

***Tender Guidelines for
Network Control
Ancillary Services
(Tender Guidelines for
NCAS)***

**Determination and
Report**

*Prepared by: System Operations
Planning and Performance*

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Executive summary

Rule 3.11.5(b) requires *NEMMCO* to determine and *publish* tender guidelines for the procurement of *network control ancillary services* (**Tender Guidelines for NCAS**). Rule 3.11.5(c) requires *NEMMCO* to comply with the *Rules consultation procedures* detailed in Rule 8.9 when making or amending the Tender Guidelines for NCAS.

NEMMCO commenced this consultation on 30 October 2007 and received two submissions in response to the First Stage Notice of Consultation. No submissions were received in response to the Second Stage Notice of Consultation issued on 16 January 2008.

The material issues raised relate to the following:

- Identifying geographical area of interest;
- Market design heavily biased in favour of the electricity supply industry;
- Service providers should not be required to be *Registered Participants*;
- The NCAS contracts should be used as an input to formulation of constraint equations to achieve objectives under Rule Clause 3.11.4(b)(2);
- Limitation of NLCAS to interconnectors; and
- Limitation of NLCAS to load curtailment.

After considering the submissions, *NEMMCO* concluded that no amendments were required as a result of the second, third, fifth and sixth issues. Amendments to address the concerns raised by Consulted Persons were made as a result of the first and fourth issue.

NEMMCO determines the Tender Guidelines for NCAS in the form attached in **Attachment A**.

1 Matter under consultation

The matter under consultation is identified in Rule 3.11.5(b), which provides:

- (b) *NEMMCO* must determine and *publish* the *NMAS* tender guidelines. Separate *NMAS* tender guidelines may be prepared in respect of *network control ancillary services* and *system restart ancillary services*. The *NMAS* tender guidelines must contain the following:
- (1) a requirement for *NEMMCO* to call for *NMAS* expressions of interest before issuing an *NMAS* invitation to tender in relation to any required *non-market ancillary services*;
 - (2) a requirement that a person who is required to provide *SRAS* under an *ancillary services agreement* has the *facility* tested in accordance with:
 - (i) the *SRAS* assessment guidelines referred to in clause 3.11.4A(e); and
 - (ii) the timeframes for physical testing referred to in subparagraph (5);
 - (3) a requirement that a person who is to provide *network control ancillary services* under an *ancillary services agreement* has the *facility* tested in accordance with the *NMAS* tender guidelines;
 - (4) a requirement for a *Network Service Provider* or other *Registered Participant* to assist a prospective tenderer in identifying and, if possible, resolving issues that would prevent the delivery of effective *system restart ancillary services* proposed by a prospective tenderer;
 - (5) the timeframes over which *NEMMCO*'s assessment of *NMAS* tenders and physical testing of selected *non-market ancillary services* will occur;
 - (6) the period for which each *non-market ancillary service* may be contracted;
 - (7) a requirement for a tenderer to provide data, models and parameters of relevant *plant*, sufficient to facilitate a thorough assessment of the *network* impacts and *power station* impacts of the use of the relevant *non-market ancillary service*;
 - (8) the minimum terms and conditions of the *ancillary services agreement* that a successful tenderer would be expected to enter into with *NEMMCO*;
 - (9) the principles *NEMMCO* must adopt in assessing *NMAS* tenders; and
 - (10) any other matter considered appropriate by *NEMMCO*.

Rule 3.11.5(b) permits *NEMMCO* to prepare separate guidelines in respect of *network control ancillary services* and *system restart ancillary services*. *NEMMCO* has elected to develop the guidelines separately.

Rule 3.11.5(c) permits *NEMMCO* to amend the Tender Guidelines for NCAS as well as requiring compliance with the *Rules consultation procedures* when making or amending them.

The objectives of this consultation are to:

- provide Consulted Persons with the opportunity to be involved in the development of the Tender Guidelines for NCAS; and
- ensure that Consulted Persons are properly informed about the proposed and the final outcome.

2 2 The consultation process

Following is an outline of the consultation process.

