

15 September 2016

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Dear John

Re: Rate of Return Guidelines Review – Consultation Paper

AusNet Services welcomes the opportunity to make this submission to the AEMC's Consultation Paper on the AER's proposed Rule Change on the timing of the next Rate of Return Guideline review. The AER has sought to extend the timeframe to review the Rate of Return Guideline from three to five years from the publication date of the first Guideline,

AusNet Services supports the AER's proposed Rule Change. Given that significant areas of the current Guideline are currently under review by the Australian Competition Tribunal and the Federal Court, it is sensible to extend the December 2016 deadline for the second Rate of Return Guideline to enable it to reflect the outcomes of those reviews. We also recognise that insufficient time remains for the AER to carry out a full Guideline review, which requires a robust consultation process, by December 2016.

As flagged by the AEMC, a critical issue in assessing the AER's proposed Rule Change is whether it provides networks with sufficient time to consider a new Guideline before submitting Revenue Proposals to which the new Guideline will ultimately be applied. Under the AER's proposed Rule Change, AusNet Services' first determination to be impacted by the new Guideline will be its electricity distribution review for the 2021-25 regulatory period. As AusNet Services must submit its Revenue Proposal for this review by 31 July 2019, publication of the new Guideline by the proposed 17 December 2018 provides AusNet Services with an appropriate amount of time to consider the new Guideline prior to submission.

Any amended deadline should provide at least four months between the publication of the new Guideline and submission of its next electricity distribution Revenue Proposal. Four months is the minimum time required to properly consider, and consult with its stakeholders, on how a revised Guideline will be applied in its Revenue Proposal.

We would be happy to discuss this submission further. Please contact Charlotte Eddy, Principal Economist on 03 9695 6309 with any questions.

Sincerely,



Anh Mai
Manager Economic Regulation
AusNet Services