

**Duong, Mimi**

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**Subject:** FW: TRIM: AER - Significant Price Variations in the STTM

**TRIM Record Number:** D12/177137

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**From:** Chan, Joy [<mailto:Joy.Chan@de.com.au>]

**Sent:** Tuesday, 4 December 2012 10:29 AM

**To:** Duong, Mimi

**Subject:** TRIM: AER - Significant Price Variations in the STTM

Hi Mimi,

Please find enclosed feedback from Delta Electricity in regards to the Significant Price Variations in the STTM AER paper.

Please note that response to Topic 1 is confidential information of Delta Electricity (as highlighted in red), please do not publish this. Thank you.

Kind Regards,  
Joy Yip Chan

Senior Market Analyst / Spot Trader  
Delta Electricity

AER is seeking market participants to provide feedback on refining the reporting trigger process to any significant price variation in the STTM.

AS STTM market conditions changes over time, it's necessary to review the reporting trigger process.

AER has presented the price variation data for 2010, 2011, 2012 in terms of occurrence day. The comparison data highlighted the difference between (1) D-2 and ex ante price, (2) ex ante and ex post price. There is a large price variation (> 50% & > 75%) for 2010, as market mature there is a downward trend leading to 2012. MOS payment is also showing a reduction leading to 2012, whereas there is a upward increasing trend for both ex ante and ex post price for 2012.

### **Consultation Topic 1**

**Confidential**

### **Consultation Topic 2**

With reference to the data provided by AER, suggest reporting trigger set at >\$7/GJ for variation between D-2 price, ex ante price and ex post price.

Pro : The right amount of report to be generated based on historical data. Validity as these events are still happening since the start of the STTM across STTM hubs.

### **Consultation Topic 3**

The daily reporting trigger price for significant ex ante and ex post should be set at 2x the average previous 30 days. Delta Electricity is particular interest on this report trigger price.

With reference with the data provided by AER, there is a tendency of market under forecast, as observed from the higher number of ex post variation as compare to ex ante price.

Pro :

This reporting will negate the need of having two sets report trigger price for peak and off peak period, as winter and summer average price of \$2.8 & \$6.6. Also going forward as possible influence of higher gas price from Queensland gas export market gas price.

Con:

Setting the rolling average, can be misleading in particular in the event of Market Price Cap and this will set the next triggering point much higher. This might significantly increase the number of reports by AER as compared to the \$20/GJ trigger point.

**Consultation Topic 4**

Delta Electricity agree with the \$250K threshold is the appropriate level for reporting on MOS service payments.

**Consultation Topic 5**

The trigger for CG will be coordinated by AEMO with market participants involvement during assessment conference, other than that no other trigger concern.

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