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31 MAY 2006

MCE

Ministerial Council on Energy

CHAIR

The Hon Ian Macfarlane MP
Minister for Industry, Tourism and Resources
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Dr John Tamblyn
Chairman
Australian Energy Market Commission
PO Box H166
AUSTRALIA SQUARE NSW 1215

23 MAY 2006

Dear Dr Tamblyn *John*

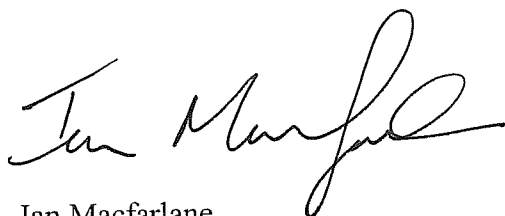
Thank you for your letter of 24 March 2006 to the South Australian Minister for Energy, the Hon Patrick Conlon MP and copied to the Ministerial Council on Energy (MCE), requesting that a Regulation be made to extend the time for making Rules for electricity transmission revenue and price regulation. As Chair of the MCE, I am happy to advise that the MCE has agreed that a Regulation be made to allow for the making of the transmission Rules as referred to in s.35(1) of the National Electricity Law (NEL) before 1 January 2007.

The MCE believes there are significant advantages in granting this extension to the Australian Energy Market Commission (AEMC). It provides an opportunity for the AEMC to take account of subsequent policy decisions that may influence your work, arising from amendments to the NEL and establishment of the National Gas Law, and informed by the Expert Panel review and related industry submissions.

You may wish to advise the Australian Energy Regulator of the extension, particularly in light of any upcoming electricity transmission revenue and pricing determinations, and work they are undertaking in advance of the transfer of functions relating to the economic regulation of distribution to the national governance framework.

The making of the Regulation will be progressed by South Australia. If you wish to discuss this matter further, please contact Helen Bennett on (02) 6213 7940.

Yours sincerely



Ian Macfarlane