Energy Consumer Reference Council

April 2019

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Regulatory Affairs: Network pricing review

Emily Brown - Regulatory Pricing Manager
Chris Bell – Manager EN Price Review

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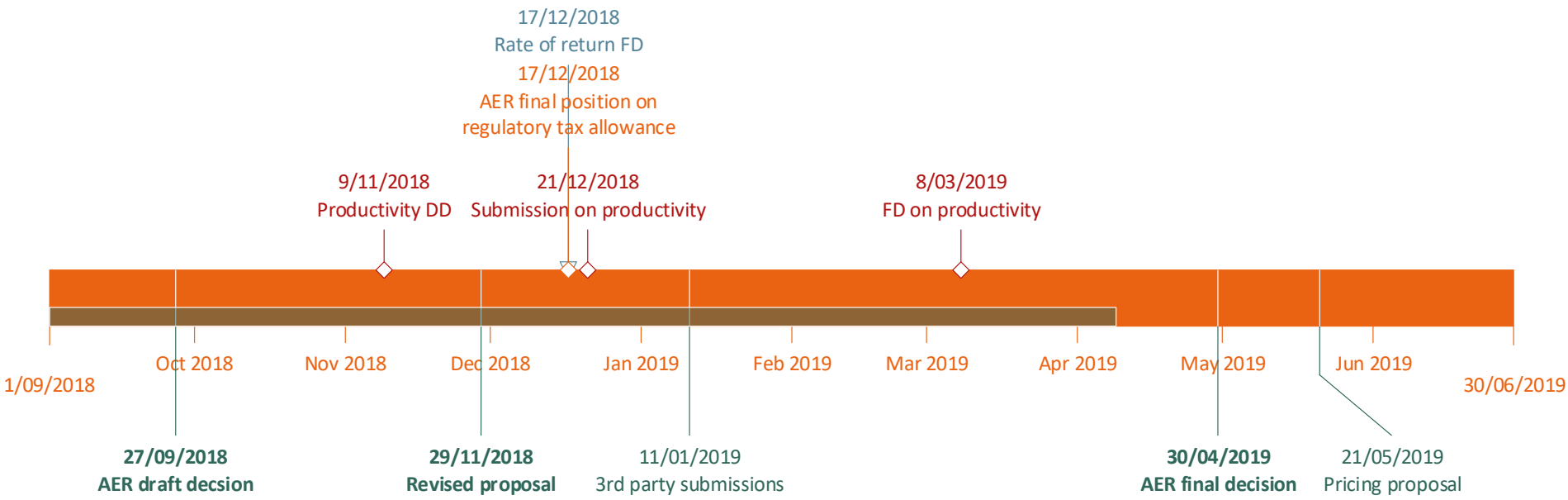
Outline

- AER Final Decision update
- Network tariff components
- Electricity bills

Regulatory determination final decision



Network tariff components

- Transmission
- Distribution
- Jurisdictional schemes
- Metering

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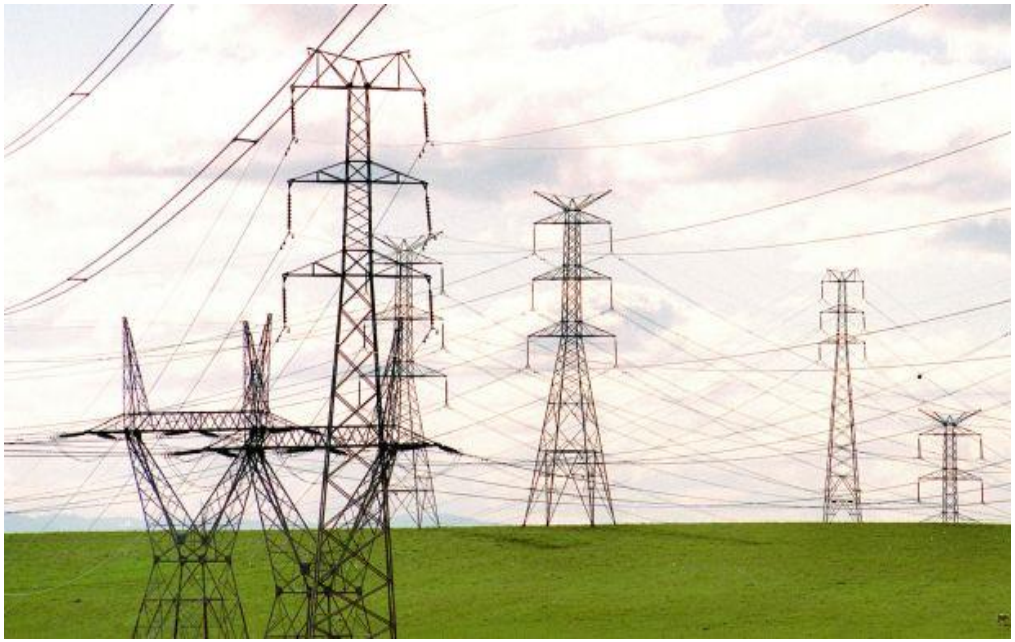
Transmission

- Evoenergy's transmission network within the ACT (from generator to electrical substation)

- Transgrid's charges for the transmission of electricity from interstate generators to the bulk supply points in the ACT



Distribution

Evoenergy's low voltage distribution network within the ACT (from substation to customer)

- overhead and underground lines
- poles
- zone substations

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Jurisdictional schemes

- **Large scale Feed-in Tariff** – Wind and solar farms
- **Small and medium scale Feed-in Tariff** – rooftop solar installation on homes and businesses (connected between 1/3/09 and 13/7/11)
- **Energy Industry Levy** – costs associated with regulating utilities in the ACT
- **Utilities Network Facilities Tax** – applied to the owner of a utility network facility that is installed or under land in the ACT. Determined on a per km basis.

