



31 October 2013

Review of the Retailer Feed-in Tariff
Essential Services Commission of South Australia
GPO Box 2605
Adelaide SA 5001

By email: escosa@escosa.sa.gov.au

RETAILER FEED-IN TARIFF – DRAFT PRICE DETERMINATION

Alinta Energy welcomes the opportunity to comment on the Essential Services Commission's (**ESCOSA**) Retailer Feed-in Tariff Draft Price Determination (**Draft Determination**) in relation to regulation of the feed-in tariff (FiT) from 1 January 2014.

Alinta Energy is both a generator and retailer of electricity and gas in Western Australia and the Eastern States energy markets. It has over 2500MW of generation facilities and in excess of 700,000 retail customers, including around 90,000 customers in Victoria and South Australia. As an incumbent retailer in WA and a new entrant retailer in the National Energy Market, Alinta Energy is well placed to comment on the Draft Determination.

Alinta Energy notes ESCOSA's draft determination to continue with setting a minimum regulated FiT of 7.6c/kWh, however Alinta Energy remains of the opinion that the FiT should not be regulated and the competitive market should determine the level of FiT available to consumers. A competitive approach to the FiT is in the long-term interests of consumers and further supports the deregulation of prices that occurred in February. Continued regulation of the FiT has the potential to create barriers to product innovation, and thereby reduce potential consumer benefits. In the absence of allowing competitive markets to set a fair and reasonable FiT Alinta Energy is supportive of the draft determination in setting the minimum regulated FiT at 7.6c/kWh.

Alinta Energy wishes to raise a concern with the proposed timing of the release of the Final Decision and the proposed implementation/effective date of the minimum regulated FiT. The draft determination states that ESCOSA intends to release its final decision in early December, this would only allow retailers potentially 2 weeks to make the required system changes, including system testing, to comply with a 1 January 2014 effective date. Further as this period crosses over the Christmas holiday period, where resources will be limited, it puts significant risk on retailers of non-compliance as a result of missing the implementation date, or the risk of billing errors where adequate time has not been provided to test systems. Given these significant risks and the importance of ensuring accurate billing for customers, either the final decision needs to be brought forward or the implementation date delayed to allow retailers adequate time to complete system changes including robust testing.

Alinta Energy also notes ESCOSA's intent to introduce a price monitoring regime that will monitor electricity retailers' offers to, and competition for, PV customers. Whilst the draft decision outlines the elements ESCOSA will be monitoring, further information is required on the methodology of the assessment that will be carried out in determining any findings from this monitoring. This information



is required to ensure the transparency of the monitoring review and should be provided prior to the commencement of the price monitoring regime.

Should you require any additional information or wish to discuss this submission please contact me on (02) 9372 2653, or via email: shaun.ruddy@alintaenergy.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to read "Shaun Ruddy", written over a light blue horizontal line.

Shaun Ruddy
Manager National Retail Regulation