

15 September 2015

Mr Chris Pattas
General Manager
Network Operations and Development
Australian Energy Regulator
GPO Box 520
MELBOURNE VIC 3001

Dear Chris

re: Network Support Pass Through Application for 2014-15

ElectraNet has in place an allowance for network support totalling approximately \$8.2 million (\$2012-13) per annum. This allowance was approved based on the estimated cost of contracted network support services required to be provided at Port Lincoln on the Eyre Peninsula.

Clause 6A.7.2 of the National Electricity Rules requires the pass through of network support costs to Transmission Network Users. The AER has established a Procedural Guideline for preparing a transmission network support pass through application to provide further guidance on this process.

The following network support pass through application for the regulatory year ended 30 June 2015 has been prepared in accordance with these provisions, and addresses the specific information requirements of the above guideline. The relevant calculations are contained in a separate spread sheet model accompanying this application, in accordance with the reporting template accompanying the above Guideline.

1. Network support payment allowance

As provided for in ElectraNet's revenue determination for the 2013-2018 regulatory control period, an applicable regulatory allowance of \$8,534,466 was in place for 2014-15 (\$Jun 2015).

2. Actual network support expenditure

A total amount of \$8,809,554 was expended on network support during 2014-15 (\$Jun 2015). This total represents direct costs incurred in the provision of network support services during the 2014-15 regulatory year.

3. Network support pass through amount (\$m) including time cost of money calculations

A positive network support event (i.e. under-recovery) therefore occurred in respect of 2014-15, totalling \$275,088 (\$Jun 2014). After the required time value of money adjustments, this positive pass through amount totals \$306,608.

This represents the amount that ElectraNet proposes to recover from Transmission Network Users as a revenue under-recovery in setting transmission prices for 2016-17, to be published by 15 May 2016.

4. Reasons for variation

The variation in expenditure compared with the allowance reflects the actual level of utilisation and required availability of the Network Support arrangements during the 12-month reporting period. The contracted services were not deployed during 2014-15 as there were no planned or unplanned outages requiring the service.

5. Verification of actual network support expenditure (audited regulatory accounts)

The information presented in this application is provided on the basis of audited statutory financial statements.

The expenses incurred are also subject to the annual audit of ElectraNet's regulatory accounts, currently in progress, which will be submitted to the AER by end October 2015, as required.

6. Date network support pass through application is submitted to AER

The date of lodgement of this application is 15 September 2015.

7. In some cases, details on contractual arrangements

There have been no material changes in the existing network support contract during 2014-15. The agreement remains the same as previously reviewed by the AER and its consultants during the transmission determination for ElectraNet's 2013-2018 regulatory control period.

8. TNSP decisions affecting the magnitude of the network support event

The service was not required to be operated during 2014-15, as noted above.

I trust this information fully satisfies the requirements of the AER guideline and relevant provisions of the Rules.

Should you have any queries in relation to any aspect of this letter, I can be contacted on 08 8404 7324 or 0438 286 570

Yours sincerely

A handwritten signature in black ink, appearing to read 'S. L. Appleby', written in a cursive style.

Simon Appleby

Senior Manager Regulation and Land Management

Encl: calculation spread sheet