

12 May 2023

Mr Warwick Anderson
General Manager
Australian Energy Regulator

Sent via AERresets2024-29@aer.gov.au

Dear Mr. Anderson,

Evoenergy – 2024-29 Distribution Revenue Proposal

Energy Networks Australia (ENA) appreciates the opportunity to respond to Evoenergy's regulatory proposal for the 2024-29 regulatory control period.¹

ENA is the national industry body representing Australia's electricity transmission and distribution and gas distribution networks. Our members provide more than 16 million electricity and gas connections to almost every home and business across Australia.

As highlighted in Evoenergy's proposal, energy networks are facing transformational change, with the speed of the energy transition driven by consumer behaviour and government policies, such as the ACT Government's policy of net zero by 2045.

ENA encourages the AER to consider what mechanism or suite of mechanisms in regulatory determinations best meet the changing needs the energy transition in terms of balancing risk and ensuring the long-term interests of consumers.

The regulatory framework allows for limited circumstances in which a distributor's revenue allowance can be adjusted during a regulatory control period, such as through the contingent project mechanism, which is utilised when a large project has been pre-identified through the regulatory process but is dependent on an accompanying trigger event occurring.

Importantly, the Australian Energy Regulator's (AER) ex-ante revenue allowance does not include any contingent project expenditure. Instead, an approved contingent project will be assessed for prudence and efficiency by the AER within period following the trigger event being successfully met.

Evoenergy has proposed a contingent project for a program of substation and feeder works to address network constraints resulting from higher than projected electric vehicle uptake and electrification.

Networks are key enablers of the energy transition, and it is crucial that networks are prepared for net zero. ENA therefore supports the proposed use of the contingent project mechanism, which balances regulatory flexibility with efficiency, ensuring that

¹ Evoenergy, https://www.aer.gov.au/system/files/Evoenergy-Regulatory%20proposal-January%202023_Public.pdf, 31 January 2023.

costs are minimised for consumers. A clearly defined trigger event and a comprehensive assessment and consultation process should that trigger event be successfully met are important safeguard elements of the framework and will be applied under this approach.

If you wish to discuss any of the matters raised in this response further, please contact Victoria Baikie, Economic Analyst, on [REDACTED]

Yours sincerely,

[REDACTED]
Garth Crawford
Acting Chief Executive