

3 November 2016

Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235



Dear Mr Pierce

Draft Rule Determination: National Electricity Amendment (Local Generation Network Credits) Rule 2016 (ERC0191)

Energex Limited (Energex) appreciates the opportunity to provide a submission on the Australian Energy Market Commission's (AEMC's) proposed draft rule regarding Local Generation Network Credits (LGNCs) and acknowledges the AEMC's consideration of the issues raised by stakeholders during the consultation process.

Energex supports the AEMC's draft decision not to introduce LGNCs as proposed in the rule change request. Energex agrees with the AEMC's assessment that existing mechanisms not only sufficiently incentivise efficient investment in embedded generation and other non-network solutions but that LGNCs are also likely to result in increased charges for consumers due to unnecessary payments in areas where there are no system constraints.

Energex is also supportive of the intent of the AEMC's more preferable draft rule of making information about system limitations accessible to providers of non-network solutions. However, Energex does have some reservations regarding the proposal to impose an additional regulatory reporting obligation on Distribution Network Service Providers (DNSPs) in the form of a "system limitations report". There are already a variety of existing sources from which information regarding system limitations can be accessed, including Energex's Distribution Annual Planning Report (DAPR), and other industry-led initiatives. Therefore, a rule imposing further reporting obligations on DNSPs may merely increase the regulatory reporting burden on DNSPs without providing any additional value to providers of non-network solutions. While Energex is not fundamentally opposed to the introduction of a standard reporting template, care should be taken to ensure that the information adds value, avoids duplication and limits regulatory burden.

As a member of the Energy Networks Association (ENA), Energex supports the ENA's submission. In particular, Energex agrees that, should the system limitations report become a formal compliance requirement, further clarification is required on reporting parameters, including suitable threshold levels for system limitations and an appropriate forecasting period, as well as information requirements relating to investment solutions and deferral value. Energex would welcome the opportunity for DNSPs and other relevant stakeholders to engage with the Australian Energy Regulator (AER) in the development of any potential template to ensure appropriate information is included and that implementation can be achieved within the proposed timeframes.

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Should you have any queries regarding this submission, please contact Charmain Martin on (07) 3664 4105.

Yours sincerely

A handwritten signature in cursive script that reads "Rheaver".

Rachael Leaver
Acting Group Manager Regulation and Pricing