



**ELECTRICITY
REGULATED WHOLESALE CONTRACT GUIDELINE**

Version 4.0

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GLOSSARY

“**Act**” means the *Electricity Supply Industry Act 1995*.

“**Active contract quarter**” has the same meaning as in the **Wholesale Contract Regulatory Instrument**.

“**AEDT**” means Australian Eastern Daylight Time.

“**AEST**” means Australian Eastern Standard Time.

“**Allocation Date**” is the second **Business Day** in each **Week**.

“**Approved Financial Risk Contract**” means those contracts listed in clause 3 of the **Wholesale Contract Regulatory Instrument**.

“**Authorised Retailer**” has the same meaning as in the **Wholesale Contract Regulatory Instrument**.

“**Baseload \$300 Cap Contract**” has the same meaning as in the **Wholesale Contract Regulatory Instrument**.

“**Baseload Reference Cap Value**” has the same meaning as in the **Wholesale Contract Regulatory Instrument**.

“**Baseload Reference Swap Value**” has the same meaning as in the **Wholesale Contract Regulatory Instrument**.

“**Baseload Swap Contract**” has the same meaning as in the **Wholesale Contract Regulatory Instrument**.

“**Business Day**” has the same meaning as in the **Wholesale Contract Regulatory Instrument**.

“**Capacity traffic light condition**” has the meanings set out in clauses 22.1, 22.2 and 22.3 of the **Wholesale Contract Regulatory Instrument**.

“**Calculation Date**” has the same meaning as in the **Wholesale Contract Regulatory Instrument**.

“**Compliance Enforcement Policy**” means the *Compliance Enforcement Policy, Version 3, July 2021* issued by the **Regulator** and as revised from time to time.

“**Consultation Policy**” means the *Consultation Policy and Procedures of the Tasmanian Economic Regulator, Version 7, 26 February 2021* issued by the **Regulator** and as revised from time to time.

“**Cumulative catch-up volumes**” mean the balances calculated in accordance with clauses 26.3 and 26.4 of the **Wholesale Contract Regulatory Instrument**.

“**Electricity Supply Industry Performance and Information Reporting Guideline**” means the *Electricity Supply Industry Performance and Information Reporting Guideline, Version 3, September 2014* issued by the **Regulator** and as revised from time to time.

“**Energy traffic light condition**” has the meanings set out in clauses 22.4, 22.5 and 22.6 of the **Wholesale Contract Regulatory Instrument**.

“**Exceptional circumstances event**” means an unforeseen event, outside of **Hydro Tasmania’s** control, which results in **Hydro Tasmania** being unable to calculate the **Weekly offer outputs** and/or to comply with the timeframes set out in Table 3.1 of this **Guideline**.

“**Guideline**” means this *Electricity Wholesale Contract Guideline*.

“**Hydro Tasmania**” means Hydro-Electric Corporation (ACN 072 377 158).

“**Hydro Yield**” has the same meaning as in the **Wholesale Contract Regulatory Instrument**.

“**Inside information**” has the same meaning as in the *Corporations Act 2001* (Cwlth).

“**Load Following Swap Contract**” has the same meaning as in the **Wholesale Contract Regulatory Instrument**.

“**Nominations**” has the same meaning as set out in clause 18 of the **Wholesale Contract Regulatory Instrument**.

“**Peak Period Swap Contract**” has the same meaning as in the **Wholesale Contract Regulatory Instrument**.

“**Peak Reference Swap Value**” has the same meaning as in the **Wholesale Contract Regulatory Instrument**.

“**Quarter**” has the same meaning as in the **Wholesale Contract Regulatory Instrument**.

“**Regulated weekly offer contract prices**” are prices calculated in accordance with the approved methodology under Part 3 of the **Wholesale Contract Regulatory Instrument** in respect of **Approved Financial Risk Contracts**, which includes lower prices that may be offered at **Hydro Tasmania’s** discretion, in accordance with clause 6 of the **Wholesale Contract Regulatory Instrument**.

“**Regulated weekly offer contract volumes**” are amounts calculated in accordance with clauses 17(b) and (c) of the **Wholesale Contract Regulatory Instrument** in respect of **Approved Financial Risk Contracts**.

