

Regulation of Hydro Tasmania's wholesale electricity contracts in Tasmania

Framework Guide

August 2013

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Introduction

As part of an integrated package of reforms to the Tasmanian electricity supply industry, the Tasmanian Government has implemented a framework to regulate Hydro Tasmania's wholesale electricity contracts in the Tasmanian electricity market.

The framework has been developed in accordance with the following design principles:

- market participants should have confidence that they can manage their wholesale risks appropriately in Tasmania;
- the risks of operating in the Tasmanian market should be no greater than those in other jurisdictions in the National Electricity Market (NEM);
- market participants should have flexibility to manage wholesale market risk using similar business models to those used in other NEM jurisdictions;
- the framework should not unduly constrain Tasmania's ability to maximise carbon value accessed through Basslink; and
- the reform option should recognise the interaction between spot and contract markets without creating unintended incentives or consequences.

Purpose of this Document

The framework to regulate Hydro Tasmania's electricity contracts in Tasmania has been given effect by a Wholesale Contract Regulatory Instrument made by the Minister for Finance on 30 July 2013.

Given the technical nature of the Regulatory Instrument, in particular the methodology for determining the prices and volume of Hydro Tasmania's regulated contract products, this document has been prepared to provide a high-level overview of the key features of the framework.

Electricity Supply Industry Act 1995 and Supporting Regulations

The *Electricity Supply Industry Act 1995* (ESI Act) and supporting regulations (the *Electricity Supply Industry (Pricing and Related Matters) Regulations 2013*) govern the structure and operation of the Tasmanian electricity supply industry. The ESI Act and Regulations are available from the Tasmanian legislation web site (www.thelaw.tas.gov.au).

The provisions specifying the new wholesale regulatory framework are set out in Division 4A of the ESI Act and include:

- the form of regulating Hydro Tasmania;
- the various regulatory approvals that are to be made by the Tasmanian Economic Regulator; and
- the role of the Regulator in administering the wholesale framework, including principles to be taken into account in making the regulatory approvals.

Appendix A provides more detail on the key clauses in Division 4A.

Initial Wholesale Contract Regulatory Instrument

The wholesale regulatory framework was developed by the Government as part of an integrated package of reforms to the Tasmanian electricity supply industry. Given that the framework was developed by the Government, the Minister for Finance has made the initial regulatory approvals relating to wholesale market regulation in the form of a Wholesale Contract Regulatory Instrument.

The Regulatory Instrument was made on 30 July 2013 and will be in effect for the period 1 January 2014 to 31 December 2018. The Regulator is responsible for administering the Regulatory Instrument and may investigate whether to amend certain approvals in the Regulatory Instrument during that period.

Key Features of Regulatory Framework

Form of Regulation

A contract-based form of regulation has been enshrined in the ESI Act in the form of a requirement for Hydro Tasmania to offer regulated contract products in Tasmania. This form of regulation is consistent with the use of contract products as the main form of risk management across the NEM.

In particular, Hydro Tasmania will be required to:

- offer a range of contract products to retailers operating in Tasmania that are broadly consistent with the standard products offered in the NEM;
- offer standard terms and conditions for each regulated contract product;
- offer these products at prices that are produced from an approved pricing methodology; and
- make available sufficient volume of the regulated products to enable retailers operating in Tasmania to adequately hedge the wholesale spot price risk associated with their Tasmanian customers.

Retailers operating in Tasmania will still be able to negotiate bilaterally with Hydro Tasmania for unregulated contracts.

Regulated Contract Types

Clause 3 of the Regulatory Instrument establishes the following types of contract that must be offered as regulated contract products by Hydro Tasmania in Tasmania:

- quarterly Baseload Swap Contracts;
- quarterly Peak Period Swap Contracts;
- quarterly \$300 Baseload Cap Contracts; and
- quarterly load-following swap (LFS) Contracts.

The first three contract types are the most common derivative contract types transacted in the NEM, whilst the LFS product is a common 'niche' product. Taken together, these contract types should allow an authorised retailer to adequately manage its Tasmanian customer book. To ensure that the range of regulated contract products remains relevant to those being transacted in the NEM, the Regulator can investigate whether to add or remove contract types (except the LFS product, which must always be approved as a regulated contract type given its linkage with retail prices). The Regulator would be required to undertake a public consultation process as part of any investigation.

