

16/09/2015

Mr. Chris Pattas
General Manager
Network Operations and Development Branch
Australian Energy Regulator
GPO BOX 3131
Canberra ACT 2601

Dear Mr. Pattas,

NOTIFICATION OF PROPOSED PASS-THROUGH FOR NETWORK SUPPORT SERVICE- 2015

Clause 6A.7.2 of the National Electricity Rules (Rules) requires TransGrid to seek a determination by the Australian Energy Regulator (AER) to pass through to transmission network users a network support pass through amount if there is a difference between the amount of network support payments and the amount allowed for network support payments in its revenue determination for the 2014/15 regulatory year.

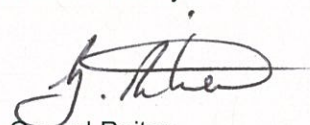
No network support allowance was made for 2014/15 and no network support costs were incurred. However, the payments in relation to a particular month are not collected from customers until the following month. Hence the June 2014 network support amount of \$582,432.70 was not collected till July 2014, and as such falls under payments collected during 2014/15. This amount is now being proposed to be passed through as part of this application. That is, a negative network support event has occurred.

The attached Pass-Through Notice shows that in the 2014/15 regulatory year, TransGrid had over recovered \$587,413.22 (\$Jun 2015) through its TUOS collection, which when adjusted by Nominal vanilla WACC amounts to \$647,869.10 (\$Dec 2016). The rate for WACC used for this application was 6.75%, consistent with the WACC in the Revenue Determination for TransGrid for 2015/16. The revenue determination did not provide a forecast WACC for the future years, and therefore TransGrid has used the same 6.75% for escalating for the period between 1 July and 31 December 2016. This mirrors the same approach has been used in previous years.

Consequently, TransGrid is seeking a pass through determination from the AER to return \$647,869.10 (\$Dec 2016) to its Transmission Network Users. In line with previous such applications and discussions with the AER, this Notice is on a cash basis.

If you have any questions regarding this matter please contact Anthony Englund, Manager/ Investment Strategy and Solutions by phone on (02) 9284 3148 or by email at anthony.englund@transgrid.com.au.

Yours faithfully



Gerard Reiter
Executive General Manager / Asset Management
Encl.