

5 May 2017

Ms Lyn Camilleri
Director, Adjudication
ACCC
23 Marcus Clarke Street
CANBERRA ACT 2601



Business SA
Chamber of Commerce
and Industry South Australia

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Working for your business.
Working for South Australia

Dear Ms Camilleri

I write in response to the ACCC's request for submissions on its decision to provide interim authorisation to SACOME and Others to progress a collective purchasing agreement for electricity in South Australia. We also note SACOME has since amended its application to include additional parties including Viterra Operations Pty Ltd, Cargill Malt Asia Pacific Pty Ltd and Adchem (Australia) Pty Ltd.

Following Business SA's initial submission, we support the ACCC's decision to provide interim authorisation to SACOME and Others and for the additional parties to be added to the original application.

We would also like to take the opportunity to highlight and expand on the comments attributed to our organisation in relation to whether or not South Australia operates as a separate market, including in the context of other comments made on the same topic.

The effective level of competition to provide firm contracts to large market customers in South Australia is currently restricted by the commercial reality that retailers need access to base-load power generation within the jurisdiction of South Australia. Absent this, a retailer cannot offer competitively priced firm contracts which is what the vast majority of businesses need. Consequently, if South Australian large market businesses can only access firm contracts from retailers holding firm generation capacity within the South Australian jurisdiction of the NEM, it stands to reason that South Australia currently operates as a separate market.

Although Business SA recognises that interconnection provides access to East Coast markets, as the NEM is currently structured, no firm hedges can be provided from that generation to South Australian businesses. Operating spot is also unsuitable for the vast majority of businesses, particularly given the NEM is the most volatile commodity market in the world.

Should you require any further information or have questions, please contact Andrew McKenna, Senior Policy Adviser, on (08) 8300 0000 or andrewm@business-sa.com.

Yours sincerely,

Anthony Penney
Executive Director, Industry and Government Engagement

