



**Hon Mike Nahan MLA
Minister for Energy; Finance;
Citizenship and Multicultural Interests**

Our Ref: 48-03396

FILE No:
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Mr Rod Sims
Chairman
ACCC
GPO Box 3131
CANBERRA ACT 2601

MINISTERIAL

AUST. COMPETITION &
CONSUMER COMMISSION
17 OCT 2013
CANBERRA

Dear Mr Sims

Thank you for your letter of 11 October 2013.

I note your advice that the ACCC will not be conducting an informal review of the merger but that it has concerns about the impact of the merger on competition in the Western Australian electricity market. I also note that the ACCC proposes to issue a media release to that effect.

As advised by our representatives at the meeting with you and your team on 23 July 2013, the Western Australian Government has determined, as a matter of government policy, that the merger is necessary for the efficient operation of the Western Australian electricity market and that the merger is in the interests of the Western Australian public. In accordance with the advice previously given to the ACCC, legislation providing for the merger is about to be tabled in the Western Australian Parliament.

I understand that our representatives also informed the ACCC at the meeting on 23 July 2013 that we would be developing measures to deal with any competition issues that may arise in connection with the merger, and that the ACCC would be advised about those measures.

To date, we have not been in a position to provide the ACCC with details of these measures for two reasons. First, we were waiting for the ACCC's response to the matters raised in the meeting of 23 July 2013 so that we could specifically address any issues raised in that letter. In that regard, I note that the ACCC's response has come to us later than expected. Second, we have been developing the necessary measures to counter any effects on competition from the merger in close consultation with the relevant market participants and that consultation process, and the development of the measures, is still underway.

You, more than most, will appreciate that the process of development of these measures, and the associated market consultation, is complex and time-consuming. Our officers and consultants are working hard to develop measures that will appropriately and effectively address any competition concerns and meet market expectations. I understand that the feedback from market participants about this process has been quite favourable. I am also advised that the competition measures under consideration are consistent with the approach taken by the ACCC in other market contexts.

We expect to be able to outline to the ACCC the measures that will be taken to address competition concerns shortly. We believe that it would be premature and inappropriate for the ACCC to issue any media release before it has had the opportunity to consider those measures and accordingly suggest that the ACCC should defer any media release until that time. Please let me know if you agree.

I would also welcome the opportunity to meet and discuss these issues, and other possible developments in the Western Australian electricity market, with you in person when you are next in Perth.

Yours sincerely

A handwritten signature in cursive script that reads "Mike Nahan".

**DR MIKE NAHAN MLA
MINISTER FOR ENERGY; FINANCE AND
MULTICULTURAL INTERESTS**

15 OCT 2013