



17 February 2012

Mr Chris Pattas
General Manager
Network Operations and Development
Australian Energy Regulator
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Dear Mr Pattas,

Draft Connection charge guidelines for electricity retail customers

Ausgrid welcomes the opportunity to provide a submission on the AER's Draft Connection Charge Guidelines for electricity retail customers to be made under Chapter 5A of the National Electricity Rules.

We appreciate that the approach taken by the AER in the Guidelines has addressed a number of the issues raised by Ausgrid in response to the AER's earlier consultation paper¹ in August 2011 and in developing the draft connection charge guidelines, has considered the contestability arrangements that operate in NSW. The approach taken by the AER promises a continuation of the workable framework for the contestability arrangements of electricity connections in NSW.

In our submission, however, we raise a central concern in relation to the possible effect the AER's classification of services (which is being undertaken as part of the framework and approach process for the next NSW distribution determination for 2014 – 2019) may have on contestability. The other key concerns raised in Ausgrid's submission relate to the following matters:

1. Definitions of the different components of the connection service,
2. Consistency of the connection charge guidelines with the requirements of the Rules,
3. Ausgrid's assessment of shortcomings in utilising a cost revenue test for charging for *standard control services* in NSW, and
4. Impracticalities associated with refunding connection charges to original customers (particularly in NSW).

Our submission also highlights some possible unintended consequences of drafting and seeks further clarification from the AER on a few matters. If you have any queries or wish to discuss this matter in further detail please contact Keith Yates on (02) 9269 4171.

Yours sincerely,

A handwritten signature in black ink, appearing to read "P. Birk", written in a cursive style.

Peter Birk
Executive General Manager - System Planning and Regulation

¹ AER, Consultation Paper, Issues and AER's preliminary positions, Connection charge guidelines: for accessing the electricity distribution network, June 2011