

20 June 2017

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

## **Response to Draft Determination - NSW and ACT DNSPs revenue smoothing**

Dear Mr Pierce,

Energy Networks Australia welcomes this opportunity to respond to the Australian Energy Market Commission's (AEMC) Draft Determination on the *National Electricity Amendment (Participant derogation - NSW DNSPs revenue smoothing) Rule 2016* and the *National Electricity Amendment (Participant derogation - ACT DNSP revenue smoothing) Rule 2016* published on 26 April 2017.

Energy Networks Australia supports the proposed derogation, on the basis that it will safeguard against potential price volatility that may be experienced by network customers due to revenue adjustments for the current regulatory period.

The current *National Electricity Rules* do not allow for the smoothing of revenue between regulatory periods. In light of unique circumstances that affect NSW and ACT electricity distribution businesses, Energy Networks Australia is supportive of the policy objective of the AEMC's draft rule. We would support an outcome that achieves a price path that best serves the interests of customers, while ensuring that businesses can recover the efficient costs.

Energy Networks Australia considers that the final rule giving effect to this policy intent needs to be capable of being implemented without any ambiguity. This will increase the certainty and predictability of the regulatory framework and so the incentives for efficient investment, operation and use of the network.

Rule change proponents are keen to work with the AER and other stakeholders to ensure the most efficient way to smooth revenue across two regulatory periods to minimise price volatility. In addition, NSW and ACT distribution businesses will provide drafting suggestions to the AEMC directed at improving clarity and workability of the rule, so that it is better aligns with the long-term interests of customers.

If further information is sought on this matter, please contact Garth Crawford, Executive Director, Economic Regulation, on 02 6272 1507.

Yours sincerely,



**John Bradley**  
Chief Executive Officer