“**Regulator**” means the Tasmanian Economic Regulator, within the meaning of the *Economic Regulator Act 2009*, as appointed under section 5 of the **Act**.

“**Regulatory Reporting Guideline**” means the *Regulatory Reporting Guideline, Version 3, July 2014* issued by the **Regulator** and as revised from time to time.

“Total existing energy volume” means the amount calculated in accordance with clause 24.4 of the **Wholesale Contract Regulatory Instrument**.

“Total existing capacity volume” has the same meaning as in the **Wholesale Contract Regulatory Instrument**.

“Traffic light conditions” has the meaning set out in clause 22 of the **Wholesale Contract Regulatory Instrument**.

“Volume scaling” has the same meaning as in the scaling rules set out in clause 27 of the **Wholesale Contract Regulatory Instrument**.

“Week” has the same meaning as in the **Wholesale Contract Regulatory Instrument**.

“Weekly aggregate capacity offer” has the same meaning as in the **Wholesale Contract Regulatory Instrument**.

“Weekly aggregate energy offer” has the same meaning as in the **Wholesale Contract Regulatory Instrument**.

“Weekly contract offer information” is the information set out in Section 2.3 of this **Guideline**.

“Weekly offer process” is the process set out in Section 3 of this **Guideline**.

“Wholesale pricing model” means the audited model used to calculate wholesale contract prices.

“Wholesale Contract Regulatory Instrument” means the document that specifies the approvals made by the Regulator (as amended from time to time), in accordance with section 43G of the **Act**, having taken into account the principles set out in section 43H of the **Act**.

1 INTRODUCTION

1.1 Authorising provision

- 1.1.1 This **Guideline** is issued under section 43L(1) of the **Act**.
- 1.1.2 Section 43L(2) of the **Act** requires **Hydro Tasmania** to comply with this **Guideline**.
- 1.1.3 **Hydro Tasmania's** requirement to comply with this **Guideline**:
- a) does not limit **Hydro Tasmania's** obligations under any other laws; and
 - b) is additional to any such obligations.

1.2 Purpose

- 1.2.1 The purpose of this **Guideline** is to set out **Hydro Tasmania's** responsibilities, and the processes with which **Hydro Tasmania** must comply, in relation to:
- a) making available **Weekly contract offer information**, consistent with the **Wholesale Contract Regulatory Instrument**;
 - b) conducting the **Weekly offer process**;
 - c) providing and publishing a pricing model and the supporting data required under the **Wholesale Contract Regulatory Instrument**; and
 - d) keeping records that demonstrate **Hydro Tasmania's** is complying with the **Wholesale Contract Regulatory Instrument**.
- 1.2.2 The requirements under this **Guideline** will also assist the **Regulator**:
- a) administer the **Wholesale Contract Regulatory Instrument**, including the making or revocation of approvals in relation to contracts offered by **Hydro Tasmania** under section 43G of the **Act**;
 - b) monitor and report on the **Approved Financial Risk Contracts** offered by **Hydro Tasmania** and the calculation of **Regulated weekly offer contract prices** by **Hydro Tasmania** (under section 43L of the **Act**);
 - c) fix prices for **Approved Financial Risk Contracts** under certain circumstances (under section 43M of the **Act**); and
 - d) otherwise give effect to the **Regulator's** objectives as stated in the **Act**.

1.3 Interpretation

1.3.1 Headings are for convenience only and do not affect interpretation. The following rules apply unless the context requires otherwise:

- a) The singular includes the plural and the converse also applies.
- b) If a word or phrase is defined its other grammatical forms have a corresponding meaning.
- c) A reference to a person includes a corporation, trust, partnership, unincorporated body or other entity, whether or not it comprises a separate legal entity.
- d) A reference to a section, clause, or appendix, is a reference to a section in, clause of, or appendix to, this **Guideline**.
- e) A reference to an agreement or document (including a reference to this **Guideline**) is to the agreement or document as amended, supplemented, or replaced, except to the extent prohibited by this **Guideline** or that other agreement or document.
- f) A reference to an act, ordinance, guideline or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.
- g) If a period of time is specified and commences on a given day or on a day of an act or event, the period of time is to be calculated inclusive of that day.
- h) Any 'notice' to be given or matter to be 'notified' must be in writing.

