

24 October 2025



Dr Kris Funston
Executive General Manager, Network Regulation
Australian Energy Regulator
GPO Box 3131
CANBERRA ACT 2601

By email: AERinquiry@aer.gov.au

Dear Dr Funston

Cost pass through application – Tropical Cyclone Alfred in South East Queensland

During the period 1 to 16 March 2025, South East Queensland was impacted by severe Tropical Cyclone Alfred which produced damaging winds and heavy rainfall, leading to riverine and flash flooding throughout the region. Energex Limited's (Energex's) electricity distribution network sustained significant damage as a direct result of Tropical Cyclone Alfred, resulting in significant expenditure beyond that budgeted for in its distribution determinations for the 2020-2025 and 2025-30 regulatory control periods.

Chapter 6 of the National Electricity Rules (NER) provides that Distribution Network Service Providers may seek to pass through the incremental, prudent and efficient costs relating to events that have materially increased the costs of providing direct control services. Energex considers that Tropical Cyclone Alfred meets the definition of a natural disaster nominated pass through event, as approved by the AER in Energex's 2020-2025 and 2025-30 distribution determinations, and the conditions prescribed under NER clause 6.6.1(a1) to trigger a positive pass through event.

The incremental costs incurred by Energex as a result of Tropical Cyclone Alfred were significant at \$56.88 million (\$2024-25) and \$3.51 million (\$2025-26) and exceed the required AER pass through materiality threshold for Energex of \$12.93 million (\$nominal, smoothed). Accordingly, please find attached Energex's written statement seeking the AER's approval to recover the incremental costs associated with the natural disaster event as a positive pass through amount of \$59.6 million over the 2026-27 and 2027-28 regulatory years (\$nominal, smoothed).

Should Energex's application be approved by the AER, the proposed cost pass through amount is expected to increase the average residential customer's network charges by approximately \$10.23 and \$10.39 and the average small business customer's network charges by \$28.61 and \$29.12 in the 2026-27 and 2027-28 regulatory years, respectively.

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If the AER requires any further information on this cost pass through application or wishes to discuss this matter in further detail, please contact [REDACTED], Manager Regulatory Affairs on [REDACTED]

Yours sincerely



Benn Barr

Executive General Manager Regulation, Risk and Strategy

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cc. Mr Arek Gulbenkogl
General Manager, Network Expenditure