



7 April 2008

By email: submissions@aemc.gov.au

Dear Sir or Madam,

Joint TRUenergy, Macquarie Generation and AGL submission to clarification of schedule of Administered Price Cap: Draft Determination

In January Macquarie Generation individually, and TRUenergy and AGL collectively, submitted to the initial consultation on this matter in favour of a substantial increase to the Administered Price Cap (APC).

We are satisfied that in reaching its draft determination the AEMC has appropriately and thoroughly considered the relevant issues. Whilst we favoured increases of up to \$500/MWh, we nevertheless support the proposed increase to \$300/MWh and see this as a considerable improvement and reduction in risk over the current arrangements.

The AEMC has rejected the TRUenergy/AGL suggestion of annual input-cost based price adjustment in favour of a review cycle of at least every three years. Whilst that concept is acceptable, we note from experience that intentions to review discrete market settings can be overlooked whilst other reviews are underway, with the unintended result that the value erodes over time. We suggest that the intention for regular review be mandated, with an objective that each review must at least adjust the value to reflect changes in underlying cost structure from the previous review.

We thank the AEMC for its management of an open consultation and thoroughly prepared draft determination in this matter.

Yours Sincerely,

Ben Skinner
Snr Regulatory Mgr.
Wholesale Markets
TRUenergy

Alex Cruickshank
Mgr Wholesale Markets
Regulation
AGL

Russel Skelton
Mgr Marketing & Trading
Macquarie Generat

