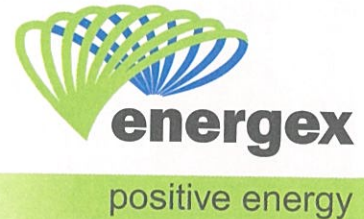


9 October 2015

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



Dear Mr Pierce

EMO0030: Discussion Paper on Strategic Priorities for Energy Market Development

Energex welcomes the opportunity to provide comment on the Australian Energy Market Commission's (AEMC) discussion paper on strategic priorities for energy market development.

As a member of the Energy Network Association (ENA), Energex supports the views expressed in the ENA's submission to this discussion paper. Rather than reiterate those views, Energex provides the following observations regarding the most critical priorities from our perspective.

Energex broadly supports the priorities as identified and articulated by the AEMC. Given the rapid change facing the energy industry, Energex agrees with the AEMC that the regulatory environment needs to be more dynamic without jeopardising current analytical and consultation standards. However Energex recognises that this may require additional resources and funding of the AEMC, the costs of which will ultimately be borne by customers. Moreover, Energex considers the role of the Council of Australian Governments Standing Council on Energy and Resources to be increasingly critical, as industry policy needs to deliver an appropriate balance between certainty and flexibility in a changing environment.

In terms of the customer strategic priority, Energex would highlight that complexity of electricity arrangements is a barrier to customer engagement and participation. While new products and services are considered to be delivering customers' choice, these will undoubtedly increase the complexity that customers face in understanding, engaging and participating in the provision of energy services. Wherever possible the regulatory framework particularly with respect to any customer interface should seek to minimise complexity. Energex concurs that the National Energy Customer Framework (NECF) requires revisiting to ensure that it continues to align with the new environment including the proliferation of new products and services. The inability of the NECF to accommodate the power of choice reforms highlights the need for regulatory reform to be undertaken dynamically and holistically to avoid unintended consequences.

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Regarding the market and networks priority, the regulatory framework must promote effective and efficient integration of new technologies and capabilities into the network grid to deliver better network utilisation in the long term interests of customers. Ensuring that the regulatory framework can accommodate new technologies and capability will likely have implications for regulatory depreciation, asset lives and regulatory asset base indexation approaches. The recent regulatory decisions with respect to type 6 metering, highlights the potential challenges to the regulatory framework.

Should you have any queries, please contact Leigh Henderson, Acting Network Regulation Manager on (07) 3664 4118.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Rheaver', written in a cursive style.

Rachel Leaver
Acting Group Manager, Regulation & Pricing