



## NEMMCO out: NEMO in, and new committee to rule reform

In yet more delays to electricity reform; reforms were extended – again – to 2008.

On 13 April the Coalition of Australian Governments (COAG) again wimped-out on transmission reforms; but went to the heart of matter with a plan to close NEMMCO - to get rid of a NEMMCO board studded with the representatives of the SA, NSW and Qld State-owned corporations, Powerlink, TransGrid (which 50pc of the SA grid).

**Most of ERIG proposals accepted:** Such was the roadblock that on 10 February 2006, the Council of Australian Governments (COAG) established the Energy Reform Implementation Group (ERIG). It had 90 submissions, and reported in January, and its report was last week set in the public domain, and ERIG disbanded.

**The new plan:** COAG would replace NEMMCO with a new, gas and electricity market operator “NEMO”. The idea was to move States-mates from the NEMMCO board, and perhaps – at last – remove policy blockades.

- at the same time – an virtual electricity futures and clearance market monopoly was offered to the ASX;
- the Ministerial Council on Energy (MCE) was to provide annual progress reports to COAG on energy market reforms; and
- the COAG Reform Council to report annually on energy market reform.

Those were some of the decisions by the Coalition of Australian Governments (COAG) released April 13, 2007.

**COAG Energy Reform timetable:** The MCE was to provide annual progress reports to COAG on energy market reforms; and the COAG Reform Council annual report to include energy market reform, by Dec 2007.

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# Top price for NEM week 435: Blowering at \$92.75

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TAS			
Generator	Income (\$)	Output (MWh)	Av Price (/MWh)
Liap/Way/Cat	\$737,830	11,186	\$65.96
Bell Bay Power	\$155,285	2,360	\$65.80
John Butters	\$704,571	10,508	\$67.05
Tungatinah	\$446,613	6,586	\$67.81
Poatina	\$998,103	14,151	\$70.53
Tarraleah	\$536,904	8,389	\$64.00
Reece	\$402,346	5,537	\$72.67
Cethana	\$41,975	603	\$69.59
Tribute	\$57,881	721	\$80.28
Lemonthyme/Wilmot	\$82,603	1,117	\$73.93
Trevallyn	\$140,825	2,062	\$68.31
Mackintosh	\$192,044	2,699	\$71.14
Bastyan	\$181,469	2,588	\$70.11
Woolnorth Wind	-	-	-
Gordon	\$3,593,606	56,156	\$63.99
Vic->Tas	\$3,075,512	51,072	\$60.22
Devils Gate	-	-	-
Fisher	\$1,260	17	\$73.36
Meadowbank	104578.3506	1622.125	\$64.47
Lake Echo	270366.8884	4229.3	\$63.93
Repulse	-	-	-
Paloona	-	-	-
Cluny	-	-	-

**Plan to close NEMMCO:** The MCE was to develop a detailed implementation plan establish a National Energy Market Operator by Dec 2007 and to form the new National Energy Market Operator by Dec 2009.

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**Transmission Planning and Regulation:** The AEMC would develop the post-NEMMCO world, and as the rule-maker – the Australian Energy Market Commission (AEMC) would advise Ministers including proposed Laws and Rules by June 2008. The AEMC was also to report on national framework for network reliability standards by December 2008, and

SA			
Generator	Income (\$)	Output (MWh)	Av Price (/MWh)
North'n Power	\$5,240,950	89,095	\$58.82
Ladbroke	\$325,342	4,151	\$78.38
Osborne	\$1,662,525	27,385	\$60.71
Pelican Pt	-	-	-
Torrens Is. B	\$4,955,864	77,038	\$64.33
Vic->SA	\$1,458,307	23,109	\$63.11
MLink->SA	\$37,237	555	\$67.05
Torrens Is. A	\$115,976	1,485	\$78.11
Mintaro	\$339,322	4,496	\$75.47
Dry Creek	\$39,326	448	\$87.76
Playford	\$1,057,361	17,903	\$59.06
Snuggery	-	-	-
Pt Lincoln	-	-	-
Quarantine	\$13,515	166	\$81.20
Angaston Power	-	-	-
Hallett Power	\$751,511	9,849	-
Lonsdale	-	-	-
Terminal Storage	-	-	-
Lake Bonney Wind	-	-	-

VIC			
Generator	Income (\$)	Output (MWh)	Av Price (/MWh)
Loy Yang A	\$18,196,044	333,525	\$54.56
Loy Yang B	\$7,841,964	138,652	\$56.56
Hazelwood	\$14,592,411	264,584	\$55.15
Yallourn	\$9,760,126	178,389	\$54.71
Anglesea	\$1,268,823	23,497	\$54.00
Energy Brix	\$1,106,409	20,330	\$54.42
Newport	\$4,162,185	69,473	\$59.91
MLink->Vic	\$100,499	1,892	\$53.12
SA->Vic	\$55,762	938	\$59.47
Snowy->Vic	\$242,869	2,664	\$91.16
Tas->Vic	\$56,590	663	\$85.31
Jeeralang	\$126,572	1,611	\$78.58
West Kiewa	\$63,835	914	\$69.82
Bairnsdale	\$664,309	10,618	\$62.56
Dartmouth	-	-	-
Eildon	\$92,012	1,325	\$69.45
Hume Vic	-	-	-
McKay Power	\$37,012	535	\$69.16
Clover	-	-	-
Valley Power	\$140,904	1,801	\$78.22
Rubicon	-	-	-
Laverton North	1432468.061	21915.805	-
Somerton Power	376434.0895	5054.095	-
Sunshine Energy	-	-	-
Longford	-	-	-

NSW			
Generator	Income (\$)	Output (MWh)	Av Price (/MWh)
Bayswater	\$13,057,404	206,494	\$63.23
Liddell	\$15,639,204	251,706	\$62.13
Mt Piper	\$6,873,377	111,442	\$61.68
Wallerawang	\$7,535,463	122,977	\$61.28
Vales Point	\$5,910,679	96,331	\$61.36
Munmorah	\$1,736,248	31,540	\$55.05
Eraring	\$18,504,331	294,809	\$62.77
Redbank	\$1,215	33	\$37.38
Smithfield	\$1,228,112	18,868	\$65.09
Snowy->NSW	\$8,546,146	122,151	\$69.96
Shoalhaven	\$327,666	7,287	\$44.97
Hunter Valley	-	-	-
Hume Hydro	-	-	-
Blowering	\$5	0	\$92.75
Northern Gas	-	-	-
Burrinjuck	-	-	-
Brown Mountain	-	-	-
Keepit	-	-	-
Broken Hill	-	-	-
Ergon Energy	-	-	-
DL Q->N	\$767,792	12,247	\$62.69
QLD->NSW	\$5,103,336	82,158	\$62.12
Pindari Hydro	-	-	-
West Nowra	-	-	-
Country En (NSW)	-	-	-

