



Reference: CP

23 February 2001

Mr Michael Rawstron
Australian Competition and Consumer Commission
PO Box 1199
DICKSON ACT 2602

Dear Michael

**AMENDMENTS TO THE NATIONAL ELECTRICITY CODE – "NETWORK PRICING AND MNSP
DRAFT DETERMINATION" 12 December 2000**

Ergon Energy Corporation Limited (EECL) makes the following submission with respect to the above Draft Determination. Our primary areas of interest are with respect to Distribution Pricing, Information Disclosure and Embedded Generation.

1. Distribution Pricing

We note the comment that most states have derogated away from the Code's distribution pricing principles and instead are subject to the respective Jurisdictional Regulators' methodology which may over time become consistent.

With respect to the condition C5.1 - we are supportive of the principle that where practical, DNPSs allocate TUOS prices in a way that preserves the economic signalling of TUOS prices (use of transmission network; congested areas; location of generation/MSNPs/load).

However, without a specific requirement for Jurisdictional Regulators to recognise and drive TUOS signalling, there is a risk that the implementation of the concept nationally will be slow and disjointed.

2. Information Disclosure

Ergon Energy is generally not uncomfortable with the new NEC Clause 6.14.8 with respect to the concept of separate TUOS/DUOS network charges for customers with a load of >10 MW or 40GWh pa since this is consistent with our current practice and incorporated into the jurisdictional price determination and publication process.

Condition C8.4 information disclosure within 10 days is achievable.

Condition C8.5 regarding information disclosure charges is acceptable.

Condition C8.6 is achievable on request.

Condition C8.7 regarding the separation of TUOS usage and general charge components is not currently calculated, but on request by a customer of the >10 MW or 40 GWh classification, this information could be provided for a relevant fee. However for cost pool customers, this would only be available on a c/kWh

postage-stamped basis. Provision of information on other than this basis would not be possible from the DNSP's perspective.

The intent of Condition C8.8 is supported on the basis that for customers >10MW or 40 GWh there is currently a direct relationship between the calculation of the TUOS charges billed to the DNSP by the TNSP for a TNI. There is a direct pass-through of explicit-customer-specific TUOS which is shown on the customers' statements from the DNSP.

However, for the general cost pool customers (<10MW or 40 GWh), whilst a degree of economic signalling of TUOS charges can be preserved by allocating TUOS by transmission node, the charges are postage-stamped on a c/kWh basis.

3. Embedded Generation

Ergon Energy supports the introduction of clear requirements, as opposed to "negotiated" arrangements for payment to Embedded Generators for avoid TUOS.

However, we believe there will still be a need for supporting implementation methodologies (including matters such as sharing benefits payable to more than one Embedded Generator at a particular TNI) to be developed which are consistent with the proposed Code changes.

The prevalence of Embedded Generation is rapidly increasing and in recognition of this, we stress that an early resolution of the outstanding ambiguities is important.

4. General Comment

The ACCC needs to continue to be cognisant of the potentially conflicting requirements that can be placed on DNSPs by both National and Jurisdictional Regulators. Any changes that are proposed need to be carefully considered to ensure that additional regulatory uncertainty is not introduced.

If you have further enquiries please contact Mrs Carmel Price (07 4121 9545 or 0408 702 814).

Yours faithfully

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REGULATION MANAGER, NETWORKS

Cc: C Price J Wilson