
Regulatory issues

Commission issues draft determination on VoLL Code changes

The Commission has issued its draft determination on amendments to the National Electricity Code.

These code changes deal with:

- the National Electricity Code Administrator's (NECA) Reliability Panel's review of the Value of Lost Load (VoLL);
- NECA's review of capacity mechanisms; and
- the code requirement that negative spot prices be allowed within 12 months of market commencement.

VoLL is a cap on prices in the national electricity market (NEM). It is currently set at \$5000/MWh.

The Commission accepted NECA's proposal to increase the level of VoLL in two stages to \$20 000/MWh. In doing so it accepted NECA's argument that the changes to VoLL are necessary to promote incentives to maintain system reliability in the NEM. The changes to VoLL should increase investment in generation capacity at the top end of the market, and achieve improved demand side response.

However, the draft determination proposes a number of conditions of authorisation, requiring more stringent market monitoring measures in the NEM. The Commission believes that more stringent market monitoring is necessary to address concerns about the impact of an increase in VoLL given current generator market power issues in the NEM.

The code changes dealing with capacity mechanisms and the negative floor price were accepted by the Commission.

The Commission invite NECA and other interested persons to notify it by 5 July 2000 whether they wished the Commission to hold a conference in relation to this draft determination.

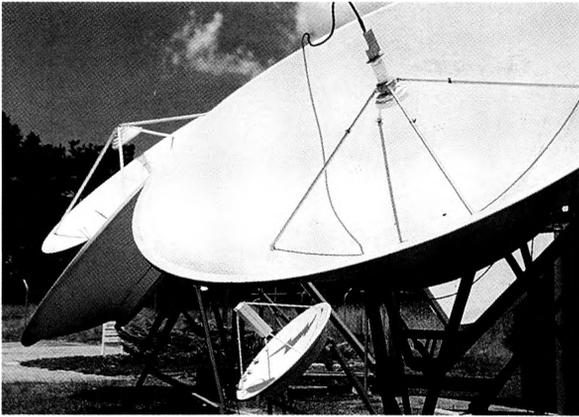
Copies of the Commission's draft determination will be available on the Commission's web site <<http://www.accc.gov.au>> or from Ms Maxine Helmling on telephone (02) 6243 1246.

Commission issues intercapital transmission capacity discussion paper

The Commission recently announced it would hold a public inquiry into intercapital transmission capacity for telecommunications. As part of the public inquiry process, a discussion paper on transmission capacity service was released.

Transmission capacity is a generic service used for the carriage of voice, data or other communications. Currently, the Commission regulates access to intercapital, regional to capital, intra-regional, metropolitan and the central business district transmission services. This transmission capacity inquiry is concerned principally with transmission along intercapital routes.

The Commission has already undertaken one public inquiry into intercapital transmission capacity, in 1997-98. From that inquiry the Commission, in November 1998, decided to regulate all intercapital transmission routes except for the Melbourne-Canberra-Sydney route. The Commission's view was that there was already sufficient competition such that it was not necessary to regulate access to transmission services on this route.



The aim of the current public inquiry is to determine whether intercapital routes other than Melbourne–Canberra–Sydney should continue to be regulated by the Commission under its telecommunications access powers. The inquiry will focus on the Sydney–Brisbane transmission route, which appears to have become more competitive. However, the inquiry will cover all the currently regulated intercapital routes.

The discussion paper identifies issues that the Commission considers to be relevant to its decision whether to vary the scope of transmission capacity regulation. It is intended to assist submissions from interested parties on these issues.

Depending on the information received in submissions, the Commission expects to issue a draft report setting out its preliminary findings before the end of August 2000.

Copies of the discussion paper will be available from Commission offices and the Commission's Internet website at <<http://www.accc.gov.au>>.