



Ref.: TP/CP

30 May 2008

Dr John Tamblyn  
Chairman  
Australian Energy Market Commission  
Level 5, 201 Elizabeth Street  
SYDNEY NSW 2000

Dear Dr Tamblyn

## **National Transmission Planning Arrangements – Draft Report released on 2 May 2008**

Ergon Energy Corporation Limited (Ergon Energy) welcomes the opportunity to comment on the Australian Energy Market Commission's (AEMC) draft report "*National Transmission Planning Arrangements*" (Draft Report). This submission is provided by Ergon Energy in its capacity as an electricity distribution network service provider (DNSP) in Queensland.

Ergon Energy fully supports the AEMC's explicit recognition that the "proposed RIT-T<sup>1</sup> will only apply to TNSPs and not DNSPs. The Regulatory Investment Test for Distribution will be the current regulatory test" (p32, Draft Report). We note that the AEMC considers that the "...project assessment framework for DNSPs should be considered through the process of developing the new Rules for distribution rather than as part of this Review" (p32, Draft Report). Ergon Energy has previously expressed concerns regarding the administrative and cost burden of applying the Regulatory Investment Test (RIT) to DNSPs and welcomes the AEMC's clarification that the RIT will be limited to transmission.

In the Draft Report the AEMC seeks comment on whether having two separate project assessment processes would create complications for joint planning. Ergon Energy does not envisage that any joint planning complications would arise as a consequence of the different project assessment processes.

Ergon Energy raises concern in relation to the AEMC's proposal that the MCE undertake a more detailed review into the possible alignment of revenue determination periods of TNSPs and DNSPs in the same geographical area. Ergon Energy believes that this proposal would impose significant costs on the impacted (i.e. transitioning) network services providers and put significant pressure on AER resourcing in attempting to manage an increased number of concurrent regulatory determinations.

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<sup>1</sup> Regulatory Investment Test for Transmission

Ergon Energy does not believe that the benefits of any simultaneous review have been demonstrated and, even if benefits were found to exist, that these benefits would not outweigh the costs and risks of moving to an aligned regulatory period.

Ergon Energy would be pleased to discuss this submission with the AEMC.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tony Pfeiffer', written over a circular scribble.

Tony Pfeiffer  
General Manager Regulatory Affairs

Telephone: 07 3228 7711  
Facsimile: 07 3228 8130  
Email: [tony.pfeiffer@ergon.com.au](mailto:tony.pfeiffer@ergon.com.au)

c.c.: Carmel Price, Manager Regulatory Affairs – Network Regulation