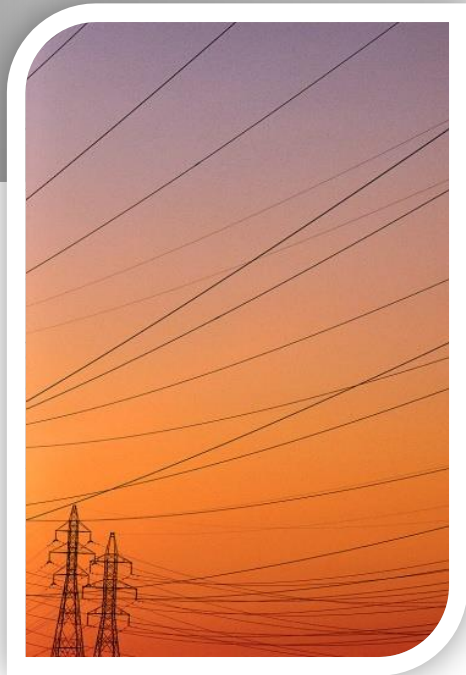


Australian Energy Regulator



ActewAGL Distribution

Access arrangement revision proposal 2016-21

**Presentation to stakeholders
28 July 2015**

Timelines for review

Milestone	Date
Proposal published	10 July 2015
Submissions invited by	10 August 2015
Draft decision	November 2015
Revised proposal	6 January 2016
Submissions on draft decision, revised proposal	10 February 2016
Final decision	April 2016
Approved access arrangement commences	1 July 2016

Consumer engagement

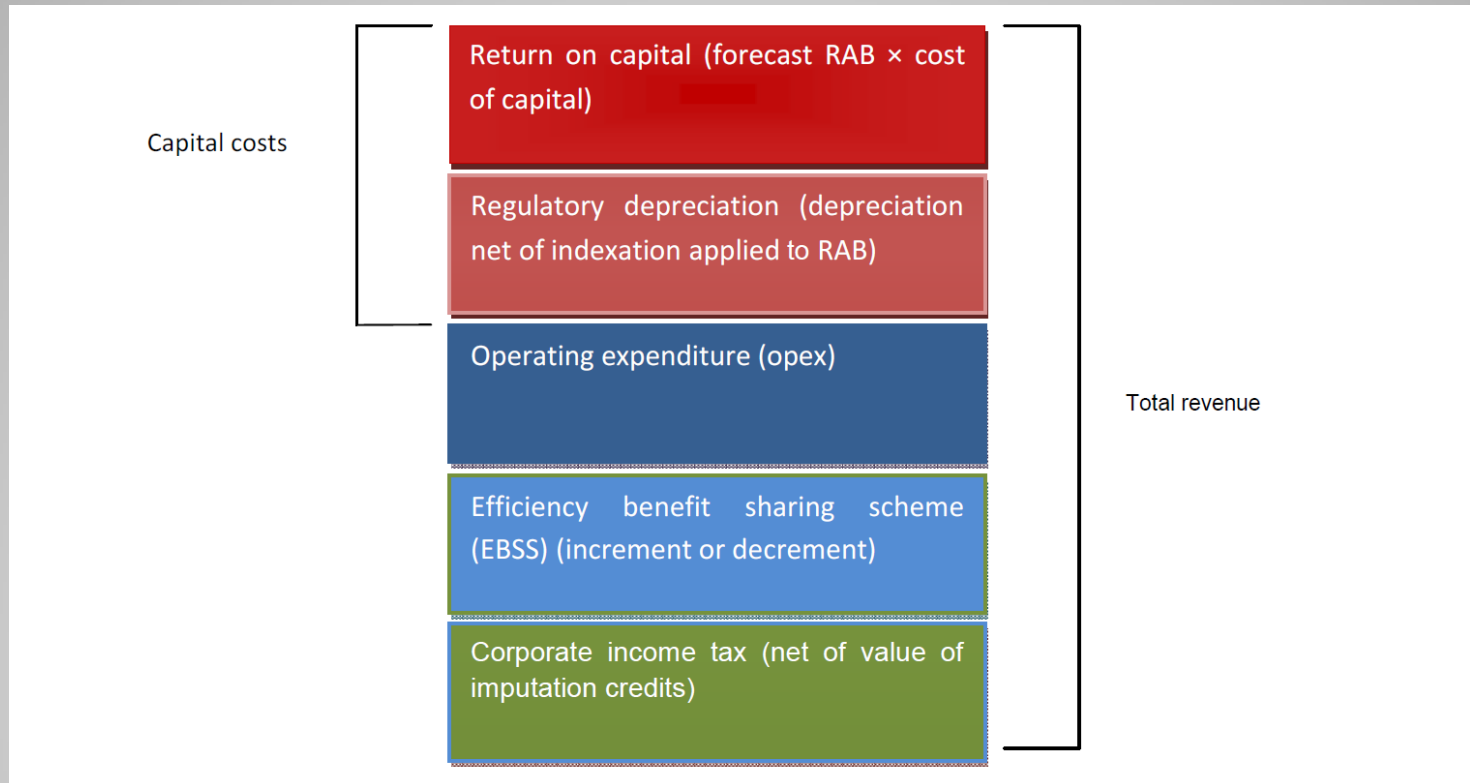
- Energy Consumer Reference Council (ECRC)



