



Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

14 January 2016

Email: submissions@aemc.gov.au

Dear Mr Pierce

**ERC0181: MULTIPLE TRADING RELATIONSHIPS
DRAFT RULE DETERMINATION**

CitiPower Pty Ltd and Powercor Australia Limited (**the Businesses**) welcome the opportunity to respond to the Australian Energy Market Commission's (**AEMC**) draft rule determination relating to Multiple Trading Relationships (**MTR**).

The Businesses support the AEMC's draft determination not to proceed with a change to the National Electricity Rules (**Rules**) to introduce a new framework for MTR.

The Australian Energy Market Operator's (**AEMO**) proposed rule change would impose significant costs on industry, which will ultimately be borne by consumers, without providing commensurate benefits.

In our submission dated 10 September 2015, we identified that implementing AEMO's proposed MTR Rule change would involve reengineering of the fundamental principles of a large number of our IT systems and processes, at an estimated capital cost of over \$19 million. Further, we identified that we would incur higher operating costs for a range of functions including facilitating new processes, system licensing costs and implementing and maintain new tariff structures and billing services. When calculated across the industry, these costs will be exorbitant.

Importantly, customers already have the ability to have MTR at a premise by:

- installing multiple connection points with different metering, tariff and retailer arrangements; and
- developing an embedded network, where there is one aggregate connection point with multiple downstream metering points.

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The Businesses therefore agree with the AEMC's conclusion that implementing AEMO's proposed rule change is unlikely to deliver material benefits for most customers but is likely to impose significant costs on market participants, and therefore all customers.

The Businesses would be pleased to discuss any aspect of this submission with the AEMC. Please contact Megan Willcox on 03 9236 7048 or mwillcox@powercor.com.au

Regards

A handwritten signature in black ink, appearing to read 'Mark de Villiers', written in a cursive style.

Mark de Villiers

Manager Regulatory Strategy and Pricing