Process	Date
Notice of First Stage of Rules Consultation issued	30 October 2007
Closing date for submissions received in response to the Notice of First Stage of Rules Consultation	5 December 2007
Publication of Draft Determination and Report and issue of Notice of Second Stage of Rules Consultation inviting submissions in response to the Draft Determination and Report	16 January 2008
Closing date for submissions received in response to this Draft Determination and Report	1 February 2008
Publication of the Determination and Report	25 February 2008

3 Background to matter under consultation

As a result of the 'National Electricity Amendment (System Restart Ancillary Services and Pricing under Market Suspension) Rule 2006' published by the Australian Energy Market Commission ("**AEMC**") on 20 April 2006¹, *NEMMCO* is required to prepare and publish a number of documents, namely:

- NCAS Description;
- NCAS Quantity Procedure; and
- NMAS Tender Guidelines.

The consultations on the NMAS Tender Guidelines for NCAS, the NCAS Description and the NCAS Quantity Procedure are closely related and are being carried out concurrently.

4 Consideration of submissions

4.1 List of submissions received

NEMMCO received two submissions in response to the Notice of First Stage of Rules Consultation.

The following is a list of respondents:

¹ The AEMC Determination is available from the AEMC website located at <http://www.aemc.gov.au/>.

Respondent	Participant Type or other Role
Energy Response Pty Ltd (Energy Response)	Interested Party
Transend Networks Pty Ltd (Transend)	NSP (Transmission) Special Participant System Operator

All submissions were published on *NEMMCO*'s website prior to the date that this Determination and Report was released.

Section 5 considers all material issues. **Appendix 1** details, for each Consulted Person, each issue raised and, for the non-material issues, *NEMMCO*'s response.

4.2 Meetings and forums

Two meetings were held. One at the request of Energy Response and one with Transend at *NEMMCO*'s request.

5 5 Material issues raised by Consulted Persons

Consulted Persons raised the material issues detailed in the following table:

Material Issue Number	Material Issue	Raised by
1	Identifying Geographical Area of Interest	Energy Response
2	Market design heavily biased in favour of the electricity supply industry.	Energy Response
3	Service providers should not be required to be Registered Participants.	Energy Response
4	The NCAS contracts should be used as an input to the formulation of constraint equations to achieve objectives under Rule 3.11.4(b)(2).	Transend
5	Limitation of NLCAS to load curtailment.	Transend
6	Consequences for TNSP Infrastructure and Liability	Transend

5.1.1 Material Issue 1: Identifying Geographical Area of Interest

5.1.1.1 Summary of issue

Energy Response submitted:

“... your tender documents should clearly identify the geographical area of interest related to the nominated transmissions power lines.”

5.1.1.2 NEMMCO response

NEMMCO will specify geographical areas of interest related to specific *NCAS* procured for *power system security* in the EOI (please refer to Schedule 5 of the proposed EOI). Further to this, *NEMMCO* will also identify system normal constraint equations with most binding instances as an indication of where *NCAS* could be applied to enhance *network* transfer capability.

5.1.1.3 Outcome

Amend Schedule 5 of the EOI to include tables containing system normal constraint equations with the most binding instances during the financial year prior to the year in which EOIs are being sought.

5.1.2 Material Issue 2: Market design heavily in favour of the electricity supply industry

5.1.2.1 Summary of issue

Energy Response submitted:

“We contend that the design and operation of the National Electricity Market is heavily biased in favour of the electricity supply industry. Not only does the market design not account for demand side, but NEMMCO’s operations limit themselves to legacy processes which makes it difficult for electricity customers to provide effective services.”

5.1.2.2 NEMMCO response

The issue of market design is not one that can be addressed as part of this consultation. It is an issue that only policy-makers, such as the Ministerial Council of Energy, can address.

5.1.2.3 Outcome

No amendment is proposed.

5.1.3 Material Issue 3: Service providers should not be required to be Registered Participants

5.1.3.1 Summary of issue

Energy Response submitted:

“The majority of the electricity customers are not Registered Participants, but many of them have expressed an interest to us in providing their load reduction capability for use in maintaining the integrity of the electricity supply system.

Under your tender rules, neither these electricity customers, nor Energy Response (as an aggregation agent) can respond to any NCAS tender. This is highly unfair to the electricity customers in the National Electricity Market.”

5.1.3.2 NEMMCO response

The requirement for registration as a condition of entry into *NCAS Agreements* is specified in the *Rules* and *NEMMCO* is not in a position to ignore it.

