

14 August 2002

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Paul Dunn
National Electricity Code Administrator
Level 5, 41 Currie St
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By email to pdunn@neca.com.au

Dear Paul,

Safety net provisions and reserve contracting

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

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

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

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

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

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



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

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

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

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

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

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

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



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

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

Yours sincerely,

Unsigned electronic copy

Mark Travill
Acting General Manager Wholesale Energy





09 August 2002

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

Our Ref: R-02-165

Dear Mr Dunn,

SAFETY NET PROVISIONS AND RESERVE CONTRACTING

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

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

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

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

Yours faithfully,

Darren Barlow
Manager Regulation
Strategic Business Development Group

Derogations (Chapter 8)

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

Part 7

Provision of Non-Scheduled Reserves by NEMMCO

1. Definitions

In this derogation:

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

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

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

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

2. Derogation

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

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

“3.2.5 Reserves

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

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

“3.8.14 Dispatch under conditions of supply scarcity

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

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

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

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

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

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

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

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

“3.9.3 Pricing in the event of intervention by NEMMCO

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

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

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

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

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

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

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

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

(b) *NEMMCO* must develop in accordance with the *Code consultation procedures* and *publish* details of the methodology it will use, and any assumptions it may be required to make, to determine the prices described in clause 3.9.3(a) to apply in *intervention price dispatch intervals*. The methodology must be consistent with the principles for *spot price* determination set out in clause 3.9.1 and such methodology must enable *NEMMCO* to determine and *publish* such *dispatch prices* in accordance with clause 3.13.4(1).

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

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

“3.12.1 Reliability Safety Net

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

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

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

(2) market network services.

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

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

- (g) When contracting for the provision of:

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

(2) market network services.

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

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

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

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

...

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

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

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

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

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

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

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

(a) Subject to clause 3.12.7(b), and subject to any inflexibilities associated with reserves under reserve contracts or non-scheduled reserve contracts. NEMMCO must not dispatch plant subject to a reserve contract unless all valid dispatch bids or dispatch offers submitted by Market Participants and Scheduled Generators, including those priced at VoLL, have been dispatched and there would otherwise be insufficient supply to meet the load in any region.

(b) Subject to any inflexibilities associated with reserves under reserve contracts or non-scheduled reserve contracts ~~If~~, notwithstanding the dispatch of all valid dispatch bids or dispatch offers submitted by Market Participants and Scheduled Generators, including those priced at VoLL, there would still be insufficient supply to meet the load in any region, NEMMCO may make such changes to the pre-dispatch schedule or to central dispatch as may be necessary to dispatch plant provided under a reserve contract, provided that NEMMCO must aim to do so in such a way that any distortions to spot prices are minimised.”

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

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

...

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

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

“3.12.9 Issue of directions

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

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

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

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

(b) If:

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

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

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

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

...

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

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

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

...

(i) If:

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

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

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

“3.13.6 Reserve trading by NEMMCO

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

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

“3.15.9 Reserve Settlements

...

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

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

3. End of Derogation

This derogation applies until the end of 30 June 2003.