

31 October 2013

Mr Chris Pattas  
General Manager  
Network Regulation South Branch  
Australian Energy Regulator  
GPO Box 520  
Melbourne VIC 3001

Dear Chris

### 2014 ELECTRICITY NETWORK TARIFF SUBMISSION

Please find enclosed the proposed Electricity Network tariffs, Prescribed Metering Service charges (Unmetered Supplies) and Public Lighting Excluded Service charges for SPI Electricity Pty Ltd (SP AusNet) electricity network customers for the period from 1 January 2014 to 31 December 2014. SP AusNet tariffs and charges have been adjusted in accordance with the requirements of the Australian Energy Regulator's Electricity Distribution Price Review 2011-15 (Price Determination) dated 29 October 2010, SPI Electricity Pty Ltd Distribution determination amended in accordance with Federal court orders 16 August 2013, and the Determination on Public Lighting Excluded Service Charges dated 29 October 2010.

The following items are included with this letter:

- The 2013 Annual Tariff Proposal;
  - Schedules of the tariffs and charges are included as Attachments;
  - SP AusNet 2014 Tariff Approval Model;
- The 2013 Public Lighting Excluded Service Charges;
- The 2013 Alternative Control Services Charges;

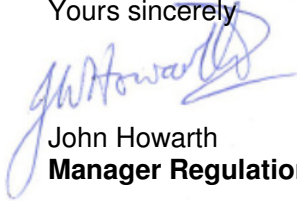
SP AusNet's modelling of tariffs has taken account of the lifting of the Victorian Government's moratorium on assigning Time of Use tariffs to customers with an Advanced Metering Infrastructure meter from September 2013.

The attachment to this letter sets out the significant adjustments to SP AusNet's tariffs for 2014 which are summarised below

Component	% Change	Ave Residential Customer Impact
Jurisdictional Schemes	4.48%	\$1.79
Transmission	-44.20%	-\$48.26
X Factor	7.09%	\$28.42
S Factor	3.65%	\$16.50
CPI	2.16%	\$8.35
VBRC & F Factor	43.75%	\$2.09
Licence fee	0.00%	\$0.00

Should you have any queries on the attached material, please do not hesitate to contact Mr Eric Howie on 9695 6619 or by email at [eric.howie@sp-ausnet.com.au](mailto:eric.howie@sp-ausnet.com.au). In the event that there are any issues requiring further information or clarification, Mr Howie will be available to work closely with your staff to ensure a prompt resolution.

Yours sincerely



John Howarth  
**Manager Regulation & Network Strategy**

## **ATTACHMENT 1: NETWORK TARIFFS**

### **Distribution Tariffs**

In setting the Distribution Tariffs, account has been taken of the Commission's Price Determination that tariffs be increased by an X factor of -7.09% for 2013.

SP AusNet has set the S factor of 3.65 % as per AER Letter titled S-Factor for 2012 Regulatory Year dated 18 October 2013.

After taking into account the CPI, X-factor, S-factor and L-factor amounts the average change for Distribution Tariffs is 13.40%.

### **Pass Through**

Included with this submission is an amount for the Pass Through in relation to:

- costs associated with the Victorian Bushfire Royal Commission approved by the AER on 22 October 2012;
- the amount approved by the AER Determination dated 30 August 2013 in relation to the Victorian Government f-factor scheme order 2011;

The increase in 2014 network tariffs related to these costs is 0.36%.

This submission is also compliant with the Victorian Government's Advance Metering Infrastructure Order in Council 2010, published in the Victorian Gazette G42 dated 21 October 2010.

### **Transmission Tariffs**

SP AusNet has ensured that Transmission Tariffs are compliant with the Maximum Transmission Revenue requirement and that each tariff is compliant with Appendix E.3 of Final Price Determination. As a result the average change in Transmission Tariffs for 2014 is -44.20%, the impact on network tariffs is -8.29%

### **Jurisdictional Scheme Tariffs**

SP AusNet has ensured that Jurisdictional Scheme Tariffs are compliant with the Maximum Jurisdictional Scheme Revenue requirement. Following the closure of the Premium Feed in scheme and the Transitional feed-in scheme SP AusNet's costs for these schemes should now stabilise. As a result the average change in Jurisdictional Scheme Tariffs for 2014 is +4.48% resulting in a 0.31% change in network charges.

### **Prescribed Metering Charges**

As required in the tariff approval template provided by the AER, SP AusNet applies Prescribed Metering Charges to those customers with contestable unmetered supplies. These charges have been adjusted by CPI of 2.16% for unmetered connections.

### **Public Lighting Excluded Service Charges**

As required by the 29 October 2010 AER Final Determination under the Appendix Q on Public Lighting Excluded Service Charges and the determination of September 2012 SP AusNet has included with this submission a variation to the Public Lighting excluded

service charges. The average increase proposed for 2014 is 6.1% which is in accordance with the Final Determination.

**Alternative Control Service Charges**

SP AusNet's Fixed Fee prices Alternative Control Services for 2014 have been adjusted by the CPI-1% as outlined in clause 2.2.2 of the revised Determination. Accordingly the charges have been adjusted by of 1.14%. Quoted Services have been adjusted by the CPI plus the approved labour escalator of 3.13% for 2014 the total adjustment for 2014 is 5.36%.

The attachments to the submission set out the prices to be applied throughout 2014.