

20 April 2018

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Mr Chris Pattas
General Manager
Networks (Investment and Pricing)
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Dear Chris,

Contingent Project Application – Bushfire Mitigation Project 2

The AERs Final Decision on AusNet Services Distribution Determination 2016 to 2020, issued in May 2016, provides for three bushfire mitigation contingent projects. The trigger events that lead to activation of the second contingent projects have occurred, and accordingly AusNet Services is submitting its application for approval of the incremental capital and operating expenditure for Bushfire Mitigation Project 2.

Bushfire Mitigation Project 2 aligns to the second tranche of substations in our REFCL work program. Construction work on Tranche 1 is well progressed with REFCLs now installed at three zone substations and construction work commenced at all remaining zone substations. Importantly, the technology being installed continues to benefit from ongoing research and development, hence AusNet Services has been able to identify and incorporate lessons from the first Tranche of activities in this Tranche 2 application.

The attached document provides a detailed explanation of the prudent and efficient expenditure requirements to undertake the Bushfire Mitigation Project 2. AusNet Services is confident the expenditure forecasts in this application comply with the requirements of the Rules. Accordingly, those expenditure forecasts should be accepted by the AER for the purpose of amending the 2016-20 revenue determination to enable AusNet Services to recover the efficient costs of this contingent project.

There is information in the application that is confidential, and accordingly we also provide a version of the application that can be made public.

We are happy to meet with AER staff to further discuss this Contingent Project Application. If you have any queries in relation to this submission, please contact Michael Larkin, Senior Economist on 03 9695 6346.

Yours sincerely



Tom Hallam
General Manager Regulation & Network Strategy