

Mr Sebastian Roberts
General Manager
Regulatory Affairs - Electricity
Australian Competition and Consumer Commission
PO Box 520J
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Dear Mr Roberts

Thank you for the opportunity to comment on the ACCC's Draft Decision concerning the "Review of the Regulatory Test for network augmentations".

The current Regulatory Test considers the costs/benefits of meeting legislative requirements of government policies that specifically relate to electricity market participants. The intention is to ensure that relevant and measurable economic impacts of new energy infrastructure development (both network and non-network based) are comprehensively assessed.

This requirement should encompass existing legislated greenhouse emissions abatement schemes and would therefore be consistent with the objectives of the COAG initiated electricity and gas market reforms that are currently being progressed by the Ministerial Council on Energy.

However, when the Australian Greenhouse Office (AGO) reviewed existing public reporting on applications of the Test to date, no evidence was found of consideration of the costs or benefits derived from existing legislated greenhouse schemes. Preliminary discussions with electricity transmission network stakeholders indicated a low level of awareness of these schemes and a lack of clarity on their relevance to the Test.

This appears to be inconsistent with the objectives of the ACCC's initial design of the Regulatory Test.

The attached submission expands on these issues and suggests three specific revisions to the ACCC proposed Regulatory Test to better reflect COAG's energy market reform objectives. These proposed revisions focus on improving the clarity, consistency and evaluation of the benefits and costs resulting from legislative greenhouse emissions abatement schemes that impact energy market participants. In summary, these proposed revisions relate to more explicit inclusion of:

- Market-based greenhouse emissions abatement instruments as a potential cost for new energy infrastructure investment;
- Market-based greenhouse emissions abatement instruments as a potential *benefit* for new energy infrastructure investment;
- Sensitivity analyses on potential greenhouse emissions for new energy infrastructure investment.

If you wish to discuss the details of the attached submission or require additional information, please do not hesitate to contact Gerry Morvell on 02 – 6274 1402.

Yours sincerely

Diana Wright
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