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02.11.20

Kami Kaur
Acting General Manager Distribution
Australian Energy Regulator
Via email: Kami.Kaur@aer.gov.au

Dear Kami

RE: POWERCOR HY 2021 PRICING PROPOSAL

Attached is our pricing proposal for direct control services in HY 2021 in line with the National Electricity Rules and the AER's Final Determination on Powercor's Distribution Revenue for the six-month period of January – June 2021.

As summarised in this submission, our network tariffs are proposed to recover efficient distribution costs as determined by the AER, as well as transmission and jurisdictional scheme pass-through costs outside our control. Attachment to this letter outlines the list of changes between draft and final pricing submission.

We estimate that based on the most common residential tariff and assuming consumption of 4,000kWh per annum, distribution and metering charges will comprise 26% of a typical Powercor residential customer's annual electricity bill, or \$387 per annum. This is a decrease of \$43 relative to a total estimated default offer retail bill of \$1,517 per annum (GST exclusive). Whether any decrease in distribution and metering charges is passed onto customers will depend upon the decisions of retailers.

Powercor has been the lowest cost and most reliable rural network and the most efficient, operating the highest network utilisation in the National Electricity Market.

We remain focussed on supplying safe, reliable and affordable electricity to our customers.

Yours sincerely

A handwritten signature in black ink, appearing to read "Mark de Villiers".

Mark de Villiers
Head of Regulatory Strategy and Pricing

ATTACHEMENT 1: CHANGES BETWEEN SUBMISSIONS

Tariff approval model:

- Tab '2021DistRevCapForm' - Total Annual Revenue for year t is updated to reflect updated revenue from amended PTRM for 6 month final decision
- Tab 'Public lighting' – formula for WDV and avoided costs updated to reflect calculation of once off charge, as discussed through the email correspondence with AER

Pricing proposal document:

- All references from 'Draft pricing proposal' changed to 'Pricing proposal'
- All references from 'Draft Determination' changed to 'Final Determination'
- Table 3.1 – annual revenue updated
- Footnote added under table A.1 and A.2 to clarify that fixed charge is per annum price and will be charged pro-rata for the 6 month period
- Table B. 4 – table title updated and charges updated in the table for WDV and avoided costs per replacement luminaire
- Compliance checklist 6.18.2(b)(7A) - relevant section updated as non applicable
- Attachments section – updated to reflect correct final name of the attachments