Standard Form Contracts

To ensure that all authorised retailers can obtain the same terms and conditions for regulated contracts, Clause 4.1 of the Regulatory Instrument establishes standard form contracts for each regulated product.

The approved standard form for each regulated contract product comprises:

- the ISDA 2002 Master Agreement;
- the Hydro Tasmania Schedule for the Authorised Retailer (included in Schedule 2 of the Regulatory Instrument); and
- the confirmation for that regulated contract product (included in Schedules 3 to 6 of the Regulatory Instrument).

These standard form instruments provide for a number of Permitted and Required Alterations, such as contract quantities and prices.

If retailers do not wish to use the standard form contracts, they can negotiate an alternative standard form with Hydro Tasmania to apply to regulated contracts. Any alternative standard form must be approved by the Regulator.

Regulated Pricing Methodology

As Tasmania is connected to the Victorian region of the NEM via Basslink, Tasmanian spot prices are relatively tightly related to Victorian spot prices most of the time, with differences reflecting the cost of transport between the regions and the average direction of flow (i.e. whether Tasmania is on average a net energy exporter or importer with respect to Victoria). Only where transmission constraints apply do spot prices between the two regions diverge significantly. The relationship between the two regions is evident in historical spot prices.

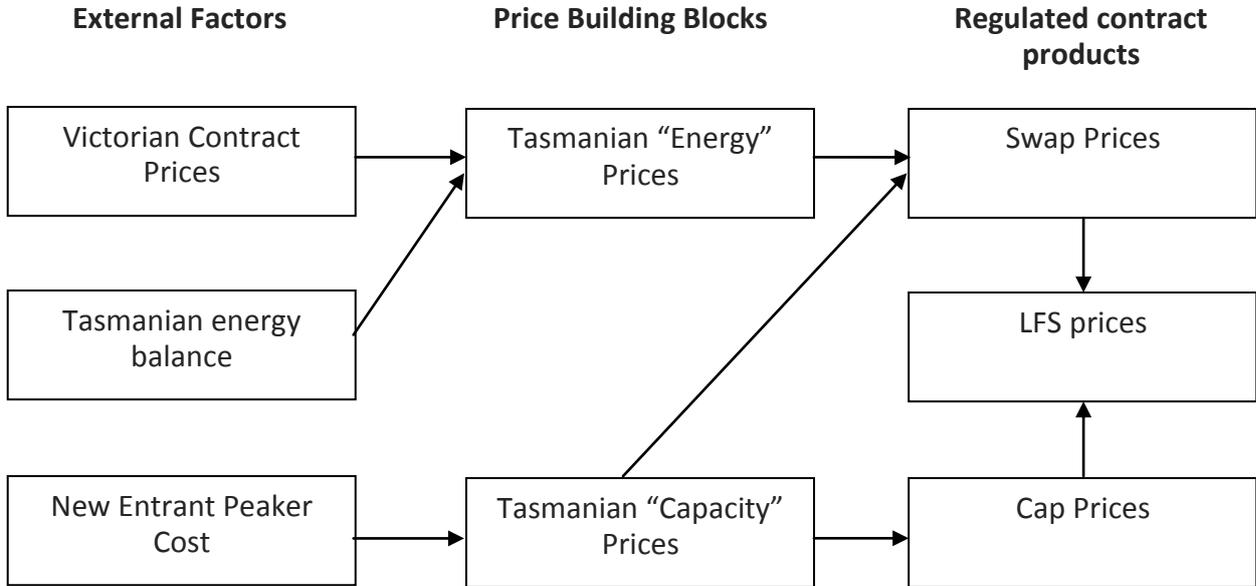
A 'rules-based' methodology that reflects the broad expected relationship between Victorian and Tasmanian prices has been developed to produce the prices for Hydro Tasmania's regulated contract products.

The methodology uses published Victorian forward contract prices as the starting variable and makes a number of transparent adjustments to translate these values into Tasmanian contract prices for swap products – taking into account expected net energy exports between Tasmania and Victoria. The prices for regulated Tasmanian cap products are based on a discounted new entry cost calculation for generic peaking plant.

