



In reply please quote 2008/11133
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Mr Steven Graham
Chief Executive
Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235

Dear Mr Graham,

RULE CHANGE: PROJECT REFERENCE CODE ERC0150

I write regarding public consultation on a proposed rule change.

It is understood that the proposal is to amend Chapter 6 of the National Electricity Rules (NER) in relation to the cost allocation method and the principles relating to access to negotiated distribution services.

I advise that the department supports appropriate rule changes which provide for increased transparency of the Distribution Network Service Provider's (DNSP) costs, and cost allocation between service classifications and within classifications. This will not only assist in any service negotiations (NER Ch 6 Part D), but also potentially in the assessment of individual direct controlled tariffs and ultimately the National Electricity Objective.

Appropriate changes should:

- provide uniformity in the provision of DNSP's costs to the Australian Energy Regulator;
- prevent any cost (eg overhead) being applied twice;
- provide any insights into how specific tariff cost are established;
- enable effective comparison between DNSP's costs;
- enable increased stakeholder engagement;
- establish more efficient prices.

Yours sincerely


Andrew Milazzo
Executive Director

12 March 2013