

Papers distributed prior to the meeting:

- Agenda meeting #21
- Draft Minutes of meeting #20
- 2019-24 Regulatory Proposal Update
- Gas-Plus ACT Energy Smart Home Trial
- 2018 Proposed Meeting Schedule

1 Welcome and introductions

The Chair, Allan Williams, welcomed Council members and consumer representatives to the 21st ECRC meeting and acknowledged that it will be the last time to refer to ActewAGL Distribution with an update on Evoenergy by Mr Paul Walshe later in the meeting.

He also welcomed Mr Michael Costello, CEO ActewAGL.

Apologies were noted.

Mr Mark Henley, from the AER Customer Challenge Panel listened in to the meeting for the first hour.

2 CEO Presentation

Mr Michael Costello, Chief Executive Officer, ActewAGL spoke to the meeting. He thanked participants for their continuing involvement in the ECRC, noting that it was almost 3 years to the day since the ECRC was established. He recognised that ActewAGL Distribution has welcomed this input and it will continue to be important due to continuing changes in regulatory and technology that will give consumers more choice.

Transition to Evoenergy reflects this changing focus on the customer and innovation. He acknowledged significant work done on Power of Choice and the regulatory submission over the past 12 months. He recognised that continuing work with the customer would be important to help customers understand these transitions, including the changes to more cost-reflective tariffs and the outcomes of the next regulatory submission.

Mr Costello highlighted ActewAGL's continuing commitment to providing gas to ACT customers as part of ensuring customer choice. This includes working with industry to explore new technologies, such as a hybrid energy generation.

Allan Williams as chairman, congratulated ActewAGL Distribution on its support of the ECRC and acknowledged the professional participation of many senior representatives of the organisation. He noted that consideration would be given in the new year to expanded participation in the ECRC.

3 Review and ratify minutes of meeting # 20

Minutes of meeting #20 were ratified.

All action items were completed.

4 ECRC member updates

Susan Helyar advised that ACTCOSS would be preparing their annual Cost of Living paper in the new year, drawing on census data. This will be published in April.

Susan Helyar advised the Eileen Newmarch has resigned as the Consumer Advocate and a replacement is currently being identified.

Kevin Cox advised he is working with SeeChange and a group in Sydney on a project around funding cooperative in terms of finding a more cost-effective way on investment in energy infrastructure.

Mr Williams advised the meeting he had recently participated in an Energy Matters presentation and suggested these slides be distributed to the ECRC members. ACTION: Helen Leayr.

He noted there were a number of large customers at that forum that may be useful participants in the ECRC. This will be discussed as part of planning in the new year.

Nick Clarke updated the meeting on Engineers Australia's work with the ACT Government to establish an ACT Engineer. Once established, it may be appropriate to involve this person in the work of the ECRC.

5 Evoenergy

Mr Paul Walshe provided the meeting an update on the transition of ActewAGL Distribution to Evoenergy. Evoenergy was launched on 1 December and advertising during December is to inform customers with the formal adoption of the name from 1 January 2018.

All services remain the same, branding has already commenced on vehicles, buildings etc and the website is currently being completed.

Brief information will be provided to the ECRC members for distribution to stakeholders as part of the customer information campaign.

6 Regulatory Matters

Ms Emily Brown, Regulatory Pricing Manager, ActewAGL, presented to the meeting on the Electricity Network Plan 2019-24. She provided the following:

- Consultation feedback to date
- Tariff Structure Statement update

Customer feedback – Overarching feedback from customers, including vulnerable customers, and retailers were presented to the meeting.

Tariff Structure – the presentation revisited the proposed tariff changes which are to be included in the Tariff Structure Statement proposal to be submitted to the AER at the end of January 2018.

Discussion included:

- It was noted that as changes to tariffs are introduced it may become more difficult to understand the retail versus distribution component of the bill. It was noted that information is available on the ActewAGL website, and Distribution has created a new customer portal to allow better access to information. ECRC members felt it was important to continue to find ways to help customers better understand their bills. ActewAGL Distribution has no control over the look and information provided in the Retail bills. It was agreed that the ECRC would consider writing to the AER and the AEMC to highlight the importance of improved retail bills that customers can better understand.
- Members of the ECRC suggested that a short summary of the tariff changes and its likely impact on a typical customer be prepared to better inform customers. ACTCOSS undertook to distribute this to vulnerable customer support groups once it is available.