The rules-based methodology is outlined in Part 3 of the Regulatory Instrument and includes the following high-level steps:

1. take published Victorian forward contract prices for the Baseload Swap, Peak Period Swap and \$300 Baseload Cap and derive implied Victorian quarterly contract prices for ‘capped-swaps’ (i.e. the value of ‘energy’ in Victoria implied by traded contracts);
2. translate the Victorian capped-swap values to Tasmanian ‘energy’ values, accounting for the implications of expected Basslink transfers;
3. derive \$300 Baseload Cap prices for Tasmania using the discounted new entry cost for a generic peaking plant, allocated between quarters according to capacity shortfall risk in the event of a Basslink failure; and
4. derive prices for the Tasmanian Baseload Swap, Peak Period Swap and Load-Following Swap products from the underlying capacity and energy price building blocks.

This is represented in the diagram below.



An Excel-based pricing model has been developed to give effect to the approved pricing methodology and enable the prices for regulated Tasmanian contract prices to be determined. The pricing model is available in the sale data room.

A more detailed, step-by-step overview of the pricing methodology is also included in Appendix 2 of this document.

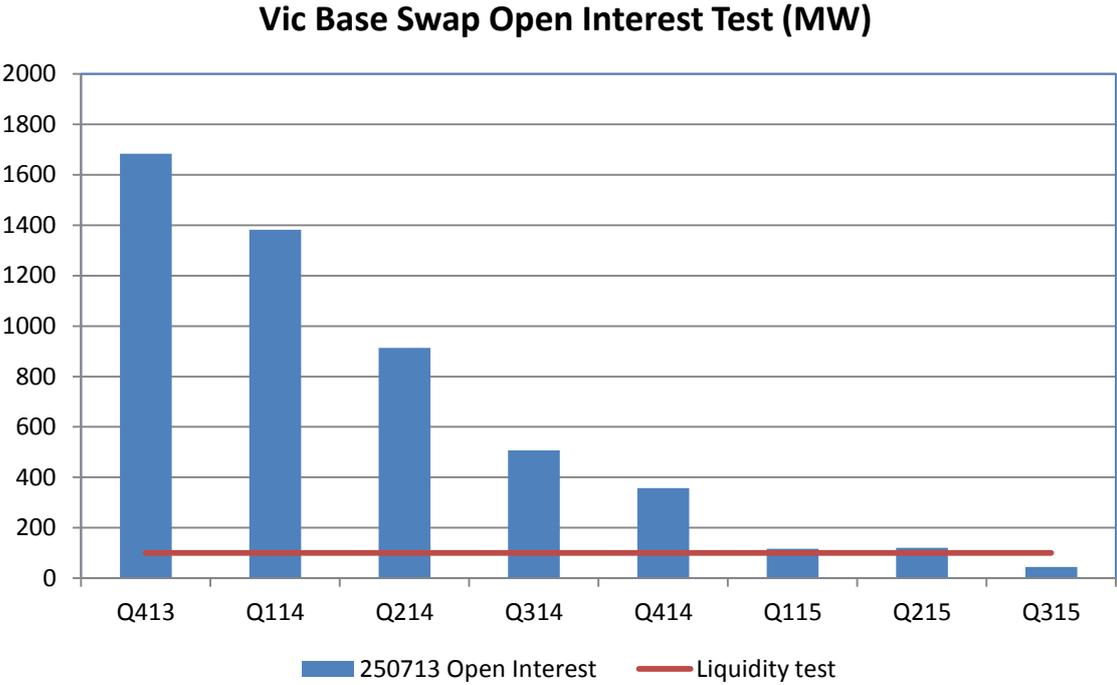
Contract Offer Horizon

Hydro Tasmania will be required to offer the regulated contract products for each of the eight forward quarters, provided there is more than 100MW of Open Interest in Victorian Baseload Swaps in each particular quarter. It will not be required to offer contract products in the current quarter.

The 100MW Open Interest Liquidity Test recognises that there may be times when the published Victorian contract market prices used in the pricing methodology are not sufficiently robust due to limited liquidity in the trading of that price.

