



InterGen (Australia) Pty Ltd
Level 18, Comalco Place
12 Creek Street
BRISBANE QLD 4000
Australia
ABN: 71 080 050 737
Tel: + 61-7 3001 7177
Fax: + 61-7 3001 7178

Your ref : C2001/944

22 April 2004

Mr. Sebastian Roberts
General Manager Regulatory Affairs - Electricity
Australian Competition and Consumer Commission
PO Box 520J
Melbourne VIC 3001

Dear Sebastian,

Re: Review of the Regulatory Test for network augmentations

InterGen (Australia) Pty Ltd ("InterGen") welcomes the opportunity to comment on the ACCC's draft decision on the Review of the Regulatory Test for network augmentations paper released on 10 March 2004.

Transmission and importantly appropriate transmission investment has a major influence on the setting of prices and new investments in generation and demand side in the NEM. InterGen supports the broad thrust of the ACCC's Regulatory Test recommendations, particularly in relation to adopting each of Options 1, 2 and 3.

Option 1 Minor amendments.

InterGen considers that it is desirable to ensure consistency between the National Electricity Code and the ACCC Regulatory Test and supports the ACCC recommended approach.

Option 2 Definitional Changes.

InterGen supports the definition changes proposed, especially as they are intended to provide greater certainty to TNSPs.



Option 3 Competition Benefits.

InterGen acknowledges that the ACCC generally supports the incorporation of competition benefits. We also support this principle but are disappointed that the ACCC has not articulated a preferred methodology. Therefore InterGen notes the importance of the ACCC expeditiously completing subsequent analysis to determine a simple but robust, repeatable and defensible method of identifying competition benefits using market simulation techniques. We consider this element of Competition Benefit determination remaining as the critical issue of the ACCC Regulatory Test review, as identified by in a number of submissions to the ACCC from industry participants and acknowledged by the ACCC in its draft determination.

In summary, we regard the ACCC's initiative in relation to the Regulatory Test as a series of positive steps that will ultimately assist in fostering transmission investment certainty for TNSPs and in doing so, benefit all market participants. InterGen urges the ACCC to complete its competition benefit methodology work promptly.

Yours Sincerely,

Simon Taylor
Manager Strategy and Market Development