Regulatory proposal 2019—24

Mr Chris Bell, Regulatory Proposal Manager, ActewAGL provided the meeting with an update on the 2019-24 Regulatory Proposal which will be submitted on 31 January 2018.

The presentation explored likely features of the proposed regulatory proposal including expected operating and capital expenditure, rate of return, impact on the Regulated Asset Base and impact on prices. Discussion and feedback included:

- What consideration is given to more people going off the grid in the future?
A: Estimates are factored into the demand modelling to account for this.
- As ActewAGL Distribution continues to operate more efficiently why does the price of service keep rising?
A: A large part of the increase in operational expenditure over the next period can be attributed to the shift of vegetation management and associated costs from the ACT Government to ActewAGL Distribution.
- Noting that customer feedback was to continue to adopt the same operational management environment going forward, why do we see an increase in the forecast for replacement of assets, particularly against the actual figures achieved during 2014-19?
A: It is largely due to the impacts of an aging network and the need to invest in new ICT technology. While the new technology has a shorter depreciable life, it will also allow ActewAGL to better direct our asset replacement program and therefore better optimise our asset replacement expenditure.
- Has ActewAGL Distribution considered raising capital finance through its customers to keep financing costs down? A: ActewAGL Distribution self-finances all its capital investment; there is no debt financing.

- It would be useful to understand how much of the estimated 1% price rise (less inflation) is attributable to the increased costs associated with the vegetation management.
- Is it possible to get some information on what the price increase looks like across a range of customer types? A: This modelling will be done and can be provided to the ECRC.

2014 - 19 Remittal

Ms Patricia Cameron, Regulatory Affairs Manager, ActewAGL updated the meeting on the status of the 2014-19 Electricity Determination which is yet to be finalized, as the AER remakes its decision to correct legal errors. It is expected the Regulator will reach a final decision before the end of 2018. Discussion included:

- How much did the legal process associated with the appeal costs? A: I don't have those figures.
- What allowable revenue have you been operating on so far in this period, while you await the final decision? There has been an annual agreement with the AER, which has been essentially an adjustment for CPI from the previous determination.
- Will there be a significant catch-up required with respect to revenue and hence prices, once the decision is finalised? A: ActewAGL Distribution has received approval to smooth any 'catch-up' required over the next five-year regulatory period. This will avoid any significant price changes in either direction.

7 Gas Plus Energy Smart Home Trial

Mr William Yeap, Gas Network Manager, ActewAGL briefed the ECRC on the Gas Plus Energy Smart Home Trial which involves installation of smart gas and electricity appliances in 'trial homes' in Canberra (and surrounding areas) to study consumption behaviour and energy usage of actual families under real Canberra climate.

The program is being delivered in partnership with appliance manufacturers, industry associations and universities. The trial will help Canberra families understand the effectiveness of both gas and electricity appliances, their own consumption pattern and how to reduce energy consumption to save cost. The first pilot home is under construction and is expected to be complete in July 2018.

Discussion included:

- Suggestion that ActewAGL Distribution get in touch with the Canberra Innovation Network (CBRIN) to explore opportunities with local innovators who may be able to assist with integration of communications across appliances.
- It was also suggested that it would be good to run this pilot in some of the new affordable homes being built. It was suggested to contact CHC Affordable Homes.

8 Power of Choice

Mr Michael Monck, Energy Network Program Manager, ActewAGL provided an update to the meeting on Power of Choice metering changes which took effect from 1 December 2017. The transition to implement new metering requirements into the distribution business went very smoothly, with staff working over the weekend to undertake necessary systems updates. A few matters are still being resolved with respect to the retailers, however customer impacts arising from the distribution network changes were very minimal.

9 Draft post meeting communique

The presentations and associated discussion were noted for inclusion in the Communique.

10 Next meeting

Next meeting – 7 February 2018.

It was suggested that the next meeting include a presentation on the Reposit project.

11 Meeting close

Mr Williams thanked members for their input during 2017, wished everyone a happy Christmas and closed the meeting at 12:30pm