

6 January 2012

Mr Blair Burkitt
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Dear Mr Burkitt

Transitional feed-in tariff scheme

The Victorian Parliament has passed legislation to introduce a transitional feed-in tariff (**TFiT**) scheme, which included an amendment to the National Electricity (Victoria) Act 2005 (**the Act**). This amendment has inserted the following new section, 16AB, after section 16A to the Act:

'16AB Modification of National Electricity Rules for the purpose of transitional feed-in tariff scheme

Despite section 6, the National Electricity Rules have the force of law in Victoria as if after rule 6.18.7A (e)(1)(iv) of the Rules there were inserted—

"(v) Electricity Industry Amendment (Transitional Feed-in Tariff Scheme) Act 2011 (Vic);".'

Section 6.18.7A (d)(1) of the National Electricity Rules (**NER**) states that a scheme is a jurisdictional scheme if the scheme is specified in s6.18.7A (e)(1). A jurisdictional scheme becomes an approved jurisdictional scheme where the AER:

- (a) has made a decision under s6.12.1(20);
- (b) has made a determination under s6.6.1A(e); or
- (c) is taken to have made a determination under s6.6.1A(f) of the NER.

In accordance with s6.6.1.A (a) and s6.12.1.(20) of the NER, SPI Electricity (**SPI**) requests the Australian Energy Regulator (**AER**) to determine how SPI is to report to the AER on its recovery of the jurisdictional scheme amounts. To assist in making a decision in this matter, SPI proposes the following information in accordance with s6.6.1A (b) of the NER:

(1) The name of the relevant jurisdictional scheme;

The relevant jurisdictional scheme is the transitional feed-in tariff scheme as outlined in the Victorian Electricity Industry Amendment (Transitional Feed-in Tariff Scheme) Act 2011.

(2) The date of the event referred to in subparagraph (a)(1) or (2);

Royal assent of the relevant jurisdictional scheme was made on 22 November 2011, and published in the Victorian Government Gazette No. S378.

(3) Details of how the Distribution Network Service Provider proposes to:
(i) estimate the jurisdictional scheme amounts for the relevant jurisdictional scheme for the purposes of clause 6.18.7A(b);

SPI now has established systems and processes working with the Premium Feed-in Tariff (PFiT) scheme collecting information about the take up rates and quantity forecasts. Utilising these systems and recognising a likely decrease in the take up rates as a result of the lower incentive tariff rates of the TFIT scheme, SPI can accurately forecast the amount of any rebates to be recouped from its wider customer base.

(ii) carry out any adjustments to jurisdictional scheme amounts for the relevant jurisdictional scheme for the purposes of clause 6.18.7A(b); and

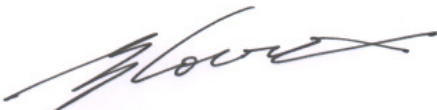
SPI proposes to make adjustments for over and under recovery to the TFIT jurisdictional scheme amounts in compliance with s6.18.7A(c) of the NER and Appendix F.3 of the "Victorian Electricity Distribution Network Service Providers, Distribution Determination 2011–2015, Final Decision", October 2010 (VEDD 2011–2015).

(iii) report to the AER on the recovery process under clause 6.18.7A (a) to (c).

SPI proposes to report annually to the AER on the recovery process as outlined in Appendix F.3 of the VEDD 2011 – 2015. This information will be submitted as part of SPI's annual pricing proposal. The TFIT recovery process will conform to the same requirements and have the same rigour as applies to the PFiT jurisdictional scheme recovery process in that all data will be audited and be consistent with the regulatory accounts.

If you any questions or require additional information, please contact Eric Howie on (03) 9695 6619 or by email eric.howie@sp-ausnet.com.au.

Yours Sincerely,



Eric Howie
PRICING MANAGER