

Evoenergy Energy Consumer Reference Council (ECRC)

Meeting 23 Minutes 11 April 2018, 09:30-12:30

Evoenergy Greenway Depot, Anketell St & Oakden St, Tuggeranong

Attendees

Allan Williams (Chairman)	
Anne Meuronen	Council of the Ageing
Glenys Patulny	Tuggeranong Community Council
John Sullivan	Australian National University
Anna Evans	Engineers Australia, Canberra Division
Ron Thompson	Canberra Business Chamber
Michael Hopkins	Master Builders Association
Kevin Cox	Gungahlin Community Council
Rosie Fisk	ACT Energy Consumer Advocate
Adina Cirson	Property Council of Australia, ACT
Jennifer Tonna	SEEChange

Evoenergy

Glenn Pallesen	Acting General Manager
Leylann Hinch	Branch Manager, Asset/Network Performance
Dennis Stanley	Senior Branch Manager, Network Asset Strategy & Planning
William Yeap	Manager, Gas Networks
Phil Colvin	Manager, Networks Asset (Jemena)
Emily Brown	Manager, Regulatory Pricing
Chris Bell	Manager, Electricity Regulatory Pricing Review
Damien Anderson	Manager, Business Transformation
Joanne Hourigan	Acting Section Manager, Energy Markets and Contact Centre
Giuliana Baggoley	Manager, Customer Relationship Account
Tim Anderson	Manager, Primary Assets
Ross Goggin	Principal Engineer, Asset Optimisation and Network Reliability
Andrew Gillies	Senior Communications Officer
Helen Leayr	Consumer Engagement
Lina Blair	Consumer Engagement

Apologies

Susan Helyar	ACT Council of Social Services
Rick Lord	Council of the Ageing
Edwina Robinson	SEEChange
Callum Heinrich	Property Council of Australia (ACT)

Papers distributed prior to the meeting:

- Agenda meeting #23
- Draft Minutes of Meeting #22
- AER Issues paper – ACT electricity distribution network determination 2019-24

1 Welcome and introductions

The Chairman, Allan Williams, welcomed Council members and consumer representatives to the 23rd ECRC meeting and apologies were noted.

2 Review and ratify the Minutes of Meeting 22

There were no outstanding items, amendments, or omissions from the previous meeting and therefore minutes of meeting 22 were confirmed.

Mr. Williams summarised the last meeting discussion on the ACT Government Net Zero Emission Territory targets and Evoenergy advised its response is currently being prepared. The Council will be updated when Evoenergy's response is published.

ECRC membership update and discussion

Council discussed the matter on the expansion of the ECRC membership. Referring to the ECRC terms of reference, members may be nominated by ECRC members or by the Chair with consideration by Evoenergy. When it was set up, the agreed number of members was 10 but it could change if representation is needed from other sectors. Considerations were discussed to invite from a range of sectors. It was agreed to invite the ACT Youth Advisory Group which is an ACT Government established reference group, Canberra Urban Regional Futures (CURF) and someone from the ACT Government who is involved in energy policy.

The Chairman thanked everyone for the discussion and suggested these people or groups be invited to attend the next meeting in June.

3 ECRC member updates

Adina Cirson, Executive Director from Property Council of Australia (ACT) announced its forum entitled “ACT Building a Sustainable Canberra” to be held on 26 April in Barton where focus will be on exploring the possibilities of a sustainable future in Canberra.

Amongst the guest speakers are Minister of Climate Change, Mr. Shane Rattenbury and Ms. Jessica Stewart, Riverview's Sustainability Manager and Glenn Pallesen, Acting General Manager Evoenergy. Council members are invited to attend. Registration link is on the Property Council website.

4 Regulatory Matters

Update on the Regulatory Proposal and TSS

On 31 January 2018, Evoenergy submitted its 2019-24 Electricity Network Regulatory Proposal to the Australian Energy Regulator (AER) and on 28 March the AER responded with an [Issues Paper](#) which can be found on the [AER website](#).

Chris Bell, Manager Regulatory Pricing Review, provided the meeting with a summary of the issues paper which included the discussion on operating expenditure (opex) trend growth, cost associated with vegetation management, Service Target Performance Incentive Scheme (STPIS), charges for ancillary services and consideration for network tariff structure changes. A summary of the Issues paper was circulated before the meeting to brief the Council members.

Opex trend

Evoenergy used the AER's preferred base-step-trend method to forecast opex. The AER has queried estimates of cost and wage growth independently obtained by Evoenergy which differ from those obtained by the AER. Vegetation management costs will increase substantially due to the ACT Government passing the responsibility for vegetation clearing around electricity infrastructure on urban open spaces (unleased Territory Land) to Evoenergy.

Q: How much does the government spend on vegetation management?

A: Evoenergy estimates \$3.8 million per year will be spent on managing the vegetation, there are currently approximately 8,000 trees that are close to powerlines.

