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19 April 2013

Australian Energy Market Operator
GPO Box 2008
Melbourne VIC 3001

Attention: Reena Kwong

Dear Sir

Issues Paper: Value of Customer Reliability

Thank-you for the opportunity to provide input to the *Value of Customer Reliability Issues Paper*, released by AEMO on 11 March 2013 (the "Issues Paper").

Aurora Energy Pty Ltd, ABN 85 082 464 622 (Aurora) is an incorporated, State Government owned fully integrated energy and network business, with complementary activities in telecommunications and energy-related technologies. Aurora provides electricity generation, retail and distribution services to more than 270,000 customers in the Tasmanian jurisdiction. In this document, reference to Aurora should be taken as reference to Aurora in its capacity as the provider of distribution network services licensed by the Regulator under the Electricity Supply Industry Act 1995.

As a State Government owned essential service provider in a jurisdiction with a large proportion of customers that qualify as vulnerable, Aurora is keenly aware of the effect of electricity pricing on its customers. In this context, while Aurora recognises the potential value of, and reasons for, incorporating Value of Customer Reliability (VCR) into regulatory assessments, it remains unconvinced of its practical benefit in addressing electricity prices while a number of shortcomings persist. As noted in Aurora's submission to the Draft Report of the AEMC's Review of Distribution Reliability Outcomes and Standards - National Workstream (EPRO031), Aurora has concerns about the robustness and maturity of the VCR methodology and interpretation of the results.

While Aurora supports these first steps in addressing the gaps in the current methodology, Aurora is concerned that the timeframe suggested for the completion of the project in section 2 of the Issues Paper does not provide sufficient time to establish a suitably robust approach to the assessment and use of VCRs.

If you have any questions, please address them to the contact noted above.

Yours faithfully

A handwritten signature in black ink, appearing to read "Anton Voss".

Anton Voss
General Manager Commercial, Regulatory and Strategy
Distribution Business
Aurora Energy