

20 September 2021



Ms Christine Allen  
Independent Pricing and Regulatory Tribunal  
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Dear Ms Allen,

**Ausgrid stakeholder feedback in response to IPART Draft Report 'Electricity licence fees 2021-22 Review of methodology' August 2021**

We thank IPART for publishing the Draft Report 'Electricity licence fees 2021-22 Review of methodology' ('the Report').

Our overarching feedback is that Report very clearly explains the calculation methodology that IPART proposes to use to calculate our licence fee over the coming years. We believe that the methodology is logical and that the proposed outcomes are fair.

We now provide our feedback on the 5 matters upon which the Report specifically sought comment:

*1. The proposed methodology for setting licence fees, specifically: – the measures selected for size and complexity of a network, and – the weighting of components contributing to size and complexity of a network.*

In Ausgrid's view the measures selected are appropriate and the weightings applied are credible.

*2. The apportionment of Regulatory Costs between licensed ENOs.*

In Ausgrid's view the apportionment of costs between licensed ENOs is reasonable.

*3. The use of the Sydney CPI adjusted by IPART's annual productivity factor for indexation of licence fees.*

Ausgrid welcomes an indexation approach as it enhances our ability to accurately forecast our costs. We have no objection to the specific indexation components proposed by IPART.

*4. The proposed schedule for setting licence fees, specifically the review period.*

Ausgrid endorses the approach to subsequent reviews proposed at part 3.6 of the Report.

*5. The recommended licence fees for 2021-22, which would be indexed and applied each following financial year under this methodology, until we update the methodology again.*

In Ausgrid's view the recommended fees for 2021-22 are reasonable.

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In conclusion, Ausgrid supports the proposals contained within the Report, and endorses the proposition that they be recommended to the Minister.

If further discussion or clarification is required regarding this response, please contact me on

[REDACTED]

Yours sincerely,

[REDACTED]

**BILL HANNAN**

Head of Governance, Risk & Compliance