

16 July 2015

Mr Chris Pattas  
General Manager - Network Investment and Pricing  
Australian Energy Regulator  
GPO Box 520  
MELBOURNE VIC 3001

Dear Chris

**Subject: Re potential new preferential service and tariff arrangements raised in Jemena regulatory proposal**

Australia Pacific Airports (Melbourne) Pty Ltd ("APAM") owns and operates Melbourne Airport. As an operator of an infrastructure asset of both state and national importance it cannot afford to lose electrical supply at any time. As such, APAM has strategies in place to deliver increased security of supply, which includes on site back up power generation to supply critical power in the event of a network failure.

There is a question of whether APAM or the relevant network operator is best placed to provide this security of supply cost effectively. Historically, APAM has provided its own internal security of supply via backup generation. This is because the standard of network reliability and quality of supply mandated and incentivised by the regulatory framework is below the level required by APAM. However, if it were more cost effective for the network operator to guarantee security of supply to a level which adequately satisfies APAM's reliability standards, then this may provide a better outcome for APAM shareholders, airlines who use Melbourne Airport, for APAM's business park customers, and for the wider public flying through Melbourne Airport.

It is for these reasons that APAM is, in principle, in support of investigating the possibility of preferential services that would guarantee higher service levels, paired with appropriate tariff arrangements, as raised by Jemena in its 2016-20 Draft Tariff Structure Statement (EDPR Attachment 10-1), paragraph 7.2.1.3.

Regards



**Matthew Eddy**  
**Manager Engineering and Facilities Management**