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What's wrong in the NEM: NEMMCO constraints blamed, p6

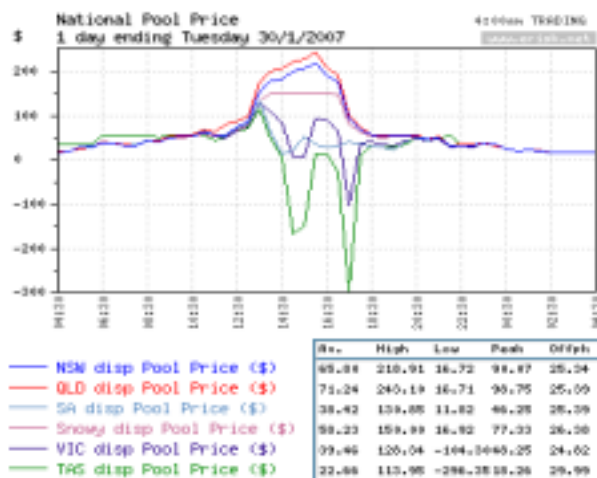


## Evolving traders' response to perverse NEM-rules, sets Victoria at risk of shock-crash

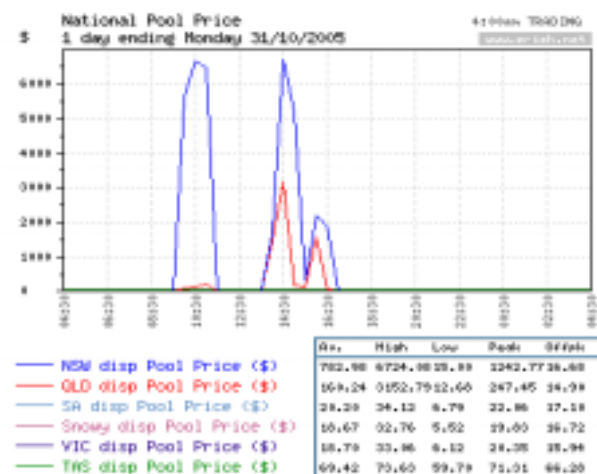
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According to a Snowy Hydro Ltd submission to the AEMC, "*Abolition of Snowy Region & Unsustainable Southern Generator rule*", Victoria was at risk of shock blackout events, as it was "unclear how NEMMCO would manage the limited ramping capability particularly if controllable loads in Victoria responded to a high Vic price. (on 30 January, all Victoria gen, except TRU

## The jelly-fish bid; - \$1000



## More NEM perversity



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Published by EWN Publishing, PO Box 148, Balmain, NSW 2041. Ph: +612 9818 8877. Fax: +612 9818 8473. Editor: Laurel Fox-Allen.

Energy) bid minus \$1000 Roger Whitby of Snowy warned, if TRU also bid its ( units at minus \$1000, Tasmania and South Australia could face very high prices. The Snowy paper warned NEMMCO should “analyse system security implications”. The warning came in the Snowy Hydro analysis of the pricing Implications of the Southern Generators code change-proposal, on new nodes.

**Embedded perverse incentives:** The Snowy argument was - embedded, perverse-incentives in the NEM system - drove Snowy to generate at its Victorian gas units - Valley and Laverton, rather than Murray hydro. The paper said: Murray generation;

- could relieve the South Morang constraint;
- but, would not as it got a low nodal price.

**Basslink worse than Vic-SA :**

The argument was

- The Basslink co-efficient (1) was worst than the SA-VIC co-efficient (0.9677) so;
- the Vic-SA interconnector was wound-back (as to date, Tas Hydro had been prepared to sustain a - \$1000 price whereas, SA generators, had not).

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**NEMMCO forced to intervene:** NEMMCO, as a consequence, was forced to intervene to manage negative settlement residues on the Vic to SA link (an example was the minus \$1000 bids on 30 January 2007 - see front page) .

**the week in detail**

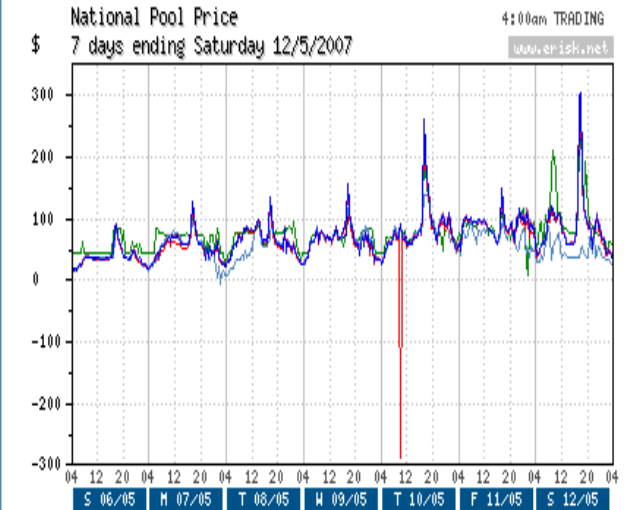
**Week in detail:**

• **NSW:** Average price \$69.19/MWh, up 8 per cent on the spike-affected \$64.08/MWh the previous week, up 208 per cent on the spike-affected \$22.46/MWh of the comparable week last year; maximum price \$306.58/MWh for the 30-minute trading interval ended 1830EST Saturday. Average demand 8486MW, up 0.7 per cent on the previous week, down 4.4 per cent on a year ago; maximum demand 10,494MW in the 1800EST Thursday interval, up 2.3 per cent on the 10,259MW the previous week.

• **Victoria:** Average price \$68.71, up 10 per cent on the spike-affected \$62.68/MWh the previous week, up 177 per cent on the spike-affected \$24.80/MWh of the comparable week last year; maximum price \$288.82/MWh for the 30-minute trading interval ended 1830EST Saturday. Average demand 5702MW, up 1.4 per cent on the previous week, down 5.4 per cent on a year ago; maximum demand 7004MW for the 1830EST Wednesday interval, up 1.7 per cent on the 6887MW the previous week.