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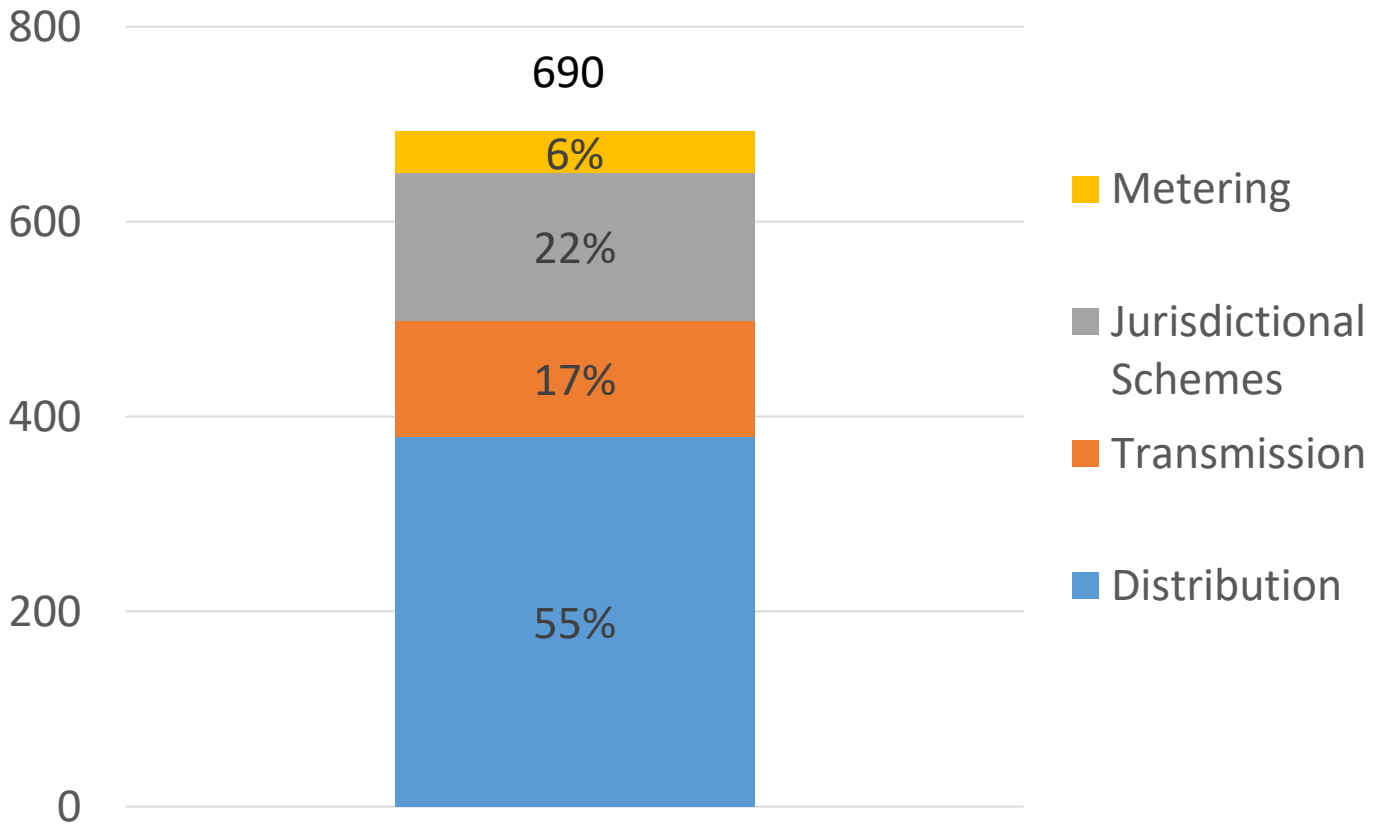
Metering

- **Metering Capital** – Recovers the purchase price of meter.
- **Metering Non-capital**– Recovers costs of meter reading, data processing, meter maintenance and operation.

Metering responsibility shifted from network to retail businesses from 1 December 2017.

Electricity Bills

Components of typical **network** bill for a residential customer ($/year)



Source: Evoenergy 2018/19 Annual Pricing Proposal
Note: Based on customer using 7,500 kWh per year on a Residential Basic tariff

