessive challenges leading to an auction allocation default scheme;
- recognition, in terms of allocation, for current voluntary abatement actions by generators; and
- other mechanisms for compensation to energy-intensive, trade-exposed businesses should be examined.

**Reference: Contact: John Boshier, Executive Director, National Generators' Forum, ph: (02) 6243 5120, fax: (02) 6243 5143, email: john.boshier@ngf.com.au website: http://www.ngf.com.au.**

## Tesco in the UK: three energy-efficient stores reduce energy consumption by 29 per cent

**A** speech by Sir Terry Leahy, chief executive of UK supermarket group Tesco, given to invited stakeholders at a joint 'Forum for the Future and Tesco' event in London, United Kingdom (18 January 2007), reported Tesco in the UK had achieved an absolute reduction in energy use, despite growing by more than 8 per cent.

**How Tesco did it:** Leahy said: "We are using less energy this year than last, even taking into account our new stores and extensions. We

have achieved this by making energy reduction a top priority throughout our business - from the boardroom through to our staff and our stores. Our staff are crucial. Every Tesco store has an energy champion. All our energy champions will get together for a conference next month - to learn, share knowledge and celebrate what they have achieved so far. New technology is also crucial. We have now built three energy-efficient stores in this country to test new equipment and ideas that we hope to roll out across the business.

**One-third cuts:** "Our first such store in Diss reduced energy consumption by 29 per cent compared to a standard Tesco store of its size. At Swansea we achieved a 36 per cent reduction. Our most recent environmental store, which opened in Wick last November, has a carbon footprint 50 per cent lower than our current standard stores of that size. Much of the technology first trailed in our environmental stores is now becoming standard in all our stores."

**For example:**

- Energy-efficient ovens, refrigeration and air-conditioning - the big users of energy in stores;
- efficient lighting, and timers and motion detectors that switch off the lights when they are not needed;
- redesigned fridges to keep more of the cold air in - cutting energy use by 10pc;

- equipment to retrieve cold air from chiller cabinets to use as an energy-efficient alternative to air-conditioning on the sales floor; and
- heat recovered from machinery to use as heating when needed.

**Other innovations at Wick store:**

- Reduced embedded carbon by using timber rather than steel for the store;
- roofs and ceilings lowered, to reduce the space to heat and cool;
- more north-facing windows to cut artificial lighting without increasing unwanted heat; and
- photo-voltaic panels on south-facing roofs to generate renewable energy.

**New Shrewsbury store targets:** At the next environmental store in Shrewsbury this spring, "we want to reduce carbon emissions by 60 per cent, compared to a standard store. In Shrewsbury we will run our Tesco.com home delivery fleet on fully electric vans. This will deliver a saving of 100 tonnes of CO2 per year, on top of the 6,000 customer car journeys that each delivery van already saves each year. Our Sustainable Technology Fund created last May established an additional ring-fenced £100m to help to close that gap, to support low-carbon technologies that are not yet fully economically viable, to improve their application so that they become commercially viable."

**Investing in technologies:** Leahy went on: "We have:

- installed 10 wind turbines, and have sought planning permission for many more. We are looking closely at the next generation of vertical axis turbines;
- shown at Swansea that combined heat and power has a practical application in our sector, and plan another 10 plants this year;
- developed a gasification solution to turn food waste into clean, sustainable power;
- invested in a straw-fired generator at Goole, delivering biomass combustion, steam cycle and steam turbine power; and
- a significant stake in a new biodiesel plant at Immingham.

**Road distribution greener, too:** "From this month, three-quarters of our distribution fleet is running on a 50 per cent biodiesel blend. This is the highest percentage biodiesel blend used by any major distribution fleet in the world. It is equivalent to removing over 20,000 medium sized cars off the road. We will extend the use of 50:50 biodiesel to our entire distribution fleet this year."

**Reference: website:** <http://www.wbcsd.org>

## Automated Meter Reading allows mapping of blackouts as they happen and checking of notifications of outages

In the US, Xcel Energy Utility Innovations Project found customers consistently provide the first notification of a widespread outage. The AMR notifications can allow this to happen sooner. If a blackout was below the radar screen of the SCADA system - because the substation and feeder remained operational - the utility will not know about an outage until a customer calls it in.

**Temptation to take phone off the hook:** But as a crisis grows, customer service blackout managers have been known to become so overwhelmed that utilities just turn off the stream of data from the automated Meter Reading (AMR) system. Then there was the problem of false alarms of outages - these led quickly to outage managers ignoring AMR notifications.

**When the customer knows more than you:** Utilities do not expect the AMR system to beat the first wave of customer calls for a larger outage. Most outage management systems already have an interface to the customer call center. Calls roll over to an automated system for outages once the utility is aware of a widespread outage.

**Mapping an outage:** The next stage of Automated Meter Reading (AMR) systems help

utilities detect an outage sooner: they may be able to begin responding to the outages before most customers call, dispatch crews more efficiently, and restore power sooner. Mapping an outage is the first step. Once the outage management system has identified the likely cause of the outage, crews are dispatched to make repairs as soon as it is safe to do so.

## Most South Australia councils to reach statewide goal for 20pc renewable energy years before 2014 deadline

Thirty-eight of the 66 local councils connected to the national electricity grid had obtained 20 per cent of power from renewable energy, Local Government Association acting executive director Chris Russell said on 31 January. Remaining councils were expected to reach the target in the next year, reported *The Advertiser* (1/2/2007, p.1).

## Bracks Govt discusses privately built and run 130km pipeline to send city's treated wastewater to power stations

The Bracks Government has held secret talks with industry leaders about a privately built and run pipeline forming

the centrepiece of its water strategy, while condemning the Commonwealth for wanting to privatise water infrastructure, wrote Rick Wallace, Victorian political reporter, in *The Australian* (30/1/2007, p.6).

**Talks with PPP managers:** Documents reveal the government has held "preliminary market soundings with skilled participants in the public-private partnership (PPP) market" about building a 130km pipeline. The pipeline is part of a \$2.4 billion plan to send Melbourne's treated wastewater to the Latrobe Valley to cool several coal-fired power stations. Premier Steve Bracks warned Prime Minister John Howard he would not support his seizure of the Murray-Darling River system if it led to privatisation of water supplies.