

ACCC TransGrid Network Revenue Cap

Sydney Forum
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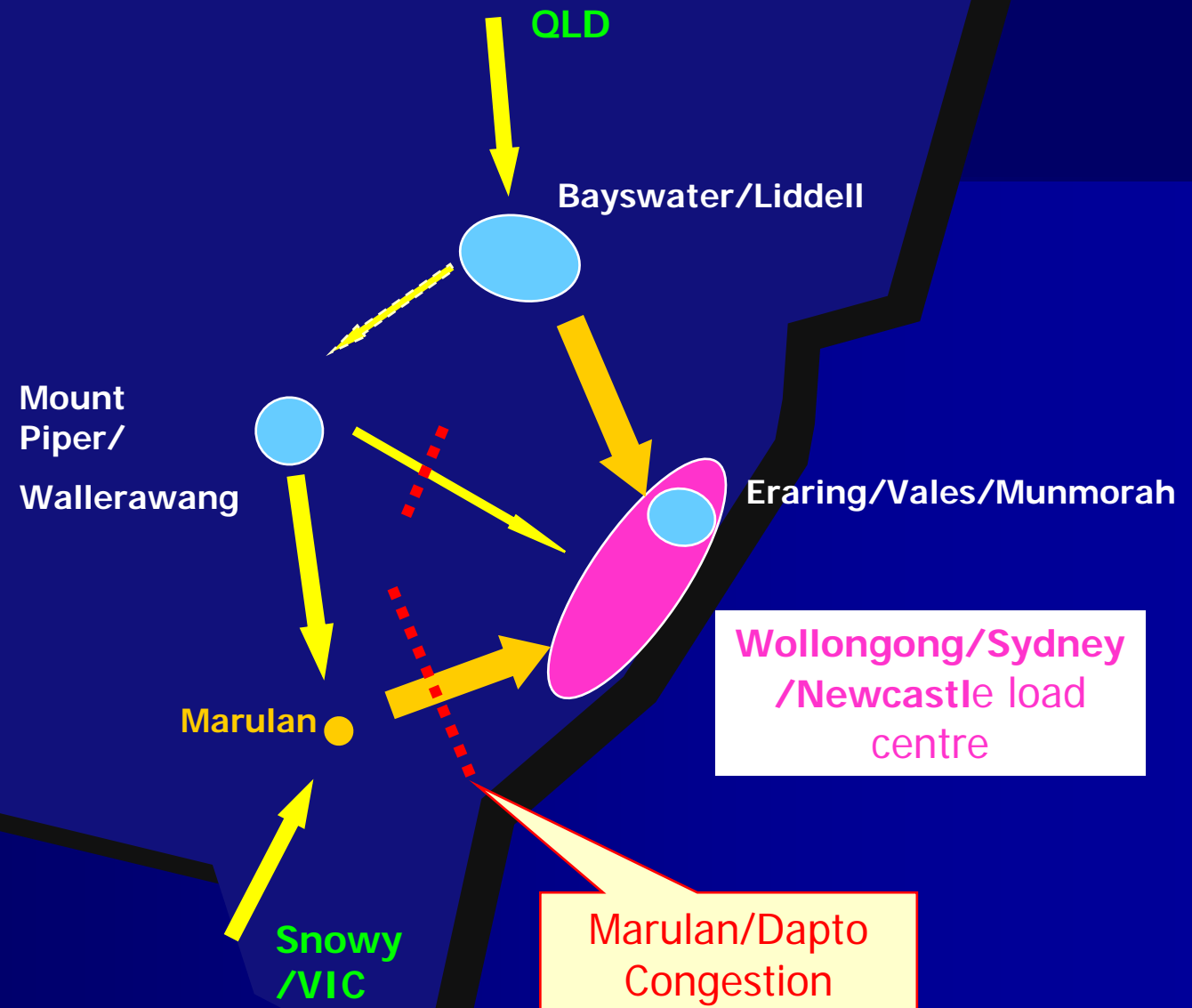


1. Present situation
 - Inability to get existing plant to market
 - Impact on wholesale spot price

2. Future situation
 - Location of new generation

3. 500kV proposal

1. Present Situation – inability to get plant to market



Impact on Wholesale Spot Price?

