

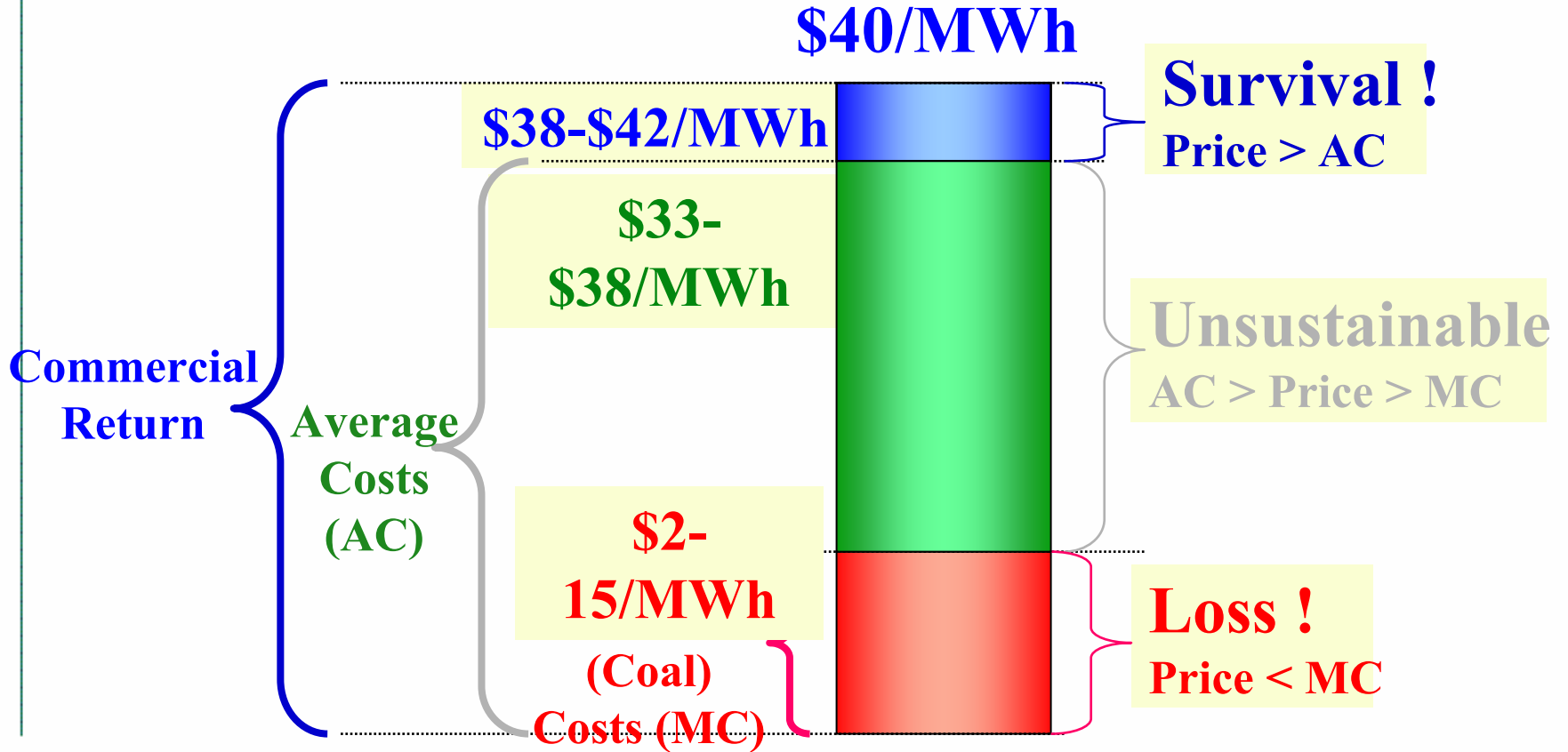
# ACCC Market Review Forum

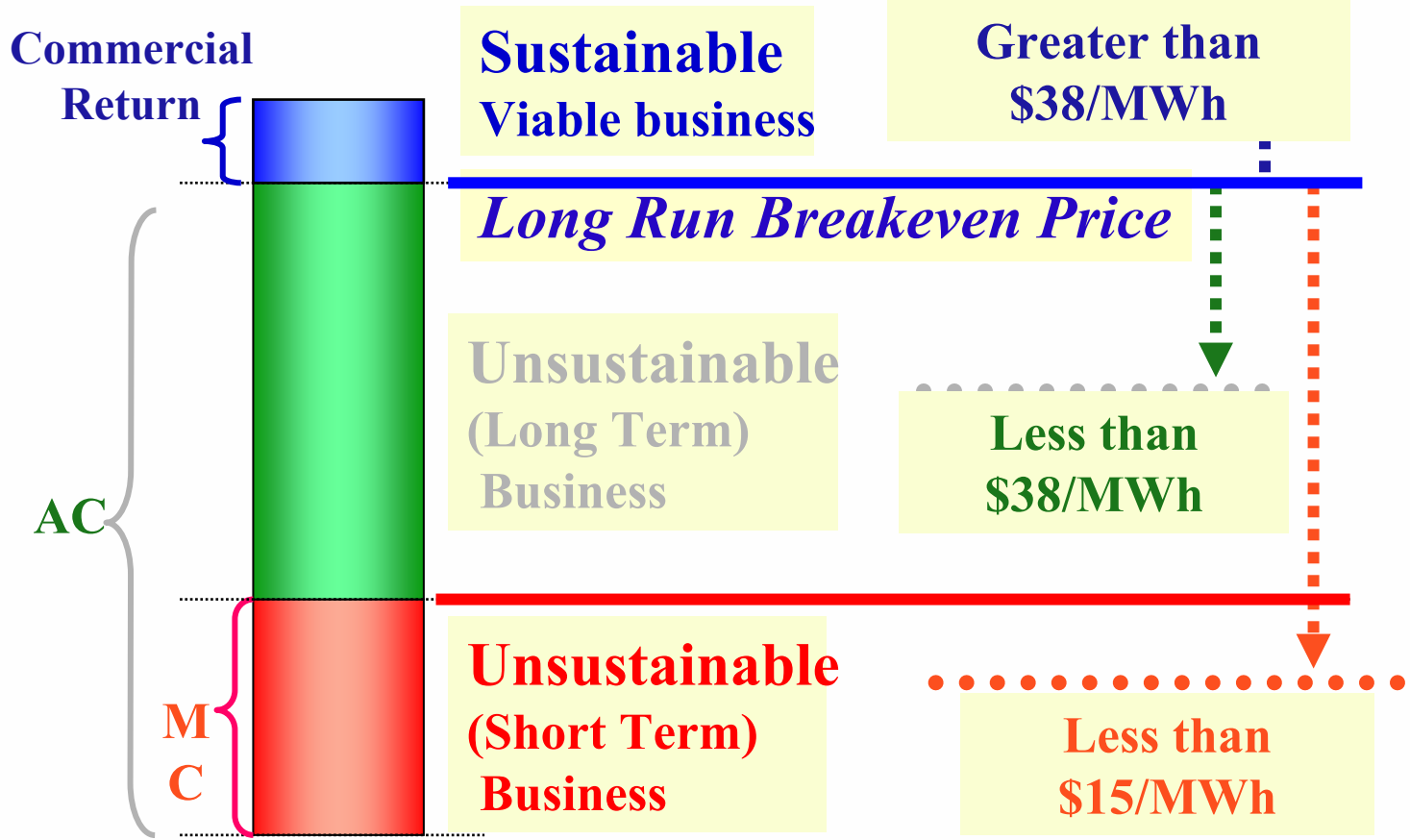
## Overview

- **Pool & Contract Review**
- **Short Term Capacity Outlook**
- **Forward Capacity Outlook**