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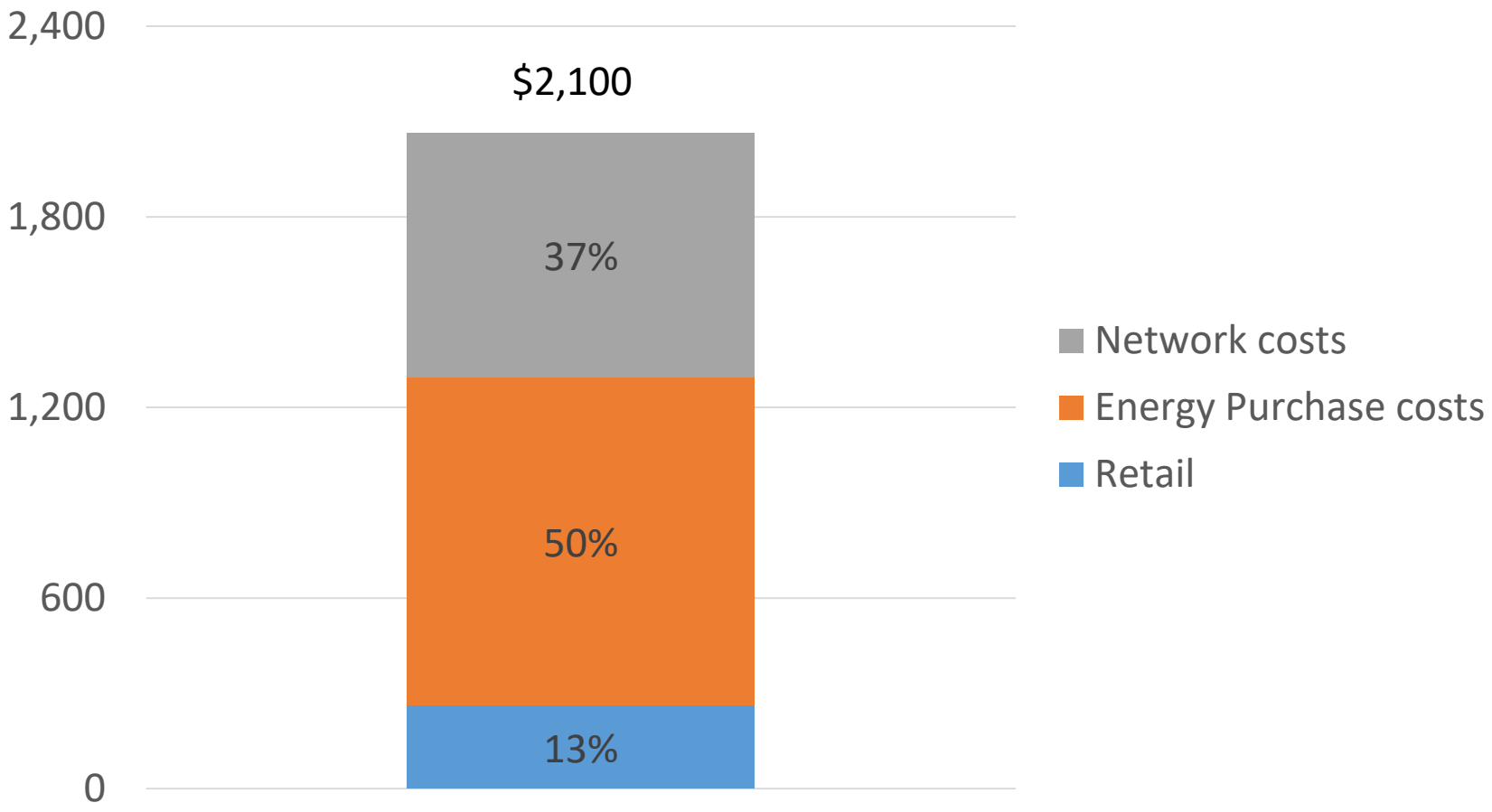
Components of typical **retail** bill for a residential customer ($/year)



Sources: ActewAGL Retail Schedule of Charges; ICRC 2018/19 Final Decision
Note: Based on customer using 7,500 kWh per year on an ActewAGL Home Plan

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Key Elements from the Revised Electricity Safety Rules 2019

Paul Wheatley - Head, Health and Safety

Safe Approach Distance: People

Means the minimum distance that must be maintained by a person, vehicle or mobile plant when approaching conductors or electrical apparatus other than for work in accordance with an access authority.

