

Powercor Australia Ltd
ACN 064 651 109
ABN 89 064 651 109

Head Office
40 Market Street Melbourne

Telephone 03) 9683 4444
Facsimile 03) 9683 4499

Address all correspondence to
Locked Bag 14090
Melbourne Victoria 8001

DX 433 Melbourne
www.powercor.com.au



31 August 2009

Mr Chris Pattas
General Manager - Network Regulation South
Australian Energy Regulator
GPO Box 520
MELBOURNE VIC 3001

Email: cpattas@aer.gov.au

Dear Mr Pattas

ADVANCED METERING INFRASTRUCTURE DRAFT DECISION

I refer to the Australian Energy Regulator's *Draft Determination Victorian advanced metering infrastructure review 2009-11 AMI budget and charges application (Draft Determination)*.

Clause 5B.3 of the *Advanced Metering Infrastructure Order in Council 2008 issued under sections 15A and 46D of the Electricity Industry Act 2000 (AMI OIC)* allows for a distributor to revise its budget application by 31 August 2009 where there is :

- a change in expenditure by reason of a contract entered into between the budget application and that date; or
- a material change in a metering regulatory obligation or requirement.

Further, page 19 of the Draft Determination requires Powercor Australia to resubmit its budget where it has been rejected by the AER as part of the Draft Determination.

To that end, please find attached a revised set of budget templates as submitted under clause 5B.3 of the AMI OIC and page 19 of the Draft Determination. Powercor Australia has also attached a variance spreadsheet to assist the AER in locating the differences between the two budgets.

The changes made between this budget and the *Advanced Metering Infrastructure Budget Application 2009-11* submitted on 27 February 2009 are as follows:

- removal of costs associated with customer response trials as required on page 44 of the Draft Determination;
- revision of meter supply costs to reflect the terms of the executed meter supply contracts as allowed under clause 5B.3(a) of the AMI OIC;

- revision of communication supply costs to reflect the term of the executed communications supply contracts as allowed under clause 5B.3(a) of the AMI OIC;
- revision of field installation costs to reflect the terms of the executed field installation contracts as allowed under clause 5B.3(a) of the AMI OIC;
- revision of exchange rate assumption to reflect the execution of exchange rate hedging contracts as allowed under clause 5B.3(a) of the AMI OIC; and
- revision of capitalised portion of project management costs reflecting a change in the capital expenditure to operating expenditure ratio. Total project management costs have not changed.

Powercor Australia has not amended the prescribed metering offset as required on 9.129 of the Draft Determination on the basis of the business's discussions with the AER on 25 August, and further work being conducted by Deloitte Touche Tohmatsu. Further, Powercor Australia has not amended its calculation of the weighted average cost of capital as required on page 123 of the Draft Determination on the basis it intends to provide further evidence in support of its assumption with respect to the debt risk premium in its response to the Draft Determination on 11 September 2009.

If you require any further information in relation this submission, please do not hesitate to contact me on 03 9683 4465.

Yours sincerely

[signed]

Brent Cleeve
MANAGER PRICE REVIEW

