



**UNITED ENERGY
Distribution**

Registered Office

- Level 3
- 501 Blackburn Road
- Mt Waverley Vic 3149 Australia
- Telephone (03) 8540 7800
- Facsimile (03) 8540 7899

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Mr David Chan
Director - Network Regulation South
Australian Energy Regulator
Level 35, The Tower
360 Elizabeth Street
Melbourne VIC 3000

BY EMAIL: David.Chan@aer.gov.au

Dear David

Upgrade of electricity supply of the premises owned by Sietel Limited (ACN 004 217 734) at 463-467 Warrigal Road, Moorabbin Victoria" (the Draft Decision).

Introduction

We refer to the draft decision by the AER dated 7 March 2011 and entitled "Upgrade of electricity supply of the premises owned by Sietel Limited (ACN 004 217 734) at 463-467 Warrigal Road, Moorabbin Victoria" (the **Draft Decision**).

This document sets out the submission of United Energy Distribution Pty Ltd (**UED**) in relation to that Draft Decision.

Summary of UED considerations

UED's key concern is that the Draft Decision does not address the situation under which United Energy has offered the lease to Sietel Limited.

There are three factors that have not been addressed in the Draft Decision:

- The customers affected;
- Future costs to UED for non-standard commercial contracts; and
- Future asset planning.

Each of these factors is addressed in further detail below.

1. Customers affected

The background to the complaint by Sietel is as follows:

- The land on which the substation is located is owned by Sietel.
- Sietel does not have a supply contract with UED and is not negotiating with UED for a supply contract.

The AER needs to consider the supply customer in this situation.

2. Costs

UED negotiates hundreds of similar contracts on an annual basis. The most cost effective way of managing contracts of this type is to have standard arrangements. UED will be required to employ up to 2 extra people to manage contracts on an individual basis - costs that will be factored into future contracts or the entire customer base.

3. Future asset planning

It is at UED's sole discretion to utilise assets in a manner that best meets future planning requirements.

UED is required to plan its network in such a way so as to meet the least cost technically accepted arrangement. As such, UED may elect to use substations to connect public lighting and/or for other customer demands. This is an important flexibility for UED in its asset management planning. At the time of execution of a lease, UED is not aware of future demand requirements and may need to, at a later point; use a substation for such demand.

UED will be unable to efficiently manage planning requirements with different lease arrangements; particularly lease arrangements that allow customers to terminate at will. UED will no longer be able to use substations to manage network augmentation that is efficient. This right is taken away with a draft decision that allows customers, rather than UED, to dictate how electricity assets are managed. This additional cost will be borne by all customers.

Conclusion

For the reasons outlined above UED requests that the Draft Decision is further considered by the AER to take into account the broader requirements and obligations to customers.

Should you require any further information regarding this draft decision please contact me on (03) 8540 7818.

Yours sincerely



Andrew Schille
Regulatory manager