

08 May 2002



Mr Michael Rawstron
General Manager
Regulatory Affairs - Electricity
Australian Competition and Consumer Commission
PO Box 1199
DICKSON ACT 2602

Our Ref: R-02-085

Dear Mr Rawstron,

NATIONAL ELECTRICITY CODE CHANGES – REVIEW OF INTEGRATING THE ENERGY MARKET AND NETWORK SERVICES (STAGE 1)

We refer to the National Electricity Code Changes ('the Code Changes') arising from Stage 1 of NECA's "Review of Integrating the Energy Market and Network Services", released by the ACCC for comment by 8 May 2002.

We thank you for the opportunity to provide comment on the Application for Authorisation and we ask that you accept this letter and the attached document as the National Retailers' Forum ('NRF') submission on the material released. The NRF is an independent organisation whose members operate as Retailers of electricity throughout the National Electricity Market.

The following NRF members jointly support this submission:

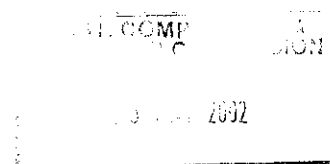
- | | |
|---------------------------|---------------------------------------|
| 1. ActewAGL Retail | 2. AGL |
| 3. Aurora Energy | 4. Australian Inland Energy and Water |
| 5. CitiPower | 6. Country Energy |
| 7. Energex Retail Pty Ltd | 8. Energy Australia |
| 9. Ergon Energy | 10. Integral Energy |
| 11. Origin Energy | 12. Pulse Energy Pty Ltd |

Please feel free to contact Sandra Heymer on (07) 3228 8259 on this matter should you have any queries or require clarification on any point.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Darren Barlow', written over a light-colored background.

Darren Barlow
NRF Coordinator – RIEMNS Review



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NATIONAL RETAILERS' FORUM



**NATIONAL ELECTRICITY CODE
CHANGES – REVIEW OF
INTEGRATING THE ENERGY
MARKET AND NETWORK SERVICES
(STAGE 1)**

1 INTRODUCTION

We refer to the National Electricity Code Changes ('the Code Changes') arising from Stage 1 of NECA's "Review of Integrating the Energy Market and Network Services" ('the RIEMNS Review'), released by the ACCC for comment by 8 May 2002.

We thank you for the opportunity to provide comment on the Application for Authorisation and we ask that you accept this document as the National Retailers' Forum ('NRF') submission on the Code Changes and supporting material released. The NRF is an independent organisation whose members operate as Retailers of electricity throughout the National Electricity Market.

As a general comment, the NRF supports NECA's removal from its Code Change package of the amendments originally proposed for the introduction of time-varying intra-regional loss factors. While the NRF is pleased that the Code Change Panel has responded to many of the concerns raised by industry in the course of consultation, the more contentious aspects of NECA's original proposals have merely been side-lined for further debate as part of the foreshadowed Stage 2 RIEMNS Review process, creating increased uncertainty for participants as to the likely market framework moving forward.

2. THE CODE CHANGES

The NRF has the following comments in relation to the Code Changes proposed:

2.1 Inter-regional Losses

The NRF recognises the need to ensure that NEMMCO has access to data reasonably required to carry out its functions of determining inter-regional loss factor equations and the methodology for determining intra-regional loss factors. We note that the Code Changes and in particular, clauses 3.6.2A and 3.6.2B, seek to extend NEMMCO's power to obtain information for this purpose via a methodology yet to be prepared.

While we note that this methodology will be prepared in accordance with Code consultation procedures, the powers to require information are broad and, by their wording, may be interpreted as extending beyond that which would otherwise be required for NEMMCO to carry out its function under clause 3.6.2A(a).

We therefore suggest the following amendments to clause 3.6.2A:

- "(b)(3) *the collection of data from Code Participants **which is reasonably required by NEMMCO to carry out its obligations under clause 3.6.2A(a) and is not otherwise available**, including deadlines for the provision of that data **with which Code Participants are reasonably able to comply** [our emphasis]."*
- "(e) *Code Participants must comply with the obligations to provide information set out in the methodology developed and published by NEMMCO under this clause 3.6.2A."*

Given the broad power these clauses provide NEMMCO, we query the need for the newly proposed clause 3.6.2A(c). In particular clause 3.6.2A(c):

- restates the power to request information contained in clause 3.6.2A(b)(3);
- restates the obligation to comply with the information request under clause 3.6.2(e); and

- is ambiguous in its terms, increasing the likelihood of participant uncertainty and dispute. For example, this clause states that NEMMCO “may” specify information to be provided by Code Participants in its methodology yet does not clarify whether a failure to specify the information in the methodology will preclude the need to comply with any subsequent request.

The NRF believes that clause 3.6.2A(c) should be removed.

2.2 Settlement Residues

As stated in our previous submissions on this issue, the NRF supports a broad review of the methods by which a level of ‘firmness’ across interconnectors can be achieved. Although the Code Changes proposed by NECA relating to settlement residues assist in promoting an increase in the incidence of ‘firmness’ across interconnectors, they are not of themselves adequate to meet the markets’ needs in this area.

2.3 Market Information

Clauses 3.7A(d)(1) and 3.7A(2) require NEMMCO to meet its objectives in providing market information “*in a cost effective manner*”. We believe that this phrase may lead to uncertainty regarding the measure against which a determination of ‘effectiveness’ will be made. We therefore suggest that this phrase be amended to “*in a manner that efficiently incurs, and where practicable minimises, costs*”.

We believe that such an amendment would retain the need to efficiently incur costs in the provision of market information while recognising the market’s desire for cost minimisation by NEMMCO where practicable.

The NRF appreciates the opportunity to provide comment on the Application for Authorisation and would welcome an opportunity to discuss our concerns with the ACCC in greater detail should that be required.