



PUBLICATION

Values for Ancillary Service Margin_Peak and Margin_Off-Peak Parameters

DETERMINATION

The Economic Regulation Authority (**Authority**) has determined that the values for the Ancillary Service Margin_Peak and Margin_Off-Peak parameters for the 2012/13 financial year:

- from the Balancing Market Commencement Day (expected on 1 July 2012) to 30 June 2013, under the amended *Wholesale Electricity Market Rules (Market Rules)*, are 32 per cent for Margin_Peak and 31 per cent for Margin_Off-Peak; and
- from 1 July 2012 to the Balancing Market Commencement Day, under the current Market Rules, are 25 per cent for Margin_Peak and 32 per cent for Margin_Off-Peak in the event that the Balancing Market Commencement Day falls after 1 July 2012.

In making the determination under the Market Rules, the Authority is required to undertake a public consultation process and take into account:

- the Wholesale Market Objectives;¹ and
- the proposal submitted by the Independent Market Operator (**IMO**).

The IMO submitted its proposal under the current Market Rules to the Authority on 30 November 2011, accompanied by a report prepared by Sinclair Knight Merz / McLennan Magasanik and Associates (**SKM MMA**). SKM MMA was engaged by the IMO to carry out an independent assessment and modelling of the margin values.

The IMO also submitted its proposal under the amended Market Rules to the Authority on 28 March 2012, accompanied by a separate report prepared by SKM MMA.

The Authority published an issues paper and notice on 20 April 2012, inviting public submissions on the proposed margin values submitted by the IMO. One submission was received by the Authority.

A copy of the Authority's determination of the Ancillary Service Margin_Peak and Margin_Off-Peak Parameters, explaining the reasons for the decision, is available on the Authority's [website](#).

¹ The Wholesale Market Objectives are: (a) to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system; (b) to encourage competition among generators and retailers in the South West interconnected system, including by facilitating efficient entry of new competitors; (c) to avoid discrimination in that market against particular energy options and technologies, including sustainable energy options and technologies such as those that make use of renewable resources or that reduce overall greenhouse gas emissions; (d) to minimise the long-term cost of electricity supplied to customers from the South West interconnected system; and (e) to encourage the taking of measures to manage the amount of electricity used and when it is used.

For further information contact:

General Enquiries

Wana Yang
Assistant Director, Markets
Ph: 08 6557 7900
Fax: 08 6557 7999

Media Enquiries

Richard Taylor
Riley Mathewson Public Relations
Ph: 61 8 9381 2144
Fax: 61 8 9381 3877

LYNDON ROWE
CHAIRMAN
22 June 2012