



Ref.: JD/TF

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Mr Steven Graham
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Australian Energy Market Commission
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Dear Mr Graham

ERC0142 – AEMC’s Draft Rule Determination – Distribution Losses in Expenditure Forecasts

Ergon Energy Corporation Limited (Ergon Energy) appreciates the opportunity provided by the Australian Energy Market Commission (AEMC) to provide comments on the *Draft Rule Determination National Electricity Amendment (Distribution Losses in Expenditure Forecasts) Rule 2012* (the Draft Rule). This submission is provided by Ergon Energy in its capacity as a Distribution Network Service Provider in Queensland.

Ergon Energy currently considers distribution losses during the purchase of distribution plant and equipment and consequently during the setting of design and construction standards. Furthermore, Ergon Energy currently reports on distribution losses as part of non-compulsory reporting to independent bodies such as the Energy Supply Association of Australia. In view of the current consideration given to distribution losses as part of asset purchases and existing reporting practices, Ergon Energy is concerned that the proposed rule change will impose an additional and unnecessary reporting burden on the business, the cost of which will ultimately be borne by customers. However, to the extent that the proposed draft rule does not impose an additional reporting burden, Ergon Energy considers that the requirement to provide an explanation of how distribution losses have been taken into account in developing and implementing its asset management and investment strategy, as part of the Distribution Annual Planning Report, is reasonable.

Ergon Energy looks forward to providing continued assistance to the AEMC in its consultation on the Copper Development Centre’s Rule change request on Distribution Losses in Expenditure Forecasts. Should you require additional information or wish to discuss any aspect of this submission, please do not hesitate to contact either myself on (07) 4092 9813, or Trudy Fraser on (07) 3228 2144.

Yours sincerely


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