



Alinta

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Mr Lyndon Rowe
Chairman
Economic Regulatory Authority
PO Box 8649
Perth BC WA 36849

Dear Mr Rowe

RE: Review of REMCo Gas Retail Market Scheme

I refer to your recent correspondence of 20 August 2007 in regard to the abovementioned and invitation for submissions as part of the review process.

Alinta Sales Pty Ltd as a participant is pleased to assist in this matter and provides the following submission on the operation of the Retail Market Scheme since go-live in the WA jurisdiction.

The effectiveness, efficiency and operation of the Retail Market Rules

Alinta Sales has experienced no major issues of note or concern and has found that such process and transactions when utilised have performed to expectations and as per the requirements as stipulated. In addition, the rules which address the respective requirements are clear and precise and are fully understood by all parties, therefore assisting all participants to fully understand requirements.

At this time Alinta Sales has no additional comments in relation to further improvements to the operation of the Retail Market Rules.

Rule Change Process

The rule change process has operated well since go live. As outlined in your correspondence there were a significant number of rule change requests in the early days due to the development stages of the gas market prior to go live and subsequent changes post implementation.

As the Market has matured it has been noted the reduction in rule change requests and the requirements have diminished greatly in regard to rule change meetings.

Alinta Sales is satisfied that this process is operating efficiently and is effective in dealing with rule related matters in an open and honest environment and overall improves the operation of the gas retail markets in each jurisdiction.

Compliance Process

As I understand there have been no issues in the Western Australian Market requiring any action in regard to compliance. Alinta Sales however is satisfied that the arrangements in place are ensuring the appropriate drivers on all participants and that the existing arrangements within the Retail Market rules are appropriate.

The effectiveness, efficiency and ease of allocation, reconciliation and swing processes

This area of the Retail Market Rules is the most complex and has the potential for significant impact to parties; however is the least understood by participants and is the area of most concern for interested parties.

Whilst there have been an external review in some areas and ongoing work to address subsequent issues, there is still after 3 years, a genuine lack of knowledge amongst participants and impacts are not fully understood.

At this time, Alinta Sales is of the view that no further amendments or changes are needed to these areas within the Western Australian jurisdiction.

Alinta recommends that further consideration is required in regard to training sessions being hosted in Western Australia to promote knowledge and understanding of the rules and their impact upon participants.

Such an education process will assist all participants and at the same time help REMCo maintain its strong ratings from participants and from Government.

Planned National Gas Market Reforms

This matter requires careful consideration and detailed analysis of all potential impacts, however in high-level terms Alinta Sales supports the transfer of REMCo functions into a National Energy Market Operator (NEMO).

The timetable for this transfer is supported from late 2009 when the five-year amortisation of the retail market systems is complete. The reasoning behind this are:

- Consistency with other jurisdictions, facilitating competition
- Adoption of a bulletin board and a short term energy market
- Providing consumers with the lowest-cost option for a competitive market

Alinta appreciates the opportunity to be part of this review process and is pleased to offer these comments as an interested party to the Retail Market Scheme.

Please contact Ray Myles on (08) 9486 3328 if you wish to discuss these matters further or seek clarification on any of the information provided.

Yours sincerely

Ray Myles
Customer Services Manager
Alinta Sales Pty Ltd