



## **TasNetworks receives draft decision on revenue allowance for 2017-19**

29 September 2016

TasNetworks has today received a preliminary decision from the Australian Energy Regulator (AER), outlining the revenue allowance to operate and maintain the Tasmanian electricity distribution network for the period 1 July 2017 – 30 June 2019.

General Manager of Strategy and Stakeholder Relations, Bess Clark, said the AER's preliminary decision is a positive outcome for both our business and our customers. We consulted extensively during the development of our proposal and it's pleasing the AER's draft decision has largely accepted TasNetworks' regulatory proposal, including its operating and capital forecasts.

Additional reductions identified by the AER are primarily the result of lower interest rates and other financial adjustments.

"From 1 July 2017 our network revenue will fall by around 30 per cent. The AER has estimated that the average residential customer will see a reduction of around \$160 in their annual network charge and for small business customers, a reduction of around \$300 on average. These estimated annual reductions are based on a number of usage assumptions and will vary between customers. The impact on end customer bills will also depend on other inputs to the retail bill, such as energy and renewable energy target costs," Ms Clark said.

"It's great to see that the AER has recognised that we're operating our business efficiently and reducing costs, while delivering a safe and reliable electricity supply to our customers.

"During our customer consultation sessions, our customers told us they wanted us to maintain existing levels of reliability without having to pay more for the network. We have achieved this in our proposal which will see most customers paying less for the network component of their power bill.

"The proposed reduction in revenue reflects efficiencies and cost savings we have achieved as a merged business. It also reflects changes in financial markets that translate into lower capital returns we receive on our regulated asset base.

"Our proposal allows us to invest in and maintain the network to the standard the Tasmanian community expects without compromising service or the safety of our people and the public," she said.

TasNetworks will now review the preliminary decision in detail, and will provide a response in the form of a revised regulatory proposal which we will submit to the AER early December 2016.

The AER's preliminary decision can be read in full on their website [www.aer.gov.au](http://www.aer.gov.au)

The AER is likely to make a final decision in April 2017, with the decision outcomes to apply from 1 July 2017.

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