



# Evoenergy 2024-29 Regulatory Proposal and draft Tariff Structure ACTCOSS Submission

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## About ACTCOSS

ACTCOSS acknowledges Canberra has been built on the land of the Ngunnawal people. We pay respects to their Elders and recognise the strength and resilience of Aboriginal and/or Torres Strait Islander peoples. We celebrate Aboriginal and/or Torres Strait Islander cultures and ongoing contributions to the ACT community.

The ACT Council of Social Service Inc. (ACTCOSS) advocates for social justice in the ACT and represents not-for-profit community organisations.

ACTCOSS is a member of the nationwide COSS Network, made up of each of the state and territory Councils and the national body, the Australian Council of Social Service (ACOSS).

ACTCOSS's vision is for Canberra to be a just, safe and sustainable community in which everyone has the opportunity for self-determination and a fair share of resources and services.

The membership of the Council includes the majority of community-based service providers in the social welfare area, a range of community associations and networks, self-help and consumer groups and interested individuals.

ACTCOSS advises that this document may be publicly distributed, including by placing a copy on our website.

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# Acronyms

ACOSS	Australian Council of Social Service
ACT	Australian Capital Territory
ACTCOSS	ACT Council of Social Service Inc.
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
Augex	Augmentation Expenditure
CALD	Culturally and Linguistically Diverse
Capex	Capital Expenditure
DER	Distributed Energy Resources
DNSP	Distributed Network Service Provider
DSM	Demand-side Management
ECRC	Energy Consumer Reference Council
EN24	Electricity Network Regulatory Period from 2024-29
EV	Electric Vehicle
GSD	Generation Signalling Device
ICE	Internal Combustion Engine
Opex	Operating Expenditure
Repex	Replacement Expenditure
SACOSS	South Australian Council of Social Service
TOU	Time of Use
TSS	Tariff Structure Statement



# Introduction

ACTCOSS welcomes the opportunity to comment on Evoenergy's Regulatory Access Proposal and draft TSS as part of the AER's electricity network determination for 2024-29. This submission is made in response to the AER [Issues Paper](#) *Evoenergy Electricity Distribution Determination 1 July 2024 – 30 June 2029* for simplicity and because the AER are the final decision maker. Not every question put forward by the AER has been answered, but we have answered the questions pertinent to ACTCOSS and our community sector members. We also provide an overview of Evoenergy's response to our previous questions and recommendations as outlined in our 2022 [submission](#) to the Evoenergy Draft Electricity Network Plan 2024-29.

Evoenergy's proposal sits within a context of bold change and uncertainty. In the ACT the energy transition is well underway. At the same time, Canberrans as well as citizens around the nation are experiencing a cost of living crisis. More people than ever before are being driven into poverty and the ACT community sector is seeing increasing instances of full time wage earners seeking help for the cost of daily essentials.<sup>1</sup>

ACTCOSS is striving for a just transition. Swift action on climate change is necessary, as we know that globally and locally, people on the lowest incomes are most effected by climate change but the least able to adapt. We know that proportionally, people on the two lowest income quintiles spend a greater proportion of their disposable income than other households on energy costs.<sup>2</sup> In 2022, low-income ACT households spent more than 4% of their income on utilities, compared with between 2-3% for average and higher-income households. This means that pricing increases or changes have a more significant impact on these households.

Evoenergy has acknowledged they have a role to play in the energy transition and within that role we believe they have a unique opportunity, and indeed responsibility, to enable a just transition and ensure no one is left behind.

## Consumer engagement

In commenting on Evoenergy's consumer engagement, ACTCOSS has considered its own views and opinions and well as the observations and feelings of our members who were involved in the engagement leading up to the regulatory proposal. Overall, Evoenergy's consultation met expectations and was well done with some areas for continual improvement.

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<sup>1</sup> ACTCOSS, [Cost-of-Living Crisis hits Canberra Community Sector](#) [media release], ACTCOSS, 19 April 2023.

<sup>2</sup> ACTCOSS, [2022 ACT Cost of Living Report](#), ACTCOSS, May 2022.



