

## ***Preparations for Qld distribution determination 2010 to 2015***

As required by the National Electricity Rules (NER), the AER is preparing to undertake distribution determinations for the Queensland electricity distribution network service providers (DNSPs), Energex and Ergon Energy. The AER's distribution determinations will cover the period from 1 July 2010 to 30 June 2015. This notice is intended to inform the market of the timing of various processes.

Queensland distribution networks are currently subject to economic regulation by the Queensland jurisdictional regulator, the Queensland Competition Authority (QCA). The QCA is responsible for administering the distribution determination for the current regulatory control period, 1 July 2005 to 30 June 2010.

The NER sets out the process the AER must follow to make distribution determinations. This involves the AER publishing a framework and approach paper, receiving a regulatory proposal from each DNSP and undertaking a review of the regulatory proposals in order to make a distribution determination.

The AER must publish a framework and approach paper at least 19 months before the commencement of the next regulatory control period. The framework and approach paper will set out the AER's likely approach in the distribution determination for each DNSP on such matters as:

- the classification of distribution services
- the control mechanisms to be applied
- the application of a service target performance incentive scheme (STPIS)
- the application of an efficiency benefit sharing scheme (EBSS)
- the application of a demand management incentive scheme (DMIS).

As part of the transition process to the new regulatory arrangements, the framework and approach paper for Energex and Ergon Energy has been split into two stages:

1. Framework and approach – classification of services and form of control mechanism
2. Framework and approach – application of schemes

The submission of regulatory proposals by Energex and Ergon Energy marks the commencement of the determination process, which culminates in the AER making a distribution determination for each DNSP.

DNSPs in other Australian states are not expected to provide an initial proposal on the classification of services and form of control by the AER. Similarly, in future processes the Queensland DNSPs will also have the standard arrangements apply – that is for the 2015-2020 distribution determination and beyond.

### **Stage 1: Framework and approach – classification of services and form of control**

Transitional arrangements in the NER allow Energex and Ergon Energy to submit proposals to the AER before 31 March 2008, in relation to the classification of services and control mechanisms to

apply in the next regulatory control period. Energex and Ergon Energy have indicated that they intend to submit proposals to the AER in late March 2008.

If Energex or Ergon Energy submits a proposal, the AER must publish its framework and approach paper on these two issues on or before 31 August 2008.

### Stage 2: Framework and approach – application of schemes

The AER must also publish its framework and approach paper on the application of the STPIS, EBSS and DMIS to Energex and Ergon Energy by 30 November 2008. Consultation on this element of the framework and approaches will commence on or before 30 June 2008.

### Stage 3: Distribution determination

Energex and Ergon Energy must submit their regulatory proposals to the AER by 31 May 2009 and the AER must publish its distribution determination by 30 April 2010.

### Consultation

The AER's consultations in 2008 will cover all elements of the framework and approach paper, in two separate stages. The AER will undertake consultation on the regulatory proposals in 2009.

	2008				2009	2010
	End March	End June	End August	End November	End May	End April
Stage 1 – Framework & approach: classification of services and form of control mechanism	Proposals submitted by Energex and Ergon Energy  AER consultation commences		AER publishes framework and approach paper			
Stage 2 – Framework & approach: application of schemes		AER consultation must be initiated		AER publishes framework and approach paper		
Stage 3 – distribution determinations					Regulatory proposals submitted to AER	AER makes and publishes distribution determinations

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Information about the AER can be found at [www.aer.gov.au](http://www.aer.gov.au).