

4 November – 10 November 2007

## Summary

Spot prices for the week averaged between \$29/MWh and \$37/MWh for all regions except Queensland where the price averaged \$120/MWh. On Sunday the spot price exceeded \$5000/MWh in Queensland. The AER will be issuing a separate report into the events of that day.

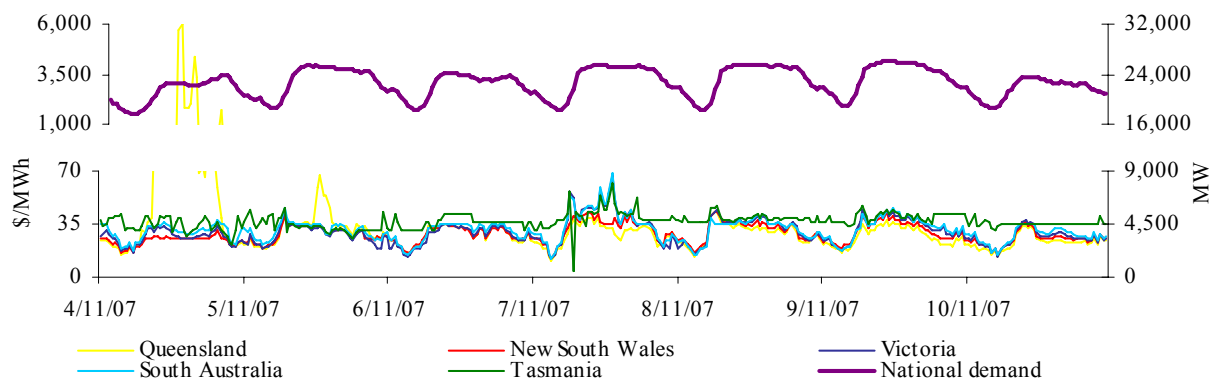
Turnover in the energy market in the week ended 10 November was \$203 million. The total cost of ancillary services for the week was \$750 000 or 0.4 per cent of energy market turnover.

Significant variations between actual prices and those forecast 4 and 12 hours ahead occurred in 65, or a fifth of all trading intervals. Demand forecasts produced 4 and 12 hours ahead varied from actual by more than 5 per cent in a fifth of all trading intervals across the market. These variations were most frequent in South Australia, occurring in over a third of all trading intervals.

## Energy prices

Figure 1 sets out the national demand and spot prices in each region for each trading interval. Figure 2 compares the volume weighted average price with the averages for the previous week, the same quarter last year and for the previous financial year.

**Figure 1: national demand and spot prices**



**Figure 2: volume weighted average spot price for energy market (\$/MWh)**

	QLD	NSW	VIC	SA	TAS
Last week	120	29	30	32	37
Previous week	61	34	33	34	33
Same quarter last year	23	27	29	40	37
Financial year to date	62	54	53	54	57
% change from previous week*	▲98%	▼16%	▼9%	▼6%	▲12%
% change from same quarter last year**	▲420%	▲6%	▲4%	▼20%	▲1%
% change from year to date***	▲154%	▲53%	▲47%	▲37%	▲42%

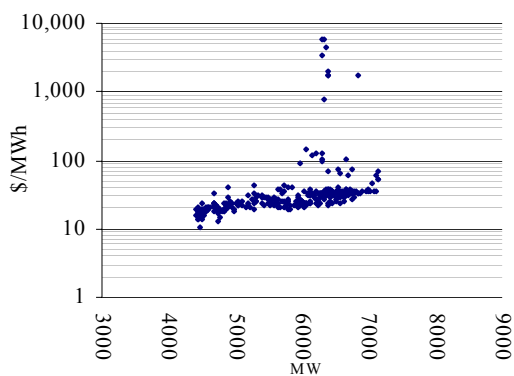
\*The percentage change between last week's average spot price and the average price for the previous week.

\*\*The percentage change between last week's average spot price and the average price for the same quarter last year.

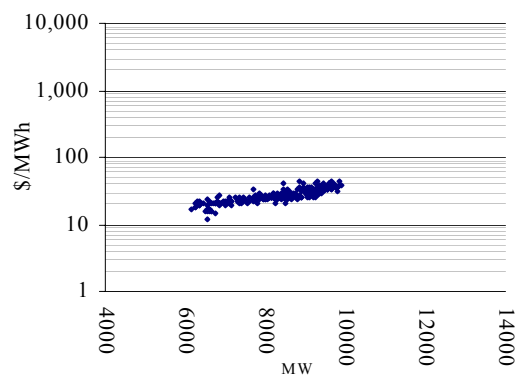
\*\*\*The percentage change between the average spot price for the current financial year to date and the average spot price over the similar period for the previous financial year.

Figures 3 to 7 show the weekly correlation between spot price and demand.

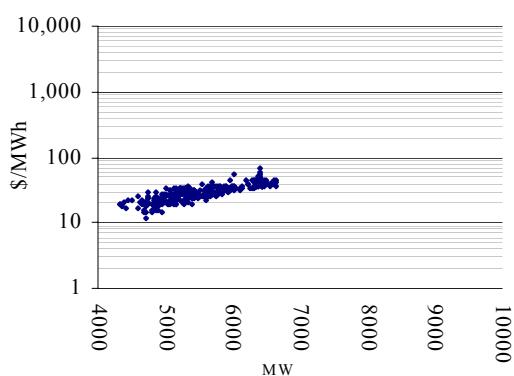
**Figure 3: Queensland**



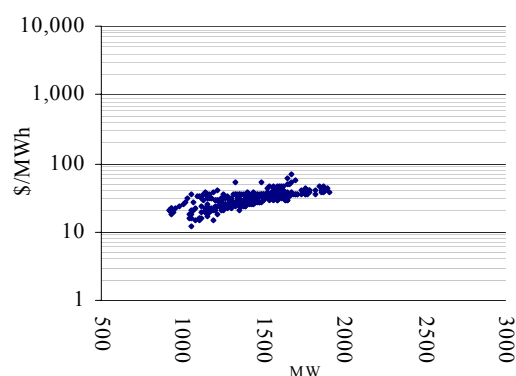
**Figure 4: New South Wales**



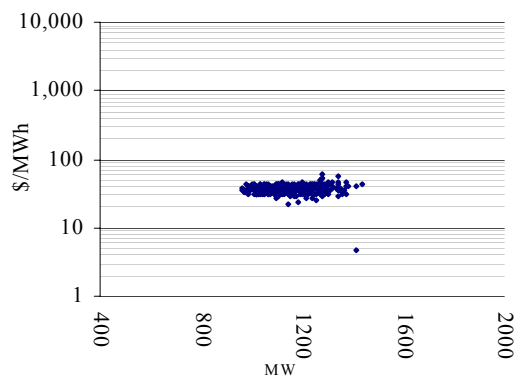
**Figure 5: Victoria**



**Figure 6: South Australia**



**Figure 7: Tasmania**



Maximum spot prices for the week were between \$44/MWh and \$69/MWh for all regions except Queensland where the maximum price was \$6001/MWh. Figure 8 compares the weekly price volatility index with the averages for the previous week and the same quarter last year.

**Figure 8: volatility index during peak periods**

	QLD	NSW	VIC	SA	TAS
Last week	0.34	0.37	0.45	0.40	0.28
Previous week	1.37	0.37	0.33	0.32	0.39
Same quarter last year	0.79	0.78	0.78	0.75	0.70

The definition of the price volatility index is available on the AER website.  
<http://www.aer.gov.au/content/index.phtml/tag/MarketSnapshotLongTermAnalysis>

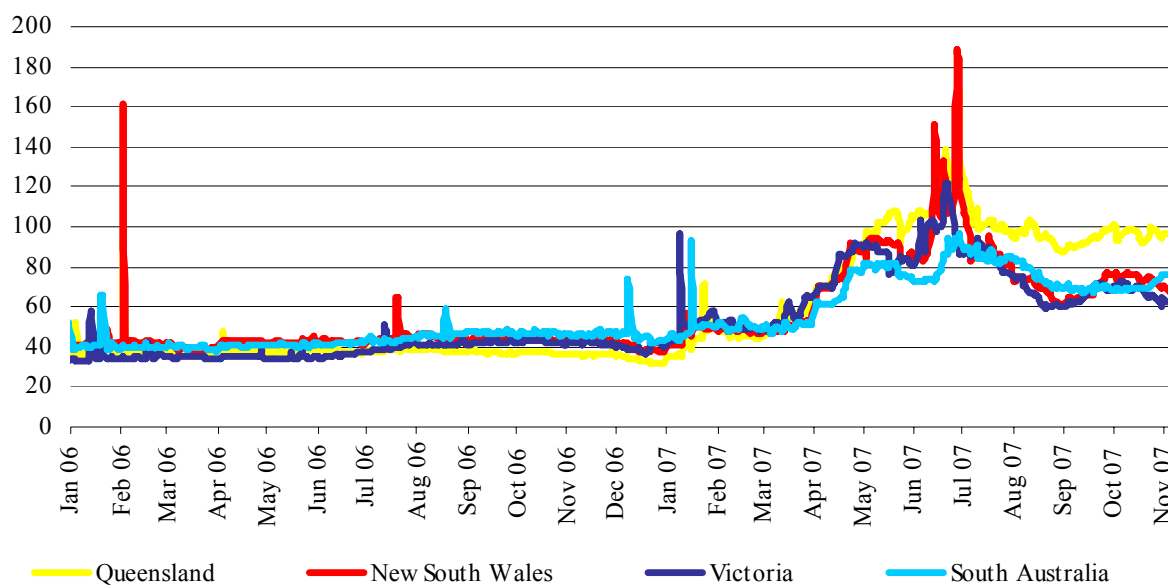
Figure 9 sets out the d-cyphaTrade wholesale electricity price index (WEPI)\* for each region throughout the week excluding Tasmania. Figure 10 sets out the WEPI since 1 January 2006.