Energy Response is invited to submit a Rule change proposal to the *AEMC* to amend this requirement if it wishes to enter into *NCAS Agreements* without having to be a *Registered Participant*.

5.1.3.3 Outcome

No amendment is proposed.

5.1.4 Material Issue 4: The NCAS contracts should be used as an input to the formulation of constraint equations to achieve objectives under Rule Clause 3.11.4(b)(2)

5.1.4.1 Summary of issue

Transend submitted:

“NEMMCO has also asked for comment regarding achieving the objective required under Rules clause 3.11.4 (b) (2).

In accordance with the Rules, NEMMCO intends procuring NLCAS as a Non Market Ancillary Service in advance of dispatch and not as part of dispatch as per FCAS. The NCAS contracts would be used as an input to the formulation of constraint equations for application in the dispatch engine, NEMDE. To achieve:

“in NEMMCO’s reasonable opinion, the resultant expected increase in *network control ancillary service* costs will not exceed the resultant expected increase benefits of trade from the *spot market*”

NEMMCO will have to determine the quantity and location of NLCAS to procure based upon forecasts of generator offer and load bidding behaviour. NEMMCO would then enter into a process of calling for expressions of interest and calling for tenders.

Whilst the service provider can make itself available to provide the NLCAS at all times, the issues arises as to how NEMMCO makes the decision to actually “arm” the NLCAS in preparation should the associated credible contingency event actually occur. There would have to be some feedback between cost of providing the service, comprising the cost of performance as well as the cost of making the service available, and the expected increase in benefits of trade from the spot market.

Schemes that release nominally unavailable transmission network capability are already in application in the National Electricity Market. These are either aimed at ensuring network capacity is available so that demand is served or under commercial arrangements with generation.

It would appear that NEMMCO’s approach to meeting its obligations under the Rules result in arrangements that impact on market outcomes rather than to achieve the power system security and reliability standards. A different model that would be consistent with NEMMCO’s NCAS obligations under the Rules and NCAS procurement processes that achieves the same outcomes could be considered. In particular a model that has proven to be successful in Tasmania is that generators and loads enter into commercial arrangements and provide those arrangements to NEMMCO for inclusion in the dispatch process. This differs to the proposal where by NEMMCO calls for tenders to meet a perceived requirement. NEMMCO or the hosting TNSP(s) would still have to enter into agreements with the contracting parties to implement the NLCAS.

To support this alternative approach, NEMMCO could publish in either the ANTS or the SOO the results of their analysis regarding opportunities to enter into NLCAS arrangements.”

5.1.4.2 NEMMCO response

In order to determine the *spot market* benefits of an *NCAS* it must impact on a constraint equation, and it is conceivable that the *NCAS* could even be a term in the constraint equation.

NEMMCO intends to review the operation of the *inter-regional* system normal constraint equations with most binding instances to ascertain the *NLCAS* required to enhance *network* transfer capability when the resultant expected increase in *NLCAS* costs will not exceed the resultant expected increase benefits of trade from the *spot market*.

NEMMCO also intends review the operation of the *inter-regional* and *intra-regional* system normal constraint equations with most binding instances to ascertain the *RPAS* required to enhance *network* transfer capability when the resultant expected increase in *RPAS* costs will not exceed the resultant expected increase benefits of trade from the *spot market*.

NEMMCO proposes to procure two mutually exclusive types of *NCAS*, differentiated by the purpose for which they would be *dispatched*, which are:

- Primarily for *power system security* and reliability but, where the opportunity arises, this service could also be used for the enhancement of *network* transfer capability; and
- Solely for the enhancement of *network* transfer capability.

NCAS procured primarily for *power system security* and reliability can be *dispatched* to enhance *network* transfer provided that, at the time of *dispatch*, the benefits exceed the costs, but NCAS procured for enhancement of *network* transfer cannot be *dispatched* for managing *power system security*.

The pricing structure to be adopted by an NCAS Agreement will be such that the cost to the *market* from the use of NCAS will not exceed the benefits to *spot market* trading. Any service that is assessed as capable of enhancing *network* transfer capability would be procured and payments would be made only if the service is used.