In each of the eight forward quarters in which the Test is met, Hydro Tasmania will be required to offer the full range of regulated Tasmanian contract products in that quarter. If the Test is not met in a particular quarter, Hydro Tasmania will not be required to offer regulated contracts in that quarter until the Test is met.

To demonstrate this concept, the chart below depicts the level of Open Interest in the Victorian Baseload Swap for the eight forward quarters as at a particular time on 25 July 2013. If Hydro Tasmania’s offer obligation was being determined at this particular time, it would be required to offer regulated contract products in the first seven quarters but not the eighth quarter (Q315).



Volume of Regulated Contracts

Hydro Tasmania will make an offer of regulated contracts each week. The methodology that has been developed to determine the volume of regulated contracts that Hydro Tasmania must offer has been designed to:

- ensure that authorised retailers can adequately hedge their Tasmanian positions;
- give authorised retailers a degree of flexibility regarding the manner in which they build their contract positions for each forward quarter; and
- ensure that the methodology does not require Hydro Tasmania or an authorised retailer to enter into a position that they would not ordinarily enter into other than as a commercial decision (for example, an over-contracted position). In particular, the volume release

mechanism includes energy and capacity limits based on forecast demand to ensure that Hydro Tasmania and authorised retailers can only over-contract if they choose to do so commercially.

The methodology will determine a weekly volume of regulated contracts that Hydro Tasmania must offer, represented in both energy and capacity terms.

Mandatory Minimum Weekly Offer

For each of the eight forward quarters in which it is required to offer regulated contracts, Hydro Tasmania will be required to make a Mandatory Minimum Weekly Offer. The volume of this offer is designed to enable authorised retailers to meet the small customer load (Safety Net Load) in Tasmania.

The following volumes have been specified as the Mandatory Minimum Weekly Offer for each quarter in which regulated contracts must be offered. These amounts reflect the forecast size of the Safety Net Load in each quarter, and assume that the minimum volume is offered each week for 102 weeks (i.e. over the eight forward quarters in the contract horizon). For example, for a Q1 contract, the cumulative minimum volume to be offered will be 102 weeks x 4.3 MW/week = 438.6 MW.

The minimum weekly volumes will be reviewed from time to time by the Regulator.

	Q1	Q2	Q3	Q4
MW	4.3	6.9	6.6	5.1
GWh	4.9	7.1	7.6	5.2

If there is excess weekly demand for the Mandatory Minimum Weekly Offer, scaling rules will apply that will allocate the Mandatory Minimum Weekly Offer to authorised retailers serving the Safety Net Load on a priority basis. This is discussed below.

Supplementary Weekly Offers

In each of the eight forward quarters in which it is required to offer regulated contracts, Hydro Tasmania will be required to make an additional Supplementary Weekly Offer provided that it still has capacity in its contract book for that quarter (ie. after taking into account contracts already sold for that quarter and the remaining Mandatory Minimum Weekly Offers, it is yet to fully contract for forecast Tasmanian demand). This is shown below.

$$\boxed{\begin{array}{c} \text{Head room for} \\ \text{Supplementary} \\ \text{Offers} \end{array}} = \boxed{\begin{array}{c} \text{Forecast} \\ \text{Tasmanian} \\ \text{demand} \end{array}} - \boxed{\begin{array}{c} \text{Contracts} \\ \text{sold for} \\ \text{quarter} \end{array}} - \boxed{\begin{array}{c} \text{Remaining} \\ \text{Mandatory} \\ \text{Minimum Offers} \end{array}}$$

There are two types of Supplementary Weekly Offers, depending on the level of head room available in Hydro Tasmania's contract book:

- a Full Supplementary Weekly Offer of 20MW (44GWh) per week if the level of head room is greater than 130MW (200GWh); and

- a Reduced Supplementary Weekly Offer of 10MW (15GWh) if the level of head room is between 0MW (0GWh) and 130MW (200GWh).

The 130MW (200GWh) Buffer for determining whether the Full Supplementary Weekly Offer or Reduced Supplementary Weekly Offer applies has been designed to enable a staged transition in the volume of regulated contracts that must be offered. The Buffer will be updated by the Regulator from time to time.

