



**Government
of South Australia**

**Minister for Transport
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RECEIVED
18 JUN 2007

Mr I Woodward
Chairman, Reliability Panel
Australian Energy Market Commission
PO Box H166
AUSTRALIA SQUARE NSW 1215

Dear Mr Woodward

Thank you for the opportunity to comment on the Reliability Panel's Interim Report associated with the Comprehensive Reliability Review.

The Interim Report concludes that, while the National Electricity Market (NEM) has performed satisfactorily against the reliability standard to date, there exist certain risks, which may lead to insufficient or untimely investment in generation to meet demand in the future.

As indicated in my submission to the Issues Paper, the South Australian Government considers that the market is generally working well and is providing incentives to encourage new investment to meet the reliability standards, although there is a need to retain a safety net mechanism, such as an enhanced Reserve Trader.

The State Government considers that any changes made should be arrived at through a holistic and cohesive approach, taking into account price impacts that changes may have on consumers in the NEM, with a particular emphasis on regional impacts. The Energy Division's supplementary submission highlighted the significant issues that can arise for NEM regions, where clear guidance on how to apply reliability standards is lacking.

The State Government considers that there should be a further round of consultation on the Reliability Panel's proposed model to allow for a thorough assessment of the implications of the model, before a final decision is arrived at, and that it would be appropriate for the Reliability Panel to hold a public consultation forum.

Should you wish to discuss these issues in more detail, please contact Mr Vince Duffy of the Energy Division, the Department for Transport, Energy and Infrastructure on (08) 8204 1724.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P. Conlon'.

**HON PATRICK CONLON MP
MINISTER FOR ENERGY**

12 June 2007