**Figure 9: d-cyphaTrade WEPI for the week**

	Monday	Tuesday	Wednesday	Thursday	Friday
Queensland	96.33	94.48	95.30	93.65	92.62
New South Wales	67.24	66.92	67.17	65.46	64.88
Victoria	62.39	60.77	64.43	63.19	62.80
South Australia	76.14	75.79	74.49	74.13	74.00

\* The definition of the wholesale electricity price index is available on the d-cyphaTrade website  
[http://www.d-cyphatrade.com.au/products/wholesale\\_electricity\\_price\\_i](http://www.d-cyphatrade.com.au/products/wholesale_electricity_price_i)  
 The WEPI applies for working days only.

**Figure 10: d-cyphaTrade WEPI**



**Reserves**

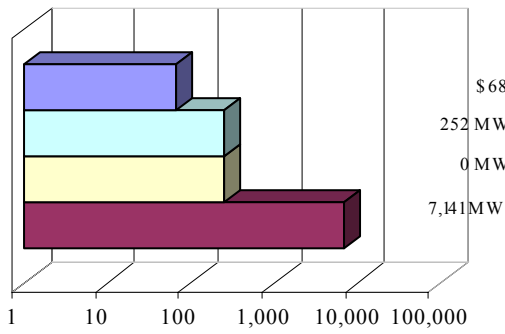
No low reserve conditions were forecast.

There was one direction issued by NEMMCO on Monday at 4.47 pm to a participant in Queensland to maintain power system security. The direction was cancelled at 5.04 pm.

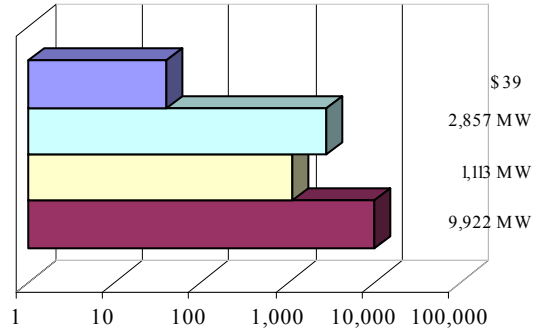
**Imports at time of maximum demand**

Figures 11 to 15 show spot price, net imports and limits at the time of weekly maximum demand.

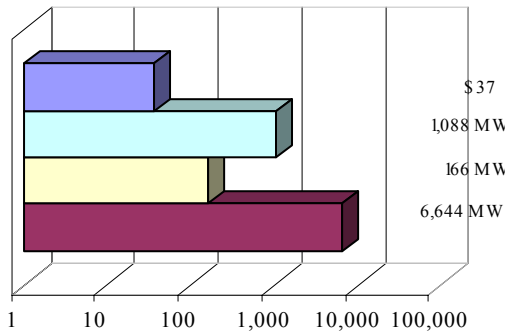
*Figure 11: Queensland*



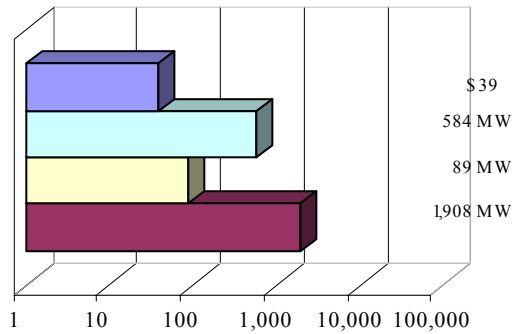
*Figure 12: New South Wales*



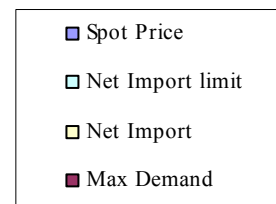
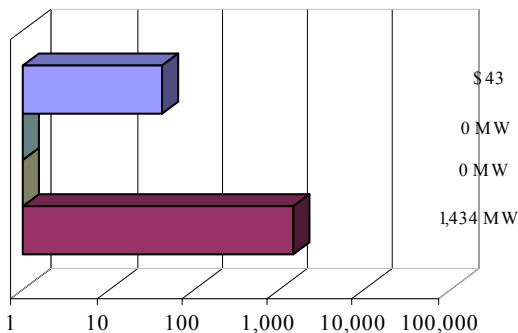
*Figure 13: Victoria*



*Figure 14: South Australia*



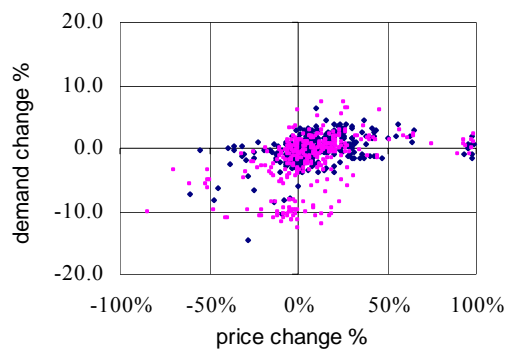
*Figure 15: Tasmania*



## Price variations

There were 65 trading intervals where actual prices significantly varied from forecasts made 4 and 12 hours ahead of dispatch. Figures 16 to 20 show the difference in actual and forecast price against the difference in actual and forecast demand. The figures highlight the relationship between price variation and demand forecast error. The information is presented in terms of the percentage difference from actual. Price differences beyond 100 per cent have been capped.

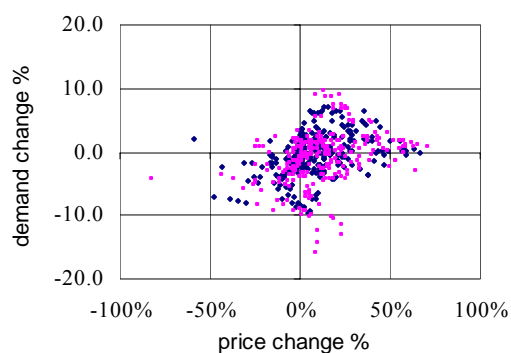
**Figure 16: Queensland**



**Figure 17: New South Wales**



**Figure 18: Victoria**



**Figure 19: South Australia**



**Figure 20: Tasmania**

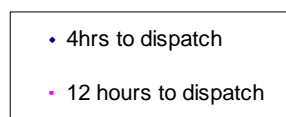
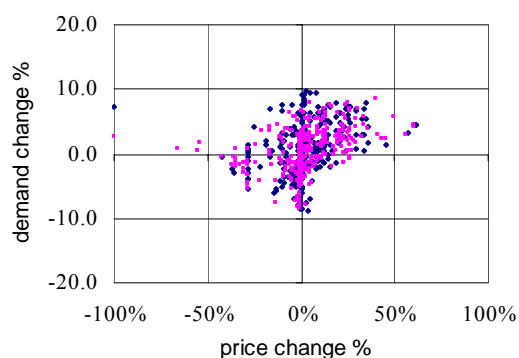
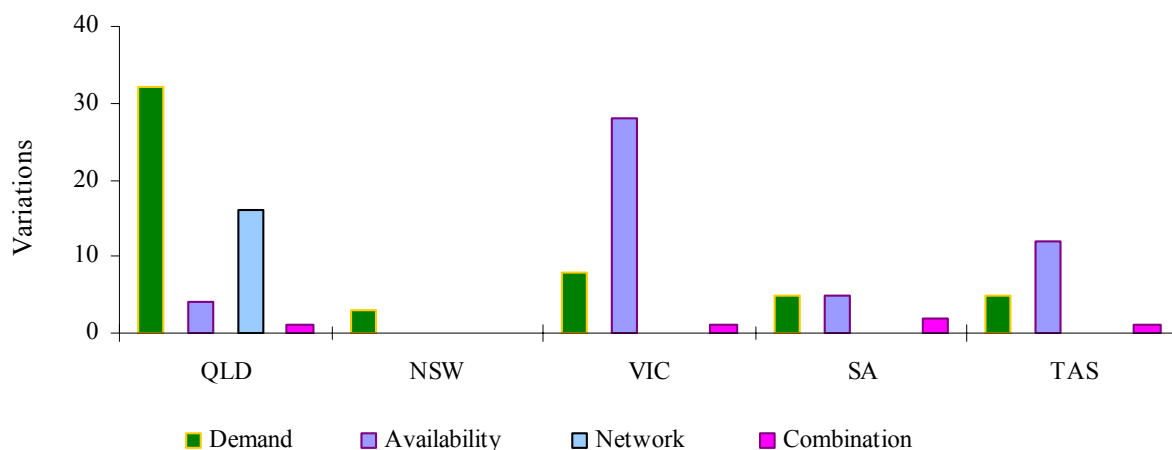


Figure 21 summarises the number and most probable reason for variations between forecast and actual prices.

**Figure 21: reasons for variations between forecast and actual prices**



### Price and demand

Figures 22 – 56 set out details of spot prices and demand on a national and regional basis. They include the actual spot price, actual demand and variation from forecasts made 4 and 12 hours ahead of dispatch.

