

24 October 2008

Mr Mike Buckley
General Manager
Network Regulation North Branch
Australian Energy Regulator
GPO Box 3131
CANBERRA ACT 2601

annualcompliance@aer.gov.au

Dear Mike,

Re: Draft Decision on Annual Compliance Process under the NGL

SP AusNet operates a gas distribution business in Victoria and reports to the ESC on regulatory compliance matters under the Victorian regulatory regime for gas pipelines. We have followed the AER's consultation on annual compliance reporting in accordance with the annual Compliance Order with interest.

In SP AusNet's view the approach being adopted by the AER will introduce more extensive and detailed reporting than has previously been considered necessary for distributors. This has been noted in submissions to the AER by several parties. As the reporting requirements are substantially related to ring-fencing obligations the approach would seem to be excessive as the majority of service providers, including SP AusNet, no longer have an associated retailer.

In response to the Draft Decision SP AusNet would like to comment regarding the requirement for information submitted subject to the Compliance Order to be verified via a Statutory Declaration. In our view a Statutory Declaration should not be required for the AER to be assured of the accuracy of the information submitted. SP AusNet suggests that submission under cover of a Director's Statement would be more appropriate and consistent with the approach broadly adopted where regulatory compliance information is submitted to the regulator. For example, the ESC's template for annual compliance reporting includes the statement that the information has been prepared with all due care and skill, and requires Chief Executive Director and Chairman / Director signature.

We thank you for this opportunity to comment on the AER's proposals.

Yours sincerely,



Kelvin Gebert
Manager Regulatory Strategy and Compliance