

12 December 2016

Simon Middleton
Program Director
Electricity Market Review
469 Wellington Street
Perth WA 6000

Response to Consultation Paper - Proposed amendments to the Electricity Networks Access Code

Dear Mr Middleton,

Energy Networks Australia welcomes this opportunity to respond to the Public Utilities Office's (PUO) Consultation Paper on the *Proposed amendments to the Electricity Networks Access Code* published on 11 November 2016.

Energy Networks Australia strongly supports the Western Australia's Government's commitment to transfer the regulation of Western Power's network to the national electricity regulatory framework, and the regulatory function from the Economic Regulation Authority (ERA) to the Australian Energy Regulator (AER).

As it has become apparent that the Network Regulation Reform Bills will not have passed Parliament in December 2016, Energy Network Australia supports the proposed amendment to the Electricity Networks Access Code to extend Western Power's regulatory proposal submission date to 2 October 2017. This extension is necessary to allow Western Power to develop a sound and well-based regulatory proposal which addresses the specific requirement of the Access Code framework.

We note that PUO proposes to prescribe a 3-year regulatory period for the next Western Power's access arrangement (AA4). In light of deferral of AA4 commencement date, the ERA's determination will include a true-up in the last two years of the regulatory period. In these circumstances, the shorter regulatory period is likely to increase the likelihood of customer bill shocks. Energy Networks Australia considers that a standard 5-year regulatory period will minimise the potential for such bill shocks by smoothing price changes over 4 years, reduce regulatory review costs, and provide superior incentives for the delivery of efficiencies for the benefit of WA electricity consumers.

If further information is sought on this matter, please contact Garth Crawford.

Yours sincerely,

John Bradley
Chief Executive Officer