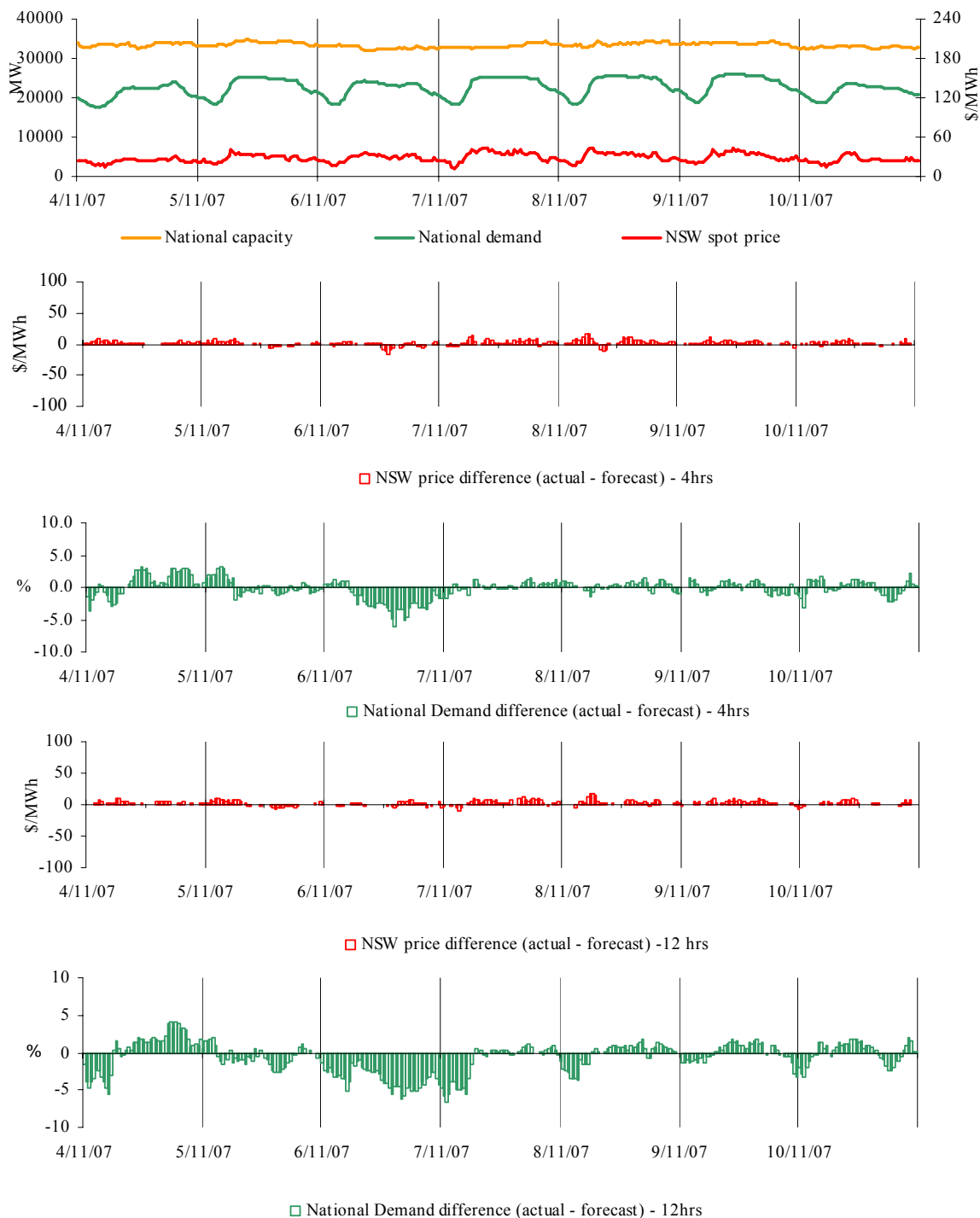
On a regional basis the differences between the maximum temperature and the temperature forecast at around 6.00 pm the day before are also included.

In each section, all prices for the week greater than three times the average have been presented. This threshold is used to filter the material price outcomes for the week. The actual price, demand and generator availability is compared with the forecasts made 4 and 12 hours ahead, with significant changes to these forecasts explained.

### National Market

Spot prices within the national market are regularly aligned with conditions in one region reflected across all others. Figures 22-26 shows pricing events that occurred when spot prices were generally aligned across all regions of the national electricity market – the New South Wales spot price has been used as a proxy national price under these conditions as New South Wales is located in the centre of the NEM.

**Figures 22-26: National market outcomes**

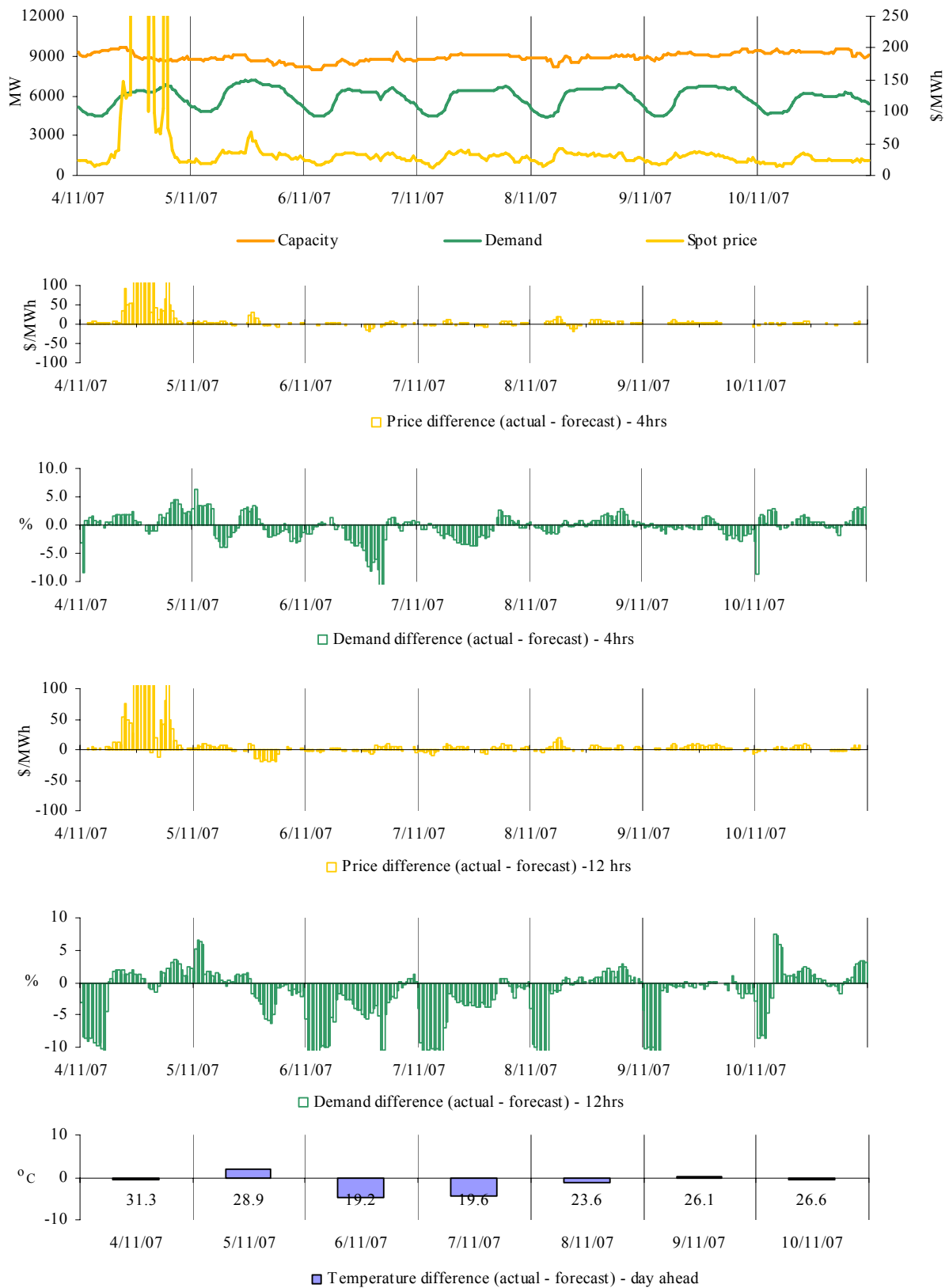


There was no occasion where the spot prices aligned nationally and the New South Wales price was greater than three times the New South Wales weekly average price of \$29/MWh.

## Queensland

Figures 27-32 show spot market prices in Queensland over the week along with actual demand and differences between actual and forecast demand and prices.

**Figures 27-32: Queensland actual spot price, demand and forecast differences**





There were nine occasions where the spot price in Queensland was greater than three times the Queensland weekly average price of \$120/MWh.