QLD			
Generator	Income (\$)	Output (MWh)	Av Price (/MWh)
Tarong	\$6,685,309	118,747	\$56.30
Millmerran	\$8,280,386	142,680	\$58.03
Swanbank	\$1,598,236	27,561	\$57.99
Stanwell	\$11,914,493	201,050	\$59.26
Callide B	\$5,374,890	88,845	\$60.50
Callide Power	\$8,360,022	141,386	\$59.13
Townsville	\$1,765,221	27,026	\$65.32
Gladstone	\$10,149,859	164,704	\$61.62
Collinsville	\$832,198	14,748	\$56.43
Swanbank C. D. E	\$2,903,013	47,909	\$60.59
Barcaldine	\$187,159	2,445	\$76.54
Callide A	-	-	-
Kareeya	\$855,655	14,783	\$57.88
Barron Gorge	\$203,157	3,184	\$63.81
Mt Stuart	-	-	-
Wivenhoe	\$264,473	5,188	\$50.98
Braemar Power	\$2,443,459	34,298	\$71.24
Mackay	-	-	-
Roma	-	-	-
Oakey	\$910	11	\$80.91
DL N->Q	-	-	-
NSW->QLD	\$374	10	\$38.76
Rocky Point	-	-	-
Tableland	-	-	-
Stapylton	-	-	-

establish a National Transmission Planner and revised transmission regulation within NEMC by June 2009.

**Exceptions to rules removed:** The MCE was to review all remaining derogations, (exceptions to rules) and the MCE to report to COAG on the remaining derogations by June 2008; and then reports to the MCE by Dec 2008. Retail Price Regulation The MCE was to review energy subsidies (Consumer Service Obligations) by June 2008.

**Financial Markets monopoly:** In a surprise anti-competitive move, the Coalition of Australian Governments (COAG) asked the AEMC, NEMMCO, and the listed company – the Australian Stock Exchange (ASX) (which owns the sole electricity futures market, the Sydney Futures Exchange, “to develop options to integrate markets” by December 2007. The AEMC, AER and NEMMCO were to “address network support contracts, wholesale trading and settlement residue auctions by June 2008”.

**Far North still refuses to join the fold:** Western Australia and Northern Territory were “to monitor the outcome of local and national energy market developments on an ongoing basis and consider the adoption of national institutions”.

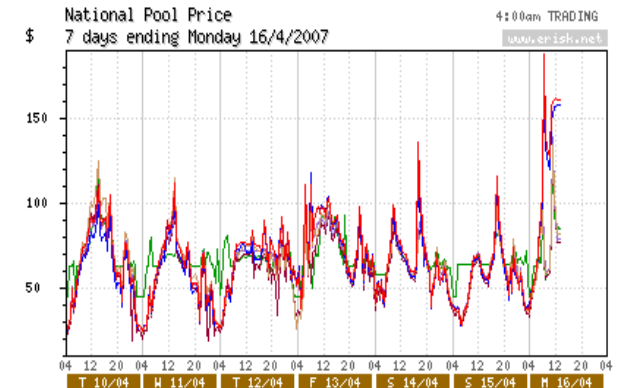
## the week in detail

• **NSW:** Average price \$61.32/MWh, down 15 per cent on the spike-affected \$72.20/MWh the previous week, up 215 per cent on the \$19.46/MWh of the comparable week last year; maximum price \$136.43/MWh for the 30-minute trading interval ended 1800EST Saturday. Average demand 7999MW down 1.9 per cent on the previous week, down 2.2 per cent on a year ago; maximum demand 9747MW in the 1830EST Thursday interval, down 2.3 per cent on the 9977MW the previous week.

• **Victoria:** Average price \$55.63/MWh, down 14 per cent on the spike-affected \$65.04/MWh the previous week, up 123 per cent on the spike-affected \$24.91/MWh of the comparable week last year; maximum price \$111.14/MWh for the 30-minute trading interval ended 1430EST Tuesday. Average demand 5427MW, down 7MW on the previous week, down 0.9 per cent on a year ago; maximum demand 6539MW in the 1900EST Thursday interval, down 0.5 per cent on the 6571MW the previous week.

• **South Australia:** Average price \$59.60/MWh, down 9 per cent on the spike-affected \$65.44/MWh the previous week, up 97 per cent on the spike-affected \$30.33/MWh the comparable week last year, maximum price \$125.13/MWh for the trading interval ended 1430EST Tuesday. Average demand 1504MW, up 6.0 per cent on the previous week, up 15.2 per cent on a year ago; maximum demand 2163MW in the 1500EST Wednesday interval, up 18.1 per cent on the 1832MW the previous week.

• **Queensland:** Average price \$58.48/MWh, down 15 per cent on the spike-affected \$68.51/MWh the previous week, up 257 per cent on the \$16.40/MWh of the comparable week last year; maximum price \$129.44/MWh for the trading interval ended 1800EST Saturday. Average demand 5564MW down 2.5 per



	Ave.	High	Low	Peak	Offpk
NSW disp Pool Price (\$)	68.54	188.12	22.77	82.37	57.96
QLD disp Pool Price (\$)	66.20	178.72	22.65	78.88	56.50
SA disp Pool Price (\$)	64.69	135.39	21.99	76.46	55.68
Snowy disp Pool Price (\$)	64.58	139.74	22.54	73.34	57.89
VIC disp Pool Price (\$)	60.30	135.32	19.46	70.20	52.74
TAS disp Pool Price (\$)	68.26	127.79	45.13	72.23	65.23

cent on the previous week, down 1.0 per cent on a year ago; maximum demand 6821MW in the 1800EST Thursday interval, down 1.2 per cent on the 6904MW the previous week.

• **Tasmania:** Average price \$64.40/MWh, down 5 per cent on the spike-affected \$67.99/MWh the previous week, up 51 per cent on the spike-affected \$42.54/MWh of the comparable week last year; maximum price \$118.00/MWh for the trading interval ended 1430EST Tuesday. Average demand 1076MW, down 5.2 per cent on the previous week, down 1.1 per cent on a year ago; maximum demand 1322MW in the 1900EST Wednesday interval, down 8.1 per cent on the 1439MW the previous week.

