



24 August 2012

Mr Warwick Anderson
General Manager, Network Regulation
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601
By email: NSWACTelectricity@aer.gov.au

Dear Mr Anderson

RE: Framework and approach paper - Ausgrid, Endeavour Energy and Essential Energy

Origin appreciates the opportunity to provide comments on the Ausgrid, Endeavour Energy and Essential Energy Framework and Approach Paper. Origin apologises for the lateness of this submission.

Origin supports the classification of metering services as alternative control services, with a view to encouraging further competition in these services. Unbundling these costs will allow for a transparent allocation of cost, creating more favourable conditions for further competition in the provision of metering services. Origin notes the precedent for this in the AER's decision in relation to ETSA's in South Australia.

Origin supports maintaining a weighted average price cap in New South Wales rather than moving to a revenue cap, as under a price cap revenue is linked more directly to energy volumes and this is more akin to the drivers of investment in generation and retail businesses. To the extent that the price cap allows distributors to set tariffs to earn windfall gains we believe this could be better managed through a tightening of the parameters that govern the formulation of tariffs by distribution businesses, specifically sections 6.18.3 to 6.18.6 of the National Electricity Rules (NER). In this context we draw the AER's attention to Origin's submission to the AER's recent Rule Change proposal on the Economic Regulation of Network Service Providers, where we outline various shortcomings we see in the current pricing rules in the NER.

Should you have any questions in relation to this submission please contact me in the first instance.

Yours sincerely

[SIGNED]

Steven Macmillan
Regulatory Manager