

## **Attachment 2.05**

### **Letter to stakeholders from Ausgrid COO**

January 2015





9 May, 2014

The Hon Carmel Tebbutt, MP  
Member for Marrickville  
299-301 Marrickville Road  
Marrickville NSW 2204

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Dear Ms Tebbutt

I'm writing to inform you that the Australian Energy Regulator has released its determination on the one year transitional regulatory proposal for Ausgrid.

The decision sets the electricity distribution network price for 1.6 million homes and businesses across our network area from July 1 this year.

In our transitional proposal submitted earlier in the year, we proposed a network price increase below the rate of inflation. As a result of the NSW Government's network reform program, as well as direct engagement with our customers and our stakeholders, we also substantially reduced our capital program and costs and other non-essential operating expenditure.

The AER has accepted our capital and operating program for the 2014-15 financial year. It has however, reduced our submitted cost of capital from 8.52% to 8.1% and this will result in a further reduction in network charges from 1 July 2014.

The network component of electricity bills (including Transgrid) represents about half of the total electricity bill that a customer receives, so this decision from the AER is a good result for households and businesses.

The following table shows how we expect this decision will affect typical residential and small business customer living or operating in our network area.

**Table:** AER's estimated impact of transitional decisions on the average household customer and average small business customer electricity charges from 1 July 2014.

Electricity network	AER estimated final retail bill* – annual (\$ nominal)	Impact on annual charge – AER decision
<b>Ausgrid</b>		
Household (6.5MWh)	\$2106	-\$36 (-1.7%)
Small business (10MWh)	\$3374	-\$58 (-1.7%)

\* Note: Network charges represent about 50% of retail bills.

## Better engagement with our stakeholders and customers

As you may be aware, late last year the Australian Energy Regulator (AER) released new consumer engagement guidelines that were designed to foster greater communication between electricity networks and their customers.

These guidelines outlined the expectations from regulators and governments for better and long lasting engagement on our regulatory submissions as well as our day to day operations. They also set a new level of transparency and accessibility for network businesses so that electricity consumers have a better understanding of our operations, how we set our future plans and importantly how they can influence those plans.

We fully endorsed this approach to bring electricity networks and their customers closer together. It built upon existing customer communication and engagement, but also led to a significant increase in engagement activity. This engagement confirmed the three key long-term objectives for our business:

- Safety –by continuously improving our safety performance for employees, contractors and the public;
- Affordability – by striving to contain average increases in our share of customers' electricity bills at or below CPI; and
- Reliability – by ensuring the ongoing reliability and sustainability of the network.

## Next Steps

Our next step is to finalise and submit our substantive five year regulatory proposal for the full regulatory period 2014-19. We expect to submit that proposal by the end of this month. The AER is expected to make a draft determination in November 2014 and the final determination in April 2015. We will continue to engage with our customers and stakeholders on our plans, including clear communication on how we consider customer feedback.

You can find more details on the regulatory determinations and the AER decisions on our website at [www.ausgrid.com.au/ourplans](http://www.ausgrid.com.au/ourplans). You will also find details there on how you can provide comments on those decisions and documents as well as our ongoing operations.

Alternatively, you can also find details or make a comment on the *Your Power Your Say* facebook page.

If you would like more information please contact Anthony O'Brien our Manager Corporate Affairs on (02) 9269 2114 or at [anthony.obrien@ausgrid.com.au](mailto:anthony.obrien@ausgrid.com.au)

Yours sincerely



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