

Mr Chris Lock
 Office of the Tasmanian
 Economic Regulator
 Level 3, 21 Murray Street
 HOBART TAS 7001

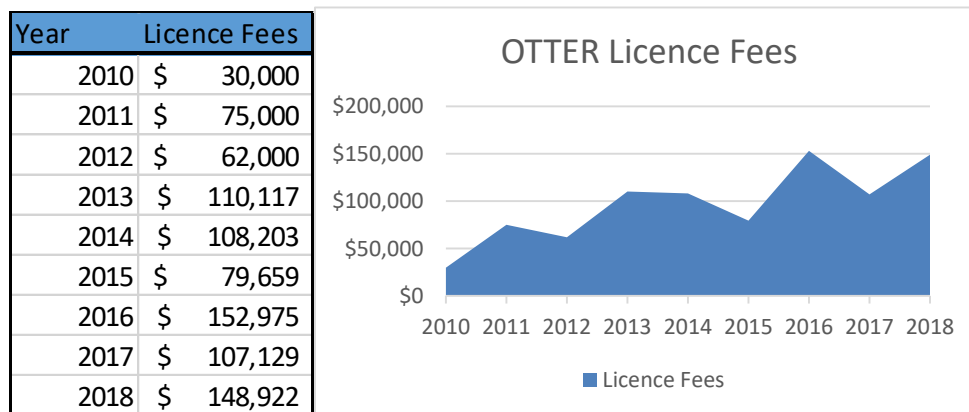
Dear Chris

Re: Structure of licence fees for the electricity, gas and water and sewerage sectors Consultation Paper December 2019

Thank you for the opportunity to comment on the above Consultation Paper.

Whilst the opportunity to consult on methodology is appreciated it is also relevant in terms of good public policy and efficiency to review the movement in terms of the quantum of the fees.

Since 2010 the licence fees charged to Tas Gas Networks have been subjected to significant increases.



Between 2010 and 2018 the licence fees have increased by nearly 500 per cent.

Tas Gas Networks is concerned about the level of licence fee increases. These increases ultimately need to be paid for by energy consumers in Tasmania and they are out of step with current State Government policy to reign in rising energy prices to consumers.

The increases in licence fees are also disproportionately higher than the growth in the gas network in Tasmania over the same period and the number of customers connected to it. The gas network was established more than 15 years ago, it has not grown significantly in recent years and the number of new connections is growing at less than 3 per cent. Our view is that the regulatory burden to support the network's operations should now be near maximum efficiency and the significant Licence Fee increases do not appear to reflect this.

We would like the opportunity to understand the logic/necessity for what seems to be a 500% in regulatory costs over the past 8 years.

Thank you again for the opportunity to contribute.

Kind regards

Peter Kent

for

Simon Himson

Chief Operating Officer

31 January 2020