ACTCOSS was involved in Evoenergy's engagement leading up to the development of their regulatory proposal in a number of ways, including through membership of Evoenergy's ECRC, the Community Panel and Community Pricing Panel. ACTCOSS was also engaged by Evoenergy to conduct a workshop with community sector organisations in order to seek the views of Canberran energy consumers on low incomes, CALD communities, those experiencing disadvantage or at risk of hardship. More detail on this workshop is available in Evoenergy's [Appendix K](#). ACTCOSS has an established role as an energy consumer advocate in the ACT.

Since 2016, we have led the *Energised Consumers Project* which is funded by Energy Consumers Australia (ECA) and the ACT Government. This submission is informed by our work on this project, including engagement with ACT energy consumers and community organisations. The primary focus of our engagement with EN24 is to represent the interests of low-income and other at-risk energy consumers in the ACT. We are especially concerned with the long-term interests of consumers – particularly vulnerable consumers – as the ACT transitions away from gas and toward electrification.

## Engagement themes and preferences

### **1. Do the themes from Evoenergy's engagement resonate with your own preferences? Are there additional issues you would like to see influence Evoenergy's proposal and our assessment of the proposal?**

While ACTCOSS does not oppose the six key consumer values that arose out of Evoenergy's engagement, the key concern for our members and the broader community sector is affordability for vulnerable consumers.<sup>3</sup> To ensure a fair and inclusive energy transition Evoenergy must balance the need for expenditure to support net zero electrification and cost of living pressures for consumers. Ideally, we would like to see some data driven evaluation of whether consumers can and do actually respond to the price signals set by Evoenergy.

## Meaningful engagement

### **2. Do you think Evoenergy has engaged meaningfully with consumers on all key elements of its 2024-29 proposal? Are there any key elements that require further engagement?**

Evoenergy's engagement was broad and well conducted. ACTCOSS' members reported that their consultation through the ECRC was genuine and meaningful. There were stakeholder meetings held well in advance of the start of the EN24 process and Evoenergy were proactive in engaging ACTCOSS to facilitate wider

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<sup>3</sup> Evoenergy, [Regulatory proposal: For the ACT electricity distribution network 1 July 2024 to 30 June 2029](#), 2023, p.36.





consultation around consumer vulnerability. Most involved in the engagements believed Evoenergy staff were sincere in their efforts to seek community views and iteratively improve their consultation processes. Members also found the workshops useful to learn more about the energy system in the ACT.

Because of COVID-19, most of their EN24 stakeholder engagements were conducted online. Despite this they were still able to engage with a diverse range of community members. As we recover from the pandemic, Evoenergy should consider how it will continue to engage with consumers moving forward, noting that in-person consultations may be preferred by community members who are not confident online or who are digitally excluded.

## Areas for continual improvement

Generally, Evoenergy could have been more specific and transparent about who was invited to participate, how stakeholders were selected and how the engagements were managed. While the majority of feedback was positive, it is important to note that there were dissenting views.

### Tokenistic consultation

Some people expressed a perception that Evoenergy had already decided, and that their consultation was merely to meet the requirements of the AER. Some felt that Evoenergy were only willing to consult on areas that they felt were in their narrow scope of operation and were not willing to explore innovations that were possible to them as a company. Others commented that some engagement meetings lacked the multicultural diversity representative of the wider Canberra community.

### Siloed consultations

Another issue raised was the siloed nature of consultations. Some people felt that the community sector consultations were held separately to other interest groups. This means that community sector advocates often miss out on hearing the views of other sectors, such as tradespeople, property developers, commercial customers, and energy retailers. Conversely, it also means often these groups do not get to learn about community sector perspectives.

Noting that it may be complex to include a wider range of interest groups in every meeting, it was raised that it would be helpful for the community sector to understand the perspectives of industry and vice versa. Community sector and vulnerable consumer views are not 'niche' and should not be seen as separate from broader Canberra community views.

As an example, the ACT Government has conducted a range of forums as part of the development of their Pathway to Electrification that have included stakeholders



from a range of industries.<sup>4</sup> Our members expressed that the opportunity to gain insights into a broader range of perspectives on this matter has been invaluable.

## ‘Have your say’ survey: a misrepresentation of results?

It was great to see that Evoenergy conducted a survey.<sup>5</sup> This shows they were interested in the views of the wider Canberra community. However, while the 718 responses received is generally accepted as statistically significant in a technical sense, it is only 0.16% of the population of Canberra.<sup>6</sup> It is not necessarily true that this accurately reflects the sentiment of the rest of Canberra. Respondents were not selected to produce a representative sample and were drawn from volunteers who were likely already engaged and interested in energy matters.

