

17 January 2014

John Skinner
Director – Network Regulation
Australian Energy Regulator
Level 20
175 Pitt Street
Sydney NSW 2000

By email to john.skinner@aer.gov.au cc NSWACTelectricity@aer.gov.au

Dear Mr Skinner

Draft five-year Regulatory Information Notice

Thank you for your invitation on 6th December 2013 to make written representations as to whether the AER should serve the draft 5 Year Regulatory Information Notice (draft RIN) on ActewAGL Distribution (ActewAGL).

ActewAGL has an overall concern with the draft RIN in that it represents a considerable step up in scale and complexity from previous RINs and will require a considerable investment of organisational resources and expenditure to complete in the proposed timeframe from the final RIN release date of 7th March 2014 to the lodgement date of 31st May 2014.

To complete the Regulatory template, provide the Basis of Preparation documentation and supporting material and templates plus complete full technical and financial audits while simultaneously completing our full 2014/15-18/19 regulatory submission is an onerous task which will impact on many key operational personnel and have a significant effect on their normal operational responsibilities. We consider that the AER has not adequately understood the high compliance costs that it is imposing on ActewAGL with this draft RIN and also with the future requirement for its annual updating.

The draft regulatory template has changed considerably since the previously circulated draft 5 year regulatory template in 2012 and its complexity has been significantly increased with the incorporation of the proposed Category Analysis RIN. The changes have required extensive time for review and internal analysis in order to determine our ability to respond accurately and in a timely manner.

The most important conclusion is that ActewAGL will have considerable trouble delivering the requested data to the breakdown level requested in many of the regulatory template sheets. ActewAGL has advised this fact in previous draft RIN discussions and consultations with the AER. This problem is particularly acute for the Section 2 templates, the former Category Analysis RIN, which has been merged into the 5 year Reset RIN template.

In many instances ActewAGL will not have the historical technical and financial records in the detail or format that will enable extraction and production to the detail or format requested. Historical data had

been collected to the accounting, technical and reporting standards current at the time and within the limit of any period's data collection operating systems. A significant amount of estimation will be necessary in many cases, particularly in the earlier cast back years. This concern is particularly relevant to templates sheets 2.2 to 2.9 and 5.4. It is also highly likely that some data will not be available at all.

As an example in template sheet 2.5 "Connections" the MVA added annually through system augmentation of HV and LV lines is requested. This will require the manual accessing of hundreds, if not thousands, of project files to extract the relevant augmentation data and then perform the relevant calculations. This would be impractically burdensome and a high level estimation may be the only feasible solution.

Similarly, in template sheet 2.2 "Repex" the financial records do not go down to the asset level granularity requested and will require considerable estimation making their usefulness questionable.

ActewAGL also questions the value of the detail requested in template sheet 5.4 "MD & utilisation-Spatial". It will be very resource intensive to produce the relevant records for co-incident and non co-incident demand data for the asset classes stipulated, particularly the HV feeder level. It is expected that some data will not be available, particularly in the early cast back period. We request that more detailed guidance be provided with the final RIN as Appendix F Principles and Requirements in its present form does not provide specific explanations for all the proposed templates and has insufficient detail in many relevant sections to fully understand the RIN requirements.

Again I would like to emphasise that ActewAGL will have considerable difficulty delivering the requested data to the breakdown level requested in many of the Regulatory template sheets and questions the value and usefulness of some of the data collection in a regulatory submission or DNSP analysis. As a result ActewAGL requests that the AER not issue the draft RIN as the final RIN in its present form.

Any queries regarding ActewAGL's RIN response should be directed to Mr Chris Bell, Manager Regulatory Affairs, on 02 6248 3180 or Mr Peter Cunningham, Senior Regulatory Manager – Asset Management, on 02 6293 5108.

Yours sincerely,



David Graham
Director Regulatory Affairs and Pricing