



**ELECTRICITY**  
**REGULATED WHOLESALE CONTRACT GUIDELINE**

**Version 3.0**

**April 2024**

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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 under clause 3 of the **Wholesale Contract Regulatory Instrument**.

“~~**Audited**~~ **wholesale pricing model**” means the [audited](#) model used to calculate wholesale contract prices<sup>1</sup>. ~~that Hydro Tasmania provided to the Economic Regulator on 20 December 2013 and as revised from time to time.~~

“**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**.

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<sup>1</sup> [The last audit of the wholesale pricing model was completed in January 2018.](#)

“**Compliance Enforcement Policy**” means the *Compliance Enforcement Policy, Version 2, July 2015* 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 57, January 2016*~~26 February 2021~~ issued by the **Economic 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**.

~~“**Economic Regulator**” means the Tasmanian Economic Regulator, within the meaning of the *Economic Regulator Act 2000*, as appointed under established under the Act.~~

“**Electricity Supply Industry Performance and Information Reporting Guideline**” means the *Electricity Supply Industry Performance and Information Reporting Guideline, Version 2.3, 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 [the Guideline](#).

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

“**Hydro Tasmania**” means Hydro-Electric Corporation (ARBN 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**.

“**Open interest test**” has the meaning set out in clause 7.3(a)(i) 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 Contract Regulatory Instrument**” means the [instrument-document](#) that [specifies](#) ~~is~~ the approval [s](#) 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**.

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# 1 INTRODUCTION

## 1.1 Authorising provision

- 1.1.1 This **Guideline** ~~has been~~ issued under section 43L(1) of the **Act**.
- 1.1.2 Section 43L(2) of the **Act** ~~requires~~ ~~imposes an obligation upon~~ **Hydro Tasmania** to comply with this **Guideline**.
- 1.1.3 **Hydro Tasmania's** ~~requirements~~ ~~obligation~~ to comply with this **Guideline**:
- does not limit ~~Hydro Tasmania's any~~ obligations ~~imposed~~ under any other laws ~~applying to Hydro Tasmania~~; and
  - 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:
- making ~~available~~ **Weekly contract offer outputs information**, including ~~Regulated weekly offer contract prices and Regulated weekly offer contract volumes~~, consistent with the **Wholesale Contract Regulatory Instrument**;
  - conducting the **Weekly offer process**;
  - ~~the provision~~ ~~providing~~ and publishing ~~creation of~~ a pricing model and the supporting data required under the **Wholesale Contract Regulatory Instrument**; and
  - ~~record-keeping~~ ~~records that to~~ demonstrates **Hydro Tasmania's** ~~is~~ ~~compliance~~ ~~complying~~ with the **Wholesale Contract Regulatory Instrument**.
- 1.2.2 The requirements under this **Guideline** will also assist the **Economic Regulator**:
- administer the **Wholesale Contract Regulatory Instrument**, including the making or revocation of approvals in relation to ~~certain~~ contracts offered by **Hydro Tasmania** (under section 43G of the **Act**);
  - 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 3.0 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**.

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## 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	<b>Hydro Tasmania</b> to publish the <b>Weekly offer outputs</b> in the manner required under section 2.4 of this <b>Guideline</b> . The <b>Weekly contract offer outputs information</b> must remain visible on <b>Hydro Tasmania's</b> website between 12.00 pm and 2.00 pm inclusive.	By 12.00pm
2	<b>Authorised Retailers</b> requiring regulated contracts are to make <b>Nominations to Hydro Tasmania</b> .	By 2.00pm
3	<b>Hydro Tasmania</b> to evaluate <b>Nominations</b> by <b>Authorised Retailers</b> to assess whether they comply with the requirements of section 3.4.2 of this <b>Guideline</b> .  Non-compliant bids are to be rejected.	By 3.00pm
4	If <b>Volume scaling</b> is not required, <b>Hydro Tasmania</b> to confirm with representatives of the successful <b>Authorised Retailers</b> .	By 3.00pm
5	If <b>Volume scaling</b> is required, <b>Hydro Tasmania</b> is to: <ul style="list-style-type: none"> <li>• undertake <b>Volume scaling</b> consistent with the <b>Wholesale Contract Regulatory Instrument</b>; or</li> <li>• at its discretion, allocate greater volumes than required under <b>Volume scaling</b>, up to the <b>Authorised Retailer's Nomination</b>; and</li> <li>• confirm the volumes allocated with the <b>Authorised Retailer(s)</b>.</li> </ul> <p>In the event that <b>Volume scaling</b> is driven by energy constraints, <b>Authorised Retailers</b> are to be offered swap products consistent with <b>Volume scaling</b> with a firm offer for caps for any unfilled volume (in addition to any caps requested by <b>Authorised Retailers</b>).</p>	By 3.00pm
6	<b>Authorised Retailers</b> are to advise <b>Hydro Tasmania</b> 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.
- 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 past<sup>1</sup> and current “Forecast current yield” values.
- 4.1.4 **Hydro Tasmania** must publish on its website past<sup>2</sup> and current regulated wholesale contract prices. ~~Hydro Tasmania is required, by 31 January 2017, to publish past regulated wholesale contract prices.~~
- 4.1.5 **Hydro Tasmania** must clearly indicate on its website the date that updates are made to the **wholesale pricing model**.
- 4.1.6 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**.
- 4.1.7 **Hydro Tasmania** must publish on its website an updated version of the model referred to in Section 4.1.6 of [the Guideline](#).
- 4.1.8 **Hydro Tasmania** must, within eight weeks of the ~~Audited~~ **wholesale pricing model** being updated (in accordance with Section 4.1.6 of this [Guideline](#)), provide to the [Economic Regulator](#) an audit report confirming

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<sup>2</sup> From 1 January 2014.

that the updated model complies with the requirements of the **Wholesale Contract Regulatory Instrument**.

4.1.9 The audit report referred to in Section 4.1.8 of this **Guideline** must comply with the requirements of the **Regulatory Reporting Guideline**.

4.1.10 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 **Economic 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**.

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