• **South Australia:** Average price \$57.07/MWh, down 10 per cent on the spike-affected \$63.40/MWh the previous week, up 30 per cent on the spike-affected \$43.99/MWh the comparable week last year, maximum price \$142.65/MWh for the trading interval ended 1900EST Thursday. Average demand 1447MW, up 8.3 per cent on the previous week, down 0.9 per cent on a year ago; maximum demand 1831MW for the 1900EST Wednesday interval, up 4.3 per cent on the 1756MW the previous week.

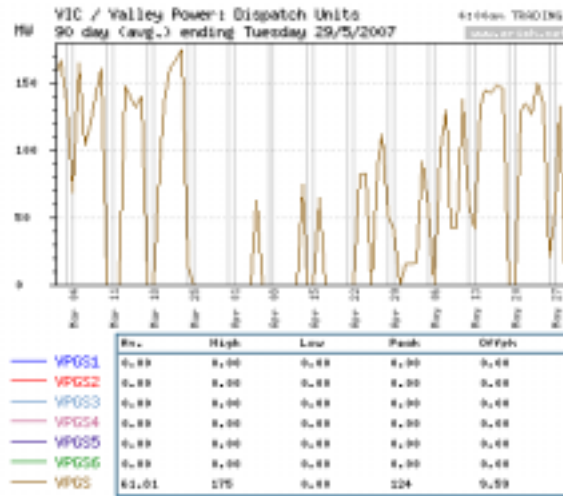
• **Queensland:** Average price \$65.18/MWh, up 6 per cent on the spike-affected 61.26/MWh the previous week, up 221 per cent on the spike-affected \$20.28/MWh of the comparable week last year; maximum price \$296.50/MWh for the trading interval ended 1800EST Saturday. Average demand 5657MW, down 2.5 per cent on the previous week, down 0.6 per cent on a year ago; maximum demand 6952MW for the 1800EST Tuesday interval, down 4MW on the 6956MW the previous week.



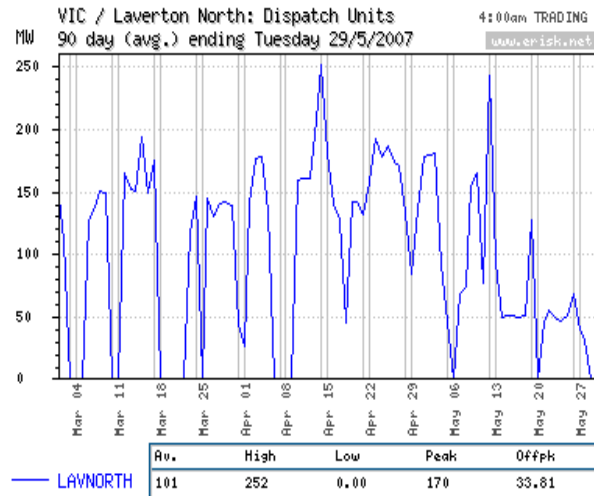
	Avg.	High	Low	Peak	Offpk
NSW disp Pool Price (\$)	69.19	306.58	19.04	78.96	61.28
QLD disp Pool Price (\$)	65.18	296.50	-286.78	73.20	58.72
SA disp Pool Price (\$)	57.07	142.65	-4.00	72.55	44.58
Snowy disp Pool Price (\$)	69.91	299.68	19.21	78.59	62.91
VIC disp Pool Price (\$)	68.71	288.82	17.34	78.88	60.51
TAS disp Pool Price (\$)	75.56	266.93	8.53	79.77	72.17

• **Tasmania:** Average price \$75.56/MWh, up 8 per cent on the spike-affected \$69.76/MWh the previous week, up 185 per cent on the spike-affected \$26.49/MWh of the comparable week last year; maximum price \$266.93/MWh for the trading interval ended 1830EST Saturday. Average demand 1134MW, up 2.6 per cent on the previous week, down 4.9 per cent on a year ago; maximum demand 1416M for the 0830EST Friday interval, up 1.4 per cent on the 1397MW the previous week.

## 90 days: Snowy's Valley, Vic



## 90 days at Laverton



## How to value Victoria's electricity



**How Vic prices get set:** Snowy Hydro told the AEMC, the Victorian Regional Reference Price at Thomastown, was 53.5 per cent Snowy/NSW, plus 46.5 per cent generation behind South Morang constraints. The above image shows a flow chart of the Victorian electricity network. A significant amount of energy comes from the Latrobe Valley through the 500kV transmission system. Once Victorian customer demand is met, electricity is exported to Snowy/NSW through the South Morang transformer.

Based on the constraint equation, for every 1MW that comes from Latrobe Valley, 1MW would pass through the South Morang transformer. However the Victorian regional reference node was in Thomastown. If 1MW was sent from Thomastown, only 0.465 MW would go through South Morang transformer, while 0.535 MW would go through the 220kV lines, into Snowy/NSW.