Table 1 shows the proposed pricing structure for NCAS:

Table 1: Proposed Pricing Structure for NCAS

	Price Components	RPAS		NLCAS
		Synchronous Condenser Mode	Generation Mode	
Security and Reliability	Availability	NO	YES	YES
	Enablement	YES	NO	YES
	Compensation	NO	YES	YES
Benefits of Trade	Availability	NO	N/A	NO
	Enablement	YES		YES
	Compensation	NO		YES

Note: The effect of enabling and disabling *reactive power* services in *generation* mode are not captured in constraint equations. Therefore, such services cannot be beneficial for enhancing *network* transfer and will be utilised for managing *power system security* only.

Transend's comments with respect to a model whereby "generators and loads enter into commercial arrangements and provide those arrangements to NEMMCO for inclusion in the dispatch process" is interpreted by NEMMCO as a reference to existing NSP options to pursue non-network alternatives to *network augmentation*.

The possibility of extending NCAS procurement options into this area is something that might be more appropriately considered in the context of the review of related services that is to be conducted by NEMMCO in accordance with Rule 3.1.4(a1)(4). NEMMCO notes that until this review is conducted, the NSPs may continue to pursue further opportunities to implement such

agreements, and if such agreements can be considered to fall within the scope of Rule 5.6.2(m), they must be registered with *NEMMCO* and their cost be included in the service prices determined in accordance with Chapter 6 or 6A of the *Rules*, as appropriate.

5.1.4.3 Outcome

Amend Schedule 5 of EOI to include tables containing system normal equations with the most binding instances during the financial year prior to the year in which EOs are being sought.

Amend the Schedules of the proposed Minimum Terms and Conditions to accommodate the pricing structure indicated in Table 1.

5.1.5 Material Issue 5: Limitation of NLCAS to Load Curtailment

5.1.5.1 Summary of issue

Transend submitted:

“The Request for Expressions of Interest, Section 1.4, the Invitation to Tender, Schedule 3, and the NCAS Agreement, Schedule 1, Section 1 all contemplate the limitation to load curtailment as a mechanism to provide NLCAS. There would be appear to be no reason for this limitation and NEMMCO should give consideration to generators also being able to provide NLCAS.”

5.1.5.2 NEMMCO response

NEMMCO acknowledges that there may be scope for broadening the NCAS Description to include *generating units*, however, prior to incorporating any new service, *NEMMCO* would need to conduct a cost benefit analysis. This type of analysis will take time and cannot be completed prior to the end of this consultation. *NEMMCO* suggests that this issue might be more appropriately considered in the context of the review of related services that is to be conducted by *NEMMCO* in accordance with Rule 3.1.4(a1)(4).

5.1.5.3 Outcome

No amendment is proposed.

5.1.6 Material Issue 6: Consequences for TNSP Infrastructure and Liability

5.1.6.1 Summary of issue

Transend submitted:

“TNSPs will need to be assured that arrangements are in place that cater for consequences of NLCAS failure to perform causing either damage to TNSP assets, breaches of design operating temperatures resulting in sub-standard conductor to ground clearances or terminal equipment overloading, or third party damage resulting from of (sic) exceeding line ratings. Transend would appreciate discussions on the draft NCAS Agreement liability provisions, Clause 10, to understand the interaction between TNSP connection agreement provisions and NEL liability limitations.”

5.1.6.2 NEMMCO response

NEMMCO recommends that Transend seek its own legal advice on how these arrangements work with the *National Electricity Law* liability limitations. In

seeking to procure NLCAS, *NEMMCO* will adhere to the requirements imposed by the *Rules* and, to the extent that any TNSP requirements fall outside what the *Rules* require of *NEMMCO*, *NEMMCO* recommends that TNSPs review their connection agreements with *Generators*. Any increase in current rating resulting from an offered NLCAS service would need to be agreed with the *relevant TNSP*.

5.1.6.3 Outcome

No amendment is proposed.

6 Determination

NEMMCO determines the Tender Guidelines for NCAS in the form attached in **Attachment A**.

7 Glossary and abbreviations

Following is a glossary of terms and a description of the abbreviations, including acronyms, used in this document.

