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18 December 2017

Mr Peter Holden
General Counsel & Board Secretary
ActewAGL Distribution
By email: peter.holden@actewagl.com.au; patricia.cameron@actewagl.com.au

Dear Mr Holden

Notice of ring-fencing waiver: ActewAGL Distribution (AAD) - Ring-fencing waiver application - July 2017

The AER issues this notice pursuant to clauses 5.3.1 and 5.7(b) of the AER Electricity Distribution Ring-fencing Guideline, October 2017 (the Guideline).

The AER grants a waiver of AAD's obligation to comply with clause 3.1(b) of the Guideline from 18 December 2017 until 30 June 2024 to allow AAD to continue to own and operate its:

- natural gas distribution pipelines located in the ACT and the Queanbeyan-Palerang council area east of Canberra (ACT Gas Network); and
- natural gas distribution pipelines located in the Nowra network in the Shoalhaven local government area on the NSW south coast (Nowra Gas Network).

The AER also grants a waiver of AAD's obligation to comply with clause 3.1(b) of the Guideline from 18 December 2017 until 31 December 2019 to allow AAD to continue to own and operate its compressed natural gas refuelling facility in the Canberra suburb of Fyshwick (CNG Refuelling Facility).

This waiver is granted on the condition that AAD will update its cost allocation methodology to:

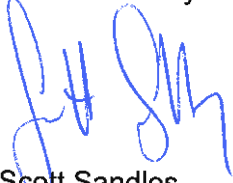
- reflect the requirements of the Guideline; and
- explicitly account for the ACT Gas Network, the Nowra Gas Network and the CNG Refuelling Facility, and any changes to AAD's organisational structure arising from the creation of separate legal entities.

This updated cost allocation methodology must be provided to the AER for review by 1 July 2018.

The AER expects AAD to comply with the Guideline in all other circumstances, and in all other respects.

AAD is required by clause 5.7 of the Guideline to include this waiver on its waiver register, which must be publicly available on AAD's website.

Yours sincerely



Scott Sandles
A / General Manager
Networks

Sent by email on: 18.12.2017