

Our Ref: D12/00012460  
Your Ref:  
Contact Officer: Blair Burkitt  
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27 February 2012

Matthew Serpell  
Manager Network Pricing  
Powercor Pty and CitiPower Ltd  
40 Market Street  
MELBOURNE VIC 3001  
Via email: [mserpell@powercor.com.au](mailto:mserpell@powercor.com.au)

Dear Mr Serpell

### **Reporting on the recovery of payments made under the Victorian Government's Transitional Feed in Tariff Scheme**

I refer to your letters dated 29 November 2011 in which you made a request under clause 6.6.1A of the *National Electricity Rules (NER)* for the AER to determine how CitiPower and Powercor are to:

- estimate the payments made under the Victorian Government's Transitional Feed in Tariff Scheme (**TFiT payments**) for the purposes of clause 6.18.7A(b) of the NER;
- report its recovery of its TFiT payments for each regulatory year of the 2011–15 regulatory control period; and
- make adjustments to subsequent pricing proposals for over and under recovery of such payments.

#### *Estimation of TFiT payments*

CitiPower and Powercor have stated that they have gained experience with the previous Premium Feed in Tariff (PFiT) scheme regarding the collection of information regarding the take up rates, profiles and average facility sizes. CitiPower and Powercor have proposed that, based on this experience and the probable decrease in the take up rates due to the lower incentive tariff rates of the TFiT scheme, CitiPower and Powercor can accurately forecast the amount of the payments to be recouped from their wider customer base.

The AER considers that this proposal is appropriate.

*Reporting on recovery of TFiT payments*

CitiPower and Powercor have proposed that they will report the recovery of TFiT payments to the AER by applying the methodologies outlined in Appendix F.3 of the AER's *Final decision—appendices, Victorian electricity distribution network service providers, Distribution determination 2011–2015*, October 2010 (**Final Decision**) which will occur at the time they submit pricing proposals to the AER under rule 6.18 of the NER.

The AER considers that this proposal is appropriate.

*Adjustments for over and under recovery of TFiT payments*

CitiPower and Powercor have proposed to make adjustments for the over and under recovery of TFiT payments on the same basis as payments for the former PFiT scheme, in accordance with clause 6.18.7A(c) of the NER by applying the methodologies outlined in Appendix F.3 of the Final Decision.

The AER considers that this proposal is appropriate.

This confirmation will be published on the AER's website.

If you have any questions, please contact Blair Burkitt on (02) 9290 1442 or by email on [blair.burkitt@aer.gov.au](mailto:blair.burkitt@aer.gov.au).

Yours sincerely



Chris Pattas  
General Manager  
Network Operations and Development