

In August 2017, we released our Directions and Priorities Consultation Paper.

The purpose of the document was to consolidate the feedback we had heard from customers between October 2016 and June 2017 and show how it is reflected in our preliminary plans.

It also sets our forecast capital and operating expenditure plans, revenue requirements and indicative price outcomes.

Customers and stakeholders made submissions and comments on our plans which we considered when preparing a provisional proposal and eventually our revenue proposal.

We have captured this customer feedback and our intended response in the following table.



Direction and Priorities Consultation Paper

Transmission and Distribution Determination 2019-24
August 2017



Customer/Stakeholder	Feedback received	TasNetworks' response
<p>Consumer Challenge Panel</p>	<p>Expectation that the paper will make reference to the role of OTTER in reviewing and setting reliability standards.</p> <p>Customer expectations are also for 'lower costs'.</p> <p>Paper indicates that overall network charges are likely to increase. 'This is not what we heard consumers saying they wanted'.</p> <p>CCP13 wishes to emphasise that any price increases above CPI need to be rigorously explained and justified. Consumers reasonably expect real price reductions.</p> <p>It is hoped that TasNetworks will explain any opportunities it has for improving reliability outcomes by using cost savings and efficiency gains.</p>	<p>We have captured the feedback from our customers and whilst most customers want 'lower costs' it is not at the expense of providing safe and reliable services. Our proposal balances the need to provide safe and reliable service at the lowest sustainable cost.</p> <p>Our final proposal has revenue increasing just above the cost of living and to achieve such modest increases has required a package of savings to be developed, including aligning our transmission rate of return with the lower distribution rate.</p>
<p>Consumer Challenge Panel</p>	<p>This section of the draft paper provides the first reference to proposed contingent projects. These are significant potential expenditures and CCP13 encourages TasNetworks to engage consumers on these projects and their potential impact on revenues and prices.</p> <p>There needs to be a clear pathway to ensure those customers not subject to price controls move as quickly as possible towards cost reflective network pricing.</p> <p>The discussion of benchmarking in Section 3.3 is disappointing. It would be useful for consumers reading the Paper to be informed about how these benchmarking results influence the process.</p>	<p>The timing and probability of our proposed contingent projects remain subject to external triggers and we are continuing to review these projects on an ongoing basis as more information becomes available. We are continuing to keep our customers and stakeholders informed of developments.</p> <p>We are balancing a cross-section of views to get pricing right so that vulnerable customers are supported while we transition to more cost-reflective pricing for all customers.</p> <p>We are continuing to work constructively with the AER on benchmarking as it matures in the NEM.</p>

Customer/Stakeholder	Feedback received	TasNetworks' response
Consumer Challenge Panel	<p>Commitment to “Productivity targets” is welcome but what are they?</p> <p>What is the relationship with the ENA/CSIRO Network Transformation Roadmap?</p>	<p>As noted in our Regulatory Proposal, we have developed a package of measures that keeps downward pressure on prices including optimising our capital forecasts and keeping our operating costs below the cost of living.</p> <p>Our business transformation 2025 strategy is underpinned by the ENA/CSIRO Network Transformation Roadmap.</p>
Consumer Challenge Panel	<p>It is not obvious where pricing reform fits in the 5 key areas identified.</p> <p>Network Utilisation is mentioned several times but no historical data nor forecasts are provided. There is scope to expand this in terms of actual initiatives proposed for the 2019-24 period.</p> <p>CCP13 welcome the commitment to adhere to the AER’s Better Regulation Rate of Return Guideline for calculating WACC” and believe this would be an appropriate inclusion in the Directions and Priorities Paper.</p>	<p>As a direct result of feedback from the CCP and some customers, we have now included a sixth priority – bringing the community on the journey of pricing reform.</p> <p>We have expanded on our forecasts in detail as part of our submission to the Regulator.</p> <p>As part of our submission we have adopted the AER’s Guideline for the rate of return and over and above the Guideline, we have adopted the distribution rate of return for our transmission customers.</p>

