



7 May 2015

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Australian Energy Market Commission  
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By: [www.aemc.gov.au](http://www.aemc.gov.au)

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Dear Slavo,

**RE: ERC0175 - Aligning Network and Retail Tariff Structures for Small Customers – Consultation Paper**

United Energy (UE) welcome the opportunity to respond to the Australian Energy Market Commissions (AEMC) Aligning Network and Retail Tariff Structures for Small Customers rule change consultation paper.

UE is an electricity distribution network service provider to more than 650,000 customers across east and south-east Melbourne and the Mornington Peninsula over an area of 1,472 square kilometres.

While we understand that the AEMC is required under the rules to progress the proposed Alignment of Network and Retail Structures rule change, we believe that the issues raised in this proposed rule change have all been considered and addressed as part of the comprehensive Distribution Network Pricing Arrangement rule change made by the AEMC that commenced on the 1<sup>st</sup> of December 2014. In particular the amended clause 6.18.5 (h) of the rules requires that network business consider the impact on retail customers of year on year tariff changes that result from the introduction of cost reflective network tariffs and requires network businesses to vary the tariffs to the extent necessary to take into account of these impacts and manage the transition.

While this proposed rule change is being considered by the AEMC, UE is consulting with customers and stakeholders on the development of its Tariffs Structures Statement (TSS) that is due to the AER in September as part of the implementation of the changes made as part of the Distribution Network Pricing Arrangement rule change. We believe that the changes proposed have the potential to undermine the transition to cost reflective network pricing and impact on the delivery of the TSS. This is clearly not in the long term interest of customers.

Given that the key issues raised in the proposed rule changes have already been addressed in the subsequent and comprehensive Distribution Network Pricing Arrangements rule change and the risks to the tariff reform processes through any further changes to the tariff rules we believe that the AEMC should determine not make the proposed rule.



If you have any questions or would like to discuss further any of the points raised in our submission please contact me on (03) 8846 9401 or via email at [kiera.poustie@ue.com.au](mailto:kiera.poustie@ue.com.au).

Kind Regards,

Kiera Poustie  
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