

7 November 2017

Alex Oeser
Director, Strategy and Economic Analysis
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop, NSW 1240



Dear Mr Oeser,

Submission to IPART's asset disposals policy consultation

The Public Interest Advocacy Centre (PIAC) is an independent, non-profit legal centre based in New South Wales. Established in 1982, PIAC tackles systemic issues that have a significant impact upon disadvantaged and marginalised people. We ensure basic rights are enjoyed across the community through litigation, public policy development, communication and training. The Energy + Water Consumers' Advocacy Program represents the interests of low-income and other residential consumers, developing policy and advocating in energy and water markets.

PIAC welcomes the opportunity to respond to the Independent Pricing and Regulatory Tribunal's (IPART) Information Paper for the asset disposals policy consultation.

PIAC supports IPART's preliminary position that it:

- Use a gross sales value definition for determining the value of the asset to deduct from the Regulatory Asset Base (RAB) when sold
- Incorporate efficient sales costs into the operating expenditure allowance, and
- Assess remediation costs using a prudence and efficiency test to determine if they should be included in the operating expenditure allowance.

While it may be appropriate for businesses to recover the efficient costs from the sale of assets, PIAC does not consider it appropriate for this to be recovered through the RAB. PIAC also supports IPART retaining discretion in the amount of remediation costs that a business may recover through its regulated revenue.

Continued engagement

PIAC would welcome the opportunity to meet with IPART and other stakeholders to discuss these issues in more depth.

Yours sincerely,

Craig Memery
Energy and Water Policy Team Leader
Public Interest Advocacy Centre

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Level 5, 175 Liverpool St
Sydney NSW 2000
Phone: 61 2 8898 6500
Fax: 61 2 8898 6555
www.piac.asn.au
ABN: 77 002 773 524