Most respondents were male (65%), over 55 years old (65%) and owned their home (60%).<sup>7</sup> The overwhelming majority of respondents were from English speaking backgrounds (92%). Therefore, it is more accurate to say that the survey responses reflect the views of a very specific subset of Canberrans. Additionally, most respondents had no intention to install solar (53%) and almost half had no intention to purchase an EV (43%). The most cited barrier to both solar and EV uptake was “I can’t afford it” (28% and 46% respectively). If Evoenergy’s forecasts were not based on broader consultation and modelling, this misrepresentation of results could call into question the assumptions underpinning this proposal.

## Consultation was influential

### 3. To what extent do you consider you were able to influence the topics engaged on by Evoenergy? Please give examples?

Noting Evoenergy’s limited scope and role as a commercial entity, ACTCOSS and our members did feel our views were able to influence their proposal and engagement with the community, including in relation to consumer vulnerability and equity. Members expressed that it was evident Evoenergy has revised their plans based on consultation and newly announced ACT Government policies (which were also influenced by community feedback).

However, we wish to reiterate the vital role that community groups play in helping DNSPs and the AER understand the impacts of their decisions on customers and helping them to understand and meet their social equity and environmental obligations. Evoenergy have been willing to take on feedback they see is already within their scope, but not to necessarily expand their scope. We urge Evoenergy to

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<sup>4</sup> ACT Government, [Powering Canberra Our Pathway to Electrification: Forum Snapshot Report](#), November 2022.

<sup>5</sup> Evoenergy, *Regulatory proposal*, p.42.

<sup>6</sup> Australian Bureau of Statistics (ABS), [Population: Census](#), ABS website, 2022.

<sup>7</sup> Evoenergy, *Regulatory proposal Appendix I: EN24 ‘have your say’ survey results*, 2023, p.5.





consider their responsibilities and obligations to the ACT community and to think beyond their limited scope.

## ACTCOSS recommendations for improved consumer engagement

Evoenergy have mostly addressed our recommendations for improved consumer engagement (Table 1). However, we reiterate key recommendations around communicating complexity and advocating for social equity.

Our members have indicated they would like further information about:

- strategies and technologies that will be used to improve communication with customers
- how Evoenergy will continue to engage with the community, and
- how Evoenergy intends to support vulnerable consumers.

*Table 1: Evoenergy’s responses to ACTCOSS’ recommendations for improved consumer engagement.*

#	ACTCOSS recommendations	Evoenergy response
1	Identify which consumers sit under the umbrella term of ‘vulnerable communities’	Evoenergy have provided a broad description of who they perceive constitutes vulnerable communities. <sup>8</sup> It meets our expectations, but it is important to note that their definition could apply to a vast array of people and Evoenergy will need to be prepared to actually consider and respond to the breadth of issues that arise from such a large group of people.
2	Identify and reduce friction points and barriers to engagement	ACTCOSS commend Evoenergy providing a laptop to a Community Panel member to overcome accessibility barriers. <sup>9</sup> However, they could have included questions about accessibility barriers to solar and EV uptake in their survey and could provide more information on how they are addressing barriers to engagement at the systemic level.
3	Recognise the complexity of energy markets when designing engagement materials	“Evoenergy sees itself playing an important role in developing and delivering communication.” <sup>10</sup> They could provide more information about how they have sought to simplify and explain complex issues in their engagement materials. They could also provide more detail on how they will rollout technology to better communicate with customers.
4	Facilitate consumer understanding of how Evoenergy’s determinations impact bills by providing modelling that includes	ACTCOSS commends Evoenergy’s commitment to work with retailers on plain English information, energy literacy and bill clarity. <sup>11</sup> Evoenergy could elaborate on how they intend to

<sup>8</sup> Evoenergy and Communication Link, *Regulatory proposal Appendix E: EN24 and TSS consumer engagement strategy*, 2023. p.12.

<sup>9</sup> Evoenergy, *Regulatory proposal*, p.35.

<sup>10</sup> Evoenergy and Communication Link, *Regulatory proposal Appendix K: ACTCOSS and Evoenergy workshop listening report*, p.8.

