

20 September 2016

TO: ASX Limited
Singapore Exchange Securities Trading Limited

Advanced Metering Infrastructure 2016 Transition Charges AER Draft Decision

The Australian Energy Regulator (AER) published the Draft Decision on AusNet Services' 2016 Transition Charges Application earlier today. The Transition Charges Application is governed under the AMI Cost Recovery Order in Council and relates to excess expenditure incurred in CY2014 and CY2015 compared to the AER Approved Budget in those years.

The following table summarises the AER's Draft Decision:

\$M Nominal	CY2014 & CY2015 Expenditure Excess Applied For	AER Draft Decision	Difference
Total Capital Expenditure	69.8	25.2	44.6
Total Operating Expenditure	26.9	21.0	5.9
Total Expenditure	96.7	46.2	50.5

This Draft Decision would result in a negative revenue adjustment in calendar year 2018 of \$62.1 million (\$2018) against the EDPR 2016-20 Final Decision. AusNet Services will be electing to smooth any revenue adjustment from 2018 to 2020. AusNet Services' metering charges have been decreasing since 2015 and will continue to decline through to 2020.

AusNet Services will analyse the Draft Decision thoroughly and submit a Revised Transition Charges Application by the due date (2 November 2016). A Final Decision is expected on 16 December 2016.

For a full copy of the Draft Decision please refer to the AER's website, www.aer.gov.au.

Claire Hamilton
Company Secretary