

AER Draft Decision On Vencorp

The Australian Energy Regulator has issued its draft decision on VENCORP's electricity transmission determination application for the regulatory period 1 July 2008 to 30 June 2014.

"The draft decision provides for over \$200 million of new investment in network growth over the next six years, and will allow VENCORP to manage cost pressures while continuing to meet system constraints emerging towards the end of the forthcoming control period," AER chairman Steve Edwell says.

"This will maintain the strong record of reliability, safety and security that users have come to expect from the Victorian electricity transmission system," he adds.

The AER proposes to allow revenues for VENCORP that increase from \$373.08m (nominal) in 2008-09 to \$516.85m (nominal) in 2013-14.

The revenue determined in the draft decision will result in a nominal per MWh transmission 'price' of \$9.68 in 2013-14, compared to the expected per MWh price of \$6.88 in 2007-08. This amounts to an average increase of six per cent per year.

Transmission charges represent approximately 10 per cent on average of end user electricity charges. The AER says it has estimated that the increase in transmission charges under this draft decision will add approximately \$3.00 (0.37 per cent) to an average residential customer's annual bill of \$800 in the first year of the decision, 2008-09.

It says this is expected to increase by an average of 0.43 per cent annually until the regulatory period ends in 2013-14.

The AER invites written submissions in response to its draft decision, which close on 19 February 2008. The AER will hold a pre-determination conference on this draft decision in Melbourne on Wednesday 12 December 2007 for the purpose of explaining its draft decision and receiving oral submissions from interested parties.

[Source essa news]