ActewAGL, Access Arrangement Information, Attachment 1:
Consumer Engagement, June 2015, p. 12.

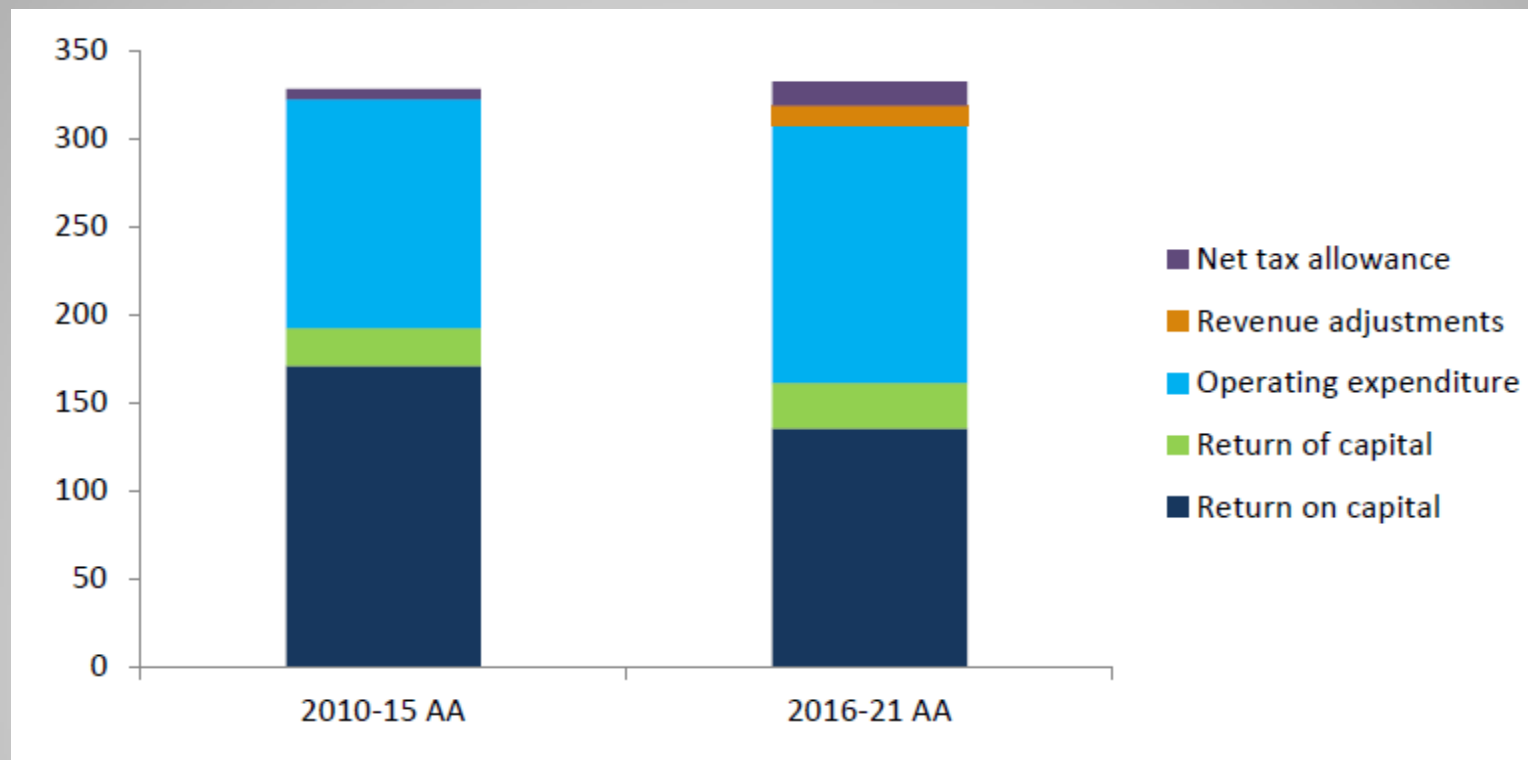
Overview of the proposal

- Building block approach to the forecast revenue requirement:



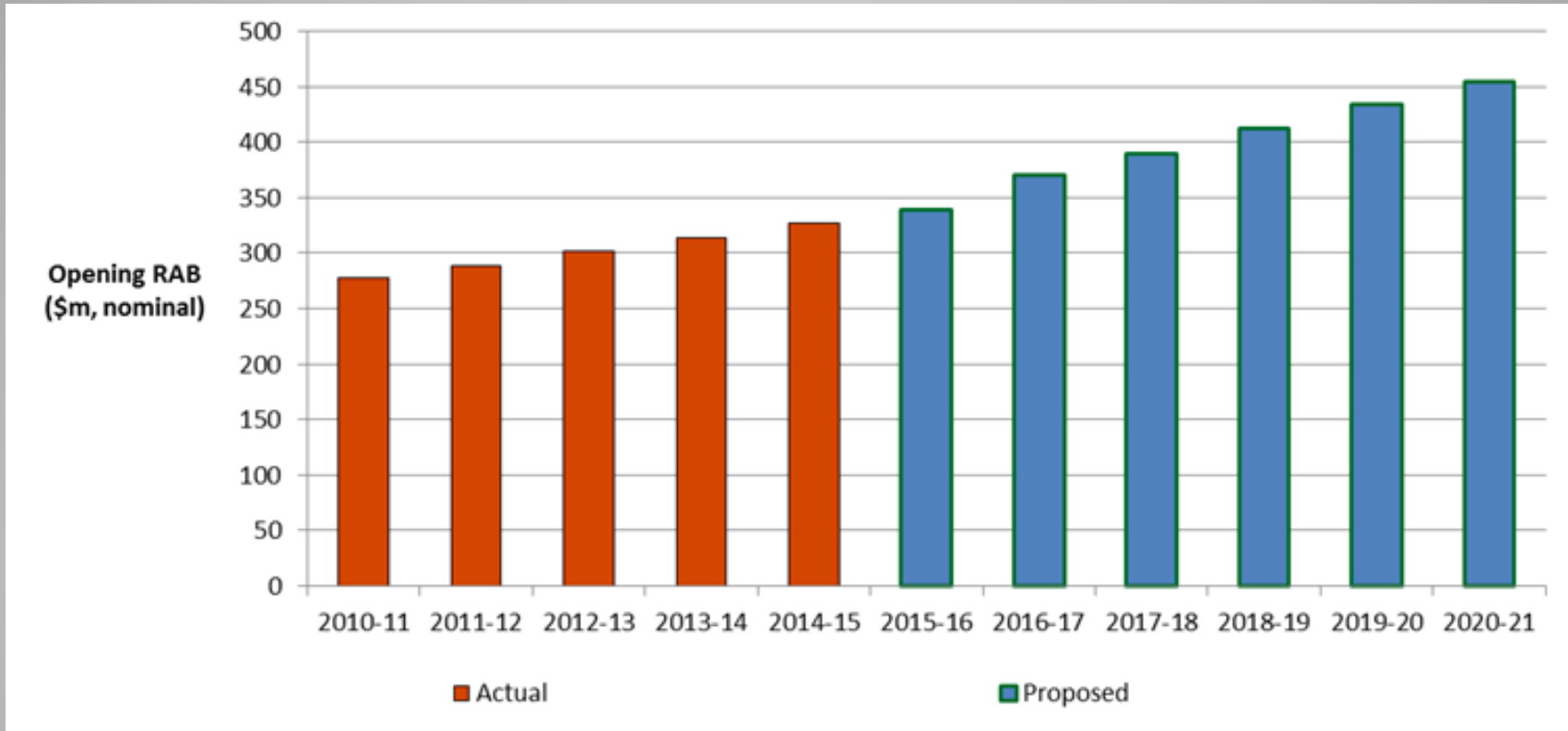
Forecast revenue requirement

Revenue requirements 2010-15 and 2016-21 (\$m2015/16)



