

6 March 2009

Mr Chris Pattas  
General Manager  
Network Regulation South  
Australian Energy Regulator

Dear Mr Pattas,

Re: Request for submission on the AER "Framework and Approach Paper, December 2008"

Energy Safe Victoria (ESV) is the technical safety regulator for distribution network service providers (DNSP) in Victoria. ESV has significant concerns that DNSPs do not have appropriate processes in place to demonstrate that maintenance and renewal of assets is adequate to ensure the long term safety and security of Victoria's ageing electricity networks, elements of which are at or near the end of their operational life.

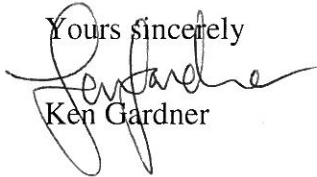
ESV is currently reviewing the Electricity Safety Act and regulations relating to DNSPs, a significant focus of which is to ensure that appropriate maintenance and renewal of assets is undertaken by the DNSPs to provide for the long term safety and security of those networks. ESV submits that the current AER framework and subsequent rate reset procedure should be able to make appropriate allowance for targeted expenditure in this area and should require DNSPs to have in place decision making principles, plans and reporting criteria in relation to funded asset maintenance and renewal programmes.

The AER review process should also give consideration to network planning processes to ensure that an adequate level of reserve capacity is funded so that networks have sufficient resilience to withstand extreme events such as those recently experienced in Victoria.

In addition, ESV is reviewing legislative provisions relating to the management of vegetation adjacent to DNSP assets. This legislation is aimed at mitigating bushfire risks and ensuring electrical safety while taking into account the legitimate environmental and heritage values of the community. It also has the effect of contributing to supply reliability. In some circumstances, a more appropriate approach to achieving these ends can be modification, relocation or undergrounding of the DNSP assets rather than clearing of vegetation. ESV submits that the current AER framework and subsequent rate reset procedure should be able to make appropriate allowance for targetted expenditure in this are as well.

ESV will be happy to provide more detail as required and would welcome further discussion on the issue with AER.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ken Gardner', written in a cursive style. The signature is positioned above the printed name 'Ken Gardner'.

Ken Gardner