<sup>11</sup> Evoenergy, *Regulatory proposal*, p.47.



other cost components found on a consumer's retail bill	collaborate with retailers to ensure consumers understand the impacts on their bills.
5 Develop consumer archetypes to identify who will benefit or require extra support during EN24	Evoenergy have suggested consumers can be categorised into four energy behavior profiles based on the survey results. <sup>12</sup> These characterisations do not meet the recommendation and do not assist in identifying which consumers will benefit or require extra support during EN24.
6 Understand the relationship between cost of living and energy affordability	Evoenergy have sought to balance expenditure required to facilitate the energy transition with affordability. However, it is important to understand that while minor increases to the network component of bills may be marginal to some, increased bills disproportionately impact low income people.
7 Explain steps that have been taken to smooth and mitigate increased pricing over EN24	Evoenergy have provided an explanation of how they have "smoothed" their revenue requirement and network pricing throughout EN24. <sup>13</sup> However, it is important for Evoenergy to be transparent about the impacts on the network component of consumer's bills. They state that the network component of bills will increase by about \$7 a year for residential customers, but the indicative network bills impacts shown are different for each year. <sup>14</sup> It is important for consumers to understand that they may face different prices each year, with the largest increase set to be in the first year.
8 Identify any instances of cross-subsidisation between different consumer groups in the proposed EN24. Explain steps taken to remove cross-subsidisation between different consumer groups or why it remains.	Evoenergy have not identified if any customers are charged higher prices in order to lower prices elsewhere and have not explained steps taken to prevent this or ensure that it does not place undue burden on already vulnerable or at-risk consumers.
9 Use EN24 to advocate for better outcomes for at-risk and low income households	Evoenergy have acknowledged the impacts that increased network prices have on energy affordability but have maintained that it is not their role to assist vulnerable consumers. <sup>15</sup> There is more Evoenergy can do to innovate within their capacity as a company to advocate for and support at-risk and low income households.

## Capital expenditure (capex)

Evoenergy's proposed capex is \$520.8 million (\$2023-24) throughout EN24, which is a 51% increase on its expenditure throughout EN19 and an increase of \$95.8 million from the \$425 million proposed in their draft plan.<sup>16</sup>

Drivers of this proposed increase include ACT Government climate change policies such as the:

- legislated commitment to reach net zero emissions by 2045

<sup>12</sup> Evoenergy, *Regulatory proposal*, p.43.

<sup>13</sup> Evoenergy, *Regulatory proposal*, p.58, 64.

<sup>14</sup> Evoenergy, *Regulatory proposal*, p.65.

<sup>15</sup> Evoenergy, *Regulatory proposal*, p33.

<sup>16</sup> Evoenergy, [Draft EN24 plan](#), 2022, p.38.



- commitment to reduce transport emissions
- phase out of fossil fuel gas and transition to renewable electrification, and
- target of 80-90% EV diffusion by 2030.

In this context of uncertainty it is important for Evoenergy to balance expenditure and capacity constraints with climate action, reliability and affordability.

**5. Do you consider Evoenergy’s capex proposal addresses the concerns of electricity consumers as identified in the course of its engagement on the proposal?**

During consultations it was identified that consumers were concerned about balancing climate action with energy reliability and affordability. Evoenergy’s proposal does address these concerns to an extent, but the demographic context of its consumers is paramount.

Evoenergy have explained what the impact on their network pricing will be throughout EN24. However, it is important for Evoenergy to be transparent about the impacts on the network component of consumer’s bills. They state that the network component of bills will increase by about 1.3% or \$7 a year for residential customers, but the annual change in indicative network charges are shown to be different for each year.<sup>17</sup> It is important for consumers to understand that they may face different prices each year, with the largest increase set to be in the first year.

While some increases in network costs may be required to facilitate the energy transition, what is considered a marginal increase to some might be unaffordable to others, especially in the context of our current cost of living crisis.

Modelling of bill impacts on different consumer groups would help with this understanding. As an example, in the [Icon Water 2023-28 Price Proposal](#) they provide detail about who these different consumer groups are and detailed information about bill impacts for each group for each year. ACTCOSS considers that this kind of information should be the standard provided by each network service provider in regulatory determinations to enable consumers to make informed decisions. It would also aid governments and energy advocates to identify where concessions and rebates are necessary.