(ActewAGL Access Arrangement Information, Overview, June 2015, p. 52)

Regulatory asset base (RAB)



(Data source: ActewAGL PTRM, June 2015)

Price path

Customer segment	Anticipated change in price of gas distribution	
	FY16/17	FY17/18 – FY20/21
Gas cooking	Decrease	Relatively steady
Gas hot water and/or cooking	Relatively steady	Relatively steady
Gas heating and/or hot water/cooking	Relatively steady or decrease depending on consumption	Relatively steady
Gas whole-of-home heating and/or hot water/cooking	Decrease	Relatively steady
Home business	Relatively steady or decrease depending on consumption	Relatively steady
Small business	Decrease	Relatively steady
Medium business	Decrease	Relatively steady
Major customer	Increase	Increase

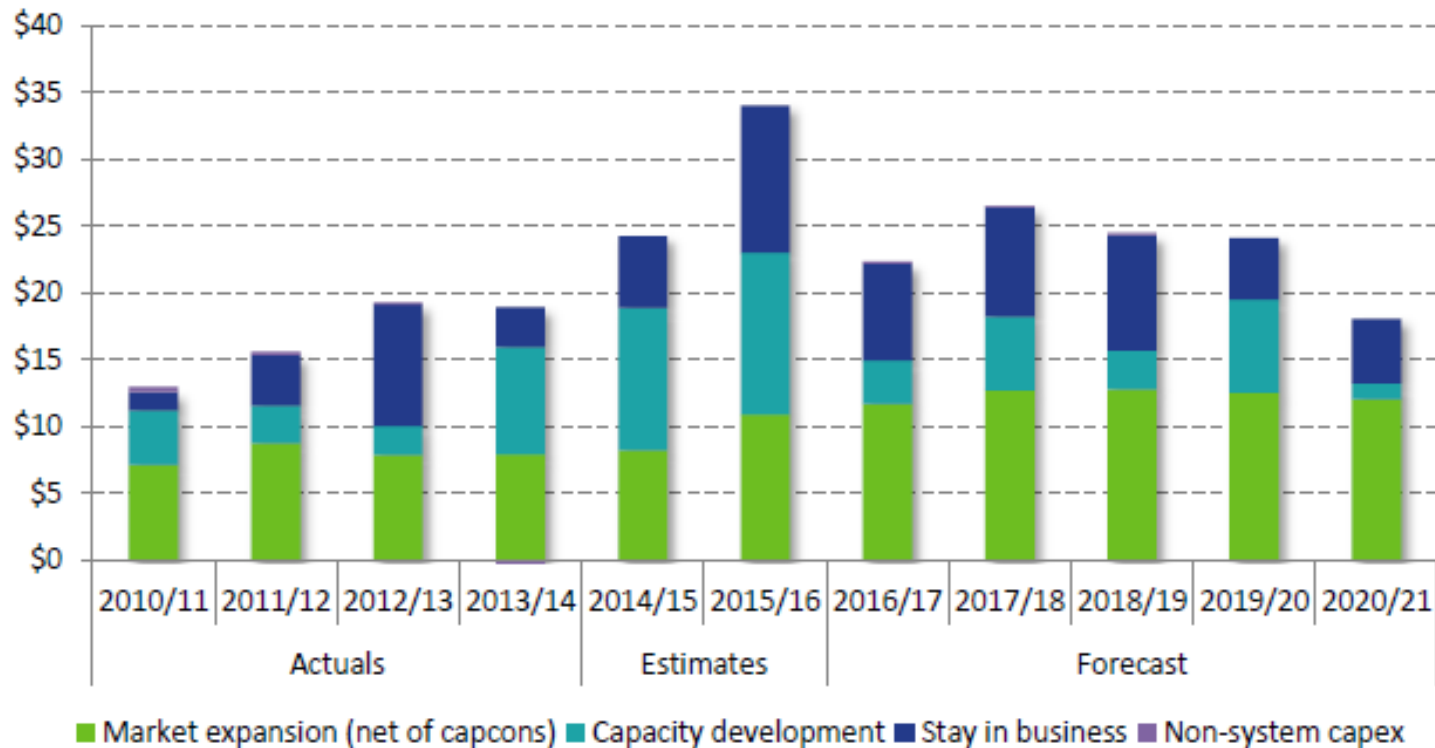
(ActewAGL Access Arrangement Information: Consumer summary, June 2015 p.10)

