

**Notice inviting submissions: Victorian electricity distribution businesses – Framework and approach**

The framework and approach (F&A) is the first step in a process to determine efficient prices for electricity distribution services. 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. It also facilitates early public consultation and assists AusNet Services, CitiPower/Powercor, Jemena Electricity Networks, and United Energy to prepare their regulatory proposals.

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 paper for the Victorian Electricity Distributors for the next regulatory control period of 1 January 2021 to 31 December 2025.[[1]](#footnote-1)

The matters the AER may amend or replace in its F&A paper are listed in clause 6.8.1(b) of the National Electricity Rules. Briefly, these include:

* distribution service classification (which services the AER will regulate)
* control mechanisms (how the AER will determine prices for regulated services) and the formulae that give effect to the control mechanisms
* the application of a range of incentive schemes that encourage things like service quality, improvements in network reliability or efficient capital and operating expenditure
* dual function assets (how the AER will treat transmission type assets).

The current Final F&A for Victorian electricity distributors can be found at <https://www.aer.gov.au/networks-pipelines/determinations-access-arrangements/ausnet-services-sp-ausnet-determination-2016-20/initiation>.[[2]](#footnote-2)

More information about the purpose of the F&A can be found in the AER’s Framework and Approach Information Sheet.

**How to make submissions**

The AER invites submissions on whether it is necessary or desirable to amend or replace the Victorian F&A paper. This consultation will inform the AER’s approach to the development of the F&A paper. Submissions close at 5pm AEST on Thursday **7 June 2018**.

Submissions should be sent electronically to: Vic2021-25@aer.gov.au

Alternatively, you may mail submissions to:

Mr Chris Pattas

General Manager, Networks

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](http://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*, June 2014, available on the AER’s website.

**Enquiries should be directed to**:

Mr Moston Neck, Director

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1. NER, cll. 6.8.1(c)(2), [↑](#footnote-ref-1)
2. There are limited circumstances where we may change our likely approach from that contained in the Final F&A. Refer to the AER’s Final Determinations for our final regulatory decisions at the respective web links listed above. [↑](#footnote-ref-2)