2 September 2016

Mr John Pierce
Chairman
Australian Energy Market Commission
Level 5, 201 Elizabeth Street
Sydney NSW 2000

Dear Mr Pierce John,

AER Rule Change Application – Time Extension for Rate of Return Guideline

I refer to the AEMC's current consultation on the Rule Change application made by the Australian Energy Regulator. In that application, the AER has sought an extension of time to undertake a review of the Rate of Return Guideline.

Ausgrid supports both the AER's application for an extension of time and the AEMC's intention to apply an expedited process to determine it. Similarly, we would support any outcome from the AEMC that delivers greater regulatory certainty to affected service providers, including Ausgrid, as we develop our proposals for the 2019 regulatory determination process.

While the consultation paper notes the initial view of the Commission is to apply the current Guideline to this process, we are uncertain whether a further consideration of the matter will result in a different outcome. In recognition of the fact that there is no draft rule determination under an expedited process and that this is an important issue for affected service providers, we would ask that the Commission give consideration to a minor modification to its expedited process.

We propose that the AEMC delay its deadline for publishing the final decision on the AER's rule change by 2-3 weeks – i.e. to early November 2016. This would enable a short window within which to consult with affected service providers on the Commission's preferred approach and to seek comments on it. We believe the inclusion of this step would not jeopardise the AEMC's ability to make a final decision before December 2016.

I would welcome any opportunity to discuss this matter further with you.

Yours sincerely

TREVOR ARMSTRONG
Acting Chief Executive Officer