

8 August 2013

Mr John Pierce  
Chairman  
Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

Via website: [www.aemc.gov.au](http://www.aemc.gov.au)

Dear John

### **Draft Determination – Network Service Provider Expenditure Objectives (ERC0152)**

Grid Australia welcomes the opportunity to respond to the Australian Energy Market Commission's (AEMC's) draft determination on the Standing Council on Energy and Resources (SCER) Rule change proposal (June 2012).

Grid Australia recognises the reason for the rule change proposal, being to clarify the service levels to be used by network service providers (NSPs) when submitting their regulatory proposals as part of their regulatory determination processes. However, Grid Australia's earlier submission into the initial consultation process concluded that the proposed rule change was not the most effective approach to achieve its objective.

The AEMC has determined to make a more preferable rule. Grid Australia agrees that the AEMC proposal has advantages over the original Rule change proposal and the alternatives proposed by stakeholders.

In particular, the effect of the amendment to the expenditure objectives is focused expressly on ensuring that the service level prescribed by a regulatory obligation is given primacy over the maintaining of experienced service levels, to the extent that such obligations apply. Not all aspects of a service can be, nor should be, described by a standard and the AEMC's proposed drafting would not impact on the NSPs forecasting the expenditure requirement for the overall scope of the service.

The AEMC's draft determination does not alter the way safety related expenditure is treated. Grid Australia agrees with the AEMC's conclusion that applying the proposed amendment to safety expenditure could risk inadvertently reducing the level of safety.

Accordingly Grid Australia generally supports the AEMC draft Rule determination to make a more preferable Rule, and supports the drafting proposed by the AEMC.

Should you wish to discuss any aspect of this submission, please contact Kelvin Gebert at SP AusNet via email at [kelvin.gebert@sp-ausnet.com.au](mailto:kelvin.gebert@sp-ausnet.com.au) or on (03) 9695 6603.

Yours sincerely



Rainer Korte  
**Chairman**  
**Grid Australia Regulatory Managers Group**