

Evoenergy Energy Consumer Reference Council (ECRC)

**Meeting 22** Minutes 7 February 2018, 09:30-12:30

ActewAGL House, Bunda Street, Civic

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### **Attendees**

Allan Williams (Chairman)

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| Rick Lord       | Council of the Ageing                                |
| Glenys Patulny  | Tuggeranong Community Council                        |
| Stephen Fahey   | Australian National University                       |
| Nick Clarke     | Engineers Australia, Canberra Division               |
| Adina Cirson    | Property Council of Australia, ACT                   |
| Edwina Robinson | SEEChange  |
| Daniel Harding  | Manager, Energy Policy ACT Government                |
| Peta Olsen      | Officer, Senior Policy Climate Change ACT Government |

### Evoenergy

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|------------------|--|
| Leylann Hinch    | Branch Manager, Asset/Network Performance                |
| Dennis Stanley   | Senior Branch Manager, Network Asset Strategy & Planning |
| Paul Walshe      | Director Brand, Communications and Corporate Affairs     |
| Peter Cunningham | Regulatory Manager, Asset Management                     |
| Emily Brown      | Manager, Regulatory Pricing                              |
| Chris Bell       | Manager, Electricity Networks Price Review               |
| Clay Mifsud      | Regulatory Economist                                     |
| Damien Anderson  | Manager, Business Transformation                         |
| Chris Dare       | Manager, Environment, Quality and Systems                |
| Mark Trainor     | Manager, Operational Performance                         |
| Helen Leayr      | Consumer Engagement                                      |
| Lina Blair       | Consumer Engagement                                      |

### **Apologies**

|                 |  |
|-----------------|--|
| John Sullivan   | Australian National University         |
| Ron Thompson    | Canberra Business Chamber              |
| Michael Hopkins | Master Builders Association            |
| Kevin Cox       | Gungahlin Community Council            |
| Susan Helyar    | ACT Council of Social Services         |
| Anna Evans      | Engineers Australia, Canberra Division |

### **Papers distributed prior to the meeting:**

- Agenda meeting #22
- Draft Minutes of Meeting #21
- ACT Climate Strategy To A Net Zero Emission Territory (Discussion Paper)
- Submission of Regulatory Proposal

## **1 Welcome and introductions**

The Chair, Allan Williams, welcomed Council members and consumer representatives to the 22nd ECRC meeting and referred to it as the first Evoenergy meeting since the ActewAGL Distribution brand name change on 1 January 2018.

He also welcomed Ms Edwina Robinson from SEEChange as a new representative and Mr Daniel Harding and Ms Peta Olsen from the ACT Government Energy Policy and Climate Change.

Apologies were noted.

## **2 Review and ratify the Minutes of Meeting 21**

Mr Williams reminded the Council that everyone is welcomed to send a representative to this meeting if they are unable to attend. In addition, the ECRC is looking at expanding its membership and getting more representatives to contribute their views.

Further to discussion at previous meetings around transparency of tariffs on retail bills and challenges of encouraging people to adjust energy usage in response to tariffs when these tariffs are not clearly communicated on energy bills; it was clarified that Evoenergy provides the price information to retailers and it is the decision of individual retailers how to display tariff information on the energy bills.

Minutes of meeting #21 were confirmed. It was also noted that the minutes can be found on the Evoenergy website under the Consumer Engagement section.

## **3 ECRC member updates**

There were no further updates.

## **4 ACT Government Net Zero Emission Territory**

Ms Peta Olsen, Senior Policy Officer from the ACT Government Climate Change Policy presented the Discussion Paper on ACT's Climate Strategy To A Net Zero Emission Territory released in December. Her team is responsible for the development of climate change policy in the ACT and ensuring that implementation is done under the legislation and legislative target for the emission reduction.

The ACT Government currently has a climate change strategy with an action plan that's guiding 40% emission reduction target from 2012 to 2020 and subsequently vision to reach the legislated target of zero emission by 2050. The strategy proposes to bring the target for net zero emissions back to 2045.

A chart presented showing the projected profile of emission in 2020 is used as guidance by the government showing where it needs to focus its action from 2020 to 2025 if it was to achieve the interim target.

Natural gas (fossil gas) is a key focus in the government's consideration, noting that electricity emissions have been a stage one priority largely achieved.

### **Electricity demand management**

Electricity demand management will be important to ensure that consumption does not exceed renewable energy available to the ACT, particularly during peak periods. Programs proposed include efficiency upgrade on appliances, how to further utilise energy efficient improvement scheme and other measures. Consideration is being given to programs that promote embedded renewables and storage such as roof top solar and batteries. Further consideration on new building stock, not just retro fitting with efficiency upgrades. Ensuring that new buildings in the new development have higher building codes standards for energy efficiency and climate resilience.

### **Reducing emission from natural gas**

The strategy considers how to transition from gas to electrification (swapping appliances to gas) and gas alternatives such as biogas and hydrogen options and also use the ACT Energy Efficiency Improvement Scheme (EEIS) to support the transition away from gas.

### **Reducing transport emissions**

Priorities for reducing transport emissions include; how to increase and improve public transport, promoting it as a better option, electrification of public transport and reducing the use of private cars. Other ideas include planning and designing the city to be in close proximity to workplace, reduce the need to take farther trips and options of walking or cycling to nearest shops and reduce the need to use a car.

### **Reduce emission from landfill (waste)**

Options to divert organic waste from landfill through source separation or organics for processing and increase recovery rates for mixed wastes, including diverting wood waste from landfill and perhaps using best available technology landfill gas capture.

