

SHOPPING CENTRE

COUNCIL OF AUSTRALIA

8 December 2011

Mr Zaeen Khan
Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235

Dear Mr Khan

Rule Change Request: Energy Users Rule Change Committee (ERC 0134)

Thank you for the opportunity to comment on the Australian Energy Market Commission's (AEMC) *Consultation Paper: Consolidated Rule Request – National Electricity Amendment (Economic Regulation of Network Service Providers) Rule 2011*, which includes the rule change request submitted by the Energy Users Rule Change Committee (RCC). I am writing to you to register the Shopping Centre Council of Australia's (SCCA) support for this rule change proposal. The Westfield Group, a member of the RCC, is one of our members. We have been briefed by the RCC on the rule change request, and have also reviewed the documentation submitted to the AEMC.

The SCCA represents Australia's major owners and managers of shopping centres. As large electricity users, our members have a significant interest in electricity costs as a key component of their total operating expenses. We have therefore become increasingly concerned about rising electricity prices. We agree with the findings by the Australian Energy Regulator (AER), the Garnaut Review, the Independent Pricing and Regulatory Tribunal and the Energy Users Association of Australia that deficiencies in the design and conduct of economic regulation account for part of these price increases.

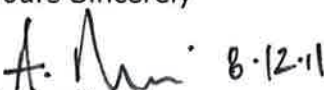
We support the RCC's principle that the allowed return on debt for regulated electricity network service providers should closely reflect the actual cost of debt. We therefore support the proposal to amend the Weighted Average Cost of Capital (WACC) methodology of the National Electricity Rules (NER). We also agree with the RCC that these issues should be reviewed by the AEMC and prescribed in the NER, rather than left to periodic reviews by the Australian Energy Regulator (AER).

We have confidence in the integrity of the AEMC's rule change process and commend the RCC's proposal to the AEMC. We will be taking an active interest in this proposal to change the NER and look forward to its transparent and comprehensive assessment against the National Electricity Objective.

The SCCA's members are: AMP Capital Investors, Brookfield Office Properties, Centro Properties Group, Charter Hall Retail REIT, Colonial First State Global Asset Management, DEXUS Property Group, Eureka Funds Management, GPT Group, ISPT, Ipoh Management Services, Jen Retail Properties, Jones Lang LaSalle, Lend Lease Retail, McConaghy Group, McConaghy Properties, Mirvac, Perron Group, Precision Group, QIC, Savills, Stockland, Westfield Group and Westfield Retail Trust.

Please do not hesitate to contact me on 02 9033 1930 or anardi@scca.org.au to discuss this submission.

Yours Sincerely


Angus Nardi

Deputy Director

Leaders in Shopping Centre Advocacy

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