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Australian Energy Market Commission
P.O. Box H166
Australia Square NSW 1215

Dear Sir or Madam,

RE: Review of electricity transmission revenue & pricing rules

We refer to your scope document published and wish to advise that we envisage bringing a major issue to this review in accordance with the review timetable. In the interim we would like to identify the following scope suggestions:

Section 5.3.2

We would like included in this review the cost of transmission to large users, the allocation of shared costs to those users and the efficiency benefits associated with such users being integrated (rather than bypass) the transmission network.

The issue of efficient discounts and the rules pertaining thereto should be a significant area for this review.

Section 5.3.4/5

An additional area for review should be the basis used or methodology for potentially carving out assets from the regulated asset base of transmission organisations. In particular, the ability to calculate regulated returns on segments of the regulated asset base rather than the system as a whole.

Section 5.3.6

Large consumers of electricity do much business analysis with a view to extended time periods, well beyond the 5 year transmission pricing programs. We would like to include in the review the flexibility of transmission operators to set fixed prices over long periods of time (20-30 years), to facilitate secure investment decisions.

Yours Faithfully,

Tony Edmondstone
Commercial Manager – Victorian Operations