



24 November 2011

Steven Graham  
AEMC Chief Executive  
Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

Dear Mr Graham

**RE: NER RULE CHANGE PROPOSAL ERC0131**

Origin appreciates the opportunity to respond to the AEMC's consultation on the Distribution Network Planning and Expansion Framework.

Origin supports a transparent and rigorous distribution planning process that maximises opportunities for comparison across jurisdictions. Origin notes that this rule change is relevant to a separate rule change, proposed by the Australian Energy Regulator (AER) (rule change proposal ERC0134), which relates to the framework for assessing distributors' capital and operational expenditure proposals. In that proposal, the AER highlighted that imbalances in the rules are exacerbated by considerable information asymmetries.<sup>1</sup> A public and transparent planning framework should ameliorate this.

Origin supports requirements for distribution networks to report publicly on their planning annually. We see no reason to stagger planning periods across jurisdictions as this will make comparisons across jurisdictions more difficult. Origin also foresees negative consequences if distribution networks are permitted to apply to be exempted from all requirements to publish the outcomes of their annual planning process. If there are to be avenues for exemptions then a strong core of reporting requirements should apply, from which exemptions and variations are unavailable.

A key benefit of public annual planning reports is that updates are provided on network activities more frequently than the five year revenue resets. Origin seeks to better understand the impact of network activities on current and future price paths. Hence, information must be reported in a manner that is coherent with reporting in the context of network revenue determinations.

Similar to the annual planning reports, the regulatory test for distribution (RIT-D) should also reduce information asymmetries. Detailed information regarding the economic justification for large investments will assist in understanding the efficiency of distribution investment.

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<sup>1</sup> AER, *AER Proposal on National Electricity Rules - Part A and B*, September, p.29.

Yours sincerely

[SIGNED]

Steven Macmillan  
Regulatory Manager