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Stephanie Jolly
Executive General Manager
Consumers, Policy and Markets
Australia Energy Regulator
Canberra ACT 2601

Jemena Electricity
Networks (Vic) Ltd
ABN 82 064 651 083

Level 16, 567 Collins Street
Melbourne, VIC 3000
PO Box 16182
Melbourne, VIC 3000
T +61 3 9173 7000
F +61 3 9173 7516
www.jemena.com.au

Dear Ms Jolly

Jemena’s submission to the Australian Energy Regulator’s values of customer reliability methodology: revised draft determination

Thank you for the opportunity to provide feedback on the Australian Energy Regulator’s values of customer reliability methodology: revised draft determination.

Jemena Electricity Networks (Vic) Ltd. (Jemena) is a Distribution Network Service Provider (DNSP) supplying direct control services to customers in the northwest region of the greater Melbourne Metropolitan area and is subject to economic regulation administered by the Australian Energy Regulator. As a part of economic regulation, Jemena is also subject to the 2026-31 Electricity Distribution Price Review, which will—amongst other considerations—assess our proposed efficient expenditures on network reliability.

We support the Australian Energy Regulator’s review of the customer reliability methodology. Since the values of customer reliability was last reviewed in 2018, there has been an unprecedented level of societal and electricity market changes and a significant increase in customer expectations¹ and risk. With this backdrop, we anticipate the value customers place on a reliable electricity supply will shift significantly, and a review is imperative at this critical juncture to achieve their long-term interests.

We recommend that in considering options or improvements for setting and updating the values of customer reliability, the Australian Energy Regulator should take into account that the values for customer reliability should be forward looking. As noted above, the rate of change has been so rapid, that it has taught us that point in time analysis is not good predictors of future expectations. Therefore, new—forward looking—ways of evaluating the values of customer reliability to reflect the value in the period it applies should be identified. Under the current approach, the methodology is reviewed every five years and adjusted yearly using a CPI-X adjustment mechanism. We consider that five years is a long time, and that it is not reasonable to assume that customers’ preferences during the survey will remain the

¹ Jemena has undertaken a comprehensive engagement program over 2023 and 2024 as a part of the 2026-31 electricity distribution price review that identified an overwhelming level of customer support for high degrees of reliability.

same throughout the five years. During the years between reviews, customers' preferences will likely change depending on how they are affected by a number of factors including the impacts of energy transformation, electrification and climate change related events, among others. We note that the annual adjustment mechanism only accounts for cost of living pressures, but not to other dynamic changes as noted above.

In regard to the topic of calculating unserved energy, we suggest that it should be based on the latest available information on electricity consumption. For the same reason that values of customer reliability has likely changed significantly, it is likely that the profile might have already changed since the methodology was developed in 2019.

We also recommend that data centres are represented in your sample for large businesses. They might be small in number, however, they are energy intensive businesses that have expectations that should be incorporated into the evaluation process like any other customer the DNSP serves. This is consistent with the National Electricity Objectives which seek to address the long-term electricity needs of customers, and noting that, no customer or customer group is excluded from this objective. The values of customer reliability for large businesses should, therefore, reflect their inputs.

Thank you again for the opportunity to provide feedback on the draft determination. If the Australian Energy Regulator have questions about this submission, please contact Sonia Madamba [REDACTED]
[REDACTED]

Kind regards



Matthew Serpell
Manager, Electricity Regulation