



Friday, 18 May 2018

The Manager
Company Announcements
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam

AER releases Final Decision for TransGrid Regulatory Determination for 2018-23

I enclose an announcement by Spark Infrastructure in relation to the release by the AER of TransGrid's Final Regulatory Determination for the period 2018 – 2023.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Alex Finley'.

Alexandra Finley
Company Secretary

ASX RELEASE

Friday, 18 May 2018

AER releases Final Decision for TransGrid Regulatory Determination for 2018-23

Spark Infrastructure notes that the Australian Energy Regulator (AER) has today released its Final Decision for the next five-year regulatory period for TransGrid, in which Spark Infrastructure holds a 15% interest.

The AER has approved the following to apply for the period commencing 1 July 2018 to 30 June 2023 (\$million 2017-18 unless stated otherwise).

- Revenue – \$4,015m (nominal, smoothed)
- Rate of Return – 6.54% (2017-18, nominal smoothed WACC)
- Return on Equity – 7.4% (nominal post-tax, constant over 2018-23)
- Capital Expenditure – \$1,249m
- Operating Expenditure¹ – \$907m
- Contingent Projects² – 9 projects

Rick Francis, Managing Director of Spark Infrastructure stated, “The TransGrid Regulatory Determination is broadly in line with expectations, noting that the AER is satisfied that TransGrid’s forecast operating expenditures are efficient. It now provides the business with regulatory certainty for the next 5 years to maintain and develop the transmission system in response to the dramatic changes in the electricity market that are occurring.

“We were pleased to see the AER recognising the importance of the large-scale Powering Sydney’s Future capital expenditure project. This is a critical project for Sydney to address supply reliability and future demand in inner Sydney and its growing central business district.

“We note that using the AER’s estimates, the transmission component of the average residential bill will increase by 0.2% and 0.5% per annum in nominal terms in ACT and NSW respectively, which is a decline in real terms, and delivers on the current sole focus on price affordability for customers.”

Nine contingent projects have been identified in the Regulatory Determination, including projects such as a New South Wales to South Australia Interconnector and Reinforcement of the Southern Network in response to Snowy 2.0. Expenditure for these projects does not form part of the capital expenditure allowances above, but rather will be subject to certain trigger events in the future before such projects would proceed.

Mr Francis further added, “We note that the AER has commented that they believe *“transmission charges may make up approximately 10% of the bill for typical residential customers in NSW”*. We dispute this claim. In my opinion transmission charges are closer to 1 cent per kWh by volume in NSW, which is approximately 4% and not 10% on a typical average residential tariff.”

Details of the Regulatory Determination can be found on the AER website at www.aer.gov.au.

Further Information:

Linda Assatoury
Head of Investor Relations

Phone: 02 9086 3607
Mobile: 0402 283 769

¹ Including debt raising and network support costs

² Each contingent project remains subject to meeting certain trigger events and passing a Regulatory Investment Test