



10 October 2018

Mr Sebastian Roberts
General Manager, Transmission and Gas
Australian Energy Regulator
GPO Box 520
Melbourne Victoria 3001

Dear Sebastian

Re: COST THRESHOLD REVIEW DRAFT DETERMINATION

CitiPower, Powercor and United Energy welcome the opportunity to respond to Australian Energy Regulator's (AER) cost threshold review draft determination.

We support the updated draft costs thresholds and support the AER's approach to reviewing the thresholds.

The most significant difference for distribution is the increase in the cost threshold for the regulatory investment test for distribution (**RIT-D**), from \$5 million to \$6 million. We support the new threshold as it appropriately captures the increase in input costs over time.

The new threshold will also be consistent with the cost threshold for the regulatory investment test for transmission (**RIT-T**). This improves the ability to conduct cost-benefit analysis of joint planning projects where the identified need may be addressed by potential solutions on either the distribution or transmission network (or a combination of both).

Should you have any queries about this letter please do not hesitate to contact Sonja Lekovic on (03) 9683 4784 or slekovic@powercor.com.au.

Yours sincerely,

Brent Cleeve
Head of Regulation, CitiPower, Powercor and United Energy