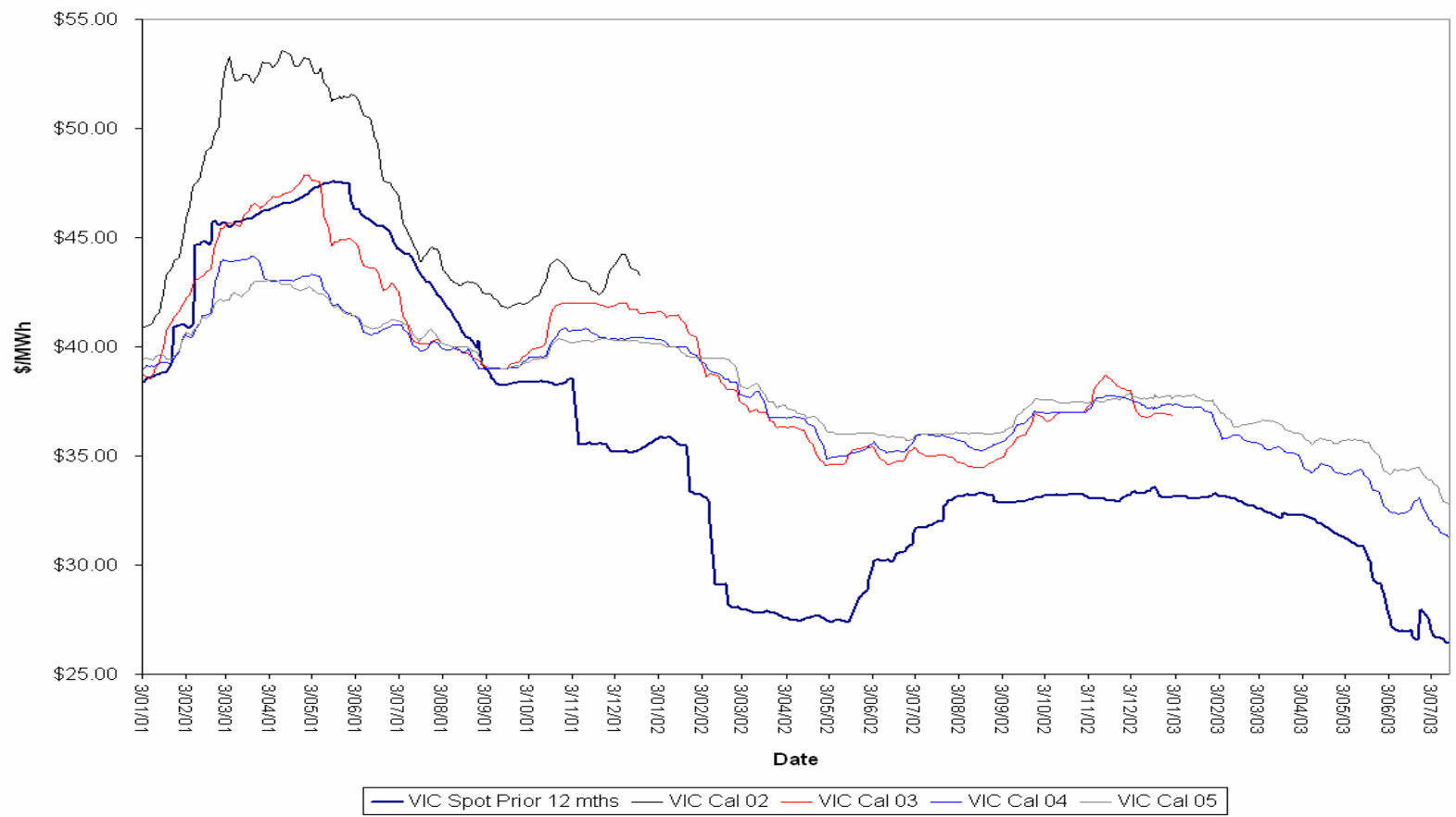
# A coal generator's costs





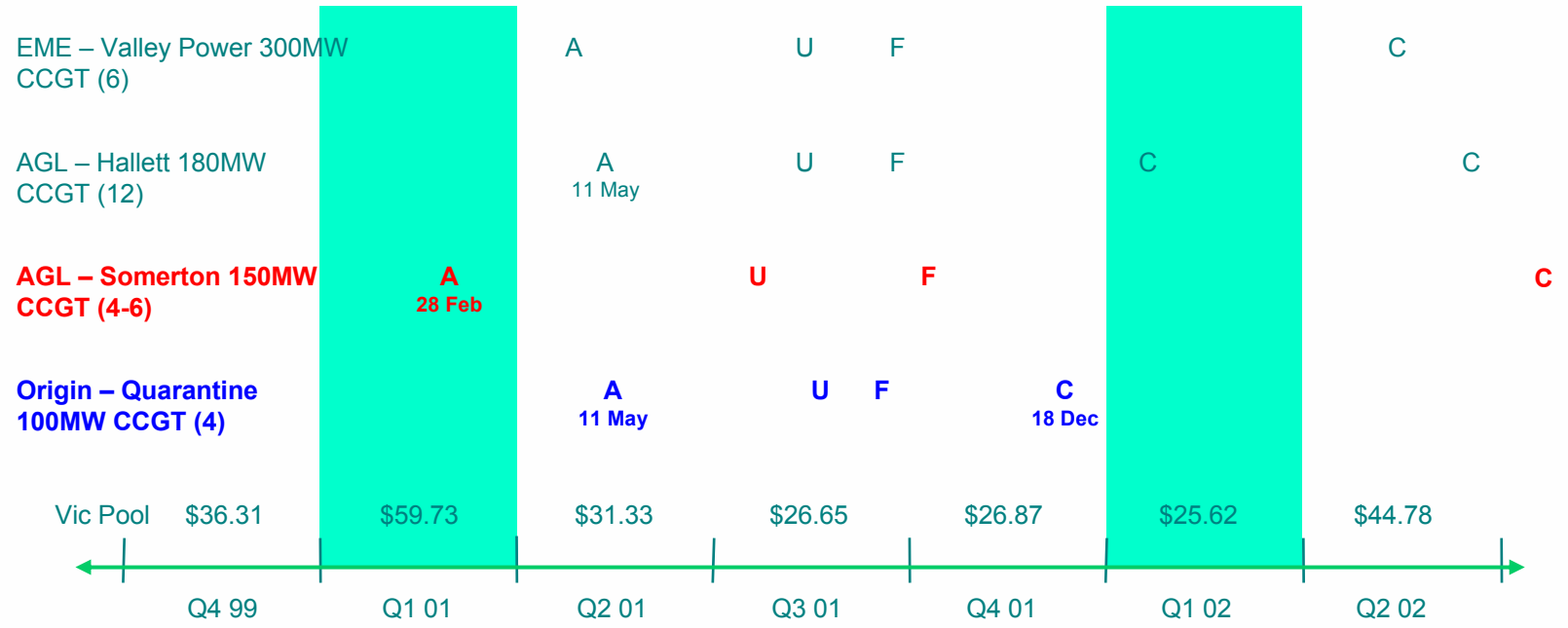
# Victorian Markets Trend

Comparison of Future Expectations and Prior Spot Outcome





**South Eastern Australia – Turbine installation after Q101 Summer Prices**

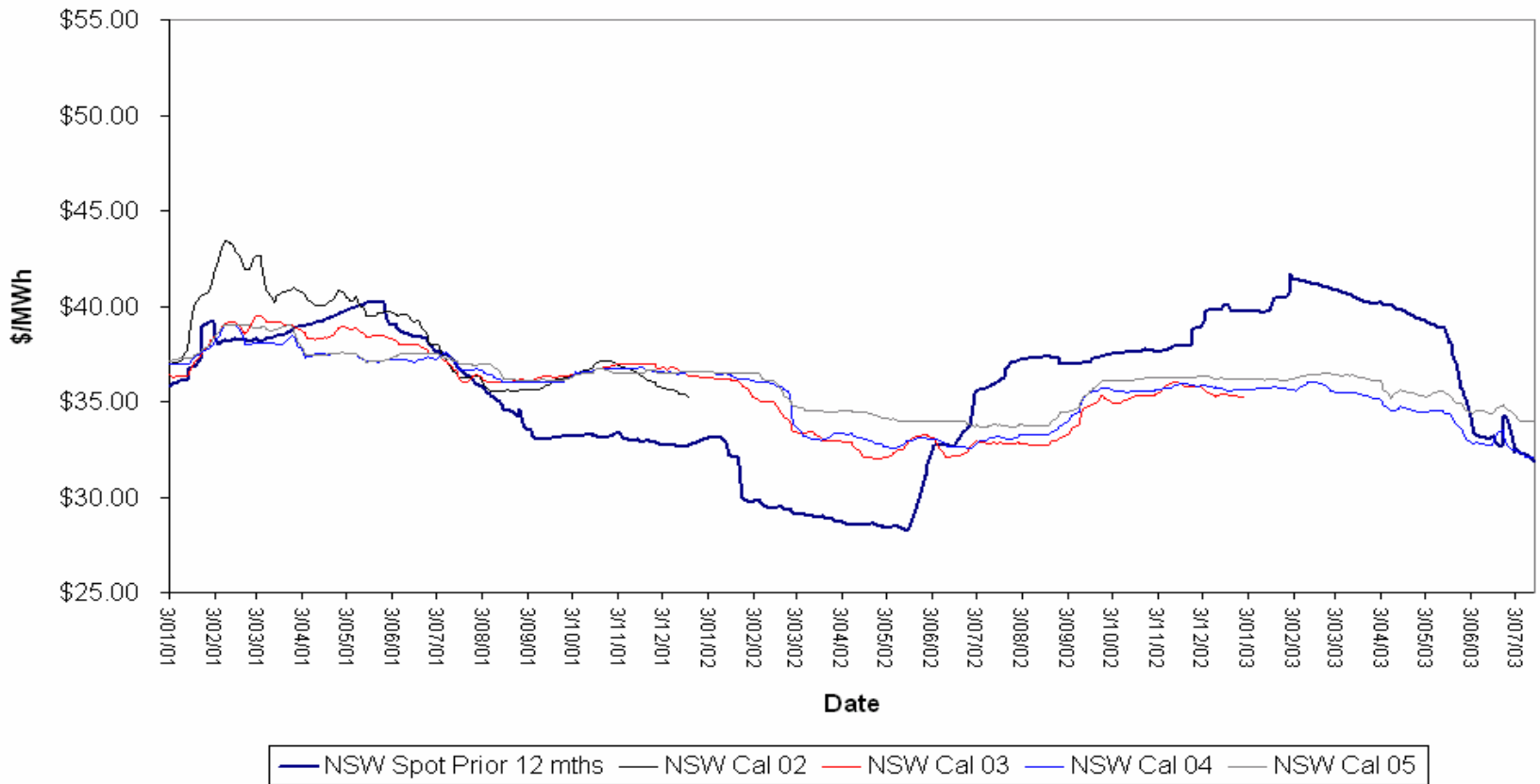


**A** Announcement  
**U** Unload Equipment  
**F** First Commissioning  
**C** Complete



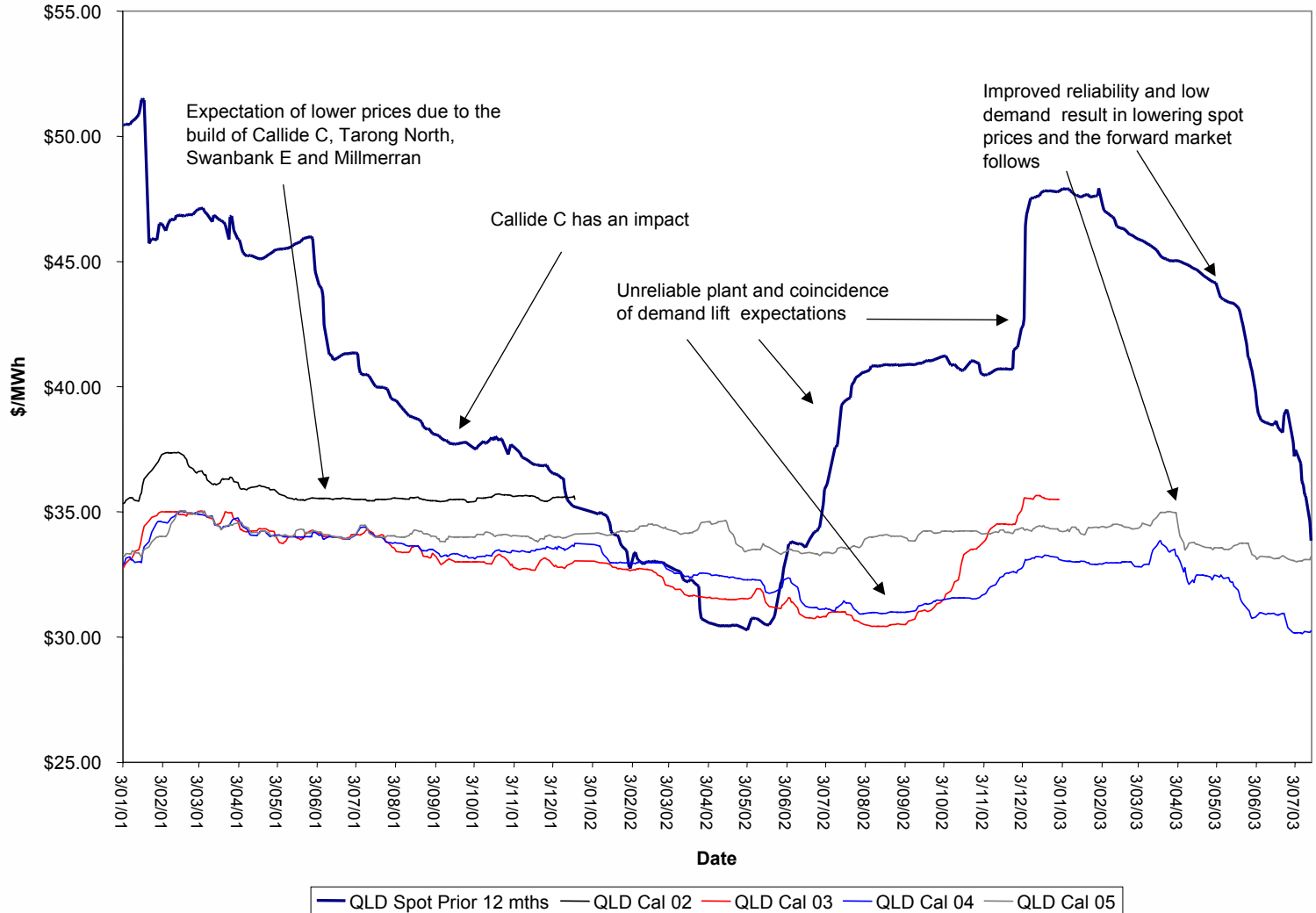
