

10 March 2022

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Mr Sebastian Roberts
General Manager, Expenditure
Australian Energy Regulator (AER)
GPO Box 520
Melbourne VIC 3001

Via email: [REDACTED]

Dear Sebastian

RE: Cost pass through application – October 2021 storm

The severe storm on 29 October 2021 (October Storm) resulted in extensive damage to our network. In particular, this storm devastated areas in Melbourne's south eastern suburbs and the Mornington Peninsula, with some 230,000 customers off supply.

Our crews entered the affected areas as soon as it was safe to do so, with the aim of restoring energy supply as quickly and as safely as possible. Making assets safe, responding to customers impacted by loss of electricity supply, and restoring services as safely and as quickly as possible, required an exceptional response effort from us and our service delivery partners.

We experienced a material increase in costs because of our response to the October Storm. As a natural disaster pass through event, the costs associated with the October Storm are subject to the cost pass through provisions of the National Electricity Rules (NER) and the AER's Final Decision on our distribution determination 2021-26. Accordingly, we submit with this letter our written statement / pass through application in respect of the increase (as per Clause 6.6.1 of the NER) for determination by the AER.

The total pass through revenue sought is \$5.7 million (\$2021, smoothed). We are proposing this amount be recovered in equal amounts (in nominal terms) over a 3-year period starting 1 July 2023. Recovering the costs over that period will help ensure prices are smoothed and there is greater stability in prices – outcomes we know our customers value. Importantly, bills for our distribution network are still expected to fall substantially over the course of the current regulatory period.

If the AER requires any additional information on this cost pass through application, we would be happy to provide it.

Please contact me if the AER would like to discuss any aspect of this cost pass through application.

Yours sincerely

[REDACTED]

Tom Hallam
General Manager, Regulation