Note that italicised terms in this document have their meaning as defined in Chapter 10 of the *Rules*. References to a “Rule” followed by a number refer to provisions in the *Rules*. Capitalised terms or abbreviations bear the meaning given in the table below:

Abbreviation or Term	Definition
EOI	Expression of Interest
ITT	Invitation to Tender
Minimum Terms and Conditions	The minimum terms and conditions outlined in Schedule 4 of the EOI.
NLCAS	Network loading control <i>ancillary service</i> .
NCAS Description	The description referred to in Rule 3.11.4(a).
NCAS Quantity Procedure	The procedure referred to in Rule 3.11.4(b).
NMAS Tender Guidelines	The tender guidelines for NMAS referred to under Rule 3.11.5(b).
Tender Guidelines for NCAS	The tender guidelines published by <i>NEMMCO</i> for <i>NCAS</i> in accordance with Rule 3.11.5(b).
NSP	<i>Network Service Provider</i>
TNSP	<i>Transmission Network Service Provider</i>

Appendix 1 – Submissions received

Energy Response

Issue number	Topic	Issue raised in submission	NEMMCO Response	Proposed amendment to the Tender Guidelines for NCAS.
Material Issue 1	Identifying geographical area of interest.	See Section 5.1.1.1.	See Section 5.1.1.2.	See Section 5.1.1.3.
Material Issue 2	Market design heavily in favour of the electricity supply industry.	See Section 5.1.2.1.	See Section 5.1.2.2.	No amendment is proposed.
Material Issue 3	Service providers should not be required to be Registered Participants.	See Section 5.1.3.1.	See Section 5.1.3.2.	No amendment is proposed.
Minor Issue 1	More time required to respond to Expression of Interest and Invitation to Tender.	<p>Energy Response submitted:</p> <p>“You have nominated 5 weeks and 3 weeks as the time allotted to respond to future EOI and ITT, respectively. This is inadequate time for aggregation agents who will have to collect information and obtain commitment from a large number of electricity customers.”</p>	<p><i>NEMMCO</i> acknowledges the tight timeframe for the procurement of NCAS, however, <i>NEMMCO</i> notes that the procurement cycle is known and as such intending tenderers should be able to plan their inquiries sufficiently in advance of any subsequent procurement process.</p>	No amendment is proposed.

Transend

Issue number	Topic	Issue raised in submission	NEMMCO Response	Proposed amendment to the Tender Guidelines for NCAS.
Material Issue 4	The NCAS contracts should be used as an input to the formulation of constraint equations to achieve objectives under Rule Clause 3.11.4(b)(2).	See Section 5.1.4.1.	See Section 5.1.4.2.	See Section 5.1.4.3.
Material Issue 5	Limitation of NLCAS to Load Curtailment	See Section 5.1.5.1	See Section 5.1.5.2	No amendment is proposed.
Material Issue 6	Consequences for TNSP Infrastructure and Liability	See Section 5.1.6.1	See Section 5.1.6.2	No amendment is proposed.
Minor Issue 2	Limitation of NLCAS to Interconnectors.	<p>Transend submitted:</p> <p>“The NCAS Description defines a Transmission Power Line as being:</p> <p>A transmission line or group of transmission lines that:</p> <ul style="list-style-type: none"> (i) connects the transmission networks of adjacent regions or (ii) Impact on the active power flow across adjacent regions. <p>From the draft NCAS Agreement, Section 2 of Schedule 1 and the Request for Expressions of Interest, Section 1.2, it would appear that it is NEMMCO’s intention to limit NLCAS to interconnectors. The Rules do not appear to support this limitation.</p> <p>The Invitation to Tender does not appear to have this restriction and the NCAS Description’s definition of</p>	<p>“Transmission Power Line” is defined in the NCAS description as a <i>transmission line</i> or group of <i>transmission lines</i> that:</p> <ul style="list-style-type: none"> (i) <i>connects</i> the <i>transmission networks</i> in adjacent <i>regions</i>; <i>or</i> (ii) <i>impact on the active power flow across adjacent regions.</i> <p>NEMMCO’s intention is to limit NLCAS to Transmission Power Lines, not <i>interconnectors</i>.</p>	Amend the EOI, ITT and Minimum Terms and Conditions to be consistent with the NCAS Description.

Issue number	Topic	Issue raised in submission	NEMMCO Response	Proposed amendment to the Tender Guidelines for NCAS.
		<p>a Transmission Power Line also does not appear to limit NLCAS to interconnectors.</p> <p>Clarification of NEMMCO’s intended application should be made.”</p>		



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Tender Guidelines for Network Control Ancillary Services (Tender Guidelines for NCAS)

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1	25 February 2008	Dalibor Balicevic	Initial version following Rules consultation

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1. Introduction

1.1 Introduction

Under Rule 3.11.3, *NEMMCO* must use reasonable endeavours to acquire *non-market ancillary services* in accordance with the relevant provisions of Rule 3.11.

