



**Government
of South Australia**

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Dr John Tamblyn
Chairperson
Australian Energy Market Commission
Level 16, 1 Margaret Street
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Dear Dr Tamblyn

Thank you for your letter of 3 March 2006 providing the opportunity to comment on the Australian Energy Market Commission's (AEMC) *Congestion Management Review: Issues Paper*.

The South Australian Government acknowledges that the Congestion Management Review is still in its early stages and that the purpose of the Issues Paper was to seek stakeholder comment on the current approach to managing congestion in the National Electricity Market (NEM), and possible alternative solutions put forward by the AEMC in its Issues Paper.

The State Government considers that any measures implemented by the AEMC to improve congestion management in the NEM should be balanced against their practicality and the interests of the parties that may be affected by those measures.

Specifically, the interests of small regional customers (i.e. those customers with an annual consumption of less than 160MWh) should be taken into account when contemplating making a regional boundary change that creates more than one region within a jurisdiction.

South Australia has implemented a policy of State-wide postage stamp pricing for small electricity customers to protect the interests of small regional customers. While there may be a stronger case for providing real time dynamic pricing for generators and large loads, that can more easily respond to the incentives created, the South Australian Government considers that the case for small customers is less clear.

The Ministerial Council on Energy agreed in December 2003 that jurisdictional boundaries should be maintained for retail customer pricing. Any Rule changes arising from the current Review should support this position, particularly for small customers.

The State Government would therefore like to reiterate that the AEMC should consult with the relevant jurisdiction on managing retail customer pricing implications if it contemplates making a regional boundary change that creates more than one region within a jurisdiction, prior to making a final determination on the boundary.

Thank you for the opportunity to make a submission to this stage of the Review.

Yours sincerely

A handwritten signature in black ink, appearing to read 'H. Conlon', written in a cursive style.

HON PATRICK CONLON MP
MINISTER FOR ENERGY

14 May 2006