

Evoenergy Energy Consumer Reference Council (ECRC) Meeting 34

**Minutes April 15th 9.30am
Videoconference**

Attendees

ECRC

Allan Williams, Chair
Geoff Buchanan, Council of Social Service (ACTCOSS)
Emma Campbell, Council of Social Service (ACTCOSS)
Kevin Cox, Gungahlin Community Council
Prof Barbara Norman, Canberra Urban and Regional Futures (CURF)
Nick Clarke, Engineers Australia, Canberra Division
Kirsten Duncan, Conservation Council, ACT Region
Joel Dignam, Better Renting
Jenny Mobbs, Council on the Ageing (COTA)
Glenys Patulny, Tuggeranong Community Council

Evoenergy

Fiona Wright, Acting General Manager
Leylann Hinch, Operations and Strategy Group Manager
Paul Wheatley, Network Services Acting Group Manager
Alison Davis, Customer Connections Group Manager
Giuliana Baggoley, Customer Interaction Manager
Samantha Lloyd, Strategic Communications Advisor
Eddie Thanavelil, Acting Future Networks Manager
Derrin Limbrick, Strategic Account Manager

ActewAGL

Chris Bell, Economic Regulatory Manager
Gillian Symmans, Acting Group Manager, Regulatory Reviews
Alexis Hardin, Contractor - Link Economics
Emily Brown, Group Manager, Regulatory Pricing
Philip Deamer, General Manager, Economic Regulation

Guests

Robyn Robinson, Consumer Challenge Panel (CCP24)
Mark Henley, CCP24
Mark Grenning, CCP24

Apologies

John Knox, CEO ActewAGL
Adina Cirson, Property Council of Australia (ACT)
Bruce Hansen, Gas Networks Group Manager

Papers distributed prior to meeting

- Draft minutes ECRC meeting 33
- Meeting 34 Agenda
- ICRC Consumer Protection Code (CPC) 2020 review
- Deep Dive Part A Outcomes
- Evoenergy COVID-19 Energy Roundtable Outcomes
- GN21 survey response summary

1. Welcome

ECRC Chairman, Mr Allan Williams, welcomed members and guests to the meeting. He noted apologies from Mr John Knox, Ms Adina Cirson, and Mr Bruce Hansen. Mr Williams welcomed Dr Emma Campbell, ACTCOSS CEO, and Ms Kirsten Duncan from Conservation Council, ACT Region, to their first meetings.

2. Review and ratification of meeting 33 minutes

Mr Geoff Buchanan asked whether the cause of Beard fire in January had been confirmed.

Ms Fiona Wright said the investigation into the Kallaroo Road fire is still underway. Preliminary findings are that the fire occurred when a large tree branch from a *Eucalyptus bicostata* (Southern Blue Gum) fell on low voltage conductors. When the branch made contact with the conductors it sheared off a pole and brought the conductors to the ground. The fallen branch measured at 16.5m and was attached to the tree trunk approximately 2.8 meters above ground. The tree was located approximately seven meters from the span of conductors.

The minutes from ECRC meeting 33 were accepted and ratified. Because the minutes contained some confidential material, an abridged version would be published on the Evoenergy website ECRC meeting papers page.

3. ECRC Member updates

There were no ECRC member updates noted.

4. Evoenergy COVID-19 response

Ms Alison Davis gave a presentation on Evoenergy's response to the current global pandemic: Evoenergy is working to prevent the spread of COVID –19 throughout the organisation, and to ensure continued safe and reliable energy supply to the community. Ms Davis outlined organisational emergency and crisis management governance, modifications to employee working arrangements, social distancing and hygiene controls, and support of vulnerable customers. Evoenergy is conscious of wanting to tailor support to the ACT community in alignment with ACT Government support of business and residential customers. All scheduled, planned work criticality and customer impact is being scrutinised prior to determining whether to proceed (with planned outages). Safety remains Evoenergy's number one priority.

Ms Glenys Patulny asked about planned outages and what they related to – whether they were required due to demand and supply issues.

Ms Davis reassured that planned outages referred to Evoenergy's "business as usual" planned work. Planned outages being scrutinised are those for work - like a pole replacement - when a supply needs to be disconnected to safely work on an asset. Each week there are anywhere between 30-50 planned outages, and each outage could impact 1-2 customers or many. Currently, Evoenergy is considering each planned outage against a decision matrix to determine whether it should proceed; where we can't respond to decision matrix the criteria in a positive way, the work is postponed.

Mr Paul Wheatley added that, living in the ACT, there are trees everywhere and one of the major things is trees growing (on private land); customers have a chance to trim their trees and the arborist needs the power cut to be able to work safely near our assets. 25% of outages are for tree-cutting.

Ms Davis was asked about community support measures, and about the AER statement of expectations (SoE). She replied that Evoenergy ceased disconnections back in March (with a very small % of exceptions) spoke about Evoenergy alignment with the SoE points that related to energy networks.

