

AER Public Forum



# ELECTRICITY DISTRIBUTION REGULATORY PROPOSAL

Our plans for 2016-20

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Asset Management**

*Monday, 22 June 2015*



# Overview

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**About AusNet Services and our customers**

**About our proposal**

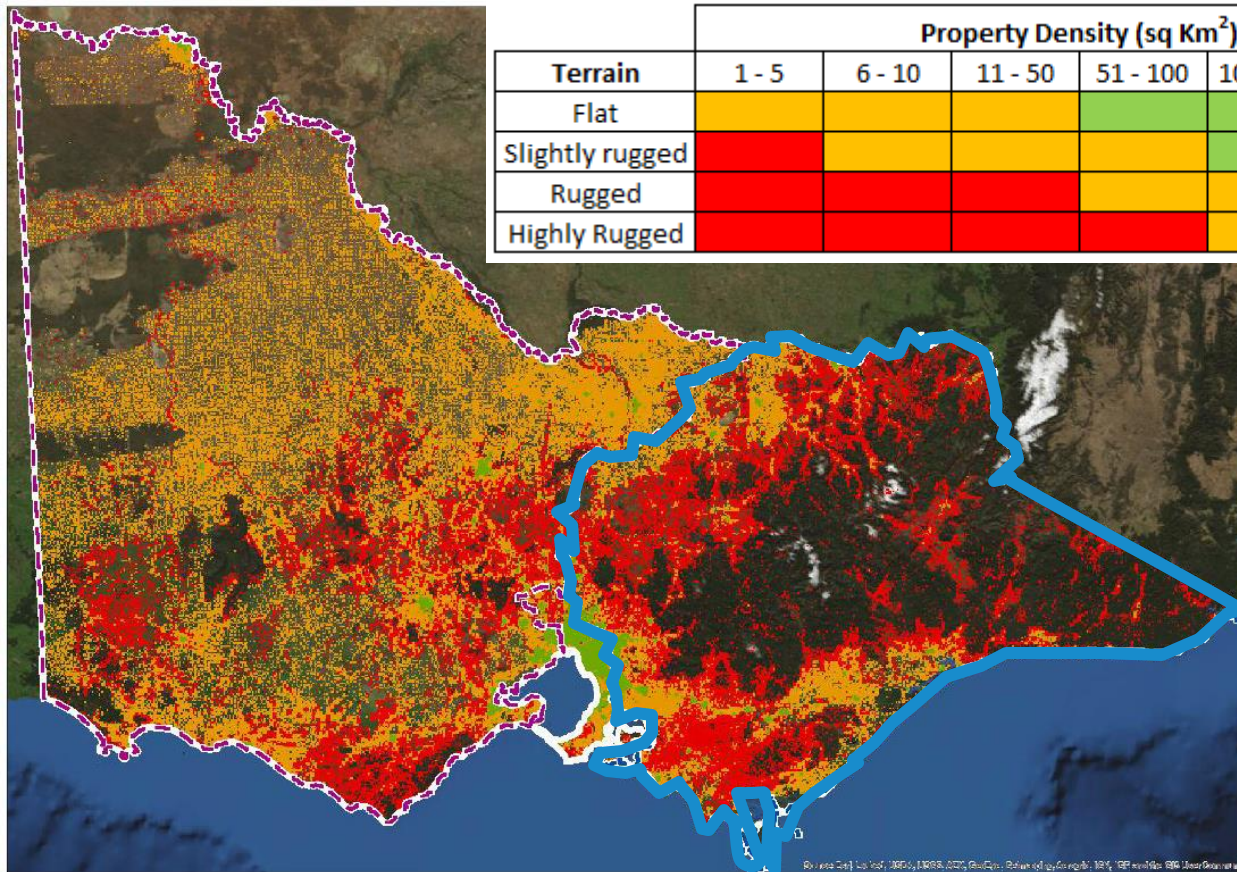
**Delivering on our aims**

# About AusNet Services and our customers





# Network characteristics



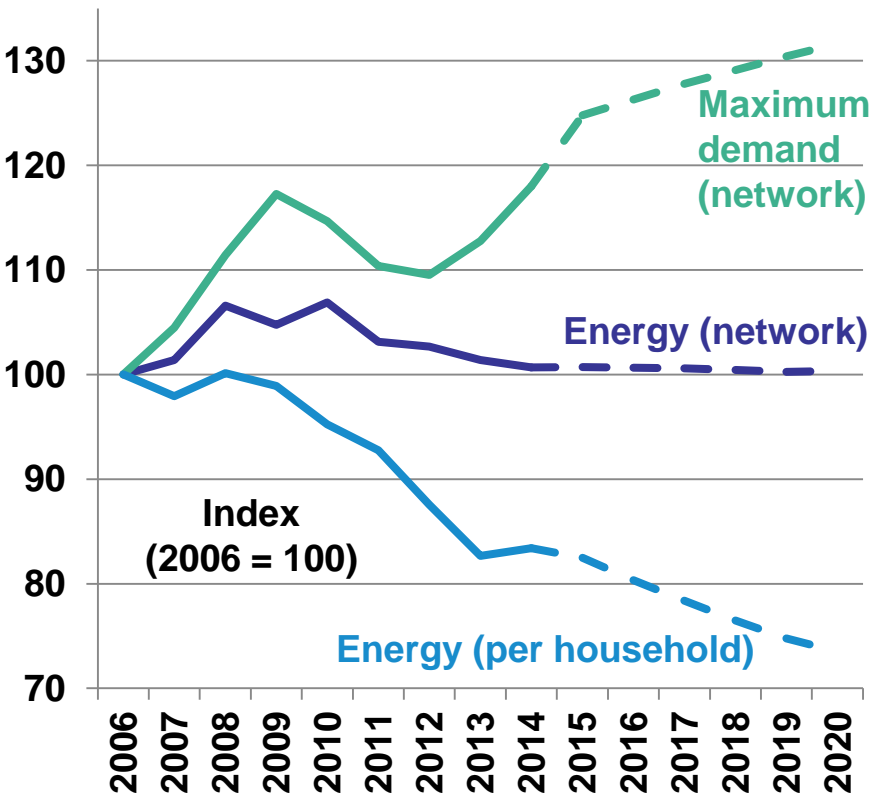
Terrain	Property Density (sq Km <sup>2</sup> )					
	1 - 5	6 - 10	11 - 50	51 - 100	100 - 500	> 500
Flat	Yellow	Yellow	Yellow	Green	Green	Green
Slightly rugged	Red	Yellow	Yellow	Yellow	Green	Green
Rugged	Red	Red	Red	Yellow	Yellow	Green
Highly Rugged	Red	Red	Red	Red	Yellow	Yellow

- Easy
- Moderate
- Difficult

High bushfire risk environments with relatively dense populations makes Eastern Victoria one of Australia's highest risk areas for bushfires

