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23 December 2016

Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235

Dear Mr Pierce

ERC0183 - NATIONAL ELECTRICITY AMENDMENT (RETAILER - DISTRIBUTOR CREDIT SUPPORT REQUIREMENTS) RULE 2015 – DRAFT DETERMINATION.

Ergon Energy Corporation Limited (Ergon Energy) in its capacity as a Distribution Network Service Provider (DNSP) in Queensland welcomes the opportunity to provide comment to the Australian Energy Market Commission (AEMC) on its *National Electricity Amendment (Retailer-Distributor Credit Support Requirements) Rule 2015* - Draft Determination.

Ergon Energy supports the AEMC's proposal to remove the materiality threshold currently attached to the cost pass-through provisions for a retailer insolvency event. We also note the confirmation that any unpaid network charges resulting from a retailer default can be included as part of a DNSP's insolvency costs.

However, we do not support the proposed amendments to the retailer-distributor credit support arrangements. Ergon Energy does not consider that the aforementioned improvements to the retailer insolvency cost pass-through provisions will adequately mitigate the increased risk DNSPs will be exposed to under the AEMC's proposed credit support regime. As such, Ergon Energy supports the proposed changes to the Draft Determination, as outlined in Energy Networks Australia's submission.

Should you require additional information or wish to discuss any aspect of Ergon Energy's submission, please do not hesitate to contact either myself on (07) 3851 6416 or Trudy Fraser on (07) 3851 6787.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jenny Doyle'.

Jenny Doyle
Group Manager Regulatory Affairs

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