Customer/Stakeholder	Feedback received	TasNetworks' response
<p>Consumer Challenge Panel</p>	<p>The absence of totals in tabular format of these costs makes comparisons difficult.</p> <p>The paper identifies four Transmission contingent projects and more information could be made available regarding the likelihood of these investments occurring, their benefits to consumers and the implications for revenues and prices (and the RAB).</p>	<p>Noted, will be amended in our final proposal.</p> <p>The timing and probability of our proposed contingent projects remain subject to external triggers and we are continuing to review these projects on an ongoing basis as more information becomes available. We are continuing to keep our customers and stakeholders informed of developments, including any likely impacts on revenues and prices. We expect to provide this additional modelling in response to the AER's issues paper in early 2018.</p>
<p>Consumer Challenge Panel</p>	<p>Rule Changes - The likely scale of these changes and the implications for both capex and opex in both Transmission and Distribution could be included.</p> <p>Details on the cost savings that have resulted from the combination of transmission and distribution functions into TasNetworks.</p> <p>More information about the contingent projects, particularly large-scale wind and 2IC.</p> <p>Explanations of step change such as the increased IT expenditure.</p>	<p>We are continuing to review our assumptions in relation to open rule changes and will amend our forecasts, if necessary, as part of our Revised Regulatory Proposal in 2018 when some of these potential costs are better understood.</p> <p>We have included more information on all other matters as part of our Regulatory Proposal.</p>

Customer/Stakeholder	Feedback received	TasNetworks' response
Consumer Challenge Panel	<p>Unfortunately, the Paper does not explain the implications of this for customers before asking the above question. The paper should explain why a change would be in the long-term interests of consumers.</p>	<p>We have provided further information on the proposed changes for STPIS in response to feedback on our website as an additional round of consultation. This was based on feedback that we received that we had not provided enough information as part of our Direction and Priorities Paper to enable informed decision making by customers and stakeholders.</p> <p>We also provide more detail in our Regulatory Proposal.</p>
Consumer Challenge Panel	<p>An approach with contingent projects similar to WACC presentation would also be of value to customers as it allows them to see the range of possible outcomes over the upcoming regulatory period.</p> <p>Additional context for the WACC values would also be informative for customers and contribute to a greater degree of transparency.</p> <p>The inclusion in Figures 12 and 13 of expenditure as an 'orange box' that "reflects additional forecast costs that we foresee, but which we propose to absorb through offsetting efficiency gains" is confusing and could be explained better.</p> <p>Figure 16 would have been more informatively presented as a price outcome in order to illustrate the unwinding of cross subsidies between residential and business customers. At least, the consumption quantities should be stated to allow for average prices to be calculated.</p>	<p>Where possible we have enhanced the presentation of our information in our regulatory proposal based on the feedback from all customers and stakeholders we received.</p>

Customer/Stakeholder	Feedback received	TasNetworks' response
<p>Consumer Challenge Panel</p>	<p>It is currently not clear that progress on tariff reform will be sufficient to fulfil the 2025 Roadmap's vision.</p> <p>It would be of value to consumers for TasNetworks to outline how they are collaborating with other DNSPs on the AER's view of the current and future TSS.</p>	<p>In this 2019-24 period, we will continue to move towards more cost reflective pricing by:</p> <ul style="list-style-type: none"> • continuing to progressively reduce longstanding cross subsidies between customers and between tariffs; • introducing two new demand based time of use tariffs to give residential and small business customers who invest in distributed energy resources (DER) like solar generation, batteries and electric vehicles new opportunities to control their electricity costs; • providing an 'introductory' discount for the off-peak charge component of the demand based time of use tariffs for residential and small business customers, including the tariffs introduced during the current regulatory period, to encourage customers to choose them; • introducing two new tariffs for embedded networks; • collecting advanced meter and trial data to help us better manage customer impacts in future phases of network tariff reform; and • ensuring that we offer tariffs for new energy technologies and customer types.