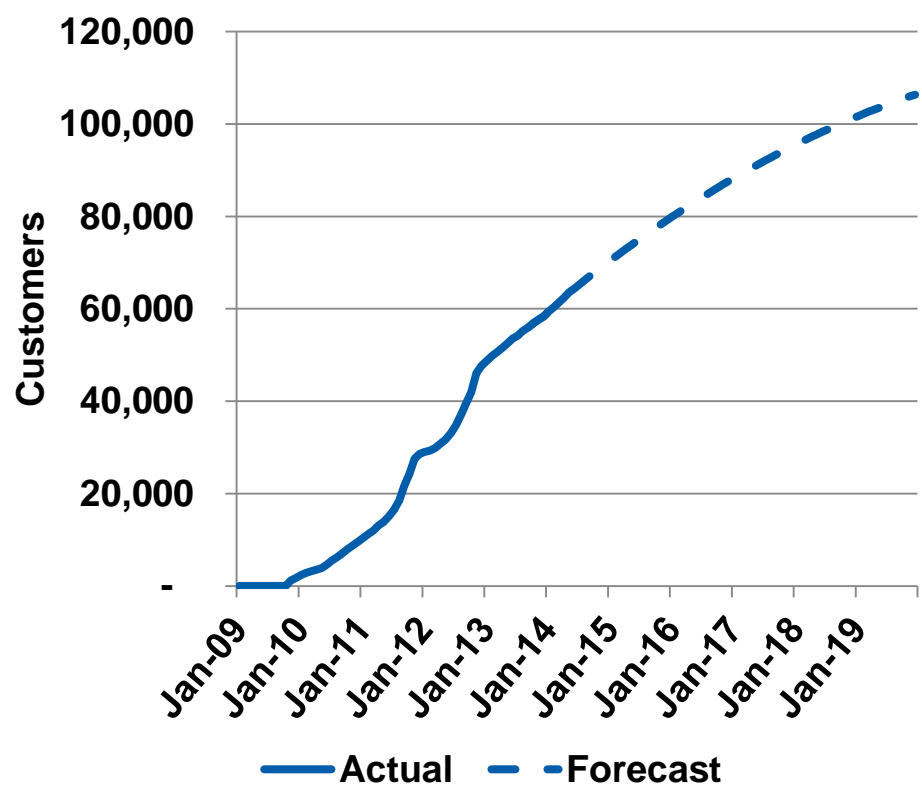
# Customer energy choices

## Index of energy consumption and peak demand



**Decreasing energy consumption ...But not at peak times.**

## Residential Solar Customers



**Increasing take-up of solar PV**

# Customers expectations

Our customers expect us to...

