

*Attention: Energy and utility writers*

## **AER CLARIFIES PASS THROUGH EVENT FOR SP AUSNET**

The Australian Energy Regulator has released a draft decision regarding SP AusNet's 'insurance pass through event'.

Under the regulatory framework, network businesses, in limited circumstances, are able to recover costs that arise from events outside their control. They can apply to the regulator to 'pass through' these additional costs. Costs in excess of insurance are an example of the type of costs that may be permitted.

The National Electricity Rules require that, before approving any pass through amounts, the AER must have regard to the efficiency of the network business' decisions and all actions taken to mitigate any costs. This includes:

- actions the network business may/may not have taken to reduce the magnitude of the pass through amount; and
- actions taken by the business which affect the magnitude of the amount involved

At this stage the AER has received no applications, nor has it made any determination allowing any additional costs related to SP AusNet's bush fire related insurance claims.

The AER's draft decision follows from a decision of the Australian Competition Tribunal that the definition of SP AusNet's insurance pass through event should be reconsidered.

### **Media inquiries**

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### **General inquiries**

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