Customer/Stakeholder	Feedback received	TasNetworks' response
<p>Consumer Challenge Panel</p>	<p>A central objective must be transparency of the drivers of costs and their allocation to different customers. An important aspect of this is for customer representatives to be able to engage with TasNetworks and Aurora at the same time. CCP13 notes that this occurred at a recent Pricing Reform Working Group and that further opportunities are being identified. We would encourage further cooperation.</p> <p>The Paper could deal more comprehensively with the issues involved with Tariff reform in Tasmania (including political and customer issues).</p>	<p>We continue to engage transparently with all customers and stakeholders and actively seek out new opportunities with all retailers operating in Tasmania.</p>

Customer/Stakeholder	Feedback received	TasNetworks' response
COTA	COTA did not address this question specifically however highlight the need for TasNetworks to keep fixed costs to a minimum and demonstrate that all of its operations and investments are efficient and aim to reduce the strain on consumers.	We continuously deliver services at the lowest sustainable cost and well within the AER's benchmarks. We are confident that we are lodging a prudent and efficient proposal that the AER can accept.
COTA	While communicating online and through social media is a useful way to connect with consumers quickly, it is vital that TasNetworks also continues to improve how they communicate with consumers who are offline. Continuing to support community through program sponsorship is a key issue.	We continue to investigate the manner in how we communicate with all our customers across multiple platforms and are mindful of the diversity of the customer base in Tasmania, particularly the vulnerable and the elderly.
COTA	'We will continue to engage with our customers to ensure that the technologies we deploy are fit for purpose and deliver customer value'. Suggested addition: ...and we ensure that customers are supported to use these technologies effectively to understand and regulate their energy consumption to reduce costs without adversely affecting their lifestyle.	We are currently running a number of technology trails including the CONSORT Bruny Island Battery Trial and the Empowering You network pricing trial. Both these trails have a significant social science aspect that will support us develop fit-for-purpose services in the future.
COTA	COTA requested that more information be provided about the drivers of changing levels of expenditure, and how investments and operating directions and priorities will result in cost savings for consumers. Where cost savings for consumers are not a driver of expenditure, COTA requested information about why the expenditure is necessary and the price impact for consumers.	We have provided further information in our Regulatory Proposal.

Customer/Stakeholder	Feedback received	TasNetworks' response
COTA	COTA agreed with the alignment of the timing of the service incentive schemes applying to TasNetworks' transmission and distribution networks, as long as customers are not affected by penalties if TasNetworks fails to meet any new measures.	The changes we are proposing are symmetrical, therefore any new measures will have equal exposure for both customers' and TasNetworks, depending on service levels received.
COTA	COTA requested that more information be provided about how consumers will be educated about new tariffs.	We are continuing to work with retailers to address this.

Customer/Stakeholder	Feedback received	TasNetworks' response
COTA	<p>COTA highlighted the need for TasNetworks to provide information and instruction to older Tasmanians (particularly those with low levels of digital literacy) to enable them to benefit from TasNetworks' new network tariffs and advanced metering, particularly in such a way as to reduce their energy bill without reducing energy use or adversely affecting their lifestyle.</p> <p>Will consumers be supported to understand what particular elements of their individual demand could be changed to provide an even lower energy cost via reduced energy use or movement to a more appropriate tariff?</p>	<p>We continue to investigate the manner in how we communicate with all our customers across multiple platforms and are mindful of the diversity of the customer base in Tasmania, particularly the vulnerable and the elderly.</p> <p>It is the role of the retailer to offer products and services to customers; however we are continuing to work with retailers to ensure we enable the delivery of new products and services.</p> <p>To support this work, we are currently undertaking the emPOWERing You Trial, one of the aims of which is to test customer communication and education processes, in order to help us establish the most effective methods to support customers and retailers during this transition.</p> <p>The results of the trial will inform how we explain demand based time of use tariffs to customers and guide the development of tools to help our customers compare network tariffs and understand what a change to a demand based tariff might mean for them.</p>
COTA	<p>With older Tasmanians characterised as being low energy use consumers, COTA contends that fixed charges should be kept to a minimum, in the interests of enabling the consumers it represents to maintain control over their electricity costs.</p> <p>COTA has indicated that it is supportive of TasNetworks approach</p>	<p>We remain committed to network pricing reform and ensuring all customers pay for the services they receive through a gradual transition to cost reflective pricing.</p>