**Safety**

▶ Prevent fires and safety related incidents

**Reliability**

▶ Reduce costs whilst maintaining existing levels

**Innovation/  
Efficiency**

▶ Invest in innovation that delivers future savings

**Prices**

▶ Minimise upward pressure on electricity bills

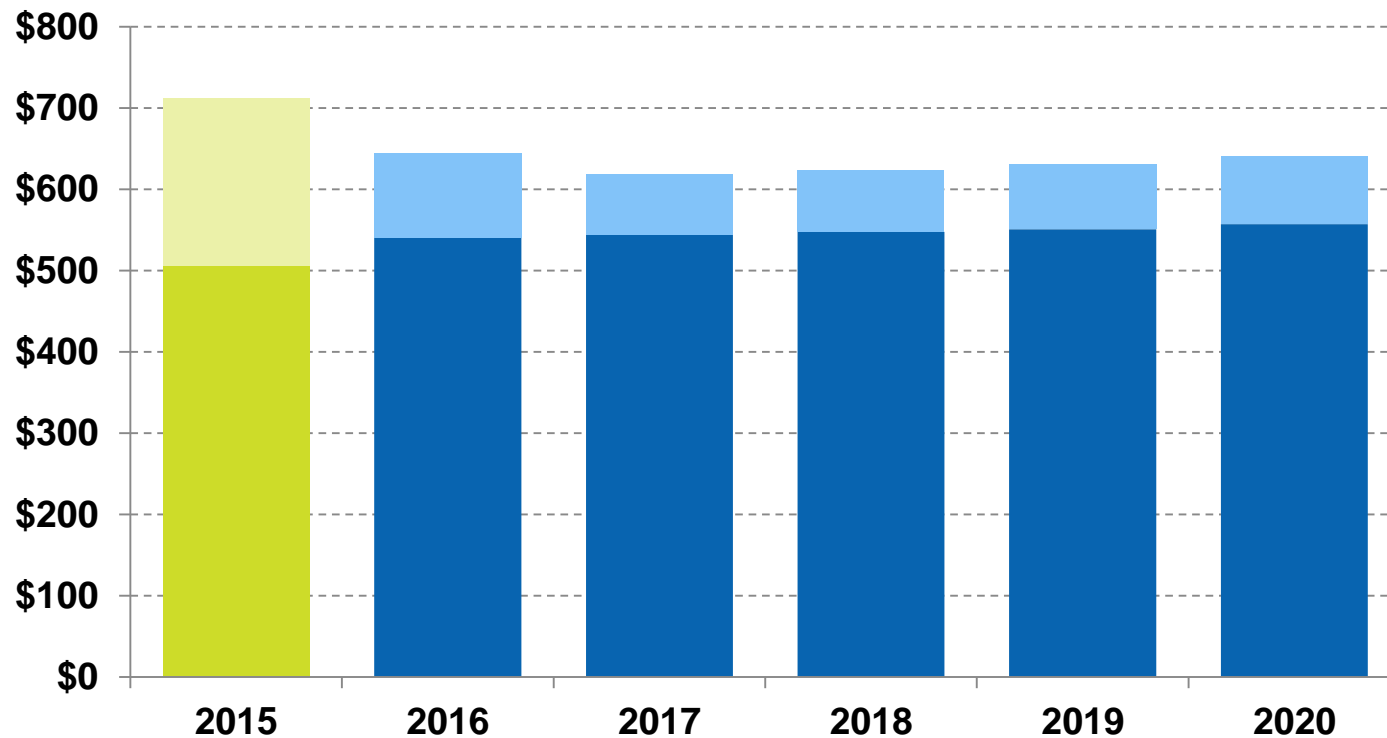
# About our proposal





# Impact of proposed prices

## Typical residential customer

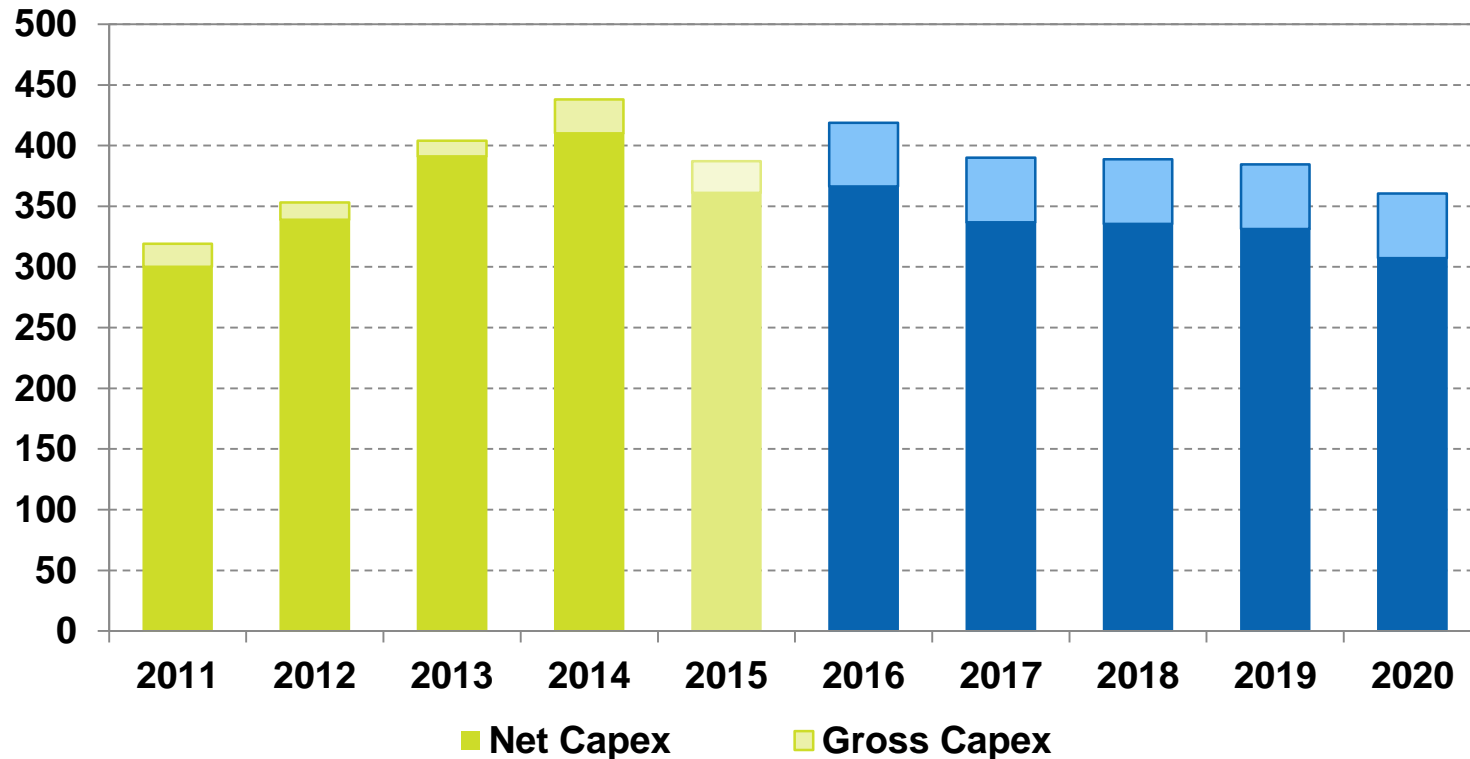


**Distribution component (including metering) of an average residential customer bill will fall in 2016 and remain flat to 2020**