## Strange days: COAG Ministers appear to offer electricity exchange monopoly to ASX

The ASX share price rose, in a trading volume spike, to \$48.45 as the Coalition of Australian Governments (COAG) on April 13, 2007 appeared to offer an electricity futures monopoly to the ASX. The ASX made no note of it to the Stock Exchange. The ASX is the listed entity which owns and operates the stock exchange. The ASX recently gained approval of the mergers regulator, to take over the Sydney Future Exchange, (SFE) the sole provider of electricity futures. The CEO of market operator, NEMMCO, Les Hosking, was previously a CEO of the SFE. On April 13 2007, COAG ordered its newly-created created COAG Reform Council to report annually on energy market reform, and the Energy Financial Markets. "While financial markets are generally operating well, COAG agreed to implement a number of measures recommended by ERIG to remove impediments and enhance their efficiency. COAG has agreed that the MCE should task the AEMC and NEMMCO, in consultation with the ASX and electricity market stakeholders, to:

- develop options for the integration of spot and forward contract markets, in order to minimise costs, including prudential costs: and

- combine the current rule change proposal submitted to the AEMC by NEMMCO to improve the settlement reallocations process, as well the submission made by the Sydney Futures Exchange (SFE/ ASX); and others, regarding integration of SFE contracts and the NEMMCO settlement process.

**Changes to transmission outage rules:** COAG asked the MCE to arrange for the AEMC, AER and NEMMCO as part of the development of their approach within this integrated work program, to:

- take measures to identify and develop responses to any barriers to contract arrangements that network service providers may enter into with generators (including embedded generators) and demand side service providers to support network capacity;
- consider measures to improve wholesale trading arrangements, including any simplification that may be possible; and
- consider measures to improve the effectiveness of settlement residue auctions as a risk management instrument.

## COAG agrees to close NEMMCO, and include gas in new National Energy Market Operator (NEMO)

ERIG found that Australia's energy market was respected internationally as one of the most competitive and efficient in the world. However, COAG accepted ERIG's view that there was scope for further reform to maintain productivity improvements and better equip Australia for its future energy needs, according to a COAG National Reform Agenda document.

**COAG backs reform:** In response to the report, COAG has agreed to a broad ranging reform agenda that will improve competition, governance, infrastructure planning and the financial markets within the energy sector to provide a stronger industrial base for Australia's future prosperity.

**Governance:** COAG affirmed its confidence in the new energy market governance arrangements created in 2004-05 and noted that the Ministerial Council on Energy (MCE) as policy-maker and legislator, the Australian Energy Market Commission (AEMC) as rule-maker and market developer, and the Australian Energy Regulator (AER) as economic regulator, are all performing well. COAG noted that, consistent with ERIG's recommendations, the MCE has recently completed an efficiency review of the AEMC

and committed a significant increase in funding and is currently progressing amendments to AEMC rule-making legislation to assist the AEMC to better manage its workload.

**ERIG recommendations approved:** COAG also notes that the MCE is utilising independent expert groups to assist in the energy market reform program where appropriate. In addition, COAG has endorsed a number of ERIG's recommendations to further improve energy market governance through the following commitments:

- establishing a National Energy Market Operator (NEMO);
- ensuring the governance arrangements for the NEMO involve market participants in board appointment processes, in a manner that preserves the board's independence from any particular market participant;
- introducing a national transmission planning function; and strengthening its commitment to energy market reforms through a requirement for the MCE to report annually on progress in implementing energy reforms to the COAG Reform Council to ensure agreed timelines are met.

**Review after five years:** COAG considers that these new governance arrangements will provide a solid foundation for the long term development of Australia's energy market. The performance of the new energy market

governance arrangements will be examined five years after their commencement. COAG noted ERIG's advice on the significant potential benefits arising from privatisation and/or disaggregation of energy assets remaining in government ownership.

**State governments to decide on privatisation:** COAG agreed that any decision on privatisation or disaggregation initiatives is a matter for individual governments.

**National Energy Market Operator:** COAG has agreed to establish a single industry funded NEMO, for both electricity and gas, to strengthen the national character of energy market governance. COAG has tasked the MCE with developing, in consultation with stakeholders, a detailed implementation plan by the end of 2007 for establishing the NEMO with NEMO's functions:

- responsibility for the day to day operation and administration of the power system and electricity wholesale spot market in the National Electricity Market (NEM) (as currently performed by the National Electricity Market Management Company (NEMMCO), and the planned Gas Market Operator (GMO), as well as the new national transmission planning function; and
- COAG agreed with ERIG that the NEMO should include stronger stakeholder participation and responsiveness, and has asked the MCE to develop:

- independent skills-based NEMO Board with a balanced mix of industry and generalist expertise, appointed under statutory conditions by the MCE; and
- a Market Operations Panel (or panels) for electricity and gas, to advise the NEMO Board.

**Gas plans:** COAG noted the MCE's progress in considering the establishment of a national Gas Market Operator (GMO). The GMO, if established, would be expected to subsume the gas market functions of VENCORP, the Gas Market Company (GMC) and Retail Energy Market Company (REMC), and have responsibility for the operation of a bulletin board and short term trading market for gas. COAG agrees with ERIG that the development of the NEMO should not delay implementation of these significant gas market development initiatives.

## COAG agrees to smart meters by 2008: commissions review of terms, types and territories

**B**ased on the recommendations of the MCE, a major cost-benefit assessment is being undertaken to determine optimal smart meter functionalities, the scale of smart meter deployment and a cost-effective installation schedule which takes account of different market circumstances in each state and territory and the circumstances of different

groups of consumers, according to a COAG Reform Agenda document.

**COAG backs staged smart meters roll out:** COAG endorsed a staged approach for the national mandated roll out of electricity smart meters to areas where benefits outweigh costs, as indicated by the results of the cost-benefit analysis which will be completed by the end of 2007:

- September 2007, MCE will agree to a national minimum functionality for smart meters, including open communication protocols to support competition. Replacement criteria for existing meters will also be agreed to minimise costs of unnecessary replacements.
- end 2007, MCE will finalise the cost-benefit analysis.
- March 2008, MCE will also agree to any specific areas where replacement and roll out may be exempt or delayed, on the basis of local factors which are demonstrated to reduce net benefits for consumers, as informed by the results of the cost-benefit analysis.
- March 2008, MCE will agree necessary changes in the National Electricity Rules to require new and replacement meters to comply with this minimum functionality and enable the national roll out to commence.
- during 2008, MCE will implement the necessary rule changes to mandate the

roll out of smart meters, consistent with the outcomes of the cost benefit analysis.

- by end 2008, replacement of existing meters with smart meters will have commenced.

**What can smart meters do?** While a smart meters functionality is yet to be determined, COAG noted the MCE's view that smart meters could allow for: two way communications interface; remote reading; remote load control; import and export metering; remote connect/disconnect; outage detection; meter tamper detection; remote time synchronisation; and quality of supply measurement and recording.

**National implementation plan:** MCE will finalise the details of the national framework and implementation plan to optimise the net benefits identified. This plan will include:

- implementation roles and responsibilities;
- facilitation of new time-related tariffs to pass benefits on to consumers; and
- the required changes to the National Electricity Rules and jurisdictional arrangements, including any transitional arrangements.