Traffic Light Indicator

As a supporting transparency measure, a ‘traffic light’ indicator has been developed to advise market participants of the remaining availability of regulated contracts in each of the eight forward quarters in which Hydro Tasmania is required to offer regulated contracts. The indicator will be published each week, for both energy and capacity, and is shown below.

Traffic Light Indicator

- Significant head room (>130MW of capacity, >200GWh of energy) still available (HT to make Mandatory Minimum Offer + Full Supplementary Offer)
- Limited head room (0-130MW of capacity, 0-200GWh of energy) available (HT to make Mandatory Minimum Offer + Reduced Supplementary Offer)
- No head room available (HT to make Mandatory Minimum Offer only)

It will be at Hydro Tasmania’s discretion whether the Traffic Light Indicator is changed from green light conditions (subject to verification by the Regulator that its underlying contract book reflects the tests above). This means that Hydro Tasmania may choose to maintain green light conditions (and the associated full Supplementary Offer volume) even if it has less than 130MW (200GWh) of head room in its contract book.

Should Hydro Tasmania wish to move from green light conditions, the Regulatory Instrument requires that the Traffic Light Indicator cannot switch immediately from green light conditions to red light conditions and must spend at least 12 weeks at amber light conditions. This will give authorised retailers the opportunity to build a contract position through the Reduced Supplementary Offer before the volume of contracts that are made available for a quarter is reduced to just the Mandatory Minimum Weekly Offer.

Scaling Rules

In the event that the demand for regulated contracts in a week exceeds the quantity required to be offered by Hydro Tasmania (i.e. the Minimum and any Supplementary volumes), Hydro Tasmania may, at its discretion, elect to sell the entire requested volumes. Otherwise, the Regulatory Instrument includes a number of scaling rules that provide:

1. priority access to retailers serving the safety net load for 90 per cent of the Minimum Offer quantity, based on their relative shares of NMIs in Tasmania, with the remaining 10 per cent to be allocated pro-rata to other retailers; and

2. any remaining volume of regulated contracts (i.e. any unallocated Minimum volume plus any Supplementary volume) will be allocated based on the retailers' relative shares of unsatisfied requests for regulated contracts that week.

Catch Up Provisions

If contracts for a quarter are not required to be offered in any week because the equivalent Victorian contracts for that quarter are not being traded in sufficient volume, then a "catch up" volume for that week, and any other weeks where the liquidity test is not met, will be made available in the future as part of the weekly volume release.

Process for producing prices and offering contracts to market

Prior to 1 January 2014, the Regulator will issue guidelines under the ESI Act that may specify:

- how, by whom, and at what time, the regulated contract prices must be produced from the regulated pricing methodology;
- how, by whom, and at what time, the market is advised of the regulated contract prices, the Traffic Light Indicator and the volume of regulated contracts available;
- how, and what time, authorised retailers are to advise Hydro Tasmania of the volume of regulated contracts they wish to purchase;
- how and by whom the assumptions in the regulated pricing methodology are to be updated; and
- any information disclosures considered necessary by the Regulator to enable it to administer the regulatory framework.

Appendix 1 – Key Clauses of ESI Act

Section 43G

Section 43G requires the Tasmanian Economic Regulator (the Regulator) to make approvals in relation to:

- the types of contracts that Hydro Tasmania must offer as regulated contract products;
- the standard form(s) – including terms and conditions – for each regulated contract type;
- the methodology for determining the prices for each regulated contract type;
- the forward period over which regulated contracts are to be offered; and
- the volume of regulated contracts that Hydro Tasmania must offer.

Section 43G also provides for the Regulator to revoke an existing approval, after undertaking a process outlined in supporting regulations, if the Regulator considers that the approval no longer reflects the principles outlined in section 43H (see below).

Section 43H

Section 43H outlines a number of principles that must be taken into account by the Regulator in making these approvals (as outlined in section 43G). These principles include that:

- authorised retailers should have a choice of different contract types to enter into with Hydro Tasmania;
- the types of contracts and standard form of those contracts should, where reasonably practicable, be of a type used in the NEM; and
- the methodology for determining the prices of Hydro Tasmania’s regulated contracts should reflect Victorian contract prices, adjusted to take into account the supply/demand balance in Tasmania.

