

INTERNAL AUDIT CERTIFICATE

Frontier Economics was selected by the Aurora Energy Internal Audit function to conduct a review of the Aurora Energy Pricing Model and Pricing Proposal for Period 2 of the 2016 Standing Offer Determination ("2016 Determination"), 1 July 2017 to 30 June 2018. This is required by the Tasmanian Economic Regulator ("the Regulator") as per its Guideline *Approval of Standing Offer Prices in accordance with the 2016 Standing Offer Determinations* ("the Guideline") dated 28 April 2016.

The review by Frontier Economics, based on the documentation provided, confirms that subject to points identified in Section 2 of their report:

- The model calculations are accurate, complete and consistent with the assumptions contained within the model;
- The model calculations are consistent with the methodology outlined in the 2016 Standing Offer Price Determination and/or using a methodology agreed with the Regulator;
- The methodology for calculating the Period 2 Notional Maximum Revenue (NMR) is consistent with the Determination;
- The input values, cell references and calculations correctly calculate Period 2 prices and that these prices have been calculated using a cost-reflective method;
- The expected revenue calculated by applying the proposed Period 2 prices to the Period 2 forecast load does not exceed the Period 2 NMR;
- Proposed Period 2 prices comply with the Pricing Criteria issued by the Tasmanian Government, including by ensuring that:
 - Typical medium residential customers on Tariff 31/41 do not experience increases in annual bills of more than 2 per cent;
 - Typical medium small business customers do not experience increases in prices (i.e. each individual component of small business tariffs do not increase); and
 - There are no increases in regulated tariffs of more than 7 per cent; and
- Proposed Period 2 prices in the model match the proposed Standing Offer Determination Tariff Schedule for Period 2.

Based on the Frontier Economics review, and for the purposes of clause 5.1(b)(7) of the Guideline, Aurora Energy's Internal Audit function certifies that no matters were identified that materially impact upon the accuracy of the attached retail tariff proposal for Period 2 of the Determination (1 July 2017 to 30 June 2018).

Signed



Manager Risk, Regulatory & Compliance

Date

14 June 2017