**Smart meter stakeholder working group:** To support the development of this implementation plan, MCE has formed a smart meter stakeholder working group (SMSWG) with balanced representation from consumers, the electricity industry, regulators and market bodies. This group will advise on stakeholder

priorities, technical aspects of the plan and the assessment of costs and benefits. The MCE will consult with consumers and industry to develop the technical details behind the national minimum functionality.

## National Transmission Planner, located in NEMO, required to develop strategic National Transmission Network Development Plan

**C**OAG set a new planning process for the national electricity transmission network. The National Transmission Planner, located in the NEMO, would develop a strategic National Transmission Network Development Plan (NTNDP) outlining the broad development of the power system. This would replace the:

- Inter Regional Planning Committee; and
- Annual National Transmission Statement.

**No more derogations:** The MCE would review all remaining derogations to ensure that, to the extent practicable and appropriate, derogations from the national framework, and other state-specific differences, are removed or harmonised. This process will not vary the allocation of Commonwealth, State and Territory responsibilities as set out in the AEMA.

## Marubeni Corp said it would have paid more for Bell Bay Power Station but Alinta got it at “fire-sale price”

On 16 April 2007, Ron Hussey, a director of Worlonga Energy, said he had contacted Hydro on behalf of Marubeni Corporation, a Japanese energy company with interests in Australia. He “expressed an interest” for the station, but was told Hydro was already “a fair way down the track” with Alinta. He persisted with phone calls and a formal letter, but these were not returned. Hussey questioned the deal at 16 April 2007 and said the price would not give good value to Tasmanian taxpayers. “We would have paid a lot more,” he said. “They got a very good deal.” He said he doubted Alinta would have continued with its planned 200MW power station if another company had bought the Bell Bay station. His company estimated the three gas turbines included in the deal were still worth the \$27 million Hydro paid for them second-hand in 2005. Hydro Tasmania has been accused of agreeing to sell the Bell Bay Power Station for a bargain price and fobbing off interested buyers, according to *The Mercury* (17/4/2007, p.14).

**\$30m Hydro-Alinta deal:** In late March, Hydro agreed to sell the station and three gas turbines to energy giant Alinta for \$30 million. As part of the agreement, Alinta has also agreed to terminate a gas contract that was

due to expire in 2019 a decade early, saving Hydro about \$45 million. At the announcement, Alinta welcomed the sale as an “outstanding outcome” and Energy Minister David Llewellyn said the deal was a “good financial outcome” for Hydro. At the time, Llewellyn argued the plant was “very old” and would arguably have been made redundant as Alinta planned to build a new plant at George Town.

**Tasmania Opposition criticism of sale:** But the State Opposition said Alinta had got a “fire-sale price” and the Tasmanian Greens said the station may “have effectively been given away for free”.

**Decontamination costs:** Hussey also said Hydro faced huge decontamination costs because it had agreed to hand over a “clean” site to Alinta in 2009. But Hydro spokeswoman Helen Brain said Hydro was not obliged to pay decontamination costs. She confirmed Hussey’s phone calls but said Hydro had not heard of Wodonga Energy, which was a “\$2 company”. “Hydro Tasmania was of the opinion that it was inappropriate to engage in discussions with Wodonga Energy as negotiations with Alinta were almost concluded,” she said.

## Major power users face a 60 per cent or more increase in prices

Many major users, typically those contracted for more than \$5 million a year, began annual negotiations with retailers this month.

- flat load contract prices were up to 60 per cent higher than for the same time last year; while
- peak load prices were up to 65 per cent higher; and
- offpeak about 40 per cent.

### In Victoria:

- peak load prices had increased by about 63 per cent;
- flat load prices were up more than 51 per cent; and
- off-peak up about 40 per cent, compared with the same time last year.

### In NSW:

- increases were 36 per cent;
- 41 per cent; and
- about 30 per cent respectively.

## 10pc off regulated tariffs to urban small NSW electricity users

Discounts of up to 10 per cent of the regulated tariffs were now available to small NSW electricity customers in the metropolitan market, compared to 2-5 per cent in a 2004 review, the Independent Pricing and Regulatory Tribunal (IPART) said in a draft decision.

**Smaller in non-metropolitan market:** In the draft decision – “Promoting retail competition and investment in the NSW electricity industry. Regulated electricity retail tariffs and charges for small customers 2007 to 2010” – IPART said that generally the discounts offered in the non-metropolitan market were smaller. Increasing innovation: IPART said that although stakeholders had offered contrasting views on the extent of product diversification in the NSW market, it considered there was increasing innovation in the price/service packages being offered to customers.

**Regulated price the main benchmark:** The regulated price still often formed the benchmark in negotiated offers, with discounts offered as a percentage reduction on this price. However, there were an increasing number of price/service options being offered to customers. Options being offered: These options included:

- time-of-use tariffs targeted to specific customer groups;
- alternative methods of bill payment (including payment plans and discounts for direct debit);
- opportunity for bundling of services, such as electricity, gas and telecommunications services;
- opportunity for varying levels and sources of green energy supply;
- differing levels of termination fees (including no termination fees); and

- differing contract lengths (including no fixed contract).

**Range of other rewards:** IPART said retailers were also offering a range of other rewards/savings to customers such as petrol discounts, shopping vouchers, frequent flyer points, magazine subscriptions and free electricity for one month.

**Reference:** Draft report by Independent Pricing and Regulatory Tribunal (IPART) on ‘Promoting retail competition and investment in the NSW electricity industry. Regulated electricity retail tariffs and charges for small customers 2007 to 2010’. 4 April. IPART address: Level 2, 44 Market Street, Sydney. NSW. 2000. PO Box Q290, QVB Post Office, NSW. 1230. Phone: (02) 9290 8400. Fax: (02) 9290 2061. <http://www.ipart.nsw.gov.au>

## Most small electricity customers in non-metro NSW market stick to regulated tariffs indicating barriers for new entrants, says IPART

**T**he fact that the majority of small electricity customers in the NSW non-metropolitan market remained on regulated tariffs indicated there were barriers to entry for new retailers, the Independent Pricing and Regulatory Tribunal (IPART) said in a draft decision.

**Little reduction in concentration:** In the draft decision – “Promoting retail competition and

investment in the NSW electricity industry. Regulated electricity retail tariffs and charges for small customers 2007 to 2010” – IPART said there had been little reduction in concentration since the introduction of full retail contestability (FRC).

**Nearly half of tariffs below cost-reflective targets:** Around 47 per cent of Country Energy’s regulated tariffs were more than 5 per cent below the cost reflective targets for 2006/07 set by IPART in 2004.

