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

Dear Mr Pierce

EMO0028 – FRAMEWORK FOR OPEN ACCESS AND COMMON COMMUNICATION STANDARDS – SUPPLEMENTARY PAPER – REGULATORY FRAMEWORK

Ergon Energy Corporation Limited (Ergon Energy), in its capacity as a Distribution Network Service Provider in Queensland, welcomes the opportunity to provide a submission to the Australian Energy Market Commission (AEMC) on its *Framework for Open Access and Common Communication Standards Supplementary Paper – Regulatory Frameworks*.

Ergon Energy is a member of the Energy Networks Association (ENA), the peak national body for Australia's energy networks. The ENA has prepared a submission addressing the AEMC's Supplementary Paper. Ergon Energy is supportive of the arguments contained in their submission.

In response to the AEMC's invitation to provide comments on the Supplementary Paper, Ergon Energy has focussed on the specific issues raised in the Supplementary Paper, and in particular, whether regulation is required for access to smart meter functionality.

Ergon Energy believes that the AMEC's draft findings that *the service that provides access to smart meter functionality, whether provided by independent third-parties, retailers or network businesses should be given the opportunity to develop free of access regulation; and that network businesses should negotiate and pay for access to smart meter functionality on a commercial basis* is inconsistent with the fundamental premise that customers should receive network services at the lowest cost.

Smart meter providers are essentially monopoly providers of services for that premise, and therefore DNSPs (and any other access-seekers who are not the financially responsible market participant) must take whatever services are offered, at the prices

offered, else go without. Despite the noted efficiencies and savings to networks, DNSPs will need to pass on the costs of the service providers. On this basis, customers may end up paying more than is necessary. A regulated market will ensure these benefits are returned to the customer through lower prices.

Furthermore, Ergon Energy would like to re-iterate comments expressed in our submission to the Draft Report that the framework for open access and common communication standards review should follow from the proposed contestable metering rule change, not precede it.

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

Yours sincerely,



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