



17 January 2025

Gavin Fox
General Manager
Australian Energy Regulator
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Canberra ACT 2601

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Dear Mr Fox,

RE: Submission to the Energex, Ergon Energy and SA Power Networks revised regulatory proposals

Origin Energy (Origin) appreciates the opportunity to provide a response to the AER's draft decisions and revised regulatory proposals lodged by Energex, Ergon Energy (Ergon) and SA Power Networks (SAPN) for their electricity distribution networks for the period from 1 July 2025 to 30 June 2030.

We support the AER's draft decisions and note that the distribution network service providers (DNSPs) have largely adopted the AER's recommendations and expenditure forecasts.

All three DNSPs forecast increased network investment compared to that approved in the 2020-25 regulatory period. Given the significant impact on customer tariffs, we support the AER's proposed detailed assessment of the DNSPs' capex proposals, particularly the prudence and efficiency of expenditure and whether consumer energy resource options (as an alternative to network augmentation) have been appropriately considered.

We remain concerned with Ergon's justification of past and forecast capital expenditure. It is vital that network businesses clearly explain and demonstrate the effectiveness and efficiency of their proposed expenditure. This in turn enables stakeholders to understand what is proposed and to make an objective contribution to the AER's regulatory assessment.

We agree with the AER's decision to require Energex and Ergon to make time or use (TOU), rather than demand-based, tariffs the default tariff for small customers with smart meters. We support the application of cost-reflective tariffs but, consistent with the AER's argument, consider that demand tariffs are a difficult concept for customers to understand and respond to. TOU tariffs are more intuitive and are capable of eliciting a similar behavioural response from customers. Further, the AER's DMO does not provide for demand tariffs, with significant variability in demand meaning there is no practical means of applying the DMO to demand tariff offers.

We note that Energex and Ergon Energy recently amended the revised 2025-30 tariff structure statement. The amendment accepts the AER's draft decision to reassign small customers on the current default transitional demand tariff to a TOU energy tariff (rather than the proposed assignment to time-of-use demand tariffs). This decision is consistent with the AER's preference for TOU rather than demand-based tariffs for small customers.

Given the significant number of residential and small business customers currently on the transitional demand tariff (1.1 million), we support the Energex/Ergon proposed 6-month transition period for reassigning customers to the TOU energy tariff (commencing 1 July 2025). We note however that some small customers may wish to stay on the (now optional) TOU demand and energy tariff. We propose that Energex and Ergon be permitted to consult with affected retailers to ensure that those customers opting to

stay on the tariff can do so, rather than being assigned to the TOU energy tariff. This would avoid the inconvenience and cost associated with transferring customers to the TOU energy tariff only to subsequently transfer them back to their original tariff.

Origin supports the application of export pricing as a means of promoting cost-reflectivity and equity, while incentivising exports where these provide benefits to the network. It is important that costs associated with increasing hosting capacity (above the intrinsic hosting capacity) to accommodate increased solar penetration are attributed to those customers benefiting from the increased hosting capacity. With Energex and Ergon opting to delay the introduction of export tariffs to the 2030-35 regulatory period, we request that the AER review expenditure forecasts and tariffs to confirm that non-export customers are not subsidising the cost of increasing hosting capacity over the 2025-30 period.

Finally, Origin acknowledges the comprehensive stakeholder engagement process undertaken by the electricity networks and the AER to inform the network proposals and their assessment. The extensive consultation has resulted in a greater understanding of network proposals and streamlined the assessment process, to the benefit of all parties.

If you have any questions regarding this submission, please contact Gary Davies in the first instance at

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Yours sincerely

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Sean Greenup
Group Manager Regulatory Policy

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