**Obsolete tariffs:** Most significantly under-recovering tariffs were obsolete tariffs, in that customers could not move on to them. Around 24 per cent of Country Energy’s tariffs were more than 20 per cent below the target for 2006/07. More than 100 network tariffs in area: IPART said there were more than 100 network tariffs in Country Energy’s area, including obsolete network tariffs, creating more than 300 regulated retail tariffs.

**Problem for second-tier retailer:** To attract customers to move off the regulated tariff, a second-tier retailer would need to identify the relevant network tariff to apply to the customers and the relevant regulated retail tariff (being a measure of the price to beat).

**Numerous tariffs make it harder to compete:** IPART said it noted AGL’s comments that new entrants found it difficult to compete in areas where there were numerous regulated tariffs. Remoteness and low population density also problems: The remoteness of some customers and the

relatively low population density in some parts of Country Energy's supply area were also likely to limit the extent of competition.

**Reference:** Draft report by Independent Pricing and Regulatory Tribunal (IPART) on 'Promoting retail competition and investment in the NSW electricity industry. Regulated electricity retail tariffs and charges for small customers 2007 to 2010'. 4 April. IPART address: Level 2, 44 Market Street, Sydney. NSW. 2000. PO Box Q290, QVB Post Office, NSW. 1230. Phone: (02) 9290 8400. Fax: (02) 9290 2061. <http://www.ipart.nsw.gov.au>

## NSW small users departure from regulated tariff indicates absence of material barriers to entry into market, says IPART

The fact that a considerable number of small electricity customers in NSW had moved off the regulated tariff implied there were no material barriers to entry for the metropolitan market, the Independent Pricing and Regulatory Tribunal (IPART) said in a draft decision.

**Potential barriers examined:** In the draft decision – "Promoting retail competition and investment in the NSW electricity industry. Regulated electricity retail tariffs and charges for small customers 2007 to 2010" – IPART said it had considered if any of the following barriers to entry limited the potential for competition in the NSW retail electricity markets:

- sunk costs;
- legal or regulatory barriers;
- advantages for incumbent firms;
- under-recovering tariffs; and
- customer inertia.

**Sunk costs or legal/regulatory differences ruled out:** IPART said it considered sunk costs or legal/regulatory differences were unlikely to act as barriers to entry to the retail market.

**Some advantages of incumbency:** However, there were advantages for the incumbent firms such as having access to information on consumption levels and load profiles of customers not initially available to new entrants. Incumbents could also benefit from customer inertia or possible customer loyalty.

**Access to ETEF can be an advantage:** IPART noted that the standard retailers' access to the Electricity Tariff Equalisation Fund (ETEF), to the extent that the ETEF price was below market-based prices, could also provide a barrier to entry by other retailers.

**Significant numbers for new entrants:** However, it considered that the fact that new entrants had acquired a significant number of small customers in the metropolitan market, and that a considerable number of customers had moved off the regulated tariff implied there were no material barriers to entry for the metropolitan market.

**Reference:** Draft report by Independent Pricing and Regulatory Tribunal (IPART) on "Promoting retail

competition and investment in the NSW electricity industry. Regulated electricity retail tariffs and charges for small customers 2007 to 2010". 4 April. IPART address: Level 2, 44 Market Street, Sydney. NSW. 2000. PO Box Q290, QVB Post Office, NSW. 1230. Phone: (02) 9290 8400. Fax: (02) 9290 2061. <http://www.ipart.nsw.gov.au>

## SA transfer of small electricity customers exceeds 50,000 in March quarter, up 2406 (5.1pc) on December quarter

Transfers of small South Australian electricity customers to market contracts rose by 2406 (5.1 per cent) to exceed 50,000 in the March quarter, according to the latest National Electricity Market Management Company (NEMMCO) figures.

**Different methods:** NEMMCO took over the compilation of electricity transfers from the Essential Services Commission of South Australia (ESOSA) from September 2006, using national meter identifier (NMI) figures while the ESCOSA figures used number of completed small customer transfers to a market contract for electricity either with AGL SA or an alternative retailer for each month. 50,015 transfers in quarter. The 50,015 transfers in the March quarter, compares to 47,609 in the December quarter.

**Big jump in large electricity customer transfers:** Unlike the ESCOSA figures, the NEMMCO figures provide information on

transfers of large electricity customers, which increased by 230 in the quarter, up 136 (144.7 per cent) on the 94 in the December quarter, to a total of 3156.

**Combined total now 487,593:** The combined total of transfers at the end of the quarter was 487,593 compared to 470,861 at the end of December.

**How customers are classified:** NEMMCO said the transfers represented the total for both small and large national meter identifier (NMI) figures. A small NMI was classified as having less than 160MWh of consumption a year while a large NMI was a customer having more than 160MWh consumption a year-

**Breakdown of transfers in quarter:** The following table shows transfers of small and large electricity customers in the March 2007 quarter compared with the December quarter:

Category	March 2007 quarter	December 2006 quarter
Small customers	50,015	47,609
Large customers	230	94
Combined customers	50,245	47,793

Reference: National Electricity Market Management Company (NEMMCO) MSATS (market settlement and transfer solutions) retail transfer statistical data for customers in South Australia for December 2006. 8 January 2007. Address: Level 16, 461 Bourke Street, Melbourne, Vic. 3000. Phone: (03) 9648 8777. Fax: (03) 9648 8778. <http://www.nemmco.com.au>

## Transfers of small SA electricity customers up 421 (2.6pc) in March

**T**ransfers of small South Australia electricity customers to market contracts rose by 421 (2.6 per cent) in March to 16,696 on February's 16,275, according to the latest National Electricity Market Management Company (NEMMCO) figures.

**Replacement for ESCOSA figures:** This was the second highest monthly total since the NEMMCO figures, which use national meter identified (NMI) totals, replaced the figures previously put out by the Essential Services Commission (ESCOSA) until September 2006.

**January total highest since NEMMCO took over:** The highest monthly total was 17,044 in January 2007

**484,437 small customer transfers:** The 16,696 transfers took the total of small electricity customers transferred to 484,437.

**Little change in total of large customers:** The 36 transfers of large electricity customers in March was up 1 on the 35 transfers in February. At the end of March the total of large electricity customers transferred was 3156.

**Combined total now 487,593:** The combined total of small and large electricity customers at the end of March 2007 was 487,593, compared to 470,861 at the end of February.

**Half million total possible in April:** Transfers will exceed the half million total in April if that month reaches 15,564, which is 268 more than the lowest month (October 2006) of NEMMCO figures.

**Same definition of small customer:** While both NEMMCO and ESCOSA defined a small electricity customer as using less than 160MWh a year, the ESCOSA figures referred to the number of completed small customer transfers to a market contract for electricity either with AGL SA or an alternative retailer for each month.

**NEMMCO figures include large electricity customers:** Another difference in the two sets of figures is that NEMMCO estimates transfers of large electricity customers on a monthly basis while ESCOSA did not provide these figures.