**6. Do you consider Evoenergy has demonstrated and supported the need for the increase in augmentation capex?**

Approximately 30% of Evoenergy’s proposed capex is forecast to be spent on increasing the network capacity, reliability, quality and compliance. It is important to augment the network to maintain capacity, but also important to not under or over invest. In the ACT’s climate change policy context it is reasonable that Evoenergy will require increased augex on the network to accommodate increasing electrification and EV uptake.

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<sup>17</sup> Evoenergy, *Regulatory Proposal*, p.65.



The key issue for ACTCOSS is who will pay for this augmentation. While low income Canberrans will still be paying for the network upgrades, they are unlikely to be able to participate in or benefit from electrification without help. Again, modelling and information is required about who will benefit and who will be worse off during EN24. As it stands, Evoenergy's proposed expenditure will potentially see the gap widen between wealthy and low income Canberrans.

**7. Do you consider Evoenergy has explored all non-network options to address or alleviate the likely capacity constraints arising from the uptake of electric vehicles, including the consideration of tariff solutions and network load control options?**

Network options will have to be implemented sooner or later, as augmentation is required to enable increased electrification. However, it is also important to explore non-network options that can address inequity.

Tariff solutions are not the most equitable way to address network capacity constraints. Research from overseas and replicated in Australia shows that consumers largely do not respond to TOU tariffs.<sup>18</sup> Unless consumers can switch 50% of their energy usage to off-peak periods they will get a higher bill. For vulnerable and disadvantaged consumers who often have even more limited ability to change or control their energy use this price increase is even more pronounced.

Household batteries and consumer controlled DSM mechanisms would be better at offsetting peak time costs, but low income consumers often face barriers to accessing these kinds of technology. Household control of devices that can control impact to the network like Generation Signaling Devices (GSDs) and "ripple control" which are currently mostly used in industrial settings or on large residential solar systems, could help consumers reduce their impact on the network and save on bills. While they are around \$300 not including installation costs, they are a small percentage of the overall cost of a solar installation. Giving or enabling households to access technical tools like these could empower consumers to take control of their energy use rather than relying on behavior changes.

ACTCOSS and our members have suggested that Evoenergy could play a larger role in enabling low income and vulnerable consumers to access DER and DSM technologies. However, Evoenergy have maintained that providing direct support to low income and vulnerable consumers is out of scope of their role. Rather than insisting on ineffective price signals, ACTCOSS would prefer to see more consumer education and greater direct funding of rooftop solar, batteries and electrification for vulnerable and low income households.

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<sup>18</sup> L White and N Sintov, '[Health and financial impacts of demand-side response measures differ across sociodemographic groups](#)', *Nature Energy*, 2020, 5:50-60, doi:10.1038/s41560-019-0507-y; K Burns and B Mountain, '[Do households respond to Time-Of-Use tariffs? Evidence from Australia](#)', Victoria Energy Policy Centre, Victoria University, 2020; P Toner, '[Residential Time of Use Electricity Pricing in NSW](#)', The Australia Institute, 2019.



**8. Do you consider Evoenergy’s approach to forecasting replacement capex is appropriate and likely to produce a forecast of efficient replacement capex?**

Approximately 20% of Evoenergy’s proposed capex (or \$117.6 million) is forecast to be spent on replacing ageing infrastructure throughout EN24, such as timber poles, protection systems, overhead wires and hardware. From a non-economic perspective this seems prudent, as infrastructure will need to be replaced and it is economical to replace them when they reach the end of their useable life as Evoenergy have proposed. Efficient and timely repex will protect network reliability and enable network costs to be kept lower in the long run.

## Contingent projects

**9. Do you consider Evoenergy’s proposed contingent project should be included as contingent project for the 2024–29 period? Are the proposed project triggers appropriate?**

Overall, a contingent project is a good way to alleviate some risk of over investment in the current context of uncertainty. However, Evoenergy and the AER need to ensure the triggers are clear and preferably quantified so that there is consistent understanding of what constitutes a trigger at the start of the regulatory period.

ACTCOSS understands that some possible triggers might include:<sup>19</sup>

- faster than forecast energy transition
- materially higher than expected EV uptake
- deviations from forecast locations of EV uptake
- an event rendering the contingent project reasonably necessary, or
- an event generating increased costs in a specific place, but not the entire network (the location of which cannot be forecast and will be determined during the event).

