

Important information for large business customers: planned changes to electricity prices

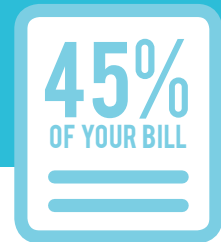


Jemena is your electricity distributor. We own the poles, wires and meters supplying electricity to approximately 320,000 customers across Melbourne's north-western suburbs including about 1,460 large businesses.

We are planning to change our network distribution charges for large business customers to make our prices more cost reflective.

Our prices (network bills) cover the cost of delivering electricity to you, and they typically make up between 40 and 45% of your total electricity bill.

OUR PRICES (NETWORK BILLS) MAKE UP



What changes are planned?

Our total network bills will be lower in real terms over the next five years, between 2016 and 2020.

1

By 2020, an average low voltage customer with consumption of 368MWh and demand of 170kW will be an estimated \$556 better off in today's dollars.*

An average high voltage customer with consumption of 6,745MWh and demand of 2298kW will be an estimated \$3,668 better off.**

AVG LOW VOLTAGE CUSTOMER

\$556
BETTER OFF

AVG HIGH VOLTAGE CUSTOMER

\$3,668
BETTER OFF

2

How we measure demand is changing from 2017, meaning the efficiency of your business's electrical supply (your Power Factor) will begin to impact the size of your network bills.

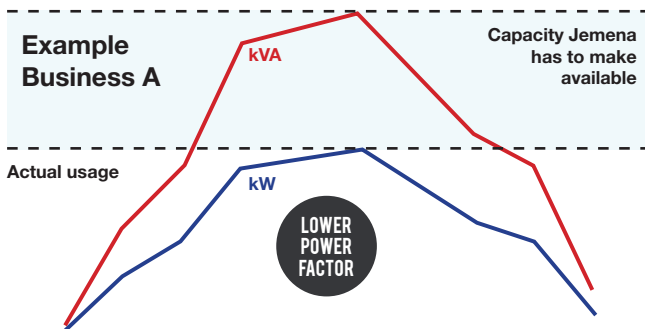
We are planning to change how we measure demand from kilowatts (kW) to Kilovolt amperes (kVA) from 2017.

Kilowatt measures active power, whereas kVA measures apparent power – apparent power is a more realistic measure of the total capacity our network needs to make available to your business as it includes capacity for wasted reactive power.

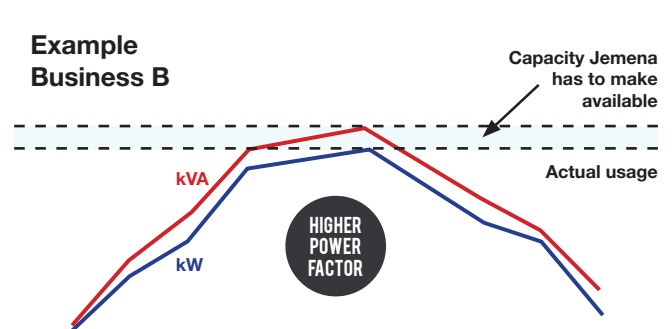
Businesses with an efficient electrical supply who have a better than average power factor will pay relatively lower network bills than businesses with a poorer than average power factor.



YOUR NETWORK BILL



Business A has an inefficient electrical supply. The gap between active power and apparent power is large, meaning the site has a low power factor and a higher than necessary demand charge.



Business B has an efficient electrical supply. The gap between active power and apparent power is small, meaning the site has a high power factor and relatively lower demand charge.

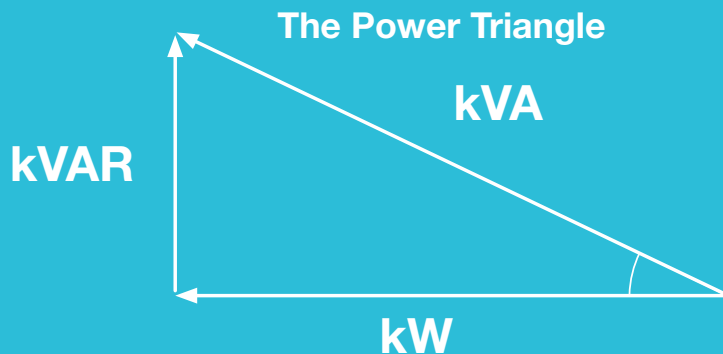
*Assumes demand of 190kVA from 2017

**Assumes demand of 2,553kVA from 2017

What's your Power Factor?

Power Factor is a measure of how effectively your site uses its electricity supply. Power factor is the ratio of real power (kW) to apparent power (kVA).

You can calculate your Power Factor using metering data, or you can contact Jemena if you need help.



$$\text{Power Factor (PF)} = \frac{\text{kW}}{\text{kVA}}$$

Improving your Power Factor to save on electricity costs

Your business can improve Power Factor and reduce maximum demand in a number of ways. You can investigate installing approved Power Factor Correction, energy efficient or demand management equipment at your site. If you already have this equipment installed and it is not operating correctly, you may need to repair it.

Contact us if you need assistance in identifying power factor issues and determining your possible power factor correction measures on 1300 131 871 or via email customerrelations@jemena.com.au

Power Factor Correction measures can also be discussed with your preferred electrical contractor or power factor correction specialist. If you don't have a preferred specialist, we can help you find one.

Why are we making these changes?

Jemena will not make any more money from the price changes.

The change to how we measure demand is designed to make our charges better reflect our actual costs to deliver electricity to your business.

Although electricity consumption growth is relatively flat across our network, our network costs are being driven by peak demand growth – growth in the amount of electricity our combined customer base

needs at peak times such as a very hot summer evening. Demand growth drives our costs because we need to build and maintain our network to meet our customers' electricity needs every day of the year.

The new prices will provide an incentive for large businesses to improve their power factor which reduces the capacity we need to make available to them and frees up capacity in the network; in turn this reduces our network costs and future network prices for all our customers including large businesses will be lower.



Have your say on our planned changes

Our prices are approved by the Australian Energy Regulator, and our planned changes are outlined in full in our 2016 Plan available at www.jemena.com.au.



www.jemena.com.au



haveyoursay@jemena.com.au

