

SMART POWER RESPONSE

We are happy with the result and the remedy i.e. recalculation of the prices. Consumer faith in the operation of the market was badly shaken by the incident on the 26th of March and this decision and remedy is a big step in restoring faith in the operation of the market. It is also very important to our customers as the financial effects would have been substantial should the initial prices have stood.

QUESTION 1

HAS THE AUTHORITY ACCURATELY RECORDED AND INTERPRETED ALL OF THE SALIENT FACTS IN REGARD TO THIS MATTER? IF NOT, PLEASE DETAIL THE INACCURACIES.

Yes, however whilst we appreciate the EA wants to bring this to a quick conclusion, the time provided to us to respond has not allowed an in depth analysis of the salient facts

QUESTION 2

DO YOU AGREE WITH THE AUTHORITY'S DRAFT DECISION THAT THE SITUATION EXISTING ON 26 MARCH 2011 CONSTITUTES A UTS? PLEASE GIVE REASONS FOR YOUR ANSWER.

Yes we agree that there was a UTS for the reasons given in our initial submission.

QUESTION 3

DO YOU AGREE WITH THE DRAFT REMEDIAL ACTIONS THAT THE AUTHORITY INTENDS TO TAKE TO CORRECT THE UTS? PLEASE GIVE REASONS FOR YOUR ANSWER.

Yes, we believe that the prices should be reset. Whilst we accept that the prices be in the suggested range of \$1500-\$3000/MWh we note that prices settled well below these levels on the following weekend when similar transmission constraints occurred therefore we would expect that prices be at the lower end of the suggested range

QUESTION 4

ARE THERE ANY OTHER REMEDIAL ACTIONS THAT THE AUTHORITY SHOULD TAKE TO CORRECT THE UTS? IF SO, PLEASE DETAIL THE OTHER ACTIONS AND GIVE REASONS FOR YOUR ANSWER.

We understand that the EA will now carry out a review of the situation and as part of that review, mechanisms to prevent this type of action should be considered. While the declaration of a UTS and the resetting of prices will help restore faith in the market prevention is better than cure and if a mechanism for preventing this type of incident in the future is possible then we would support that.