

RECEIVED 14 OCT 2014

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9 October 2014

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John Pierce  
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Australian Energy Market Commission  
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Contact John Smith  
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Dear Mr Pierce



## DRAFT RULE DETERMINATION - ELECTRICITY DISTRIBUTION NETWORK PRICING ARRANGEMENTS

Thank you for the opportunity to comment on your draft rule determination on distribution network pricing arrangements.

IPART welcomes the changes to network pricing under the draft rule. We support the new network pricing principles, including that each tariff be based on long run marginal cost. We also acknowledge improvements to the process and consultation around setting network prices. However, as outlined in our previous submissions, we consider it important that consultation include both tariff structures and levels.

In our view, our original proposal that network prices be approved by the AER at least two months before they take effect is preferable to the draft decision, which proposes six weeks. This could be achieved by requiring the AER to approve annual pricing proposals within 20 business days, instead of 30 business days. The rules could allow the AER 30 business days only where a network business needs to resubmit a pricing proposal that is non-complying, or if the AER needs to make its own amendments to a pricing proposal.

An objective under the draft determination is for network businesses to set prices for consumers that reflect the efficient costs of providing network services to that customer. This objective is put at risk if retailers do not have adequate time to incorporate network prices in developing their retail prices. As highlighted during the recent public forum, six weeks is the bare minimum for retailers given requirements on them to publish retail prices before they take effect.

Please contact John Smith on 9113 7742 if you have any queries in relation to this submission.

Yours sincerely

A handwritten signature in black ink, appearing to read "Peter J. Boxall". The signature is written in a cursive style with a large initial "P" and "B".

Peter J. Boxall AO  
Chairman