

21 July 2011

Mr John Pierce
Chairman
Australian Energy Market Commission
Level 5, 201 Elizabeth Street
Sydney NSW 2000

Via website: www.aemc.gov.au

Dear John,

EBSS and demand management expenditure by transmission businesses Rule change proposal consultation paper (ERC0127)

Grid Australia welcomes the opportunity to comment on the Commission's consultation paper. For clarification, this submission relates to the Efficiency Benefit Sharing Scheme (EBSS) element of the Commission's Consultation Paper only.

Grid Australia supports the proposal to explicitly exclude non-network alternatives (such as network support) from the EBSS for electricity transmission network businesses, as is currently the case for distribution businesses. Grid Australia also notes that the existing definition of network support payment in the National Electricity Rules captures the costs of services that provide an alternative to network augmentation.

Transmission network service providers should be provided with the same reasonable opportunity to retain efficiency savings regardless of whether the expenditure involves network or demand side (non-network) solutions. That is the proposed Rule change removes an unintentional disincentive to the pursuit of efficient non-network alternatives and, therefore, enhances the National Electricity Objective.

Subject to these comments, Grid Australia supports the Rule change as drafted in Appendix A of the AEMC's Consultation Paper. Should you wish to discuss any matter raised in this submission, please contact me on (08) 8404 7983.

Yours sincerely,



Rainer Korte
Chairman
Grid Australia Regulatory Managers Group