1.3.2 The **Regulator's** response to any matters arising from the interpretation of this **Guideline** is final.

1.4 Confidentiality

1.4.1 The **Regulator's** obligations regarding confidentiality and the disclosure of information are governed by section 16 of the **Act**.

1.5 Start date and application

1.5.1 The **Guideline** applies to **Hydro Tasmania**.

1.5.2 Version 4.0 of the **Guideline** takes effect on 1 July 2024.

1.6 Amendment to the Guideline

1.6.1 The **Regulator** may amend this **Guideline** on its own initiative or in response to a proposal by **Hydro Tasmania** or other interested parties.

- 1.6.2 The **Regulator** will not make material amendments to the **Guideline** until **Hydro Tasmania** and other interested parties have had an opportunity to comment on any proposed amendments and the comments have been considered, in accordance with the **Regulator's Consultation Policy**.

2 WEEKLY OFFER CONTRACT PRICES AND VOLUMES

2.1 Responsibility for calculating weekly offer contract prices

2.1.1 **Hydro Tasmania** is responsible for determining **Regulated weekly offer contract prices** consistent with the **Wholesale Contract Regulatory Instrument** and this **Guideline** unless the **Regulator** has made an approval under section 43M of the **Act** to fix prices.

2.2 Responsibility for determining weekly contract offer volumes

2.2.1 **Hydro Tasmania** is responsible for determining the **Regulated weekly offer contract volumes** consistent with the **Wholesale Contract Regulatory Instrument** and this **Guideline**.

2.2.2 **Hydro Tasmania** is required to determine the following items consistent with the **Wholesale Contract Regulatory Instrument** and the **Weekly offer process** set out in this **Guideline**:

- a) the **Traffic light conditions** for both energy and capacity;
- b) the **Regulated weekly offer contract volumes** in both energy and capacity terms; and
- c) **Cumulative catch-up volumes**.

2.3 Weekly contract offer information

2.3.1 Except where an **Exceptional circumstances event** (see Section 3.5 of this **Guideline**) occurs, **Hydro Tasmania** must provide the following information for each relevant quarter as part of the **Weekly offer process** set out in this **Guideline**:

- a) whether it is an **Active contract quarter**;
- b) if a quarter is not an **Active contract quarter** and **Hydro Tasmania** elects not to offer **Weekly aggregate capacity offer** and/or **Weekly aggregate energy offer** volume/s for that quarter, **Hydro Tasmania's** prices and volume offers for that quarter must be published as either "N/A" or "-";
- c) the **Regulated weekly offer contract prices** in dollars per megawatt hour for each of the following **approved Financial Risk Contracts**:
 - i. **Load Following Swap Contract**;

- ii. **Baseload Swap Contract;**
 - iii. **Peak Period Swap Contract;** and
 - iv. **Baseload \$300 Cap Contract.**
- d) the **Energy traffic light condition** (red, green or amber);
 - e) the **Capacity traffic light condition** (red, green or amber);
 - f) the **Weekly aggregate capacity offer** in megawatts;
 - g) the **Weekly aggregate energy offer** in gigawatt hours; and
 - h) provide the **Cumulative catch-up volumes** as at the **Allocation Date**.
- 2.3.2 **Hydro Tasmania** is required to provide a **Hydro Yield** forecast, in gigawatt hours, as at the **Allocation Date** for the current **Quarter**.

2.4 Format and publication of weekly contract offer information

- 2.4.1 **Hydro Tasmania** is to publish on its website, as publicly available information, the **Weekly contract offer** information as part of the **Weekly offer process**.
- 2.4.2 The **Weekly contract offer information** is to be published in a format that reflects standard industry practice.

2.5 Volume scaling

- 2.5.1 If **Hydro Tasmania** chooses not to exercise its option to supply all of the requested volume, then **Hydro Tasmania** is responsible for **Volume scaling** as required under the **Wholesale Contract Regulatory Instrument**.

