



The Hon Lily D'Ambrosio MP

Minister for Energy, Environment and Climate Change
Minister for Suburban Development

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Mr Chris Pattas
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Ref: MBR032999



Dear Mr Pattas

AUSTRALIAN ENERGY REGULATOR DRAFT DETERMINATIONS AND EXPLANATORY STATEMENT FOR ELECTRICITY F-FACTOR SCHEME 2016 – 2020 FOR VICTORIAN ELECTRICITY DISTRIBUTION NETWORK SERVICE PROVIDERS, APRIL 2017

Thank you for notifying me of the Australian Energy Regulator's *Draft Determinations and Explanatory Statement – Electricity f-factor scheme 2016-2020 for Victorian Electricity Distribution Network Service Providers, April 2017*.

The Andrews Labor Government's f-factor plays an integral role in the delivery of safer Victorian communities from the threat of bushfires started by powerlines.

The enhanced f-factor provides a strong incentive for Victoria's electricity distribution network service providers to concentrate on preventing powerline ignitions which occur in places and times of greatest bushfire danger, while still reducing network ignitions overall.

Additionally, the enhanced f-factor will reduce the ignition performance benchmarks of the electricity distribution business to reflect the roll-out of new network fault suppression technology called Rapid Earth Fault Current Limiters across regional and rural Victoria. This decrement will ensure that consumers do not pay twice for the benefit of this important protection technology.

I note that these draft determinations detail the f-factor scheme as it applies for AusNet Services, Powercor Australia, CitiPower, Jemena and United Energy. I also note that these determinations must accord with the Order-in-Council for the amended f-factor of 22 December 2016, which had its commencement from 1 July 2016 and which introduced a transition period from 1 January 2016 – 30 June 2016. I note these determinations without further comment.

Yours sincerely

Hon Lily D'Ambrosio MP
Minister for Energy, Environment and Climate Change
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