Rule 3.11.5(a) states:

Except as provided in 4.8.9, if *NEMMCO* proposes to acquire a *non-market ancillary service*, *NEMMCO* must call for offers in accordance with the *NMAS* tender guidelines from persons who are in a position to provide the *non-market ancillary service* so as to have the required effect at a *connection* to a *transmission network*.

NEMMCO is required to determine and *publish* the *non-market ancillary services* tender guidelines under Rule 3.11.5 (b), which states:

NEMMCO must determine and *publish* the *NMAS* tender guidelines. Separate *NMAS* tender guidelines may be prepared in respect of *network control ancillary services* and *system restart ancillary services*. The *NMAS* tender guidelines must contain the following:

- (1) a requirement for *NEMMCO* to call for *NMAS* expressions of interest before issuing an *NMAS* invitation to tender in relation to any required *non-market ancillary services*;
- (2) a requirement that a person who is required to provide *SRAS* under an *ancillary services agreement* has the *facility* tested in accordance with:
 - (i) the *SRAS* assessment guidelines referred to in clause 3.11.4A(e); and
 - (ii) the timeframes for physical testing referred to in subparagraph (5);
- (3) a requirement that a person who is to provide *network control ancillary services* under an *ancillary services agreement* has the *facility* tested in accordance with the *NMAS* tender guidelines;
- (4) a requirement for a *Network Service Provider* or other *Registered Participant* to assist a prospective tenderer in identifying and, if possible, resolving issues that would prevent the delivery of effective *system restart ancillary services* proposed by a prospective tenderer;
- (5) the timeframes over which *NEMMCO*'s assessment of *NMAS* tenders and physical testing of selected *non-market ancillary services* will occur;
- (6) the period for which each *non-market ancillary service* may be contracted;
- (7) a requirement for a tenderer to provide data, models and parameters of relevant *plant*, sufficient to facilitate a thorough assessment of the *network* impacts and *power station* impacts of the use of the relevant *non-market ancillary service*;
- (8) the minimum terms and conditions of the *ancillary services agreement* that a successful tenderer would be expected to enter into with *NEMMCO*;
- (9) the principles *NEMMCO* must adopt in assessing *NMAS* tenders; and
- (10) any other matter considered appropriate by *NEMMCO*.

In accordance with the discretion conferred under Rule 3.11.5(b) *NEMMCO* has elected to develop separate guidelines for *network control ancillary services* and *system restart ancillary services*. This document establishes the tender guidelines for *network control ancillary services* (Tender Guidelines for *NCAS*).

These Tender Guidelines for *NCAS* commence on **25 February 2008**.

These Tender Guidelines for *NCAS* may only be amended in accordance with Rule 3.11.5(c).

If there is any inconsistency between these Tender Guidelines for *NCAS* and the *Rules*, the *Rules* will prevail to the extent of that inconsistency.

2. Purpose

The purpose of this document is to establish the *NMAS* tender guidelines for the acquisition of *network control ancillary services* by *NEMMCO* in accordance with the requirements of Rule 3.11.5(b).

3. Application of this Guideline

These Tender Guidelines for *NCAS* apply to:

- *NEMMCO*; and
- Respondents to any call for offers for *network control ancillary services* in accordance with Rule 3.11.5(a).

