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## RC\_2008\_38

### Rule Change Notice: Least cost determination of ancillary service contracts

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#### Submitted by

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<b>Date submitted:</b>	5 February 2009

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#### Submission

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##### 1. Please provide your views on the proposal, including any objections or suggested revisions

LGP supports the Rule Change on the grounds that it standardises price offerings for spinning reserve and load following in order to permit determination of least cost by direct comparison without the need for subjective assumptions. We also support use of the existing structure by which Verve Energy is currently paid as the standard.

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##### 2. Please provide an assessment, whether the change will better facilitate the achievement of the Market Objectives

LGP supports System Management's contention that the proposal supports market objectives (a) (to promote the economically efficient, safe and reliable production and supply of Electricity) and (b) (to encourage competition among generators and retailers), by simplifying the determination of least cost and thereby facilitating competition for spinning reserve and load following.

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**3. Please indicate if the proposed change will have any implications for your organisation, (for example changes to your IT or business systems) and any costs involved**

LGP would incur no organisational costs as a consequence of adopting the change.

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**4. Please indicate the time required for your organisation to implement the change, should it be accepted as proposed**

LGP would be able to implement this Rule Change immediately.

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