

**Ergon Energy Corporation Limited  
and  
Ergon Energy Queensland Pty Ltd**

**Discussion Paper: Strategic Priorities for  
Energy Market Development  
Australian Energy Market Commission  
20 May 2011**

# Discussion Paper: Strategic Priorities for Energy Market Development

## Australian Energy Market Commission

20 May 2011

This submission, which is available for publication, is made by:

Ergon Energy Corporation Limited and Ergon Energy Queensland Pty Ltd  
PO Box 15107  
City East  
BRISBANE QLD 4002

Enquiries or further communications should be directed to:

Jenny Doyle  
Manager Regulatory Affairs – Policy and Regulation  
Ergon Energy Corporation Limited  
Email: [jenny.doyle@ergon.com.au](mailto:jenny.doyle@ergon.com.au)  
Ph: (07) 4092 9813  
Mobile: 0427 156 897



## 1 INTRODUCTION

Ergon Energy Corporation Limited (EECL) and Ergon Energy Queensland Pty Ltd (EEQ) welcome the opportunity to provide comment to the Australian Energy Market Commission (AEMC) on its *Discussion Paper: Strategic Priorities for Energy Market Development* (Discussion Paper).

This submission is provided by:

- EECL, in its capacity as a Distribution Network Service Provider (DNSP) in Queensland; and
- EEQ, in its capacity as a non-competing area retail entity in Queensland.

In this submission, EECL and EEQ are collectively referred to as 'Ergon Energy'.

Ergon Energy is generally supportive of the three strategic priorities identified by the AEMC in its Discussion Paper to address emerging challenges facing Australia's energy markets, and provides a few specific comments below.

Ergon Energy is available to discuss this submission or provide further detail regarding the issues raised, should the AEMC require.

## 2 SPECIFIC COMMENTS

### ***National Regulatory Framework***

The national regulatory framework for networks (i.e. the National Electricity Law and National Electricity Rules (the Rules)) has operated for almost one round of the five-year regulatory reviews. The policy that underpins the legislation is providing a firm foundation for efficient network investment. The Australian Energy Regulator and network businesses now have experience in conducting the first round regulatory reviews, and merits reviews and this can inform the AEMC as it considers any possible rule changes.

Ergon Energy sees that Rules changes may enhance the application of the current policy and clarify interpretation of the Rules. Ergon Energy believes there is significant risk, and no clear benefit, in advocating major changes to governance arrangements or principles or network regulation set down in legislation. If any change is justified, it should be incremental in nature.

### ***Strategic Priority One***

A predictable regulatory and market environment for rewarding economically efficient investment.

Ergon Energy agrees that a predictable regulatory and market environment is important for economically efficient investment and that building on the features of the current regime will help achieve this.

In particular, Ergon Energy recognises that uncertainty in the market, particularly surrounding the proposed price on carbon emissions, may deter or delay investment in the NEM and concurs with the AEMC's view that policy certainty is needed.

***Strategic Priority Two***

Building the capability and capturing the value of flexible demand.

Ergon Energy agrees that demand management is a priority and concurs with the main issues raised under Strategic Priority Two in relation to creating market frameworks to allow customers, generators, retailers and distributors to participate in flexible pricing to manage demand.

In addition to the issues identified by the AEMC on page 43 of the Discussion Paper, Ergon Energy believes that the AEMC should consider the issue of how customers are provided with information to empower and enable them to use flexible pricing.



Ref.: JD/RC

20 May 2011

Mr Paul Smith  
Senior Director  
Strategy and Economic Analysis  
Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

97-99 Adelaide Street  
Maryborough QLD 4650  
PO Box 163  
Maryborough QLD 4650  
Telephone 13 10 46  
Facsimile 07 4123 1124  
Website [www.ergon.com.au](http://www.ergon.com.au)

Email: [submissions@aemc.gov.au](mailto:submissions@aemc.gov.au)

Dear Mr Smith

## **Response to the AEMC's Discussion Paper: Strategic Priorities for Energy Market Development**

Ergon Energy Corporation Limited and Ergon Energy Queensland Pty Ltd, collectively referred to as Ergon Energy, welcome the opportunity to provide a response to the Australian Energy Market Commission's consultation on its *Discussion Paper: Strategic Priorities for Energy Market Development*.

Should you require additional information or wish to discuss any aspect of this submission, please do not hesitate to me on (07) 4092 9813.

Yours sincerely

A handwritten signature in black ink, appearing to read "Jenny Doyle", with a long horizontal flourish extending to the right.

**Jenny Doyle**  
Manager Regulatory Affairs – Policy and Regulation

Telephone: (07) 4092 9813  
Email: [jenny.doyle@ergon.com.au](mailto:jenny.doyle@ergon.com.au)

Encl: Ergon Energy's submission.