

21 April 2011

Andrew Monaghan
Regulatory Manager (Energy)
Essential Services Commission

Via email: khayen.prentice@esc.vic.gov.au

Dear Andrew,

Subject of Letter

SP AusNet are concerned that the Commission is suggesting that they retain the concept of an absolute obligation with respect to retailers' obligation to reconnect customers. SP AusNet consider that in the interests of good regulatory practice:

1. an absolute obligation should not be placed on a party for an action which is not under their immediate/direct control. Hence for a retailer, whilst the obligation to request reconnection can be absolute, the obligation to reconnect which requires distributor action cannot.
2. an absolute obligation should not be placed on a party for an action where there are one or more potential matters which can arise, that despite all reasonable endeavours being undertaken by the party, can prevent the action being undertaken (or undertaken in the specified timeframe). This is the situation regarding re-energisation which can be prevented by potential customer actions re access, by safety issues, etc.

This interpretation of the appropriate use of an absolute obligation appears to align with the position taken by EWOV in dealing with customer issues related to re-energisation as reported in the Commission's Paper.

SP AusNet consider that the concept of a retailers' absolute obligation for re-energisation should be removed from the Energy Retail Code.



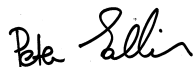
Further, whilst recognising that the related distributor obligations for reconnection are not directly the subject of this consultation, SP AusNet consider that the absolute obligations on distributors to reconnect in defined timeframes as contained in the Electricity Distribution Code (EDC) clauses 13.1.2 (a) and (b) should also be removed.

As identified in point 2 above, despite the best endeavours of the distributor, which under the EDC Clause 20.1.1, require the distributor to act in good faith and do what is reasonably necessary in the circumstances, re-energisation may be prevented by customer action or inaction, or other matters out of the distributor's control.

SP AusNet consider that the removal of the distributor's absolute obligation in association with the changes to the associated retailer reconnection obligation will provide a more realistic and consistency regulatory framework, and provide a better basis for the necessary Victorian regulatory instruments to be developed in the near future to support the national NECF framework.

If you require to discuss the views above please call me.

Yours Sincerely,

A handwritten signature in black ink that reads "Peter Ellis". The signature is written in a cursive style with a large initial 'P' and 'E'.

Peter Ellis
Network Market Services Manager