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22 August 2008

Dr John Tamblyn
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

By email: submission@aemc.gov.au

Dear Dr Tamblyn

EnergyAustralia's Variation of Publication Date of Transmission Network Prices

Country Energy would like to thank the Australian Energy Market Commission (AEMC) for the opportunity to comment on the Rule change proposed by EnergyAustralia as published on 24 July 2008. Country Energy supports the proposal for Transmission Network Service Providers (TNSPs) to publish their prices by 15 March each year.

The administrative burden for both Distribution Network Service Providers (DNSPs) and regulators would be significantly reduced if approved transmission prices were available for inclusion in distribution prices submitted to the regulator each year. Country Energy's experience has been that at least two revisions of annual distribution pricing proposals have been prepared and submitted to the Independent Pricing and Regulatory Tribunal each year of the current regulatory control period with three revisions being required for 2008-09 prices as a result of revised transmission prices received from Transgrid. We support EnergyAustralia's proposal and suggest it is a logical sequence of events for TNSPs to have published prices available prior to DNSPs incorporating them as an input to their annual pricing proposals.

An additional factor in support of this proposal is the resultant effect on the DNSPs transmission recovery under and overs account. During the current regulatory control period Country Energy have submitted distribution prices based on verbal or unapproved estimates of increases in transmission prices for the forecast year. Where the actual transmission prices have been different to those advised it has resulted in an under or over recovery of transmission revenue. This in turn leads to price volatility as prices are adjusted in the year following the forecast year to account for the balance in the unders and overs account. This is an undesirable outcome for customers and DNSPs alike.

While we agree that there will a one off adjustment for the TNSPs in moving to an earlier publication date for their prices and changing to a December quarter CPI (which will bring them into line with the CPI used by NSW DNSPs) we believe the benefits to DNSPs and customers would outweigh this minor inconvenience to the TNSPs.

Should any of your officers require further information we would welcome your enquiry.
Please contact Catherine Waddell on (02) 6338 3553 for further information.

Yours sincerely

A handwritten signature in black ink that reads "Natalie Lindsay". The signature is written in a cursive, flowing style.

Natalie Lindsay
General Manager Regulatory Affairs