



CHAMBER OF COMMERCE AND INDUSTRY
WESTERN AUSTRALIA

22 June 2007

Ms Dora Guzeleva
Manager Market Administration
Level 22 The Forest Centre
221 St Georges Terrace
PERTH WA 6000

Dear Ms Guzeleva,

Re: IMO Rule Change Proposal 2007_04

The Chamber of Commerce and Industry Western Australia (CCI) is the leading business association in Western Australia. It is the second largest organisation of its kind in Australia with a membership of approximately 5,000 organisations in all sectors including manufacturing, resources, agriculture, transport, communications, retailing, hospitality, building and construction, community services and finance.

Most members are private sector businesses but CCIWA also has representation in the not-for-profit sector and the government sector. About 80 percent of members are small businesses, and members are located in all geographical regions of WA. Some 100 business associations are affiliated with CCI, expanding the organisation's representative coverage to more than 10,000 enterprises.

CCI's membership includes electricity retailers, generators, system management and small, medium and large consumers. The Chamber has a number of policy forums that consider matters relevant to the operations of the electricity industry including the Manufacturing, Engineering and Resources Forum, the Resources and Energy Committee and the Climate Change Committee. CCI has also recently established a dedicated Electricity Reference Group.

Comments on Rule Change Proposal 2007_04

CCI has long supported and has been a strong advocate for reform in the Western Australian energy sector. We fully supported the establishment of the Wholesale Electricity Market (WEM) which we welcome as an initiative that should promote the continued development of a competitive electricity market.

Rule Change Proposal 2007_04 *Requirements for Registration as a Market Participant* is aimed at facilitating small generator access to the WEM. It will allow generators exporting small amounts of electricity into the network to be treated as non-scheduled generators.

CCI considers that the current Market Rules may act as a barrier to market entry for small generators connected to the SWIS. The requirement that all generators possessing greater than 10Mw of capacity must register as market participants, irrespective of the amount of electricity

exported, imposes considerable burdens on small operators feeding small amounts of electricity into the SWIS. In order to maintain registration and effectively operate in the complex market environment, generators must outlay considerable time, effort and expense on an ongoing basis. The costs involved often outweigh the benefits of market participation, especially where small volumes of electricity are concerned.

This proposed rule change will create a more flexible market regime, decreasing the regulatory burden and compliance costs for small generators. This should encourage market entry and the development of a more diverse range of electricity generators, potentially promoting more competition in WA's wholesale electricity market. CCI therefore supports the rule change proposal.

For more information regarding this submission, please contact CCI's Senior Adviser – Industry Policy, Ms Jessica Shaw, on 08 9365 7498 or Jessica.Shaw@cciwa.com.

Yours Faithfully,



Trevor Lovelle.
Manager, Industry Policy.