



Retail Energy Market Company Ltd
ABN 15 103 318 556
Suite 1.05, 737 Burwood Road
Hawthorn VIC 3122 Australia
Phone +61 3 8862 6778
Fax +61 3 8862 6600
www.remco.net.au

7 November 2005

Merits Review
C/- MCE Market Reform
Department of Industry, Tourism & Resources
GPO Box 9839
CANBERRA ACT 2601

BY FACSIMILE: (02) 6213 7110

Dear Sirs

Re.: Review of Decision-Making in the Gas and Electricity Regulation Frameworks

I refer to the Consultation Paper "Review of Decision-Making in the Gas and Electricity Regulatory Frameworks" issued by the Ministerial Council on Energy Standing Committee of Officials in October 2005 and wish to make the following submission.

This submission does not address all of the specific questions asked in Section 2 of the report but rather discusses REMCo's view as to the type of review that may be relevant to regulatory decisions relating to Retail Market Administrators in the future.

In preparing this submission REMCo acknowledges that there are a limited number of regulatory decisions that could be made in the future related to Retail Market Administrators and that there is currently no detailed proposal for the regulatory environment in which Retail Market Administrators will operate in the future. We also acknowledge that the current regulatory arrangements for Retail Market Administrators vary considerable across the jurisdictions in which Retail Market Administrators currently operate.

In REMCo's view the only regulatory decision that may be relevant for review would be a Price Determination relating to a Retail Market Administrators revenues. REMCo's operations in South Australia and VENCORP's operations in Victoria are subject price determinations; whereas REMCo's operations in Western Australia and GMC's operations in New South Wales and the Australian Capital Territory are not subject to price determinations.

Should the final outcome of the MCE's consultation process on the regulatory arrangements for Retail Market Administrators be that Retail Market Administrator

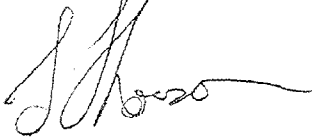
operations will be subject to price determinations made by the AER, REMCo believes that:

- such decisions should be subject to **merits review**, as described in 2.6 of the consultation paper; and
- standing to commence proceedings for such a review should be limited to the Retail Market Administrator affected by the decision.

REMCo notes that the costs of Retail Market Administrator operations make up a very small proportion of the costs of gas supply and that regulation of these costs may not provide an efficient outcome in the future. REMCo believes that this matter should be subject to detailed consideration by the MCE as part of the development of proposed future arrangements for Retail Market Administrators.

I trust that these comments will be of assistance to the Ministerial Council on Energy Standing Committee of Officials. Should there be any questions in relation to this submission, please feel free to contact me on (03) 8862 6476.

Yours sincerely

A handwritten signature in black ink, appearing to read 'S Thomson', with a long horizontal flourish extending to the right.

STEPHEN THOMSON
Chief Executive Officer