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Ms Caroline Taylor
Project Leader
Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235

Dear Ms Taylor

AEMC draft rule determination - distribution losses in expenditure forecasts

Thank you for the opportunity to provide a submission on the Australian Energy Market Commission's draft rule determination on distribution losses in expenditure forecasts.

The AER welcomes the AEMC's draft decision to make a more preferable rule in response to the rule change request submitted by the Copper Development Centre. The draft rule would require a DNSP, as part of the proposed Distribution Annual Planning Report, to provide an explanation of how distribution losses have been taken into account in developing and implementing its asset management and investment strategy.

The AER agrees with the AEMC's conclusion that distribution losses are already considered as one of a number of factors that DNSPs take into account in making planning and investment decisions, and that the regulatory framework allows the AER to assess whether DNSPs consider distribution losses in preparing expenditure forecasts.

The AER welcomes the improved transparency that will be provided by the draft rule about the approach of DNSPs to taking into account distribution losses in their decisions.

If you have any queries about this submission please contact me on (03) 9290 1470 or Adrian Russell on (02) 6243 1032.

Yours sincerely



Chris Pattas
General Manager
Network Operations and Development