

14 August 2017

Mr Chris Pattas  
General Manager Networks (Investment and Pricing)  
Australian Energy Regulator

## **Re: Australian Gas Networks' (AGN's) Revised Final Plan for Victoria and Albury**

Dear Chris,

Thank you for the Australian Energy Regulator's (AER's) Draft Decision on our Access Arrangement for Victoria and Albury for 2018 to 2022. I enclose our Revised Final Plan, which accepts the AER's Draft Decision. We do not agree with every aspect of the AER's assessment, notably on marketing and innovation allowances, but overall we believe the decision is a good outcome for customers. We can shortly conclude the regulatory process and can now:

- deliver an upfront price cut to customers in Victoria and Albury on 1 January of 8.5%;
- continue to improve customer service;
- complete our mains replacement program, making our network safer and more reliable; and
- connect 80,000 new customers over the next five years.

In 2015, mid-way through the review of our South Australian Access Arrangement, we commenced planning for the review of our Victorian and Albury Access Arrangement. Our intent with this process was to further develop the stakeholder engagement program that we commenced in South Australia.

Our overarching objective was to submit a plan that delivered for our customers, was underpinned by effective stakeholder engagement and was capable of being accepted by the AER. The AER's Draft Decision to "*largely accept AGN's access arrangement*"<sup>1</sup> confirms that we have, to a large extent, achieved this objective.

We were appreciative of Paula Conboy's recent comments on the quality of AGN's stakeholder engagement and we support the view that:

*"We will not always agree. Indeed, if we did always agree, the AER wouldn't need to be here. But; better dialogue—that is, timely and transparent dialogue—will undoubtedly lead to better outcomes for all stakeholders"*<sup>2</sup>

This constructive, collaborative approach has allowed the introduction of positive changes in the regulatory regime, such as the introduction of a capital expenditure incentive scheme, which scheme was designed as a direct outcome of our stakeholder engagement program.

We look forward to continuing to work constructively and collaboratively with the AER and our other stakeholders and continuing to deliver for our customers.

Yours sincerely,



**Craig de Laine, General Manager Strategy & Regulation**

<sup>1</sup> AER, *Draft Decision, Australian Gas Networks Victoria and Albury gas access arrangement 2018 to 2022, Overview*, page 9, July 2017.

<sup>2</sup> Paula Conboy AER Chair, *2017 ENA Regulation Seminar speech: Working together to restore confidence in energy regulation*, 26 July 2017.