

10 June 2008

Dr John Tamblyn
Chair
Australian Energy Market Commission
PO Box H166
AUSTRALIA SQUARE NSW 1215

Dear Dr Tamblyn

AEMC Rule Change – Alignment of the AER’s Review of the WACC Parameters for Transmission and Distribution and Technical Drafting Amendments

The Energy Networks Association (ENA) welcomes this opportunity to respond to the Australian Energy Market Commission’s (AEMC) call for comments on the proposed rule change to align the AER’s Review of the WACC Parameters for Transmission and Distribution.

ENA is the peak national body representing gas and electricity distribution businesses throughout Australia.

Energy network businesses deliver electricity and gas to over 13 million customer connections across Australia through approximately 800 000 kilometres of electricity lines and 75 000 kilometres of gas distribution pipelines. These distribution networks are valued at more than \$45 billion, and each year energy network businesses undertake capital investment of more than \$6 billion in network reinforcement, expansions and extensions.

Energy network businesses support the proposed alignment of the electricity transmission and distribution cost of capital reviews. Alignment of these reviews will allow a holistic approach to a complex range of issues and will result in a more efficient, robust and cost-effective review process. Should the rule change not be approved, the AER will be forced to conduct a duplicative, poorly sequenced process examining what are in many cases common issues of parameter establishment and detailed methodology.

ENA members also support the suggested technical drafting amendments to the Electricity Distribution and Transmission rules. These suggested amendments overcome a series of minor drafting deficiencies in the existing rules, allowing for clear and effective application of the rules by the AER.

Both of these rule changes promote the National Electricity Law objective by making regulatory processes associated with establishing important cost of capital parameters and

methodologies efficient, and by addressing a number of technical drafting issues that have the potential to result in unintended consequences if left uncorrected.

Should you have any queries in relation to the above please do not hesitate to contact me.

Yours sincerely

Andrew Blyth
Chief Executive