

Evoenergy Energy Consumer Reference Council

Meeting 35, June 2020



ITEM	TOPIC	LEAD
1	Welcome	Allan Williams <i>Chair</i>
2	Review minutes	Allan Williams
3	ECRC member updates	Allan Williams
4	GN21	Gillian Symmans <i>Acting Regulatory Reviews Group Manager</i>
5	Energy Network Safety Management System and Formal Safety Assessments	Bronwen Butterfield <i>Manager Environmental and Technical Regulatory Compliance</i>
6	Evoenergy Sustainability Strategy	Bronwen Butterfield
7	COVID-19 update	Alison Davis <i>Customer Delivery Group Manager</i>
8	Matters arising	Allan Williams

WELCOME

- Review actions and ratify minutes from meeting 34
- Member updates

Action	Owner	Due
Share Future Network slide with Professor Norman	Giuliana Baggoley & Eddie Thanavelil	Complete ✓
Agenda item on Open Energy Networks Framework: AEMO and ENA	Giuliana and Eddie	For 2020 agenda

The background of the slide is a photograph of a person wearing safety gear, including a white hard hat and a high-visibility orange safety vest. The person is wearing a dark-colored shirt and a safety harness with multiple straps and buckles. The image is overlaid with a semi-transparent dark blue filter. The text is centered on the slide.

GN21 update ECRC

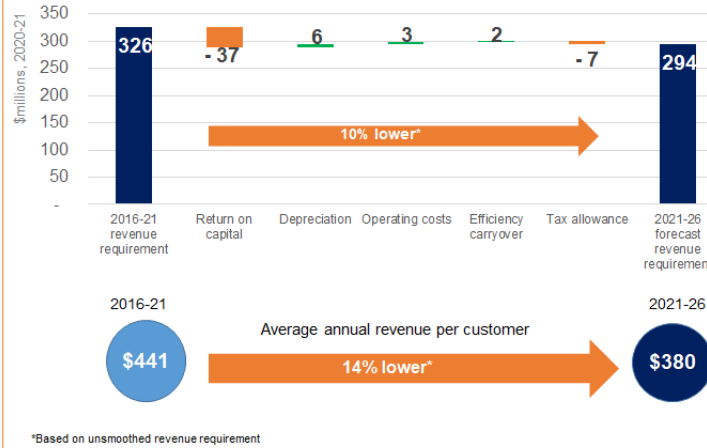
10 June 2020

Gillian Symmans, Acting Regulatory Reviews Group Manager

Summary of our GN21 plan

- Evoenergy owns and operates the gas distribution network in the ACT and in the Queanbeyan-Palerang local government area of NSW
- Our network charges account for about one quarter of your total retail gas bill
- Our plan for the gas network for the 2021-26 period (GN21 plan) has been submitted to the Australian Energy Regulator

Our plan delivers lower network costs for the business and customers



For customers our plan delivers:

- Safe and reliable gas supply while costs are minimised
- Reduced expenditure, resulting in lower network charges
- A declining capital base, which is good news for future bills
- Time to progress our transition roadmap for achieving net zero emissions by 2045
- Responsible market expansion and gas usage assumptions while we plan the transition
- Simplified tariffs
- Capital and operating expenditure sharing schemes to further promote efficiency

Our GN21 plan has been shaped by:

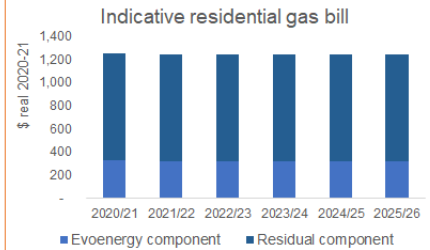
Climate change policy

- The ACT Government has committed to achieving net zero greenhouse gas emissions by 2045 in the ACT
- Climate action is a focus of our planning but we are making sure we determine the right course of action that includes thorough community consultation and detailed assessment of alternative options
- While we work towards a roadmap for the future of the gas network, we propose to limit expenditure during the GN21 planning period