### Sunday, 4 November

<b>12:00 pm</b>	<b>Actual</b>	<b>4 hr forecast</b>	<b>12 hr forecast</b>
Price (\$/MWh)	5723.07	100	100.52
Demand (MW)	6293	6248	6210
Available capacity (MW)	9388	9643	9816
<b>12:30 pm</b>	<b>Actual</b>	<b>4 hr forecast</b>	<b>12 hr forecast</b>
Price (\$/MWh)	6000.52	100.52	100.93
Demand (MW)	6326	6292	6257
Available capacity (MW)	8954	9643	9816
<b>1:00 pm</b>	<b>Actual</b>	<b>4 hr forecast</b>	<b>12 hr forecast</b>
Price (\$/MWh)	1770.14	80.25	120.68
Demand (MW)	6379	6339	6304
Available capacity (MW)	8949	9634	9816
<b>1:30 pm</b>	<b>Actual</b>	<b>4 hr forecast</b>	<b>12 hr forecast</b>
Price (\$/MWh)	1776.15	80.25	120.68
Demand (MW)	6377	6372	6339
Available capacity (MW)	8875	9544	9726
<b>2:00 pm</b>	<b>Actual</b>	<b>4 hr forecast</b>	<b>12 hr forecast</b>
Price (\$/MWh)	2034.64	80.25	106.8
Demand (MW)	6383	6384	6353
Available capacity (MW)	8797	9590	9771
<b>2:30 pm</b>	<b>Actual</b>	<b>4 hr forecast</b>	<b>12 hr forecast</b>
Price (\$/MWh)	4373.64	80.25	106.23
Demand (MW)	6354	6420	6359
Available capacity (MW)	8841	9576	9771
<b>3:00 pm</b>	<b>Actual</b>	<b>4 hr forecast</b>	<b>12 hr forecast</b>
Price (\$/MWh)	3395.39	71.5	106.8
Demand (MW)	6315	6421	6368
Available capacity (MW)	8866	9459	9771
<b>4:00 pm</b>	<b>Actual</b>	<b>4 hr forecast</b>	<b>12 hr forecast</b>
Price (\$/MWh)	785.16	55.14	80.25
Demand (MW)	6318	6376	6387
Available capacity (MW)	8835	9555	9927
<b>7:00 pm</b>	<b>Actual</b>	<b>4 hr forecast</b>	<b>12 hr forecast</b>
Price (\$/MWh)	1746.95	38.02	26.07
Demand (MW)	6833	6697	6682
Available capacity (MW)	8650	9375	9933

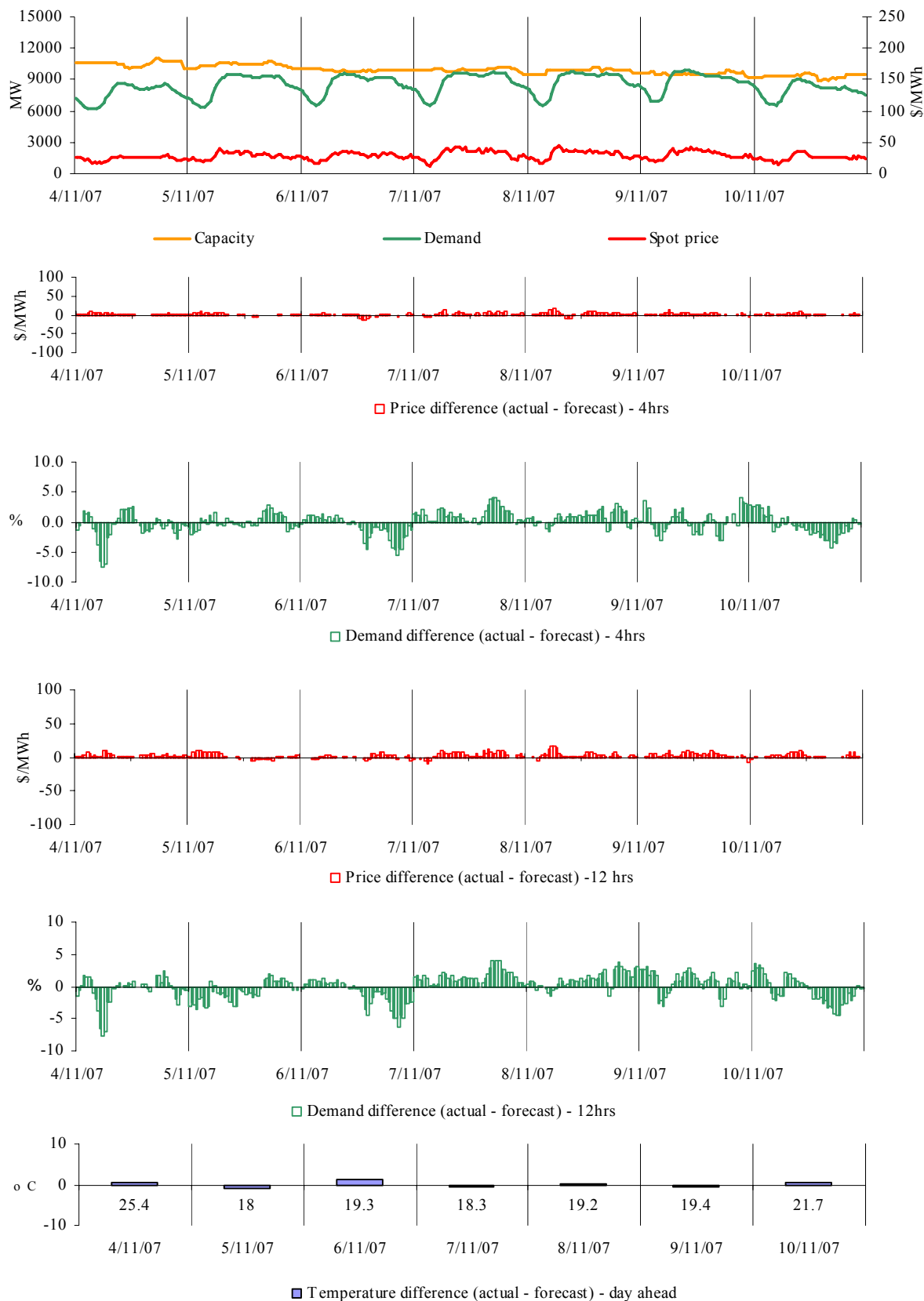
In accordance with clause 3.13.7 of the Rules, the AER will be issuing a reporting into the circumstances of the day that led to the spot price exceeding \$5000/MWh. This report will identify whether reductions in generation capacity, network availability and rebidding contributed to the market outcomes.

This report will be published in December 2007.

## New South Wales

Figures 33-38 show spot market prices in New South Wales over the week along with actual demand and differences between actual and forecast demand and prices.

**Figures 33-38 New South Wales actual spot price, demand and forecast differences**

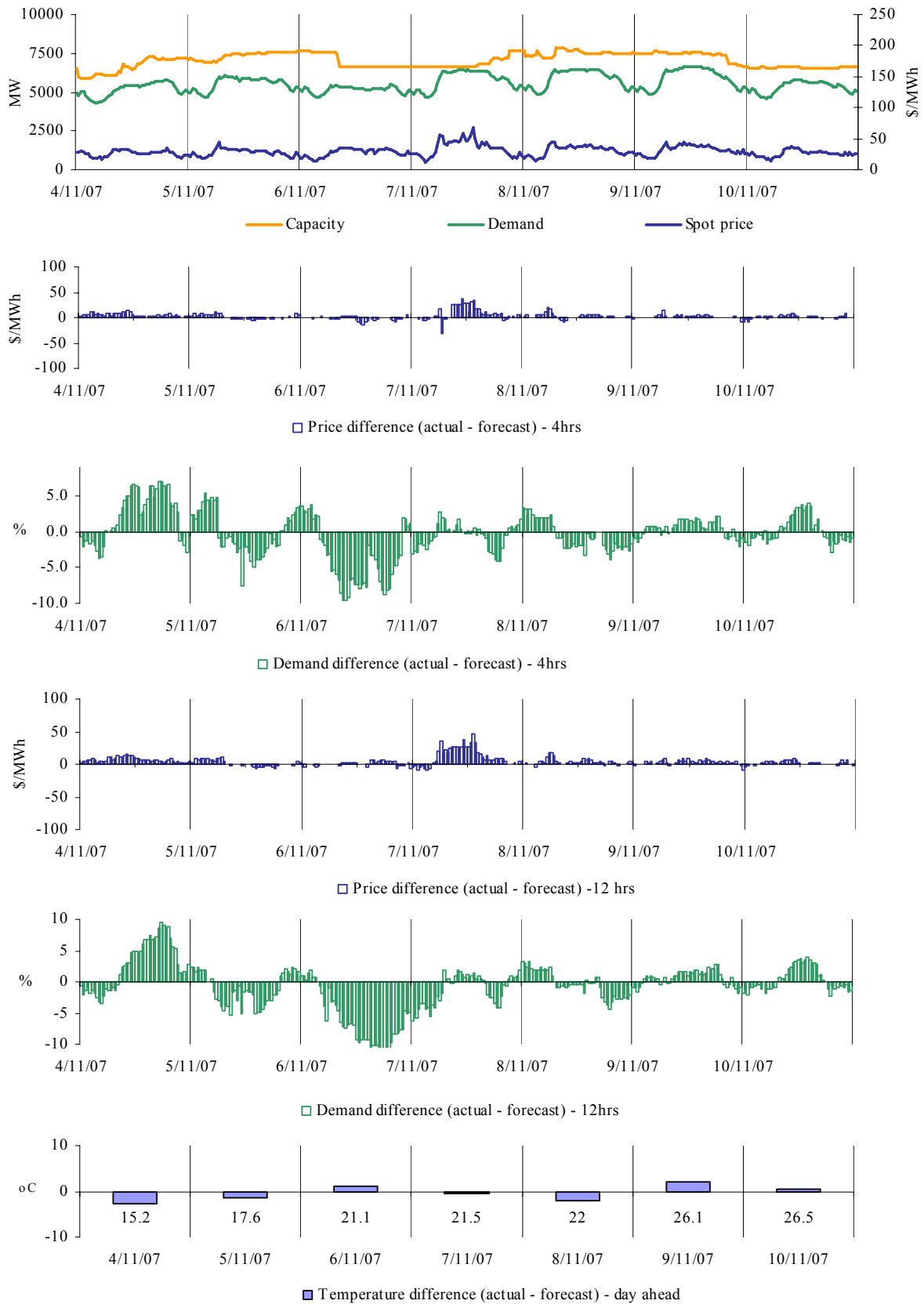


There was no occasion where the spot price in New South Wales was greater than three times the New South Wales weekly average price of \$29/MWh.

## Victoria

Figures 39-44 show spot market prices in Victoria over the week along with actual demand and differences between actual and forecast demand and prices.

