Investing in energy infrastructure

Envestra Limited
ABN 19 078 551 685

Level 10, 81 Flinders Street
Adelaide, South Australia 5000

Telephone +61 8 8227 1500
Facsimile +61 8 8227 1511
www.envestra.com.au

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Energy Regulatory Review
Essential Services Commission
Level 2, 35 Spring St
Melbourne, VIC 3000

Envestra

Dear Mr Wilson

Re: Review of Energy Regulatory Instruments

Thank you for the opportunity to comment on the Commission's review of energy retail and non-economic distribution regulatory instruments. Envestra agrees that there is a need to review the regulatory instruments. A review would provide for an opportunity to ensure clarity on the scope and purpose of each instrument, with an overall aim of removing duplication and overlap between the instruments. Many of the current regulatory instruments evolved in a bottom-up approach following disaggregation of the industry and to establish FRC.

However, we not that the timing for such a review is less than ideal due to the imminent transition to national energy regulation. We believe undertaking a review at a State level while national arrangements are being discussed is not an efficient use of resources. Envestra believes it more efficient, for all parties concerned, to focus resources on implementing appropriate national arrangements.

Notwithstanding the above, if the Commission decides to progress a review, it should focus on the relationship between instruments - licences should only need to reference the main instruments and not impose specific requirements (e.g. dispute resolution) which are dealt with in detail in other instruments.. Intelligent use of existing standards and codes would significantly reduce the amount of technical detail that needs to be included in regulatory instruments. In many cases technical obligations are already covered in Australian Standards or industry codes of practice, eg metering accuracy requirements. As the technical detail is contained in acceptable standards or codes then regulatory instruments only need cover administrative requirements (e.g. frequency and detail of reporting to Regulators) and ensuring licensed entities can demonstrate compliance with technical standards and customer service issues. Repeating what is already contained within standards and codes creates ongoing burdens to maintain regulatory instruments as and when standards change, without adding any real value. Clear separation of regulations and standards would be the desired outcome.

Before participating in a review of regulatory instruments, Envestra seeks the Commission's assurance that such a review represents an efficient use of resources that will provide benefits to consumers and businesses in the long term, i.e. that the benefits of such a review will not be short-lived.

Yours sincerely

Ralph Mignone
Manager, Engineering and Technical Regulation