Consumer feedback

- Consumers told us that they:
- support environmental sustainability
 - want us to plan for the transition to a net zero energy supply future in a responsible way by:
 - involving consumers in the assessment of costs and impacts of future energy options before decisions are made
 - minimising capital expenditure while we plan the transition
 - Taking the expected response to climate change policy on board when making assumptions about market expansion and gas usage expectations
 - Keeping consumers informed at all stages of research, planning and transition
 - Considering transition impacts on vulnerable consumers
 - are concerned about the affordability of gas and want tariffs that are fair, especially for vulnerable customers
 - Value a safe a reliable gas supply and expect us to continue to prioritise reliability and safety, and to continue to maintain infrastructure while we consider the future of the gas network

We expect network prices to reduce in 2021/22, followed by stable prices for the remaining 4 years. Network prices won't decrease at the same rate as our costs because we expect average gas usage per customer to decline



Key themes of feedback



Key themes of feedback

Responsible transition

- Most expected minimal (or no) network expansion while the future transition roadmap is determined
- Some questioned whether our assumptions are consistent with ACT climate change strategy
- Mixed feedback on proposal to accelerate depreciation
- Support for minimising capital investment
- Consumers want us to continue to research and consult on options and costs for transition pathways
- Consumers are concerned about transition impacts, particularly for vulnerable consumers

Key themes of feedback

Environmental sustainability

- Support for environmental sustainability and for this to be a key driver for Evoenergy's GN21 plan development
- General support for ACT climate change strategy

Key themes of feedback

Affordability and fairness

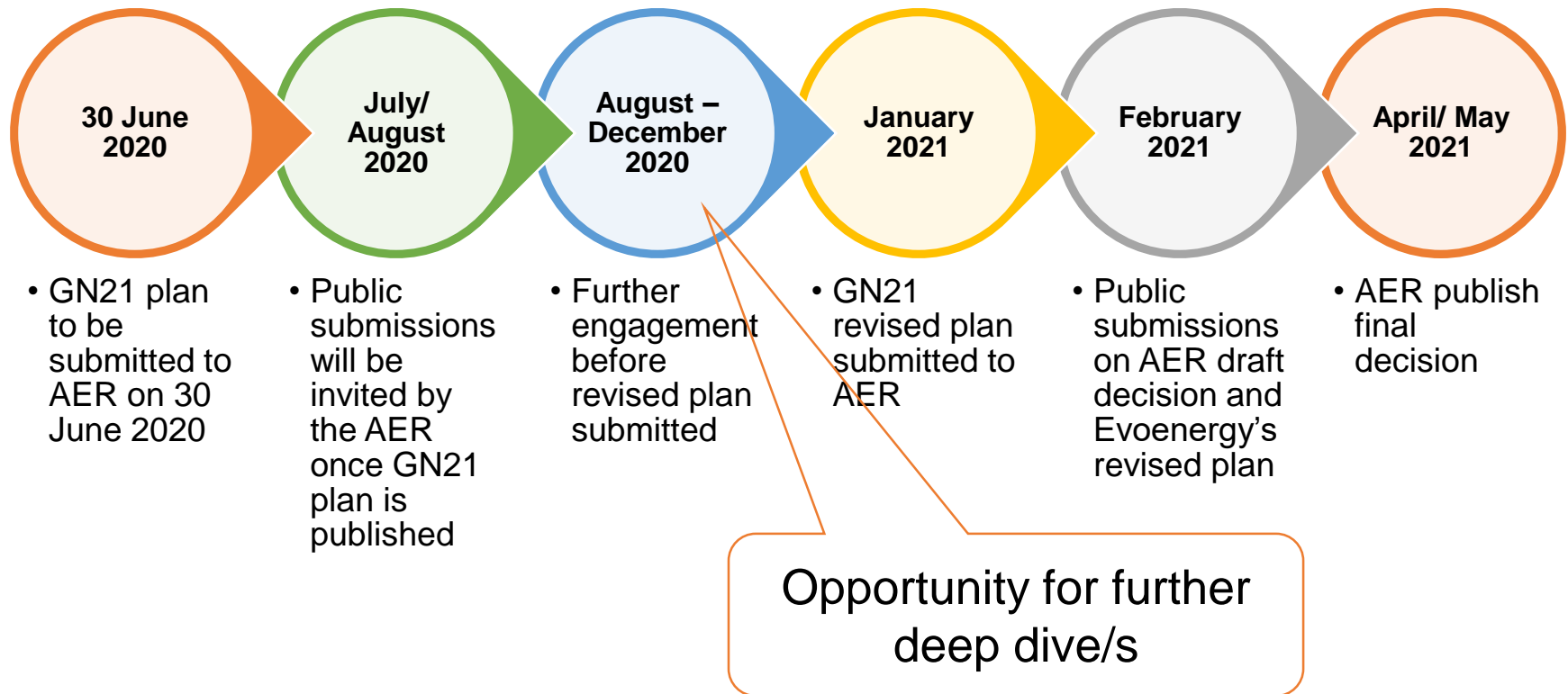
- Consumers are concerned about affordability and are seeking reduced network charges
- Some consumers expressed concern that the declining usage rate is not progressive and may not equally benefit low-income households who have lower gas usage per quarter
- Consumers support simplification of our tariffs
- Consumers expect us to continue to operate efficiently and look for opportunities to drive further efficiency.
- They support the proposed operating and capital efficiency schemes