**Figures 39-44: Victoria actual spot price, demand and forecast differences**

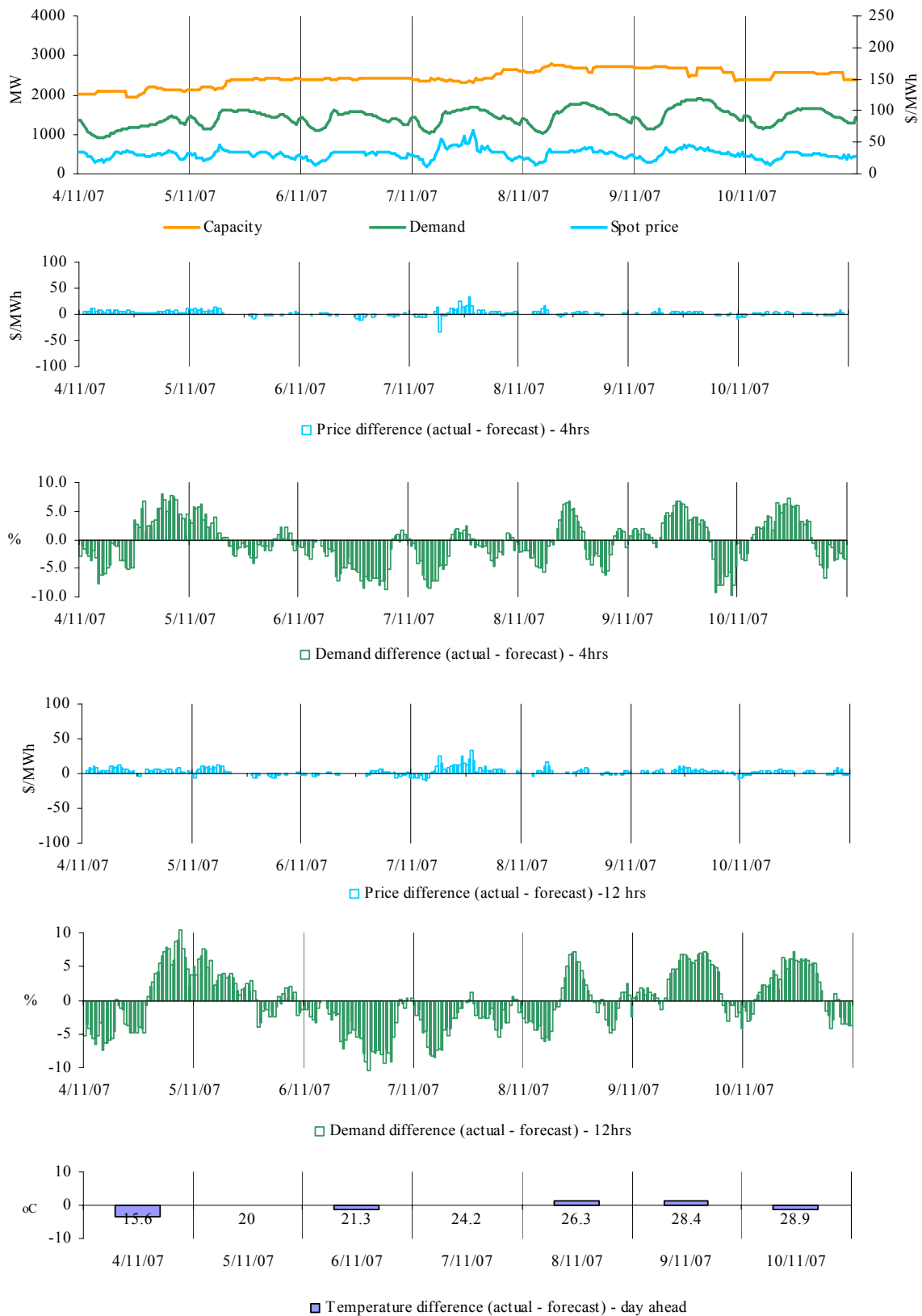


There was no occasion where the spot price in Victoria was greater than three times the Victoria weekly average price of \$30/MWh.

## South Australia

Figures 45-50 show spot market prices in South Australia over the week along with actual demand and differences between actual and forecast demand and prices.

**Figures 45-50: South Australia actual spot price, demand and forecast differences**

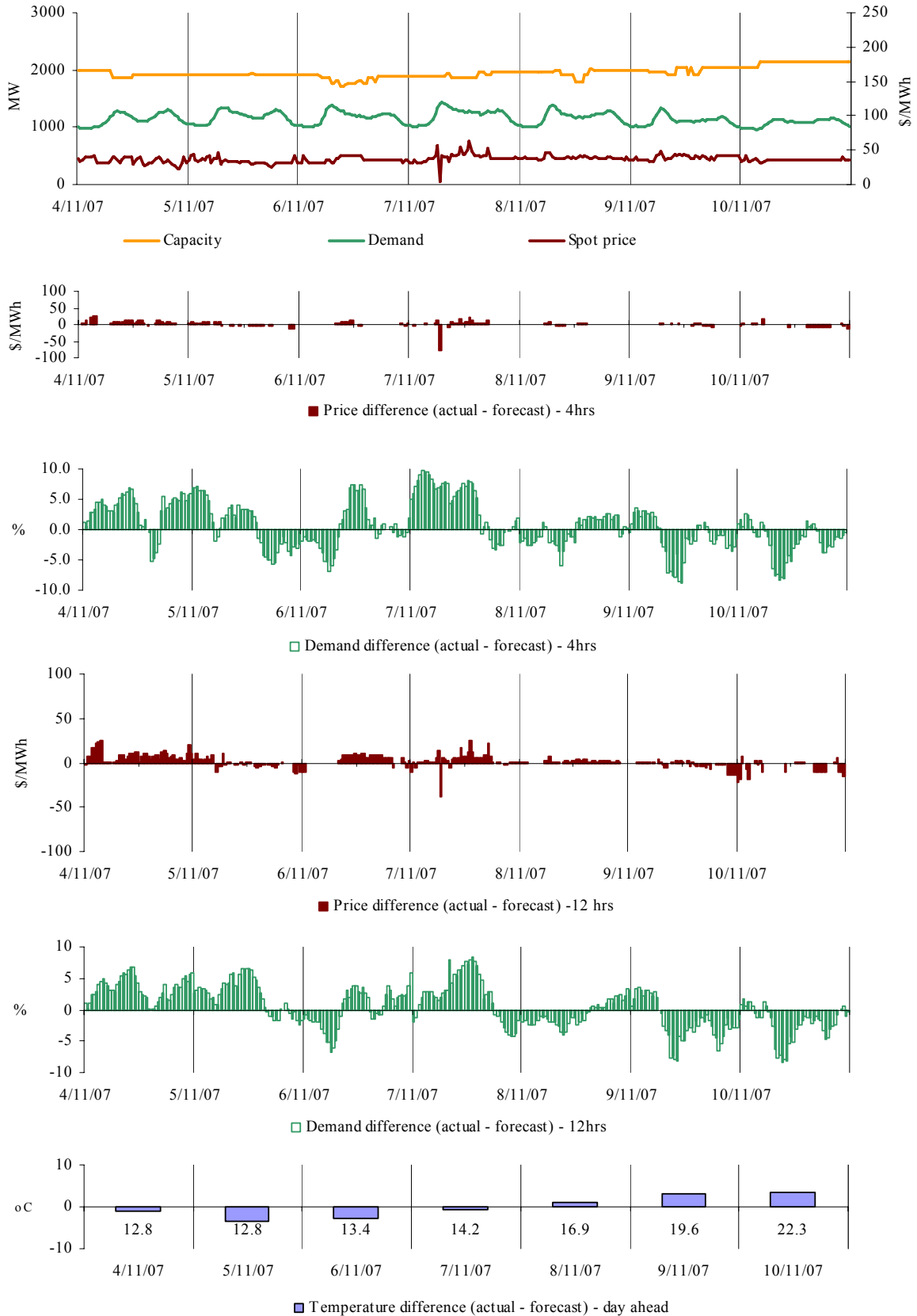


There was no occasion where the spot price in South Australia was greater than three times the South Australia weekly average price of \$32/MWh.

**Tasmania**

Figures 51-56 show spot market prices in Tasmania over the week along with actual demand and differences between actual and forecast demand and prices.