Customer/Stakeholder	Feedback received	TasNetworks' response
	<p>to tariff reform, but noted the importance of ensuring that consumers are able to use the new tariffs effectively.</p>	<p>Our service charges for each tariff are primarily designed to recover the fixed costs that arise from the connection and management of each customer to our network. This sends a consistent and predictable price signal to customers about the value of their network connection.</p> <p>Our volume based charges are designed to recover the residual or shared network costs on a basis which reflects how our customers use the distribution network.</p> <p>Over time we will be reducing our reliance on consumption based network charges and moving towards a greater reliance on demand based time of use network charges.</p> <p>Our new demand based time of use network tariffs for residential and small business customers are designed to recover our costs in a way that reflects how our customers use the distribution network at the peak times which is what drives our future variable costs.</p>

Customer/Stakeholder	Feedback received	TasNetworks' response
John Marrone	<p>'I would ideally like better reliability at a lesser price – otherwise we will always be at the same level and unable to improve'.</p> <p>The ongoing need to keep power prices for consumers as low as possible (especially for those in Tasmania who cannot afford to keep heaters running in very cold mid-winter conditions).</p> <p>Overall I think it is all mainly about keeping electricity prices as low as possible for all and ensuring a consistent power supply for such an essential service.</p> <p>Decreasing, limiting or capping renewable energy costs obtained from consumers back to the grid (from wind or rooftop solar panels for example).</p>	<p>We have heard the feedback from our customers' in relation to lowest sustainable prices without compromising reliability and our Regulatory Proposal balances these imperatives.</p>

Customer/Stakeholder	Feedback received	TasNetworks' response
Tasmanian Farmers & Graziers Association	<p>For agriculture, reliability is critical. To have a consistent power supply when farming operations need it is paramount.</p> <p>Price is very important, but equally important is having a set price that farmers can budget and plan for.</p>	<p>Our Tariff Structure Statement which we lodge with our Regulatory Proposal sets out the indicative charges for all customers for five years.</p>
Tasmanian Farmers & Graziers Association	<p>Animal welfare: During a power outage, it would be beneficial to include animal welfare under the emergency line when calling 132 004 outage number. *</p> <p>Priority given to restoring power quickly to farming operations.</p> <p>TFGA propose the use of "preferred external electrical contractors" to assist customers by undertaking certain jobs on behalf of TasNetworks during major power outages, when TasNetworks resources are potentially capacity constrained. *</p>	<p>Customers currently calling our 132004 number can indicate when there are animal welfare issues impacted by outages.</p> <p>We continue to work constructively with the TFGA and other primary producers to minimise outage disruption where possible.</p> <p>We use a range of suitable qualified contractors; this includes supporting restoration efforts during extended outages.</p>

Customer/Stakeholder	Feedback received	TasNetworks' response
Tasmanian Farmers & Graziers Association	<p>The TFGA is questioning if the transition of poles from public to private ownership was legally undertaken.</p> <p>The Transformation Roadmap 2025 that outlines some of the key changes TasNetworks expects to see isn't entirely accurate without adding the issue of ownership of power poles on private land. This is a major issue for private landowners not knowing if they own the poles; if they have a responsibility to maintain; or replace poles into the future. This is something that should be addressed.</p>	<p>We have responded to this issue separately.</p>

Customer/Stakeholder	Feedback received	TasNetworks' response
<p>Tasmanian Farmers & Graziers Association</p>	<p>The TFGA is supportive of cost-reflective network tariffs for primary producers.</p> <p>TFGA contended that TasNetworks thinking in relation to the application of differential pricing to time of use periods, as they relate to irrigation at least, may not be consistent with contemporary agricultural practices, which can see crops needing to be irrigated throughout the day.</p> <p>Tariff 75, irrigation time of use, is a good example where reform is needed.</p> <p>TFGA want to work with TasNetworks to consider the best options available to have a responsive tariff that will meet the changing dynamics of agriculture across the State.</p>	<p>In this 2019-24 period, we will continue to move towards more cost reflective pricing by:</p> <ul style="list-style-type: none"> • continuing to progressively reduce longstanding cross subsidies between customers and between tariffs; • introducing two new demand based time of use tariffs to give residential and small business customers who invest in distributed energy resources (DER) like solar generation, batteries and electric vehicles new opportunities to control their electricity costs; • providing an 'introductory' discount for the off-peak charge component of the demand based time of use tariffs for residential and small business customers, including the tariffs introduced during the current regulatory period, to encourage customers to choose them; • introducing two new tariffs for embedded networks; • collecting advanced meter and trial data to help us better manage customer impacts in future phases of network tariff reform; and • ensuring that we offer tariffs for new energy technologies and customer types.

