

6 February 2019

Mr Robert Telford
Senior Adviser
Australian Energy Regulator

By email: Robert.Telford@aer.gov.au

Dear Mr Telford

Ausgrid – Determination 2019-2024

Thank you for the opportunity to comment on Ausgrid's proposed amendments to its Tariff Structure Statement to include new network tariffs to apply to certain embedded network customers.

We respectfully recommend that the Australian Energy Regulator (AER) rejects Ausgrid's proposal, particularly in relation to shopping centre embedded networks.

As the AER is aware, we have a longstanding engagement on embedded network issues. In relation to Ausgrid's proposal, we participated in their workshop held in late 2019 and also the AER's consultation in mid-January 2020.

The reasons for our opposition to Ausgrid's proposal are generally as follows:

- We remain unconvinced, and do not believe that Ausgrid has provided an evidence-base or compelling case, that shopping centre embedded networks (or their customers) are being 'subsidised' by other customers.
- Ausgrid's proposal seems to draw heavily on residential customer issues, rather than non-residential customer (or 'C&I') issues. As the AER is aware, non-residential embedded networks are different to residential networks, including the business model and growth of such networks.
- Ausgrid's growth projections seem to ignore non-residential growth issues and hence some of its generic modelling seems poorly informed. Some of the data is also confusing such as an increase in enquiries but a corresponding decline in new ENs created.
- We believe that aspects of the proposal are inconsistent with other reforms that have been developed including the AEMC's proposed updated regulatory framework.
- Noting the above, the AEMC's proposed new framework has not yet been endorsed so it is premature to be basing any new proposal on this framework.
- It overlooks other realities such as significant capital contributions provided to Ausgrid by embedded networks to connect to Ausgrid's network.

We are also greatly concerned about the trigger thresholds for the proposed tariff, which on one interpretation would seem to be something as minor as a meter change. In our view, all existing sites should be grandfathered from any new requirements if it were to proceed.

As a general comment, we are once again frustrated that residential issues are being translated into non-residential issues without any sufficient evidence, understanding or justification. We again reject some of the claims we have heard that existing Ausgrid customers are 'subsidising' shopping centre embedded network customers.

As always, please feel free to contact me on 0408 079 184 or anardi@scca.org.au.

Yours sincerely,

Angus Nardi
Executive Director