*Reference: Snowy Hydro Supplementary Submission to Snowy Region Boundary Change and Southern Generators Rule Extension*

**The nub of the issue:**

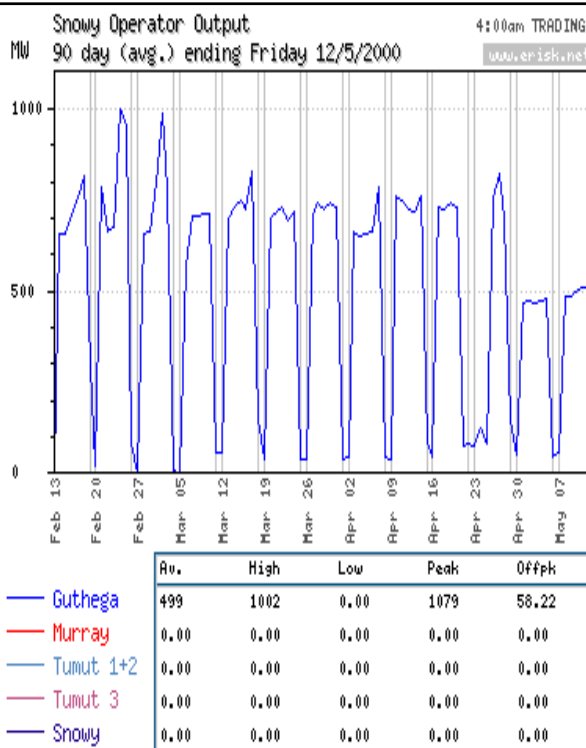
- the South Morang constraint occurred 3 times more often than the Murray - Tumut constraint; but
- was masked by NEMMCO intervention;
- Murray generation (like Southern Hydrogen) was a positive (not negative) gatekeeper when the South Morang constraint binds, that was, increased output and, increased the flow through South Morang;
- Due to Vic generators receiving a high Spot price irrespective of their bid price; their bids did not reflect their costs.

**Security implications need to be analysed:**

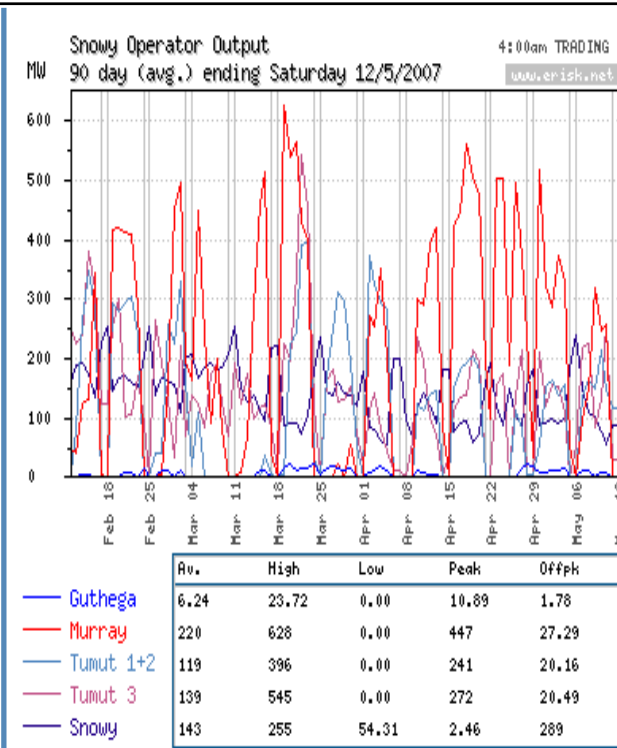
Whitby argued his Snowy Region abolition-plan removed the problems associated with South Morang constraint binding. He cited a 30 January example: This was:

- under high Victoria prices and a binding South Morang constraint, Victorian generators maximised volume (- \$1000 bids) and locked ramp rates;
- on 31, January all Vic Generators - other than TRU - bid -\$1000; Whitby said:
- in future events,TRU may realise that its Victorian bids ,did not affect the Vic price, and could decide to run;
- Newport would, then increase the Vic to Snowy export, and,this would ;
- make the Latrobe/SA/Tas mis-pricing much

**90 days at Snowy in 2000**



**90 days at Snowy in 2007**



worse; and, then

- the question was -how NEMMCO would manage the limited ramping capability particularly - if controllable loads in Victoria responded to high Vic price. NEMMCO should analyse system security implications”, warned Whitby.

*Reference: Snowy Hydro Ltd submission to AEMC, Abolition of Snowy Region & Unsustainable Southern Generator rule, 20 March 2007*

**Snowy gets EPA “emergency-exemption” for gas-plant**

A waiver allowing the government-owned Snowy Hydro an “emergency-exemption” to increase use of its gas-fired peaking stations was attacked by rival generators as improperly decided and commercially unfair. According to Duncan Hughes, writing in *The Australian Financial*

*Review*, 22/5/2007, p. 8, The EPA said it was advised the drought could result in a shortfall next summer. Critics also claimed the state's 29 per cent interest in tSnowy Hydro means the EPA should seek independent counsel, rather than advice from a government department.

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## Origin backs-off 1000MW gas plant for Vic: cites VRET

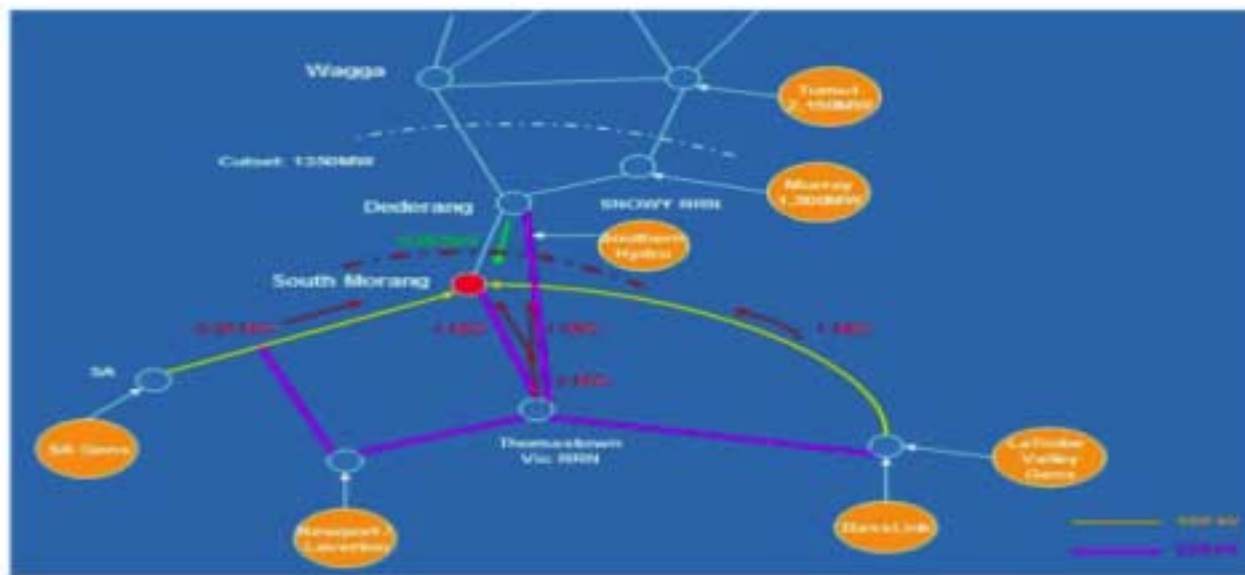
Price suppression caused by the Victorian Renewable Energy Target was cited by Origin Energy as a reason to back off a plan for a \$1 billion gas-fired power plant in Victoria. It instead had opted for a more profitable generation project in Queensland, reported *The Australian Financial Review*, 17/5/2007, p.10