Q: Why was there a significant drop in opex cost from the 2009-14 period? Is that because of population density or having new customers?

A: The reduction of OPEX cost was achieved through Evoenergy's restructuring of operations as it sought to align with the AER's 2014-19 regulatory decision.

Q: Was there any impact from the recent increase in the number of houses?

A: The increase size of the network has been factored into the opex trend. From the planning perspective, Evoenergy looks at five years ahead with detailed statistical analysis on long term trends, drawing on information around new suburb developments and urban infill.

Service Target Performance Incentive Scheme (STPIS)

This incentive scheme is designed to encourage continuous improvement around reliability of service. Evoenergy requested a continued 2.5% revenue at risk on STPIS. The AER states in its issues Paper it would like it to revert to the default of 5% of revenue. However, the significant restructuring has led to fewer maintenance crew and Evoenergy is still one of the most reliable networks in the country, this means that there is very little opportunity to improve reliability further in the next period.

Charges for ancillary services

These charges are customer specific or charged based on individual customer requests for service. They are a small part of revenue, but it is a regulated service guided by price cap on cost build-up. Evoenergy has standardised many services formerly requiring quotes to become fee-based so administration costs are now removed.

Tariff Structure Statement

AER is interested in Evoenergy's experience with cost reflective tariffs therefore, the focus for the next period would be on reforming large commercial customers' network tariffs.

Customer Engagement

Customer engagement is an important part of the regulatory process and the AER Consumer Challenge Panel is interested to know how consultation is conducted at Evoenergy which is always looking for ways to improve on its consumer consultation process.

5 Evoenergy Gas Update

Phil Colvin from Jemena, Gas Networks Asset Manager updated ECRC on Canberra's gas network; considerations associated with decarbonising gas networks and impacts of potential technical code changes associated with gas installations in homes and apartments.

The Council members were shown a graph from the NEM Review, AEMO Gas Bulletin from the Department of Environment and Energy which shows the importance of gas consumption in the ACT. In Canberra gas is used mainly for heating in winter. If gas supply is eliminated, it will put pressure on electricity supply to fill that gap.

Consideration is being given to decarbonising gas networks including hydrogen based technology or biogas which is gas created from combustible waste as a replacement to natural gas.

The Utility Technical Regulator (UTR) ACT has put in place technical codes for safety, reliability and efficiency. The technical rules differ in each State and Territory. In the ACT recent changes in the technical codes have particularly impacted on the residential apartment market. Before 2013, it was feasible to have gas meters installed in apartments, but since then UTR has ruled that meters need to be installed outside buildings and the added cost to the construction has seen the significant decrease in inclusion of gas in high-rise apartments.

The most recent proposed changes consider gas within homes to be a safety issue and therefore existing internal meters may be required to be removed from properties.

6 Evoenergy Reliability Strategy

Mr. Ross Goggin from Evoenergy Network Reliability presented on the development of Evoenergy's Network Reliability Strategy. The review process began in January 2018 with aim to complete and publish the strategy in July this year.

Network reliability

Network reliability is the availability of the network to perform and provide safe supply to customers during outages.

There are two types of outages; planned outages where Evoenergy switches off the network to maintain it safely; and unplanned outages, where a fault happens on the network and is automatically isolated to maintain safety of staff and customers, protect the environment and network assets.

Reliability is measured by the System Average Interruption Frequency Index (SAIFI) which measures the average number of outages in a year and System Average Interruption Duration Index (SAIDI) which is the average outage duration a customer per year.

Based on the AER annual benchmarking report dated November 2016, Evoenergy unplanned SAIFI is one of the lowest (most reliable) in Australia compared to other distributors. To some extent, this measure is affected by the geographical expanse and remoteness of a network. Canberra being small, the network is more reliable than, say, a network in rural Queensland.

When comparing the System Average Interruption Duration Index (SAIDI) which is the average outage duration of outages per customer per year, Evoenergy also performs well compared to other networks with a duration of an average 30 to 35 minutes per year per customer with respect to unplanned outages.

Service Target Performance Incentive Scheme (STIPIS)

The scheme is enforced by the AER with a purpose of ensuring that customers continue to receive a reliable service. The AER imposes financial penalties on Evoenergy for unplanned outages as part of the financial incentive.

The incentive for Evoenergy is to continue to improve the service while optimising the cost of delivering greater reliability i.e. fewer outages.

ECRC members were asked about particular customer types and their expectations of reliability. The ECRC suggested that reliability of customers should be linked to a risk assessment, for example hospitals, aged care and key industry may have a greater need for reliability. It was suggested that it was important to take cost into consideration when considering maintaining network reliability.

The ECRC suggested a customer survey would be a useful way to better understand customers' reliability needs.

7 Other matters

There were no other arising matters.

8 Draft of post-meeting communique

Presentations and associated discussion were noted for inclusion in the Communique.

9 Next meeting – 6 June 2018

Mr Williams thanked members who attended and closed the meeting at 12:30pm