# Proposed Expenditures

## Capital Expenditure (\$m, 2015)

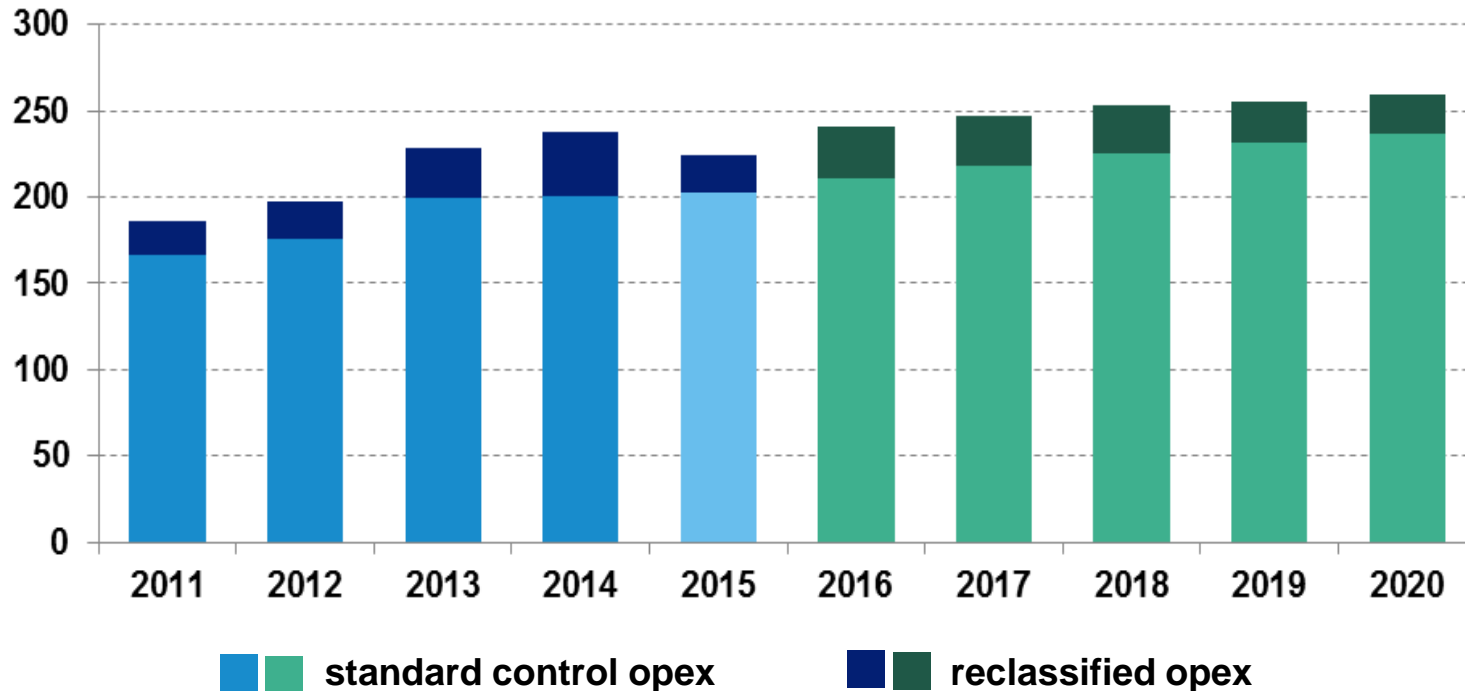


**Similar levels of capital expenditure, predominantly on safety and asset replacement**