Section 43I

This section requires Hydro Tasmania to offer the approved regulated contracts to authorised retailers in Tasmania and, at the request of such a retailer, enter into that regulated contract.

Section 43M

In the event that there has been a significant, deliberate or repeated failure by Hydro Tasmania to apply the approved pricing methodology to its regulated contracts, section 43M provides for the Regulator to step in and approve regulated contract prices. The Regulator may also suspend the regulatory framework under certain extraordinary circumstances.

Appendix 2 – Detailed overview of pricing methodology

The following section describes the steps involved in determining the prices of Tasmanian regulated contracts.

Step 1 – Establish forward prices and open interest levels for quarterly Victorian contracts

The methodology uses published forward contract prices and open interest levels for the following contract products:

- Victorian quarterly Baseload Swaps;
- Victorian quarterly Peak Period Swaps; and
- Victorian quarterly \$300 Cap prices.

The forward contract prices for each of these products will be the settlement price most recently published by d-cyphaTrade at the time that regulated contract products are to be calculated each week. The open interest levels will be the level of open interest in MW in each contract product at that time.

Step 2 – Determine if the Open Interest Liquidity Test has been met

Hydro Tasmania will ordinarily be required to offer regulated contract products over a two year (eight quarter) forward horizon. However, it is possible that within this horizon there may be times when the forward Victorian contract prices taken from d-cyphaTrade are not sufficiently robust due to limited liquidity in the trading of that contract.

Accordingly, an Open Interest Liquidity Test will be applied to determine whether the Victorian forward prices in each quarter are sufficiently robust and therefore whether Hydro Tasmania must offer regulated Tasmanian contract prices in each quarter.

If the level of Open Interest in the Victorian Baseload Swap in a quarter exceeds 100MW, Hydro Tasmania will be required to offer the full range of regulated Tasmanian contract products for that contract quarter.

It is recognised that there is likely to be a substantially lower level of open interest for the Victorian quarterly Peak Period Swap and Quarterly \$300 Cap products. If the Open Interest Test for the Victorian Baseload Swap is met, the inputs for the Peak Period Swap and \$300 Cap products will be determined as follows.

For Victorian Peak Period Swap prices:

- observed Victorian contract prices will be used for the first four quarters, irrespective of the actual level of open interest;
- observed prices for Peak Period Swaps for subsequent quarters will be used unless open interest is below 100 MW/quarter; and

- if that occurs, deemed peak and off-peak period swap prices will be calculated from observed Victorian peak period swap prices, deemed prices for Victorian baseload swaps and caps, and observed Victorian off-peak period swap prices four quarters earlier.

For Victorian \$300 Cap prices:

- observed contract prices for Victorian caps will be used for the first four quarters, irrespective of the actual level of open interest;
- observed contract prices for caps for subsequent quarters will be used unless open interest is below 100 MW/quarter; and
- if that occurs, a deemed cap price will be calculated from observed Victorian cap prices four quarters earlier.

Step 3 – Derive values for implied Victorian ‘capped swap’ products

The following Victorian reference contract prices are determined:

- Peak Reference Capped Swap;
- Off-Peak Reference Capped Swap; and
- Baseload Reference Capped Swap.

These reference prices are the ‘building blocks’ upon which Tasmanian regulated contract products are priced.

Step 4 – Determine the Tasmanian Energy Surplus

The Tasmanian Energy Surplus for a quarter is calculated as follows:

$$\text{Forecast Hydro Generation} + \text{Forecast Wind Generation} - \text{Forecast Energy Demand}$$

Forecast annual hydro generation is derived as the one quarter lagged, rolling two year average of actual historical inflows (where data is available) and mean inflows over the last 10 years (where actual historical data is not available). In effect, this assumes that annual hydro generation will initially be equal to the average inflows over the last two years, but then will revert to mean inflows over the next two years. The forecast annual hydro generation is allocated between quarters in proportion to the mean seasonal pattern observed over the last five years.

