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3 July 2015

Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Attention: Mr Sebastian Roberts – GM Networks

Dear Mr Roberts,

ERGON ENERGY'S REGULATORY PROPOSAL

This last-minute submission regarding your determination for Ergon Energy is necessarily very brief.

Your draft determination has expanded the range of alternative control services. My clients are land developers who are responsible for the extension of Ergon's distribution network to provide electricity supply to new subdivisions. They are required to bear the full cost of design and construction of these network extensions, thereby gifting revenue-producing assets to Ergon Energy. In reality, these developers are obliged to pass the full cost to the purchasers of land, because this is a competitive market.

I am aware that your prime concern is to protect the interests of electricity consumers. However I suggest that you have a community responsibility to also give due consideration to the interests of land purchasers. To that end, I submit that, as a general principle, all alternative control services should be contestable, unless this is simply not feasible, for sound technical or administrative reasons.

In Queensland, there is a strong sentiment against contestability in the industry's union movement, for reasons which run counter to the interests of the broader community. I suggest that it is the responsibility of the AER to determine that the interests of that broader community must come first. To that end, the entity who pays for a service should have the right to obtain the lowest possible cost, subject to compliance with Ergon's reasonable technical requirements.

Please determine that alternative control services should be contestable, unless sound technical or administrative processes deem this to not be feasible.

Yours faithfully,
ROBIN RUSSELL & ASSOCIATES PTY. LTD.

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