Customer/Stakeholder	Feedback received	TasNetworks' response
Tasmanian Renewable Energy Alliance	<p>TREA's opinion is that "the implications of this Roadmap are not sufficiently reflected in the Directions and Priorities to 2024".</p> <p>The summary on p.7 of the TasNetworks Roadmap proposes that some very major changes in the nature of the grid will be in place by 2027. More work is required to test how these changes will be reflected in the Tasmanian context.</p>	<p>We have provided an update on TasNetworks Business Transformation Strategy 2025 as part of our Regulatory Proposal and have provided more information on our forecasts as part of our Regulatory Proposal also.</p>
Tasmanian Renewable Energy Alliance	<p>TREA highlighted the importance of providing customers with pricing signals that reflect the value that access to the network provides to customers with, or contemplating an investment in DER, even to the extent that some may consider "paying more for access to the network if it provides additional value to them".</p> <p>In supporting the aim of providing improved customer information, TREA highlighted the need to provide information to consumers about locations in which potential network constraints may either limit the ability to install DER or provide an opportunity for DER to add value to the network.</p>	<p>Our Annual Planning Report (APR) provides an opportunity for industry to address network constraints through the provision of non-network solutions. The AER has recently released a Guideline that prescribes the format of the APR to assist stakeholders to interpret data in different jurisdictions.</p>
Tasmanian Renewable Energy Alliance	<p>TREA requested more information about the drivers of the development expenditure on the transmission network in 2020-21 and 2021-22 which will see transmission capex at higher levels than it has been since 2013-14.</p> <p>TREA expressed reservations about the potential impact on prices that some of the transmission related contingent capital expenditure items would have if implemented, particularly the \$458m contribution towards the cost of a second interconnector under Bass Strait.</p> <p>More detail and early customer engagement is required and is important to ensure that the benefits of these investments are commensurate with the cost incurred by consumers.</p>	<p>We have provided more information on the George Town statcom as part of our Regulatory Proposal and will be commencing consultation on this project as part of undertaking a Regulatory Investment Test – Transmission in 2018, which the project must pass before any investment commences.</p> <p>We are confident that we are lodging a prudent and efficient proposal that the AER can accept.</p> <p>The timing and probability of our proposed contingent projects remain subject to</p>

Customer/Stakeholder	Feedback received	TasNetworks' response
		external triggers and we are continuing to review these projects on an ongoing basis as more information becomes available. We are continuing to keep our customers and stakeholders informed of developments.
Tasmanian Renewable Energy Alliance	<p>TREA requested that more consideration be given, or information provided, regarding tariffs which apply to or support local energy trading, the provision of network support services and the integration of EVs into the grid.</p> <p>TREA requested advice on whether TasNetworks intends providing restrictions or incentives to discourage or encourage the installation of DER in particular localities, to the benefit of the network.</p> <p>TREA also enquired about:</p> <ul style="list-style-type: none"> ➤ what, if any, incentives might be offered by TasNetworks to the owners of storage capacity to provide services to the network. ➤ whether TasNetworks proposes to introduce tariff or other arrangements to encourage the charging of electric vehicles in ways which minimise negative impacts on the network. ➤ what tariffs might be used to encourage/enable EV owners to provide services to the network. 	We have addressed our approach and strategy as part of our Tariff Structure Statement that is submitted along with our Regulatory Proposal. We have addressed our approach and strategy as part of our Tariff Structure Statement that is submitted along with our Regulatory Proposal.
Tasmanian Renewable Energy Alliance	<p>TREA expressed concern that increases in fixed charges and reductions in variable charges may discourage energy efficiency.</p> <p>TREA expressed reservations about the social impact of closing the pricing differential gap between the TAS31 and TAS41 network tariffs</p> <p>TREA advocated the use of trials to identify the appropriate tariffs to support greater integration of DER into the network.</p>	We have addressed our approach and strategy as part of our Tariff Structure Statement that is submitted along with our Regulatory Proposal.

