



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

11 December 2014

Email: submissions@aemc.gov.au

Dear Mr Pierce

**ERC0172: RETAILER INSOLVENCY COSTS — PASS THROUGH PROVISIONS
CONSULTATION**

The Victorian Distribution Network Service Providers (**Victorian DNSPs**), namely CitiPower, Jemena Electricity Networks, Powercor Australia, AusNet Services and United Energy, welcome the opportunity to respond to the consultation by the Australian Energy Market Commission (**AEMC**) in relation to retailer insolvency events – cost pass through provisions.

The Victorian DNSPs support the matters set out in the consultation to allow the pass through of foregone revenue for the provision of direct control services following the insolvency of a retailer, without the pass through amount being subject to the materiality threshold. As the AEMC notes, the rule change is intended to correct drafting errors that arose through the implementation of the National Energy Customer Framework, and will also better reflect the original policy intent.

The eligible pass through amount refers to the increase in costs of the provision of direct control services that, as a result of the positive change event, the DNSP has incurred. We understand that the recovery of revenue foregone would include the Transmission Use of System (**TUoS**) payments from the retailer which we are liable to pass on to the Transmission Network Service Provider (**TNSP**). We request the AEMC confirms that TUoS is included in the eligible pass through amount in its draft determination.

The Victorian DNSPs would be pleased to discuss any aspect of this letter with the AEMC. Please contact Elizabeth Carlile on 03 9683 4886 or ecarlile@powercor.com.au.

Regards

Renate Tirpcou
Manager, Regulation for CitiPower and Powercor Australia
On behalf of the Victorian DNSPs