



**EnergyAustralia**

16 January 2013

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Australian Energy Market Commission  
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Dear Commissioners,

### **Inter-regional transmission charging, second draft rule determination**

EnergyAustralia welcomes the opportunity to comment on the Australian Energy Market Commission's (AEMC) inter-regional transmission charging, second draft rule determination (the draft determination).

EnergyAustralia is one of Australia's largest energy companies providing gas and electricity to over 2.7 million household customers. We own and operate an integrated portfolio of energy generation and storage facilities across Australia.

We support the introduction of an efficient inter-regional transmission charging mechanism, and support the AEMC's draft determination to apply a modified load export charge (MLEC) as the preferred methodology.

While a NEM wide cost reflective network pricing (CRNP) methodology is a more efficient approach, in principle, we accept the Commission's analysis that it would be administratively complex and costly to implement, and that a modified load export charge provides most of the efficiency benefits while being less complex to implement and administer.

As noted in the draft determination, there is considerable interaction between the issues considered in the draft determination and the AEMC's more far reaching transmission frameworks review (TFR). The approach to inter-regional transmission charging may need to be reviewed and refined as a result of future rule changes resulting from the TFR, however any changes are likely to require significant time to implement.

In this context we agree with the draft determination that the Modified load export charge (MLEC) methodology:

- best meets the National Electricity Objective (NEO), providing an appropriate balance between cost reflectivity, transparency, stability and cost of implementation
- should be allocated on a locational basis, as a postage stamp basis would undermine cost reflectivity and introduce another level of inconsistency between jurisdictions
- is likely to deliver consumer benefits in the short to medium term and need not be delayed due to the possibility of future changes arising from the TFR.

We thank the AEMC for its consideration of the issues that we have raised over the course of this consultation. If you have any enquiries regarding this submission, please feel free to contact me on Tel: 03 8628 1240.

Yours sincerely

Signed for email

**Con Noutso**  
Regulatory Manager