

28 September 2012

Chris Pattas
General Manager, Network Operations and Development
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

By email: AERinquiry@aer.gov.au

Submission: Electricity Distribution Ring-fencing Guidelines (AER Discussion Paper)

Dear Chris,

NovaPower welcomes the opportunity to comment on the above referenced discussion paper and support the development of a NEM-wide distribution ring-fencing guideline.

For the past 24 months NovaPower has been prospecting across the National Electricity Market (NEM) on which to build 'network support substations' to support the electricity distribution network.

From this experience we share the concerns raised in earlier submissions to the AER about the incentives for DNSPs to pursue opportunities in emerging markets, and entrench competitive advantages arising from access to the information or other aspects of the regulated DNSP. Changes to the electricity industry, including the importance of gas as a transitional fuel to deliver a lower carbon intensive electricity industry, means that the existing jurisdictional guidelines do not provide an effective ring-fencing regime.

We concur with the AER that there are a number of benefits gained from implementing NEM-wide distribution ring-fencing guidelines. Moreover it is important that these ring-fencing guidelines extend to the owners and operators of gas DNSPs.

A NEM-wide distribution ring-fencing guideline for gas and electricity DNSPs would enable the AER to address the issues arising from emerging technologies in a consistent manner. Effective ring-fencing of regulated businesses choosing to participate in emerging contestable markets will be essential if the markets are to operate efficiently and effectively in the long term.

Greater consistency of ring-fencing guidelines across gas and electricity markets would benefit all customers seeking access to gas and electricity distribution networks.

We would welcome the opportunity to discuss our submission, provide confidential insights to specific instances of the concerns we have referenced above, and/ or participate in any appropriate working group process.

Yours Faithfully,

A handwritten signature in black ink, appearing to read 'Anthony Collins', written in a cursive style.

Anthony Collins
Managing Director