

19 January 2024

Kris Funston  
Executive General Manager  
Australian Energy Regulator

By email: [AERresets2024-29@aer.gov.au](mailto:AERresets2024-29@aer.gov.au)

Dear Dr Funston

### **TasNetworks' Revised 2024-29 Regulatory Proposal and AER Draft Determination**

Aurora Energy welcomes the opportunity to provide feedback on TasNetworks' revised transmission and distribution regulatory proposal for the period 2024-29 (Revised Proposal), together with the Australian Energy Regulator's (AER) Draft Determination. As TasNetworks' largest customer, Aurora Energy is a customer-centric Tasmanian Government owned energy retailer providing energy services to the majority of Tasmania's electricity customers.

Aurora Energy wishes to make the following comments in relation to the Combined Proposal.

#### **Customer Impacts**

Aurora Energy notes the significant increase in total revenue TasNetworks is proposing to recover from both its distribution and transmission customers over the pricing period.

In acknowledging the factors that have resulted in this increase, Aurora Energy notes rising network costs will place further pressure on retail prices for residential and small business customers, many of whom are already struggling with cost-of-living pressures. Aurora Energy also notes that the increase is likely to result in the network component comprising over 40 per cent of retail power bills in Tasmania.

TasNetworks is observed as having a strong and commendable record of community engagement with various initiatives targeted to help customers to better manage electricity usage. As TasNetworks becomes a greater driver of cost-of-living pressures, Aurora Energy encourages them to further consider initiatives that can assist in providing relief for customers experiencing bill payment difficulties.

Aurora Energy supports the alternative price path proposal by TasNetworks, when compared with the default. Whilst this will equate to a slightly higher increase over the period, a smoothed path should result in lower bill shock for Tasmanian customers.

**Contingent Projects**

Aurora Energy notes that the Revised Proposal now includes six contingent projects with a combined capex of \$956 million.

Whilst Aurora Energy understands and supports the potential for these projects to unlock jobs and investment in Tasmania's renewable energy and hydrogen sectors, it is noted that the combined cost of these six contingent projects, plus their ongoing inclusion within TasNetworks' regulated asset base, will significantly change the nature of TasNetworks' revenue requirement going forward should all these projects be triggered.

In addition to the increases in distribution and transmission revenue, this will again place further pressure on retail prices in Tasmania.

**Network Tariff Reform**

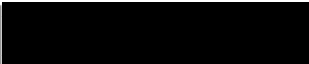
Aurora Energy acknowledges the benefits of cost reflective pricing, and that network tariff reform is a key priority for the AER.

Aurora Energy also notes the AER's support of TasNetworks Proposal in making flat rate network tariffs obsolete to customers in certain circumstances. As a Retailer, Aurora Energy understands its role in reflecting these changes at a retail price level and will consult its relevant stakeholders in how these price signals are passed through to customers.

**Legacy Meter Cost Recovery**

Aurora Energy is broadly supportive of the AER's proposal to move towards socialising legacy metering cost recovery at the network level. TasNetworks proposed retirement of legacy meters is in line with the Tasmanian Government's commitment to fully roll-out advanced meters by the end of 2026. Aurora Energy has significantly progressed the rollout of advanced meters in Tasmania, with over 70 per cent of Tasmanian premises now having an advanced meter installed at the premises. Aurora Energy is on target to meet the Tasmanian Government's 2026 target for installations under its responsibility.

Yours sincerely



Oliver Cousland  
Company Secretary/General Counsel