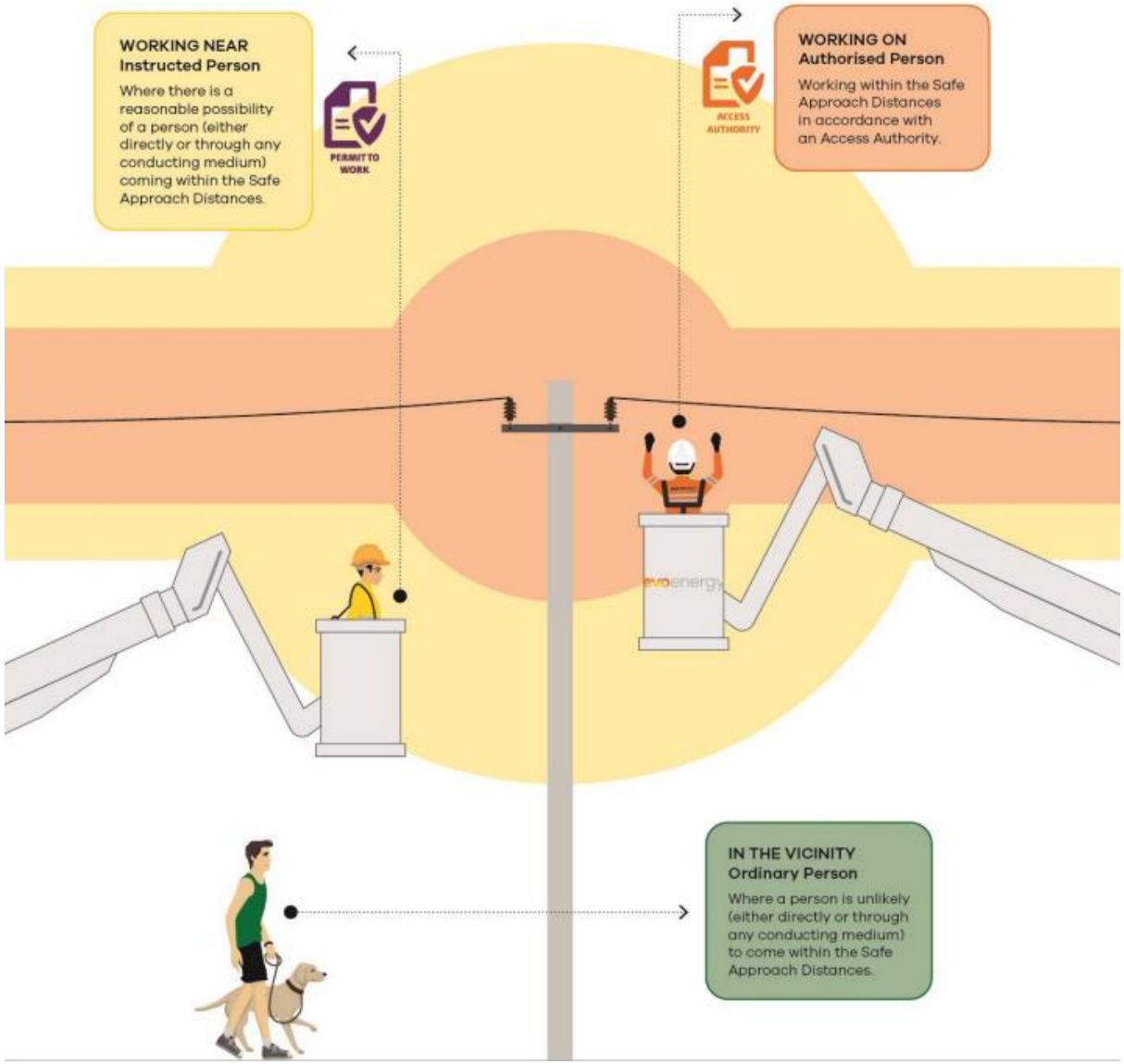

Table 2.1 Safe Approach Distance (mm) to Overhead Energised Conductors for Ordinary, Instructed Persons and Authorised Workers			
Voltage **Nominal phase to phase AC (kV)**	**Ordinary Person**[1-4]	**Instructed Person**[1-3]	**Authorised Worker**[1-3]
LV[6] – including communications, catenaries connected to LV neutrals	1500	100	Insulated Contact
Insulated LV[7]	100	100	Insulated Contact
Earthed **metallic screened HV**[8] – insulated conductor	100	Insulated Contact	
Unscreened HV insulated conductor – **up to and including 66**	2000	700[5]	
HV – up to and including 22	2000	700	
66	4000	1000	
132	4000	1500	

Table 2.4 Safe Approach Distance (mm) to Overhead Energised Conductors for Vehicles and Mobile Plant[1]					
	VEHICLES		**MOBILE PLANT**		
NOMINAL PHASE TO PHASE AC (kV)	**ORDINARY PERSON**	**INSTRUCTED PERSON OR AUTHORISED WORKER**[2-4]	**ORDINARY PERSON**	**INSTRUCTED PERSON OR AUTHORISED WORKER**[2-4]	
				UNINSULATED	**INSULATED**
LV	600		3000	1000	CONTACT
HV – UP TO AND INCLUDING 22	900	700	3000	1200	700
66	2100	1000	3000	1400	1000
132	2100	1200	3000	1800	

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Safe Approach Distance: Excavation

Means the minimum distance that must be maintained by a person, vehicle or mobile plant when approaching conductors or electrical apparatus other than for work in accordance with an access authority.

