

17 May 2013

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

Dear Mr Pattas

Energex response to AER's Share Asset Guidelines for Electricity and Transmission - Issues Paper

Energex Limited (Energex) welcomes the opportunity to respond to the Australian Energy Regulator's (AER) Better Regulation Issues Paper on the Shared Asset Guidelines for electricity distribution and transmission (the Issues Paper).

The Energy Networks Association (ENA) will be making a submission on behalf of its members. As a member of the ENA, Energex supports the ENA's submission and is pleased to provide some additional comments.

Energex supports the development of a guideline that provides a clear and transparent mechanism for sharing costs with customers. The guideline should ensure incentives are maintained for Network Service Providers (NSP) to continue to develop and grow unregulated revenue streams utilising shared assets for the benefit of both NSP's and Customers.

Energex agrees that a proportion of the net benefits arising from the alternate use of regulated assets should be shared with customers and it is important that any sharing mechanism provides incentives to NSP's to seek alternative income streams. One of the important aspects of any sharing mechanism is the administrative cost. Therefore, Energex proposed that it is important to establish a materiality threshold above which benefits are shared.

Energex notes that in the description of shared assets, the Issues Paper suggests that shared assets could include assets such as vehicles. Energex considers that such assets and other non-system assets do not 'directly earn' unregulated revenues but are used in the process of delivery services. Such assets are also predominantly low value assets whose costs do not have a significant impact on electricity prices.



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Energex suggests that the guidelines should focus the scope of the application to material shared assets utilisation. Energex considers that the shared asset provisions should only apply where NSP's charge third parties for access to regulated assets such as poles, easements etc. This is, the shared asset provisions should only apply where the assets are used to 'directly earn' unregulated revenues and the full costs of the assets used have a material impact of electricity prices.

Should you have any enquiries regarding this submission please contact Guy Mutasa, A/Regulation Manager – Commercial on (07) 3664 4459.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kevin Kehl', written in a cursive style.

Kevin Kehl
Executive General Manager
Customer and Corporate Relations