Rate of return, gamma

	ActewAGL's current AA	ActewAGL's proposal	Recent AER decisions (April/June)
Rate of return	10.08	7.15	5.41-6.84
Value of imputation credits (gamma)	0.25	0.25	0.4

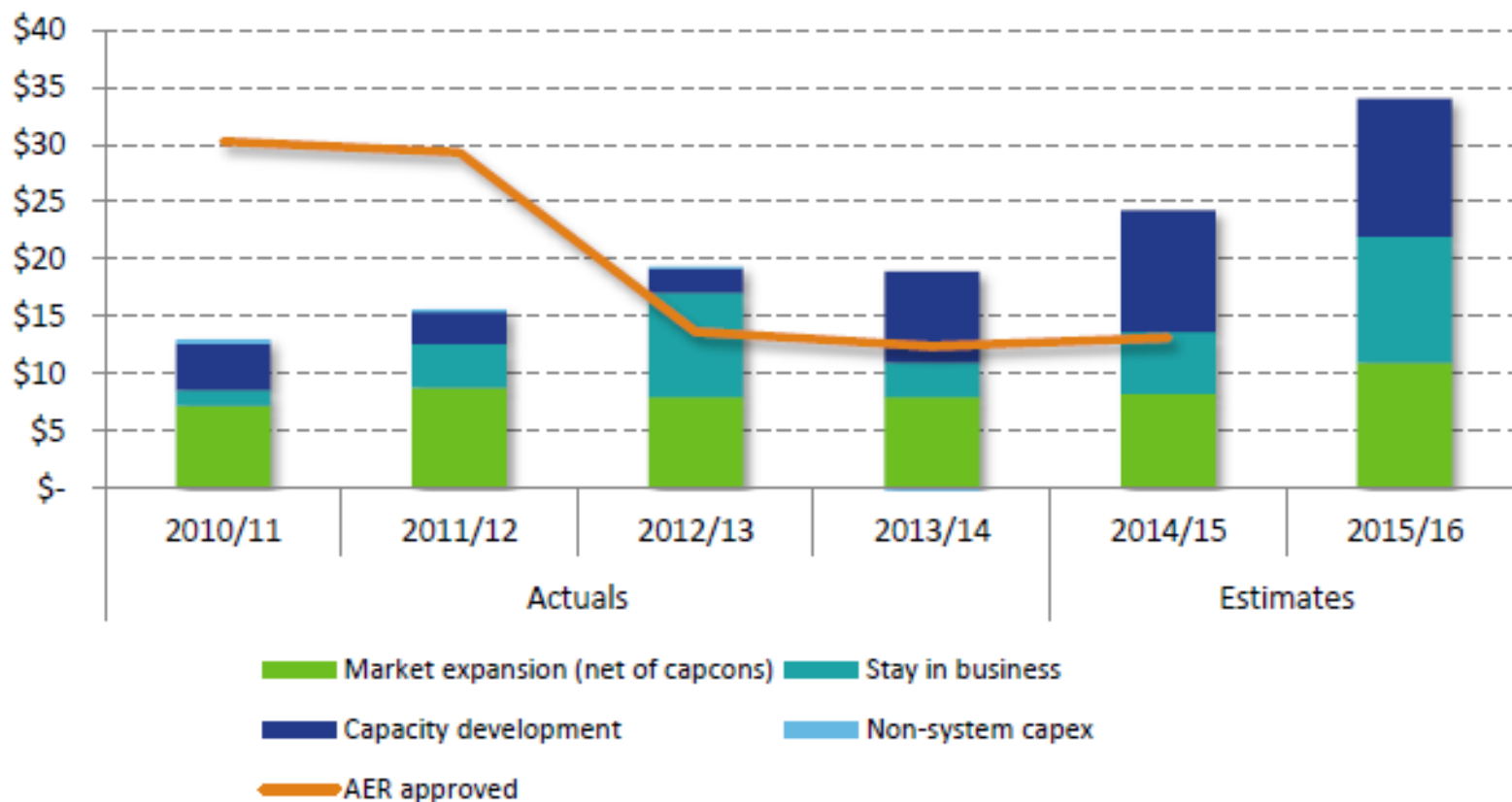
Capital expenditure

Figure 6.1 Capital expenditure over the two access arrangement periods, composition of actuals, estimates and forecast amounts (\$millions, 2015/16)



