

Mr Peter Adams
General Manager, Wholesale Markets
Australian Energy Regulator
GPO Box 520
MELBOURNE VIC 3001

By email RIT@aer.gov.au

7 September 2018

Dear Mr Adams,

RE: Review of the application guidelines for the regulatory investment tests – Draft Guidelines

As the peak body for the health and community services sector in South Australia, the South Australian Council of Social Service (SACOSS) has an established history of interest, engagement and provision of proposed advice on the supply of essential services including electricity. We thank the AER for the opportunity to make a submission on the *Review of the application guidelines for the regulatory investment tests – Draft Guidelines*.

SACOSS research shows that the cost and supply of basic necessities like electricity have significant and disproportionately greater impacts on vulnerable people. SACOSS advocacy is informed by our members and direct consultations with consumers and other consumer organisations: organisations and individuals who witness and experience these impacts in our community.

SACOSS has previously been involved in RIT-T consultation processes, specifically the consultation to upgrade the Heywood Interconnector. With our experience of RIT consultations in mind, SACOSS generally endorses the direction of the AER in the Draft Guidelines. We support more meaningful consumer engagement, enhanced guidance on the use of VCR, the proposed treatment of high impact low probability events and enhanced guidance for the assessment of efficient replacement projects.

Our core area for concern is around how network businesses use the ISP to inform their cost-benefit analysis. In this respect, we draw the AER's attention to the Energy Project submission to ElectraNet for the South Australian Energy Transformation RIT-T PADR. The Energy Project submission highlights the dangers of overreliance on the ISP and SACOSS seeks assurance from the AER that the final RIT Guidelines adequately address this issue. In particular we point to the risks of using the ISP analysis as a starting point to ease the analytical burden, as illustrated by the Energy Project submission.

We thank you in advance for consideration of our comments. If you have any questions relating to this submission, please contact Jo De Silva on jo@sacoss.org.au or 08 8305 4211.

Yours sincerely,



Ross Womersley , Chief Executive Officer



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