



Our Ref: Trackit 21617
Contact Officer: Paul Dunn
Contact Phone: 03 9290 1426

29 January 2014

Mr Trevor Johnston
Project Manager
Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235

Dear Mr Johnston,

Publication of Zone Substation Data Rule Change Proposal

The AER has examined the AEMC's draft decision on the proposal for a rule change to require the publication of zone substation data. We consider this to be a desirable rule change that will improve transparency and assist connecting parties to efficiently connect to the network. The AER supports the broad objective of minimising barriers to access to technical data by connection applicants.

As discussed with AEMC staff, we have yet to formally consider the most appropriate classification for this service for the purposes of cost recovery. The classification of all services is considered as part of the framework and approach stage prior to each determination process and we see this as an appropriate way to consider this issue in the future. Accordingly, we do not think it is necessary to pre-empt the framework and approach (F&A) process to predetermine the service classification.

As noted, service classifications are canvassed in the F&A stage of the revenue setting process. Classifying the service as a direct control service will mean the charge for this service may be smeared costs across network users. This compares to an alternative control service, where the DNSPs would be able to set a fee proportionate to their costs in providing the service which would need to be approved by the AER, and this may well be the preferred approach. Were the service to be unregulated, the charge imposed may be subject to a monopoly rents. Ultimately, however, the F&A process provided under the National Electricity Rules is the appropriate and consistent mechanism by which to decide on the regulation of this service.

Inquiries about this submission should be directed to Mr Paul Dunn, Director – Networks,
phone: (03) 9290 1426 or by email: paul.dunn@aer.gov.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Chris Pattas', with a stylized flourish at the end.

Chris Pattas
General Manager
Networks