

10 October 2016



Mr C Pattas
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Dear Mr Pattas

RE: Draft Amendments to the Electricity Network Service Provider Registration Exemption Guideline

Ausgrid appreciates the opportunity to comment on the AER's draft amendments to the Electricity Network Service Provider Registration Exemption Guideline (or "Guideline"). The AER is amending the Guideline in response to the AEMC Rule Determination on embedded networks, which aims to reduce the barriers that customers in embedded networks face in accessing retail competition.

Ausgrid supports the amendments to the Guideline and considers that the AER has appropriately reflected the objectives of the AEMC Rule Determination.

We are strongly supportive of the proposed arrangements for brownfield conversions, as set in clause 4.9, in particular the arrangements for obtaining customer consent, metering, duplication of network charges and AER approval for a network conversion. However, we believe there is a need for the prospective exempt embedded network service provider to keep the respective DNSP to which the embedded network is to be connected informed prior to and throughout the conversion process.

Conversion of a part of the existing distribution system to an embedded network will have a number of operational impacts on the local DNSP, and hence should be made aware of the potential conversion and timing. In addition, there is a possibility that during the marketing campaign, customers may raise queries with the local DNSP regarding the process and potential conversion. Therefore, we request that an obligation on the exempt embedded network service provider to keep the respective DNSP informed prior to and during the conversion process is included into Clause 4.9.

Regarding brownfield conversions, we also note that the Guideline proposes "a substantial majority of tenants and residents must have agreed to the conversion before the applicant may apply for AER approval". We consider that the term 'substantial majority' may not be specific and could be misinterpreted. The AER should provide further clarification on the required threshold in the Guideline.

We agree with the AER's proposal for any meter in an embedded network must be compliant with NER requirements in order for the customer to receive a retail market offer.

Overall Ausgrid is supportive of the proposed amendments. We consider that the proposed amendments contain sufficient customer protections, and support the requirements for recording and providing information to exempt customers. We note that it will be important for embedded network service providers to maintain accurate records of life support customers and ensure appropriate parties are notified of any changes.

If you have any queries or wish to discuss this matter in further detail please contact Murray Chandler on (02) 92697210 or via email murray.chandler@ausgrid.com.au.

Yours sincerely,


JOHN HARDWICK
General Manager – Asset Management