

NSW Business Chamber  
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8 December 2011

Australian Energy Market Commission  
Level 5, 201 Elizabeth Street  
SYDNEY NSW 2000

### Submission to the AEMC on electricity rule change request (ERC 0134)

The NSW Business Chamber welcomes the opportunity to comment on the AEMC's Consultation Paper, *AER Network Regulation Rule Change*, dated 20 October 2011. The NSW Business Chamber represents the interests of around 30,000 companies across NSW and the ACT, ranging from owner-operators to corporations and from manufacturers to service providers.

The overwhelming majority of the NSW Business Chamber's members are energy using businesses who are finding that the rapid escalation in electricity prices in NSW is placing increasing pressures on their businesses. In a global marketplace, Australia's relatively low and stable electricity costs represent an important competitive advantage. Continuing substantial increases in electricity pricing will significantly undermine this advantage.

While all Australian States have been struggling under the impact of rapidly escalating electricity prices, prices in NSW are increasing more quickly than elsewhere. A decade ago, NSW had the lowest electricity prices of all Australian states, whereas today prices in NSW are the second highest in the country.

While the price increases are due to a range of factors, NSW Business Chamber is strongly of the view that a key driver has been deficiencies in the regulatory framework that governs the operation of the electricity sector. We note that the AER, the Garnaut Review, IPART and the Energy Users Association of Australia all agree with this view.

As such, we support changes to the National Electricity Rules designed to strengthen incentives for efficient operation and investment by the network service providers, and temper the excessive profits that are produced through higher electricity prices. In addition, the NSW Business Chamber supports the proposal put forward by the Energy Users Rule Change Committee (RCC), that the allowed rate of return on debt should more closely reflect the actual cost of raising that debt.

We will continue to take an active interest in this issue, and we hope the AEMC review leads to better outcomes for energy users.

Yours sincerely



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