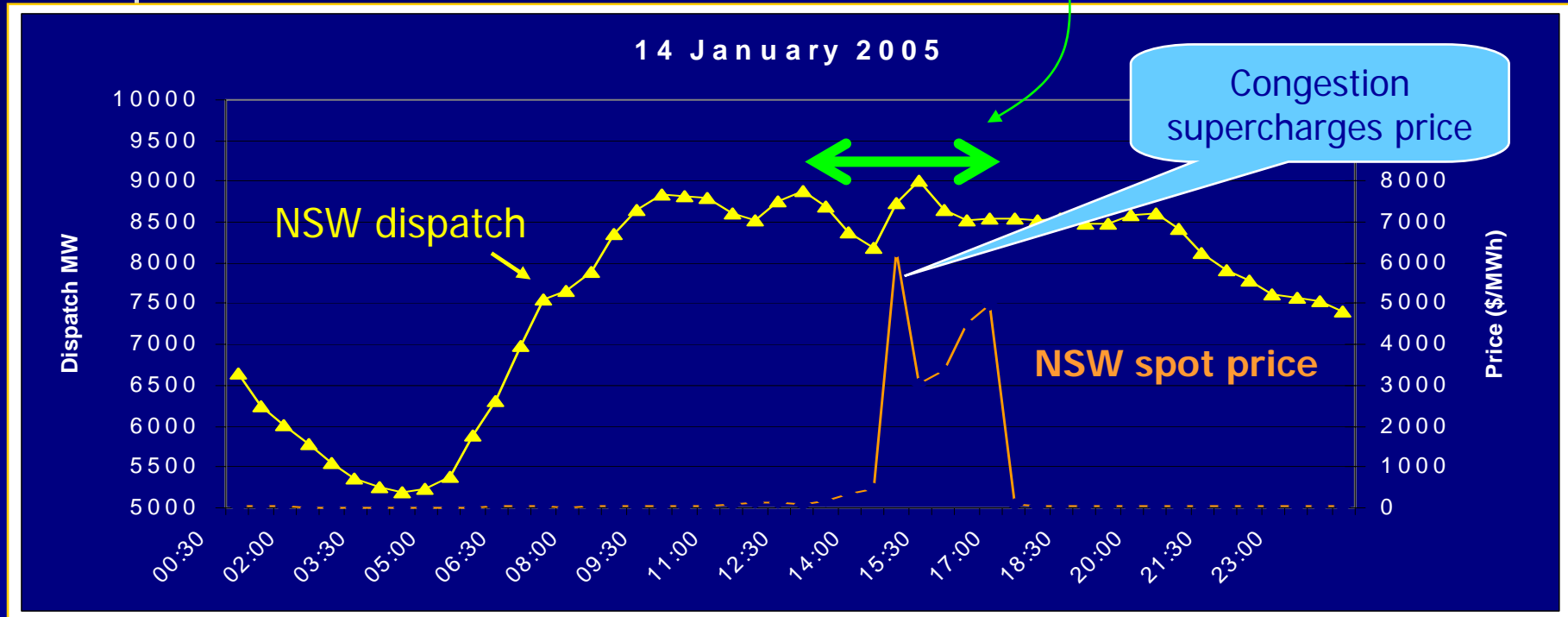
Constraint Event (Marulan-Dapto) 2004 - present	Minutes	Daily Average Spot Price (\$/MWh)
20/2/04	10	113
9/3/04	30	1293
30/11/04	15	1115
1/12/04	25	1160
14/1/05	185	572
8/2/05	130	347

- No of minutes of constraint rising per occasion
- correlation between constraint and high price
- no instance of constraint and low price!



Impact on Wholesale Spot Prices - Example

600MW of Western & Hunter Valley
Generation congested due to Marulan
– Dapto bottle neck



