



Government of South Australia

Department for Transport,
Energy and Infrastructure

*In reply please quote
Enquiries to Vince Duffy
Telephone 8204 1724*

ENERGY DIVISION
Level 8
11 Waymouth Street
Adelaide SA 5000

P O Box 1
Walkerville SA 5081

Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235

Telephone: 08 8226 5500
Facsimile: 08 8204 1730

ABN 92 366 288 135

Dear Mr Pierce

Thank you for the opportunity to comment on the Australian Energy Market Commission's (AEMC) National Electricity Amendment (Reliability Settings from 1 July 2012) Rule 2010 Consultation Paper (Consultation Paper).

The Energy Division supports the Rule Change request of indexing the market price cap (MPC) and the cumulative price threshold (CPT) on the basis of the change to the Intermediate (Stage 2) Producer Price Index (PPI). It is recognised that this will have a number of important benefits, primarily in ensuring that the real value of the Reliability Settings are maintained over time, reducing the risk of generation under-investment in the National Electricity Market.

The Energy Division supports the removal of current Biennial Review and does not support moving to an annual review. The more simplified process covering the calculation and publication of the indexed values by way of a prescriptive methodology set out in the proposed Rule, and published prior to 1 July of the year in which they are to be implemented, reinforces that there is no need for annual or biennial reviews. There is sufficient provision in the proposed Rule Change for the AEMC to request the Reliability Panel to undertake a more detailed review at any time if required.

Should you wish to discuss this submission please contact me on (08) 8204 1724.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Vince Duffy', written over a printed name and title.

Vince Duffy
Executive Director, Energy Division

13 December 2010