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Mr Chris Pattas,  
General Manager  
Network Operations and Development  
Australian Energy Regulator  
GPO Box 520  
Melbourne VIC 3001

97 – 99 Adelaide Street  
Maryborough QLD 4650  
PO Box 163  
Maryborough QLD 4650  
Ph: 131046  
Website: [www.ergon.com.au](http://www.ergon.com.au)

Email: [AERInquiry@aer.gov.au](mailto:AERInquiry@aer.gov.au)

Dear Mr Pattas

**DRAFT REGULATORY INVESTMENT TEST FOR DISTRIBUTION AND APPLICATION GUIDELINES**

Ergon Energy Corporation Limited (Ergon Energy), in its capacity as a Distribution Network Service Provider (DNSP) in Queensland, welcomes the opportunity to provide comment to the Australian Energy Regulator (AER) on its *Draft Regulatory Investment Test for Distribution and Application Guidelines*.

Ergon Energy acknowledges the AER's willingness to discuss additional issues raised at the recent workshop held in Sydney on 26 June 2013, particularly the treatment of strategic purchases of land not immediately related to an investment project. Ergon Energy supports the AER's proposed approach, communicated at the workshop, of only including the value of any portion of land used as part of a project at the time of considering the costs of the project. Ergon Energy also supports a proposal raised at the workshop for the AER to provide guidance on how land is to be valued for this purpose and agrees that this may best be achieved through a reference in the Application Guidelines to an established guideline on land valuation. This approach will provide certainty and a consistent process for all DNSPs.

Should you require additional information or wish to discuss any aspect of this submission, please do not hesitate to contact either myself on (07) 4092 9813 or Trudy Fraser on (07) 3851 6780.

Yours sincerely

A handwritten signature in black ink, appearing to read "Jenny Doyle".

Jenny Doyle  
Group Manager Regulatory Affairs

Telephone: (07) 4092 9813  
Email: [jenny.doyle@ergon.com.au](mailto:jenny.doyle@ergon.com.au)