Capital expenditure

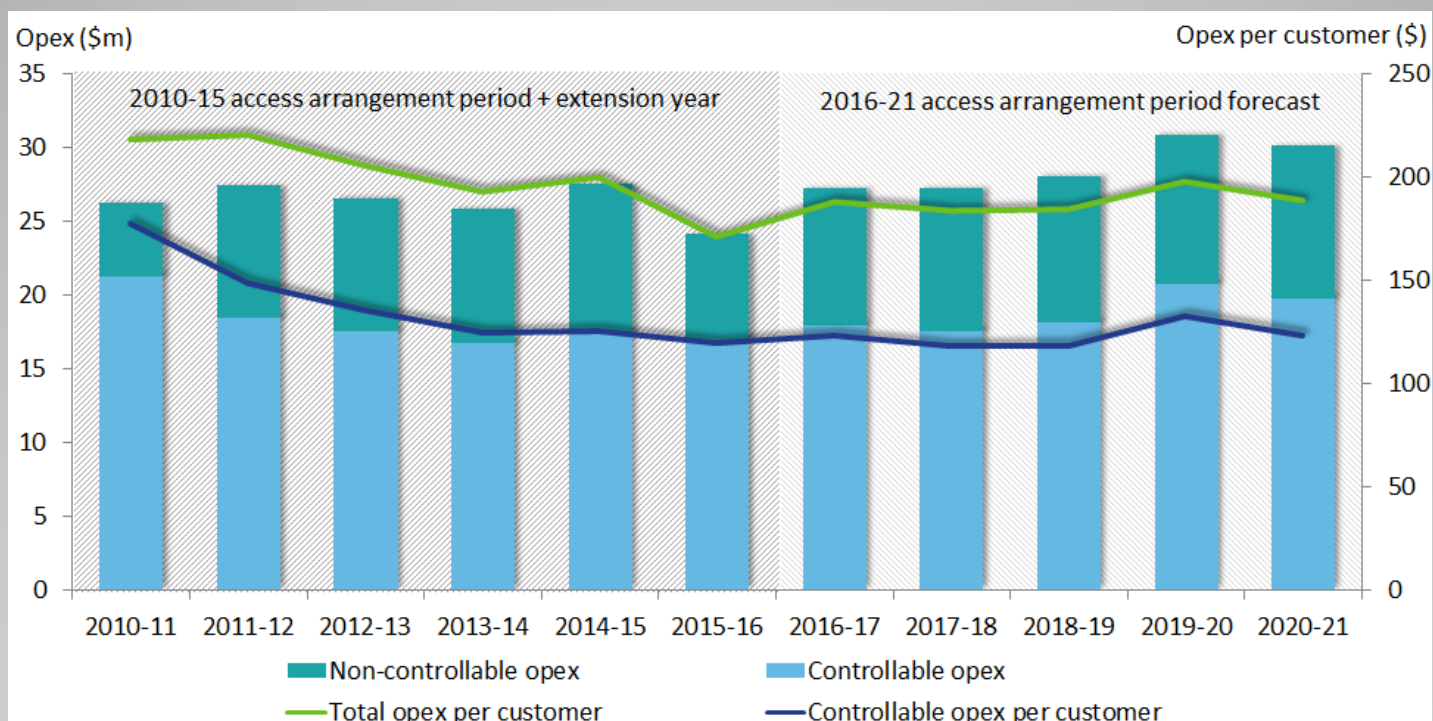
Figure 6.3 Capex over the 2010-16 access arrangement period, composition of actuals and estimates (\$millions, 2015/16)