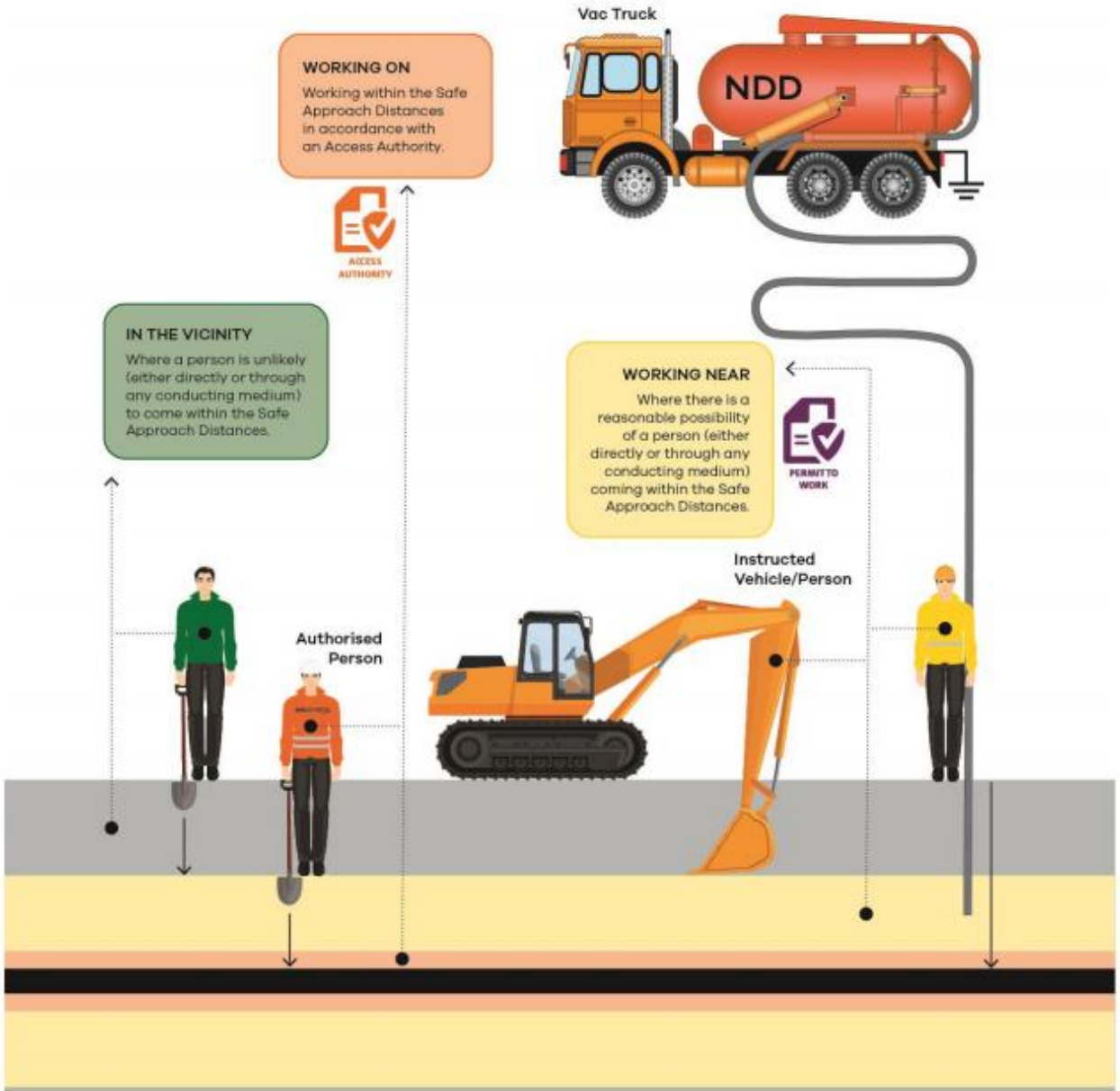

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Table 2.3 Safe Approach Distance (mm) to Energised Underground Cables for Ordinary, Instructed and Authorised Workers				
Voltage	**Non Destructive Digging**		**Powered Excavation**	
Nominal phase to phase voltage AC	**Ordinary Person**	**Instructed Person or Authorised Worker**	**Ordinary Person**	**Instructed Person or Authorised Worker**
LV up to and including 400 V	300	Insulated contact*	1000	300 or to marker tape/hard cover**
HV up to and including 22 kV	300	Insulated contact*	1000	300 or to marker tape/hard cover**
66 kV	2000	300	3000	300 or to marker tape/hard cover**
132 kV	3000	1800	3000	1800
* Denotes – no picks, crow bars, jackhammers or sharp edged shovel used within 300 of Energised Cables - Hydrovac excavation and hand digging to pothole down the cable itself is permitted				
** Denotes positive asset identification and location must be conducted first				

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Gas Network Regulation Update

Philip Deamer - Manager, Regulatory Price Reviews

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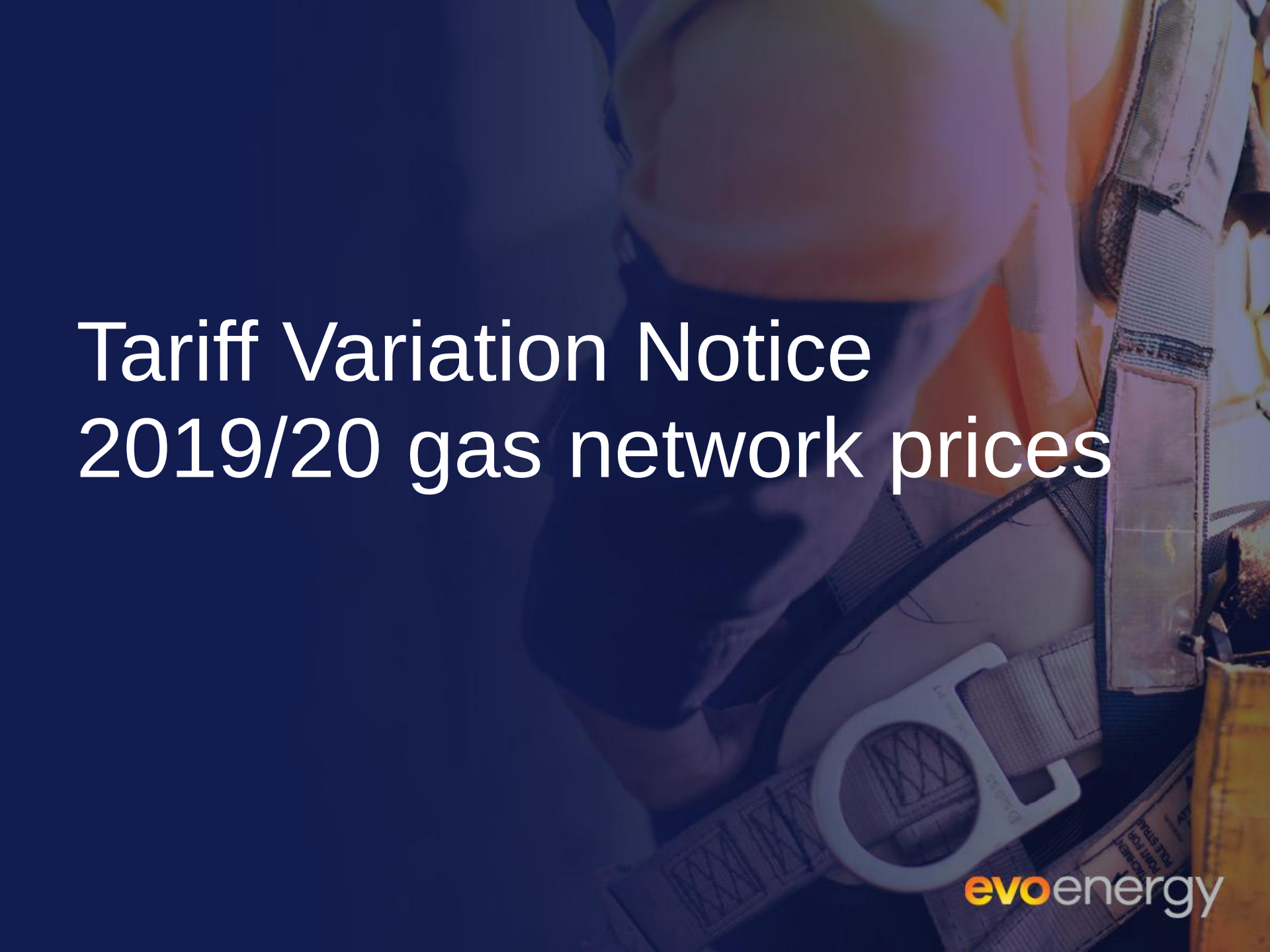
Tariff Variation Notice 2019/20 gas network prices



