



Australian  
Competition &  
Consumer  
Commission

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Our Ref: C2009/1944  
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14 January 2010

Andrew Christopher & Georgina Foster  
Partner  
Baker & McKenzie

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Dear Mr Christopher & Ms Foster

**Authorisation applications A91198 –A91199 lodged by the NSW Treasurer for  
and on behalf of Macquarie Generation, Delta Electricity and  
Eraring Energy - interested party consultation**

I write to seek your response to issues raised by interested parties in the consultation process on the above applications for authorisation, and to seek your views on a number of additional points.

The ACCC has received public submissions on these applications from the following interested parties:

- Seed Advisory Pty Ltd and Taylor Fry Pty Ltd
- Snowy Hydro Ltd and
- TRUenergy Pty Ltd.

All of the public submissions received to date by the ACCC have been provided to you.

These public submissions raise a number of issues concerning the applications for authorisation that you may wish to provide a response to. In addition to the issues raised in the public submissions, I would also appreciate your response to the following issues:

1. Is it the intention of the Energy Reform Strategy that the bidders for the Gentrader bundles will be limited to only acquiring one bundle each?
2. The ACCC is interested in your views on the impact of the proposed arrangements on generators that otherwise may have wished to have participated in the co-insurance arrangements but are not able due to its exclusive nature and generators that may have otherwise been engaged by the Gentraders to manage risk through their physical capacity (i.e. fast start peaking generators).
3. As noted in the submission, the most common method for managing unfunded difference payment risk is the limiting of firm contracts that are sold by the generator/Gentrader to their expectation of firm generation capability. What is the estimated level of firm capacity that would be available through this method to each Gentrader bundle were there no co-insurance arrangement in place?

Could you please provide your response to these issues and those raised by interested parties by 29 January 2010.

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

Yours sincerely

A handwritten signature in black ink, appearing to be 'R Chadwick', with a long horizontal flourish extending to the right.

Dr Richard Chadwick  
General Manager  
Adjudication Branch