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1 February 2008

By Email: Submissions@aemc.gov.au

Dr John Tamblyn
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Dear Dr Tamblyn

RE: Retail Competition Review – Second Draft Report

Alinta AE welcomes the opportunity to provide comments on the Commission's Second Draft Report on the Review of the Effectiveness of Competition in Electricity and Gas Retail Markets in Victoria.

We note the Commission's conclusion that there is effective competition in the retail supply of both electricity and gas in Victoria and hence the Commission's recommendation to remove retail price regulation for residential customers from 1 January 2009.

The Second Draft Report is specifically seeking stakeholder views on the two preferred New Connection Obligation models:

- The host retailer model – where the obligation is assigned to each host retailer for all relevant premises in the retailer's former franchise area in Victoria; and
- The distributor tender model – where the relevant distributor tenders out to interested retailers the right to provide the New Connection Obligation.

Electricity is an essential service, new connections need to be made in a timely and efficient manner. The distributor being required to tender the right to provide the new connection obligation does not guarantee that the tender will be successful. There needs to be a mechanism to ensure that there is a suitable party so connection may proceed. Alinta AE prefers to continue with the status quo—the host retailer model for electricity.

Should you have any further questions on the above please feel free to contact me on (03) 8544 9447.

Yours sincerely

Verity Watson
Manager Market Regulation