**Figures 51-56: Tasmania actual spot price, demand and forecast differences**

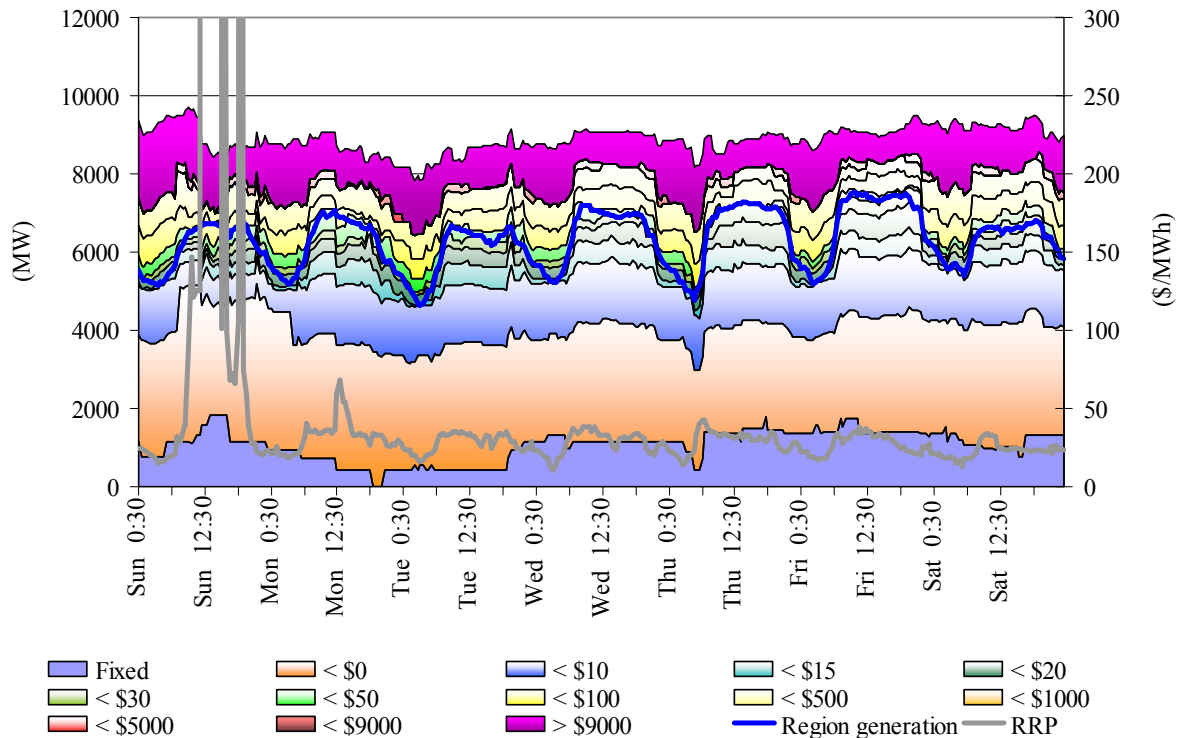


There was no occasion where the spot price in Tasmania was greater than three times the Tasmania weekly average price of \$37/MWh.

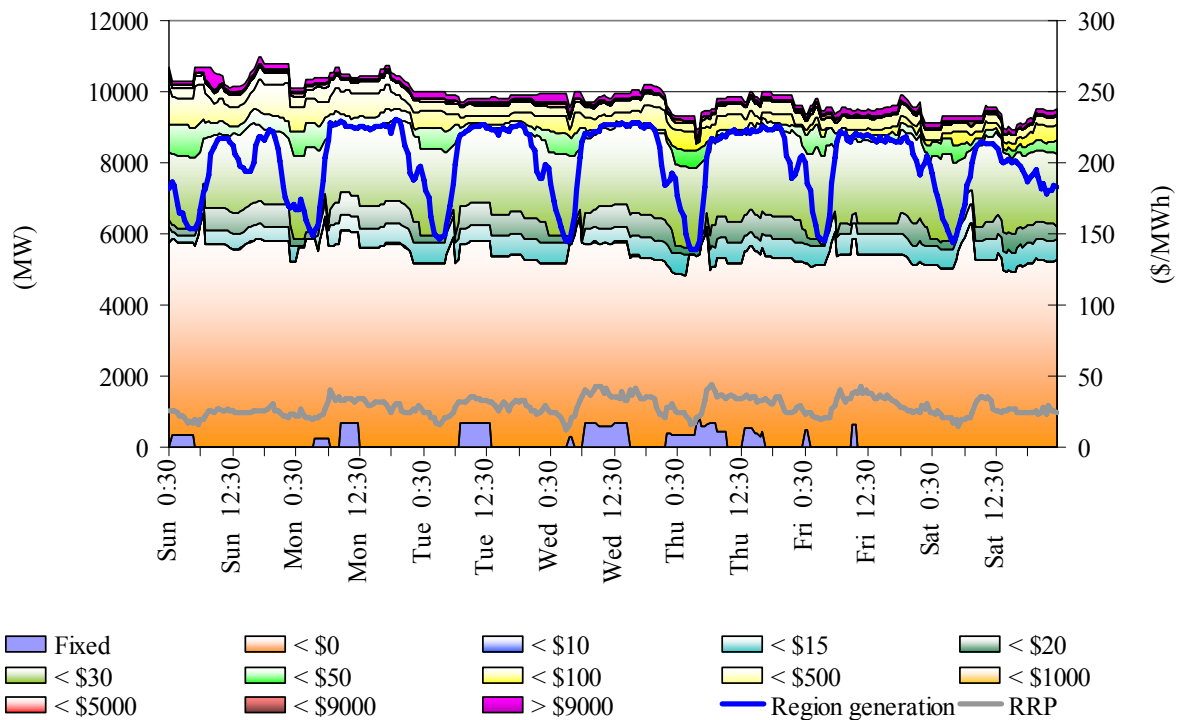
## Bidding patterns

Figures 57 – 61 set out for each region the extent of capacity offered into the market within a series of price thresholds. Actual price and generation dispatched in a region are overlaid.

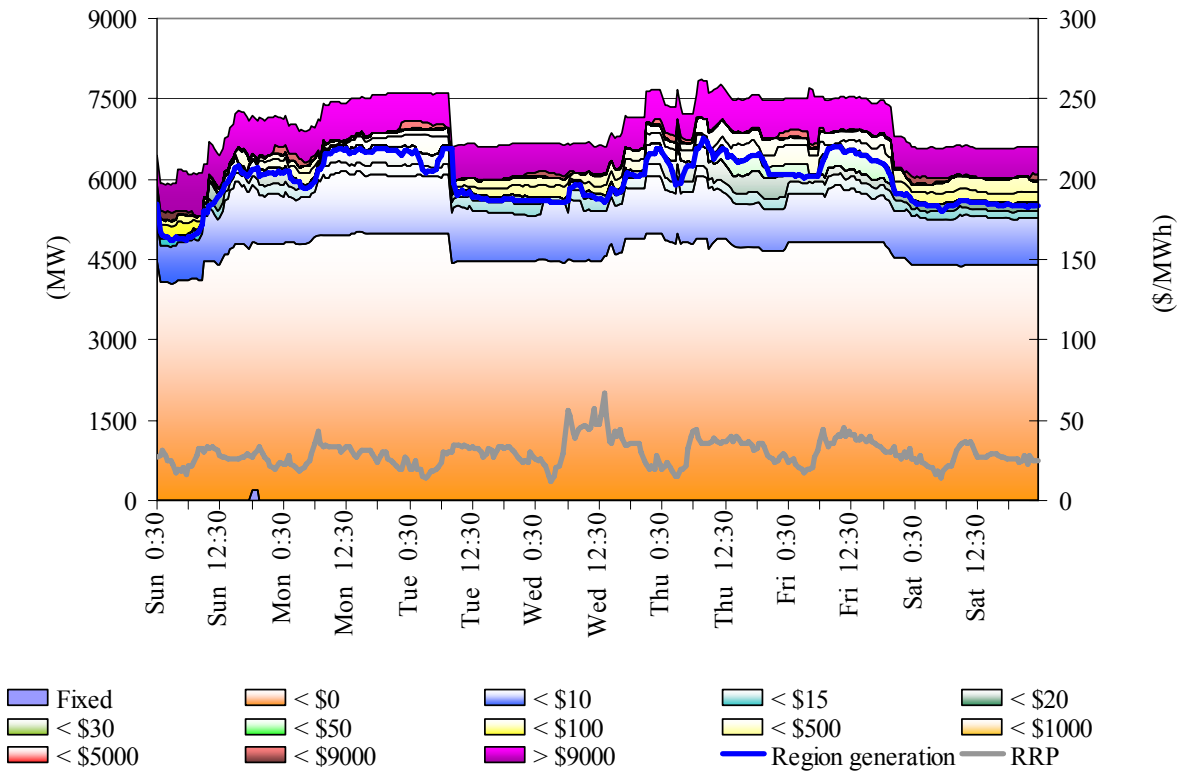
**Figure 57: Queensland closing bid prices, dispatched generation and spot price**



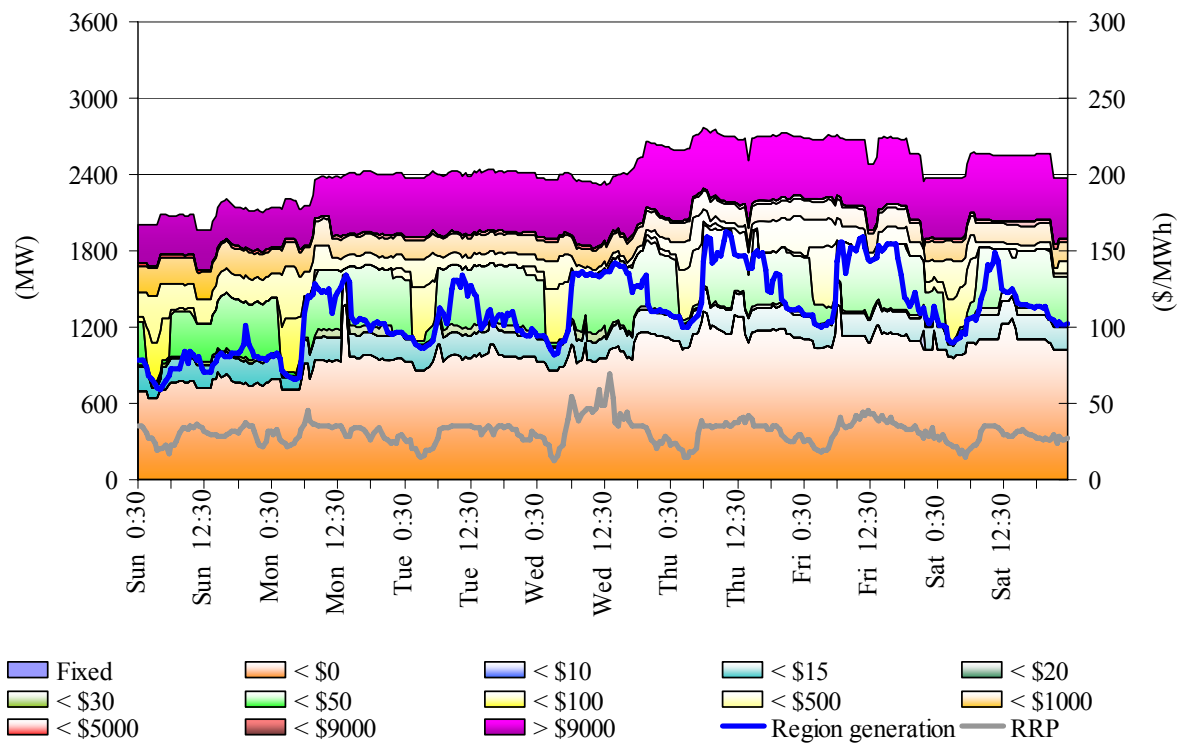
**Figure 58: New South Wales closing bid prices, dispatched generation and spot price**



