

CIRCULAR



30 - 32 Grosvenor Street

Sydney NSW 2000

Australia

Telephone +61 (0)2
9256 0555

Facsimile +61 (0)2 9256
0666

To: All Members

No: 346/98

Start-up of National Electricity Market

Members are advised that the National Electricity Market (NEM) will commence on December 13, 1998. From this day, the National Electricity Market Management Company Limited (NEMMCO) will be responsible for the determination of the average monthly electricity spot prices for a calendar month used to settle the Victorian Electricity Futures contracts and the NSW Electricity Futures contracts. It is proposed that for the December expiry of the Victorian and NSW Electricity Futures contracts, NEMMCO will provide the settlement prices, given that the NEM begins during the contracts' month. NEMMCO will provide settlement prices for all subsequent contracts.

NEMMCO has confirmed that the method used to calculate the settlement prices is consistent with the method currently used by both VPX and TransGrid.

As a contingency, VPX and TransGrid - who currently determine the settlement prices for the Victorian and NSW Electricity Futures contracts respectively - will continue to provide settlement prices in the event that NEMMCO are unable to provide this data from the start date.

Should you have any further queries regarding this matter, please contact the undersigned on (02) 9256 0158.

James Waldren
Research Analyst - Energy Products

07/12/98

SYDNEY FUTURES EXCHANGE LIMITED
ACN 000 299 392

Address all correspondence to PO Box N680 Grosvenor Place Sydney NSW 2000 Australia