



Darling Park Tower 1
201 Sussex Street
Sydney NSW 2000
Australia

Benjamin Tan
Director
Project Finance
+61 2 9117 7679
Benjamin.Tan@cba.com.au

Neil Fraser
Director
Infrastructure and Utilities
+61 2 9117 7007
Neil.Fraser@cba.com.au

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Limited Merits Review Project Team
C/o COAG Energy Council Secretariat
GPO Box 9839
Canberra ACT 2601

Submitted by email to energycouncil@industry.gov.au

Dear Officials

Review of the Limited Merits Review Regime – Consultation Paper

Commonwealth Bank of Australia ("CBA") welcomes the opportunity to respond to the consultation paper published by the Project Team on 6 September 2016 as part of the review of the Limited Merits Review (LMR) regime.

CBA makes this submission from the perspective of an active lender in the energy sector in Australia.

The Australian energy network sector has a reputation for stable and predictable regulatory policy settings. This reputation is of key importance to the credit assessment of lenders who provide capital to borrowers in the sector.

Key attributes of the regulatory system lenders focus on are:

- The stability of the system and an ability to function independently from day-to-day government;
- It encourages clarity, consistency and accountability of regulators through the existence of an effective review regime; and
- Evolution over time on the basis of well-understood processes that allow opportunities for stakeholder consultation.

Lenders will also tend to focus on the number of years a regime has been in place and we note that the LMR regime has not had the opportunity to benefit from a full cycle of determinations and established precedents. To the extent changes to the LMR regime are desired, we believe that a more in depth consultation process should be considered. Proceeding with a compressed timetable, with limited opportunities for consultation has the potential to impact the perception of stability and predictability of the regulatory regime.

We thank you for considering this submission and would be pleased to clarify any point presented above at your convenience.

Yours sincerely,

Benjamin Tan
Director
Project Finance

Neil Fraser
Director
Infrastructure and Utilities