



**Australian  
Competition &  
Consumer  
Commission**

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**BY EMAIL**

Dear Mr Carkeet and Mr Ahuja

**Stanwell Corporation Limited & Diamantina Power Station Pty Ltd (the Applicants) - application for authorisation A91412 & A91413 – information request**

I refer to the above mentioned application for authorisation lodged with the Australian Competition and Consumer Commission (the ACCC) on 27 February 2014.

To assist in its consideration of the matter, the ACCC is seeking further information from the Applicants, as outlined in the questions in Attachment A.

The ACCC requests a response to this letter by **2 April 2014**.

This letter has been placed on the ACCC's public register. If you wish to discuss any aspect of this matter, please do not hesitate to contact Hayley Parkes on 03 9290 6926.

Yours sincerely

Marie Dalins  
Director  
Adjudication Branch

## ATTACHMENT A

### *Likely “future with” the proposed conduct*

1. Please outline the expected impact of the commissioning of the Diamantina Power Station (DPS) on the Mica Creek Power Station (MCPS), including changes to its expected generation capacity and supply over the next 5 years.

### *Likely “future without” the proposed conduct*

2. What do the Applicants consider to be the likely “future without” the proposed conduct? Please also outline other scenarios that could be contemplated as an alternative future without.
3. Please provide evidence that supports the likelihood of each “future without” scenario posed in response to the above question, including reasons why particular scenarios would or would not eventuate in the absence of the proposed conduct.
4. If additional or alternative public benefits or public detriments would arise as a result of any of the “future without” scenarios identified by the Applicants in question 2 above, please identify these.

### *Public benefits*

5. Please provide evidence which substantiates the key public benefits listed in the Applicants’ submission in support of authorisation. This should include:
  - a. Cross-references to the parts of the proposed arrangements (e.g. to any specific provisions in proposed principles in Schedule 1 or the Dispatch Protocols) that provide for the key public benefits, such as increased quality and reliability of supply, system security and safe operation of the electricity system.
  - b. Where relevant, any evidence that the proposed arrangements represent industry best practice for these types of generation systems. In doing so, please reference any similarly isolated generation systems that have implemented such arrangements or protocols, and any comparable arrangements or protocols in the National Electricity Market.
6. Please outline how the proposed arrangements ensure security of electricity supply to residents, including outlining how load shedding and other capacity management tools will be applied in respect of Ergon Energy Queensland (or any other retailer who may provide services over the period of authorisation).

### *Public detriments*

7. Please provide evidence which substantiates why the following public detriments will not arise as a result of the proposed arrangements:

- a. a reduction in service quality or the variability of the non-price terms offered by the Applicants to customers, or an increase in the price paid by customers, as a result of coordination between the parties relating to output, restrictions in the Dispatch Protocols regarding offers that may be made to customers and the sharing of information;
- b. an increase in the barriers to entry for new entrant generators, electricity retailers or other service providers; and
- c. discrimination by the Generation Coordinator in favour of its own customers and to the detriment of the customers of the other Major Generator or any other generator that may join the system.

In your response, in addition to cross-referencing to the proposed principles in Schedule 1, please also explain how the relevant economic incentives or market dynamics would prevent the detriment arising.

8. Please explain the process by which a new generator could commence generating electricity in the NWPS. In your response, please explain how the requirements will be made transparent to prospective new entrants, and the anticipated time frame for admission of a new entrant.

9. Please outline the measures that will ensure that:

- a. coordination between the participants in the NWPS will be limited to the conduct for which authorisation is sought, and
- b. sensitive information is not shared between participants, other than to the extent necessary for the operation of the Dispatch Protocol (such as confidential information relating to price and non-price terms, customers, production capability, information relating to activities beyond the North West Power System etc.).

In your response, please cross-reference the relevant principles in Schedule 1 that provide this assurance.

### *Additional information*

10. Please provide a copy of the Energy Balance Agreement, referred to in the draft of the Dispatch Protocol.