

NOTICE

2008 Annual Wholesale Electricity Market Report to the Minister for Energy

The Economic Regulation Authority today published the 2008 Annual Wholesale Electricity Market Report to the Minister for Energy on its [web site](#). The report is an assessment of the market's effectiveness.

Under the *Wholesale Electricity Market Rules*, the Authority must provide the Minister with a report on the market's effectiveness at least annually, and more frequently where the Authority considers that the market is not meeting its objectives.

The market rules require the Authority, after consultation with the Minister, to publish a version of the report that has confidential or sensitive data aggregated or removed.

In its report, the Authority assessed the performance of the market in meeting its objectives and concluded that the market appears to be performing well. In particular, the Authority notes that:

- since market commencement, new participants have entered the market, with the result that the share of generation capacity in the market that is provided by Verve Energy will fall from around 77 per cent in 2007/08 to 61 per cent by 2009/10 and 60 per cent in 2010/11;
- since market commencement, the market has attracted strong interest from investors in new generation with 699 MW of new generation capacity in service and over 1,100 MW of additional independent generation under construction;
- with the entry of new generation facilities operated by Market Participants other than Verve Energy there may be a broader range of Market Participants scheduling bilateral quantities and participating in the short term energy market (**STEM**);
- outcomes in the market to date indicate that, at least until the recent Varanus Island incident, prices had tended to decline and become less volatile in both the STEM and the balancing market; and
- outcomes in the market to date indicate that prices in the STEM and the balancing market have provided useful signals to Market Participants, with prices responding to scarcity in the market.

For further information contact:

General Enquiries

Mr Chris Brown
A/Assistant Director, Electricity Market
Surveillance
Ph: 61 8 9213 1992
Fax: 61 8 9213 1999

Media Enquiries

Mr Paul Byrne
Byrne & Byrne Corporate Communications
Ph: 61 8 9336 2081
Mb: 0417 922 452

LYNDON ROWE
CHAIRMAN

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