### **Land use**

Considerations for land use include to increase the natural uptake of carbon in the city and suburbs focusing on conducting additional afforestation and reforestation projects and limiting deforestation. Living infrastructure plays a key role in adapting to the impacts of climate change.

Members of the ECRC were encouraged to review the Discussion Paper and are invited to participate in a survey and submit ideas in forums via the website [www.yoursay.act.gov.au/zero-emissions](http://www.yoursay.act.gov.au/zero-emissions) with a submission deadline by Monday 9 April 2018.

## **5 ACT Government Net Zero Emission Territory – Evoenergy considerations**

Mr Chris Dare, Evoenergy Environment, Quality and Systems Manager, presented some initial thoughts from Evoenergy on the ACT Government To Net Zero Emission Territory report highlighting three key areas to be considered: electricity emission, transport and gas. He pointed out the importance of planning and managing peak demand, consideration of the cost of the transition and potential technological alternatives.

If gas is removed, as the Territory heads towards 100% electricity, electricity demand may be almost doubled with possible requirements to triple the current electricity asset base to meet this additional demand plus cater for on-going growth in energy demand.

Evoenergy is looking at hydrogen and biogas options as alternatives to traditional fossil-fuel gas.

ECRC members raised the following points:

- The Climate Change Strategy could have significant transition impacts, it will be important to understand the timeliness of industry adjustment and potential impacts or drivers associated market forces. Industry may need an incentive to convert from traditional gas or alternate energy sources.
- It is important to understand the cost to households for the conversion of appliances.
- More research into the opportunities and costs of the alternatives needs to be done.
- It was noted that an 'OSCAR' solar operated biogas composter is arriving in Canberra shortly as part of a trial by SeeChange.
- COTA advised that they were progressing with a survey on battery installation. Evoenergy expressed interest in knowing more about the plans.

## **6 Virtual Power Plant Trial**

Evoenergy provided a presentation on a current trial being undertaken involving the simultaneous discharging of 400 residential batteries to the network. Two reposit system trials were conducted in November last year. The results of this current trial will be updated at the next meeting.

## **7 Vegetation Management**

Mr Mark Trainor, Operational Performance Manager presented the recent legislative changes extending the responsibility of Evoenergy's vegetation management program to include urban land and street scapes which used to be the responsibility of the ACT Government. Evoenergy will be required to meet specific regulations and tree pruning to clear the vegetation away from powerlines which are likely to be more severe and noticeable by the community. Although there will be cost to the customers, the benefits will be an increase in reliability and enhance community safety.

ECRC members highlighted the importance of speaking with the community and identifying pathways to solutions for both the urban spaces and residential back yards. ECRC agreed it was important to educate people about the risks and hazards associated with powerlines.

## **8 Regulatory Matters – final lodgement of regulatory Proposal and TSS**

Mr Chris Bell, Electricity Networks Price Review Manager presented the summary of the 2019-24 regulatory proposal as submitted to the AER on 31 January 2018. The proposal outlined the services to be regulated, the building block proposal including the operating expenditure cost (opex) to operate and maintain the network, capital expenditure (capex) for replacement, augmentation and non-network, rate of return, tariff structure statement and others matters that are required under the National Electricity rules.

Highlights of the proposal are to continue focus on information and communications technology and secondary systems investment funded to better target asset replacement and augmentation, avoid investment in unneeded capacity such as redeployment of mobile zone substation to Molonglo and demand management scheme to defer Strathnairn zone substation in Belconnen; and opex limitation to new vegetation management responsibilities and capex-open trade off for demand management initiative.

The proposal also highlighted the comparison between the 2014-19 and 2019-24 revenue requirement where there is a reduction in the return on capital, a growth in regulatory depreciation because of the investment in shorter lived ICT assets, approximately \$44 million on operating cost with approximately half of it allocated to the new vegetation management responsibilities taken over from the ACT Government, with the rest allocated to growth in the unit cost of material, labour and the growth of the network.

The AER will now perform checks to confirm and publish the regulatory proposal and the proposed tariff structure statement then call for community submissions.

## **9 Australian Energy Prices Presentation Series**

Mr Clay Mifsud and Ms Emily Brown from the Regulatory Affairs team presented the third presentation in the energy network pricing series. The presentation focussed on the different network pricing components and the way in which those components apply to fixed and variable charges.

Key areas presented included:

- Explanation of the components of a typical electricity bill which includes network costs (which are made up of distribution, transmission, jurisdictional schemes and metering charges) and retail costs.

- Network costs comprise 41% of the average retail electricity bill in 2017/18. Of these charges approximately 20% is recovered through fixed charges and 80% through variable charges which is consistent with other network providers.
- Evoenergy submits a pricing proposal to the AER in March each year where it shows how prices are set to recover the revenue allowance.
- Fixed charges for distribution relates to the connection services to consumers whether electricity is being used or not and variable charges directly relate to consumer's usage of electricity. The variable charges are based on customer's consumption (in the form of either a flat rate, time of use or block rates), or electricity demand.

It was also explained to the ECRC that the breakdown on the retail bill depends on the individual retailer.

## **10 Evoenergy branding update**

Mr Paul Walshe, Director Brand, Communications and Corporate Affairs updated the Council on the new branding. Having a dedicated website has made information on the distribution network to be more accessible and engagement through social media via Facebook and Twitter will support an increased understanding of the role of the network business.

## **11 Other Matters**

None discussed or raised.

## **12 Draft post meeting communique**

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

## **13 Next meeting**

Next meeting – 11 April 2018.

## **14 Meeting close**

Mr Williams thanked members who attended and closed the meeting at 12:25pm