

15 October 2015

Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235



positive energy

Dear Mr Pierce

Consultation Paper: National Electricity Amendment (Common Definitions of Distribution Reliability Measures) Rule 2015 (ERC0190)

Energex Limited (Energex) welcomes the opportunity to comment on the Australian Energy Market Commission's (AEMC's) consultation paper on the proposed rule change request submitted by the Council of Australian Governments (COAG) Energy Council which seeks to give the Australian Energy Regulator (AER) responsibility for producing and updating a guideline of common definitions of distribution network reliability measures.

Energex is generally supportive of the AEMC's proposed solution which requires the AER to develop, publish and maintain a distribution reliability measures guideline in consultation with stakeholders and review the guideline at least every five years. The rule change request also requires the AER to have regard to the guideline when developing the Service Target Performance Incentive Scheme (STPIS) for distribution network service providers (DNSPs) and when preparing DNSP performance reports, including benchmarking reports.

Energex notes that the AEMC's consultation on distribution reliability measures (EPR0041) discussed whether the guidelines should be binding or non-binding and, in its response to the AEMC's draft report, Energex supported the AEMC's proposal to implement common definitions for distribution reliability measures in a non-binding guideline. However, the AEMC's rule change consultation paper does not address this issue and it would appear that the intended use of common definitions for STPIS and performance reporting will be binding. Energex recommends that further clarity is provided by the AEMC as to whether the guideline is intended to be binding or non-binding.

Further, it is noted that the COAG Energy Council's rule change proposal states that "the costs of the rule change on network businesses will be minimal"¹. However, if the common definitions are binding and DNSPs are required to make significant changes to existing systems and reporting processes or to backcast data, the costs may be material and need to be

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¹ COAG Energy Council, Australian Energy Regulator maintenance and update of guideline for common definitions for distribution network reliability measures, New rule request and proposal, 22 May, 2015, p. 7.

appropriately evaluated. Energex therefore recommends that the rule should require the AER to have regard to the costs that will be incurred by DNSPs in implementing the common definitions when developing the guideline.

Energex is a member of the Energy Networks Association (ENA) and is also supportive of the views contained in the ENA's submission on the consultation paper.

Should you have any queries regarding this submission, please do not hesitate to contact Ms Leigh Henderson, Acting Network Regulation Manager, on (07) 3664 4118.

Yours sincerely

A handwritten signature in black ink, appearing to read 'N. Roscoe'.

Nicola Roscoe
Acting Group Manager Regulation & Pricing