

23 April 2024

Stephanie Jolly
Executive General Manager, Consumers, Policy and Markets
Australian Energy Regulator

Submitted via email: VCR2024@aer.gov.au

Values of Customer Reliability – AER Draft Determination

Dear Ms Jolly,

Energy Networks Australia (ENA) appreciates the opportunity to respond to the Australian Energy Regulator's (AER) draft determination for its values of customer reliability (VCR) methodology review¹

ENA is the national industry body representing Australia's electricity transmission and distribution and gas distribution networks. Our members provide more than 16 million electricity and gas connections to almost every home and business across Australia.

As highlighted by the AER, the standard outage (up to 12 hours) VCR have a wide application, including as an input for cost-benefit assessments, such as those applied in regulatory tests that assess network investment proposals. The National Electricity Rules mandate that the methodology used for calculating the VCR should be fit for purpose for both any current and potential uses of VCR that the AER considers to be relevant.

There is concern from industry that the proposed expediated approach to continue to use the 2019 VCR methodology with only minor amendments will not adequately capture the change in customer preferences – for example, the rapid adoption of electric vehicles – and the increased reliance of reliable electricity as a result. We recognise the time constraints that the AER is facing, however, we strongly support the establishment of a VCR stakeholder reference group / deliberative forum to discuss and assist in resolving issues raised in the review.

There is also the potential for this group to also be engaged, as appropriate, in the AER's separate work to address outages that are longer than 12 hours, a review which ENA strongly supports.

If you wish to discuss any of the matters raised in this letter further, please contact Lucy Moon, Head of Regulation and Strategy, on lucymoon@energynetworks.com.au.

Yours sincerely,



Garth Crawford
General Manager, Economic Regulation

¹ AER, [Values of Customer Reliability Methodology: Draft Determination](#), March 2024.