

TRACKIT: 39251

24 May 2010

Senator Mathias Cormann
Chair
Senate Select Committee on Fuel and Energy
PO Box 6100, Parliament House
CANBERRA ACT 2600

By e-mail: fuelenergy.sen@aph.gov.au

Dear Senator

Thank you for your letter of 13 May 2010, seeking the views of the Australian Energy Regulator (AER) on the impact of the recommendations of the Henry Tax Review and the government's response on fuel and energy security.

As you may be aware, the AER regulates the wholesale electricity market and is responsible for the economic regulation of the electricity transmission and distribution networks in the national electricity market (NEM). The AER is also responsible for the economic regulation of gas transmission and distribution networks and enforcing the national gas law and national gas rules in all jurisdictions except Western Australia.

The committee has posed the following specific questions:

1. *What is your assessment of the impact of the proposed 'Resource Super Profits Tax' on your field?*

The AER does not consider that the proposal will have a material impact on any of our regulatory functions described above.

2. *Specifically, what is your assessment of the impact of the 'Resource Super Profits Tax' on fuel and energy security in your field?*

The AER does not have a role in assessing energy security impacts and is therefore not in a position to comment on this issue.

3. *Specifically, what is your assessment of the impact of the 'Resource Super Profits Tax' on jobs in your field?*

The AER is not in a position to assess the economy wide impact of the proposal, including its impact on employment.

4. *How do you foresee the proposed resource exploration rebate impacting on your field?*

The AER does not consider that the rebate will have a material impact on any of our regulatory functions described above.

5. *Do you have any other issues you wish to raise with the committee about the recommendations set out in the Henry Tax Review and/or the government's response to those recommendations?*

The AER does not have any additional comments.

The AER would like to thank the committee for the invitation to comment on this issue.

Yours sincerely

Michelle Groves
Chief Executive Officer