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Mr D W Challen  
Secretary  
Department of Treasury and Finance  
21 Murray Street  
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Attention: Sue Morrison

Dear Mr Challen

**RETAIL COMPETITION IN THE TASMANIAN ELECTRICITY  
SUPPLY INDUSTRY**

Thank you for your letter of 15 April 2004 enclosing a copy of the Information Paper – *Retail Competition in the Tasmanian Electricity Supply Industry* and inviting comment on it.

I make the following comments in relation to the paper:

1. In section 2.3 on page 5, there is reference to the Regulator monitoring the development of the market with the assistance of the Customer Consultative Committee (CCC) which has been established by the Minister. In my view the current CCC will not be appropriate for this role due to its focus on small customer matters. Consideration should be given to establishing a special “market advisory committee” which includes representatives of major industrial customers.
2. In section 3.3.2 in the paragraph on page 10 dealing with the *Deemed Fallback Contract*, there is reference to “large” and “small” customers. How are these to be defined?

I suggest that the scheme for Regulator’s approval of prices needs to be embodied in regulations. These will need to include matters such as the Regulator’s ability to require information and what is to happen if the Regulator does not approve a price.

3. In the paragraph on page 10 immediately above the grey box, it is stated that “a Deemed Fallback Contract will not apply to a customer who takes supply directly from the transmission network”. It is suggested that this is an arbitrary distinction and it would be preferable to distinguish on the basis of the size of the customer rather than the mode of its connection.

If you require clarification in relation to any of these matters, please contact Peter Bingham of my Office by telephone on 6233 5668 or by e-mail at [peter.bingham@treasury.tas.gov.au](mailto:peter.bingham@treasury.tas.gov.au).

Once again, I thank you for the opportunity to comment.

Yours sincerely

Andrew Reeves  
**REGULATOR**

July 2004