



Hydro Tasmania
the renewable energy business

9th November 2007

Manager, MCE Secretariat,
Department of Industry, Tourism and Resources,
GPO Box 9839
Canberra ACT 2601

Submission by email. : MCEMarketReform@industry.gov.au

**Regulatory Impact Statement - COAG Commitment to Separate
Generation and Transmission**

Dear Sir/Madam,

Thank you for the opportunity to comment on the Regulatory Impact Statement, (RIS) in relation to the Council of Australian Governments commitment to separate generation and transmission.

Hydro Tasmania and Basslink Pty Ltd, the owner of the Basslink interconnector, are party to a series of agreements, which affect the operation of the Basslink interconnector (the "Basslink Arrangements"). The intent of the changes proposed in the RIS, in relation to the Basslink Arrangements, is uncertain.

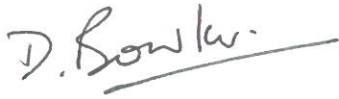
In particular it is not clear whether the proposed regime is to apply to market network service providers. Hydro Tasmania considers that the regime should not apply to market network service providers, because they operate as active participants in the market, rather than being passive service providers.

Hydro Tasmania asks the MCE to:-

- Confirm that the new cross-ownership regime will not apply to market network service providers. Hydro Tasmania's view is that to do otherwise would call into question the whole rationale for market network service providers; and
- Note that in the event that it is the MCE's intent to include market transmission services in the proposed changes, Hydro Tasmania will wish to make a supplementary submission on that issue.

If you wish to discuss any aspect of this submission, please feel free to contact the undersigned.

Yours sincerely,

A handwritten signature in black ink that reads "D. Bowker". The signature is written in a cursive style and is underlined with a single horizontal stroke.

David Bowker

Manager Regulatory Affairs

Hydro Tasmania