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TARIFF VARIATION NOTICE

Evoenergy Access Arrangement for the ACT, Queanbeyan and Palerang gas distribution network. 1 July 2016 – 30 June 2021.

Version number 1 | Effective date: 15 March 2019

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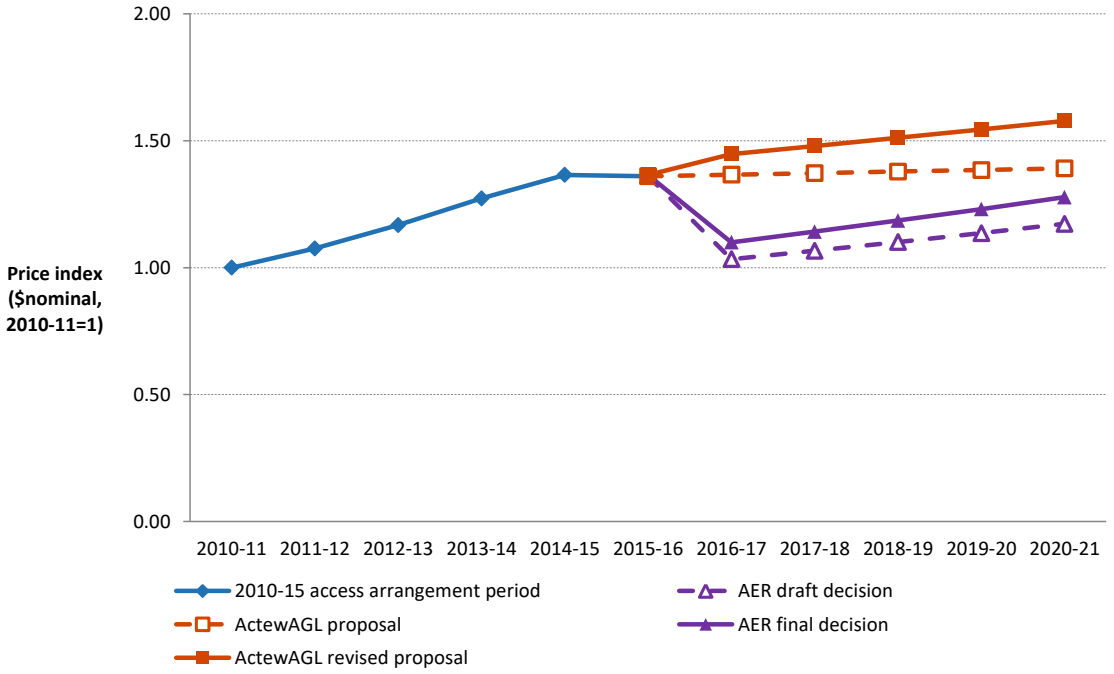
Indicative tariff paths 2010–21

Indicative reference tariff paths for ActewAGL's reference services from 2010 to 2021 (nominal index)



Source: AER (May 2016) Final Decision: Overview p.22

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2019/20 proposed tariffs for network charges