Key themes of feedback

Safe and reliable service

- Consumers value a safe and reliable gas supply and expect us to continue to prioritise reliability and safety
- Consumers want us to continue to maintain infrastructure while we consider the future of the gas network.

Next steps



Further engagement opportunities

- We heard a variety of views on Evoenergy's proposal to shorten lives for new, long-lived assets in response to the potential for assets becoming stranded if the future energy transition involves gradual phasing out of the gas network.
- There was some support for accelerated depreciation, given expectations of a shrinking customer base.
- Some feedback questioned why accelerated depreciation should not be extended to existing (and not just new) assets, while some opposed it altogether on the basis that consumers should not bear the risk of asset stranding.
- **ACTCOSS suggested a 'deep dive' to test the assumption that accelerated depreciation would be required, and whether it would be in the interests of consumers.**

Further engagement opportunities

- We are planning to undertake further engagement (potentially deep dive/s) that would broaden the discussion with stakeholders to cover cost recovery principles and options in the scenario that a decision is made to phase out use of the gas network by 2045
- This would include discussion on the initial step of proposing to reduce asset lives on new long-lived assets
- We are interested in your thoughts on this...
 - Do you think it is timely to broaden discussion to not only cover reduced lives on new long-lived assets?
 - Would you be interested in attending?
 - Are there any other issues at this stage for which you think a deep dive would be worthwhile?

A close-up photograph of a person wearing safety gear, including a white hard hat and a high-visibility orange safety vest. The person is wearing a dark blue long-sleeved shirt. The background is a dark blue gradient. The text is overlaid on the image.

Energy Network Safety Management System (ENSMS)

Bronwen Butterfield

Manager Environmental and Technical Regulatory Compliance

evoenergy

ENSMS



Management of Electricity Network Assets Code 2013 under the Utilities (Technical Regulation) Act 2014.



