

# ElectraNet

## ▼ Revenue Proposal 2023-24 to 2027-28

**CCP presentation to AER Public Forum 31 March 2022**

**CCP25: Elissa Freeman, Rob Nicholls, Mike Swanston**

## Acknowledgement of Country

- **We are all on the lands of many Indigenous nations**
- **We recognise the traditional owners of these lands**
- **We pay respect to the knowledge embedded forever within the Aboriginal Custodianship of Country**

# Consumer Challenge Panel

- **The objective of the CCP is twofold:**
  - To advise the AER on whether the long-term interests of consumers are being appropriately considered in regulatory proposals and the AER's decision making; and
  - To provide an assessment of networks' consumer engagement, including the extent to which proposals reflect consumer preferences
- **Appointed in December 2021**
- **Review limited to documents, rather than observation**

# Engagement

- Nature of engagement
  - Genuine engagement
  - Accountability
  - Leveraging BAU
  - Some misalignment

# Engagement

- Depth and breadth
  - Shift from “inform” to “engage”
  - Timing issues
  - Right people in the room
  - Limited resources

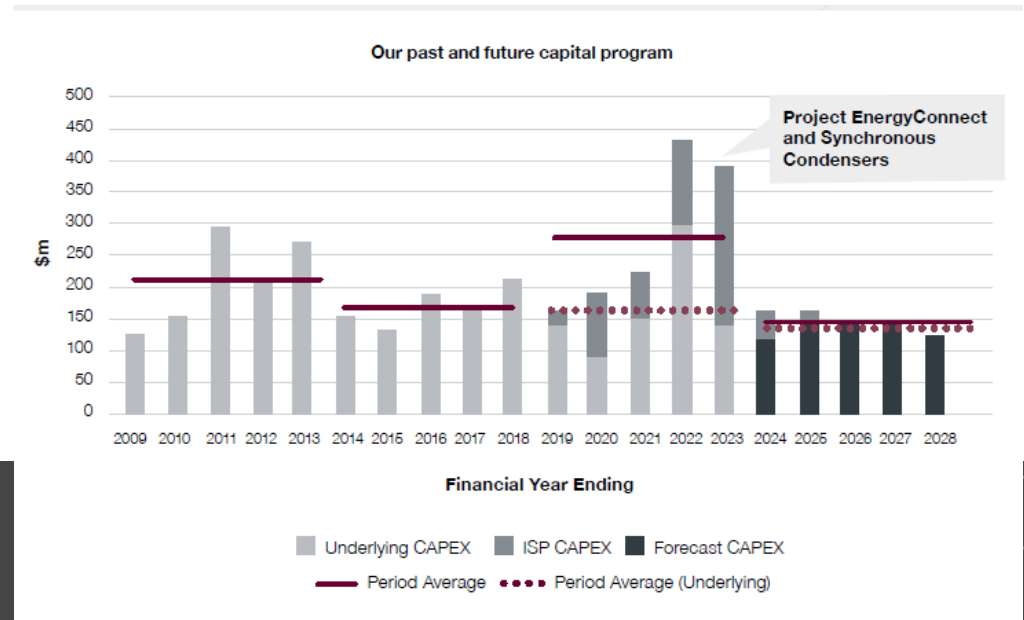
# Engagement

- Impact of engagement
  - Paper trail
  - “Straw man” approach
  - Nature of the impact

# Capital Expenditure 1

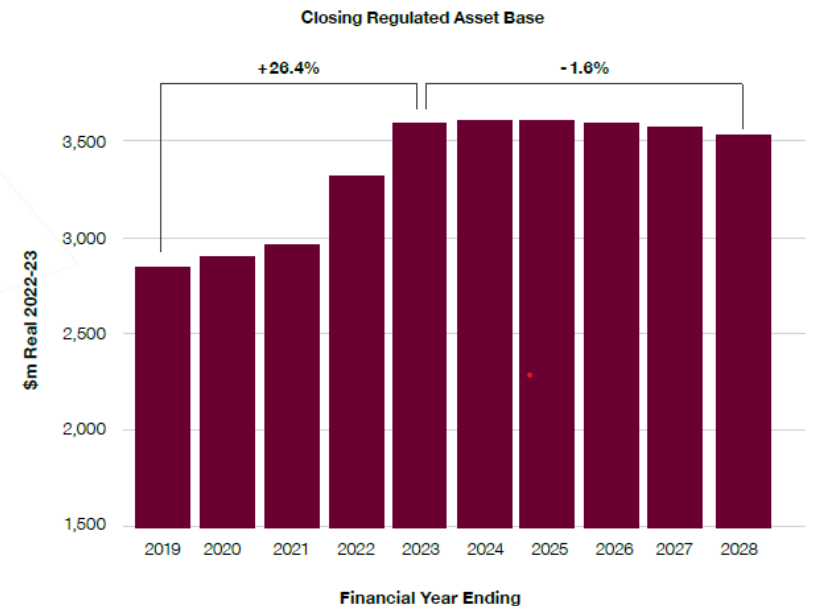
- ✓ We have no significant concerns regarding ElectraNet’s capital proposal, and believe the planned expenditure was reasonably considered by the advisory committee (CAP)
- ✓ Top down prudency review involving their CAP
- ✓ Considered line-by-line, \$98M reduction since the preliminary proposal
- \* Broad range of contingent project costs (\$180M - \$360M)\* – was discussed in the TAC, but more clarity on the potential price impact would help.
- ✓ Acknowledge the pass-through-events

\* - \$nominal



# Capital Expenditure 2

- We are keen to see transparent and meaningful engagement on anything that may add to the asset base (RAB) and place upward pressure on prices
- Lowest capex in 15 years in real terms. We would like to further explore the impact of the drop in repex / refurb
- It's hard to see the 'true price impact' for consumers because of RAB impact of ISP and 3 contingent projects
- Are TNSPs immune from an asset utilisation driver ?



Source: ElectraNet Revenue Proposal Overview, 47



# Operational Expenditure

- Engagement on Opex
  - Benchmarking
  - CAP was briefed (informed)
  - Upward pressure on opex costs (e.g. insurance)

# Some Learnings

- **From Seed and our review:**
  - Engagement journey and destination
  - Issues outside of the reset
  - Engagement culture
  - TNSP stakeholder engagement

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