3 WEEKLY OFFER PROCESS

3.1 Day of week that contract offers are made

3.1.1 Contract offers are to be made on the **Allocation Date**.

3.2 Basis for contract offer prices

3.2.1 The **Calculation Date** for determining the **Baseload Reference Swap Value**, the **Peak Reference Swap Value** and the **Baseload Reference Cap Value** is the previous **Business Day** on which the Australian Stock Exchange was open before the **Allocation Date**.

3.3 Weekly offer process

3.3.1 The **Weekly offer process** that is to be conducted on the **Allocation Date** is set out in Table 3.1.

3.3.2 All times listed in Table 3.1 are AEST or AEDT (when Tasmania is observing daylight savings time) on the **Allocation Date**.

3.4 Acceptance of nominations

3.4.1 **Nominations** by **Authorised Retailers** under the **Weekly offer process** that meet the conditions set out in Section 3.4.2 of this **Guideline** are a firm offer to buy at the offered price, however the volumes of contracts may be scaled back if the aggregate of **Nominations** exceeds the volume offered by **Hydro Tasmania** and **Hydro Tasmania** chooses not to increase its offer volume.

3.4.2 Under the **Weekly offer process**, and subject to any **Volume scaling** that may be required, **Hydro Tasmania** must accept **Nominations** made by an **Authorised Retailer** provided:

- a) the **Nomination** meets the requirements of clause 18 of the **Wholesale Contract Regulatory Instrument**; and
- b) the **Nomination** is in a format consistent with any template issued by **Hydro Tasmania**; and
- c) the requirements of section 43J of the **Act** have been satisfied.

Table 3.1 – Weekly offer process

Step	Action	Time
1	Hydro Tasmania to publish the Weekly offer outputs in the manner required under section 2.4 of this Guideline . The Weekly contract offer information must remain visible on Hydro Tasmania's website between 12.00 pm and 2.00 pm inclusive.	By 12.00pm
2	Authorised Retailers requiring regulated contracts are to make Nominations to Hydro Tasmania .	By 2.00pm
3	Hydro Tasmania to evaluate Nominations by Authorised Retailers to assess whether they comply with the requirements of section 3.4.2 of this Guideline . Non-compliant bids are to be rejected.	By 3.00pm
4	If Volume scaling is not required, Hydro Tasmania to confirm with representatives of the successful Authorised Retailers .	By 3.00pm
5	If Volume scaling is required, Hydro Tasmania is to: <ul style="list-style-type: none"> • undertake Volume scaling consistent with the Wholesale Contract Regulatory Instrument; or • at its discretion, allocate greater volumes than required under Volume scaling, up to the Authorised Retailer's Nomination; and • confirm the volumes allocated with the Authorised Retailer(s). <p>In the event that Volume scaling is driven by energy constraints, Authorised Retailers are to be offered swap products consistent with Volume scaling with a firm offer for caps for any unfilled volume (in addition to any caps requested by Authorised Retailers).</p>	By 3.00pm
6	Authorised Retailers are to advise Hydro Tasmania whether they accept any caps offered under Step 5.	By 3.30pm

3.5 Exceptions to the standard weekly process

- 3.5.1 Where an **Exceptional circumstances event** occurs, **Hydro Tasmania** is to advise the **Regulator** of the occurrence and publish on its website where it publishes the **Weekly offer outputs** that an **Exceptional circumstances event** has occurred.
- 3.5.2 Where an **Exceptional circumstance event** (other than an **Exceptional circumstance event** relating to **Inside information**) occurs **Hydro Tasmania** must also either:
- a) publish the **Weekly contract offer** information calculated on the **Allocation Date** on the next **Business Day** after the **Allocation Date**; or
 - b) publish the **Weekly contract offer** information from the previous week consistent with the **Weekly offer process**.
- 3.5.3 Where an **Exceptional circumstance event** (other than an **Exceptional circumstance event** relating to **Inside information**) occurs **Hydro Tasmania** must report to the **Regulator** within three **Business Days** on:
- a) the nature of the **Exceptional circumstances event**;
 - b) the reasons why the **Exceptional circumstances event** occurred; and
 - c) the steps taken by **Hydro Tasmania** to prevent the **Exceptional circumstances event** recurring.
- 3.5.4 Where an **Exceptional circumstance event** occurs due to **Hydro Tasmania** being of the opinion that it possesses **Inside information** and therefore instigates a trading halt, **Hydro Tasmania** is:
- a) not required to publish the **Weekly contract offer** information for that week in accordance with clause 17 of the **Wholesale Contract Regulatory Instrument**; and
 - b) is required to offer the “Catch-up” volumes in accordance with clause 26 of the **Wholesale Contract Regulatory Instrument**.

