

16 October 2018



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

Dear Mr Roberts

REGULATORY INVESTMENT TEST – COST THRESHOLDS REVIEW – DRAFT DETERMINATION

Energy Queensland Limited (Energy Queensland) welcomes the opportunity to provide comment to the Australian Energy Regulator (AER) on its Regulatory Investment Test Cost Thresholds Review Draft Determination (Draft Determination). This submission is provided by Energy Queensland, on behalf of its related entities Energex Limited (Energex), Ergon Energy Corporation Limited (Ergon Energy), Ergon Energy Queensland Limited (Ergon Energy Retail) and Yurika Pty Ltd (Yurika).

Energy Queensland's purpose is to "safely deliver secure, affordable and sustainable energy solutions with our communities and customers" and is focussed on working across its portfolio of activities to deliver customers lower, more predictable power bills while maintaining a safe and reliable supply and a great customer service experience. Our distribution businesses, Energex and Ergon Energy, cover 1.7 million km² and supply 37,208 GWh of energy to 2.1 million homes and businesses. Ergon Energy Retail sells electricity to 740,000 customers.

The Energy Queensland Group also includes Yurika, an energy services business creating innovative solutions to deliver customers greater choice and control over their energy needs and access to new solutions and technologies. Yurika is a key pillar to ensure that Energy Queensland is able to meet and adapt to changes and developments in the rapidly evolving energy market.

Energy Queensland supports the AER's approach to reviewing the cost thresholds and agrees that the indexes considered and associated weightings remain appropriate. Given that there were minimal changes to the cost thresholds for the Regulatory Investment Test for Distribution (RIT-D) in the 2015 review, Energy Queensland supports the increases proposed for the:

- \$5 million threshold NER clause 5.15.3(d)(1) for capital costs, over which the RIT-D applies;
- \$10 million threshold NER clause 5.15.3(d)(3) for the proposed preferred option's capital costs, under which a RIT-D proponent can skip the 'draft project assessment report' consultation step; and

- \$20 million threshold NER clause 5.15.3(d)(4) for the estimated preferred option's capital costs, over which a RIT-D proponent includes its final project assessment report' as part of its DAPR.

Should you require additional information or wish to discuss any aspect of this submission, please do not hesitate to contact either myself on (07) 3851 6416 or Trudy Fraser on (07) 3851 6787.

Yours Sincerely



Jenny Doyle
General Manager Regulation and Pricing

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