

3 July 2024

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

Via email: VCR2024@aer.gov.au

Dear Ms Jolly,

2024 VCR Methodology Review – Revised Draft Determination

Evoenergy welcomes the opportunity to provide a submission to the Australian Energy Regulator's (AER's) 2024 Value of Customer Reliability (VCR) review revised draft determination.

This submission provides additional feedback to that provided in response to the AER's Consultation paper (previously referred to as the draft determination).¹

Electrification and use of energy-specific factors

It is critical that the VCR methodology reflects the impacts of the energy transition, which is gaining pace in the ACT as consumers invest in Consumer Energy Resources (CER) such as solar PV, residential batteries and electric vehicles (EV). The ACT is also now experiencing the electrification of gas appliances (space heating, cooking and hot water) at an increased pace. ACT consumers are therefore increasingly dependent on the reliability of the electricity network to meet all their energy needs.

The ACT Government recently released its Integrated Energy Plan 2024-2030² which formally sets out the ACT's pathway toward net zero emissions by 2045. This plan builds on previous energy policies³ and reflects a customer-led electrification journey to 2030.

Evoenergy supports the AER's proposal to include questions in the survey on energy specific factors such as solar panels, controlled load, home batteries and EVs. We see these factors as critical in adequately representing the willingness to pay of different demographics.

Evoenergy recommends the AER continue to develop an assumption-based approach to accounting for changes in EV ownership in the annual adjustment process. The VCR is a key element in

¹ [Evoenergy submission - 2024 VCR review - Draft Determination 23 April 2024](#)

² [Canberra's Electrification Pathway - Climate Choices \(act.gov.au\)](#)

³ These include: Powering Canberra – Our Pathway to Electrification position paper, ACT's Zero Emissions Vehicles Strategy 2022 – 30, the 2045 legislated Net Zero Emissions target and the ACT Sustainable Energy Policy 2020-25

network planning to ensure network investment appropriately reflects the value to customers. The growth in EV ownership is increasing customer dependency on the reliability of the electricity network to also meet their transport needs and therefore the VCR should reflect this change.

An assumption-based approach which is formulaic in nature will provide an appropriate balance between ensuring the VCR reflects changing customer values while also providing stability and predictability, which is important given the long-term nature of network investments. For this reason, Evoenergy considers an assumptions-based approach is preferable to more regular updating of the VCR survey which may lead to volatility in the VCR as well as involve additional costs to undertake the reviews.

In further developing the assumption-based approach, the ratio of willingness to pay to avoid the baseline outage would need to be carefully explored.

We do not have any specific improvements to estimating unserved energy to suggest at this time.

Combination of related reviews

Our submission to the AER's Consultation Paper⁴ noted that it would be appropriate to conduct the value of network resilience, the widespread and long duration outages (WALDO) assessment, and VCR review together, recognising the interrelationships between the metrics used. We note the AER released the Value of Network Resilience Issues Paper on 14 May 2024, following a directive from Energy Ministers (ECMC, March 2024) and that wholistic consideration of the suite of measures is occurring.

Should you wish to discuss matters raised in this submission, please contact Eddie Thanavelil at Eddie.Thanavelil@evoenergy.com.au

Yours sincerely



Megan Willcox
General Manger – Economic Regulation

⁴ [Evoenergy - Letter Template \(aer.gov.au\)](#)

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