		2015-16	2016-17	2017-18	2018-19	2019-20
15 GJ	Bill $	$ 239.10	$ 209.49	$ 223.06	$ 234.80	**$ 241.47**
	Variance $		- 29.62	13.58	$ 11.74	**$ 6.67**
	Variance %		-12.4%	6.5%	5.26%	**2.84%**
25 GJ	Bill $	$ 318.70	$ 270.30	$ 283.87	$ 298.09	**$ 305.71**
	Variance $		- 48.41	13.58	$ 14.22	**$ 7.62**
	Variance %		-15.2%	5.0%	5.01%	**2.56%**
45 GJ	Bill $	$ 477.90	$ 391.92	$ 405.49	$ 424.67	**$ 434.19**
	Variance $		- 85.99	13.57	$ 19.18	**$ 9.52**
	Variance %		-18.0%	3.5%	4.73%	**2.24%**
90 GJ	Bill $	$ 836.10	$ 665.56	$ 679.14	$ 709.48	**$ 723.27**
	Variance $		- 170.54	13.58	$ 30.33	**$ 13.80**
	Variance %		-20.4%	2.0%	4.47%	**1.94%**

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Retail bill impact

AEMO's *2018 Gas statement of opportunity wholesale gas price forecast* has only inflationary increases for 2019-20 in their weak, neutral and strong scenarios.

We have assumed that wholesale, retail and transmission increase by forecast inflation.

ACT retail gas bill - GSOO scenario

	2018-19 ($)	2019-20 ($)	Increase ($)	Increase (%)
15 GJ	809.36	829.94	20.57	2.54%
25 GJ	1,111.66	1,138.97	27.31	2.46%
45 GJ	1,716.26	1,757.04	40.78	2.38%
90 GJ	3,076.61	3,147.69	71.08	2.31%

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GN21 Gas access arrangement review

GN21 Gas access arrangement review

Access arrangement for the ACT, Queanbeyan and Palerang gas distribution network

1 July 2016 - 30 June 2021

(incorporating revisions required by AER Final Decision 26 May 2016 – clean)

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High level plan

- Reference Service Proposal Friday 28 June 2019.
- Access arrangement review proposal 30 June 2020.
- Questions on review proposal July 2020 to November 2020.
- Draft decision expected December 2020.
- Response to the draft decision January 2021.
- Revised access arrangement commences 1 July 2021.

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Consumer engagement

- Consumer engagement is important.
- Consumer engagement activities may include:
  - ✓ECRC
  - ✓Consumer summary
  - ✓Website
  - ✓Targeted consultation (large customers, retailers)
  - ✓Collaboration with ACTCOSS
  - ✓Consumer forums

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Reference Service Proposal

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Warning! Dry content

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National Gas Rules Version 44

Status Information

This is the latest electronically available version of the National Gas Rules as at 21 March 2019.

Reference Service Proposal

47A Reference services

(1) A service provider in respect of a *full regulation pipeline* must, whenever required to do so under subrule (3), submit to the AER a *reference service proposal* in respect of a forthcoming *full access arrangement proposal* that:

(a) identifies the pipeline and includes a reference to a website at which a description of the pipeline can be inspected;

(b) sets out a list of all the pipeline services that the service provider can reasonably provide on the pipeline and a description of those pipeline services having regard to the characteristics in subrule (2);

pipeline service means—

(a) a service provided by means of a pipeline, including—

(i) a haulage service (such as firm haulage, interruptible haulage, spot haulage and backhaul); and

(ii) a service providing for, or facilitating, the interconnection of pipelines; and

(b) a service ancillary to the provision of a service referred to in paragraph (a), but does not include the production, sale or purchase of natural gas or processable gas;

reference service means a pipeline service specified by, or determined or approved by the AER under, the Rules as a reference service;

NGR requirements	AER assessment
A full access arrangement must:	
identify the pipeline to which the access arrangement relates and include a reference to a website at which a description of the pipeline can be inspected **NGR rule 48(1)(a)**	Compliant. Section 1 of the ActewAGL access arrangement proposal.
describe the pipeline services the service provider propose to offer to provide by means of the pipeline **NGR rule 48(1) (b)**	Compliant. Section 2 of the ActewAGL access arrangement proposal.
specify the reference services **NGR rule 48(1)(c)**	Compliant. Section 2 of the ActewAGL access arrangement proposal.

Reference: Attachment 1 – Services covered by the access arrangement page 8
Final decision: ActewAGL Distribution Access Arrangement 2016–21

Consumer Challenge Panel advice to AER 2016

"For electricity distribution businesses in the NEM, provision and maintenance of meters, and meter reading and associated data services have been progressively separated from standard control services to facilitate the introduction of contestability in metering…

"We advise the AER to consider moving towards a consistent approach to the issue of contestability of metering and meter data services across the NEM, across electricity and gas distribution businesses."

Reference: Consumer Challenge Panel, *Advice to AER from Consumer Channel Panel sub-panel 8 regarding the AER draft decision and ActewAGL Distribution's revised access arrangement 2016–2021 proposal*, 23 March 2016, p. 4.

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AER Final Decision ActewAGL 2016–21

"Our final decision has not disaggregated meter data services from the haulage reference services as suggested by the Consumer Challenge Panel. We note:

- the market to implement gas meter reading contestability in ActewAGL's network has not changed over the current access arrangement period; and
- we have not been provided with compelling evidence to demonstrate contestability in the market for metering services in ActewAGL's network will change over the forthcoming access arrangement period….

we will monitor the market for metering services over the coming years to see whether their disaggregation from the haulage reference services is warranted for future access arrangements."

