

16 August 2018



Mr Slavko Jovanovski
Assistant Director
Australian Energy Regulator
GPO Box 3648
SYDNEY NSW 2000

By email to: slavko.jovanovski@ aer.gov.au

Dear Mr Jovanovski,

Ausgrid Remittal Proposal

PIAC welcomes the opportunity to comment on Ausgrid's remittal proposal for the 2014-19 regulatory control period.

PIAC accepts Ausgrid's proposal to follow the AER's 2015 final determination and retain over-recovered revenue with a limit of \$519 million.

Ausgrid's stakeholder engagement

Ausgrid has engaged with the AER, Consumer Challenge Panel and consumer advocates in making its remittal proposal. This built on Ausgrid's 2018 consumer engagement program for its 2019-24 proposal, which PIAC considers has been generally positive.

Although we do not object to the remittal proposal, we note the process has not been as timely as for either Endeavour Energy or Essential Energy. Further, PIAC has found it more difficult to accept this proposal than the other NSW distributors because Ausgrid has taken a more aggressive stance on what they should be allowed to recover.

The proposal

In PIAC's view, the approval of Ausgrid's proposal is, overall, in the long-term interests of consumers. By proposing to accept the regulator's 2015 final determination, Ausgrid will ensure their customers do not face the increase in bills associated with the full revenue allowance originally sought by Ausgrid.

The certainty that flows from the resolution of this process, and particularly the removal of the potential for judicial review of the AER's re-made decision by Ausgrid, is also in consumers' interests.

On balance, PIAC considers it reasonable for Ausgrid to recover a maximum of \$519 million over the revenue allowance set in the 2015 final determination, on the basis that:

- The AER has determined that they will allow recovery of \$438 million in the draft determination for efficient transition costs; and
- The \$81 million uplift is consistent with the Endeavour Energy and Essential Energy remittal outcomes and appears to be a lower cost than the revenue forgone for return on debt.

Continued engagement

We look forward to continued engagement with the AER. Please contact Miyuru Ediriweera (in Craig Memery's absence) or me should you wish to discuss any of these matters further.

Yours sincerely,



Jonathon Hunyor

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