

Our Ref: D12/00012463
Your Ref:
Contact Officer: Blair Burkitt
Contact Phone: (03) 9290 1442

27 February 2012

Mr Andrew Schille
General Manager Regulation
United Energy Distribution Pty Limited
Level 3, 501 Blackburn Road
MOUNT WAVERLEY VIC 3149

By email: andrew.schille@ue.com.au

Dear Mr Schille

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

I refer to your letter dated 30 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 United Energy is 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

United Energy has stated that it has built up experience with the previous Premium Feed in Tariff (PFiT) scheme and are able to estimate the uptake of customers on the TFiT scheme.

The AER considers that this proposal is appropriate.

Reporting on recovery of TFiT payments

United Energy has proposed that it 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 a pricing proposal 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

United Energy has 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.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Chris Pattas', written in a cursive style.

Chris Pattas
General Manager
Network Operations and Development