

25th September 2015

Mr Chris Pattas
General Manager – Network Investment and Pricing
Australian Energy Regulator
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Dear Chris

Delay of TSS lodgement to allow further stakeholder engagement

AusNet Services supports the introduction of cost reflective tariffs in Victoria. Tariff reform will deliver lower long-term prices to customers. The stakeholder engagement process that underpins the development of the Tariff Structure Statement (TSS) is critical to the success of this objective.

The balancing of cost reflectivity and associated customer impact is difficult but necessary if these new tariffs are to be introduced successfully.

Accordingly, AusNet Services has engaged in extensive consultation over many months with stakeholders, hosting information sessions, industry forums, one-on-one meetings and focus groups. The feedback and insights we have gained throughout this process have been valuable in influencing changes to our initial thoughts.

Our consultation has continued to be extremely valuable throughout recent weeks. As such, we intend to delay lodging our proposal to allow further consultation with our stakeholders on the remaining aspects of our proposal. As changes to the proposal may result from those consultations, we believe it to be more beneficial to the process for us to continue our engagement before lodging our initial TSS position.

This work will allow us to build on the existing stakeholder support for elements of the current proposed tariff structure, which include:

- Consistency in structure and terminology between distribution businesses, allowing effective, simple communication to customers through the process; and
- Limiting the demand charge to 3pm to 9pm on business days only, excluding weekends and public holidays. For the majority of customers on our existing tariffs, this change alone will provide a significant increase in the non-peak period time available for them to benefit from shifting load from the peak weekday periods.

We expect to be in a position to lodge by the 26th of October. As this delay is driven by the desire for further engagement, we believe this strengthens the consumer consultation process undertaken for the AER process, and will not impact on later milestones.



Should you have any questions or issues you would like to raise, please feel free to contact myself or Katie Yates, (Acting) Manager Regulatory Frameworks on (03) 9695 6622.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Hallam", written in a cursive style.

Tom Hallam
Manager Regulation and Network Strategy
AusNet Services