

# Ministerial Council on Energy

## Energy Market Reform Bulletin No.14

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### National Electricity Market: Regional Structure Review

This bulletin provides an update on the progress of the Review of the regional structure of the National Electricity Market.

In its December 2003 report, the Ministerial Council on Energy (MCE) recognised that a new and more transparent process is required to enable assessment of regional boundary changes for the wholesale market to facilitate investment and more efficient operation of the National Electricity Market (NEM).

A significant issue for the review to date has been the implementation of the MCE agreement that *“jurisdictional boundaries should be maintained for retail customer pricing”*.

Major issues include:

- the dispatch process and especially the management of network congestion;
- the calculation of prices that determine payment to each generator in the wholesale spot market; and
- the relationship between generator prices and the price paid by each purchaser from the wholesale spot market.

These issues were discussed at the Industry Forum held on 31 March 2004, and in particular whether the review should be confined to considering only a single price for all purchasers at wholesale level in each jurisdiction.

The review is proceeding on the basis that all options for the wholesale price will be considered. This will also provide the opportunity for a holistic assessment of retail and wholesale matters.

The Industry Forum heard presentations from the Charles River Associates (CRA) review team on the technical, economic and commercial evaluation processes to be undertaken and the views of a range of stakeholders. Separately, the team has held discussions with a range of groups. Further comment is welcome prior to the publication of the draft report.

Comments might address:

- issues of concern that should be addressed in the review;
- suggestions for possible design of the criteria that might guide reviews of boundaries in the future; and
- recommendations for solutions that address major issues for wholesale market design including: dispatch, congestion management, pricing for both buyers and sellers at both wholesale and retail levels and integration with the broader NEM design.

Additional comments can be emailed to Greg Thorpe, the CRA project director, [gthorpe@crai.com.au](mailto:gthorpe@crai.com.au).

To provide adequate time for the full range of options to be considered, the timetable for the review has been extended and a draft report is anticipated to be available for release for comment in early July.

MCE Standing Committee of Officials  
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