

INQUIRY INTO GENTRADER TRANSACTIONS

Name: Mr Ken Partridge

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Chairman
General Purpose Standing Committee No1
Gentrader Transactions
NSW Parliament house
Sydney

Dear Sir,

Thank you for the opportunity to make this submission to your committee.

I am an energy consumer in NSW and an employee of a generating company.

I have serious concern about the recent transaction have committed the people of NSW in the sale of the gentrader rights of several generators and the subsequent financial implication imposed on the state budget if the generators are unable to meet their contracted generation commitments.

My understand is if the generator is unable to meet its contracted output than a penalty is payable. Under the gentrader model the generator is paid a set price for their "product" regards of what the market is charging.

Currently one of the major upper hunter power station is undergoing an extended maintenance outage. During the outage damage to the turbine was discovered which result in the unit being unavailable for service. If the sale had progressed the generator would be liable for the payment but as their income is pegged they don't have the capacity to pay the penalty. When this happens the payment is guaranteed by the government of NSW.

So the people will be paid a lowly rate for the gentrader rights but as time goes on this will be returned to the gentrader because of penalties which will be claimed for the life of the contract. In this scenario the people of NSW will pay the gentrader more than what the gentrader paid for the rights.

Surely this can't be correct?

If you sell a state owned asset, which has contributed positively to the state budget for many, many years, why would you sell a money making enterprise?

With the sale of the gentrader rights of the generators the government has effectively devalued the value of the physical asset by remove its money making capability.

Would you by a factory making a single product which has its price pegged and with no other means of covering unforeseen costs?

I am personally against private ownership of essential services of any kind especially ones that continue to contribute to the economy of NSW.

If the sale of the power generation industry is to continue the WHOLE lot should be sold not just the money making side that will eventually affect all energy consumers in NSW. This was shown by this government jacking up prices to cover their failure to invest in the need infrastructure in past years.

As Chairman of the committee I urge you to fully examine the implication of the sale and force the current government to reverse their decision.

Thank you
Ken Partridge.