Customer/Stakeholder	Feedback received	TasNetworks' response
Tasmanian Small Business Council	<p>TSBC noted that there are areas of Tasmania, generally rural, where the reliability performance of the electricity network is significantly worse than other areas.</p> <p>TSBC suggests that TasNetworks revenue proposal should provide details of community based network performance (reliability) and that incentive schemes should be based on that performance.</p>	<p>TasNetworks' is continuing to make targeted investments in areas of poor performance and this approach is continuing in the 2019-24 regulatory period.</p> <p>Our current service incentive scheme for distribution is based on "101 reliability communities" and therefore disaggregate our performance standards down to communities.</p>
Tasmanian Small Business Council	<p>TSBC request more information about the drivers of the reduction in TasNetworks' operating costs which has contributed to the improvement in TasNetworks' MTFP benchmarking for its transmission network, and the long term implications of the reduction in asset services expenditure.</p>	<p>TasNetworks' does not foresee any long-term implications for its reductions in operating expenditure, as these reductions have related to the removal of duplication in services.</p>
Tasmanian Small Business Council	<p>The claimed linkages with the ENA's Energy Roadmap were not clear to the TSBC, in terms of expenditure by TasNetworks or the resulting benefits for its customers.</p> <p>Overall feedback reflected that the regulatory proposal should, to the maximum extent possible, provide accurate and justifiable forecasts and the required detail.</p>	<p>Our business transformation 2025 strategy is underpinned by the ENA/CSIRO Network Transformation Roadmap.</p> <p>More information is provided as part of our Regulatory Proposal.</p>
Tasmanian Small Business Council	<p>More detail is needed in the final regulatory proposal in relation to the five goals identified in the directions and priorities</p> <p>The TSBC seeks to understand in more detail from the Revenue Proposal how TasNetworks is positioning itself to deal with a range of foreseeable future outcomes in order to avoid price shocks or service degradation in the event of a significant change to the existing "steady state" environment.</p>	<p>As a direct result of feedback from the TSBC and some customers, we have now included a sixth priority – bringing the community on the journey of pricing reform.</p> <p>We have expanded on our forecasts in detail as part of our submission to the Regulator.</p>

Customer/Stakeholder	Feedback received	TasNetworks' response
<p>Tasmanian Small Business Council</p>	<p>Transmission Capex TSBC couldn't see any evidence of the savings and/or benefits for customers foreshadowed in the Smart Grid Smart City report or the ENA's forecast of avoided capex reflected in TasNetworks' forecasts.</p> <p>Distribution Capex Expressed concern about the drivers of an annual increase in renewal capex of around \$10M compared to 2018-19 levels over the three years from 2019-20 to 2021-22.</p> <p>Expressed concern about an increase in the annual capex on IT and communications, over and above the levels reported/forecast for 2012 – 2019, which the TSBC labelled "very high given the scale of Tasmania's electricity distribution system".</p> <p>Contingent Projects The TSBC suggests the trigger of passing the AER's Regulated Investment Test should include an analysis of costs and quantifiable financial benefits which will accrue to each section of the Tasmanian electricity customer base, and that the project approval process should ensure that audited benefits exceed costs for any approved project.</p>	<p>We have set our more detailed information on our future plans as part of our Regulatory Proposal.</p>
<p>Tasmanian Small Business Council</p>	<p>The TSBC claimed that a gap between the prices paid by small business compared to domestic customers, and the inherent cross subsidy, will be maintained over the next six years, or maybe even widened. The TSBC did not support this outcome.</p> <p>TSBC hasten the move to cost-reflective pricing and the removal of cross-subsidies and notes that TasNetworks and shareholders seem reticent to support this.</p>	<p>In this 2019-24 period, we will continue to move towards more cost reflective pricing by:</p> <ul style="list-style-type: none"> • continuing to progressively reduce longstanding cross subsidies between customers and between tariffs; • introducing two new demand based time of use tariffs to give residential and small business customers who invest in

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		<p>distributed energy resources (DER) like solar generation, batteries and electric vehicles new opportunities to control their electricity costs;</p> <ul style="list-style-type: none"> • providing an 'introductory' discount for the off-peak charge component of the demand based time of use tariffs for residential and small business customers, including the tariffs introduced during the current regulatory period, to encourage customers to choose them; • introducing two new tariffs for embedded networks; • collecting advanced meter and trial data to help us better manage customer impacts in future phases of network tariff reform; and • ensuring that we offer tariffs for new energy technologies and customer types.

