

17 March 2017

Mr Joe Dimasi
Regulator
Office of the Tasmanian Economic Regulator
GPO Box 770
HOBART TAS 7001

Dear Mr Dimasi

2017 Wholesale Contract Regulatory Instrument Pricing Investigation

Following the commencement of the new Wholesale Contract Regulatory Instrument on 1 January 2017, Hydro Tasmania appointed an independent auditor to check that the updated requirements of the Instrument have been applied in the Model correctly.

The audit noted one instance where the Model varied from the Instrument; this instance related to the calculation of the 'Initial Nominal Peaker Capacity Value'. Hydro Tasmania believes that while the Model is inconsistent with the Instrument, the calculation in the Model is consistent with the intended approach of calculating the 'Initial Nominal Peaker Capacity Value'. Hydro Tasmania therefore believes that Clause 11.7 in the Instrument is incorrect and supports the Instrument being updated as proposed in the Consultation Paper.

Please contact John Cooper (john.cooper@hydro.com.au or (03) 6230 5313) if you have any questions or need additional information.

Yours sincerely



John Cooper
Policy and Regulatory Analyst