



29 November 2011

Blair Burkitt
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Dear Mr Burkitt,

Transitional Feed In Tariff Scheme

Recently the Victorian Government passed legislation to implement a transitional feed-in tariff (*TFiT*). Powercor and CitiPower (*the businesses*) note that amendments in this package include changes to the National Electricity (Victoria) Act 2005 (*NEVA*) indicating that the *TFiT* scheme is a jurisdictional scheme in accordance with s6.18.7A(d)(1) of the National Electricity Rules (*NER*).

In accordance with s6.6.1A(a) and s6.12.1(20) of the *NER*, *the businesses* request the AER determine the basis on how Distribution Network Service Providers (*DNSP's*) are to report on the recovery of jurisdictional scheme amounts. The businesses propose that *DNSP's* report to the AER on the same basis as the former Premium Feed-In Tariff (*PFiT*) scheme.

To assist in the AER's decision making process, the businesses submit the following information in accordance with s6.6.1A(b) of the *NER*:

(1) the name of the relevant jurisdictional scheme;

The relevant jurisdictional scheme is the transitional feed-in tariff scheme as outlined in the Victorian Electricity Industry Amendment (Transitional Feed-In Tariff Scheme) Bill 2011

(2) the date of the event referred to in subparagraph (a)(1) or (2);

The relevant jurisdictional scheme obtained royal ascension on the 22nd of November 2011, this was published in the Victorian Government Gazette No S378.

(3) details of how the Distribution Network Service Provider proposes to:

(i) estimate the jurisdictional scheme amounts for the relevant jurisdictional scheme for the purposes of clause 6.18.7A(b);

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The businesses have obtained significant experience with the *PFiT* scheme collecting information about take up rates, profiles and average facility sizes. Based on this experience, and the likely slower take up rates due to the lower incentive rates, the businesses can accurately forecast the amount of rebates to be recovered from the broader customer base.

(ii) carry out any adjustments to jurisdictional scheme amounts for the relevant jurisdictional scheme for the purposes of clause 6.18.7A(b); and

The businesses propose to comply with s6.18.7A(c) of the *NER* that requires the true-up of under and over recoveries by applying the methodologies outlined in Appendix F.3 of the “Victorian Electricity Distribution network Service Providers, Distribution Determination 2011-2015, Final Decision”, October 2010 (*EDPR*). The methodology was accepted by the *AER* for the purposes of costs recovery and true-up for the *PFiT* jurisdictional scheme and therefore the businesses consider it to be an appropriate mechanism to recover *TFiT* costs.

(iii) report to the AER on the recovery process under clause 6.18.7A (a) to (c).

The businesses propose to undertake the recovery process as outlined in the appendix F.3 of the *EDPR* on an annual basis along with the general tariff submission. The process will follow the same requirements as the *PFiT* jurisdictional scheme in that all data will be audited and correspond with the regulatory accounts.

The businesses note that s6.6.1A(e) of the *NER* allows the *AER* to have up to 60 business days to make a decision. Due to the timing of the ascension of legislation, (being the 22nd of November 2011), and the commencement date of the *TFiT* scheme, (being the 1st of January 2012), there is less than 60 business days to which *the businesses* will commence having an obligation to make payments. *The businesses* therefore request a decision from the *AER* on the approval of this application by the 31st of December 2011. Such a decision is sought to ensure *the businesses* are not unfairly exposed to financial loss imposed by the timing difference caused between the rules and legislation over which *the businesses* have no control.

If the Commission wish to discuss any of this submission, please do not hesitate to contact me on (03)9683-4469.

Yours sincerely

[signed]

Matthew Serpell
Manager, Network Pricing

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