

12 May 2023

Mr Warwick Anderson  
General Manager  
Australian Energy Regulator

By email: [AERresets2024-29@aer.gov.au](mailto:AERresets2024-29@aer.gov.au)

Dear Mr Anderson

### **TasNetworks' Combined Transmission and Distribution Determination 2024–29**

Aurora Energy welcomes the opportunity to provide feedback on TasNetworks' combined transmission and distribution regulatory proposal for the period 2024-29 (the Combined Proposal). As TasNetworks' largest customer, Aurora Energy is a customer-centric Tasmanian Government owned energy retailer providing energy services to the vast majority of Tasmania's electricity customers.

Aurora Energy wishes to make the following comments in relation to the Combined Proposal.

#### **Distribution revenue**

Aurora Energy acknowledges the four key customer themes guiding the Combined Proposal, in particular the theme of "affordable for all". Energy affordability remains a significant issue for Tasmanians, with energy costs continuing to comprise a much higher share of household income, on average, than any other National Energy Market jurisdiction.

Whilst TasNetworks' proposed reduction in combined capital and operating expenditure to support the overarching priority of affordability is noted, Aurora Energy observes that the overarching real revenue (\$2023-24) TasNetworks is proposing to recover from its distribution customers is 11 per cent greater than what was approved for the current 2019-24 regulatory period. Aurora Energy notes that this will place further pressure on retail prices for residential and business customers and may be exacerbated by movements in interest rates and inflation estimates between now and the time of the Australian Energy Regulator's (AER) final determination in April 2024.

#### **Contingent projects**

Aurora Energy notes that the Combined Proposal includes seven contingent projects with a combined capex of \$905 million. Aurora Energy understands that these projects are associated with connecting new generation and load required to meet the Tasmanian Government's Tasmanian Renewable Energy Target (TRET) and the Tasmanian Renewable

Hydrogen Action Plan (TRHAP). In addition to these projects, Aurora Energy notes that Marinus Link and two additional projects relating to transmission network upgrades associated with Marinus Link and system strength are not included within the Combined Proposal but may also be triggered during the 2024-29 regulatory period.

Whilst Aurora Energy understands and supports the potential for the TRET and TRHAP to unlock jobs and investment in Tasmania's renewable energy and hydrogen sectors, it is noted that the combined cost of these seven contingent projects, plus their ongoing inclusion within TasNetworks' regulated asset base, will significantly change the nature of TasNetworks' revenue requirement going forward should all these projects be triggered. As this will ultimately place further pressure on retail prices in Tasmania, particularly if the costs are greater than currently estimated, it will be important that TasNetworks clearly demonstrates the commensurate benefit of these projects for Tasmanian customers in the event that one or more are triggered in the 2024-29 regulatory period.

### **Network tariff reform**

Aurora Energy acknowledges the benefits of cost reflective pricing, and that network tariff reform is a key priority for the AER.

Aurora Energy continues to monitor the impacts on customers from proposed changes to TasNetworks' network tariff assignment policy. Aurora Energy supports the continuation of a transition period before tariff reassignment for customers who have their meter replaced or upgraded to an advanced meter. This allows for a period in which advanced meter data can provide greater certainty on whether an alternative, cost reflective tariff is suitable for a customer.

### **Legacy meter cost recovery**

As acknowledged in the AER's Issues Paper, network charges are generally socialised (spread across all customers) by retailers, including Aurora Energy. Aurora Energy is broadly supportive of the AER's proposal to move towards socialising legacy metering cost recovery at the network level.

It is noted that TasNetworks has proposed retirement of legacy meters that is in line with the Tasmanian Government's commitment to roll out advanced meters by the end of 2026. Aurora Energy has significantly progressed the rollout of advanced meters in Tasmania, with over 60 per cent of Tasmanian premises now having one installed. Aurora Energy is on target to meet the Tasmanian Government's 2026 target for installations under its responsibility.

Should you have any questions regarding this submission, please contact Corinna Woolford, Strategic Policy Lead at [REDACTED]

Yours sincerely

[REDACTED]

Oliver Cousland

Company Secretary/General Counsel