17 December 2013

Mr Chris Pattas

General Manager

Network Operations and Development

Australian Energy Regulator

GPO Box 520

Melbourne VIC 3001

Dear Mr Pattas

**Ausgrid projects to be considered under the Regulatory Test.**

In accordance with its obligations under clause 11.50.5 (c) of the National Electricity Rules (NER) which requires that ‘by 31 December 2013, each *Network Service Provider* that has commenced assessing a project under the regulatory test must submit to the *AER* a list of those projects’ accordingly, Ausgrid submits that the following projects have commenced under the regulatory test:

* Alexandria 132/11kV STS
* Top Ryde additional 132/11kV 50MVA TX & 11kV Switchgear
* New 132kV Feeder (Beaconsfield BSP to Belmore Park ZS).

We note that under clause 11.50.5(e) of the NER, the AER may determine that project/s have not commenced assessment under the Regulatory Test. In making this assessment, the AER *Regulatory Investment Test for Distribution Application Guidelines* states that:

‘We consider that an NSP has commenced assessing a project under the Regulatory Test if, before 1 January 2014, it has:

* published a project evaluation under the former regulations; or
* identified the project in a published Distribution Annual Planning Report (DAPR); or
* released a Request for Information; or
* commenced an option analysis for the project under the Regulatory Test.

As detailed in the attached project documentation summary, we believe that each of these projects meets at least one of these requirements and we therefore seek the formal agreement of the AER to continue these projects under the Regulatory Test instead of the RIT-D.

If you would like to discuss this matter further, please contact Mr John Hele, Manager Network Investment on (02) 92692862 or via email at jhele@ausgrid.com.au

Yours sincerely,

Pamela Henderson

**Chief Engineer**

Attachment Encl.

**Attachment –** **Project Regulatory Test Supporting Documentation Status**

**Alexandria 132/11kV STS**

* Main driver is replacement of existing 33kV feeders with smaller driver future provision of load growth and spot load from major customer connection
* Included in Ausgrid 2013 DAPR publication section 6.2.1
* Included in Ausgrid’s Area Plan with supporting economics of a range of viable options
* Consultation Paper Published with no comments received from Market Participants of Registered parties
* Internal Project Development issued, commencing the detailed cost estimate for the preferred option
* Total estimated cost of $41.5M with a growth driven project planning cost of less than $6.2M
* Land acquired for the new Alexandria 132/11kV STS
* Internal Project authorisation anticipated by June 2014
* Final Report to be published following Internal projects authorisation
* Network Need date for project completion is September 2016.

**Top Ryde additional 132/11kV 50MVA TX & 11kV Switchgear**

* Main driver is load growth due to spot load from major customer connection
* Included in Ausgrid 2013 DAPR publication section 6.2.2
* Included in Ausgrid’s Area Plan with supporting economics of a range of viable options
* Internal Project Development issued, commencing the detailed cost estimate for the preferred option
* Total estimated cost of $6.3M with a growth driven project planning cost of $5.7M
* Existing substation is designed for future provision of a 3rd TX
* Internal Project authorisation anticipated by May 2014
* Final Report to be published following internal project authorisation
* Network Need date for project completion is June 2016.

**New 132kV Feeder (Beaconsfield BSP to Belmore Park ZS)**

* Main driver is load growth due to recently discover de-rating of existing 132kV Cable
* Included in Ausgrid 2013 DAPR publication section 6.2.3
* Included in Ausgrid Area Plan with supporting economics for a range of viable options
* Internal Project Development issued, commenced the detailed cost estimate for preferred option
* Consultation Paper was published in December 2013
* Total estimated planning cost of approx. $20M (100% growth driven)
* Internal Project authorisation anticipated April 2014
* Final Report to be published following internal project authorisation
* Network Need date for project completion has been advanced to November 2015 due to recent discover of de-rating of cable.