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25 July 2011

Mr Scott Haig  
A/g General Manager  
Network Regulation Branch  
Australian Energy Regulator  
GPO Box 520  
MELBOURNE VIC 3001

Attention: Mark McLeish

Dear Mr Haig

### **AURORA'S CUSTOMER CAPITAL CONTRIBUTIONS POLICY**

Aurora wishes to confirm its position regarding its proposed customer capital contributions policy to apply for the forthcoming Regulatory Control Period.

Aurora's customer capital contributions policy has been developed to align with the principles of the NECF and the NER and the intended connections frameworks arising from the Market Reform process. Aurora is also aware that the AER will be developing connection guidelines in accordance with this market reform and has developed its customer capital contributions policy with these changes in mind.

Aurora as a state owned company has a requirement to advise and seek endorsement from its shareholders, the Minister for Energy and the Treasurer where major policies are changed. Aurora has liaised with these Government Ministers to gain endorsement for the new customer capital contributions policy prior to its public release and consultation process.

Liaisons with Aurora's shareholder Ministers have resulted in a requirement to amend the customer capital contributions policy previously provided to the AER as an attachment to Aurora's Regulatory Proposal (attachment AE009). This amendment has been endorsed by the shareholder Ministers and Aurora will shortly commence stakeholder communication on the implementation of its proposed customer capital contribution policy.

This amendment has altered the proposed customer capital contribution charges that will be applicable to irrigation customers. Aurora has calculated the impact of this change to be a reduction in customer capital contributions of less than \$2 million per annum. Aurora considers that this reduction is within the acceptable tolerances that would apply to Aurora's forecasts of customer capital contributions and Aurora is therefore not proposing to adjust its customer capital contributions forecasts for the forthcoming Regulatory Control Period. Aurora also considers that the forecasts for demand related – customer initiated capital expenditure will not be impacted by this change and Aurora is therefore not proposing to adjust its capital

expenditure forecasts within this RIN capex category for the forthcoming Regulatory Control Period.

Aurora provides an updated customer capital contributions policy, “Aurora Distribution Customer Capital Contributions Policy (2012).pdf” as an attachment to this letter. Aurora does not consider this customer capital contributions policy is a confidential document and the AER is free to publish this amended customer capital contributions on its website.

If you have any questions, please contact Leigh Mayne on the above number or via email at [leigh.mayne@auroraenergy.com.au](mailto:leigh.mayne@auroraenergy.com.au).

Yours sincerely



Kim Rosinski  
Commercial Manager  
Aurora Energy