**How customers are classified:** NEMMCO said the transfers represented the total for both small and large national meter identifier (NMI) figures. A small NMI was classified as having less than 160MWh of consumption a year while a large NMI was a customer having more than 160MWh consumption a year.

**Breakdown of transfers:** The following table shows the latest figures supplied for small and large electricity customer transfers by NEMMCO for South Australia

Month	Small customer transfers	Progressive	Large customer transfers	Progressive	Total all customers
September 2006	-	386,813	-	-	389,645
October 2006	15,396	402,209	24	2856	405,065
November 2006	16,458	418,667	36	2892	421,559
December 2006	15,755	434,422	34	2926	437,348
January 2007	17,044	451,466	159	3085	454,551
February 2007	16,275	467,741	35	3120	470,861
March 2007	16,696	484,437	36	3156	487,593

Reference: National Electricity Market Management Company (NEMMCO) MSATS (market settlement and transfer solutions) retail transfer statistical data for customers in South Australia for March 2007. 11 April 2007. Address: Level 16, 461 Bourke Street, Melbourne. Vic. 3000. Phone: (03) 9648 8777. Fax: (03) 9648 8778. <http://www.nemmco.com.au>

**7249 rise in transfers of small NSW electricity customers to 96,686 in March 2007 December quarter, up 8.1pc on 89,437 December 2006 quarter**

**T**ransfers of small NSW electricity customers in the March 2007 quarter jumped 7249 (8.1 per cent) to 96,686,

compared to 89,437 in the December 2006 quarter, according to the latest National Electricity Market Management Company (NEMMCO) transfer statistical data.

**Up 24,089 on March 2006 quarter:** The 2007 March quarter was up 24,089 (33.2 per cent) on the 72,597 in the March 2006 quarter.

**Big jump in transfers of large customers:** Transfers of large customers in the March 2007 quarter jumped sharply, with the 818 total being up 332 (68.3 per cent) on the 486 in the December 2006 quarter. A rise of 671 in January was the main reason for the quarterly rise.

**42 fewer large customer transfers than March 2006 quarter:** The March 2006 large customer transfers were down 42 (4.9 per cent) on the 860 total in the March 2006 quarter.

**Total transfers now 970,941:** Total transfers of small and large electricity customers in the March 2007 quarter were 97,504 for an overall 970,941, compared to a rise of 89,923 to 873,437 in the December 2006 quarter and 73,457 to 612,427 in the March 2006 quarter.

**Comparison of relevant quarters:** The following table shows the transfers of small and large electricity customers in the March 2007 quarter, the December 2006 quarter and the March 2006 quarter:

Quarter	Small Customers	Large customers
March 2007	96,686	818
December 2006	89,437	486
March 2006	72,597	860

**How customers are classified:** NEMMCO said the transfers represented the total for both small and large national meter identifier (NMI) figures. A small NMI was classified as having less than 160MWh of consumption a year while a large NMI was a customer having more than 160MWh consumption a year.

Reference: National Electricity Market Management Company (NEMMCO) MSATS (market settlement and transfer solutions) retail transfer statistical data for customers in NSW for December 2006 quarter. 6 January 2007. Address: Level 16, 461 Bourke Street, Melbourne. Vic. 3000. Phone: (03) 9648 8777. Fax: (03) 9648 8778. <http://www.nemmco.com.au>

**Transfers of small NSW electricity customers continue rising with 34,550 in March, up 1264 (3.8pc) on February**

**T**ransfers of small electricity customers continued to rise in March 2007, going up 1264 (3.8 per cent) to 34,550 after a 4436 increase jump in February NEMMCO figures show.

**Highest month in 2006 was May's 32,564:**

The March total was higher than any month in 2006 when the biggest month was 32,654 transfers in May.

**Up 7519 on March 2006:** The 2007 March transfers were up 7519 (27.8 per cent) on the 27,031 transfers in March 2006. Small customer transfers nearing million mark: Total small customer transfers at the end of March was 947,963, compared to 913,413 at the end of February and 592,168 at the end of March 2006.

**Transfers of large customers continue to fall:** Transfers of large electricity customers fell 13 (16.3 per cent) to 67 in March, while February's total of 80 was down 591 (88.1 per cent) on January's 671. However, the March 2006 total was up 4 (6.3 per cent) on the 63 in March 2006.

**Total for large customers now 22,978:** The transfers in March 2007 took the total of large customer transfers to 22,978.

**Combined transfers now 970,941:** The combined total of small and large customer transfers at the end of March was 970, 941, compared to 936,324 at the end of February and 612,429 at the end of March 2006.

**How customers are classified:** NEMMCO said the transfers represented the total for both small and large national meter identifier (NMI) figures. A small NMI was classified as having less than 160MWh of consumption a year while a large NMI was a customer having more than 160MWh consumption a year.

**Breakdown of transfers:** The following table shows transfers of large and small customers for January, February and March 2007 and all 12 months in 2006 for comparison purposes.

Time	Small Customers	Progressive	Large customers	Progressive	Total all customers
31 December 2005	20,352	519,571	136	19,399	538,970
31 January 2006	21,882	541,453	711	20,110	561,563
28 February 2006	23,684	565,137	86	20,196	585,333
31 March 2006	27,031	592,168	63	20,259	612,427
30 April 2006	22,262	614,430	77	20,336	634,766
31 May 2006:	32,564	646,994	75	20,411	667,405
30 June 2006:	28,377	675,371	67	20,478	695,849
July 2006	28,267	703,638	868	21,346	724,984
August 2006	29,742	733,380	197	21,543	754,923
September 2006	28,460	761,840	131	21,674	783,514
October 2006	31,682	793,522	187	21,861	815,383
November 2006	31,421	824,943	126	21,987	846,930
December 2006	26,334	851,277	173	22,160	873,437
January 2007	28,850	880,127	671	22,831	902,958
February 2007	33,286	913,413	80	22,911	936,324
March 2007	34,550	947,963	67	22,978	970,941

**Reference: National Electricity Market Management Company (NEMMCO) MSATS (market settlement and transfer solutions) retail transfer statistical data for customers in NSW for March 2007. 11 April 2007. Address: Level 16, 461 Bourke Street, Melbourne. Vic. 3000. Phone: (03) 9648 8777. Fax: (03) 9648 8778. <http://www.nemmco.com.au>**

**165,896 transfers of small Vic electricity customers in March 2007 quarter, up sharply on December quarter**

**V**ictorian transfers of small electricity customers rose 15,344 (21.6 per cent) in the December 2006 quarter to 165,896 on the 150,552 in the December 2006

quarter, according to the latest National Electricity Market Management Company (NEMMCO) transfer figures.

