



Ref.: TP/CP

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Dr John Tamblyn
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Dear Dr Tamblyn

AER RULE CHANGE PROPOSAL – WACC REVIEWS, EXTENSION OF TIME (Project No ERC0083)

I refer to the request for changes to the National Electricity Rules proposed by the Australian Energy Regulator on 16 February 2009 (AER Request) and the submission lodged by ETSA Utilities on 4 March 2009 (ETSA Submission).

Subject to the following comments, we are generally supportive of the ETSA Submission but not the AER Request.

We understand that the AEMC will treat the AER Request and the ETSA Submission as a consolidated Rule request under section 93 of the National Electricity Law. On that basis, we do not object to the consolidated Rule request being treated as a non-controversial Rule under section 96.

We have not yet had the opportunity to consider the ETSA Submission in detail and will be making a submission on it. We agree with the view that a distribution entity must have a minimum of 60 days after the AER publishes its relevant statement of regulatory intent (SORI) within which to submit its regulatory proposal. We note that the text of the amendments proposed by ETSA Utilities only refers to ETSA Utilities. We will make detailed submissions on the proposed text but as a minimum would require Ergon Energy to also have the benefit of any such proposed changes.

In summary, Ergon Energy's position is that:

- if the date that the AER is obliged to finalise its review and publish its SORI is delayed by a period of time, the date that Ergon Energy is obliged to submit its regulatory proposal must be delayed by the same period of time (without any change to the date of commencement of the relevant regulatory control period); and
- any change to the Rules that extends the time within which the AER is obliged to finalise its review and publish its SORI must only apply to the current SORI and not also apply to subsequent SORIs.

Please do not hesitate to contact me or Tony Pfeiffer, General Manager Regulatory Affairs on (07) 3228 7711 if you wish to discuss this objection.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ian McLeod'.

Ian McLeod
Chief Executive

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