

2nd September 2022

Mr Warwick Anderson
General Manager – Network Pricing
Australian Energy Regulator (AER)
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Submitted via: AERPricing@aer.gov.au

Dear Warwick

Re: Annual Pricing Process Review (stage two)

AusNet is pleased to have the opportunity to make a response to the AER on the Annual Pricing Process Review (stage two) position paper. Please find our responses to specific sections of the position paper below.

Year 1 pricing

AusNet supports the introduction of the formal pre-lodgement engagement process between the AER and the electricity distributors to be extended to the first year of a regulatory control period. We agree that this will help to alleviate flow on impacts surrounding default offers and retail prices as a result of approving pricing proposals in mid-June.

Further to this, our experience with the pre-lodgement engagement process relating to the 2022-23 annual pricing proposal process demonstrated that early engagement with the AER on preliminary information relating to our pricing proposals resulted in less intensive and time consuming engagement being required during the formal annual pricing process benefiting both networks and the AER. Introducing the pre-lodgement engagement process and combined with using embargoed data for year 1 pricing, we believe the same efficiencies and outcome can be achieved.

Side constraint mechanism

AusNet agrees the AER should update the side constraint mechanism, to ensure distributors can recover their allowed revenues without being restricted by the side constraint mechanism.

As the proposed and alternative approaches lead to the same outcome, we do not have a preference over which approach should be applied moving forward. We do, however agree that the alternative approach is more transparent and consistent with clause 6.18.6 (c) as prescribed in the National Electricity Rules (NER).



If you have any queries on our submission, please do not hesitate to contact Edwin Chan by email on [REDACTED].

Your sincerely,



Charlotte Eddy
General Manager Regulation (Distribution)
AusNet Services