

Mr Warwick Anderson
General Manager
Australian Energy Regulator

Via Email: AusNetServices2022@aer.gov.au

4 October 2021

Dear Warwick,

Re: AusNet Services 2022-2027 Transmission Revenue Reset Revised Proposal

The Energy Users' Association of Australia (EUAA) is the peak body representing Australian commercial and industrial energy users. Our membership covers a broad cross section of the Australian economy including significant retail, manufacturing, building materials and food processing industries.

In the interest of full disclosure, the EUAA are a member of the AusNet Services Customer Consultative Committee (CCC) and have been for several years. AusNet Services are also one of nine EUAA Corporate Partners, which is an initiative established by the EUAA in 2016 to improve the relationship between the energy industry and its customers.

We write in support of the revised 2022-2027 Transmission Revenue Reset (TRR) proposal provided to the AER by AusNet Services on 2 September 2021. While we will not opine on the economic veracity of the TRR proposal, as this is the role of the AER, we will provide opinion on the approach taken by AusNet Services to stakeholder engagement. We will also provide some views on the escalating breadth and quantum of uncontrollable costs that are passed through to Victorian energy users as part of the TRR.

AusNet Engagement

As a member of the AusNet Services CCC, the EUAA have been involved in the 2022-2027 TRR from the beginning of the formal process. As identified by the AER in your Draft Determination of 30 June 2021¹ AusNet Services dramatically increased their engagement over the past six months. Our experience is consistent with the following statement:

"...AusNet Services' consumer engagement picked up momentum at the end of April 2021 when it began delivery of a series of stakeholder engagement workshops regarding the potential changes to its expenditure forecasts. These workshops allowed stakeholders to consider how new information might affect AusNet Services' revised proposal and gave stakeholders the opportunity to influence the changes that may need to be made to AusNet Services' revised proposal.

In addition to AusNet Services providing an overarching view of the main elements of the TRR, the engagement followed a form of "co-design" where members of the CCC provided guidance to AusNet Services on the topics that mattered most to them. As recognised by the AER, this resulted

¹ https://www.aer.gov.au/system/files/AER%20-%20Draft%20Decision%20-%20AusNet%20Services%20transmission%202022-27%20-%20Overview%20-%2030%20June%202021_0.pdf

in AusNet Services establishing a series of deep dive sessions allowing CCC members to fully explore the desired areas of the TRR.

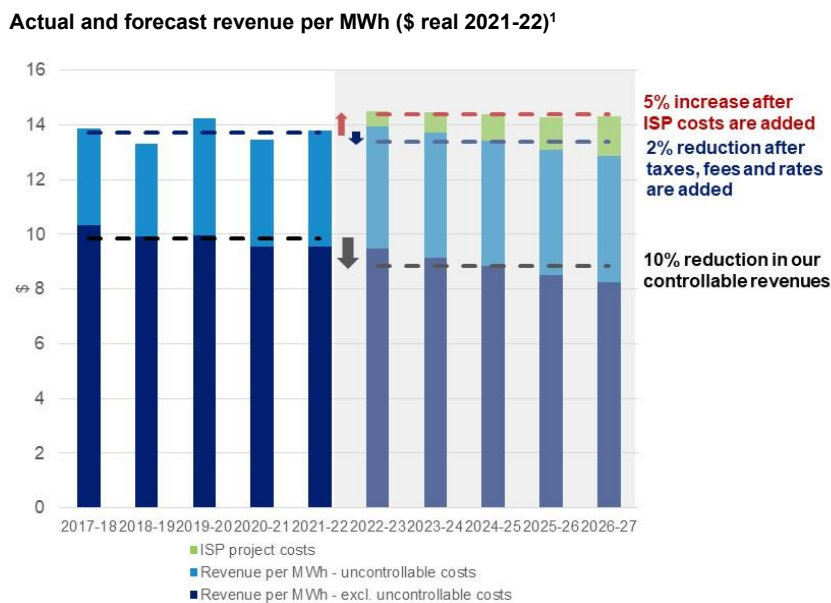
We feel that AusNet Services were open and transparent in discussing issues raised by the CCC (both within the deep dive sessions and in broader discussions) and that, where possible, CCC feedback was taken into account and included in the TRR. Therefore we are confident that the following statement, taken from the revised TRR proposal² is an accurate reflection of our experience:

“Our Revised Proposal has taken explicit account of our customers’ views and focused particularly on providing transparency of our own plans and costs and how they interact with transmission plans and costs not explicitly covered by this review and managed by other parties.”

We commend the approach taken by AusNet Services in the development of their 2022-2027 TRR and have observed a process of continuous improvement in stakeholder engagement over the past 18 months. While more can always be done, based on our experience to date we believe AusNet Services are well on their way to achieving best practice stakeholder engagement.

Uncontrollable Costs

The following chart can be found on page 18 of the revised TRR³ which clearly demonstrates the significant impact that uncontrollable costs have on the transmission element of Victorian energy bills.



² <https://www.aer.gov.au/system/files/AusNet%20Services%20-%20TRR%202023-27%20-%20Revised%20Revenue%20Proposal%20-%20201%20September%202021.pdf>

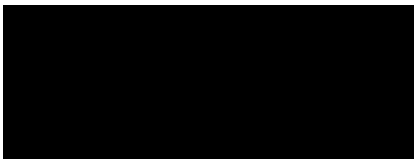
³ <https://www.aer.gov.au/system/files/AusNet%20Services%20-%20TRR%202023-27%20-%20Revised%20Revenue%20Proposal%20-%20201%20September%202021.pdf>

A vast majority of these uncontrollable costs are due to the Easement Land Tax (i.e. the now defunct Portland Aluminium Levy). The ELT has increased significantly in recent years and is part of a worrying trend of transmission and distribution bill increases being driven by external factors, not only in Victoria but progressively across the entire NEM.

While we recognise these uncontrollable costs are not subject to AER assessment we feel it important to raise this issue at every opportunity. We believe it is unfair on both consumers and network service providers that network bills are becoming a form of de-facto tax collection device where costs are passed through without proper due diligence, sufficient oversight or robust cost benefit analysis.

Feel free to contact me directly if you would like to discuss any aspect of this brief submission.

Kind regards



Andrew Richards
Chief Executive Officer
Energy Users Association of Australia