ACTCOSS would prefer that the triggers are more specific. For example:

- What constitutes a “materially higher” than expected uptake? How much higher than the forecast does it need to be to trigger the contingent project?
- By how much and in what way does the locational uptake of EV load need to vary from the forecast to trigger the contingent project?
- How and to what extent must the rate of switching from gas to electricity vary from the forecast to trigger the contingent project?

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<sup>19</sup> Evoenergy, *Regulatory proposal*, p.56; Evoenergy, *Regulatory proposal Attachment 7: Proposed Tariff Structure Statement*, p.18; Evoenergy, *Regulatory proposal Appendix D: Addressing capital expenditure uncertainty*, p.14.



## ACTCOSS questions about proposed capex

Evoenergy have partially responded to some of our requests for information about their proposed capex (Table 2).

*Table 2: Evoenergy's responses to ACTCOSS' questions about proposed capex.*

#	ACTCOSS Questions	Evoenergy response
1	Outline what specific investments have been deferred based on asset condition, consumer trends and policy.	Evoenergy have not specifically addressed this. However, ACTCOSS acknowledges that deferred augmentation generates risks to network capacity. The proposed contingent project functions as a deferral mechanism for augmentation work that may or may not be required as the energy transition unfolds.
2	Has Evoenergy factored in the impact of more cost reflective tariffs under the proposed TSS on capacity constraint, in the proposed capex?	Evoenergy have not detailed how consumer behaviour under cost reflective tariffs may offset some capex requirement. Depending on how enthusiastically consumers respond to cost reflective tariffs, less capex than forecast may be necessary.
3	Has Evoenergy sought to optimise the existing hosting capacity within its proposed capex plan? If so, how has this occurred?	Evoenergy have explained how intrinsic hosting capacity has been factored into their proposed export tariffs, <sup>20</sup> but have not specifically addressed how they will optimise existing hosting capacity in their proposed capex.
4	What has driven the 8% increase in capitalised overheads?	The regulatory proposal shows a slight decrease in forecast capitalised overheads than the draft plan (6% compared to 8%). This is driven by corporate overheads and an increased capex program. Evoenergy could elaborate on what kind of corporate overheads are driving the increase and why.
5	Outline how Evoenergy intends to phase out its fleet of fuel vehicles. What is the criteria for when a traditional combustion vehicle would be retired and replaced?	Evoenergy have acknowledged the Community Panel's recommendation and committed to retire its ICE vehicles and replace their corporate fleet with EVs but have not outlined their strategy to achieve this.
6	Provide any modelling which substantiates Evoenergy's assumption that higher upfront costs of EVs may be offset by cheaper running costs.	This was not addressed.
7	Does Evoenergy's proposed DER spending have a net market benefit?	This was not addressed.
8	At present, how frequently does the Territory reach its network limits?	This was not addressed.

<sup>20</sup> Evoenergy, *Regulatory proposal Attachment 7: Proposed Tariff Structure Statement*, p.37-38.





# Operating expenditure (opex)

Evoenergy have updated their opex forecast since the draft plan and are now expecting to spend \$390 million (an \$11.5 million increase). This is an 8% increase on the current regulatory period and is due to:

- an increased customer base
- higher insurance costs
- increased cyber security requirements, and
- operating costs associated with the incorporation of DER.

Overall, the basis for Evoenergy's proposed opex seems reasonable. Evoenergy have sought to balance efficiency and affordability with reliability and customer service.

# Tariff structure statement (TSS)

As mentioned above research generally shows that demand and TOU tariffs produce negative outcomes for vulnerable consumers.<sup>21</sup> People either don't understand them, or don't have the capacity to respond to price signals. Evoenergy have repeatedly asserted that they are "proposing new cost reflective network tariffs that provide more opportunity for consumers to manage and optimise the network component of their electricity bill."<sup>22</sup>

But consumers do not "manage" or "optimise" usage in relation to time. People, whether vulnerable or not, do not always make rational decisions based on the rules of economics. We hear from our members and from community organisations throughout Canberra that for vulnerable consumers and people on low incomes when they "manage" and "optimise" their energy use, this usually involves taking on debt and/or going without. As already mentioned, Evoenergy need to better understand and reflect on how tariff changes impact people's lives. There remains a need to better understand the distributional impacts of network tariff changes across different households.

Below we have outlined some concerns about specific tariffs.

