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28 May 2018

Ms Anne Pearson
Chief Executive Officer
Australian Energy Markets Commission
Level 6, 201 Elizabeth Street
SYDNEY NSW 2000

Dear Ms Pearson 

Submission on Rule Change - Establishing values of customer reliability

The AER welcomes the opportunity to comment on the proposed rule change - Establishing Values of Customer Reliability.

We support the proposed rule change. We note that the parameter "value of customer reliability" (VCR) has wide application to both investment in, and the regulation of, energy networks. However, it is not a parameter that can readily be observed and must be ascertained through careful analysis. The absence of an agreed industry methodology for conducting this analysis results in uncertainty in the estimation of VCR. This uncertainty adversely affects regulatory and investment decisions which are reliant on this value.

We consider that the proposed rule will resolve this uncertainty by providing an authoritative methodology for determining VCR through a broad, industry consultative process.

We note the timelines proposed are challenging but accept that having an agreed methodology and values for VCR in place by the end of 2019 is a reasonable goal.

If you would like to discuss any aspect of this submission please contact Paul Dunn, Director, Network Pricing, Policy and Compliance, on (03) 9290 1426.

Yours sincerely



Chris Pattas
General Manager - Networks