Reference: AER, (May 2016) *Final decision: Attachment 1 ActewAGL Distribution Access Arrangement 2016–2021 proposal*, p 9

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Relevance for ActewAGL 2021-26

AER's finding in the 2016 decision is still relevant for GN21:

- The market to implement gas meter reading contestability has not changed.
- In electricity, contestable metering for installation of smart meters is known at the Power of Choice reforms.
- Time required to implement changes;
  - The AEMC advised Ministerial Council on Energy in 2010.
  - Suite of rule changes in 2014 to NER, NERR, NEL.
  - It was fully implemented by Evoenergy in 2018.

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Relevance for ActewAGL 2021-26

- Evoenergy will continue to monitor the market.
- The new gas rules provide an opportunity for Evoenergy to amend the reference service definition in June 2020 provided there is a material change in circumstances that necessitate a change.
- AER will provide opportunity for stakeholder comment on Evoenergy's proposed reference services during the second half of 2019.

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Energy Share SMS

Demand Response in the Evoenergy Network

Eddie Thanavelil
Demand Side Innovation Engineer
eddie.thanavelil@evoenergy.com.au

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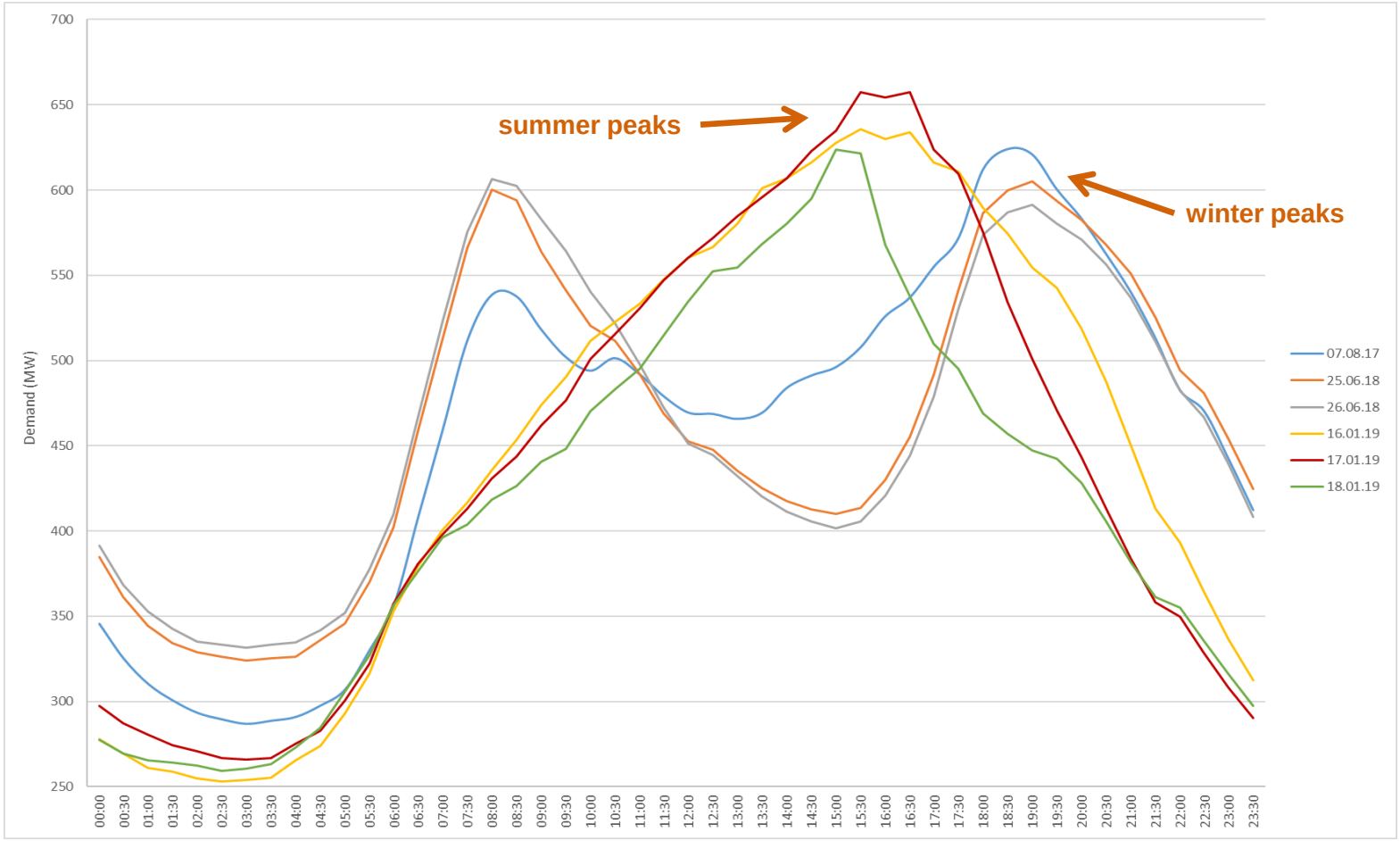
Peak electricity demand days (2017-2019)



Canberra has a predominantly winter peaking electricity network

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Energy Share SMS

- Evoenergy is running a demand response (DR) SMS program targeted at customers with smart meters.
- The program will ask customers to sign up and voluntarily reduce their electricity usage.
- Customers will be entered in prize draw for gift-cards for signing up and also for agreeing to reduce electricity use.

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Opportunities for SMS

- Smart meter rollout essential to capture data and cost benefit analysis.
- Identify customer behaviour and response rates.
- Deferring costly network investment using demand management solutions.

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