**Off to Qld we go:** Origin's recent \$1.2 billion purchase of Sun Retail from the Queensland government created another 800,000 customers and came with development approvals for other gas-fired baseload power generation projects in the state.

**"Put on ice":** The proposed 1000 megawatt Victorian project, which would have taken about 30 months to complete, involved the construction of a natural gas-fired power station in the state's south-west. The company has said it would not be necessary for the project to be running until 2010, which held-out the prospect it might be developed at a later stage.

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## Snowy Murray to Tumut constraint binds Murray output



**No incentive for Murray output:** Murray generation above is shown as a positive gatekeeper. 1 MW of additional output from Murray relieves the constraint by 0.85MW. The incentive under the Southern Generators rule discourages increased Murray output.

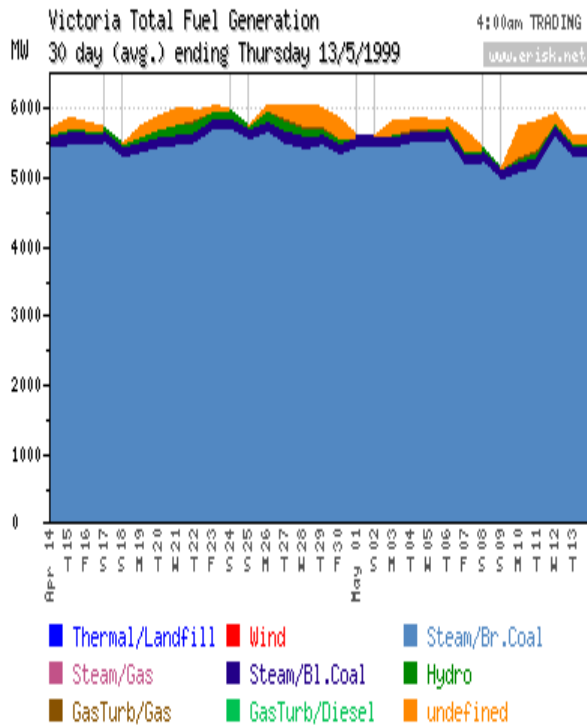
Conversely, Latrobe Valley generation versus approximately 2MW if it were to come from Thomastown. *Reference: Snowy Hydro Supplementary Submission to Snowy Region Boundary Change and Southern Generators Rule Extension*

## Snowy seeks to double the size of its cloud seeding trial

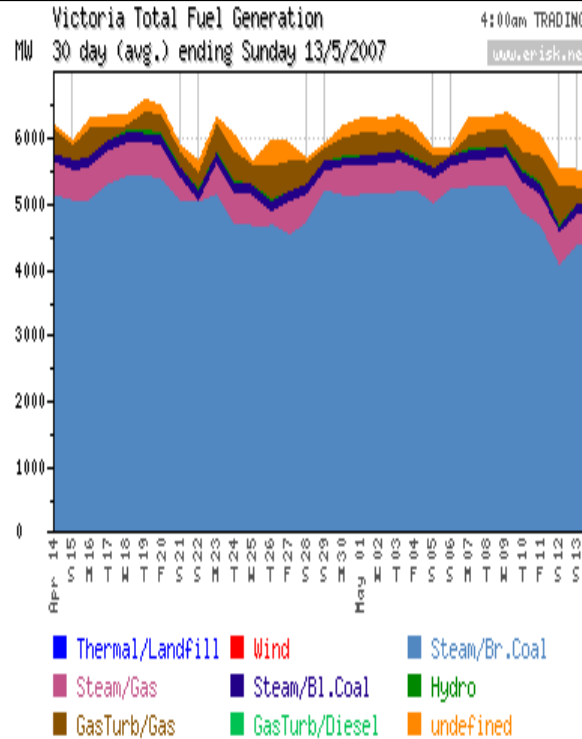
Snowy managers would ask NSW Climate Change, Environment and Water Minister, Phil Koperberg, for approval to double the area covered by its cloud seeding program to 2000 square kilometres and extend it from six years to 10 years. The hope was the Queensland research

would show it was feasible to seed the many summer storm clouds that gathered over Queensland and NSW ranges and that the additional rain produced would result in more runoff into major dams. Previous research had indicated cloud seeding was more likely to be successful over higher land and the lee side of mountains. According to *The Land*, (17/05/2007, p.6), a new four-year trial to test techniques for operational cloud seeding would start in south-east Queensland in July,

## Fuel mix in Vic, 1999



## Fuel mix in Vic, 2007



to manage transmission outages, as distinct from those applying with system normal conditions, according to 'Impact of intra-regional constraints on pricing, Review of results of the paper "How significant is the mis-pricing impact of congestion in NEM?" by Dr Darryl Biggar, (p. 25-27, 9 March 2007).

