



International Power



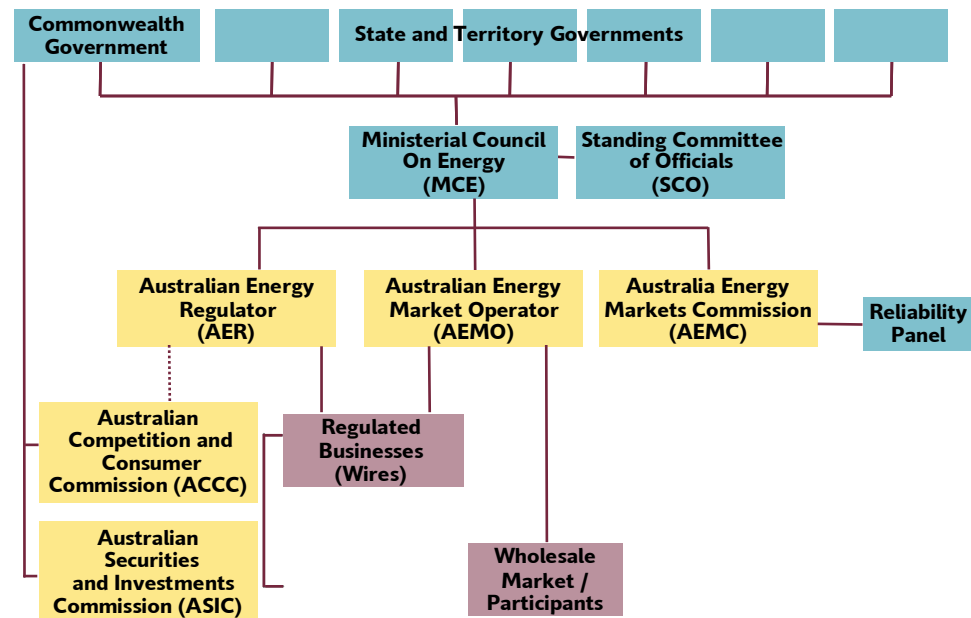
Regulation

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Regulatory system



- Unregulated/competitive
 - wholesale market (conduct governed by Rules and Competition Law)
 - large retail customers > 160 MWh pa
- Regulated
 - small retail customers < 160 MWh pa (competing retailers; regulated conduct, price caps)
 - ‘natural’ monopolies (transmission and distribution wires)
- Market coordinated by a combined Federal/ State government council (MCE)
- National Electricity Law in place. National Gas Law in July 2008



The regulators



Market specific Regulation

Australia Energy Markets Commission (AEMC)

- Market Rules development and approval
- Reliability Panel - participant representative arm of AEMC Recommends National reliability standards and settings

Australia Energy Regulator (AER)

- Market rules monitoring and enforcement
- Wires revenue determination
- Future retail regulation

Australia Energy Market Operator (AEMO)

- Currently operates electricity market and electricity system (NEMMCO)
- Gas System and Market Operation to be incorporated July 2009
- National Network Planning (Future)

General Regulators

Australia Securities and Investments Commission (ASIC)

- Corporations Law
- Financial Services Regulation

Australia Competition and Consumer Commission (ACCC)

- Competition (anti-trust) Law
- Mergers and Acquisitions

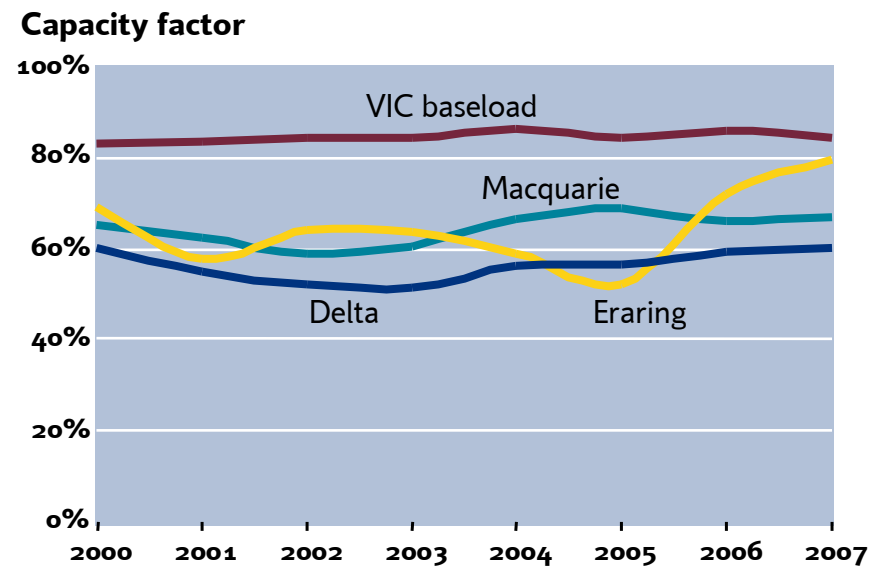
Note: AEMO is not strictly a regulator, but performs some regulatory functions, and controls the market

Continuing liberalisation



- Victoria the most 'progressive' energy reform state:
 - privatised from 1995 through 1999
 - removing retail price caps/regulation in 2009
 - confidence in competitive markets
- South Australia retail and generation privatised in 2000
- Queensland:
 - retail and wind assets sold
 - existing private generation
 - existing public/private partnerships
 - privatisation of remaining generation under consideration
- NSW contemplating privatisation. Position announcement imminent
- Apparent potential for performance improvement

Average Availability Factors



Regulation



- Political and regulatory interface
 - need to maintain good contacts/relationships
 - ability to influence policy and explain consequences
- IPR active in changes to energy market (electricity, gas and renewable)
- IPR's scale in this market enables personal contact with key politicians, bureaucrats and regulators