

Australian Energy Market Commission
PO Box H166
AUSTRALIA SQUARE NSW 1215



24 February 2006

By email: submissions@aemc.gov.au

Re: Rule Change Application – Last Resort Planning Power

The ERAA welcomes the opportunity to comment on the Rule change application to give the AEMC a Last Resort Planning Power (LRPP). The ERAA is an independent association representing retailers of electricity and gas throughout the National Electricity Market (NEM) and the National Gas Markets. ERAA members collectively provide electricity to over 98% of customers in the NEM and are the first point of contact for end use customers for both Gas and Electricity.

The ERAA supports timely and efficient transmission investment and is of the view that such investment should ideally be provided for by normal market and regulatory arrangements. However under circumstances where the current arrangements fail to deliver timely and efficient transmission investment, the ERAA would support a LRPP to promote such investment. Where a LRPP direction passes the regulatory test, the AEMC should be required to undertake a review to determine what changes are required to the market and regulatory arrangements to better facilitate appropriate transmission investment and lessen the requirement for a LRPP direction.

Transmission Network Service Providers (TNSPs) are best equipped to efficiently act on a LRPP direction because of their ready access to relevant data and experience at undertaking the regulatory test. TNSP's are also best positioned to act on a positive outcome from the regulatory test due to their primary roles as providers of transmission network infrastructure in the NEM.

The ERAA is concerned that the proposal under consideration allows the AEMC to direct any registered participant to undertake the regulatory test. This could potentially lead to the situation where a business with no experience in undertaking the regulatory test and no desire or capability to invest in transmission is directed under the LRPP. This represents an unmanageable risk to non-network businesses. The ERAA believes that the MCE's proposed Rule change should be amended so that only TNSPs can be directed under the LRPP.

If you have any queries on the content of this submission, please contact me or Alastair Phillips at the ERAA on (02) 9369 4296.

Yours sincerely,

[Transmitted via email]

Patrick Gibbons
Executive Director
Energy Retailers Association of Australia
pgibbons@eraa.com.au