

8 December 2022

Mr Warwick Anderson  
 General Manager, Pricing  
 Australian Energy Regulator  
 GPO Box 520  
 Melbourne VIC 3001

Dear Mr Anderson

**Commercial in Confidence: Cost of debt and risk free rate averaging periods for 2024-29 regulatory period**

Under the Rate of Return Instrument (RORI), TasNetworks is required to nominate the averaging periods to be used by the AER when estimating the cost of debt that will apply to TasNetworks' distribution and transmission networks in each year of the upcoming 2024-2029 regulatory control period.

We propose that the averaging periods for the return on debt set out in the table below be used for each year of the regulatory control period for TasNetworks' transmission and distribution networks.

Regulatory year	Averaging period
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

In proposing the above periods, we are mindful of the 2022 RORI requirements set out in clause 24 for return on debt averaging periods to start no earlier than 17 months prior to the commencement of a regulatory year and finish no later than 4 months prior to the commencement of a regulatory year.

TasNetworks nominates the following risk free rate averaging period, to apply to the revenue determinations for our transmission and distribution networks.

Regulatory year(s)	Averaging period
[REDACTED]	[REDACTED]

Again, we are mindful of the transitional RORI arrangements designed by the AER for Network Service Providers that must lodge their next revenue or regulatory proposals before the new RORI comes into effect.

If you have any questions regarding the proposed averaging periods, please contact Don Woodrow, Program Leader, Revenue Resets, on [REDACTED] or at [REDACTED]

[REDACTED]

Chantal Hopwood

A/Executive Stakeholder