



**Government  
of South Australia**

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Dr John Tamblyn  
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Australian Energy Market Commission  
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Dear Dr Tamblyn

Thank you for the opportunity to comment on the Australian Energy Market Commission's (AEMC) Draft Report on enforcement and compliance with technical standards under the National Electricity Rules (Rules).

I am encouraged that the review has confirmed South Australia's concerns with the existing problems in the National Electricity Market (NEM) with respect to enforcement and technical standards, and has brought the subject of their resolution to the fore.

While I am broadly supportive of the measures proposed in the AEMC's Draft Report, it is somewhat disappointing that it will still be some time before appropriate standards are set in place.

It is fundamental to the efficient and effective functioning of the NEM that the relevant standards are resolved and put in place quickly. To this end, I urge the AEMC and the Australian Energy Regulator (AER) to continue to work together to ensure that the relevant standards are in place by next year. To this end, I fully support the AEMC drafting detailed Rule changes for consideration by the Ministerial Council on Energy (MCE) as part of the Final Report.

The Government encourages the AER to be more proactive in using its strong enforcement powers under the National Electricity Law (NEL) to ensure compliance with the Rules and NEL, particularly with the regard to ensuring that participants liaise and put compliance programs in place. This will send a clear signal to market participants of the central role that technical standards play in ensuring a reliable and secure electricity supply system that operates in the interests of consumers.

The Government further considers that there may need to be a power for the AER to impose or arbitrate a compliance regime to avoid a stand-off between parties, as has occurred under the current arrangements.

I look forward to the release, in September 2006, of the AEMC's Final Report and draft Rules changes for MCE consideration.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P. Conlon', with a stylized flourish at the end.

**HON PATRICK CONLON MP**  
**MINISTER FOR ENERGY**

9 August 2006