# NSW Markets Trend

Comparison of Future Expectations and Prior Spot Outcome



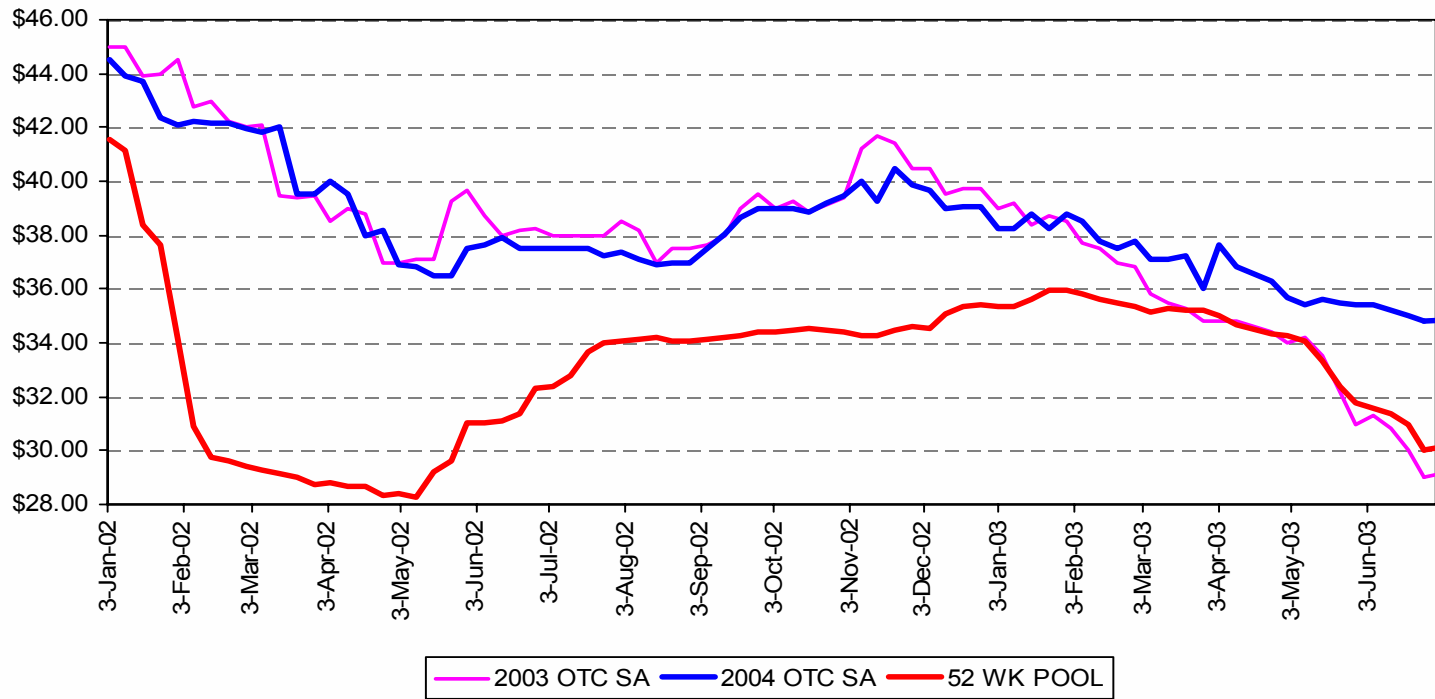
# Qld Markets Trend

## Comparison of Future Expectations and Prior Spot Outcome





# SA Markets Trend

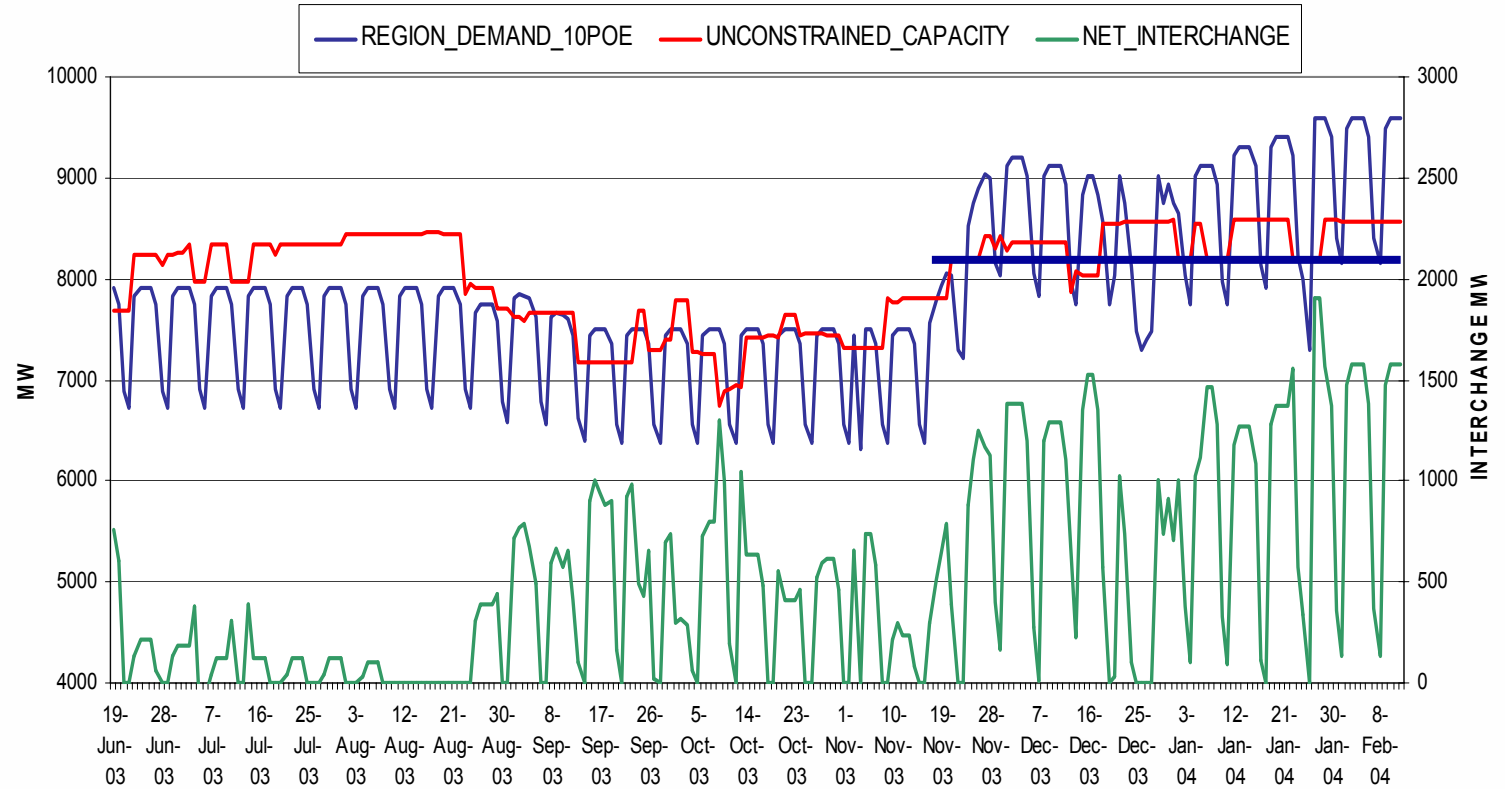


## Observations

- **New Entry**
  - NEP typically calculated as “gas CCGT, \$3 gas and at AUD/USD 55c – NEP = \$38-45”