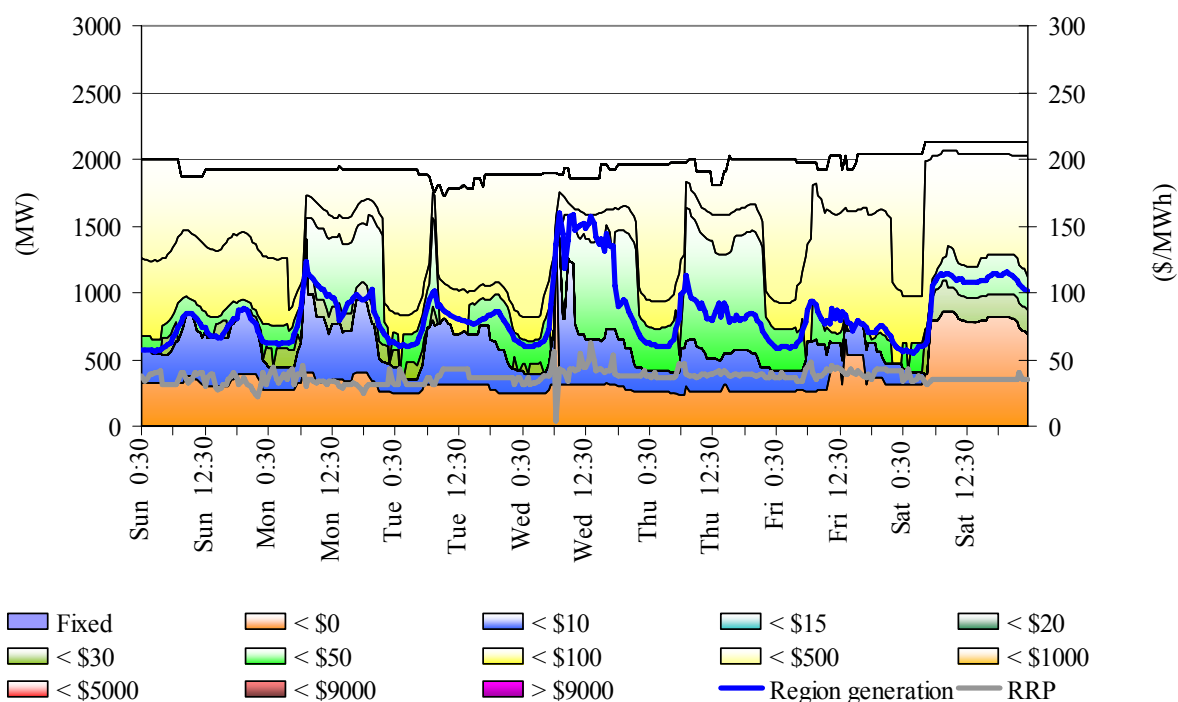
**Figure 59: Victoria closing bid prices, dispatched generation and spot price**



**Figure 60: South Australia closing bid prices, dispatched generation and spot price**



**Figure 61: Tasmania closing bid prices, dispatched generation and spot price**



**Ancillary service market**

The total cost of ancillary services on the mainland for the week was \$570 000 or 0.3 per cent of turnover in the energy market. Figure 62 summarises the volume weighted average prices and costs for the eight frequency control ancillary services across the mainland.

**Figure 62: frequency control ancillary service prices and costs for the mainland**

	Raise 6 sec	Raise 60 sec	Raise 5 min	Raise reg	Lower 6 sec	Lower 60 sec	Lower 5 min	Lower reg
Last week (\$/MW)	4.60	1.08	3.55	2.17	0.54	0.27	0.54	1.72
Previous week (\$/MW)	4.57	1.01	3.28	2.76	215.68	1.05	20.08	2.00
Last quarter (\$/MW)	1.76	0.73	1.15	1.54	0.39	2.28	5.00	1.93
Market Cost (\$1000s)	\$219	\$39	\$212	\$48	\$3	\$4	\$13	\$29
% of energy market	0.11%	0.02%	0.11%	0.02%	0.01%	0.01%	0.01%	0.01%

The total cost of ancillary services in Tasmania for the week was \$181 000 or 2.5 per cent of the turnover in the Tasmanian energy market. Figure 63 summarises for Tasmania the prices and costs for the eight frequency control ancillary services.



**Figure 63: frequency control ancillary service prices and costs for Tasmania**

	Raise 6 sec	Raise 60 sec	Raise 5 min	Raise reg	Lower 6 sec	Lower 60 sec	Lower 5 min	Lower reg
Last week (\$/MW)	5.48	0.90	4.06	2.61	0.51	1.47	1.13	1.72
Previous week (\$/MW)	31.95	0.96	5.52	6.43	0.79	1.92	5.76	2.63
Last quarter (\$/MW)	4.97	0.49	2.93	3.00	12.67	0.43	0.82	0.45
Market Cost (\$1000s)	\$54	\$21	\$71	\$14	\$1	\$8	\$5	\$7
% of energy market	0.76%	0.29%	0.99%	0.20%	0.01%	0.11%	0.07%	0.10%

Figure 64 shows the daily breakdown of cost for each frequency control ancillary service.

**Figure 64: daily frequency control ancillary service cost**

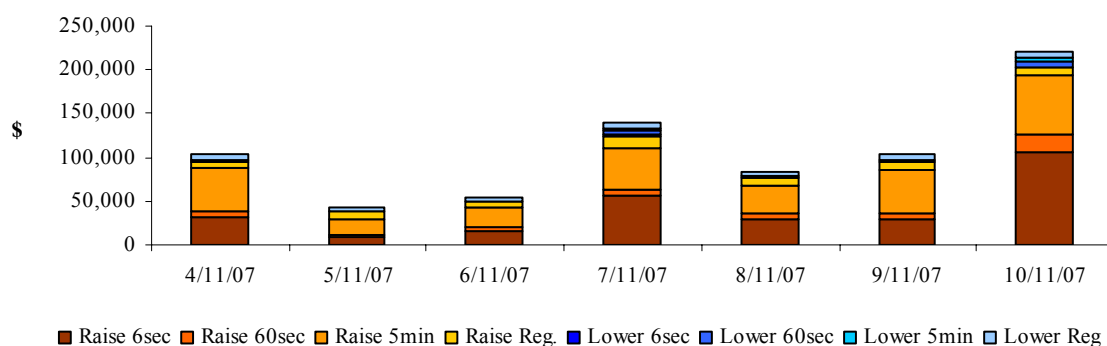
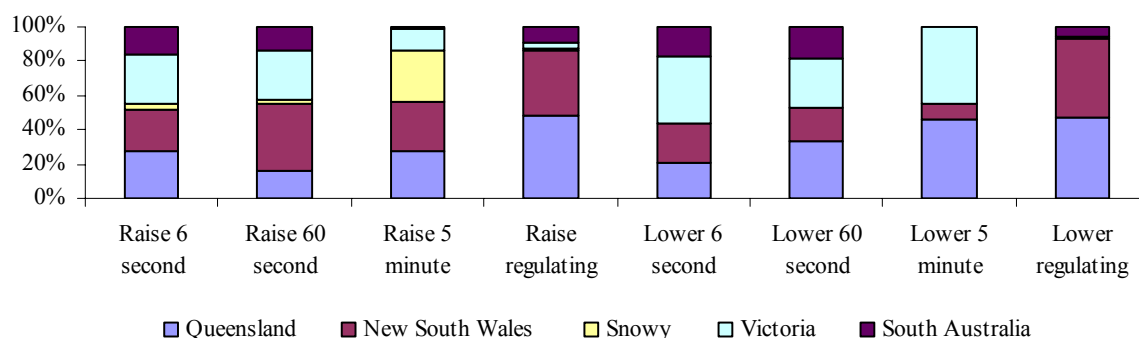


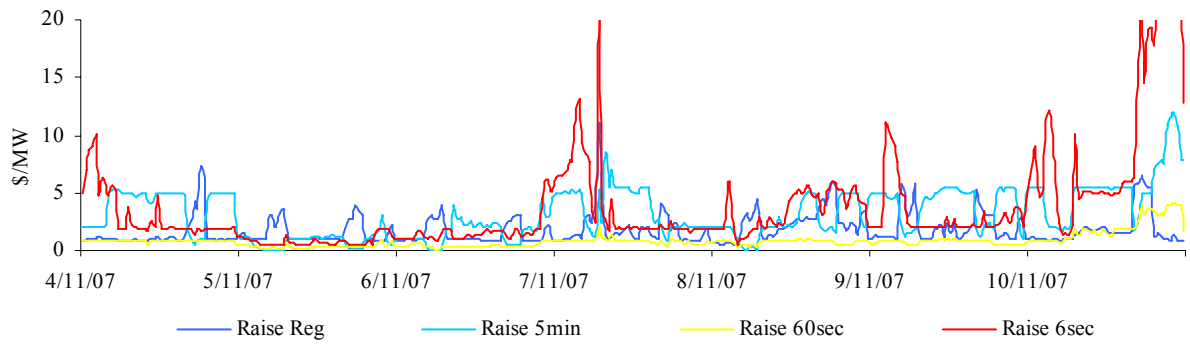
Figure 65 shows the contribution, on a percentage basis, that frequency control ancillary service providers are utilised (in each mainland region) to satisfy the total requirement for each service.