### Trends in of mis-pricing :

- the use of higher short-term rating for Hazelwood Transmission Station transformers from July 2004;
- commissioning of the fourth 500kV transmission line between Latrobe Valley and Melbourne metropolitan area in August 2005;
- the impact of drought on Victorian hydro generators.

### New South Wales:

- Multi-day network outages for work to provide long- term capacity improvements; ¥ increase in flow through QNI interconnector from Queensland;
- increase in output from Bayswater and Liddell power stations; increase in load in Newcastle area;
- change in constraint formulation to apply single constraint with both generator and interconnector terms instead of a constraint pair for generators and interconnectors separately.

### Queensland:

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with Snowy Hydro asking the NSW Government to double the size of its existing cloud seeding trial over the Snowy Mountains. Organisations involved include Snowy Hydro, Hydro Tasmania, the Bureau of Meteorology, CSIRO and Monash University.

**Won't work in drought, says expert:** Michael Manton, of Monash University's School of Mathematical Sciences, told the symposium cloud seeding essentially provided incremental

rainfall from naturally precipitating systems and was not an effective strategy in Australia in drought.

## What's wrong in the NEM: NEMMCO constraints blamed

A limited sample study for 2005/06 showed that the majority of mis-pricing was due to binding constraints applied

- Directions and NSA to manage system conditions in 2001/02;
- increase in voltage stability limit flows from central to north Queensland in late 2001;
- application of dynamic voltage stability limit flows from central to north Queensland in February 2003;
- system outages.

**South Australia:**

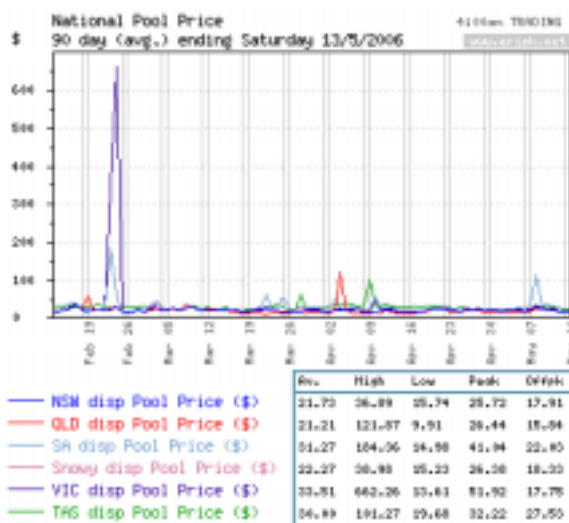
- The change in constraint formulation from interconnector only constraints to fully co-optimised constraints;
- the adoption of higher 15 minute rating for the Keith-Snuggery line in December 2004;
- an increase in generation from Lake Booney and Canunda wind-farms;
- a reduction in the Victoria to South Australia transient stability limit. (The increase in wind-farm outputs is one of the probable causes).

**Snowy:**

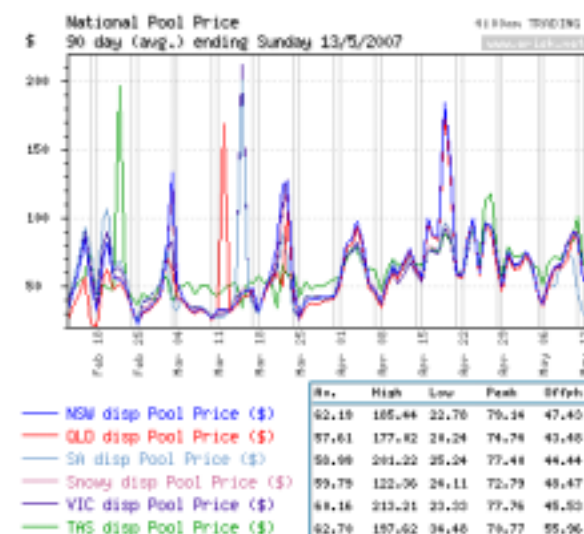
- The removal of 15 minute rating for Murray-Tumut lines in early 2002 reduced the line limit. This rating was restored in mid 2002.
- The use of discretionary constraints to manage Murray and Tumut generation before fully-cooptimised constraints were adopted.

*Reference: Impact of intra-regional constraints on pricing, Review of results of the paper "How significant is the mis-pricing impact of*

**90 DTD Pool price 2006**



**90 DTD Pool price 2007**



*congestion in NEM?" by Dr Darryl Biggar, pg. 25-27, 9 March 2007.*

**Decision time: regulators in NSW, Qld, SA and ACT moot retail tariff increases**

Regulators in NSW, Queensland, South Australia and the Australian Capital Territory were nearing decisions on regulated retail electricity tariffs.

**Large NSW price rises planned:** EnergyAustralia, Integral Energy and Country Energy would increase price by 7.7, 8.2 and

7.2 per cent respectively each year, taking into account the expected rate of inflation.