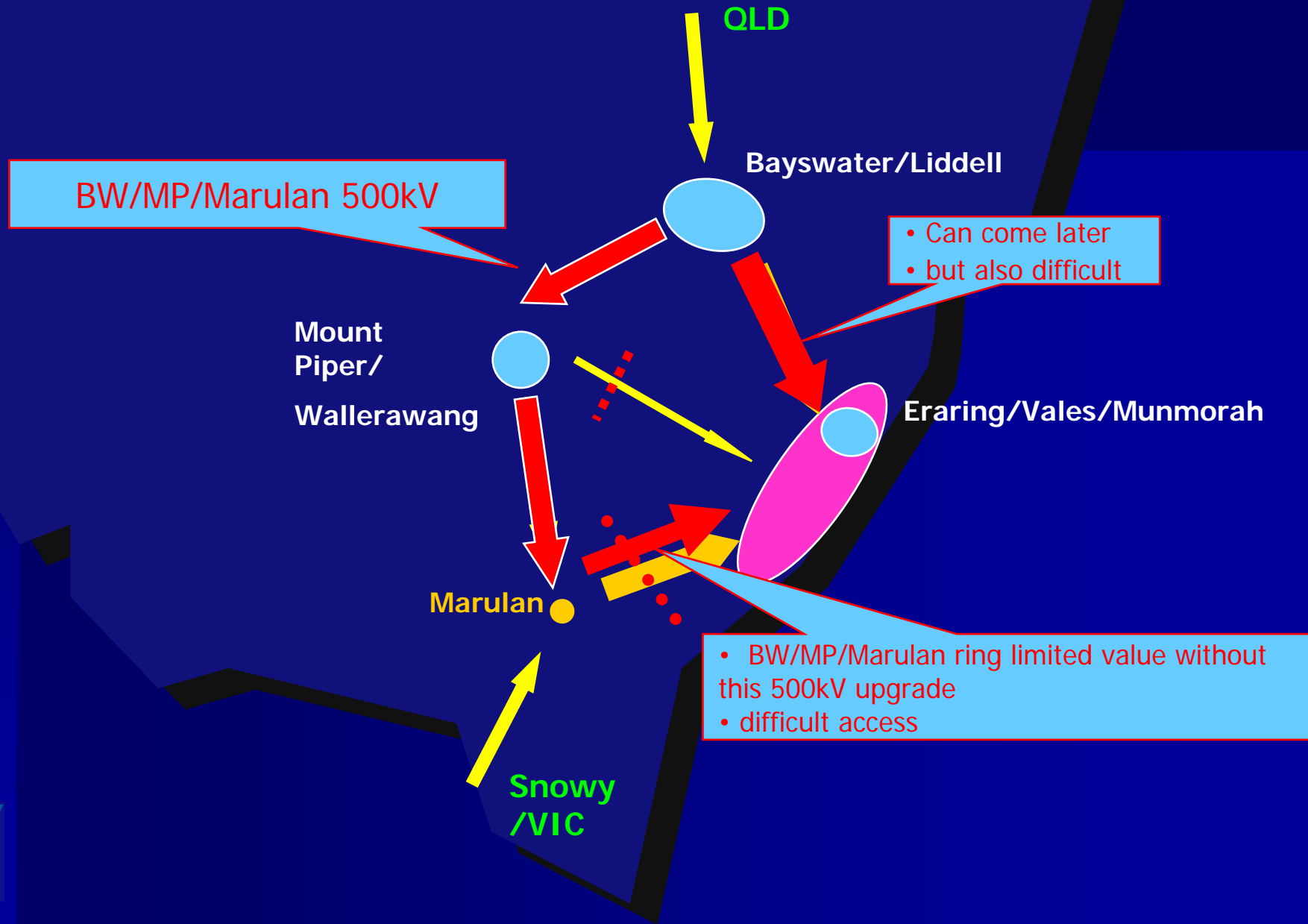
3hrs congestion contributed about \$1/MWh to
04/05 spot price (customers pay \$68m more)



2. Future Situation – Location of New BASE LOAD generation

Outside Load Centre		Inside Load Centre
2007 Mt Piper >> 750MW upgrade	(+180MW)	Eraring >>750MW upgrade (+360MW)
2007 Bayswater >>750MW upgrade	(+360MW)	
2011 Mt Piper 3	(+750MW)	
2012 Mt Piper 4	(+750MW)	
? Hunter Valley 1000MW?	(+1000MW)	
? Vic Generation/QLD generation	+?	

3. 500kV proposal





Moving Forward with urgency!

- Base load plant will be built outside the load centres.
- Congestion exists now and is impacting energy prices now!!!
- 600MW of Wang/Piper/BW plant could not get to market in summer 04/05
- Transmission policy needs clarity:
 - *transmission savings 20-40c/MWh?*
 - *energy cost maybe over \$3/MWh?*
- Without 500kV upgrade into southern Sydney:
 - 500kV BW/MP/Marulan becomes white elephant?
 - Conditions set for a congestion initiated energy price squeeze.
 - Reliability jeopardized (like 1.12.04)

