

10 April 2018



Mr Sebastian Roberts
General Manager, Network Expenditure
Australian Energy Regulator
GPO Box 520
MELBOURNE VIC 3001

By email to: EssentialRemittal2014-19@aer.gov.au

Dear Mr Roberts

Essential Energy Remittal – Draft Determination

The Public Interest Advocacy Centre (PIAC) is an independent, non-profit legal centre based in New South Wales. Established in 1982, PIAC tackles systemic issues that have a significant impact on disadvantaged and marginalised people. We ensure basic rights are enjoyed across the community through litigation, public policy development, communication and training. The Energy + Water Consumers' Advocacy Program represents the interests of low-income and other residential consumers, developing policy and advocating in the NSW energy and water markets.

PIAC welcomes the opportunity to respond to the AER's Draft Determination on Essential Energy's remitted 2014-19 revenue determination. PIAC supports Essential Energy's proposal to accept the AER's 2015 final determination and retain some over-recovered revenue with a limit of \$100 million across the period.

Essential Energy's stakeholder engagement

PIAC supports the approach Essential Energy has taken to stakeholder engagement about the remitted decisions for the 2014-19 period. Essential Energy has engaged effectively with the AER, Consumer Challenge Panel and consumer advocates in making its remittal proposal. This built on Essential Energy's 2017 consumer engagement program, which PIAC considers to have been exemplary among NSW DNSPs.

The AER's draft determination

PIAC contends that the AER's draft determination promotes the long-term interests of consumers. By re-making the decision in accordance with the 2015 final determination, the AER will ensure that Essential Energy's customers do not face the increase in bills associated with the opex allowance and return on debt originally sought by Essential Energy.

PIAC concurs with the AER that the timely resolution of this process, and the removal of the potential for judicial review of the re-made decision by Essential Energy, is in consumers' interests.

On balance, PIAC considers it reasonable for Essential Energy to recover a maximum of \$100 million over the revenue allowance set in the 2015 final

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determination, on the basis that this appears to be a lower cost than the revenue foregone by Essential Energy on opex and return on debt.

Continued engagement

PIAC would welcome the opportunity to meet with the AER and other stakeholders to discuss these issues in more depth.

Yours sincerely

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