Creation of the ENSMS Guide



Creation of Safety Management Strategies

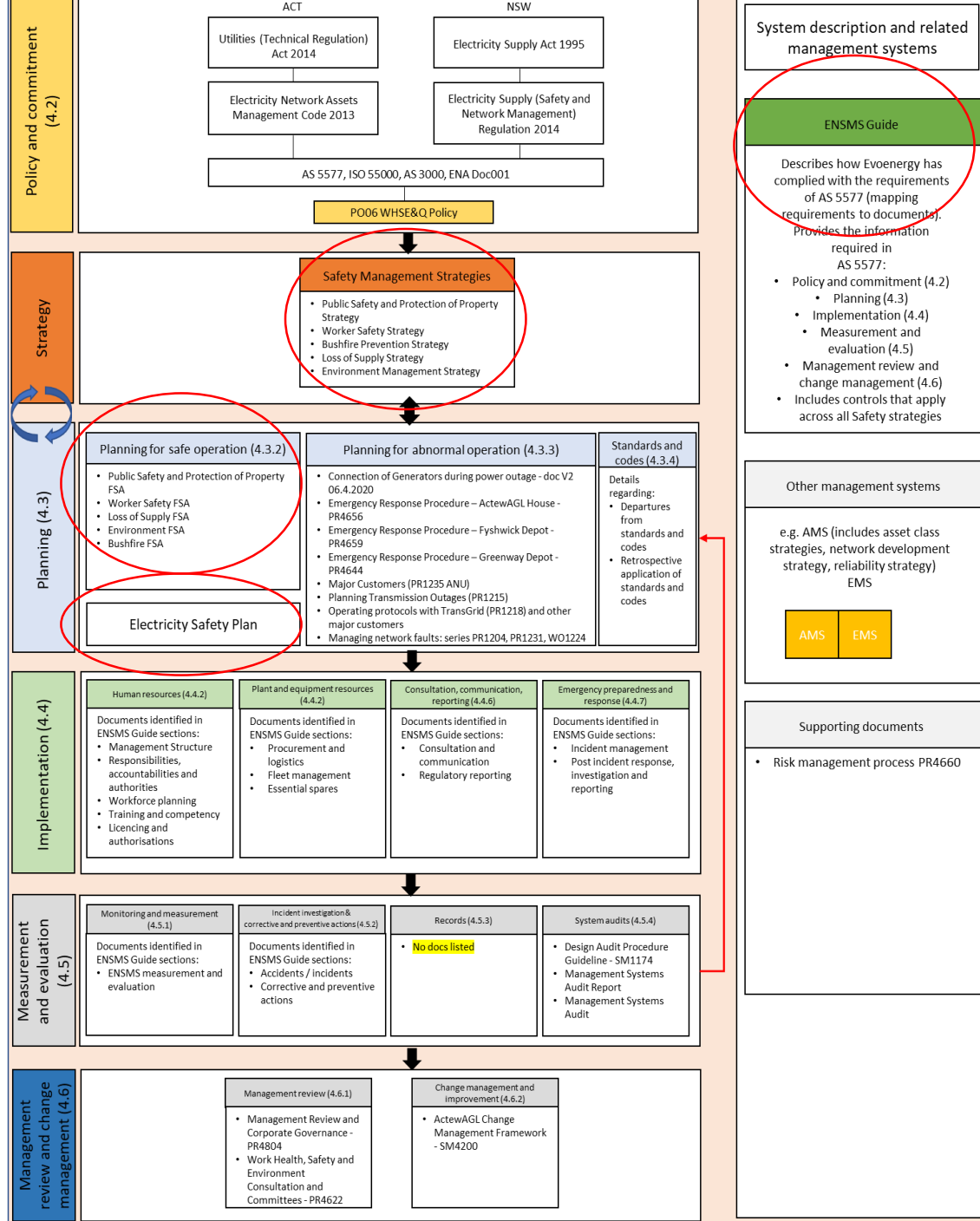


Formal Safety Assessments



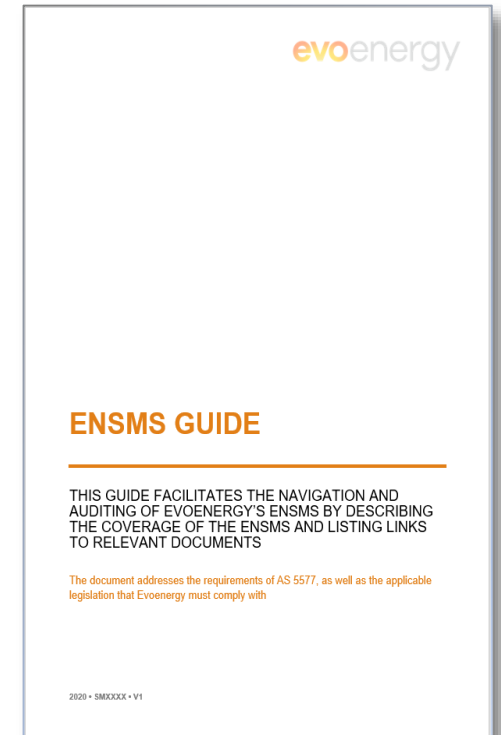
Update of the Electricity Safety Plan

ENSMS Framework



ENSMS Guide

- Facilitates the navigation and auditing of the ENSMS by describing the coverage of the ENSMS and listing links to relevant documents
- Addresses the requirements of AS 5577, as well as the applicable legislation that Evoenergy must comply with



