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Our Ref: 22663  
Your Ref: ERC0179  
Contact Officer: Paul Dunn  
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26 June 2015

Mr Ben Davis  
Project Manager  
AEMC  
PO Box A2449  
SYDNEY SOUTH NSW 1235

Dear Mr Davis

## **Re: Submission – Embedded Networks rule change proposal**

I refer to the consultation paper on the Embedded Networks rule change proposal dated 21 May 2015. As you will be aware, the AER participated in the development of this rule change proposal by the Australian Energy Market Operator (AEMO). The AER has regulated embedded networks since 2005 under a system of Guidelines made in accordance with clause 2.5.1 of the NER. Since 2012 we have also administered the registration of significant embedded networks subject to exemption.

At the AER we have received numerous reports of difficulty in accessing retail competition from customers in embedded networks. The complaints relate to all jurisdictions where the policy position is that access to retail competition is available to customers located in embedded networks. Based on this experience we have concluded that it is timely to implement a rule change as proposed. This rule will address aspects of the NEM framework that have not adequately supported access to retail competition by customers in embedded networks. We consider the major issue is centred on the existence of appropriate metering arrangements, capable of integration into the broader market systems.

We therefore support the AEMO rule change proposal as a solution that would enable this important objective to be attained. As the AER assisted in the development of the proposal we have elected not to comment on the specific matters raised in your consultation paper, pending the outcome of your broader consultation.

If the AER can assist further with your deliberations on this proposal please contact Mr Paul Dunn, Director - Network Investment and Pricing on 03 9290 1426.

Yours sincerely

Chris Pattas  
General Manager - Network Investment and Pricing