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## RC\_2008\_38

### Rule Change Notice: Least cost determination of ancillary service contracts

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#### Submitted by

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<b>Date submitted:</b>	9 April 2009

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#### Submission

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##### 1. Please provide your views on the proposal, including any objections or suggested revisions

LGP supports the IMO's decision to implement the proposed Rule Change with a modification to improve clarity.

LGP still considers that the Rule Change is an improvement on the status quo in that it standardises price offerings and simple comparison of offers, and that this is necessary for System Management to comply with its obligations. However, on reflection, we also agree with Alinta's concern that further improvement is needed. In particular, the lack of price certainty inherent in the scheme by which Verve Energy is remunerated represents a potentially insurmountable barrier to entry. LGP welcomes the proposed future review of this issue.

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##### 2. Please provide an assessment, whether the change will better facilitate the achievement of the Market Objectives

LGP supports System Management's contention that the proposal supports market objectives (a) (to promote the economically efficient, safe and reliable production and supply of Electricity) and (b) (to encourage competition among generators and retailers), by simplifying the determination of least cost and thereby facilitating competition for spinning reserve and load following.

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**3. Please indicate if the proposed change will have any implications for your organisation, (for example changes to your IT or business systems) and any costs involved**

LGP would incur no organisational costs as a consequence of adopting the change.

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**4. Please indicate the time required for your organisation to implement the change, should it be accepted as proposed**

LGP would be able to implement this Rule Change immediately.

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