Step 5 – Translate Victorian ‘capped swaps’ to Tasmanian ‘capped swaps’

Contract prices for Tasmanian energy products (swaps and the LFS) are derived from Victorian prices by applying a ‘price adjustment function’.

This function is intended to reflect:

- the effect on inter-regional price differentials of transmission losses (marginal loss factor adjustment); and

- constraints on Basslink, depending on whether the link is running to achieve net imports or exports (import price premium adjustment).

Marginal Loss Factor Adjustment

If there is a significant surplus in Tasmania, so that Basslink is exporting at close to maximum most of the time, Tasmanian values will be (at least) around 10-12% lower than Victorian prices as a result of marginal loss pricing in the NEM. On the other hand, if Tasmania has a shortage of energy, so that imports are close to maximum, then Tasmanian energy values will (at least) rise to around 6-7% above Victorian prices to account for marginal losses. The Marginal Loss Factor Adjustment has been designed to take into account these factors and is approximately linear between these extremes.

Import Price Premium Adjustment

Import and export limits on Basslink will often imply an additional import price premium (or export price discount), on top of marginal losses. This arises because the hydro storage available in Tasmania means that the most economic operating mode is for Basslink to be used for imports during periods with lower Victorian prices, and then to be switched to exports during higher price periods.

The net value difference depends on the relative size of the premium during imports and the discount during exports, which depends on the nature of the technical characteristics and constraints in the Tasmanian generation, transmission system and the balance of short, medium and long term hydro storage which can vary with hydrology over the day and year.

As the net southward energy transfer increases towards the maximum level, the percentage of time importing will increase and the percentage of time exporting will reduce. The marginal cost of net imports will thus reflect Victorian off peak prices when exports are high, but rise towards Victorian peak prices as the level of net imports approaches the maximum. In turn, this marginal cost of imports will be reflected in Tasmanian prices over the hours where imports are being maximised and quarterly average prices will rise as the percentage of time importing increases.

The Import Price Premium Adjustment has been designed to take into account this factor, and is a quadratic function in the percentage of time importing and is proportional to the difference between peak and off-peak prices in Victoria.

Step 6 – Calculate the regulated Tasmanian Baseload \$300 Cap price

A significant component of Victorian average spot prices relates to a small number of periods with very high spot prices (above \$300/MWh). This is the ‘capacity’ component of Victorian electricity prices which is typically highest during the summer quarters. In contrast, in Tasmania spot prices above \$300/MWh are more likely to occur during the winter quarters as a result of combinations of high demand and low inflows in a situation where water must be conserved to guard against the risk of a Basslink failure.

Accordingly, Victorian cap contract prices are not a directly relevant indicator of cap contract values in Tasmania and the regulated Tasmanian Baseload \$300 Cap product will be derived by determining when additional peaking capacity is likely to be required in Tasmania (up to a

maximum of 10 years in the future), and then discounting the potential future cost of generic new peaking capacity back to the relevant contract year to determine a corresponding cap value.

This involves the following steps:

- determine the annual revenue required for a generic new entrant peaking plant to make a normal return on capital over its economic life in the year it is deemed to be required. This is predominantly based on planning assumptions published by AEMO and other State regulators;
- derive the implied revenue for a cap contract (in \$/MWh) in the assumed commissioning year;
- discount this cap value back to the relevant contract period using the post-tax debt cost;
- allocate the annual discounted cap price between quarters to reflect the relative risks of capacity shortages across the year in the event of a Basslink failure; and
- allocate the cap price between peak and off-peak periods.

The regulated Tasmanian \$300 Baseload Cap price is then calculated using a time-weighted average of peak period cap price and off-peak period cap price.

