



7 December 2016

Mr Chris Pattas
General Manager, Networks
Australian Energy Regulator
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PUBLIC VERSION

Dear Mr Pattas

RE: Nomination of Multinet's debt and equity averaging periods for the 2018 to 2022 Access Arrangement period

1. Introduction

This letter accompanies and forms part of our 2018 to 2022 Access Arrangement Proposal and sets out our nominated debt and equity averaging periods for the 2018 to 2022 period.

2. Confidentiality

In accordance with the AER's Confidentiality Guideline¹, we assert confidentiality over parts redacted (highlighted in yellow) in this confidential version of this letter on the basis that:

1. The information contained in this letter is not required by stakeholders for them to understand and assess the substance of all issues arising from our regulatory proposal.
2. Disclosure of the periods identified in this letter would compromise our ability to raise debt or to engage in hedging within the averaging period on an efficient basis, because other debt market participants would become aware that the business had a rationale for trying to raise debt or to transact in swaps within that limited period. Other counterparties might seek to take positions against us with possible adverse effects on our ability to obtain competitive rates. Ultimately, there would be upward pressure on prices which would not be in the long term interests of consumers; and
3. There is no detriment in the maintenance of the confidential information that would be outweighed by the public benefit of its disclosure, in fact disclosure would negatively affect the long term interests of consumers through increased prices.

¹ AER, Confidentiality Guideline, November 2013



3. Nominated Averaging Periods

Our proposed nominated averaging periods for debt and equity are set out in **Attachment 1** to this letter.

For debt, our proposal accords with the conditions set out in the AER's Rate of Return Guideline as follows²:

[REDACTED]

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

[REDACTED]

This is consistent with Rule 87(5) (b) of the National Gas Rules (NGR) which states:

- *In determining the allowed rate of return, regard must be had to:*
- ...
- *the desirability of using an approach that leads to the consistent application of any estimates of financial parameters that are relevant to the estimates of, and that are common to, the return on equity and the return on debt.*

² AER, Rate of Return Guideline , December 2013, pp.21-22



Should you have any questions in relation to this matter, please contact Stephanie McDougall on (03) 8846 9538

Kind Regards

A handwritten signature in blue ink, appearing to read "A. Schille".

Andrew Schille
General Manager Regulation and Corporate Affairs



Attachment 1– Our 2018 to 2022 Nominated Averaging Periods for Debt and Equity

Table 1 - Proposed debt averaging periods to apply in the years 2018 to 2022

Year	Debt Averaging Period
█	█
█	█
█	█
█	█
█	█

Table 2 - Proposed equity averaging period over the 2018 to 2022 Access Arrangement period

	Equity Averaging Period
█	█