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### Power to cut out the middleman

By Rod Myer  
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SEVERAL Australian businesses are choosing to manage their exposure to the national electricity market directly rather than contract with retailers. And many who choose to go down this path are providing much needed backup for the power system by turning their plant off when power prices spike.

Victorian frozen foods operator Yamasa chose to ignore offers to contract from retailers when deregulation began in 1996.

Executive John Short said the Japanese-owned company chose to buy direct from the market and avoid the cost of hedging and paying margins to retailers.

"On certain days when power prices are high we shut down operations if it fits with our production schedule," Mr Short said.

"Other times we just have to take (high prices) on the chin."

Such a strategy meant living with fluctuations but over time it created savings as no costs were paid to retailers for margins and hedging and the plant could be closed during some price spikes.

"Over a long period of time you definitely come out in front," Mr Short said.

**Paul McArdle, chief executive of software group Global Roam, said his company sold software to companies seeking to manage their own exposure to the electricity market.**

The software, a variation of Global Roam's NEM Watch program for traders and energy users, gave up-to-the-minute coverage of prices and flows in the power market, as well as enabling market players to run scenarios for different trading choices.

Some big industrial companies such as Tomago Smelter in NSW, Sun Metals in Townsville and a big steel manufacturer have chosen to go with the spot market while using the services of a



Finger on energy pulse: Global Roam's software gives instant coverage of prices and energy flows.

Photo: Tamara Voninskigeneric

retailer.

These companies often reduce or slow down production when they deem energy prices to be too high, cutting power demand across the market.

Mr McArdle said companies using Global Roam software had added about 200 megawatts of demand-side response to the market by cutting use at certain trigger power prices.

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