

10 May 2013



Reena Kwong
AEMO

By email: reena.kwong@aemo.com.au

Dear Reena

Submission on Value of Customer Reliability Issues Paper

The Energy Users' Association of Australia is pleased to have the opportunity to submit its views on the AEMO's Value of Customer Reliability (VCR) Issues Paper.

Our Association's members value a reliable and continuous supply of electricity. But equally our members have been alarmed at the price rises that they have been forced to bear over the last five years.

Very high values for VCR can affect the determination of the costs and benefits of network augmentation.

While we welcome hard work to try to understand user preferences, the success of such surveys in delivering meaningful estimates is affected by the question that is asked and the knowledge of the consulted party. Accordingly we encourage the AEMC to also put effort into its "Economic Principles of Substitution" approach. Electricity users can, at least in the medium term, substitute fuels and in many cases produce to meet their own needs. This acts as a hedge on the VCR, and this needs to be taken into account in investment decisions of the costs and benefits of long-lived transmission assets.

We would be pleased to work with AEMO on both its surveys and also on the implementation of Economic Principles of Substitution.

Yours sincerely,

A handwritten signature in blue ink that reads "Phil Barresi".

Phil Barresi
CHIEF EXECUTIVE OFFICER