



Thursday, 26 May 2016

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

Dear Sir / Madam

AUSTRALIAN ENERGY REGULATOR (AER) PUBLISHES VICTORIA POWER NETWORKS' FINAL REGULATORY DETERMINATIONS FOR THE 2016-2020 REGULATORY PERIOD

Spark Infrastructure notes that the AER has released its Final Determinations for VPN's (including the CitiPower and Powercor electricity distribution networks) 5-year regulatory period which started on 1 January 2016.

The Final Determinations differ from the Preliminary Determinations published in October 2016 in a number of respects as outlined below.

- Operating expenditure allowance of \$1.793 billion, up \$28 million
- Net capital expenditure allowance of \$2.520 billion, up \$152 million
- Total revenue allowance of \$4.936 billion, up \$180 million

The Final Determinations reflect the recognised operational efficiency of CitiPower and Powercor, their continued high rankings in the AER's performance benchmarking process, and their positive engagement throughout the regulatory review process.

VPN will continue to operate under the terms of the AER's Preliminary Determinations for the first 12 months of the 5-year regulatory period, which ends 31 December 2016. A 'no disadvantage' true up will then occur with any under-recovery of revenue to be made up in years 2-5 of the regulatory period.

VPN is currently reviewing the Final Determinations and will consider its position in relation to any elements on which it continues to hold a different view to the AER. Under the National Electricity Rules, Network Service Providers are allowed a period of 3 weeks from the date of the publication of a Final Determination in which to lodge an appeal with the Australian Competition Tribunal (ACT).

Spark Infrastructure also notes that the decisions published by the ACT in March 2016 in relation to appeals lodged by certain NSW network businesses are not reflected in VPN's Final Determination. This is due to the AER's referral of the ACT's decisions to the Federal Court for further review. There is no published timeframe for this review but it is possible that finalisation of this process may take 12-18 months.

The AER's determinations can be found on its website at www.aer.gov.au

Yours faithfully,



Alexandra Finley
Company Secretary