## **Solar soak**

Only people who can alter their behaviour or have access to energy management systems, or modern appliances (e.g. wealthy Canberrans and those who work from

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<sup>21</sup> L Kennedy and J Blakkarly, [Experts sound alarm on complex household energy tariffs](#), CHOICE website, 2022; L White and N Sintov, *Health and financial impacts of demand-side response measures differ across sociodemographic groups*; K Burns and B Mountain, *Do households respond to Time-Of-Use tariffs? Evidence from Australia*.

<sup>22</sup> Evoenergy, *Regulatory proposal*, p.46.



home) will be able to take advantage of the proposed solar soak period of 11am – 3pm.

### **Inclining block off-peak period**

Evoenergy's proposed inclining block charge between 8pm and 9am is based on a forecast rapid uptake of EVs and the resulting increased load that EV charging will place on the network.<sup>23</sup> If this assumption is based on Evoenergy's 'Have your say' survey, the uptake could be much slower than forecast, as considerable financial and structural barriers to uptake remain for many consumers and their respondent sample was only a small portion of the community. However, we do acknowledge the ACT Government's target of 80-90% EV diffusion by 2030 and that this will be a rapid change for the network to accommodate.

This structure does not meet Evoenergy's stated aims of reducing the complexity of their tariffs and we question whether and how consumers will respond to a price signal that they don't understand. Evoenergy should do more to simplify complex pricing systems and will have to collaborate with retailers and community groups to ensure they provide sufficient education and communication about their pricing to consumers.

Based on CSIRO data<sup>24</sup> consumers typically would not reach the proposed 6kWh threshold. Considering the high threshold, if they do own an EV and breach the threshold then perhaps this is an equitable cost imposition. However, related to our original concerns about strategic vision and future planning,<sup>25</sup> it is important to consider what effect this might have on consumers in a Canberra where everyone's home and car is electric and the particular impacts for vulnerable consumers who have uniquely high energy needs.

### **Export tariffs**

While ACTCOSS does not oppose export tariffs on an equity basis, there is a need to balance this with the possible disincentive to solar uptake. Export costs potentially add an extra barrier to solar uptake, especially as batteries and load management systems are still not value for money. If publicly provided or sufficiently funded, DER and DSM systems may be both key network capacity and social equity enabling technologies, but they still require wider community distribution.<sup>26</sup>

### **23. Is there any adjustment to its TSS you think Evoenergy should make in order to mitigate its proposed capital expenditure?**

While we have concerns about the proposed tariffs and consumers' limited capacity to respond to them, we do not consider that pricing can be used as an offset

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<sup>23</sup> Evoenergy, *Regulatory proposal Attachment 7: Proposed Tariff Structure Statement*, p.15.

<sup>24</sup> M Ambrose, M James, A Law, P Osman and S White, [The Evaluation of the 5-Star Energy Efficiency Standard for Residential Buildings](#), CSIRO, 2013.

<sup>25</sup> ACTCOSS, [Submission: Evoenergy Draft Electricity Network Plan 2024-29](#), 2022, p.20.

<sup>26</sup> N Javaid, I Ullah, M Akbar, Z Iqbal, F Khan, N Alrajeh, M Alabed, '[An Intelligent Load Management System With Renewable Energy Integration for Smart Homes](#)', *Institute of Electrical and Electronics Engineers*, 2017, 5:13587-13600, doi:10.1109/ACCESS.2017.2715225.



mechanism for required network augmentation and maintenance. There will need to be changes to the network to enable electrification and DER uptake.

Tariffs will not necessarily reduce expenditure required to increase network capacity. Evoenergy and the AER should investigate the use of behavioural insights and social messaging to educate and encourage people to change their energy use patterns where they can. This was found to be effective during the Black Summer bushfires and June 2022 power crisis when the community felt a collective responsibility to conserve energy.<sup>27</sup> Continued use of simple communication programs like Evoenergy's [Energy Share SMS](#) could help in this area.

**24. Do you consider Evoenergy has demonstrated and supported its proposed contingency to assign electric vehicle owners to its demand tariff if its triggers are met?**

At present, cost impacts on wealthy EV owners are not a primary concern of ACTCOSS, but in principle we oppose any system that automatically assigns people to any tariff structure without prior warning and without an opt out option. Because of concerns about demand and TOU tariffs producing negative outcomes for consumers and in principle concerns about people being placed on pricing systems that they didn't choose and can't opt out of we do not support this proposal. This potentially presents a further cost barrier preventing people on low incomes from electrifying their transport which is not aligned with the ACT Government's climate mitigation goals.

