

FAX

ENERGY POLICY DIVISION

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FILE No

DOC



**Natural Resources
and Environment**

To: **Commissioner Rod Shogren**

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Letter follows.



**Natural Resources
and Environment**

AGRICULTURE

RESOURCES

CONSERVATION

LAND MANAGEMENT

Our Ref: EN/04/0150

10 October 2000

Commissioner Rod Shogren and Mr Joe Dimasi
470 Northbourne Avenue
DICKSON ACT 2602

Dear Mr Shogren and Mr Dimasi

Full Retail Competition in the National Electricity Market

Thank you for meeting with Energy Policy Division and representatives of the other jurisdictions of the National Electricity Market on Friday 6 October 2000 to discuss the Commission's interim authorisation of the proposed National Electricity Code Changes relating to full retail competition.

As discussed at that meeting, Energy Policy Division is concerned about the effects of the conditions to the interim authorisation outlined in the Commission's letter of 21 September 2000, and hopes to quickly resolve the matter with the Commission. We understand that other jurisdictions in the National Electricity Market share our concerns.

In particular, Energy Policy Division is concerned that the conditions would have the effect of significantly hindering or precluding full retail competition in the National Electricity Market. Energy Policy Division therefore seeks confirmation from the Commission of its willingness to modify the conditions attached to the interim authorisation. We are currently finalising a submission which provides further information on the likely effect of the conditions. We will also propose alternative conditions to address the Commission's concerns, after discussions with Commission staff.

Energy Policy Division believes that the most appropriate solution is for the Commission, pursuant to section 91(2AB) of the *Trade Practices Act 1974*, to revoke the interim authorisation and grant a new interim authorisation pursuant to section 91(2). The new interim authorisation would be an interim authorisation of National Electricity Code full retail competition related changes as proposed in NECA's application for authorisation dated 10 August 2000.

As you are aware the status of the interim authorisation and the NECA proposed amendments to the Code needs to be resolved before NECA, NEMMCO, Victoria, and other NEM Jurisdictions, can put in place the necessary administrative arrangements to enable adherence to the full retail contestability timetable and to provide the market with the necessary regulatory certainty. In these circumstances I would appreciate it if you could advise me as soon as possible whether the Commission will consider granting a new interim authorisation subject to agreement on alternative conditions.

Yours sincerely

John Robinson
Executive Director, Energy Policy Division

Cc: Paul Bilyk