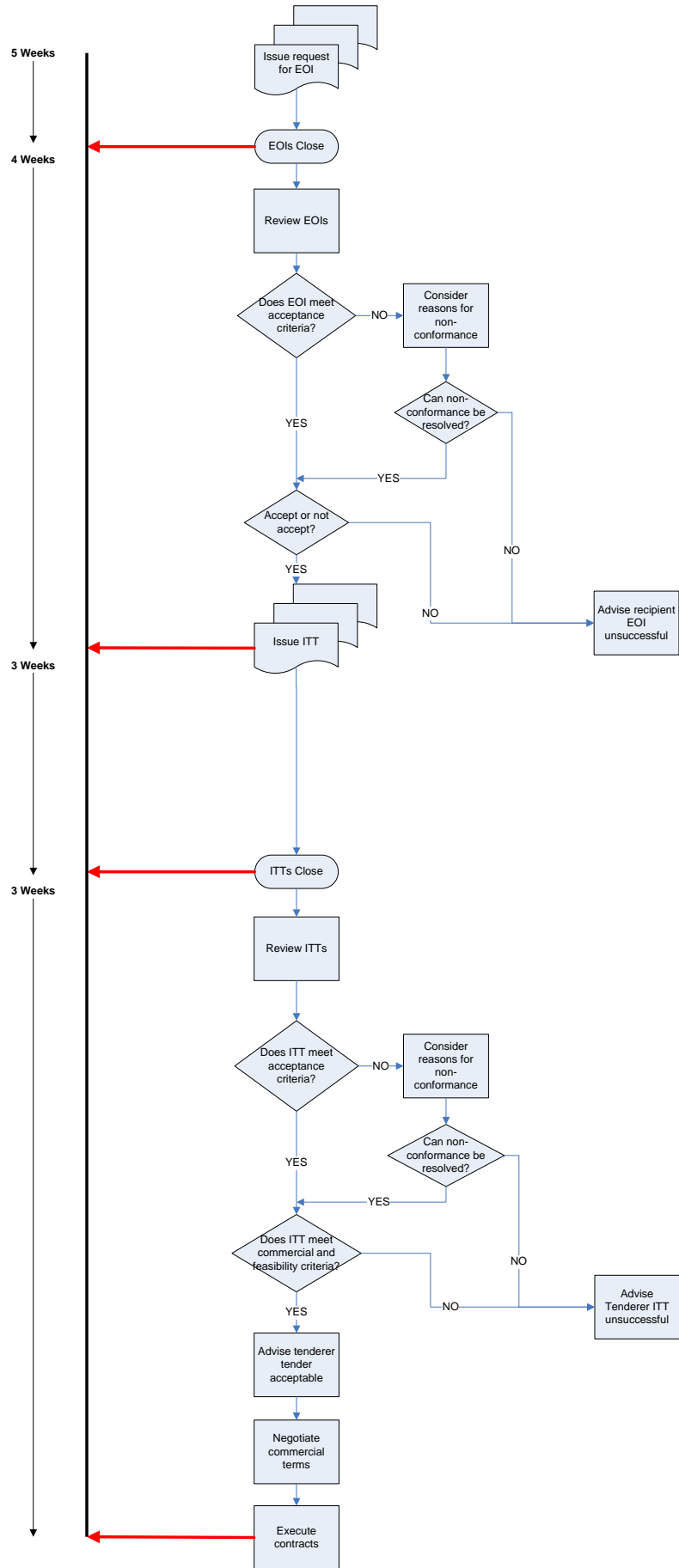
4. Enforceability of the Guideline

These Tender Guidelines for *NCAS* are enforceable in accordance Rule 3.11.5(a) and must be read in conjunction with the following documents:

- The *NCAS Description*; and
- The *NCAS Quantity Procedure*.

5. Process

When proposing to acquire *network control ancillary services* *NEMMCO* will follow the process depicted in the table below, noting that the timeframes depicted in the flowchart are **indicative only**:



Stage 1- Expressions of Interest

NEMMCO will call for expressions of interest for the provision of NCAS in accordance with the *Request for Expressions of Interest* contained in **Schedule 1**. This meets the requirement contained in Rule 3.11.5(b)(1).²

The *Request for Expressions of Interest* includes the following additional matters required by Rule 3.11.5(b):

- (5) the timeframes over which NEMMCO's assessment of NMAS tenders and physical testing of selected *non-market ancillary services* will occur;³
- (7) a requirement for a tenderer to provide data, models and parameters of relevant *plant*, sufficient to facilitate a thorough assessment of the *network* impacts and *power station* impacts of the use of the relevant *non-market ancillary service*;⁴ and
- (9) the principles NEMMCO must adopt in assessing NMAS tenders.⁵

Other appropriate matters are also addressed in the *Request for Expressions of Interest* as permitted by Rule 3.11.5(b)(10).

