ASX & SGX-ST Release

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26 May 2016

TO: ASX Limited
Singapore Exchange Securities Trading Limited

Electricity Distribution Price Review 2016-20

AER Final Decision

Enclosed is an announcement made by AusNet Services which is provided for the information of AusNet Services Holdings Pty Ltd noteholders.

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AusNet Services

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AusNet Services (Transmission) Ltd
ABN 48 116 124 362

AusNet Services Finance Trust
ARSN 116 783 914

AusNet Services (RE) Ltd
ABN 46 109 977 371

AFS Licence No. 294117 as responsible entity for AusNet Services Finance Trust

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AER Final Decision

The Australian Energy Regulator (AER) published the Final Decision on AusNet Services' 2016-20 Electricity Distribution Price Review proposal earlier today. The following table summarises the AER's Decision by the two main services, distribution and metering, relative to the Preliminary Decision made in October 2015.

	Preliminary Decision ($M)	Final Decision ($M)	% Increase
Distribution Services			
Total Revenue	2,887	3,132	8.5%
Total Capital Expenditure (real 2015$)	1,745	1,797	3%
Total Operating Expenditure (real 2015$)	1,104	1,170*	6%
Metering Services			
Total Revenue	443	392*	-11%

*Note operating costs have been reallocated to distribution from metering by the AER

The Decision has accepted AusNet Services proposed faster capital recovery, particularly where assets are no longer utilised. Cash flow from depreciation has increased by almost $100M from the Preliminary Decision.

On the rate of return, the AER has chosen not to adopt the appeal outcomes from the recent Australian Competition Tribunal Decision as it pursues its own further appeal. Therefore, AusNet Services will review its appeal rights on these matters, in particular the value of imputation credits assumed (known as the gamma), to ensure these outcomes are applied to our own revenues in the event of the Tribunal Decision being upheld.

The AER's approval of capital expenditure related to bushfire safety obligations and the inclusion of a mechanism to incorporate future Government mandated expenditure is also welcomed.

In respect of Metering Services, the Final Decision confirms the outcomes of the Preliminary Decision although some approved costs have been reclassified as distribution costs.

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

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About AusNet Services

AusNet Services is the largest diversified energy network business in Victoria, owning and operating $12bn of electricity and gas distribution assets, including the state-wide electricity transmission network. The company also has a non-regulated division, Select Solutions, providing specialist utility services.

Headquartered in Melbourne, Australia, AusNet Services employs more than 2,500 people to service over 1.3m consumers and is listed on the Australian Securities Exchange (ASX: AST) and the Singapore Stock Exchange (SGX-ST: AZI.SI). For more information visit AusNet Services' website, www.ausnetservices.com.au.

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Company Secretary

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