- **LRMC \$38-44 (from above)**
- **OTC Market expecting \$32-38 over next 3 years.**
- **Pool prices reflect**
  - World class availability levels across interconnected system
  - Mild weather
  - Average transmission availability
- **Pool prices and contract prices are currently 50-60% of LRMC**
- **No current signal for high capacity plant**
- **Mixed signals for low capacity factor plant**
  - \$50 cap derivatives – yes,
  - \$300 cap derivatives - no.

# Forward Capacity – Vic

VIC\_MT PASA



## How the market has met the needs

NEM Reliability Data:- December 98 – April 02				
NEM Region	Status	Reliability	Price Signal	Investment
<b>Queensland</b>	<b>Capacity Shortfall</b>	<b>Standard Achieved</b>	<b>Average prices well above new entrant</b>	<b>Base 2100 MW Import 500 MW</b>
<b>NSW</b>	<b>Capacity Surplus</b>	<b>Standard Achieved</b>	<b>Average and peak prices below new entrant</b>	<b>Import 1000 MW</b>
<b>Snowy</b>	<b>Capacity Surplus</b>	<b>Standard Achieved</b>	<b>Average and peak prices below new entrant</b>	<b>Nil</b>
<b>Victoria</b>	<b>Base Surplus, Peak Shortage</b>	<b>Standard Achieved</b>	<b>Average prices below but peak prices above new entrant</b>	<b>Base 120 MW Peak 450 MW Import 400 MW</b>
<b>South Australia</b>	<b>Capacity Shortfall</b>	<b>Standard Achieved</b>	<b>Average and peak prices above new entrant</b>	<b>Base 480 MW Peak 320 MW Import 200 MW</b>

## Forward Capacity

- Most of the medium market need is for low duty cycle peak
- Possibly some shoulder plant
- MRET/GES/NGAC etc are providing a plant mix with specific characteristics, and a mix of energy and non energy payments
- Will the energy from this plant disguise the need for peak and shoulder capacity?

Thank you