Step 7 – Calculate the regulated price for Tasmanian swap products

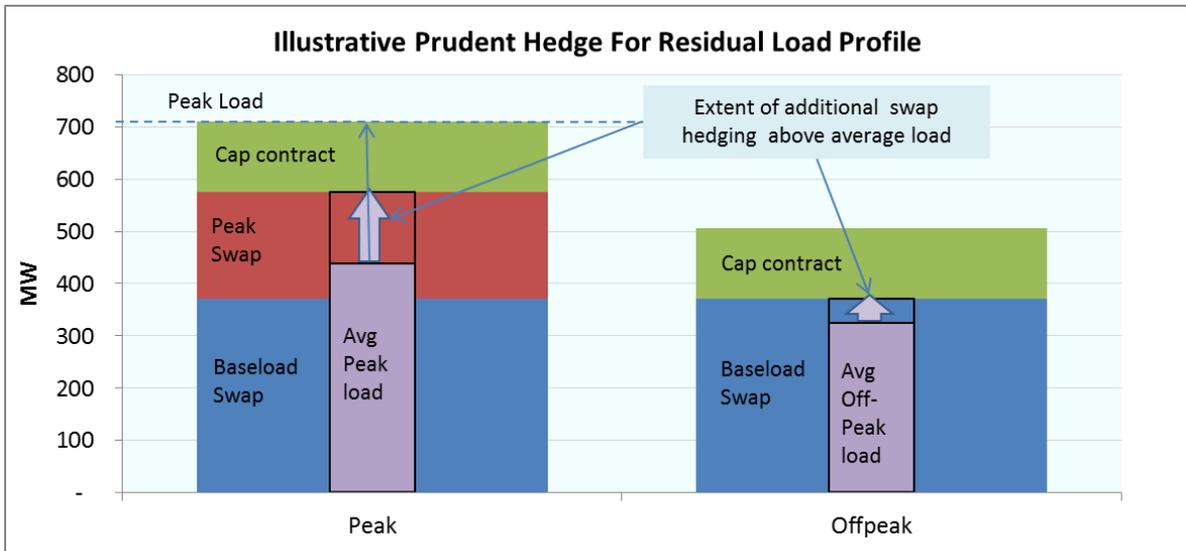
The regulated Tasmanian swap prices are calculated as follows:

- Baseload Swap = Time weighted average of peak period swap price and off-peak period swap price
- Peak Period Swap = Peak period energy price + peak period cap price

Step 8 – Calculate the regulated price for the Tasmanian load-following swap product

The regulated load-following swap price is calculated by assessing the costs to a retailer serving the Tasmanian Net System Load adopting an assessed prudent hedge profile to account for load fluctuations where:

- Baseload Swap Contracts are purchased to cover the estimated average load during non-Business Days in the quarter;
- additional Peak Period Swap Contracts are purchased to cover the estimated average daily maximum load in peak periods during Business Days in the quarter (to the extent that this exceeds the baseload swap contracts referred to in (a)); and
- additional Baseload \$300 Cap Contracts are purchased to cover the estimated maximum half-hourly load in the quarter during peak periods (to the extent that this exceeds the baseload swap contracts and peak swap contracts referred to in (a) and (b)).



The cost of adopting this hedge profile is assessed as the sum of:

- the cost of hedging average energy (based on the cost of Peak Period Swap Contracts to cover average load during peak periods and the cost of off-peak swaps to cover average load during off-peak periods);
- the cost of the additional hedging component (based on the extent to which an assumed prudent level of swap contracts exceeds the average load in peak and off-peak periods, and peak and off-peak contract premiums as determined by the Regulator from time to time); and
- the cost of the additional Baseload \$300 Cap Contracts referred to in paragraph (c) above.

These costs are then allocated as energy, capacity and additional hedging components to derive the quarterly LFS price.

Appendix 3 – Example of Volume Release Calculation

This Appendix provides a worked example of the volume release arrangements, for capacity, based on a number of assumptions.

Assumptions

Contract quarter	Q215
Forecast quarterly demand	1700MW
Existing contracts sold	1400MW
Mandatory Minimum Offer	6.9MW
Weeks remaining prior to contract quarter	15
Specified Buffer	130MW

Calculation

- Head Room in HT Contract Book = $1700\text{MW} - 1400\text{MW} - (15 \times 6.9) = 196.5 \text{ MW}$
- $196.5 \text{ MW} > 130\text{MW}$ Specified Buffer
- Hydro Tasmania is required to make Mandatory Minimum Weekly Offer and the Full Supplementary Weekly Offer of 20MW/week
- Green light conditions apply
- Total weekly offer for that quarter = 26.9MW