

Notice inviting submissions: Ausgrid, Endeavour Energy, Essential Energy (NSW), ActewAGL, TasNetworks electricity distribution businesses and TasNetworks electricity transmission business – Framework and approach

The Framework and Approach (F&A) is the first step in a process to determine efficient prices for electricity services. For electricity distribution businesses, the F&A determines, amongst other things, which services the Australian Energy Regulator (AER) will regulate and the broad nature of any regulatory arrangements as prescribed by the National Electricity Rules. This includes how the AER will set prices for electricity distribution services and the application of any incentive schemes.

Similarly, for electricity transmission businesses, the F&A determines, amongst other things, how the AER will set prices for electricity transmission services and the application of any incentive schemes. The F&A process also facilitates early public consultation and assists each network service provider prepare its regulatory proposal.

Ausgrid, Endeavour Energy, Essential Energy, ActewAGL and TasNetworks have written to the AER requesting that we amend or replace their respective current F&As. Each service provider noted that updates are required to clarify the AER's approach to recent changes to the National Electricity Rules, classification of distribution services and application of incentive schemes.

In accordance with the National Electricity Rules, the AER invites submissions on whether it is necessary or desirable to amend or replace the current F&A for the next regulatory control period commencing on 1 July 2019¹ for any of the following network service providers:

- Ausgrid (NSW electricity distributor)
- Endeavour Energy (NSW electricity distributor)
- Essential Energy (NSW electricity distributor)
- ActewAGL (ACT electricity distributor)
- TasNetworks (TAS electricity distributor)
- TasNetworks (TAS electricity transmission)

The matters the AER may amend or replace in its F&A paper are listed in clauses 6.8.1 and 6A.10.1A of the National Electricity Rules (NER). Briefly for electricity distribution and transmission businesses, these include:

- the application of a range of incentive schemes that encourage things like service quality, improvements in network reliability or efficient capital and operative expenditure

¹ NER, cl. 6.8.1(c)(2); 6A.10.1A(c)(2).

- the application of the AER's Expenditure Forecast Assessment Guideline
- whether depreciation of assets will be based on actual or forecast capital expenditure.

Additionally, for distribution electricity businesses, clause 6.8.1 of the NER also permits the AER to amend or replace the classification of distribution services and the formulae that give effect to control mechanisms.

The current Final Framework and Approach papers for each of the service providers can be located at the below links:

Ausgrid, Endeavour Energy and Essential Energy, published two stages on 25 March 2013 and 31 January 2014, can be found at <https://www.aer.gov.au/networks-pipelines/determinations-access-arrangements/ausgrid-determination-2014-19/aer-position>

ActewAGL, published in two stages on 25 March 2013 and 31 January 2014, can be found at <https://www.aer.gov.au/networks-pipelines/determinations-access-arrangements/actewagl-determination-2014-19/aer-position>.

TasNetworks electricity distribution, published on 9 July 2015, can be found at <https://www.aer.gov.au/networks-pipelines/determinations-access-arrangements/tasnetworks-formerly-aurora-energy-2017-2019/initiation>.

TasNetworks electricity transmission, published on 23 January 2014, can be found at <https://www.aer.gov.au/networks-pipelines/determinations-access-arrangements/tasnetworks-transend-determination-2014-2019/aer-position>.

How to make submissions

The AER invites submissions on whether it is necessary or desirable to amend or replace the F&A papers for any or all of the network service providers listed above. Submissions close at **5pm on Friday 2 December 2016**.

Submissions should be sent electronically to [AERInquiry@aer.gov.au](mailto:AERInquiry@ aer.gov.au).

Alternatively, you may mail submissions to:

Mr. Chris Pattas
General Manager, Network Regulation
Australian Energy Regulator
GPO Box 520
MELBOURNE VIC 3001

The AER prefers that all submissions be publicly available to facilitate an informed and transparent consultative process. The AER will treat submissions as public documents unless otherwise requested. Parties wishing to submit confidential information are requested to:

- clearly identify the information that is the subject of the confidentiality claim
- provide a non-confidential version of the submission in a form suitable for publication.

All non-confidential submissions will be placed on the AER's website at www.aer.gov.au. For further information regarding the AER's use and disclosure of information provided to it, see the *ACCC/AER Information Policy*, October 2008 available on the AER's website.

Enquiries should be directed to:

Mr. Moston Neck, Director
P: 07 3835 4669
E: [moston.neck@aer.gov.au](mailto:moston.neck@ aer.gov.au)