



Part of Energy Queensland

15 October 2021

Ms Stephanie Jolly  
General Manager, Market Performance  
Australian Energy Regulator  
GPO Box 520  
Melbourne VIC 3001

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

Dear Ms Jolly

### **2021 RIT and APR cost threshold review**

Ergon Energy Corporation Limited (Ergon Energy) and Energex Limited (Energex), operating as distribution network service providers (DNSPs) in Queensland, welcome the opportunity to provide comment to the Australian Energy Regulator (AER) in response to its consultation on the 2021 RIT and APR cost threshold review – Draft Determination.

Ergon Energy and Energex supports the AER's approach to reviewing the cost thresholds and agree that the indexes considered, and associated weightings are consistent with those used in the 2018 review and therefore remain appropriate. We note the applied escalator of 6% has resulted in all of the cost thresholds applicable to the regulatory investment test for distribution (RIT-D) remaining constant, with 2 exceptions:

- the threshold under National Electricity Rule (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
- the threshold under NER clause 5.15.3(d)(4) for the proposed preferred option's capital costs, over which a RIT-D proponent includes its 'final project assessment report' as part of its DAPR,

which have increased from \$11M to \$12M and from \$22M to \$24M respectively. We agree the proposed thresholds are reasonable.

Should the AER require additional information or wish to discuss any aspect of this submission, please contact either myself, on 0409 239 883 or Barbara Neil on 0429 782 860.

Yours sincerely

*Sarah Williamson*

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**Acting Manager Regulation**

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