Consumer engagement - capex

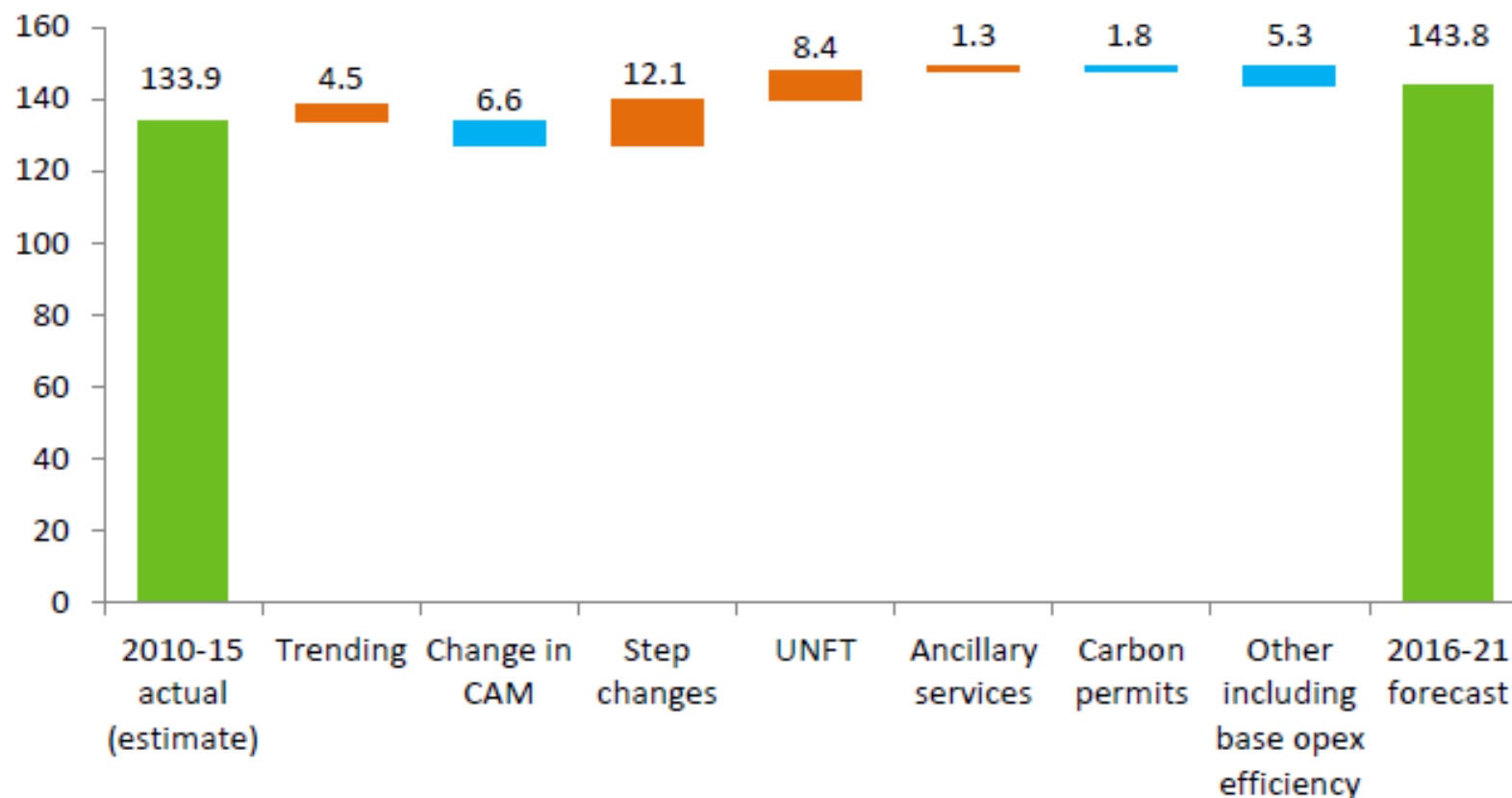
Feedback from consumers	ActewAGL responses
<p>ActewAGL customers indicated they:</p> <ul style="list-style-type: none">• value reliability and safety• want price stability and certainty• want to support vulnerable customers• are interested in what the long-term energy infrastructure will look like for the ACT• are keen to be involved in future energy discussions	<ul style="list-style-type: none">• The forecast capital program is designed to maintain the integrity and reliability of services that our customers value through asset renewal and projects to develop the capacity of the network• The capital program will also improve the safety of services, particularly by undertaking the inlet piping rectification project outlined in section 6.5.5.1• The capital program is steady across both access arrangement periods, assisting the delivery of price stability to consumers

