

17 January 2020

Chris Lock, Director
Office of the Tasmanian Economic Regulator
GPO Box 770
Hobart TAS 7000

Via email: office@economicregulator.tas.gov.au

Dear Mr Lock

RE: Structure of Licence Fees

TasNetworks welcomes the opportunity to comment on the Office of the Tasmanian Economic Regulator's (**OTTER**) consultation paper in relation to the structure of licence fees for the electricity, gas and water and sewerage sectors.

As the Transmission Network Service Provider, Distribution Network Service Provider and jurisdictional planner in Tasmania, TasNetworks is focussed on delivering safe, secure and reliable electricity network services while delivering the lowest sustainable, as well as predictable, pricing for our customers. TasNetworks has already achieved significant reductions in the prices paid by our customers, reducing the network charges applying to residential and small business customers by nearly 20 per cent in 2017-18 and a further 2.9 per cent in 2018-19, which brought network charges back to the same level, in real terms, that they were in 2009-10. For most customers, network prices will have decreased by another 1.2 per cent in 2019-20. To achieve this, TasNetworks continually seeks opportunities for cost efficiencies and business improvements.

We consider that there is also an opportunity to realise cost savings for our business and, therefore, our customers, by reviewing the areas of potential duplication in oversight between OTTER and the Australian Energy Regulator. Any streamlining of regulatory activities which results in a reduction in TasNetworks' licence fees would assist TasNetworks in placing downward pressure on electricity prices for Tasmanian customers.

Predictability in pricing for our customers is aided through cost consistency. To this end, any methodology utilised for the purposes of allocating licence fees should consider predictability in the fee structure over time, as well as cost reflectivity.

TasNetworks has no further comment in respect to the proposed draft Structure of Licence Fees to apply for the period 1 July 2020 to 30 June 2025. Should you have any questions on the above, please contact Tim Astley, NEM Strategy and Compliance Team Leader via email (tim.astley@tasnetworks.com.au) or phone on (03) 6271 6151.

Yours sincerely



Chantal Hopwood

Leader Regulation