Customer/Stakeholder	Feedback received	TasNetworks' response
<p>Tasmanian Small Business Council</p>	<p>The TSBC wishes to understand what information will be provided to small businesses and how the information will be provided, in order to understand the difference between what they are currently being charged, what they will be charged in future as a result of changes which they cannot influence, and what they will be charged if they switch tariffs or change their consumption behaviour.</p> <p>Small businesses are typically time poor and can be expected to have little engagement in the tariff reform process without such information and clear incentives for them to change.</p> <p>Importantly, small businesses should not be expected to modify their electricity consumption behaviour unless the rewards for doing so are sufficiently large and measurable.</p>	<p>Electricity retailers have an important role to play in supporting network pricing reform, by ensuring that cost reflective network pricing signals are preserved in the electricity prices seen by all customers, rather than being bundled up as part of the delivered cost of electricity. We will continue to work with all electricity retailers, to progress our pricing strategy and work to ensure that our new and adjusted network charges are incorporated into the retail tariffs offered to customers in the future.</p>
<p>Tasmanian Small Business Council</p>	<p>TREA is supportive of the introduction of demand based tariffs on an opt-in basis for residential and small business customers.</p> <p>TREA are concerned that increases in fixed charges and reduction in variable charges will discourage energy efficiency.</p> <p>TREA do not believe sufficient investigation and analysis has been undertaken on the social impact of closing the gap between the TAS31 and TAS41 network tariffs.</p> <p>TREA believe active consultation and trials are necessary to identify the appropriate new tariffs to support greater integration of DER into the network.</p> <p>Meeting the scenarios for the role of DER by 2027 in the national Roadmap will require new tariffs to be designed, trialled and widely implemented before the end of the 2019-24 determination period.</p> <p>Through the PRWG process, the TSBC has maintained its broad support for TasNetworks approach to tariff reform.</p>	<p>We have addressed our approach and strategy as part of our Tariff Structure Statement that is submitted along with our Regulatory Proposal.</p>

Customer/Stakeholder	Feedback received	TasNetworks' response
Tasmanian Council of Social Services	<p>There should be no reduction in reliability or increase in cost, but we would add that any reduction in cost without compromising reliable service will assist people who are now struggling to pay for the energy they need.</p>	<p>Overwhelmingly, customers have told us that they do not support marked increases in revenue. We have listened to this feedback and, as a result, our proposal has average network charges increasing just above the cost of living and well below pre-merger levels. To achieve such modest increases has required a package of savings to be developed, including aligning our transmission rate of return with the lower distribution rate.</p>
Tasmanian Council of Social Services	<p>It is vital to know if any of the proposed revenue changes are predicted to lead to increases for residential customers above CPI, and to see very careful justification for the benefits to customers if this is expected to happen during 2019-25.</p> <p>Explicit modelling of customer impact is required to understand what the proposals mean for Tasmanian households in general, and especially for households on low incomes.</p> <p>GSL Payments – Are these remaining the same? It is timely to review this payment amount, to reflect higher cost of living pressures and increases in electricity bills since 2012.</p>	<p>Our proposal has average network charges increasing just above the cost of living and to achieve such modest increases has required a package of savings to be developed, including aligning our transmission rate of return with the lower distribution rate.</p> <p>We are supportive of any process OTTER initiates to review jurisdictional incentive arrangements.</p>

