

14 October 2015

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

Submission to AEMC – Common Definitions of Distribution Reliability Measures Rule change (ERC0190)

Dear John

The Energy Networks Association (ENA) welcomes the opportunity to comment on the AEMC Consultation Paper 'National Electricity Amendment (Common Definitions of Distribution Reliability Measures) Rule 2015', published on 17 September 2015.

The ENA is the national industry association representing the businesses operating Australia's electricity transmission and distribution and gas distribution networks. Member businesses provide energy to virtually every household and business in Australia. ENA members own assets valued at over \$100 billion in energy network infrastructure.

The AEMC consultation paper relates to the rule change submitted by the Council of Australian Governments (COAG) Energy Council (the Council) on 25 May 2015, seeking to give the Australian Energy Regulator (AER) the responsibility for producing and updating a guideline of common distribution network reliability measures definitions.

The ENA has long supported a nationally consistent reporting framework for distribution reliability measures.¹ ENA and our distribution network service provider (DNSP) member businesses appreciated the opportunity to work closely with the AEMC, and the AER in developing and supporting the recommendations and consistent measures proposed in the Final Report of the Review of Distribution Reliability Measures (September 2014).

ENA supports the rule change proposed by the Council for the AER to develop a guideline. Such a guideline has the potential to lead to greater transparency, predictability and comparability of reliability measures, across different incentive or benchmarking schemes and processes. In ENA's experience there is an opportunity to resolve differences between schemes imposed by disparate regulators, as well as multiple schemes applied by the same regulator.

The ENA recommends that further clarity should be provided in the rule change as to whether the guideline is intended to be binding or non-binding, which is not addressed in the consultation paper. ENA's concern is that a binding guideline could impose material costs on network businesses that


¹ ENA Service Standard Regulatory Policy and National Reliability Reporting Framework

ultimately would be borne by consumers. The ENA recommends that the AER Guideline should be non-binding or if binding, it should require the AER to have due regard to the costs that could be incurred by DNSPs in implementing the common definitions under the guideline.

ENA looks forward to the AEMC's decision and to working with the AER in the proposed timeframe to develop the guideline alongside the proposed review of the Service Target Performance Incentive Scheme (STPIS) in 2017.

Please do not hesitate to contact us if you have any questions on this submission, by contacting Heath Frewin on 02 6272 1507 or hfrewin@ena.asn.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'John Bradley', with a long horizontal flourish extending to the right.

John Bradley
Chief Executive Officer