Operating expenditure



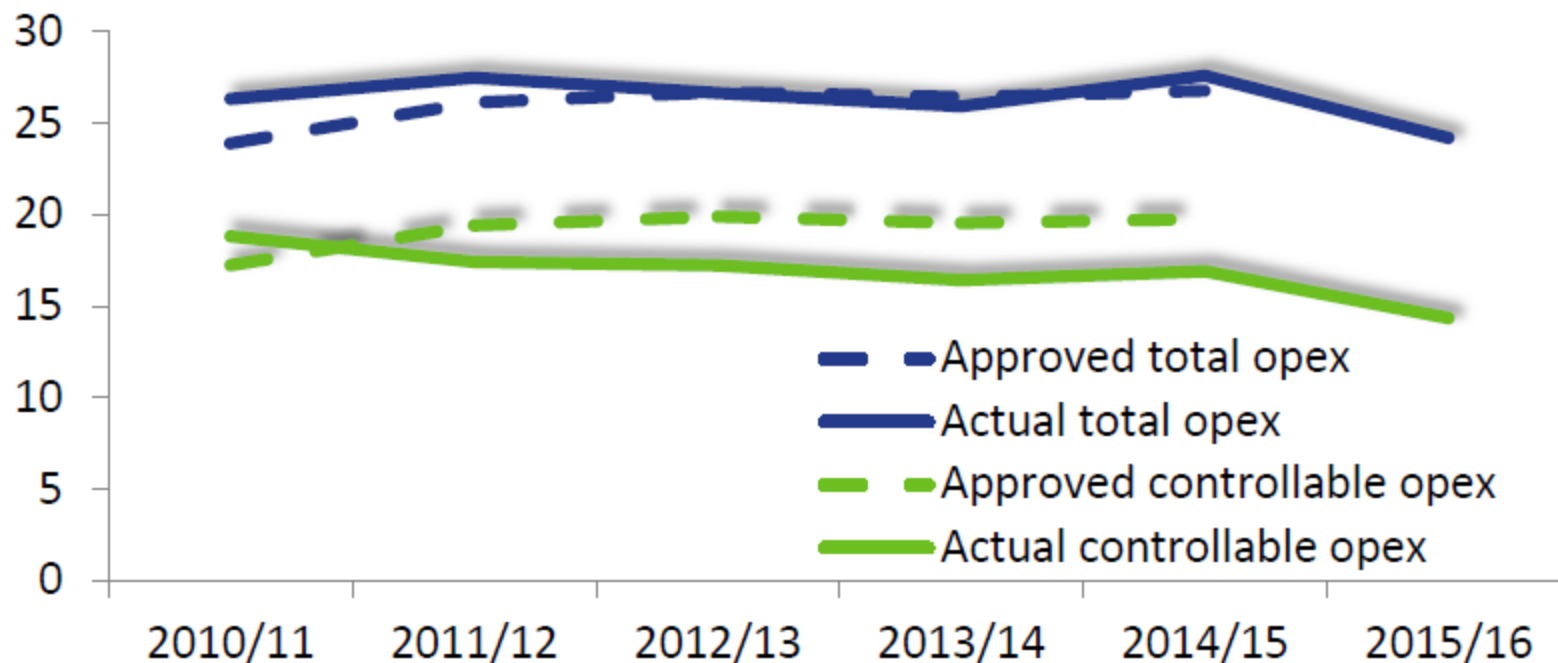
Operating expenditure

Figure O.8 Opex bridge between 2010-15 actual and 2016-21 forecast (\$ million 2015/16)



Operating expenditure

Figure 5.3 Total and controllable opex actual* against approved amounts (\$millions, 2015/16)



*Estimated opex for 2014/15 and forecast opex for 2015/16

Consumer engagement - Opex

What consumers have said	How these views are reflected in the opex forecast for 2016-21
They value reliability and safety	The operating and maintenance forecast is based on a 'base-step-trend' approach which allows ActewAGL Distribution to continue to provide safe and reliable services while meeting its regulatory obligations and responding to developments in industry best practice.
They want price stability and certainty	Efficiency gains in controllable base opex will cushion increases in non-controllable costs such as the UNFT to provide a stable opex forecast, which contributes to price-path stability.
They want vulnerable customers to be supported	The opex forecast provides for price-path stability and will enable ActewAGL Distribution to continue existing levels of support to vulnerable customers as well as to talk to consumers about more or different ways to provide support.
They are interested in the long-term sustainability of energy infrastructure in the ACT	The forecast reflects expenditure required by a prudent and efficient service provider to achieve the lowest sustainable cost of delivering pipeline services over the long term through best practice maintenance and operation of vital gas infrastructure and services in the ACT and surrounds.
They are keen to be involved in future energy discussions	The opex forecast includes expenditure to continue engagement with consumers as well as for specific consultation on the 2021 access arrangement revision through the continuation of the Gas Consumer Engagement Program.

ActewAGL, Access Arrangement Information, Attachment 5:
Operating expenditure, June 2015, pp. 8-9.

Other elements of the proposal

- Demand
- Terms and conditions

Where to from here?

- Our process from now to the draft decision
- Opportunities after the draft decision
- Information on our website:
<http://www.aer.gov.au/node/26561>
- How to get in touch with us:
 - ActewAGL2015GAAR@aer.gov.au