



**Australian
Competition &
Consumer
Commission**

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Our Ref: 39819
Contact Officer: Simon Mitchell
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2 December 2009

By email

Dear Sir/Madam

**Applications for authorisation A91198-A91199 lodged by the NSW Treasurer
for and on behalf of Macquarie Generation, Delta Electricity and
Eraring Energy (the Applicants) - interested party consultation**

The Australian Competition and Consumer Commission (the ACCC) has received applications for authorisation from the above Applicants. The ACCC invites you to make a submission on the applications as a party who may be interested in or affected by these arrangements.

Attached is a copy of the supporting submission to the applications. A full copy of the applications for authorisation and the supporting submission is available on the ACCC's website (www.accc.gov.au/AuthorisationsRegister) and by following the links to this matter. Alternatively, you can contact Simon Mitchell on 03 9290 6909 to obtain a hard copy of the application and submission.

Attached is a summary of the authorisation process for further information, including how to make a submission to the ACCC.

The applications

The NSW Government proposes to disaggregate its three existing electricity generation portfolios into five Gentrader contract bundles. Authorisation is sought for a co-insurance arrangement developed pursuant to the disaggregation of the generation portfolios. Under the co-insurance arrangements a Gentrader that is unable to meet its firm capacity requirements will have the option of calling on co-insurance.

It is proposed that the co-insurance arrangements be implemented through a multiparty agreement between the Generators and the Gentraders who successfully bid for the electricity trading rights of the Generators.

Specifically, authorisation is sought for the following features of the co-insurance arrangements, to be made and given effect to through a Compensation Deed:

- the payment provisions, which specify the price payable (the 'Compensation Price') for the compensation which a Gentrader is able to call on when the Generator is unable to meet its firm capacity requirements
- the firm capacity provisions, which specify the quantity of firm capacity to be made available by each Generator to its Gentrader counterparty for the purpose of the co-insurance arrangement
- the allocation procedures and rules, which specify which Gentrader will be required to pay compensation and the amount of that compensation and
- the supply and acquisition of the co-insurance is limited to the parties to the agreement.

Authorisation is sought for a term of 10 years from the commencement date of the Compensation Deed, being the date on which all the Gentrader Contracts subject to the Compensation Deed are in force.

Request for submission

The ACCC invites you to make a submission on the likely public benefits and effect on competition, or any other public detriment, from the proposed arrangements.

The ACCC notes that the Applicants have provided an outline of their claims about the potential benefits and detriments of the arrangements in Part C of the supporting submission.

If you intend to provide a submission in relation to applications for authorisation, please do so by **8 January 2010**.

Submissions can be lodged by email to adjudication@acc.gov.au, by facsimile to (02) 6243 1211 or posted to:

The General Manager
Adjudication Branch
Australian Competition and Consumer Commission
GPO Box 3131
Canberra ACT 2601

If making a submission, please provide an appropriate contact person and email address to facilitate the timely provision of further information on this application.

Submissions, including oral submissions, will be placed on the ACCC's public register subject to any request for exclusion (guidelines are attached).

A full copy of the application for authorisation and all public submissions will be available from the ACCC's website (www.accc.gov.au/AuthorisationsRegister) and by following the links to this matter.

Timetable

The ACCC will progress its assessment of the application in a timely manner. An indicative timetable is set out below for your information.

27 November 2009	Lodgement of application and supporting submission.
2 December 2009	Public consultation process begins.
8 January 2010	Closing date for submissions from interested parties.
January/February 2010	Applicant responds to issues raised in the public consultation process.
February/ March 2010	Draft determination.
March/ April 2010	Public consultation on draft determination including any conference if called.
April/May 2010	Final determination.

The ACCC's list of interested parties

Please advise if you do not wish to make a submission at this time, but would like to be kept informed about the progress of this matter, including receiving a copy of the ACCC's draft and final determinations. In doing so, please provide an appropriate contact person and email address for future correspondence.

You can also forward this letter to any other party who may wish to make a submission to the ACCC regarding the application.

This letter has been placed on the ACCC's public register. If you wish to discuss any aspect of this matter, please contact me on (03) 9290 1475 (gavin.jones@acc.gov.au) or Simon Mitchell on (03) 9290 6909 (simon.mitchell@acc.gov.au).

Yours sincerely

A handwritten signature in black ink, appearing to be 'GJ', written over a faint circular stamp.

Gavin Jones
Director
Adjudication Branch

Applications for authorisation A91198 – A91199
Interested Party Consultation 2 December 2009

Interested Parties List

APA Group
Australian Energy Market Commission
Australian Energy Market Operator
Australian Financial Markets Association
Babcock & Brown Power
CHOICE
Consumer Action Law Centre
Consumer Utilities Advocacy Centre
CS Energy
Delta Electricity
Department of Resources, Energy and Tourism (Cth)
Energex
Energy Australia
Energy Markets Reform Forum
Energy Networks Association
Energy One
Energy Users Association of Australia
Envestra
Epic Energy
Eraring Energy
Ergon Energy
ERM Power
Hydro Tasmania
Independent Regulatory and Pricing Tribunal of NSW
Infratil Energy
Institute of Public Affairs
Integral Energy
InterGen
International Power
Jemena
Loy Yang Power
Macquarie Generation
Major Energy Users, Inc
National Generators Forum
Origin
Origin Energy
Pacific Hydro
Santos
Snowy Hydro
SP AusNet
Stanwell Corporation
Synergy Energy
Tarong Energy
TRUenergy
Verve Energy
Victoria Electricity