

30 April 2015



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Ms Paula Conboy
Chair
Australian Energy Regulator
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JEN 2016 EDPR regulatory proposal

Dear Paula

Jemena Electricity Networks (Vic) Ltd (**JEN**) is very pleased to propose average reductions of 8.2 per cent (in real terms) in our regulatory plan over the five year period to 31 December 2020 as we pass on the savings from productivity gains and lower interest rates.

As set out in our attached 2016-20 electricity distribution price review regulatory proposal (**regulatory proposal**), this significant price reduction is accompanied by a service proposal that will maintain the safety and service levels customers value, as well as supporting the development of new growth areas within our network.

Having engaged with our various customers and stakeholders since 2013 on our regulatory proposal development, and we have been able to comprehensively reflect their feedback and preferences in our proposal.

One of the key messages we have heard from our customers is that we should continue to provide a safe, reliable and responsive network service, while focussing on cost efficiency and facilitating our customers' increasing engagement in energy decision making.

A key aspect of our proposal for delivering on this customer feedback is our proposal to introduce cost reflective network tariff reforms during the coming regulatory period. Pricing network demand is an important first step in allowing our customers to benefit from the intended benefits of Victoria's smart meter rollout—which we completed last year—and establishes a more equitable pricing environment to efficiently support for our customers' long term interests.

We have been able to time our proposed price reductions to coincide with the introduction of a demand charge, such that 98% of our customers will still experience a price reduction over the regulatory period.

Composition of our proposal

Our regulatory proposal comprises:

- Our regulatory proposal for the 1 January 2016 – 31 December 2020 period
- 74 supporting attachments to the regulatory proposal
- Various additional supporting documents to the regulatory proposal.

Our regulatory proposal is supported by a customer overview, tariff structures statement and factsheets on key submission matters. These documents and our regulatory proposal are available on Jemena's website.

On 2 February 2015 the AER served a Regulatory Information Notice (**RIN**) on JEN, requiring it to prepare a response by 30 April 2015. Our response to the RIN is also being submitted to support our regulatory proposal.

We look forward to the upcoming meeting between the JEN board and AER board. Should you have any questions before then, JEN would welcome the opportunity to discuss any aspect of our regulatory proposal or RIN response with you or your staff.

If you have any questions, please contact me or Robert McMillan on 03 8544 9000 or robert.mcmillan@jemena.com.au.

Yours sincerely



Paul Adams
Managing Director