

Electricity Pricing Event Report – Tuesday 27 September 2016

Market Outcomes: The Mainland had high Fast Raise and Raise Regulation Frequency Control Ancillary Service (FCAS) prices reaching \$65.99/MWh and \$96.92/MWh, respectively, for trading interval (TI) ending 1900 hrs.

Energy prices across all NEM regions and the FCAS price in Tasmania were not affected by this event.

Detailed Analysis: The 5-Minute Raise Regulation FCAS prices in the NEM reached \$238.83/MWh and \$157.98/MWh for dispatch intervals (DIs) ending 1840 hrs and 1845 hrs, respectively. The 5-minute Fast Raise FCAS prices reached \$194.54/MWh and \$109.32/MWh for the same DIs. These high prices were mainly attributed to limited availability of lower priced FCAS, due to planned generator outages and increasing demand, stranding or trapping of some units and Basslink being unable to transfer FCAS.

Between DIs ending 1820 hrs and 1845 hrs, Basslink was in the no-go zone and unable to transfer FCAS. During these DIs, the Global Raise Regulation FCAS requirement of 130 MW, had to be sourced solely from the mainland regions.

During this period, a number of units that typically provide lower priced Raise FCAS services were on planned outages in NSW (Eraring Unit 4, Mount Piper Unit 1 and Vales Point Unit 5), QLD (Gladstone Units 5 and 6 and Tarong Unit 1) and VIC (Hazelwood Units 2 and 6, and Yallourn Unit 2).

Between DI ending 1835 hrs and 1840 hrs demand in the Mainland increase by 224 MW. For this DI, Bayswater Unit 1, Liddell Unit 2 and Mount Piper Unit 2 became trapped or stranded for Raise Regulation FCAS, thus being unavailable to provide Raise Regulation capacity. For the same DI, Fast Raise FCAS services from Eraring Unit 2, Mount Piper Unit 2, Stanwell Units 1 and 4 became trapped or stranded, thus being unavailable for Fast Raise FCAS services. For DI ending 1845 hrs demand in the Mainland reached its daily peak at 24,401 MW and these units continued to remain trapped or stranded for both Raise Regulation and Fast Raise FCAS services for this DI.

At DI ending 1850 hrs, Raise Regulation and Fast Raise FCAS prices decreased to \$10.43/MWh and \$4.60/MWh, respectively, when Basslink became available to provide FCAS from Tasmania.

The high Raise Regulation and Fast Raise FCAS prices were not forecast in the latest pre-dispatch schedules as they were the result of trapping and stranding (unavailability) of generators as well as Basslink being in the no-go zone within the affected TI.