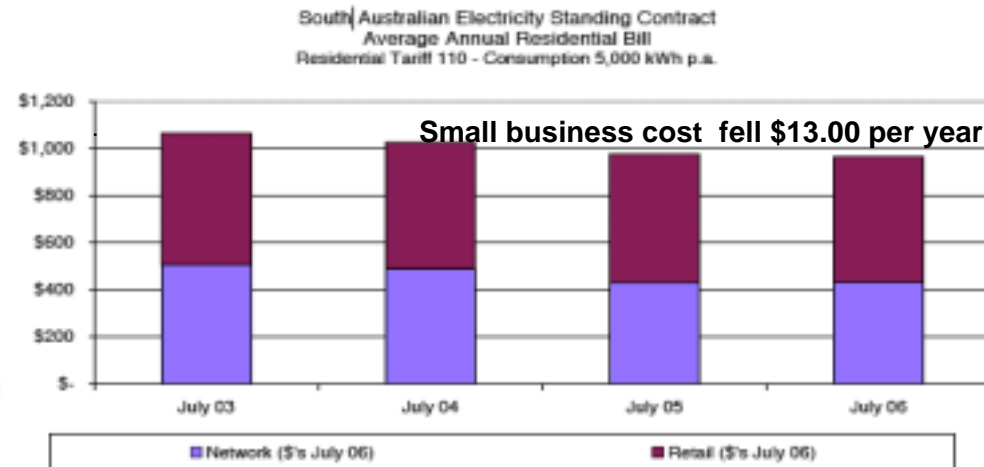
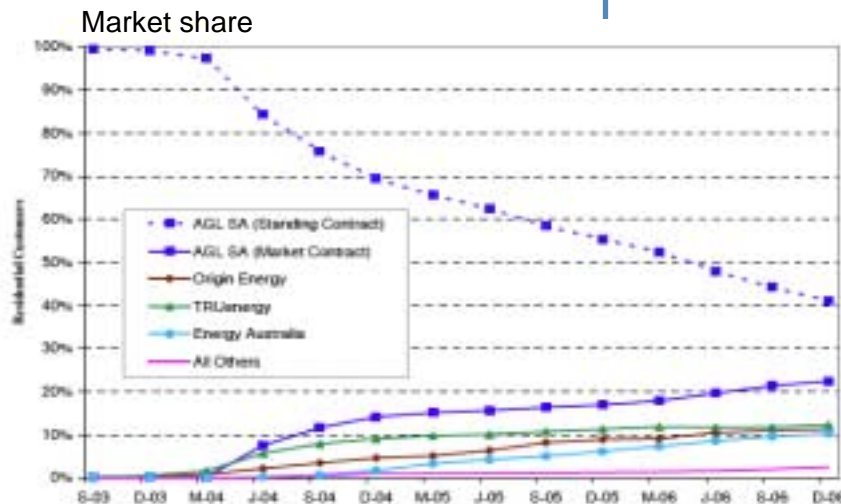
IPART said increases were driven by:

- For EnergyAustralia and Integral Energy higher network charges, energy purchase costs, retail costs and retail margin each contribute approximately equally to the total increase
- For Country Energy around half of the increase was driven by higher network charges, with higher retail costs and retail margin less important drivers.

**Qld seeks 9.98pc rise:** The Queensland Competition Authority has proposed a 9.98 per

# How the SA price fell as new retailers entered the market

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**AGL SA proposes pool-price pass-through:** At the beginning of 2007, AGL SA’s total share of the residential customer market was about 64 per cent (41 per cent standing contract, 23 per cent market contract). Origin Energy, TRUenergy, Energy Australia each had 10–12 per cent, and the remaining retailers about 3 per cent. At April 2007, the 10 retailers were; AGL SA, Aurora Energy, Country Energy, Energy Australia (EA-IPR Partnership), Momentum Energy, Origin Energy Electricity, Powerdirect, Red Energy, South Australia Electricity, and TRUenergy. Jackgreen and Energy One had applied.

**Home bills down 9 per cent:** Since 2003 – a decrease in the average real residential electricity bill of about 9.2 per cent – a real decrease of around \$99 per year. The network component rose from 1 July 2005 following an electricity-distribution price review. For a small business customers, an average small business customer price fell 0.7 per cent, a real decrease of around \$13.00 per year.

**2008 and 2009 contract anxiety:** The Commission said “peak and average electricity pool prices have

become more volatile lately, particularly during the 2006-07 summer months. Notably, average pool prices had not fallen after the 2006-07 summer as has happened in previous years. Recent price rises were possibly due to the drought, as water shortages affected the availability of both hydro generation and thermal generation in the eastern states. The Commission would need to consider this issue in its examination of future wholesale electricity costs, as South Australia was a significant importer of electricity. There were changes in forward contract prices, particularly for 2008 and 2009 contracts. During 2006, prices for 2008 and 2009 calendar year swap contracts were reasonably uniform. However, prices had recently begun to rise, apparently following the rise in pool prices. The rise had occurred across peak, off-peak and flat load contracts for both years”. The Commission would take account of the impact of AGL SA taking control of Torrens Island Power Station from 1 July 2007.

**Low pool prices, high contract:** Where retailers had contracted much of the local generators’ capacity, it was reasonable to expect contracted generators to bid to protect their contracted position (bid low to ensure they

are called upon to generate); if generators contracted enough capacity to cover their economic costs, they will..contract or bid remaining capacity low, even at prices lower than long run marginal cost. Thus, pool prices can have an inverse relationship to the level of contracting, and in South Australia, particularly the level of AGL SA contracting. It was therefore not possible to judge AGL SA’s actual contract prices against pool prices and prices for small contract quantities alone, as the relationship was more complex. In its submission, AGL SA proposed a LRMC methodology, adjusted for transmission and distribution losses, market risks and fees, to forecast wholesale electricity costs. AGL SA proposed a pass-through of some parts of the wholesale electricity market.

*Submissions by mid-September 2007. The Final Inquiry Report and Determination, 30 November 2007, in effect from 1 January 2008. 2007 Review Of Retail Electricity Price Path Issues Paper Written comments should be provided by 22 June 2007. E-mail: [escosa@escosa.sa.gov.au](mailto:escosa@escosa.sa.gov.au) Facsimile: (08) 8463 4449 Telephone: (08) 8463 4444 Contact Officer: Tom Walker*



cent rise for 2007-08 in a draft decision, but already there was a push for further price increases. A final decision was due by June, reported Annabel Hepworth in *The Australian Financial Review* (21/5/2007, p.10).

**14.25pc for ACT:** The ACT regulator this month proposed a 14.25 per cent increase from 1 July in a draft decision, but Canberra's main energy supplier, ActewAGL, suggested a higher increase was warranted.

