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**Community Information Line 1800  
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# National Electricity Market

Delta Electricity generates the power that meets the everyday power demands of electricity retailers and end-use customers in the National Electricity Market. Delta provides energy to your electricity retailer via the National Electricity Market managed by the Australian Energy Market Operator.

Electricity is an ideal commodity to be traded using pool arrangements because of its two unique characteristics. Electricity cannot be stored for future use, so supply must vary dynamically with the changing demand. And also because one unit of electricity is indistinguishable from all other units it is impossible to determine which generator produced which electricity.

The National Electricity Market (NEM) was created to improve competitiveness of the electricity sector, provide choice for electricity consumers and help to match the supply and demand requirements among participants across the eastern States. In order to manage spot market price volatility, buyers and sellers of electricity in the NEM enter into financial hedge contracts. These hedge contracts help to manage participants' exposure to price risk in the market

The Australian Energy Market Operator (AEMO) operates a wholesale spot market for trading electricity between generators and electricity retailers in the National Electricity Market. This means that all the electricity output from generators is pooled and then scheduled to meet electricity demand. AEMO's primary functions are to operate and administer the wholesale national electricity market and to manage the security of the power system in accordance with the National Electricity Rules that are made under the National Electricity Law.

The NEM is divided into five regions: New South Wales (including ACT), Victoria, South Australia, Queensland and Tasmania. NEM regions and State boundaries are closely aligned. To facilitate the flow of electricity between the different NEM regions they are interconnected by more than one physical transmission line, with the exception of Tasmania which has a single interconnector, Basslink.

