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1 July 2013

Mr Richard Khoe  
Australian Energy Market Commission  
PO Box A2449  
SYDNEY SOUTH NSW 1235

AEMC Reference: ERC0150

Dear Mr Khoe

**Rule change proposal: Changes to Cost Allocation Method**

APA Group (APA) welcomes the opportunity respond to the Australian Energy Market Commission's (AEMC's) draft decision on the rules in respect of Cost Allocation Methods (CAMs).

The APA is a major ASX-listed energy infrastructure business with investments including the Murraylink and Directlink electricity interconnectors which operate in the National Electricity Market. The AER has approved a CAM in respect of both of these transmission assets.

APA supports the AEMC's draft decision not to make a rule in response to the rule change request in respect of either the electricity distribution or transmission rules.

APA endorses the AEMC's conclusion that the appropriate stage for consultation for CAMs is in the development of, and subsequent revisions to, the CAM guideline. This is the stage of the process that determines the appropriate content of a CAM, and how the AER will assess each service provider's CAM. Additional consultation on an individual service provider's CAM would add unnecessary administrative and compliance costs on the AER, users and service providers in a circumstance where CAMs must be compliant with the guidelines.

APA agrees with the AEMC conclusion that the inclusion of specific numeric allocators in CAMs will not materially assist service applicants to determine the costs of a negotiated service. Existing rules relating to negotiating frameworks require service providers to provide service applicants with relevant information on the costs of a service. Information provided in this way is likely to be more directed at the service applicant's needs and lead to lower administrative costs overall.

Please contact Alexandra Curran, Regulatory Manager on 02 92750020 if you would like further information on this submission.

Yours sincerely



Peter Bolding  
General Manager Regulatory & Strategy