**10.7pc rise sought in SA:** In South Australia, AGL has asked the regulator to lift standing contract prices by 10.7 per cent between next year and 30 June 2011, but AGL's proposal to the Essential Services Commission of South Australia argued it would need additional provisions to address the impact of volatile wholesale costs "if the current market conditions continue". (See more, page 8)

## Ministerial Council on Energy set to receive report on NEMMCO situation on 1 June

9

At next Friday's meeting of the Ministerial Council on Energy, ministers was to receive a report on the situation by National Electricity Market Management Co (NEMMCO), which operated the wholesale national electricity market.

**NEMMCO history:** The market was introduced in the late 1990s as part of the national competition reform process.

## NSW: Country Energy planned retail price-rise, from July 07

Description	2006/07 bill	2007/08 bill	2008/09 bill	2009/10 bill	Increase	Increase	Increase
					2006/07 - 2007/08 (%)	2007/08 - 2008/09 (%)	2008/09 - 2009/10 (%)
<b>Residential</b>							
Low usage (3000 kWh per year)	624	676	723	774	8.3%	6.9%	7.0%
Medium usage - no controlled load (5600 kWh per year)	1,004	1,083	1,152	1,225	7.8%	6.4%	6.4%
Medium usage - with controlled load (8900 kWh per year)	1,199	1,292	1,372	1,457	7.8%	6.2%	6.2%
<b>Business</b>							
20 MWh per year	3,573	3,830	4,054	4,291	7.2%	5.8%	5.9%
40 MWh per year	6,915	7,404	7,827	8,273	7.1%	5.7%	5.7%
60 MWh per year	13,598	14,552	15,373	16,238	7.0%	5.6%	5.6%

Note: The 8900 kWh comprises 5,600 kWh on the single rate and 3,300 kWh on Controlled Load A. The increases are expressed in nominal terms; therefore, they include expected changes in inflation over the period.

### Amcor warns of California-like crisis:

Amcor's group manager for resources and energy, Peter Dobney, whose annual power costs top \$85 million, warned about a "California-style crisis" for many companies. The

California electricity crisis of 2000 and 2001 was characterised by extremely high prices and rolling blackouts.

ABOVE: Angelina Jolie tattoo, or audit math for NSW ETEF

### WA: 20pc renewables by 2010

In the WA Statement of Climate Change, Eric Ripper, the WA Treasurer and Minister for State Development said that Western Australia must be preserved and protected.

**WA gov't's climate change package:** The WA Government has committed over \$100 million over the next five years to implement a climate

change package. This package included;

- \$36.5 million to establish a Low Emission Energy Development Fund to support technology breakthroughs that cut greenhouse gas emissions.;
  - \$19.5 million to promote the State Government purchasing 20 per cent of its electricity requirements from accredited renewable energy sources by 2010. ;
  - \$8.8 million to implement a mandatory energy efficiency scheme to be applied to large and medium sized power consumers.
  - \$4.1 million over four years to enable more than a quarter of the State’s schools to use renewable energy by 2011.”
- One kilowatt solar power systems would be installed in over 350 primary and secondary schools to reduce power consumption, and to serve as an educational tool to raise awareness of sustainable energy;
- \$1.6 million to establish a National Emissions Trading Team.

Reference: Mr E.S. Ripper’s answer from the Statement of Climate Changes, <http://www.parliament.wa.gov.au>

## NSW: EnergyAustralia planned retail price-rise, from July 07

Description	2006/07 bill	2007/08 bill	2008/09 bill	2009/10 bill	Increase	Increase	Increase
					2006/07 2007/08 (%)	2007/08 2008/09 (%)	2008/09 2009/10 (%)
<b>Residential</b>							
Low usage (3000 kWh per year)	447	494	536	582	10.3%	8.7%	8.6%
Medium usage – no controlled load (5600 kWh per year)	737	810	876	946	9.8%	8.1%	8.0%
Medium usage – with controlled load (8900 kWh per year)	891	976	1,052	1,132	9.6%	7.7%	7.6%
<b>Business</b>							
20 MWh per year	2,468	2,693	2,895	3,108	9.1%	7.5%	7.3%
40 MWh per year	4,887	5,326	5,718	6,130	9.0%	7.4%	7.2%
60 MWh per year	9,724	10,591	11,364	12,173	8.9%	7.3%	7.1%

Note: The 8900 kWh comprises 5,600 kWh on the single rate and 3,300 kWh on Controlled Load A. The increases are expressed in nominal terms; therefore, they include expected changes in inflation over the period.

### Question to NSW Minister for Energy: failure to establish Snowy scientific committee

In the *NSW Legislative Council* (10/5/07), Sylvia Hale, the Greens Senator asked the Minister for Energy whether nominations for membership of the Snowy Scientific

**When would committee meet?** If they had, then the question arose if membership of the committee would be finalised and when it would first meet. “Is failure to establish the scientific committee a contravention of *section 57* of the *Snowy Hydro Corporations Act 1997* and contrary to the undertakings given to this House by the Minister for Finance on 10 May 2006?” Hale asked.

**MacDonald not responsible:** Ian MacDonald, Minister of Primary Industry, Energy and Mineral Resources, Labor Party said: "I point out that I am advised that I was not responsible for the formation of the scientific panel because I was not the portfolio Minister." On the issue of the scientific panel, now that I have responsibility as Minister for Energy I will give it due consideration."

*Reference: According to NSW Government Legislative Council, Parliamentary Debates (Hansard), fifty-fourth parliament first session, 10 May 2007, p.22 of 55; <http://www.parliament.nsw.gov.au>*

## WA calls for new gen, DSM

The WA Independent Market Operator has published a summary of the recently received Expressions of Interest for new generation and demand side management capacity for the South West Interconnected System. This capacity was required from October 2009.

