

Ref.:

19 May 2006

Dr J Tamblyn
Chairman
Australian Energy Market Commission
P O Box H166
AUSTRALIA SQUARE NSW 1215



Email: submissions@aemc.gov.au

Dear Dr Tamblyn

National Electricity Amendment (Advocacy Panel) Rule 2006

Ergon Energy Pty Ltd (Ergon Energy) appreciates the opportunity provided by the Australian Energy Market Commission (AEMC) to comment on the Draft Rule Determination *National Electricity Amendment (Advocacy Panel) Rule 2006* (Draft Rule Determination) issued on 6 April 2006. This submission is made by Ergon Energy in its capacity as an electricity retailer in the National Electricity Market (NEM).

Ergon Energy acknowledges the Draft Rule Determination is a reflection of the Ministerial Council on Energy's (MCE) decision to improve the accountability and governance arrangements of the Advocacy Panel, whilst ensuring continued funding after 30 June 2006. Ergon Energy supports the role of the Advocacy Panel, in particular its role in facilitating the participation of end-users in market discussion and reform.

While Ergon Energy is broadly supportive of the Draft Rule Determination, the following issues are raised for consideration.

Appointment Guidelines

Ergon Energy looks forward to the opportunity to contribute to the development of guidelines for the appointment of Advocacy Panel members, as provided by 8.10.3 and 11.2.1(b)(6) of the draft Rule.

It is noted the draft Rule 8.10.3 (c) provides that the guidelines, once prepared may be reviewed by the AEMC where the 'AEMC considers this is necessary' that is, a discretionary review. However, the Draft Rule Determination indicates the AEMC is 'required to review the guidelines for the appointment of Panel members to ensure the continued relevance and efficacy of the guidelines' that is, a non-discretionary review. It is suggested the draft Rule 8.10.3(c) be amended to reflect the Draft Rule Determination. Also that reviews should be conducted on a regular basis, preferably every three years to coincide with the re-nomination process.

Funding – Operational Aspects

Draft Rule 8.10.5(h) provides that NEMMCO is to pay the AEMC no later than 15 May of each year. This timeframe is supported by Ergon Energy provided that funding is provided on a year by year basis only.

Panel Audits

Draft Rule 8.10.8(d) provides the AEMC with the discretion to conduct management audits on 'all or any particular activities' of the Advocacy Panel. Ergon Energy does not support the current drafting of this provision as the purpose and assessment criteria for the audit have not been clearly articulated.

2006-07 Panel Funding

Clarification is sought on the funding arrangements to be applied for the 2006/07 financial year. In particular, will the Advocacy Panel be funded under the draft Rule/s or the provisional arrangements outlined in the Advocacy Panel's Annual Report (8.10.3(a) of the Rules)?

Other Market Consultations

Ergon Energy looks forward to the opportunity to contribute to the development of the guidelines for funding applications (s 8.10.6) and funding criteria (s 11.2.1 (b) (5)) in 2007.

Please feel free to contact me on (07) 3228 7536 should you wish to discuss any aspect of Ergon Energy's submission.

Yours sincerely

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Manager Regulation Policy

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