

30 April 2015

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Ms Paula Conboy
Chair
Australian Energy Regulator
GPO Box 520
MELBOURNE VIC 3001

Dear Ms Conboy

AusNet Services' Electricity Distribution Revenue Proposal 2016-20

Please find attached AusNet Services' Regulatory Proposal for the regulatory control period 1 January 2016 to 31 December 2020 in accordance with the National Electricity Rules and the AER's Regulatory Information Notice. Other necessary information has been provided to the AER via a secure website.

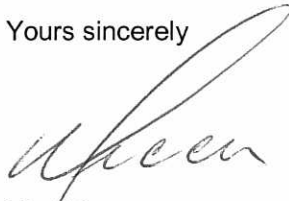
The current period has been one of unprecedented change in the industry. Energy customers are now consuming less energy than in the past and are increasingly producers as well. Rural distributors continue to make very large investments in improving community bushfire safety and replacing aging assets. The resulting price rises have caused community concern around increasing energy bills.

We responded to community concern about energy prices. The revenue proposal slows the growth in average distribution charges to 0.4% per annum over 2016-20. Inclusive of metering, the network component of typical residential bills will fall by 2.3% per annum over five years (from an average of \$720 to \$630).

However, AusNet Services, distribution area contains some of the most difficult terrain and hazardous bushfire risk areas in Australia. Accordingly, AusNet Services will continue to make significant investments to meet its clear legislative and regulatory obligations and improve its safety performance. The investment required to reduce bushfire risk and replace deteriorating assets limits AusNet Services' ability to deliver price relief.

I look forward to discussing these matters and the proposal more generally with your Board at our 26th June meeting,

Yours sincerely



Nino Ficca
Chairman
AusNet Electricity Services Pty Ltd