Safety Management Strategies

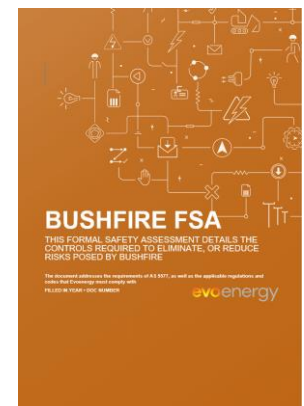
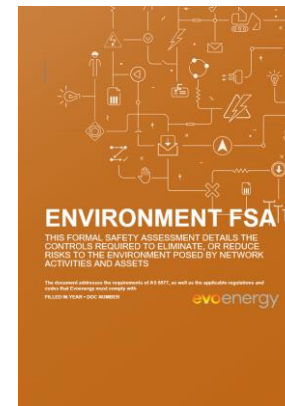
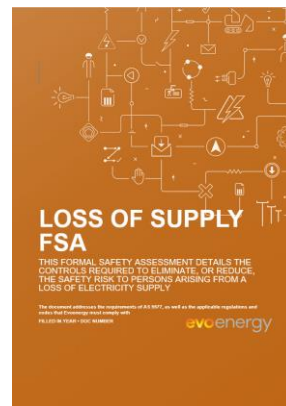
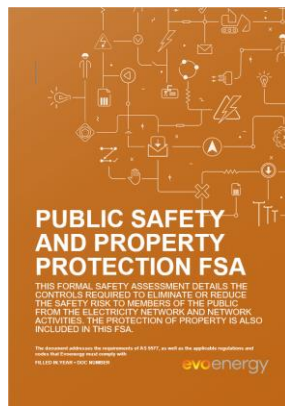
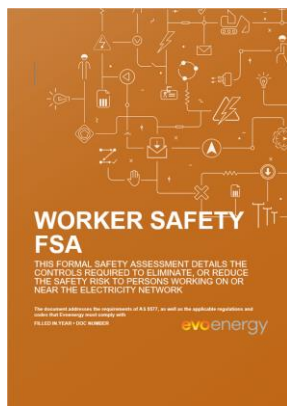
The strategies will set out how Evoenergy intends to achieve its safety objectives. They will serve as the cornerstone of safety management for the organisation.

The strategies will consolidate all activities being performed across the business that contribute to achieving each safety objective.

- **Worker Safety Strategy**
- **Public Safety and Property Protection Strategy**
- **Loss of Supply Management Strategy**
- **Environment Management Strategy**
- **Bushfire Prevention Strategy**

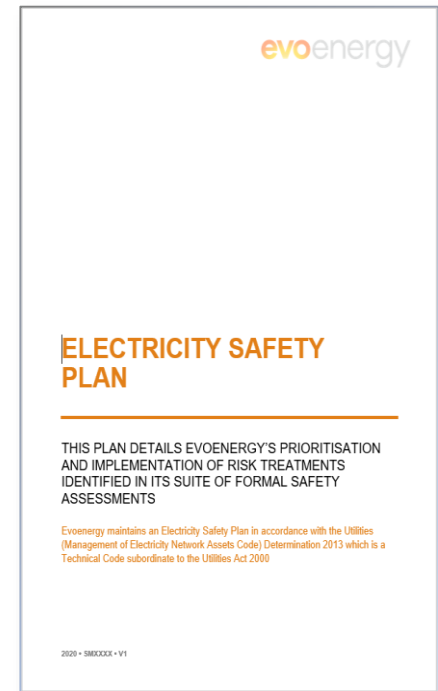
Formal Safety Assessments

- Prepared in accordance with the risk management practices described in ISO 31000
- Applied a holistic risk assessment to network assets and activities across network design, construction, commissioning, operation, maintenance and decommissioning
- Employed a bow-tie risk analysis technique
- Resulted in new treatments being implemented that address threats not adequately mitigated by existing controls