4 OTHER ARRANGEMENTS

4.1 Publication of wholesale pricing model and input data

- 4.1.1 **Hydro Tasmania** must publish the **wholesale pricing model** on its website each week.
- 4.1.2 The **wholesale pricing model** must specify:
- a) for inputs that the **Wholesale Contract Regulatory Instrument** requires **Hydro Tasmania** to determine:
 - i. the source of that data;
 - b) for all inputs to the model:
 - i. the data used in the most recent **Weekly offer process**;
 - ii. the relevant details about the input data; and
 - iii. when the data in the model is to be updated.
- 4.1.3 **Hydro Tasmania** must publish on its website past¹ and current “Forecast current yield” values and regulated wholesale contract prices.
- 4.1.4 **Hydro Tasmania** must clearly indicate on its website the date that updates are made to the **wholesale pricing model**.
- 4.1.5 In the event that a change is made to the **Wholesale Contract Regulatory Instrument** which requires a change to the **wholesale pricing model**, **Hydro Tasmania** is required, within five **Business Days** of the change being made to the **Wholesale Contract Regulatory Instrument**, to update the **wholesale pricing model**.
- 4.1.6 **Hydro Tasmania** must publish on its website an updated version of the model referred to in Section 4.1.6 of the **Guideline**.
- 4.1.7 **Hydro Tasmania** must, within eight weeks of the **wholesale pricing model** being updated (in accordance with Section 4.1.6 of this **Guideline**), provide to the **Regulator** an audit report confirming that the updated model complies with the requirements of the **Wholesale Contract Regulatory Instrument**.
- 4.1.8 The audit report referred to in Section 4.1.8 of this **Guideline** must comply with the requirements of the **Regulatory Reporting Guideline**.

¹ From 1 January 2014.

4.1.9 The **Regulator** will publish details of any changes made to the source of input data on its website within seven days of the change being made.

4.2 Compliance monitoring and enforcement

4.2.1 **Hydro Tasmania** must comply with its obligations under the **Act** and the **Wholesale Contract Regulatory Instrument**.

4.2.2 The **Regulator** will monitor and report on **Hydro Tasmania's** compliance with the **Wholesale Contract Regulatory Instrument** and may initiate a compliance investigation. On completing the compliance investigation the **Regulator** may implement enforcement action if the **Regulator** considers that it is appropriate to do so.

4.2.3 The process that the **Regulator** will adopt when dealing with suspected and actual breaches of compliance obligations is set out in the **Regulator's Compliance Enforcement Policy**.

4.3 Record keeping

4.3.1 **Hydro Tasmania** is required to maintain sufficient records to demonstrate to the **Regulator** that it has complied with the requirements in the **Wholesale Contract Regulatory Instrument**.

4.3.2 In relation to the requirement in Section 4.3.1 of this **Guideline**, **Hydro Tasmania** must keep the following records in relation to the **Weekly offer process**:

- a) **Weekly offer outputs**;
- b) the inputs used to determine the **Weekly offer outputs**;
- c) **Total existing capacity volumes**; and
- d) **Total existing energy volumes**.

4.3.3 Where relevant, **Hydro Tasmania** is required to provide data supporting the application of **Volume scaling**.

4.4 Regulatory audit arrangements

4.4.1 **Hydro Tasmania** is required to demonstrate its compliance with the **Wholesale Contract Regulatory Instrument** through audits conducted in accordance with the **Regulatory Reporting Guideline**, or as directed by the **Regulator**.

4.5 Information reporting

- 4.5.1 **Hydro Tasmania** is to provide information to the **Regulator** to enable the **Regulator** to discharge its monitoring and reporting responsibilities under sections 6 and 43L of the **Act**.
- 4.5.2 The information, and timing of the provision of information to the **Regulator**, is to be consistent with the requirements of the **Electricity Supply Industry Performance and Information Reporting Guideline**.