Ms Davis said the Evoenergy energy roundtable on April 3 was a great chance to listen and absorb some valuable insights around the long term impacts of this crisis. Focus is on proactive planning. Evoenergy have business continuity planning in place; applying them under this pandemic scenario is a little different. Evoenergy is continuing to understand what quarantine and lock downs mean for our team and our community. There are currently multiple, and more detailed conversations taking place with customers registered with Evoenergy as being dependent upon powered life support devices; about device management and understanding and supporting the most vulnerable members of our community.

Mr Geoff Buchanan asked, in relation to ceasing disconnections, whether this was until July 31st as per AER SoE. Ms Davis replied that our alignment is good right now and as the situation progresses Evoenergy will continue to review

and make decisions. She reiterated that of the 10 expectations within the SoE, 4 are specific to retailers and Evoenergy already had measures in place to satisfy the bulk of the remaining expectations.

Mr Buchanan followed with a question about the ACT Government's economic survival package and the freeze on the utilities network facilities tax (UNFT) – Ms Giuliana Baggoley said that Ms Emily Brown would discuss the impact of that decision during her network pricing presentation and suggested waiting until then.

Mr Buchanan said that also, ACTCOSS has joined coalition of leading consumer and community organisations to call for immediate Commonwealth Government funding and stronger commitments by energy businesses so people can afford their energy bills during the COVID-19 social, economic and health crisis. This calls upon the Government to work with energy retailers and community organisations to ensure relief is delivered quickly and simply, and Mr Buchanan asked whether Evoenergy would participate.

Ms Fiona Wright replied that she would be interested to have a look and take it on notice: regarding the kind of relief we're working on (related to residential and small business customers), we're mindful there's not a one-size fits all and we need to make sure what we develop is right for the ACT community. Small business has been our focus and we'll soon focus increasingly on residential customers. There's a lot that's happening here in the ACT that's not happening elsewhere e.g. the ACT Government is focused on small businesses here and this isn't happening much elsewhere. Mr Buchanan said that there's much they're learning from the Energy Networks Australia-announced (ENA) package and from the consumer advocate response to that, and that he appreciates powering things specifically to the ACT.

5. Gas network 2021-2025 plan (GN21)

Parts of the GN21 update were confidential because some details were not yet approved by Evoenergy's board. Evoenergy presented an update of progress on the access arrangement review for the regulatory period 2021-25 (the GN21 plan). Public consultation on the draft plan closed April 2 and the community roadshow is also complete. Key themes of recent feedback were mostly related to the ACT Government's net zero emissions by 2045 target, and affordability. This confidential presentation also covered indicative major components of the plan which is due to be submitted to the AER by June 30: bill impacts, capital expenditure and operating expenditure forecasts. Members asked questions about the regulatory asset base per customer values, the nature of particular forecast operating expenditure, bill impacts, and revised insurance premiums following the unusual start to 2020.

6. Evoenergy 2020-21 Pricing

Ms Emily Brown presented to members on the annual electricity and gas network pricing review. Evoenergy submitted a pricing proposal to the AER in March. This process is governed by our 5 year regulatory determination which was approved by the AER in April 2019 and founded on the National Electricity Rules (NER).

Something unusual this year and very recent news is that the ACT Government is going to freeze the UNFT at the 18/19 year level. This means Evoenergy will submit updated, reduced pricing to the AER for approval and Evoenergy is in the process of re-submitting the pricing proposal to be able to pass on that freeze to ACT customers from July 1. This will reduce both electricity and gas prices.

Mr Williams asked the amount of customer savings resulting from that UNFT freeze.

Ms Brown said it amounts to around \$400,000 for ACT electricity customers, and \$300,000 for customers on the Evoenergy gas network. At an aggregate level it's a considerable amount of saving.

Mr Dignam asked about the way in which the UNFT would be applied (genuine freeze or levy).

Emily replied that it will still be levied; that it's a rate that's multiplied (by the length of lines in the electricity network, and by length of pipes in the gas network) and it's the rate used in the UNFT calculation that is being frozen.

Ms Brown was asked whether 100% of the saving will be passed on to customers. She replied that the savings will be passed on completely, subject to AER approval of the re-submitted pricing proposal.

Mr Nick Clarke asked a question about the pricing in one of the graphs that showed the year 16/17: to check what influenced a price jump.

Ms Brown replied that in 2016/17 all prices were increased by consumer price index (CPI) only because Evoenergy (then ActewAGL Distribution) was going through a remittal process with the AER regarding their determination for the 2014-2019 regulatory period. We had disputed the decision and it was going through a court process; it was agreed that prices would only have CPI applied in 16/17 until a decision was reached with the AER. Once it was resolved, there were some big over- and under- recoveries that needed to be trued-up in 2017/18.

Ms Buchanan asked about another graph and the apparent differences in network costs (as a proportion of overall retail bills) represented in each graph.

Ms Brown acknowledged the difference and said the reason was each graph (set of figures) was done on a different basis – the framework for the retail bill is that which ICRC uses when putting together their typical retail bills. The previous graph (figures) was put together on a different basis and they're not directly comparable.