**Big jump on December 2005 quarter:** The March quarter transfers were up 40,420 (33.5 per cent) on the 125,476 in the March 2006 quarter.

**Big drop in transfers of large electricity customers:** The 573 transfers of large electricity customers in the March 2007 quarter were down 1197 (67.6 per cent) on the 1770 in the December 2006 quarter. Most of the December 2006 quarter was due to the unexpectedly high 1431 transfers of large electricity customers in December.

**154 (36.8 per cent) higher than March 2006 quarter:** The 573 transfers of large electricity customers in the March 2007 quarter were up 154 (36.8 per cent) on the 419 such transfers in the March quarter of 2006.

**How customers are classified:** NEMMCO said the transfers represented the total for both small and large national meter identifier (NMI) figures. A small NMI was classified as having less than 160MWh of consumption a year while a large NMI was a customer having more than 160MWh consumption a year.

**Comparison of quarters:** The following table shows the comparison of small and large transfers in the March 2007, December 2006, and the March 2006 quarters.

Quarter	Small Customers	Large customers
March 2006	165,896	573
December 2006	150,552	1770
March 2006	125,476	419

Reference: National Electricity Market Management Company (NEMMCO) MSATS (market settlement and transfer solutions) retail transfer statistical data for customers in Victoria for March 2006 quarter. 11 April 2007. Address: Level 16, 461 Bourke Street, Melbourne. Vic. 3000. Phone: (03) 9648 8777. Fax: (03) 9648 8778.

## Vic transfers of small electricity customers continue upward trend with 57,831 in March, 3167 (5.8pc) rise on February,

The 57,831 Victorian transfers of small electricity customers in March 2007 were up 3167 (5.8 per cent) on the 54,664 in February, according to the latest National Electricity Market Management Company (NEMMCO) transfer figures.

**Higher than any month in 2006:** Like January and February 2007, the March total was higher than any month in 2006, when the highest monthly total was October's 51,046.

**11,387 more than March 2006:** The March 2007 transfers to market contracts were up

11,387 (24.5 per cent) on the 46,444 in March 2006.

**Small customer transfers now 1,883,591:** The March transfers took the total of small electricity customer transfers to 1,883,591 compared to 1,825,760 compared at the end of February and 1,288,033 at the end of March 2006.

**Large customer transfers almost unchanged:** Transfers of large electricity customers dropped by 1 to 118 from the 119 in February. The 118 March 2007 transfers were up 17 (16.8 per cent) on the 101 in March 2006.

**Large transfers now total 22,335:** The March 2007 transfers of large customers took the total to 22,335, compared to 22,717 at the end of January. Transfers of large electricity customers at the end of March 2006 totalled 18,352.

**Combined total at 1,883,591:** The combined total of transfers of small and large electricity customers at the end of March was 1,883,591, compared to 1,847,977 at the end of January and 1,306,385 at the end of March 2006.

**How customers are classified:** NEMMCO said the transfers represented the total for both small and large national meter identifier (NMI) figures. A small NMI was classified as having less than 160MWh of consumption a year while a large NMI was a customer having more than 160MWh consumption a year.

**Breakdown of transfers:** The following table shows total transfers of large and small customers for January, February and March 2007 with the 12 months in 2006 given for comparison purposes.

Time	Small Customers	Progressive	Large customers	Progressive	Total all customers
January 2006	37,890	1,200,447	217	18,150	1,218,597
February 2006	41,142	1,241,589	101	18,251	1,259,840
March 2006	46,444	1,288,033	101	18,352	1,306,385
April 2006:	39,408	1,327,441	86	18,438	1,345,879
May 2006:	50,892	1,378,333	110	18,548	1,396,881
June 2006:	44,941	1,423,274	110	18,658	1,441,932
July 2006	45,909	1,469,183	927	19,585	1,488,768
August 2006	48,103	1,517,286	240	19,825	1,537,111
September 2006	49,857	1,567,143*	167	19,992	1,587,135
October 2006	51,046	1,618,189*	169	20,161	1,638,350*
November 2006	48,884	1,667,073	170	20,331	1,687,404
December 2006	50,622	1,717,695	1431	21,762	1,739,457
January 2007	53,401	1,771,096	336	22,098	1,793,194
February 2007	54,664	1,825,760	119	22,217	1,847,977
March 2007	57,831	1,883,591	118	22,335	1,905,926

Reference: National Electricity Market Management Company (NEMMCO) MSATS (market settlement and transfer solutions) retail transfer statistical data for customers in Victoria for March 2007. 11 April 2007. Address: Level 16, 461 Bourke Street, Melbourne. Vic. 3000. Phone: (03) 9648 8777. Fax: (03) 9648 8778. <http://www.nemmco.com.au>

## NEMMCO: expect more gas plants

NEMMCO prepares different energy development scenarios as part of its Annual National Transmission Statement (ANTS). The increased gas penetration scenario escalates the cost of coal at a faster rate than the cost of gas when compared to the 'base' energy development scenario. This increases gas plant penetration

in future years, said Leslie Hosking, NEMMCO chief executive officer, in a submission to the Prime Ministerial Task Group on Emissions Trading.

**Measure investment in power generation:** for The approach could be used to inform the Task Group of a potential effect of altering the relative cost of coal on investment in electricity generation.

## Origin Darling 600MW Downs Power Station

Origin Energy proposes to construct and operate a gas fired power station (nominally 600MW (depending on vendor selected) at Braemar, approximately 40km west of Dalby in Southern Queensland. The proposed power station will have an operational footprint of approximately 6-7ha with an additional area of approximately 3.5 ha required for a temporary construction laydown area covering the property description Lot 121 on SP178856. The site was purchased by Origin as part of the sale of Sun Retail Pty Limited (previously Energex) by the Queensland Government which was concluded on 1 February 2007.

**Project to be operational by 2010:** The power station, to be called Darling Downs Power Station (DDPS), is expected to be operational in early 2010 subject to obtaining all the relevant regulatory approvals prior to commencement of construction. A combined

cycle gas turbine (CCGT) power station, it will incorporate up to 3 gas turbines and one steam turbine. It will have a nominal operational life of 30 years.

**Plant operation was base load 24 hours per day:** With a Shutdown Time lifetime average approximately 5 per cent annually. The Transmission Connection Length was 200-500m (depending on route selected); and the construction period approximately 30 months. Associated infrastructure will include a gas receival facility, power export transformers, electrical rooms, water storage tanks, maintenance workshops, store, amenities and office facility.

**Gas to fuel:** Origin Energy's proposed Darling Downs Power Station will be sourced from gas reserves in the Surat and Walloon basin via a gas transmission pipeline. Origin Energy said it had adequate reserves to meet the needs of this power station beyond its expected life. Approval for the gas pipeline will be required under the *Queensland Petroleum and Gas (Production and Safety) Act 2004* and will be managed as a separate project.

