



25 September 2006

Australian Energy Market Commission  
PO Box H166  
AUSTRALIA SQUARE NSW 1215

By email: [submissions@aemc.gov.au](mailto:submissions@aemc.gov.au)

Dear Sir/Madam,

**Re: Transmission Pricing for Prescribed Transmission Services: Rule Proposal Report**

The Energy Retailers Association of Australia (ERAA) welcomes the opportunity to provide a submission in response to the Australian Energy Market Commission (AEMC) Transmission Pricing for Prescribed Transmission Services: Rule Proposal Report.

The ERAA is an independent association representing nine retailers of electricity and gas throughout the National Electricity Market (NEM) and the National Gas Markets. ERAA members collectively provide electricity to 11 million customers in the NEM and are the first point of contact for end use customers for both gas and electricity.

The transmission pricing review is one of many important reviews currently underway that has the potential to improve the interrelationship between transmission and the efficient operation of the NEM. ERAA members have individually contributed to the transmission pricing review through detailed submissions. As such, the ERAA in this submission does not intend to respond in detail to the Rule proposal but wishes to reinforce the importance of taking an integrated approach which ensures consistency in respect of all elements of transmission currently being reviewed across various consultations.

That is, the current transmission pricing review should not lead to cost allocation or pricing rules that overlap or interfere with the possible congestion management framework currently being developed under the Congestion Management Review. This may lead to double counting in cost recovery or over signalling of congestion costs. The need for consistency between these two reviews is therefore paramount.

Similarly, the ERAA supports the work of the Australian Energy Regulator (AER) in developing a regime to incentivise TNSP's to achieve specific performance obligations. It is important that any decision on transmission pricing rules does not preclude the future incorporation of incentive/performance mechanisms that are developed over time under this ongoing review.

The ERAA recognises the desire to bed down transmission pricing Rules to provide certainty to industry, but it does not support inflexibility in the final Rules that would prevent the full benefits of other related NEM reforms from being fully realised.

If you have any queries in relation to this submission, please feel free to contact me on 02 93693263

Yours sincerely

*[Transmitted via Email]*

Cameron O' Reilly  
**Executive Director**  
Energy Retailers Association of Australia