Mandatory tariff allocations will have damaging impacts on vulnerable consumers. Consumers must be given choice, education, protections to combat automatic allocations and data must be collected. Consumers need appropriate notice prior to rollout, proper opt out options and the distributional effects must be assessed prior to the AER agreeing to this proposal.

Demand and TOU tariffs can relieve network capacity constraints by sending price signals to consumers to change their behaviour if consumers can and do respond. But forcing people onto specific pricing structures when it almost certainly costs them more will not help people to accept them and will have negative impacts on Evoenergy's social licence. Encouragement and education about why consumers should use demand or TOU tariffs and assisting with measures to increase their savings such as providing free or discounted appliance timers, would help to foster positive behaviour change and preserve DNSPs social licence.

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<sup>27</sup> A Macdonald-Smith, '[Mass blackouts hit eastern Victoria as fires bring down lines](#)', *Australian Financial Review*, 31 December 2019; A Liang, '[Eight million Australians urged to turn off lights](#)', *BBC News*, 16 June 2022.



# ACTCOSS questions about proposed tariffs

Evoenergy have answered some of our questions about their proposed tariffs (Table 3), but our concerns about the distributional impacts of tariffs remain. Further information must be provided so consumers of all demographics can make informed choices about the tangible impact that network costs have on their bill.

Table 3: Evoenergy’s response to ACTCOSS’ questions about proposed tariffs.

#	ACTCOSS questions	Evoenergy response
9	Has Evoenergy undertaken any work with retailers, to date, on educating consumers on network tariffs, or coordinating network price signalling on consumer bills?	Evoenergy state they have produced their TSS in collaboration with retailers and will work with retailers on plain language communications but have not elaborated on how they have worked with or will work with retailers to educate consumers about the impact of network tariffs.
10	What are some consumer types that Evoenergy has already identified as being at-risk of greater costs, and benefiting from the proposed TSS?	Evoenergy has not identified consumer types who will pay higher costs or receive savings from the proposed tariffs.
11	What is Evoenergy’s long term plan with novel charges (e.g. solar sponge charge and inclining overnight block charge). Does Evoenergy anticipate having to make further changes to tariffs in future? If so, what would these potential further changes be?	No update on long term plan provided. Further changes to tariffs anticipated based on the same triggers as the contingent project. ACTCOSS suggests Evoenergy should evaluate the distributional impacts and/or provide the data to enable distributional evaluation of novel tariffs to inform a long term plan.
12	What does Evoenergy mean when it says on p. 27 that ‘some charges (outside the middle of the day) may increase to compensate for low solar sponge rate’?	This was not specifically addressed but ACTCOSS welcomes the proposal by Evoenergy to remove the shoulder period.
13	How has Evoenergy designed its TSS with consideration of the current levels of smart meter penetration in the ACT? <sup>28</sup> What tariffs will be available to those without smart meters?	This was not specifically addressed. However, the AEMC target of 100% smart meter uptake by 2030, heightens the urgency with which governments, DNSPs, retailers, energy advocates and community organisations must educate consumers.
14	Who did Evoenergy consult with to represent ‘vulnerable consumers’ during TSS engagements (the consumer demographic)? What is Evoenergy’s definition of consumer vulnerability? And, how does Evoenergy identify these representative consumers?	Evoenergy have provided a description of who they perceive constitutes vulnerable communities <sup>29</sup> and engaged ACTCOSS to conduct a workshop with community organisations representing these groups. Evoenergy did well to involve a wide range of people in their Community Panel during COVID-19. One notable concern is there were no people under the age of 35 in the Community Pricing Panel which is a considerable gap in representation and potentially has excluded the views of young Canberrans in the TSS development. <sup>30</sup>

<sup>28</sup> The AEMC notes in its consultation paper on the *Review of the Regulatory Framework for Metering Services*, that in 2020 ACT smart meter penetration sits at approximately 16%.

<sup>29</sup> Evoenergy and Communication Link, *Regulatory proposal Appendix E: EN24 and TSS consumer engagement strategy*, p.12.

<sup>30</sup> Evoenergy and Communication Link, *Regulatory proposal Appendix G: EN24 community panel process and outcomes report*, p.7.

# Thank you

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