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4012348

Dear Ms Al Shallah

Submission on Updating Regulatory Frameworks for Embedded Networks: Draft Report

We refer to the AEMC's consultation about its Draft Report on Updating the Regulatory Frameworks for Embedded Networks (**Report**).

We refer particularly to section 3.4.4 of the Report (pages 43 and 44) and the proposition of changing the definition of *distribution system* in the National Electricity Rules (NER). Among other things, it is currently proposed that the following would not constitute a distribution system:

...(c) a *network* forming part of, or used in conjunction with, or ancillary to, or that is primarily used to facilitate the functioning of, infrastructure for the provision of telecommunications services, data centres services provided by means of communications technology, including infrastructure for the provision of internet, telephone, mobile phone, fibre optic, hybrid fibre cable, television, radio or wifi services..."

Our client operates embedded networks captured by this description and has instructed us to make this submission on its behalf. They are supportive of the overall policy intention of removing regulatory compliance requirements from these activities. This is especially the case given the incidental nature of the electricity supply occurring, the atypical profile of the electricity supply and sophistication of customers.

Nonetheless, our client wishes to ensure that there are no unintended consequences of such networks being removed from the scope of aspects of the regulatory framework. In particular, it should be confirmed what the status of any child connection points (within the embedded network) would or could have from a market operations perspective. Access for on-market and off-market retailers to these child connection points is desirable. In circumstances where efforts are being made to encourage contestability in embedded networks at a NEM level, it would be unfortunate if carve outs from the definition of *distribution system* precluded this for some activities.

If you would like to understand more about our client's proposition on a confidential basis, please do not hesitate to contact me.

Yours faithfully

A handwritten signature in blue ink, appearing to read "Claire".

Claire Forster
Partner
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