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7<sup>th</sup> June 2018

Submitted online to: <https://www.aemc.gov.au/rule-changes/establishing-values-of-customer-reliability>

Dear Ms Toomey,

**Establishing Values of Customer Reliability**  
**Reference: ERC0231**

The Australian Energy Council (the “**Energy Council**”) welcomes the opportunity to make a submission in response to the Australian Energy Market Commission’s (“**AEMC**’s”) *Establishing Values of Customer Reliability Consultation Paper*.

The Energy Council is the industry body representing 21 electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. These businesses collectively generate the overwhelming majority of electricity in Australia and sell gas and electricity to over ten million homes and businesses.

**Discussion**

Value of customer reliability (“**VCR**”) is an important measure in the electricity market, guiding the determination of the reliability standard and justifications of regulated network investment. The Energy Council therefore believes that the regular determination of VCR would be a valuable addition to the industry’s benchmarks and the understanding of customers’ expectations.

As the market body responsible for regulating wholesale & retail energy markets, and energy networks, the Australian Energy Regulator (“**AER**”) is the appropriate body to establish the VCR and update it periodically. The Energy Council believes the AER has the skills, resources and experience to conduct the inquiry necessary, therefore the National Electricity Rules should charge the AER with the responsibility for determining the VCR, but not define explicitly how VCRs are used. In addition, the National Electricity Rules should not mandate any particular methodology, in respect to either its determination or its annual adjustments. It is suggested that the AER consults widely with industry, consumer groups, stakeholders and the Australian Energy Market Operator (“**AEMO**”) in determining the VCR, and when publishing its findings the AER should also set out its methodology and inputs. The Energy Council believes that the 31<sup>st</sup> December 2019 date of publication of the first estimated VCR is appropriate and achievable, and that quinquennial review with annual adjustments is suitable.

In respect of National Electricity Rules Clause 3.9.3A(e)(4), the Energy Council agrees that for good order the reference to AEMO should be changed to the AER.

Any questions about this submission should be addressed to the writer, by e-mail to [Duncan.MacKinnon@energycouncil.com.au](mailto:Duncan.MacKinnon@energycouncil.com.au) or by telephone on (03) 9205 3103.

Yours sincerely,



**Duncan MacKinnon**  
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