



3 November 2016

Mr Richard Owens
Senior Director
Australian Energy Market Commission
PO Box A2449
Sydney South, NSW 1235

Email: richard.owens@aemc.gov.au

Dear Mr Owens

RE: LOCAL GENERATION NETWORK CREDITS – ERC0191

CitiPower and Powercor welcome the opportunity to respond to the Australian Energy Market Commission's (AEMC) draft rule determination on the local generation network credit rule change proposal.

We support the AEMC's draft decision to reject the rule change proposal. As recognised by the AEMC, the National Electricity Rules (**the Rules**) already include a range of mechanisms that incentivise distributors to consider non-network solutions. Further, opportunities for avoiding network augmentation are currently limited due to low levels of forecast augmentation.

We also support the AEMC's intent to ensure distributors provide effective access to information about system limitations. We note, however, the following concerns regarding the AEMC's more preferable draft Rule:

- the draft rule is prescriptive regarding the AER's requirement to develop a template, as well as the information to be included in that template. The industry is already taking steps to provide better and easier access to system limitations information (and is incentivised to continue to do so). A preferable alternative, therefore, may be to enable, but not require, the AER to develop a system limitations template. This would complement industry led outcomes, and facilitate amendments to the template over time as network planning evolves and information needs change; and
- the draft Rule would require distributors to set out the dollar value of each year of deferral for given system limitations. This level of information is better suited to more detailed regulatory investment tests, when distributors seek formal non-network option applications (i.e. the provision of dollar values that are subject to revision may be counter-productive for non-network solution providers).

Should you wish to discuss these matters further, please contact Jeff Anderson on (03) 9683 4809 or janderson@powercor.com.au.

Regards

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