

22 December 2015

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

Dear Mr Pierce

RE: AEMC Draft Determination – Multiple Trading Relationships 2015 (Reference ERC0181)

The NSW Distribution Network Service Providers, Ausgrid, Endeavour Energy and Essential Energy (the NSW DNSPs) welcome the opportunity to support the AEMC's draft rule determination to not make the Multiple Trading Relationships (MTR) proposed rule.

In our submission to the consultation paper, we outlined that the significant costs associated with MTR outweighed the benefits that MTR would provide to a narrow group of customers. In particular, we stated that other Power of Choice reforms such as competition in metering and the distribution pricing rule change would provide a more efficient and effective means of enabling customers to better manage their energy usage and access emerging energy services.

Our submission demonstrated that the proposed changes were not a proportional response and, if made, would result in outcomes contrary to the long term interests of consumers and the National Electricity Objective (NEO). Specifically, our submission demonstrated that:

- Existing arrangements facilitate MTR to a reasonable extent – we provided examples of the services customers could access through existing arrangements, including with a second connection point, at a comparable cost to MTR.
- The expected costs of implementing MTR would outweigh the likely expected benefits – we outlined the costs associated with enabling the proposed MTR framework which outweighed the likely benefits it may provide.
- Implementing an MTR framework would be a significant and disruptive change to the electricity industry – we supported the prioritisation of other Power of Choice reforms and consider MTR would unnecessarily complicate the market for customers and participants.
- Other market reforms may reduce the need for MTR, better enable MTR in the future or in some circumstances be inhibited by MTR – the other Power of Choice reforms will allow customers to manage their usage and access new energy services more efficiently.

In summary, we strongly support the AEMC's draft determination to not make the proposed rule on the basis that the costs of implementing MTR, which would need to be borne by all customers, outweigh the benefits that it might deliver to a limited number of customers. Consequently, we consider that the draft determination better supports the achievement of the NEO. We also support the AEMC's preliminary analysis of the single metering model proposed by Alternative Technology Association (ATA) and Consumer Utility Advocacy Centre (CUAC). This model would not alter the costs we would incur to adapt our systems and processes, nor reduce the operational complexity of MTR for customers and market participants.

If you have any queries or wish to arrange a meeting to discuss our submission please contact Murray Chandler, Group Manager Network Technology & Innovation at Networks NSW on (02) 9269 7210 or via email at murray.chandler@ausgrid.com.au

Yours sincerely



John Hardwick
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Ausgrid, Endeavour Energy and Essential Energy