**Figure 65: regional participation in ancillary services on the mainland**

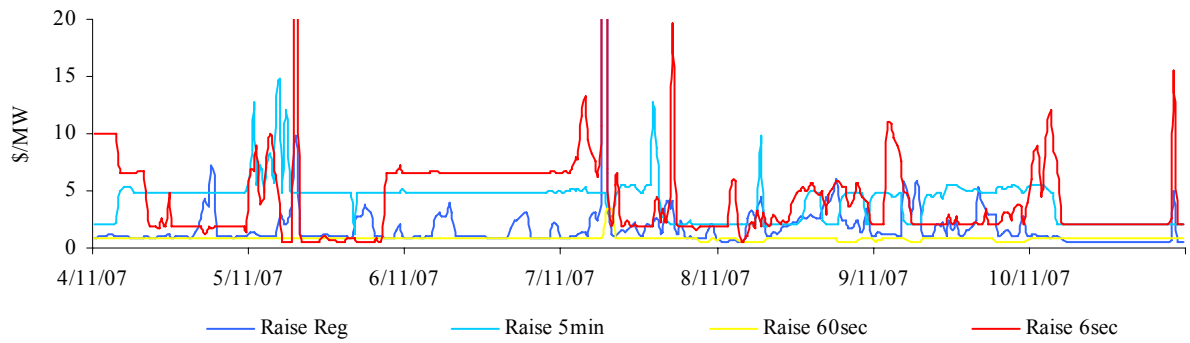


Figures 66 and 67 show 30-minute prices for each frequency control ancillary service throughout the week.

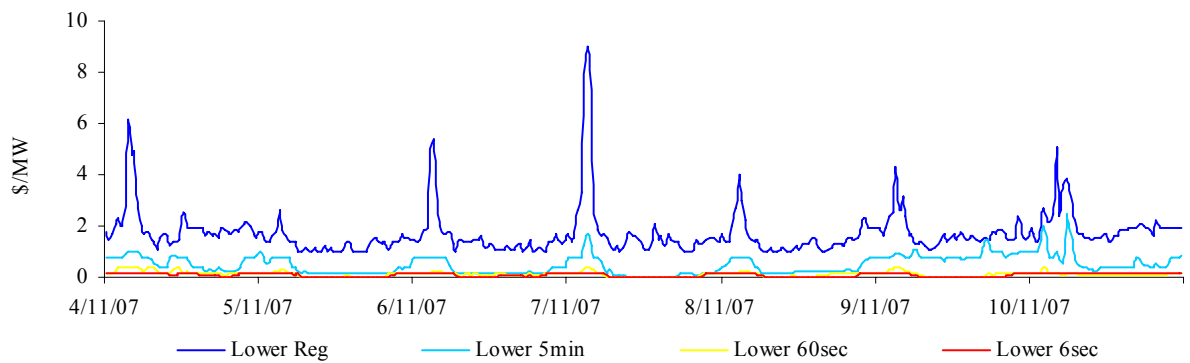
**Figure 66: prices for raise services**



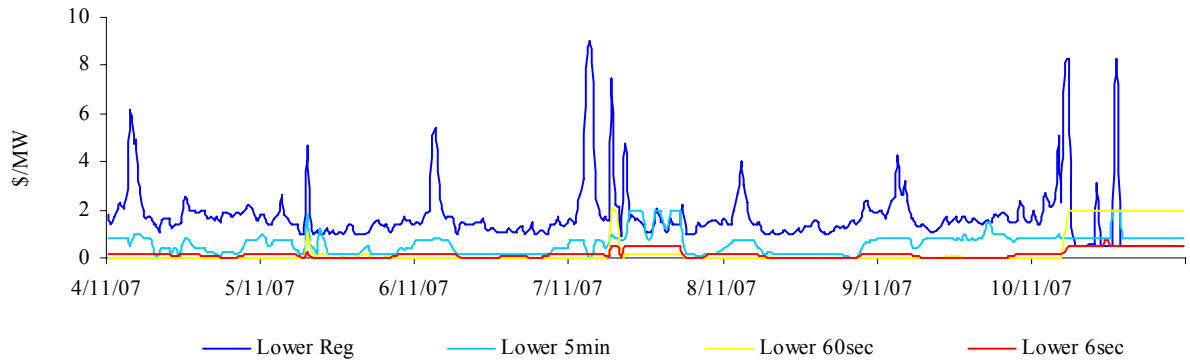
**Figure 66A: prices for raise services – Tasmania**



**Figure 67: prices for lower services**

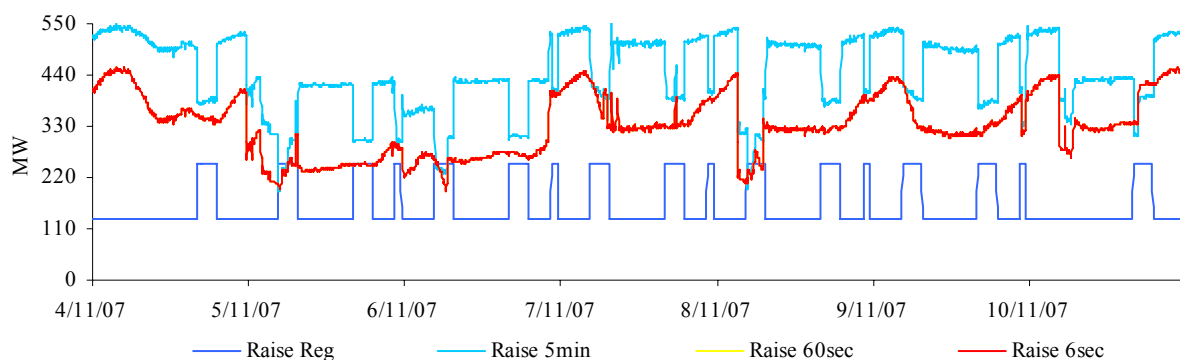


**Figure 67A: prices for lower services – Tasmania**

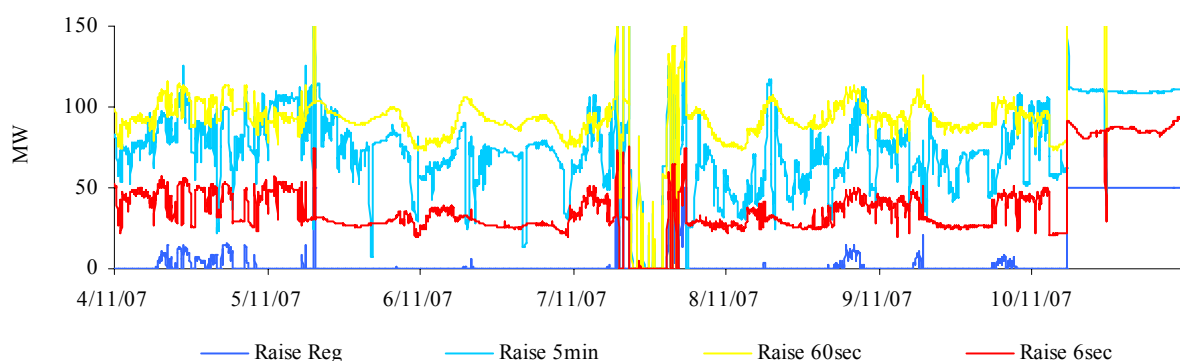


Figures 68 and 69 present for both raise and lower frequency control services the requirement, established by NEMMCO, for each service to satisfy the frequency standard.

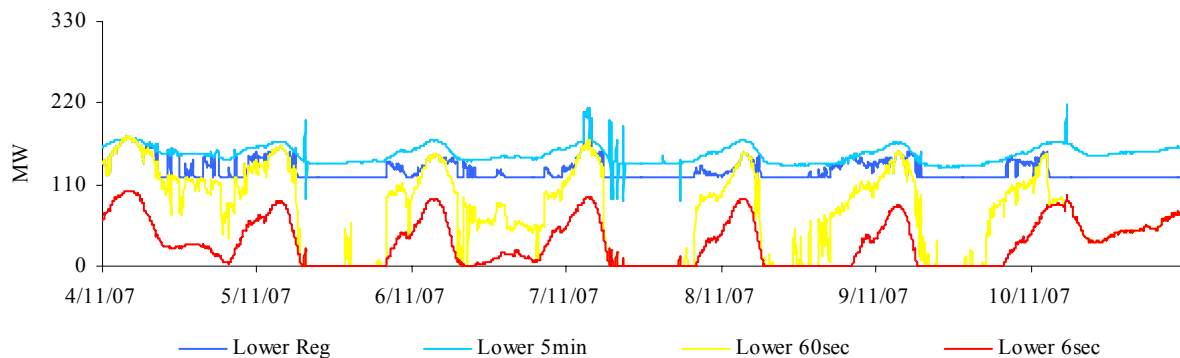
**Figure 68: raise requirements**



**Figure 68A: raise requirements – Tasmania**



**Figure 69: lower requirements**



**Figure 69A: lower requirements – Tasmania**

