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File Ref: D18/119748

27 August 2018

Mr Nino Ficca
Chair
Energy Networks
Australia

Mr Tim Rourke
Deputy Chair
Energy Networks
Australia

By email:

Dear Nino and Tim

AER Rate of Return Review Process – Draft Guideline

Thank you for your letter dated 17 August 2018 regarding our draft rate of return guidelines, published on 10 July 2018. I would also like to thank you for your continued involvement in the review and the contributions that your members have made in submissions, in our public forums, and in concurrent expert evidence sessions

In your letter you suggested that presentations from the public forum should be provided to the independent panel that is currently reviewing our draft rate of return guidelines.

The independent panel was formed to provide an independent perspective on whether the draft guidelines are supported by sound reasoning based on the available information such that it is capable of promoting achievement of the NEO/NGO. To achieve this, it is important that the panel's review is expressly limited to the material available to us at the time of our draft decision. Therefore, the panel's review should not be supplemented with additional information that was not put before us in arriving at our draft decision. For this reason we will not be providing material from the public forum to the independent panel.

In our contact with the independent panel we have been careful to ensure that our responses to their requests for information are limited to providing files submitted to us prior to the draft decision and providing clarification through referencing relevant sections of our draft decision and the material we relied upon. A record of all of our contact with the independent panel is published on our website. We update this record each time there is contact from the panel.

I have attached the independent panel fact sheet that was posted on our website on 12 July 2018 for your reference. The independent panel's report will be made available to all stakeholders in time to inform submissions as well as our final decision.

The draft decision is meant to "stand on its own". To the extent that stakeholders feel we have not adequately considered certain information or have not sufficiently explained our reasoning (as your letter suggests), we encourage them to set this out in their submissions. We are extending invitations to stakeholders to meet with the AER Board after submissions are filed and we have had the opportunity to review them. This will provide an opportunity for the Board to ask clarifying questions to ensure we fully understand stakeholders' submissions in arriving at our final decision.

In the interim however, staff are available and would be pleased to meet with you and hear your views including the topics you have raised in your letter. I have copied Warwick Anderson into this email.

Your letter also suggested that our final guideline should assess the risk and impact of the changed approach. To the extent that stakeholders feel we have not adequately considered certain information, or that we need to consider further aspects, or have not sufficiently explained our reasoning, we encourage them to set this out in their submissions.

I appreciate hearing your views on our draft rate of return guidelines and look forward to your continued involvement in the review.

If you have any queries, or would like to arrange a meeting with the AER Board after close of submissions, please contact Warwick Anderson at [REDACTED] or [REDACTED]

Yours sincerely



Paula Conboy
Chair
Australian Energy Regulator