

Level 35, The Tower
360 Elizabeth Street
Melbourne Central
Melbourne Vic 3000

GPO Box 520
Melbourne Vic 3001

tel: (03) 9290 1444
fax: (03) 9290 1457

www.aer.gov.au

Our Ref:
Your Ref:
Contact Officer: Chris Pattas
Contact Phone: 03 9290 1470

20 December 2016

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

Dear Mr Pierce

Re: Distribution Market Model

We welcome the opportunity to comment on the AEMC's review of the distribution market model.

We believe that this is an important time for the AEMC to continue its dialogue with stakeholders on the challenges we face to deliver an affordable, reliable and low carbon future in the best interest of customers.

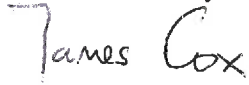
The AEMC's proposed principles and evidenced based approach provide a good basis for conducting this assessment. The paper clearly recognises that there are deep, challenging, and important policy issues to be addressed, which may require comprehensive regulatory changes to facilitate a decentralised market for electricity services. The paper also rightly recognises the key role to be played by prices, the need for new market platforms and the need for information and coordination.

We also generally agree with the scope of the review (the implications of DER for distribution networks). However, a broadening of scope may also be in order. While the regulatory issues facing distribution networks are clearly important, we consider that related retail and wholesale market issues and the regulation of stand-alone power systems should also be considered. This broader scope would reflect the evolving nature of the sector, where the distinction between retail, distribution, transmission and generation are changing beyond their traditional boundaries and are likely to move further over the next decade.

We look forward to continuing our engagement through this process and will make a more detailed response over the coming months. As part of this we would welcome more detailed discussions at a staff level on these aspects and we intend to initiate this early in the New Year.

If you have any questions, please do not hesitate to contact Chris Pattas, General Manager, Networks on 03 9290 1470.

Yours sincerely

A handwritten signature in black ink that reads "James Cox". The signature is written in a cursive style with a large, prominent initial 'J'.

James Cox
Board Member

Sent by email on: [Click here to enter a date.](#)