# Proposed Expenditures



## Operating Expenditure (\$m, 2015)



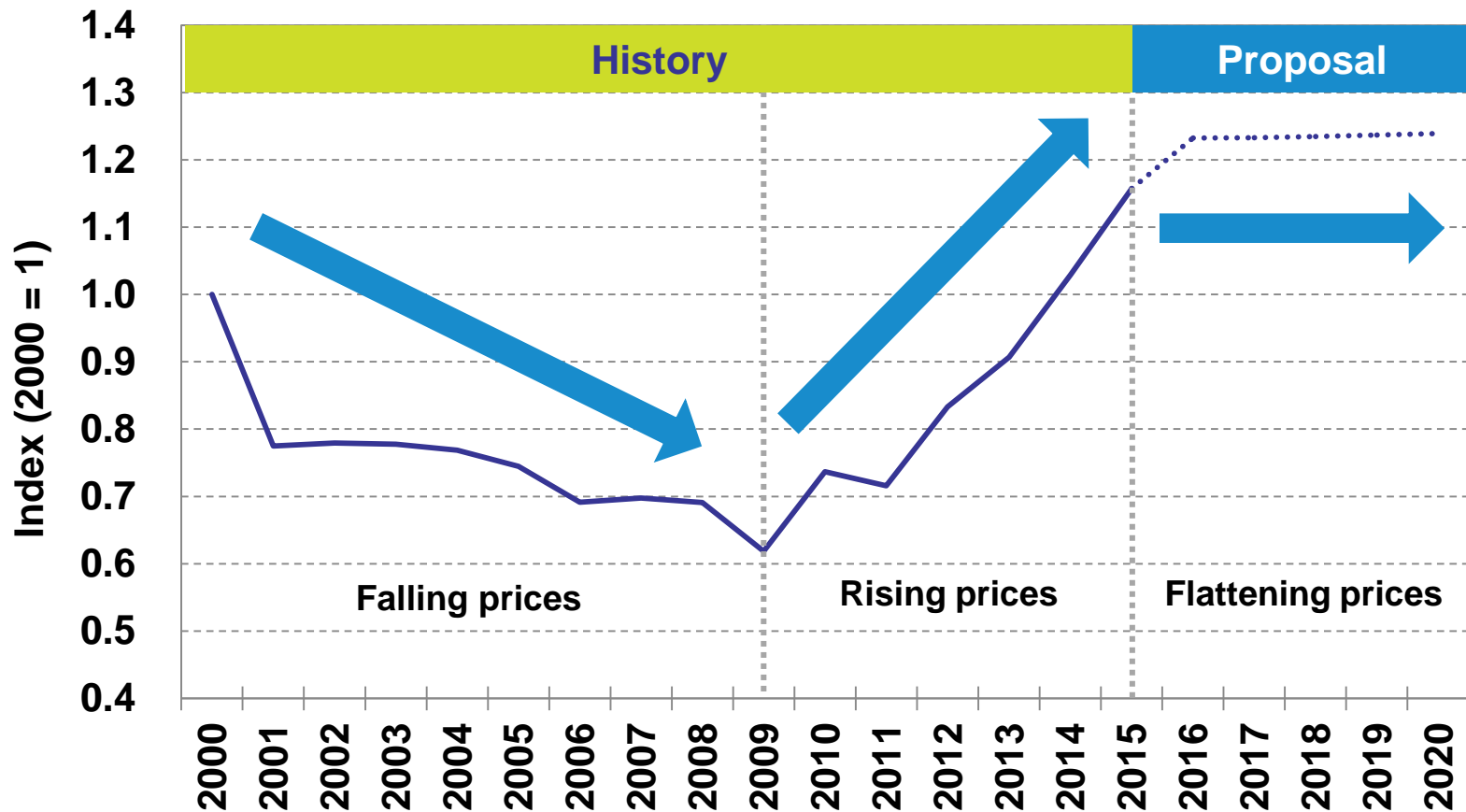
On a like-for-like basis, operating expenditure to increase 6% from 2014

