



16th February 2011

Economic Regulation Authority
PO Box 8469
Perth BC WA 6849

Via email: publicsubmissions@erawa.com.au

To Whom It May Concern

RE: Prohibition and restriction on Synergy and Verve Energy under the Electricity Corporations Act

Bauxite Resources Limited welcomes the opportunity to comment on the Economic Regulation Authority's discussion paper on the "Prohibition and restriction on Verve Energy under the Electricity Corporations Act".

Bauxite Resources Limited believes that Verve Energy should be allowed to retail to commercial and industrial (C&I) customers. Verve Energy's generation portfolio, market knowledge and strong credit rating provide an attractive value proposition for C&I customers. We would consider contracting directly with Verve Energy were Verve permitted to do so.

Bauxite Resources Limited recognises that the retail moratorium originally reflected a concern at the time of market reform that Verve could leverage its dominant position in the wholesale market to raise customers' costs in the retail market. However, we believe that there is no longer a reason to extend the retail moratorium. Verve's market share has declined substantially and the measures that would remain in place, including Verve's Vesting and Displacement contracts, the 3,000 MW capacity cap and the wholesale electricity market surveillance regime effectively control any residual ability Verve might have to exercise market power in the wholesale market. C&I customers in particular could potentially backward-integrate into the retail market themselves (as some have done) were any retailer to seek to exercise market power in their negotiations with such customers.

If further information is required on any of the issues discussed, I can be contacted on 9200 6303.

Yours sincerely

Kevin Woodthorpe
Project Director – Bankable Feasibility Study
Bauxite Resources Limited