Ms Patulny asked whether the total electricity bill is going down in 2020/21. Ms Brown replied that wholesale prices have been coming down. Retail operating costs are decreasing slightly, and network costs are going up slightly. Mr Williams added his hopes for all small commercial operators to endure the current pandemic and associated challenges! Time will tell, but it's sad out there.

Regarding gas network pricing, Ms Patulny asked for Ms Brown's comments on total bill expectations and impact on the individual customer, to which Ms Brown replied that the total bill increase is expected to amount to approximately \$3.78 (in 2020/21) for an average retail customer. Noting that the network component is approximately 25 per cent of the total bill, moving the network component from \$434 to \$451 (between 2019/20 and 2020/21) will equate to a typical retail bill increase of about \$3.78.

Ms Brown was also asked about retail gas bills, and she provided a breakdown of these as well.

The presentation included what contributes to an energy bill: about 40% of an electricity bill is made up of network costs. Network charges are comprised of distribution and transmission components to cover the costs of networks delivering electricity to households and businesses. Both of these components are increasing in 2020/21.

Prices will be published on the Evoenergy website within days of AER approval.

7. Evoenergy Future Networks Strategy

Mr Eddie Thanavelil spoke to members about Evoenergy's Future Networks team and the long-term approach Evoenergy will adopt in transitioning from an electricity distribution network services provider (DNSP) to a distribution system operator (DSO). Mr Thanavelil spoke about the changing nature of the electricity grid, and the impact of customers investing in infrastructure like solar panels and batteries.

Ms Patulny asked about whether this involved microgrids. Mr Thanavelil said this is being actively considered, and that we're seeing innovation outpacing the regulatory frameworks – innovation is ready to be implemented but some regulatory barriers exist that obstruct exploration of these. The AER is aware of this and have allowed for 'sandbox' opportunities so things can be tested. Like a 'rules-free' option for some things, and to consider whether the rules work in favour of the customers. The AER and AEMC are consulting to see what can work around microgrids. An example of this would be where Remote Area Power Systems (RAPS) or stand-alone power systems in rural areas were considered ineffective in earlier days but trial installations by distributors have demonstrated that these systems are viable and provide a cost-effective outcome for some rural communities. As a result, the regulatory bodies have consulted and recommended changes to the legislation and regulations for such systems.

Mr Clarke asked whether this transition to a DSO will generate an infrastructure cost; to get 'power out of the system' i.e. new suburbs, is the system constructed to allow us to get the power out of the suburbs or does more need to be built.

Mr Thanavelil said that we're yet to see how much is able to be unlocked or how much is there to be unlocked. Working with ENA, we're all trying to understand how much value can be unlocked with regards to any need for infrastructure upgrades. We may need to upgrade parts of the network but there may be other options like demand management that can help address this. The exact pathway is unknown but there are options. Each distribution network will have its own value-stack that they'll be able to demonstrate back to the customer. Right now it's being done as a collective through ENA and being fed into AEMO. We're keeping very well abreast of it and providing some input ourselves. Open energy frameworks – by ENA in association with AEMO. We'll showcase this as we get closer to any outcomes.

Mr Williams asked about timeframes, and Mr Thanavelil replied that right now it's a watching brief and it's about increasing our maturity and developing understanding.

Mr Cox asked about the timeline for sandbox innovation. Mr Thanavelil replied that this was with regulators at the moment. The AEMC is currently consulting on a sandboxing rule change. It may happen by the end of the year, so the sandboxing framework can be put in place and then interested parties would need to submit for options; it's not a fait

accompli. Then you would apply for a waiver, or apply when a third party contacts Evoenergy regarding options they wish to explore and we assess it as requiring a waiver.

Ms Patulny asked how the future energy landscape (decarbonisation, electric vehicles (EV) etc.) was being taken into account and whether we will need to ‘expand the electricity network’ to accommodate them. Mr Thanavelil reassured that this is all considered and, for example, EV may be a good distributed energy resource e.g. considering like vehicle-to-grid opportunities. From what we see, we know some areas of our network may need an upgrade. We don’t want to ‘gold plate’ the network, that’s not the reason for any upgrade. There are innovative ways to manage these considerations. There could be pockets where there are community-level storage / batteries in place, so we can avoid infrastructure upgrade. The gas network transition will also factor significantly.

Members asked about regulatory frameworks around network innovation, and network capacity to evolve to meet changing energy flow and demand.

8. Other Business

Ms Robyn Robinson thanked Ms Symmans for her GN21 presentation and said it has given her and her CCP24 colleagues much to think about.

There was no other business raised.

9. Close

Mr Williams closed the meeting at 11.30am.

The next scheduled meeting of the ECRC will be June 10.

ACTIONS ARISING

Action	Owner	Due
Share Future Network slide graphics with Professor Norman	Giuliana Baggoley & Eddie Thanavelil	Complete ✓
Agenda item on Open Energy Networks framework from AEMO and ENA	Giuliana and Eddie	For 2020 agenda