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National Electricity Amendment (Network Service Provider Expenditure Objectives) Rule 2013 – Draft Rule Determination

Jemena Electricity Networks (**Jemena**) welcomes the opportunity to respond to the Australian Energy Market Commission's (**AEMC**) Draft Rule Determination on the rule change request submitted by the Standing Council on Energy and Resources (**SCER**). The rule change relates to the operating expenditure and capital expenditure objectives in chapter 6 of the National Electricity Rules (**NER**).

Jemena supports the proposed draft rules in the determination.

In March 2013, Jemena responded to the AEMC's consultation paper, supporting the proposed rule change by SCER. We also expressed concern with the alternative solution proposed in the consultation paper, which was the removal of objectives 3 and 4 in clauses 6.5.6 and 6.5.7. If the existing objectives 3 and 4 were to be removed entirely, Jemena would not be able to rely on objective 2, because there are no regulated standards for reliability for DNSPs in Victoria.

In Victoria, incentives for reliability are driven mainly by the AER's Service Target Performance Incentive Scheme (**STPIS**). The STPIS is not an obligation or requirement, but it does penalise Victorian DNSPs if targets are not met and rewards them if targets are exceeded. The targets themselves are set on the basis of historical performance by each DNSP.

We welcome the AEMC's proposed draft rule – which modifies the existing objectives 3 and 4 – as it is now workable under the Victorian arrangements.

If you wish to discuss the submission please contact me on (03) 8544 9442 or at siva.moorthy@jemena.com.au.

Yours sincerely

A handwritten signature in black ink that reads "Siva Moorthy".

Siva Moorthy
Manager Network Regulation and Strategy