

29 November 2024

Dr Kris Funston
Executive General Manager, Network Regulation
Australian Energy Regulator

Sent via email: VICGAAR2023@aer.gov.au

Dear Dr Funston,

AusNet Services – Access Arrangement 2023-2028 – Variation proposal

Energy Networks Australia (ENA) appreciates the opportunity to respond to the AusNet Services variation proposal to its 2023-2028 Access Arrangement.¹

ENA is the national industry body representing Australia's electricity transmission and distribution and gas distribution networks. Our members provide more than 16 million electricity and gas connections to almost every home and business across Australia.

ENA strongly supports AusNet's variation proposal to its 2023-2028 Access Arrangement.

The changes to the operating environment since the AER's Final Decision in 2023 are material, such that the assumptions and forecasts underpinning the Access Arrangement and decision no longer reasonably represent the expected future circumstances of the network. In turn, this risk outcomes that fail to protect the long-term interests of AusNet's customers.

This variation proposal is the result of a set of material policy changes introduced by the Victorian Government. For example, the Victorian Government's ban on gas appliances for new homes effective from 1 January 2024 significantly changes AusNet forecasts for new customer numbers and the size of the network for the 2023-2028 Access Arrangement.

Accelerated depreciation is an appropriate tool to allow AusNet to address stranding risks from the material changes to the operating environment. An appropriate balance is to be found between managing short and long-term price impacts to customers. ENA supports AusNet's proposal to increase accelerated depreciation as it seeks to equitably manage price impacts for both current and future customers.

The energy system is reshaping at speed, with greater levels of uncertainty around technology, customer preferences and grid usage. An adaptable and flexible regulatory framework is essential to ensure that network businesses are able to react to changing environments and continue to meet customers' needs during the energy transition while keeping energy prices low over the long term.

ENA recognises the positive early consideration of the types of issues arising in this variation proposal as part of the AER's *Regulating gas pipelines under uncertainty* information paper in 2021. This paper

¹ AER, AusNet Services Access Arrangement 2023-2028, [Variation Proposal](#), 30 September 2024

recognised the potentially key role of flexible tools where possible to mitigate a range of risks arising from future pathways, as these evolve.

If you wish to discuss any of the matters raised in this response further, please contact Victoria Baikie, Economic Analyst, on [REDACTED]

Yours sincerely,

[REDACTED]

Garth Crawford
General Manager Economic Regulation