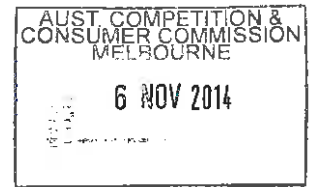



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28 October 2014

  
Mr Chris Pattas  
General Manager – Networks  
Australian Energy Regulator  
GPO Box 520  
Melbourne VIC 3001

  
Mark Zurbane



Dear Mr Pattas

### Pass Through Application - Queensland Solar Bonus Scheme

In accordance with clause 6.6.1 of the National Electricity Rules (NER) and the 2010-15 Energex Distribution Determination (the Determination), Energex seeks the Australian Energy Regulator's approval to pass through a positive pass through amount associated with the occurrence of a feed-in tariff (FiT) event.

Energex became subject to the Queensland Government Solar Bonus Scheme (SBS) obligations from 1 July 2008, and is obliged to make feed-in tariff payments to customers through the operation of Clause 44A of the *Electricity Act 1994* (QLD).

Direct FiT payments incurred by Energex under the SBS over the 2013-14 regulatory year amounted to \$227,488,690. The forecast amount of 2013-14 FiT payments included in operating expenditure in the Determination was \$9,256,892 (nominal). The difference of \$218,231,798 is the result of additional metered output compared to the forecast estimated at the time of the Determination, reflecting the significantly higher than expected take-up of the SBS since inception. As at 30 June 2014 Energex had approximately 260,000 eligible systems connected to its network with a connected capacity of approximately 827,000kW. With the Queensland Government 44 cent SBS no longer available to new applicants and the cancellation of the 8 cent SBS scheme from 1 July 2014, future FiT payments are expected to slowly decline, however exported energy will continue to be subject to weather conditions and customer behaviour.

After the application of necessary adjustments including inflation and the time value of money, the proposed positive pass through amount is calculated to be \$254,613,674. This calculation is set out in **Attachment 1** to this letter, also included is a summary, based on verifiable data from Energex's corporate systems, showing the total energy exported and the amount payable to customers for 2013-14. The value of payments and the associated exported energy is subject to verification through the audit of Energex's 2013-14 Regulatory Information Notice (RIN). Energex

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understands that the Australian Energy Regulator will rely on the RIN audit to substantiate the actual SBS payment values used to calculate the Positive Pass-through amount. Actual FiT payments for 2013-14 are reported in Table 3 of Template 10 (Operating Costs) of Energex's audited RIN submitted to the AER.

The proposed pass through amount will be incorporated into network charges for the 2015-16 regulatory year.

Should you wish to discuss this application, please contact Mick Ryan, Regulatory Affairs Manager - Operations on 07 3664 4125.

Yours sincerely



Kevin Kehl  
Executive General Manager  
Strategy, Regulation and Governance

## Attachment 1

**Calculation of Positive Pass Through Amount -13-14 FiT Payments**

Feed- in tariff payments incurred in 2013-14 - Actual	\$227,488,690
Allowed feed-in tariff payments - AER determination (\$2009-10)	\$8,359,200
CPI 2011 - per 2011-12 Energex pricing proposal	3.33%
CPI 2012 - per 2012-13 Energex pricing proposal	1.58%
CPI 2013 - per 2013-14 Energex pricing proposal	2.50%
CPI 2014 - per 2014-15 Energex pricing proposal	2.93%
Feed- in tariff payments incurred in 2013-14 (30 June 2014 dollars) (Inflation applied to actuals for half a year as they are assumed to have been paid, on average, at 31 December.)	\$230,797,338
Allowed feed-in tariff payments - AER determination (\$ nominal)	\$9,256,892
<b>Difference between Allowed and Actual payments (\$ nominal)</b>	<b>\$221,540,446</b>
Nominal vanilla WACC	9.72%
Interest payment	\$33,073,228
<b>Pass through amount</b>	<b>\$254,613,674</b>

**Feed –in Tariff Payments Incurred 2013-14**

Scheme	Units Installed As at 30/6/14	KWh Exported	Solar Bonus Scheme payment
8 cent	59,300	110,880,491	\$ 8,870,439
44 cent	200,491	496,859,660	\$ 218,618,251
<b>Total All Schemes</b>	<b>259,791</b>	<b>607,740,151</b>	<b>\$ 227,488,690</b>