### Commercial considerations:

- The construction timeframe for the power station is significantly longer than for a pipeline and therefore power stations approvals must be achieved ahead of the pipeline; and
- Commercial consequences to the power station may occur if referral of the Braemar combined cycle gas turbine

(CCGT) was delayed until the need for a separate gas pipeline has been determined.

**Gas supply not finalized:** An alternative option includes the use of an existing gas transmission pipeline which passes along the eastern boundary of the site, subject to achieving acceptable commercial terms. The gas pipeline should be considered separately as gas supply has not been finalised.

**Water intake pegged at 150-200ML p.a:** The power station will require approximately 150-200ML of water per year for steam production, evaporative cooling of gas turbine air inlet under particular weather conditions, fire water and potable use. It is intended that the water will be sourced from an on-site bore and Origin is presently liaising with the Queensland Department of Natural Resources and Water with regard to securing a water allocation.

**Output to go to NEM:** Output from the power station will be transmitted to the National Electricity Market (NEM) via a connection to the Powerlink Queensland transmission system at the Braemar substation. The power line distance is 200-500m, depending on the final configuration of the connection point within the substation. The work and associated approvals for the connection will be undertaken by Powerlink, as the operator of the transmission system in Queensland.

**Reference: Environment Protection and Biodiversity Conservation Act, Notices, Title of Referral: Origin Energy/Energy generation and supply (NON-RENEWABLE)/Braemar/QLD/Darling Downs Power**

Station. Referring party: Senior Development Executive, Origin Energy, GPO Box 1097, Adelaide SA 5001, ph: (08) 8217 5807, email: Robert.connel@originenergy.com.au The local Government authority is Wambo Shire Council, Chief Executive Officer, Lee Vohland, ph: (07) 4669 9000.

## Hydro Tas fears Poatina/Trevallyn off-line, when Great Lake hydro falls below intake level

Vince Hawkesworth, chief executive officer, Hydro Tasmania said: "Looking at the file of imports over Basslink in the month where it has imported most, it is over 350 megawatts of imports. You would not get that capacity out of the gas peaking plant and not at the cost of the imports. The cost is significantly less using Basslink". "If we had run the gas plant at its availability levels as expected - bearing in mind that the old plant is ageing considerably and gas plant is not designed for long-term base load operation but for peaking operation - we would have spent in the region of \$100 million on gas. Storages would be heading towards 17 per cent. Poatina/Trevallyn would no longer be available because the Great Lake would be below its (intake level)".

Reference: Parliament of Tasmania, House of Assembly, Government Businesses Scrutiny Committee meeting, Tuesday 6 March 2007. This document is available at <http://www.parliament.tas.gov.au/hansard> Old Bell Bay

only 150 to 200MW: In reply to the question; what was the "total generating capacity of the two gas plants, the peakers in the old Bell Bay station with their converted turbines to produce power? ", Hawkesworth said "In my opinion, as an engineer who has run these plants for a number of years, I would not be relying on that plant to produce more than 150 to 200 megawatts of capacity. Hawkesworth said the " capacity of Basslink on import is 400 megawatts."

## Metgasco raises \$12.15m to fund Northern NSW CSM for the 30MW Richmond Valley Power Station

Australian energy company Metgasco has announced it has successfully raised \$A12.15 million through a predominately institutional placement of approximately 15.6 million shares at 78 cents a share. The capital raised will accelerate Metgasco's progression to gas production from its coal seam methane fields in northern New South Wales, the company said. In particular, the placement will fund infrastructure development and production drilling in the second half of the year for the 30 MW Richmond Valley Power Station which is currently being developed.

**Major drilling program:** Metgasco drilling programme was aimed at increasing its proven and probable gas reserves to 660 petajoules (PJ) over the next 12 months. David Johnson, Metgasco Managing Director, said: "The

extremely positive response we received for this share placement demonstrates the market's confidence in the commercial opportunity offered by Metgasco."

**Energy gap:** Metgasco says this region is one of the last remaining "energy gaps" on the east coast, with no locally generated energy supply or access to reticulated gas. Metgasco holds 100 per cent of PEL 16 located near Casino and Lismore, which contains possible gas reserves of 1,123PJ and 22PJ proven and possible.

Contact: Glenda McLoughlin, Chief Financial Officer, Metgasco.ACIM 088 196 383, Level 3, 32 Walker St, North Sydney NSW 2060 Tel: (02) 9923 9100, Fax: (02),9923 9199, Website: <http://www.metgasco.cord.au>

## 921,855 small NSW electricity customers in base of 3,130,646 on negotiated contracts at 30 June 2006

NSW had 921,855 small electricity customers on negotiated contracts at 30 June 2006, 29.5 per cent of the 3,130,646 customer base in the standard supply areas, the Independent Pricing and Regulatory Tribunal (IPART) shows in a draft decision.

**3.7pc in Country Energy supply area:** In the draft decision – "Promoting retail competition and investment in the NSW electricity industry.

Regulated electricity retail tariffs and charges for small customers 2007 to 2010” – IPART showed Country Energy’s standard supply area accounted for 34,464 or 3.7 per cent of the total on negotiated contracts.

**42pc of EnergyAustralia customers on contracts:** IPART said that at 30 June 2006, 42 per cent of customers in the EnergyAustralia and 28.8 per cent of customers in the Integral Energy standard and 4.6 per cent of customers in the Country Energy supply areas were on a negotiated contract for electricity (including with their existing supplier).

**Supply areas of retailers compared:** IPART produced the following table showing small customers on negotiated contracts in NSW by standard supply area between 2003/04 and 2005/06:

Retailer standard supply area	2003/04	2004/05	2005/06
<b>Country Energy</b> total on negotiated contracts	12,359	20,041	34,464
Total small customers	741,894	753,720	757,179
% of total customers	1.7	2.7	4.6
<b>EnergyAustralia</b> total on negotiated contracts	311,039	489,365	648,310
Total small customers	1,499,653	1,526,143	1,544,271
% of total customers	20.7	32.1	42.0
<b>Integral Energy</b> total on negotiated contracts	157,564	199,887	239,081
Total small customers	809,514	816,752	829,196
% of total customers	19.5	24.5	28.8

Reference: Draft report by Independent Pricing and Regulatory Tribunal (IPART) on “Promoting retail competition and investment in the NSW electricity industry. Regulated electricity retail tariffs and charges for small customers 2007 to 2010”. 4 April. IPART address: Level 2, 44 Market Street, Sydney. NSW. 2000. PO Box Q290, QVB Post Office, NSW. 1230. Phone: (02) 9290 8400. Fax: (02) 9290 2061. <http://www.ipart.nsw.gov.au>