Stage 2 - Invitation to Tender

NEMMCO will forward *Invitations to Tender* to *Respondents* that NEMMCO, in its sole discretion, determines have satisfied the assessment criteria outlined in the *Request for Expressions of Interest*. NEMMCO may also forward *Invitations to Tender* to *Respondents* that do not satisfy the criteria outlined in the *Request for Expressions of Interest* in its sole discretion, but is not bound to do so.

Invitations to Tender will be conducted in accordance with the *Invitation to Tender* contained in **Schedule 2**.

The *Invitation to Tender* includes the following additional matters required by Rule 3.11.5(b)⁶:

- (3) a requirement that a person who is to provide *network control ancillary services* under an *ancillary services agreement* has the *facility* tested in accordance with the NMAS tender guidelines;
- (5) the timeframes over which NEMMCO's assessment of NMAS tenders and physical testing of selected *non-market ancillary services* will occur
- (8) the minimum terms and conditions of the *ancillary services agreement* that a successful tenderer would be expected to enter into with NEMMCO; and
- (9) the principles NEMMCO must adopt in assessing NMAS tenders.

² Using the numbering in the Rules.

³ Although this requirement refers to the assessment of NMAS tenders only, NEMMCO considers that this requirement should also refer to the assessment of Expressions of Interest.

⁴ Ditto. This requirement makes more sense if applied to the Expressions of Interest stage.

⁵ Ditto. This requirement makes more sense if applied to the Expressions of Interest stage.

⁶ Using the numbering in the Rules.

Other appropriate matters are also addressed in the *Invitation to Tender* as permitted by Rule 3.11.5(b)(10).

6. Assistance by Others

Rule 3.11.5(f) states:

A Network Service Provider must:

- (1) negotiate in good faith with a prospective tenderer in respect of issues the *NMAS* tender guidelines require a prospective tenderer to discuss and, if possible, resolve with a *Network Service Provider*; and
- (2) participate in, or facilitate, testing of a *system restart ancillary service* required by the *NMAS* tender guidelines where it is reasonable and practicable to do so, and when participating in or facilitating such activities, the *Network Service Provider* will be entitled to recover from the relevant *Registered Participant* all reasonable costs incurred by the *Network Service Provider* and for such purposes the activities of the *Network Service Provider* will be treated as *negotiable services*.

NEMMCO expects that *Network Service Providers* will interpret this clause liberally and provide assistance to respondents to any call for offers for *network control ancillary services* where practicable.

7. The Period over which each NCAS may be contracted

NEMMCO will seek an initial term of three years with one option to extend for a period of twelve months.

8. Disputes

If *NEMMCO* and a selected *Registered Participant* cannot agree on the terms and conditions for the supply of *network control ancillary services* *NEMMCO* will issue a written notice to negotiate and if the parties cannot resolve the terms and conditions within 21 *business days* from delivery to the *Registered Participant* of that written notice then either *NEMMCO* or the *Registered Participant* may refer the matter to an *Advisor* for the determination of a dispute as to the terms and conditions in accordance with Rule 8.2.

9. Definitions and interpretation

- (a) In these Tender Guidelines for NCAS, a word or phrase *in this style*, has the meaning set out opposite that word or phrase in the Glossary (**Schedule 3**) of these Tender Guidelines for NCAS.
- (b) If a word or phrase *in this style* is not defined in the Glossary, the term has the same meaning as given to that term in the *Rules*. References to a "Rule" followed by a number refer to provisions in the *Rules*.
- (c) Unless the context otherwise requires, these Tender Guidelines for NCAS must be interpreted in accordance with Schedule 2 of the *National Electricity Law*.
- (d) The single includes the plural and vice versa.

SCHEDULE 1 – EXPRESSIONS OF INTEREST

SCHEDULE 2 – INVITATIONS TO TENDER

SCHEDULE 3 - GLOSSARY

Term	Definition
EOI or Request for Expression of Interest	Is the collection of documents contained in Schedule 1.
ITT or Invitation to Tender	Is the collection of documents contained in Schedule 2.
NCAS Description	The description referred to in Rule 3.11.4 (a).
NCAS Quantity Procedure	The procedure referred to in Rule 3.11.4 (b).
Respondents	<i>Registered Participants</i> (or a party that intends to register with NEMMCO as a <i>Registered Participant</i>) that have lodged an EOI.
Tender	The offer submitted by a Tenderer to deliver <i>network control ancillary services</i> in accordance with the ITT.