Electricity Safety Plan - Annual

- Details Evoenergy's prioritisation and implementation of proposed risk treatments resulting from the annual review of FSAs





Sustainability at Evoenergy

Bronwen Butterfield

Manager Environmental and Technical Regulatory Compliance

Strategic focus on sustainability for Evoenergy Electricity Networks

Diversify our energy system through integration of non-network solutions

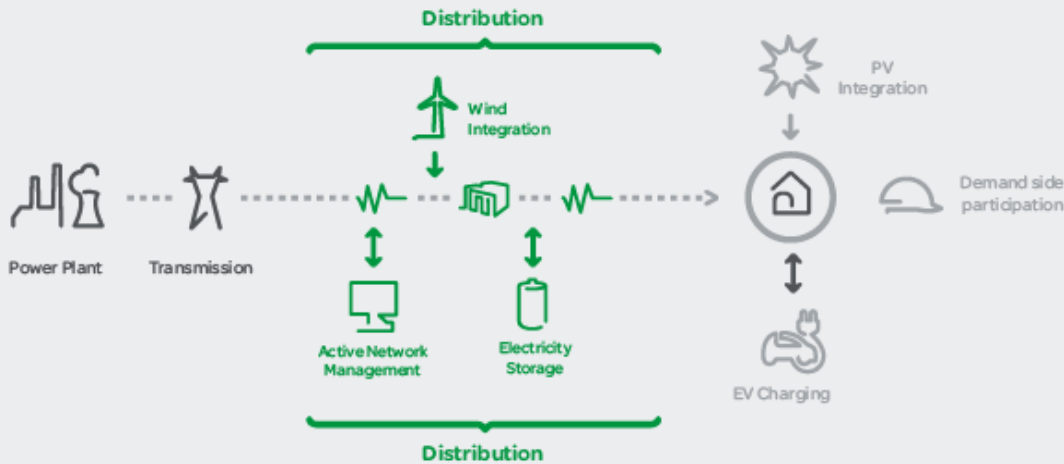
Minimise the carbon and environmental footprint of our network operations

Build network resilience to the changing climate

Diversify our energy system through integration of non-network solutions



Transitioning from DNO to DSO for active system operation



- Demand management
- Develop capability to plan non-network capex solutions
- Access to integrate and operate non-network systems
- Define and deliver customer value from dynamic network operations
- Regulatory engagement
 - operational safety and voltage regulation challenges of non-network solutions
 - fit for purpose tariffs

Minimise the carbon and environmental footprint of our network operations

Develop Environment and Carbon Footprint Baseline and set Targets

- facilities,
- fleet,
- supply chain,
- waste management,
- reduced ecological disturbance
- asset management and maintenance practices

Embed Sustainability measures into decision making

- sustainability impact statement
- sustainability benefits realisation model



Build network resilience to the changing climate



Network climate change resilience research for adaptive asset management

- disaster resilience,
- asset protection zones,
- life-cycle assessments,
- innovation in network materials and systems (RAPS, Intelliruptor, ABC, underground)

Integrated Infrastructure Planning Initiative

- develop partnership with utilities and Government infrastructure providers to deliver synergies
- infrastructure installation and maintenance projects (shared easements)
- operational hazard management (trees)



What does our community want to see in our sustainability strategy?

COVID-19 Evoenergy response

Alison Davis, Customer Delivery Group Manager

Continuity through uncertainty

Workforce

- Geographically isolated field crew
- Work from home for ~60% office based team
- Ongoing inter – site and inter-building isolation

Community

- Vulnerable customer engagement
- Customer initiated work applications
- Planned outage decision matrix

Other Stakeholders

- AER Expectations
- AEMC rule change proposals

Evoenergy

