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In reply quote:  
4 August 2014

Mr Chris Pattas  
General Manager Networks (Investment and Pricing)  
Australian Energy Regulator  
GPO Box 520  
Melbourne VIC 3001  
Attention Mr Scott Haig

*Chris*  
Dear Mr Pattas

#### **FRC Pass Through Application – Withdrawal of Application**

As a consequence of the transfer of the Aurora Energy (Aurora) distribution functions to TasNetworks on 1 July 2014, TasNetworks has reconsidered the Full Retail Competition (FRC) Pass Through Application previously proposed by Aurora.

Aurora and TasNetworks have supported Tasmanian Government industry reforms, including new systems that facilitate full retail competition in the electricity market (FRC implementation). Following our consideration of the application we have decided to manage the cost of FRC implementation within our present regulatory allowance. We are therefore withdrawing the FRC Pass Through Application. Our view is that this approach strikes the right balance between providing:

- value for customers in the form of lowest sustainable prices; and
- sustainable shareholder returns.

TasNetworks understands that this letter will be published on the AER's website.

Please contact Bess Clark on 0418 396 378 or via e-mail at [bess.clark@tasnetworks.com.au](mailto:bess.clark@tasnetworks.com.au) if you have any further queries regarding this matter.

Yours sincerely



Lance Balcombe  
Chief Executive Officer

