

2 February 2021

Warwick Anderson
General Manager, Networks Finance and Reporting
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

Locked Bag 14051
Melbourne City Mail Centre
Victoria 8001 Australia
T: 1300 360 795
www.ausnetservices.com.au

Dear Warwick

AER proposed PTRM amendments - April 2021

AusNet Services has reviewed the proposed amendments to Electricity Distribution, Transmission, and Gas Distribution PTRMs which implement the AER's final position on the 2020 inflation review findings alongside some other minor amendments.

We support the AER's proposed amendments to the PTRM models in relation to the inflation input, as this:

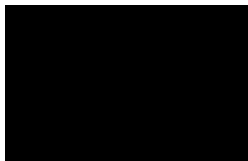
- Immediately applies the new inflation methodology as set out in the AER's 2020 Regulatory Treatment of Inflation Final Position;
- Provides greater transparency in the PTRM of the calculated inflation rate via the inclusion of an input section that calculates average expected inflation over the regulatory control period, replacing the single input cell for the inflation rate; and
- Allows for a glide path to the RBA's mid-point of the target inflation band (currently 2.50%) by year 5 in the PTRM inputs section under the AER's new approach.

The final version of the electricity distribution PTRM will be applied to the Victorian DNSPs' regulatory determination for 1 July 2022 until 30 June 2026, due to be finalised by end of April 2021.

In relation to other minor amendments to the PTRMs as described in the change log, we have no concerns.

Should you have any questions on this submission, please don't hesitate to contact Steven Martin, Senior Regulatory Analyst, on [REDACTED].

Sincerely,



Charlotte Eddy
Manager Economic Regulation
AusNet Services