# Delivering on our aims



# Stabilising recent price rises

## Distribution price movement (network average)

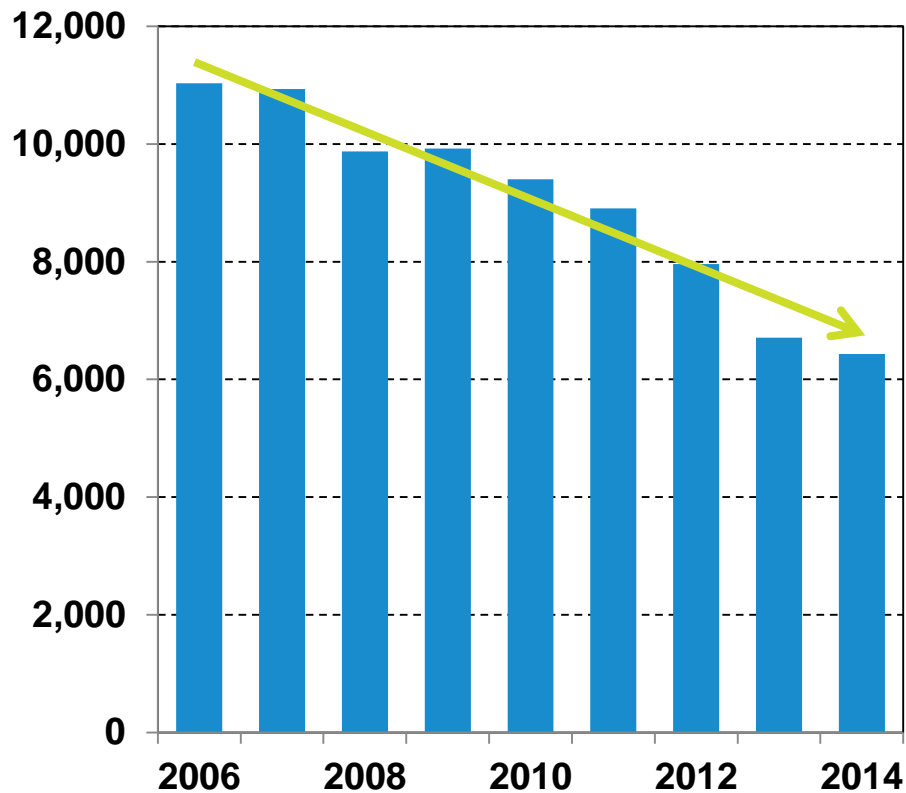




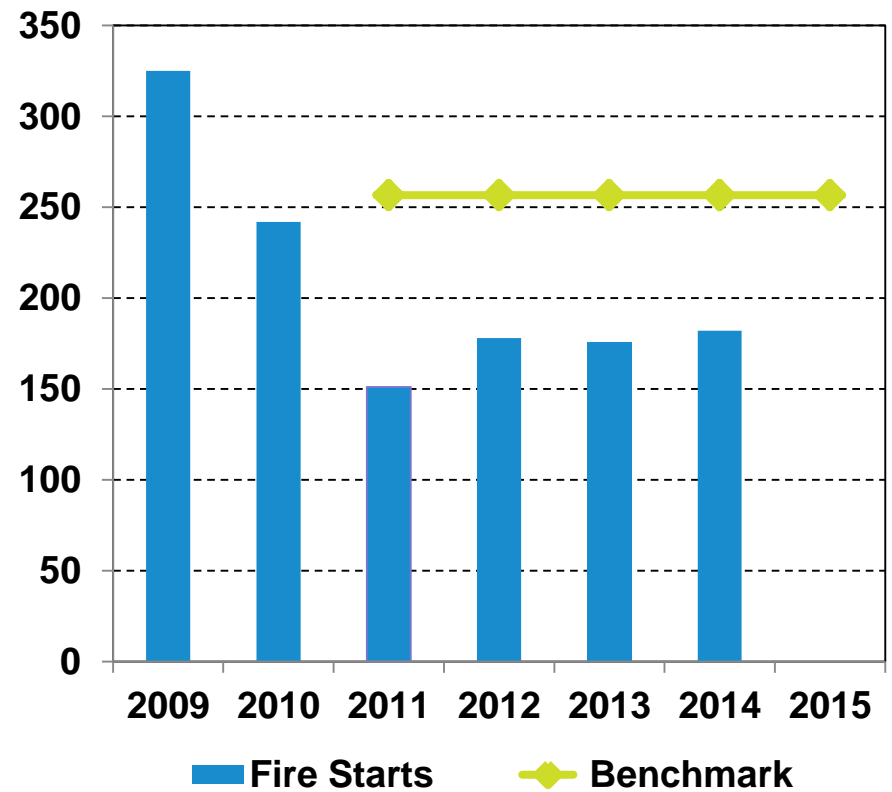
# Continuing investment in bushfire safety



## Incidents with fire start potential



## Fire starts



Current period investments are lowering risks

# Innovating to meet the needs of today's network



- ▶ **Broad-based demand management**
  - › Slow long-term rate of augmentation
  - › Promote efficient use of network
- ▶ **ICT applications**
  - › Support efficient processes, low corporate overheads
- ▶ **Applications of smart meters and the use of data**
  - › E.g. Demand forecasting; innovative ways to reduce safety risks
  - › Lower expenditure

# Key Takeaways

## Our plans will...

- ▶ **Result in lower network bills for residential customers**
- ▶ **Continue investment in lowering bushfire risk and delivering service levels customers expect**
- ▶ **Adopt innovative approaches and new technology to reduce costs and ensure the network develops in a changing energy industry**

Safety

Reliability

Innovation

Prices