

24 March 2016

Jodi Triggs
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Strategy, Economics and Regulation
Power and Water Corporation
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By email: market.operator@powerwater.com.au

Dear Ms Triggs,

Re: Generator Offer Procedure Consultation

Jacana Energy (JE) appreciates this opportunity to provide comments on the revised Generator Offer Procedure (GOP). The Market Operator has proposed amendments to the GOP that will have the effect of allowing generators to submit a single revised offer into the I-NTEM spot market. Jacana Energy understands the amendments will apply only for as long as the I-NTEM remains in place.

JE supports changes to market rules that promote competition and the efficient operation of the market. Our comments have been made with that broader objective in mind. While we support the intent of the amendments, we consider some sections of the procedure would benefit from clearer drafting. We have addressed these areas briefly below.

Section 1 (Purpose):

The purpose of the procedure is stated as “specifies the principles for the preparation and submission of Generator Offers before and after gate closer.” JE considers the scope of the procedure is broader than simply specifying principles. It also sets out operational processes, procedures and a set of obligations, covering the submission of offers and re-offers.

Section 5 (Principles):

The beginning of this section states “the following principles apply to the preparation and submission of Generator Offers.” This statement, for the avoidance of doubt, should specify that the principles also apply to “re-offers”.

This section should include a principle reflecting the System Code requirement that generator offers and reoffers should not exceed the marginal value of supply (as set out in the System Control Technical Code).

As a more general point, this section appears to mix up principles and processes/operational requirements. Only clause 5.5 relates to principles. Clauses 5.1 to 5.4 and clauses 5.6 and 5.7 reflect the process a generator must follow in making offers and re-offers.

For the avoidance of doubt, Clause 5.5.1 should specify more precisely the physical triggers and circumstances under which a reoffer may be made. This should not be reflected in a footnote, but rather in the text of clause 5.5 or alternatively, in the definitions.

Further, JE considers that reoffers should relate to unexpected events such as a generator failures or outages. Routine or planned maintenance should not fall into this category, as by definition, they should be known in advance and included in pre-dispatch pricing (no re-offer should be required for this).

In clause 5.5.2 the term 'unfavourable impact' lacks clarity. For example, does it refer to an increase or decrease in market price?

In clauses c 5.5.2 and 5.5.3 the fundamental issue to be addressed is to ensure that T-Gen as the dominant generator, or any other generator coming into the market for that matter, does not use its ability to re-offer capacity as an attempt to manipulate the spot price.

This incentive is removed if any attempt at artificially removing capacity from the market is not rewarded through an increase in market price. The clause should be focused on allowing a generator to readjust its capacity but not the marginal price at which that capacity has been offered into the market. Consequently, the principle should simply be that any re-offer should not lead to an increase in market price.

In this regard, it appears clause 5.5.3 is in fact redundant to clause 5.5.2. Clarity may be improved by removing clause 5.5.3 and leaving 5.5.2 as the general principle to be applied by generators in the reoffers. The two examples in Appendix C would then illustrate the two ways in which 5.5.2 can be applied in the context of a single and multiple generation participants. To further improve clarity, the examples would benefit from being illustrated with a diagram.

One omission with respect to clause 5.5.2 is that it does not appear to address circumstances (in the multiple generators scenario) where the generator whose unit has fallen out of service has no alternative unit to replace it. The procedure should set out how this situation would be addressed. Alternatively, the rule should specify that it only relates to generators with multiple units.

If you have any questions please do not hesitate contact Con van Kemenade, Manager – Regulation and Industry development (0437 637 768).

Yours sincerely,



Danny Moore
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Jacana Energy

