



9 April 2024

Stephanie Jolly
Executive General Manager, Consumers, Policy and Markets
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

Via email: VCR2024@aer.gov.au

Re: Values of Customer Reliability 2024

CitiPower, Powercor and United Energy welcome the opportunity to respond to the Australian Energy Regulator's (AER) draft determination on the Values of Customer Reliability (VCR) methodology.

The VCR are crucial inputs into network planning and asset management, and the methodology underpinning the values must be robust and fit-for-purpose. These values will apply through to 2029, so will cover a critical foundational period supporting the once-in-a-generation energy transformation.

At the same time as our energy landscape is changing rapidly, so are consumer behaviour and values. This has been evident in our own customer research.

In this context, the depth and complexity of change is best explored through more extensive consultation than would be possible via an expedited process. That is, we do not consider the VCR methodology to be a non-material proposal.

For example, the forecast rate of electrification should be considered in the VCR methodology by exploring how customer value may evolve with increasing electrification. Customers' interdependency on electricity will increase as they electrify their homes and invest in electric vehicles. The VCR methodology should also explore whether electrified customers or certain electrified geographies have a higher VCR, and if so, consideration should be given as to how to future proof the VCR to capture the increasing VCR as electrification increases as well.

For the avoidance of doubt, we support the specific amendments to the VCR methodology proposed in the AER's draft determination (and consider these amendments are non-material).

Should you have any queries, please contact Bel Matthews on 0499 925 253 or bemathews@powercor.com.au.

Yours sincerely

Jeff Anderson
Head Regulatory Strategy
CitiPower, Powercor and United Energy