



ACCC Transmission Regulatory Test Forum

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Competition Benefits Implementation Issues

33

presentation

by

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Need for transmission

NEM Spot Price - Microsoft Internet Explorer

Address: http://speedy/trader/tt_acusp1d0.html

Links: [Current Market Status](#) [Customize Links](#)

National Electricity Spot Market 11:05

Region	Spot Price	Demand
QLD	16.83	5975
NSW	38.47	9468
SNOWY	40.55	57
VIC	60.00	6956
SA	64.25	1969

Done Local intranet



Cost of Transmission

- **Time weighted average price 2002/03**
 - **Qld \$37.79**
 - **NSW \$32.91**
 - **Vic \$27.56**
 - **SA \$30.11**
- **20% increase in transmission revenue cap would require approx \$1.40 reduction in energy price to compensate**



Benchmark Test for Competition Benefits

- Simple, robust test to rank constraints
- If above a benchmark – proceed
- Use least cost option (as per reliability test)
- Manage expenditure by
 - End date or review date for test
 - Limit \$/MW of augmentation
 - Limiting \$ spent by TNSPs / increase in rev. cap
 - Adjusting the benchmark



Benchmark Test Criteria

- Hours / year bound
- Historical price (& cost) effect downstream
- ‘What if’ analysis / shadow price
- GWh consumption of downstream customers
- MW of generation gaining access to market
- Plant type & fuel type of increment
- No. of independent entities re increment
- Downstream reserve margin (CSE)



Benchmark Test

- Measure constraint against criteria
- Weight criteria (& offset similar criteria)
- Debate the criteria first, so the test is robust
- Not a long term solution, but
 - gets things moving,
 - identifies the obvious/best constraints.



Conclusion

- NEM needs transmission!
- Simple comp' benefits test to rank constraints
- Above benchmark → cheapest solution
- Set ⌚, \$ limits