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31 March 2010

Dr Shantha Ranatunga
Team Leader, Market Review & Process Implementation
AEMO
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By Email: shantha.ranatunga@aemo.com.au

Dear Dr Ranatunga,

Draft Determination on Constraint Formulation Guidelines

The National Generators Forum (NGF) appreciates the opportunity to comment on the draft determination and report on the Constraint Formulation Guidelines.

The NGF took the opportunity of making a submission in the first round of this consultation, with the aim of making these guidelines more comprehensive and accurate.

We are pleased that AEMO has, in this draft determination, adopted many of the proposals that we made then.

We will now take this opportunity to make further comments where we believe that further improvements can be made. We will adopt the numbering of issues in your draft determination for ease of reference.

Material issue 2

In our initial submission the NGF proposed that all constraints be correctly oriented to ensure accurate price determination when the constraint is binding.

In response, AEMO has indicated that there may be rare cases of non-thermal network limits where a constraint may appear to be wrongly oriented but nevertheless give correct market pricing.

We accept the expertise of AEMO in making this observation.

Given this possibility, participants may at times be left in doubt about the validity of market pricing.

We therefore propose an additional component of market transparency to resolve such doubts. Where a constraint has the superficial appearance of being wrongly oriented, we propose that AEMO should point this out for participants when that constraint is introduced to the constraint library, and provide a brief explanation of the formulation of that constraint.

Material issue 3

The NGF sought an explanation of the derivation of a materiality threshold which is mentioned in the Guidelines.

In response, AEMO has provided an explanation in the draft determination, but has not included this explanation in the Guidelines, noting that value of this threshold will be reviewed as part of a current review of Constraint Violation Penalties.

We suggest for the benefit of readers of the guidelines that they include a reference to the final determination of this consultation, which we assume will include the explanation.

In the future, if this threshold changes, we suggest that the Guidelines then include instead a reference to the investigation that led to the change.

NGF drafting suggestions

The NGF submission included an appendix with a number of drafting suggestions intended to improve the clarity and accuracy of the guidelines.

The NGF is pleased to note that AEMO has adopted many of these suggestions. However, there are some remaining cases where our suggestion has not been adopted and we would ask that these cases be reconsidered.

It would be greatly appreciated if you could discuss these drafting suggestions with Ken Secomb. Ken may be contacted on 03 9617 8321.

Thank you for your consideration.

Yours sincerely



Malcolm Roberts
Executive Director