



**EnergyAustralia**

5 June 2015

Mr John Pierce  
Mr Neville Henderson  
Dr Brian Spalding  
Australian Energy Market Commission

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Dear Commissioners

Lodged electronically: [www.aemc.gov.au](http://www.aemc.gov.au) (ERC0176)

### **Compensation Arrangements following application of an Administered Price Cap and Administered Floor Price, Consultation Paper, 7 May 2015**

EnergyAustralia welcomes the opportunity to make a submission on the Compensation Arrangements following application of an Administered Price Cap and Administered Floor Price consultation paper. We agree that the purpose of administrated prices should be to incentivise generation in the short term, and that if generators face costs beyond this they should be compensated. CPT sets a balance between investment incentives and risk. This ensures sufficient opportunity to recoup long-term costs outside administrated prices.

EnergyAustralia is one of the country's leading retailers, providing gas and electricity to more than 2.6 million customers. We own and operate a range of generation and storage facilities, including coal, gas and wind assets, in NSW, Victoria and South Australia.

We are generally happy with the proposed rule change. Clarification in the rules gives generators certainty and may help to prevent protracted disagreements. The following are responses to questions in the consultation paper.

#### Question 1

We are not aware of any recent change in circumstances that may have impacted COAG Energy Council's rule change proposal.

#### Question 2

We are comfortable with the AEMC drawing on expert advice only when necessary.

#### Question 3

Compensation should be recovered from the eligibility period as it aligns with the time compensation is available to generators. Generally the beneficiaries will be customers in the same region as to the generator which is claiming compensation and should be recovered from them.

Question 4

We are not aware of any issues in the drafting of the rule.

If you any have further questions please contact me on (03) 8628 4518 or at [Ben.Hayward@EnergyAustralia.com.au](mailto:Ben.Hayward@EnergyAustralia.com.au).

Regards

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

**Ben Hayward**

Wholesale Regulation