The summary was posted on the IMO website and can be found at [http://www.imowa.com.au/rc\\_eoi.htm](http://www.imowa.com.au/rc_eoi.htm)

**Contact: Patrick Peake, Manager System Capacity, Independent Market Operator, Level 22, The Forrest Centre, 221 St Georges Terrace, Perth PO Box 7096, Cloisters Square, Perth WA 6850, ph: (08) 9254 4301 or 0434 073 131, fax: (08) 9254 4399.**

## NSW: Integral Energy planned retail price-rise, from July 07

Description	2006/07 bill	2007/08 bill	2008/09 bill	2009/10 bill	Increase	Increase	Increase
					2006/07 - 2007/08 (%)	2007/08 - 2008/09 (%)	2008/09 - 2009/10 (%)
<b>Residential</b>							
Low usage (3000 kWh per year)	504	556	606	661	10.3%	8.9%	9.1%
Medium usage - no controlled load (5600 kWh per year)	824	906	983	1,068	10.0%	8.5%	8.6%
Medium usage - with controlled load (8900 kWh per year)	985	1,083	1,173	1,272	10.0%	8.3%	8.4%
<b>Business</b>							
20 MWh per year	2,726	2,983	3,223	3,484	9.4%	8.0%	8.1%
40 MWh per year	5,388	5,890	6,355	6,863	9.3%	7.9%	8.0%
60 MWh per year	10,712	11,703	12,621	13,622	9.2%	7.8%	7.9%

Note: The 8900 kWh comprises 5,600 kWh on the single rate and 3,300 kWh on Controlled Load A.

The increases are expressed in nominal terms; therefore, they include expected changes in inflation over the period.

## ACT retail up 14.25 per cent from July 1: AGL wants 34 pc

In the ACT, electricity prices were to rise 14.25 per cent from July 1 if a draft report by the pricing regulator was confirmed - but Canberra's main energy supplier said a 34 per cent increase was warranted. The move for a dramatic price increase was the result of the

escalation in wholesale electricity costs caused by the drought. In a draft decision on 14 May 2007, the ACT Independent Competition and Regulatory Commission determined the retail price of electricity for domestic consumers should increase by 14.25 per cent from July 1. But the price increase could be greater, with submissions on the draft decision due by June 8 before the commission's final decision a week later,

reported *The Canberra Times*, 15/5/2007, p. 1

**The current price is \$80:** ActewAGL's general manager retail, Ivan Slavich, said the commission's draft determination was based on a wholesale price of \$58 a megawatt-hour. The current price was \$80. ActewAGL was expected to make a submission, seeking an increase considerably above the regulator's figure. Under the proposed increase the average annual household power bill would rise by \$158 from \$1112 to \$1270. Slavich would not say how much ActewAGL was paying for its wholesale electricity, but said at the current wholesale price, the domestic retail price should increase by 34 per cent.

**AGL not planning to go bust:** Otherwise, ActewAGL would have to sell electricity for less than what it paid for it, said Slavich

## Rolling two-hour power blackouts on agenda for Canberra, under emergency plan by ActewAGL

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**R**olling two-hour power blackouts will sweep across the city under an emergency plan drawn up by ActewAGL, reported *The Canberra Times* (23/5/2007, p.1). The company had a hit list of suburbs that would be the first to be cut off.

**Not enough power:** "If there's not enough

power to go around, there's not enough power to go around," the chief executive of ActewACL, John Mackay, said yesterday. "Canberra has never in its history faced power shortages as a result of not enough electricity ... [but] it can happen. It happens all over the world." ActewAGL was also reconsidering building a gas-fired power station at Hume. The general manager of networks with ActewAGL, Michael Charlton, said the rolling electricity blackouts could be introduced this summer, but not before.

Charlton said it would be NEMMCO's call to cut power. ActewAGL would simply follow orders. Charlton said he "sincerely hoped" the plan never had to be activated.

**Voluntary cuts an option:** One way around the blackouts was if Canberrans could reduce their power use voluntarily. People might be asked to turn off their air-conditioning and lights in summer, including at work, he said. Mackay said with electricity supply dwindling, ActewAGL was taking a fresh look at the long-running proposal for a gas-fired power station for the ACT. "That is front of mind for us, I'm working on it at the moment." He said a gas-fired power station could be built at Hume.

2007 Summary of Expressions of Interest	2009/10	2010/11
<b>Number of EoIs Received</b>	15	8
<b>Facilities in Place or Under Construction</b>	214.00	0.00
Total	214.00	0.00
<b>Facilities Yet to Commence being Constructed</b>		
Facilities with environmental approval and network access offer	0.00	0.00
Facilities with approval underway (environmentals and network access)	742.25	301.00
Facilities yet to commence Approval Process	410.00	0.00
Facilities not requiring approval	40.00	0.00
Total	1,192.25	301.00
<b>Categorisation in Terms of Plant Type</b>		
Intermittent generators	2.00	290.00
Non-intermittant generators	1,354.25	21.00
Demand side management	50.00	0.00
Total	1,406.25	301.00
<b>Categorisation in Terms of Primary Fuel Source</b>		
Natural Gas	445.00	21.00
Coal	264.00	0.00
Diesel	0.00	0.00
Renewable Energy	647.25	290.00
Demand Management	50.00	0.00
Total	1,406.25	301.00
<b>Categorisation in Terms of Backup Fuel Source</b>		
Natural Gas	23.00	0.00
Coal	264.00	0.00
Diesel	75.00	0.00
Other	490.00	0.00
None or Not Applicable	364.25	301.00
Total	1,406.25	301.00
<b>Reserve Capacity Potential</b>		
Capacity offered through EoIs	1,406.25	301.00
Estimate of existing capacity eligible to be assigned		
Certified Reserve Capacity	4,383.88	4,383.88
Preliminary estimate of Certified Reserve Capacity Requirement	4,463.00	4,581.00

# Forests of deficits flower in 2007 – 2008

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