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Manager MCE Secretariat
Department of Resources, Energy and Tourism
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Dear Sir/Madam

SUBMISSION TO MCE SCO POLICY RESPONSE TO THE NATIONAL FRAMEWORK FOR ELECTRICITY DISTRIBUTION NETWORKS

Aurora Energy Pty Ltd ABN 85 082 464 622 (Aurora) welcomes the opportunity to provide comment on the Ministerial Council on Energy, Standing Council of Officials' Policy Response to the *Electricity Distribution Network Planning and Connection A National Framework for Electricity Distribution Networks* published by them on the 15th of December, 2008.

Aurora is a Tasmanian Government-owned electricity distribution and retail company formed in July 1998 pursuant to the Electricity Companies Act 1997, and incorporated under the Corporations Law. Aurora is licensed under the Electricity Supply Industry Act 1995 (Tas.), as the monopoly provider of distribution network services on mainland Tasmania, managing approximately 25,000 km of distribution network to serve around 260,000 customers.

Aurora is generally in agreement with the concept of providing a framework to guide the process of connecting new customers to the distribution network, thereby giving certainty and protection to both the Distribution Network Service Providers (DNSPs) and those seeking connection. The Policy Response is a tangible step towards achieving this. In a project such as this, however, "the devil is in the detail". Aurora intends, therefore, to withhold from making detailed comments until the detail is forthcoming. The points following, accordingly, deal only with the larger scale issues that Aurora believes need to be resolved to ease the implementation of the processes necessary for a national framework for distribution planning, customer connections and contributions.

Point 1. The enquiry phase currently in chapter 5 of the National Electricity Rules (NER), which occurs before the connection application phase, does not seem to be addressed. Aurora has been using the model presented in the NER for around 12 months for all new connection types and has found that the enquiry phase tends to preselect serious connection applicants, thereby improving the focus Aurora's connection staff. There is potential to combine the enquiry and connection phases for small, simple connections (for example, residences where there is existing infrastructure), but the "two-step" allows better customer service for larger, more complex connections.

Point 2. There does not seem to be a clear articulation between the contracts leading up to the physical connection of a new installation and contracts for the provision of network services. The latter is the focus of the National Energy Customer Framework, and need not be part of the current discussion. The former, however, can take the form of the “offer to connect” in the new connection process: shaped appropriately, the offer, once accepted by the customer, can act as the contract for services leading up to the physical connection.

Point 3. In relation to the form of the contract leading to the physical connection of a new site to the network, it would be useful for the NER to provide guidance about the form of the contract. This guidance may be principles to be embedded, or a list of “things to include”. It is probably not appropriate for the Australian Energy Regulator (AER) to prescribe a particular form due to the differences between jurisdictions, although it may be worthwhile getting AER sign-off on the form of the contract.

Point 4. There is a potential issue surrounding the use of the terms “standard connection” and “negotiated connections” and linking them to the “standard control services” and “negotiated services” of the national pricing regime. For example, a standard control service may not warrant a standard connection. In addition, linking the two will affect the roll-out of the connection processes - they will have a direct tie-in to the pricing regimes of the distributors and should not, therefore, be implemented part-way through a price control period.

Point 5. The connection charge/customer contribution arrangements may be linked to pricing regimes. For example, during the current regulatory period Aurora's Allowable Annual Revenue Requirement (AARR) is set assuming a certain methodology surrounding customer contributions and, if the methodology is changed during the price control period, the determination may be re-opened and the AARR re-determined.

Point 6. While there is an existing framework in chapter 5 the National Electricity Rules (NER), to “flesh out” this framework whilst allowing for cross-jurisdictional differences in legislation, processes and requirements is a non-trivial piece of work. Aurora is concerned that the implementation time-table for this project seems quite short, especially given the other changes occurring in the NEM at present and the difficulties encountered to date in their implementation.

If there are questions concerning this submission, please contact Mr Andrew Knowles on the above phone number or via e-mail at andrew.knowles@auroraenergy.com.au.

Yours sincerely



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Aurora Energy Pty Ltd