

31 May 2012

Ms Caroline Taylor  
Project Leader ERC0142  
Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235



positive energy

Dear Ms Taylor

### **Consultation Paper – Distribution Losses Rule Change ERC0142**

Energex welcomes the release of the Australian Energy Market Commission's (AEMC) Consultation Paper on the rule change request from the Copper Development Centre (CDC) and is pleased to make this submission.

The Energy Network Association (ENA), the peak national body representing Australia's electricity and gas network service providers, will be making a submission on behalf of its members. As a member of the ENA, Energex supports the ENA's submission which we believe appropriately addresses the questions raised in the Consultation Paper.

In addition to the ENA Submission, Energex is concerned with the proposal to codify requirements to consider network losses when submitting operating and capital expenditure forecasts in the regulatory proposal to the Australian Energy Regulator (AER). This approach is unnecessarily onerous and would incur significant costs without quantifiable benefits. Network losses and potential for improvement are currently considered at the detailed planning and design stage for network augmentation projects, and prior to the establishment of supply contracts for plant procurement.

Energex submits that it is more appropriate to consider network losses for investment decisions made under the proposed RIT-D framework, and when specifying plant to meet the Minimum Energy Performance Standards (MEPS).

Energex looks forward to ongoing participation in the consultation process and would be pleased to discuss this matter further. Should you have any enquiries please contact Louise Dwyer – Group Manager Regulatory Affairs on 07 3664 4047.

Yours sincerely

Kevin Kehl  
Executive General Manager Strategy and Regulation

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