

11 August 2017

Ms Paula Conboy
Chair
Australian Energy Regulator
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Dear Ms Conboy,

AusNet Services' Revised Access Arrangement Proposal – Gas Access Arrangement Review 2018-22

Please find attached AusNet Services' Gas Access Arrangement Review Revised Access Arrangement Proposal for the access arrangement period 1 January 2018 to 31 December 2022 in accordance with the National Gas Rules and the AER's Regulatory Information Notice. All supporting information has been emailed to AER staff.

We are pleased to confirm we have accepted the AER's Draft Decision for the forthcoming period. This will provide increased certainty to our customers on gas distribution charges over the next five years, and simplify and shorten the regulatory review process.

Our Revised Access Arrangement Proposal reduces customer's network charges by 15.8% in real terms across the five-year period. Importantly, this reduction will help to moderate higher wholesale gas costs. We are also confident that the approved expenditures ensure we can continue to provide a reliable and safe service. The stronger capex incentive arrangements approved in the Draft Decision will also drive better performance and efficiency, and balance the existing incentives on opex.

We welcome and appreciate the open and constructive engagement demonstrated by AER staff during this review, particularly in relation to the development of a contingent Capital Expenditure Sharing Scheme. This approach lays a strong foundation for the upcoming 2021-25 Electricity Distribution Price Review and Rate of Return Guideline Review processes.

I look forward to discussing our Revised Access Arrangement Proposal with your Board on 18 August.

Sincerely,



Nino Ficca
Chairman
AusNet Gas Services Pty Ltd