

27 November 2017

Mr Gary Humphreys  
Essential Energy

By email: [gary.humphreys@essentialenergy.com.au](mailto:gary.humphreys@essentialenergy.com.au)

cc: Ms Natalie Lindsay

By email: [natalie.lindsay@essentialenergy.com.au](mailto:natalie.lindsay@essentialenergy.com.au)

### **ECA Support for Application for Extension to Submit 2019 – 24 Regulatory Proposal**

Dear Gary,

I write to express Energy Consumers Australia's (ECA) support for Essential Energy's proposed approach to resolving your regulatory allowance for 2014-19, following the remittal of that determination to the Australian Energy Regulator (AER) by the Federal Court. Following close engagement between ECA staff, including myself, and Essential's senior management, I believe that the proposal is in the long-term interest of your customers.

Based on our engagement and the draft letter from Essential to the AER that ECA has been shown, we understand that Essential intends to make a number of commitments to the AER as part of seeking the extension. Specifically, Essential will propose to the AER that there be no upward revision of your allowed revenue in 2017-18 or 2018-19 as a result of the Federal Court's recent judgement. Essential estimates that the potential additional allowed revenue that is being foregone under this proposal is \$397 million. Essential will, however, retain around \$90 million that has been collected due to errors in demand forecasting. Total over-recovery due to increased demand for the 2014-19 period will be capped at \$100 million.

I would also like to compliment Essential on its efforts to engage consumers in its consideration of the remittal issue and its business operations genuinely. I look forward to ongoing involvement with Essential as we seek to ensure that consumers pay no more than is necessary for electricity services, at this time of fundamental system transformation. I will be travelling overseas for the next few weeks. During that time, Lynne Gallagher will have primary responsibility for network-related processes. Oliver Derum and Chris Alexander will be assisting Lynne on issues related to network revenue processes. In my absence, please contact Lynne, Chris and Oliver (all copied) in relation to these matters.

Kind regards



Rosemary Sinclair  
Chief Executive Officer