

Our Ref: 51225
Contact Officer: Scott Sandles
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28 October 2015

Mr Sean Kelly
General Manager Corporate Strategy
SA Power Networks
1 Anzac Highway
KESWICK, SA 5035

By email (samantha.hicks@sapowernetworks.com.au)

Dear Mr Kelly

Letter and attachments from SAPN – Rate of return, Gamma and materials

We acknowledge receipt of your letter dated 23 October 2015. You say that the purpose of this late submission is to ensure there is clarity concerning certain return on debt and gamma materials for the purposes of National Electricity Law (NEL) section 28ZJ(1) by providing your own list of documents for our consideration. You also draw our attention to some specific further material which you ask the AER to consider in making its distribution determination (in particular, you refer to a memorandum from Professor Gray and to a 1990 article footnoted in the 1994 Officer article). We note that your letter does not actually include the additional material you refer to, but it invites us to obtain it.

Under clause 6.14(a) of the National Electricity Rules, the AER may, but is not required to consider late submissions.

You correctly point out the AER's decision is due by 31 October 2015, and as previously notified by us to interested parties the AER will publish on Thursday, 29 October before the ASX opens for trading. The practical outworking of this is that the letter received on Friday 23 October is, for all intents and purpose out of time for any reasonable consideration under the legislative framework underpinning the AER's allowed rate of return decision.

We are cognisant that in certain circumstances a late submission may have a role to play in our decision making and which we can take account of in a manner that is considered, fair and reasonable to all affected parties (such as, rectifying a simple error before the decision is published). However, having read your letter, it is clear that this is not such an instance.

There is a statutory consultation process that provides many opportunities for making submissions to the regulatory decision making process. That statutory process is designed to ensure that interested stakeholders, particularly consumers in South Australia, can give input to the process, and comment on the proposals/revised proposals, submissions and the draft/preliminary AER decision. It is also designed to allow the AER time to properly take account of relevant different views and test arguments to be satisfied, a decision that will contribute to the National Electricity Objective to the greatest degree is made.

Your submission, and in particular your request that the AER obtain and consider new material, at a time when the AER is finalising the administrative processes for publication of its final decision, is submitted far too late in the process for any reasonable scrutiny by either the AER or any other parties. In these circumstances the AER considers it would be inappropriate and unreasonable to attach any weight to it.

The AER will publish your letter on our website along with this, our response letter. However, we do not consider there is sufficient time for the AER and interested stakeholders to comment upon your submission in a meaningful way for the reasons stated above.

Yours sincerely



Warwick Anderson
General Manager
Network Finance and Reporting