Customer/Stakeholder	Feedback received	TasNetworks' response
Tasmanian Council of Social Services	TasCOSS recommends greater consideration to keeping energy affordable, especially for low income and disadvantaged Tasmanians. Making electricity affordable for all Tasmanians should be stated explicitly.	We support the lowest sustainable prices for customers and, as a result, our network charges reduced on average by 21 per cent on 1 July 2017. Our proposal has average network charges increasing just above the cost of living and to achieve such modest increases has required a package of savings to be developed, including aligning our transmission rate of return with the lower distribution rate.
Tasmanian Council of Social Services	TasCOSS agrees that safety is the top priority for TasNetworks, however more information is required to understand how much expenditure is directly related to this priority and whether this changes or stays the same over time. More focus on understanding and acting in interests of the least well off customers, and in particular those with least capacity to engage, is needed.	More information on these matters is provided as part of our Regulatory Proposal.
Tasmanian Council of Social Services	In general, more information and detail is required to understand which parts of the expenditure are required for compliance with national rules and where there may be more latitude for deferring or changing expenditure. IT and Comms expenditure is increasing markedly from 2021-22 (p21). Why is this increase in expenditure required, and why is it required at this time?	These matters are expanded on as part of our Regulatory Proposal. In relation to IT expenditure, we have listened to our customers and are deferring what we can to minimise costs.

Customer/Stakeholder	Feedback received	TasNetworks' response
<p>Tasmanian Council of Social Services</p>	<p>We need to understand drivers of increasing expenditure – is there an increase in load, replacement of assets or augmentation, safety and compliance or something else?</p> <p>What steps have been or could be taken to reduce, defer or avoid expenditure?</p> <p>What risks are there if expenditure is delayed or not undertaken?</p> <p>More information is required to understand how demand is forecast, and how forecast and actual demand have played out in previous determination periods.</p> <p>More detail about the assumptions of transitions to different patterns of energy generation and use in households and the investments needed to support different possible projected pathways would also be required to be able to provide appropriate feedback.</p> <p>With respect to contingent projects, we would like to see greater clarity and transparency about which of these are likely to benefit Tasmanian residential customers plus who's paying?</p>	<p>We have provided more detailed information on our future plans as part of our Regulatory Proposal.</p>
<p>Tasmanian Council of Social Services</p>	<p>Table 1 shows above inflation revenue from distribution customers. Such an increase would present difficulties for people on low incomes who are already struggling with energy prices and cost of living pressures.</p>	<p>We are balancing a cross-section of views to get pricing right so that vulnerable customers are supported while we transition to more cost-reflective pricing for all customers.</p>
<p>Tasmanian Council of Social Services</p>	<p>It would be beneficial to have more information about social impacts of losing Tariff 41 – hot water and heating, including the public health benefits of the essential services of heating and hot water, and the costs incurred by the whole community when people cannot afford the energy they need.</p>	<p>We are balancing a cross-section of views to get pricing right so that vulnerable customers are supported while we transition to more cost-reflective pricing for all customers.</p>

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<p>Tasmanian Irrigation</p>	<p>TI propose a number of tariff reforms that will limit the impacts of TOU tariffs whilst proposing alternative tariffs structures that incentivise growth in the irrigated agriculture sector.</p> <p>TI believes that optimal solutions can be negotiated that would shift irrigation customers energy demand to meet crop requirements and lessen the strain on TasNetworks assets.</p> <p>TI does not support installing more expensive infrastructure that poses long and short term financial strain on end users and increases TasNetworks underutilised assets, that offer no economic benefit.</p> <p>We retain a number of fundamental concerns relating to the changes proposed over the current and future pricing determinations</p> <p>TI implores TasNetworks to fully consider the ramifications of increasing costs to the Irrigated Agriculture sector from an industry, economic and environmental perspective and to actively support areas of growth in Tasmania.</p>	<p>We have addressed our approach and strategy as part of our Tariff Structure Statement that is submitted along with our Regulatory Proposal.</p> <p>To support this, in this 2019-24 period, we will continue to move towards more cost reflective pricing by:</p> <ul style="list-style-type: none"> • continuing to progressively reduce longstanding cross subsidies between customers and between tariffs; • introducing two new demand based time of use tariffs to give residential and small business customers who invest in distributed energy resources (DER) like solar generation, batteries and electric vehicles new opportunities to control their electricity costs; • providing an 'introductory' discount for the off-peak charge component of the demand based time of use tariffs for residential and small business customers, including the tariffs introduced during the current regulatory period, to encourage customers to choose them; • introducing two new tariffs for embedded networks; • collecting advanced meter and trial data to help us better manage customer

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		impacts in future phases of network tariff reform; and <ul style="list-style-type: none"><li data-bbox="1518 325 2007 427">• ensuring that we offer tariffs for new energy technologies and customer types.