



DEPARTMENT OF TREASURY AND FINANCE

State Administration Centre
200 Victoria Square East
Adelaide 5000

GPO Box 1045
Adelaide SA 5001
DX56205

Telephone (08) 8226 9500
Facsimile (08) 8211 7755
Telex AA82814

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Mr Mike Rawstron
General Manager
Regulatory Affairs – Electricity
ACCC
PO Box 1199
DICKSON ACT 2602

Dear Mike

REVIEW OF BIDDING AND REBIDDING STRATEGIES

Thank you for the opportunity to comment on NECA's proposed Code changes to deal with generator bidding and rebidding strategies.

As you are aware, the South Australian Government is extremely concerned with the operation of the National Electricity Market (NEM) and its impact on the South Australian community. The Government established the National Electricity Market Task Force to examine the rules and design of the market and to recommend what action needs to be taken to improve the operations of the market in South Australia.

The Task Force identified inappropriate rebidding as a market design issue that needed to be urgently addressed. Accordingly, the Government is keen to ensure that inappropriate rebidding activity in the NEM is minimised to the maximum extent possible, whilst recognising that the ability for generators to rebid in certain circumstances is essential for the efficient and effective operation of the market.

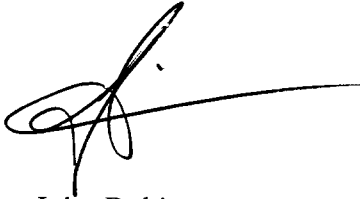
NECA's proposal to prohibit inappropriate bidding and rebidding and penalise participants that breach the proposed guidelines under its Code enforcement role through the National Electricity Tribunal as an alternative to prosecution under the Trade Practices Act was one option suggested by the NEM Task Force. This would appear to be an appropriate mechanism to target inappropriate bidding activity while not removing efficient bidding activity.

Treasury and Finance considers that the NECA approach is consistent with the ACCC's condition of authorisation for the VoLL determination that requires that NECA review

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the adequacy of the current market monitoring provisions, which is to include an analysis of market behaviour rules and options for sanctions under the rules.

Yours sincerely

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John Robinson
General Manager
Microeconomic Reform and Infrastructure