

4 April 2003

Mr Sebastian Roberts  
Acting General Manager  
Regulatory Affairs Electricity  
Australian Competition and Consumer Commission  
PO Box 1199  
DICKSON ACT 2606

Dear Sebastian

### **REVIEW OF THE REGULATORY TEST**

SPI PowerNet appreciates the opportunity to submit input to the Commission's review of the Regulatory Test, in response to the discussion paper released by the Commission in February.

Our submission is provided together with this letter. It complements our submission to the previous consultation phase, in which we expressed our views concerning the mechanism of the Regulatory Test itself and the context (the current NEM transmission arrangements) in which it is applied.

SPI PowerNet agrees that review of the Regulatory Test is necessary, to facilitate the development of an appropriate level of transmission in the NEM. However, the Regulatory Test is only one aspect of the transmission investment regime and the test mechanism cannot overcome the deficiencies in this regime imposed by the transmission framework itself. Further, we believe that much of the criticism levelled at the test should be redirected toward inherent problems in the NEM that must be addressed. This has particular relevance when considering inclusion of competition benefits in the test.

In considering these matters we find that it is not sensible to consider the Regulatory Test in isolation of the broader issues. Accordingly our submission addresses the specific matters raised by the Commission in relation to improving the test mechanism, and also discusses possibilities for improvement to the transmission investment regime via the framework within which transmission operates.

I would be pleased for you to contact me if you would like to discuss the views presented in our submission.

Yours sincerely

(signed) Charles Popple

**EXECUTIVE MANAGER TRANSMISSION SERVICES**

Attachment: SPI PowerNet submission