

AusNet

AER Public Forum EDPR Draft Decision

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GM Strategy & Regulation (Distribution)

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EDPR Draft Decision | Initial reflections



Draft allowances inadequate to provide safe and reliable services over the next 5 years

- Noting we recognise the AER's openness to considering additional information on our technical case; we are working to provide this



Many outcomes of customer research and engagement (which included willingness to pay) not yet upheld

- Improved reliability, resilience and customer experience are priorities for our customers



Investment task of the transition not yet dealt with

- Draft Decision capex is 17% (\$347m) below actual investment in the current period
- Electrification is happening now; not in 5 to 10 years
- More opex required to manage increasing business complexity for CER and flexible services; draft decision increase on current period not adequate
 - Numerous step changes rejected on materiality grounds (but material in aggregate); unexpected ex post adjustment inconsistent with well-established framework
- The limits of the regulatory framework have been tested; policy solutions may be required if some investments proposed are to proceed (ie sub-transmission upgrades to unlock large renewables)

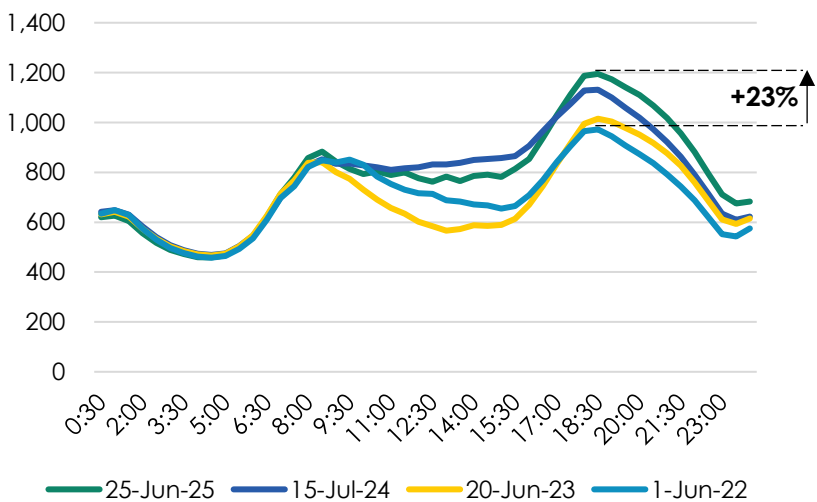


EDPR Draft Decision | Actual energy and demand tracking in line with forecasts, validating Revenue Proposal expenditures

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Winter peak demand up 23% since 2022

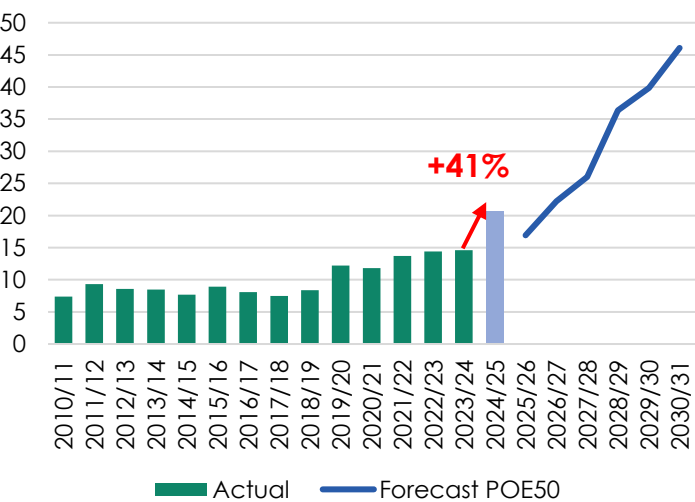
Smart meter data (30 min intervals) on the peak winter days 2022 to 2025 (MW)



Driven by electrification. In line with sharp decline in usage on our gas network.

Growth corridor feeders peak demand spiked in recent summer

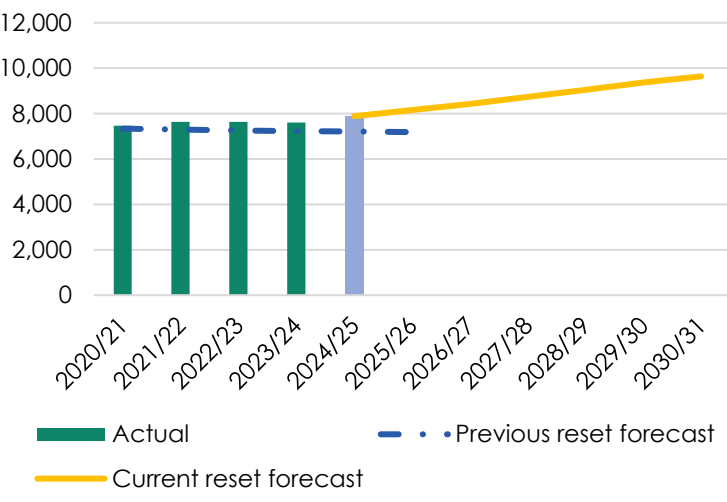
KLO14 feeder actual and forecast peak demand (MW)



Peak demand up 41% on Kalkallo feeder 14 (Northern Growth Corridor) in recent summer.

Energy consumption is increasing

Energy consumption actuals and forecast (GWh)



2024/25 actual consumption in line with reset forecast. We do not have a history of over-forecasting energy.

EDPR Draft Decision | Revised Proposal

focus

Expect to re-propose expenditure allowances similar to our initial proposal.

We will make updates to:

- Respond to AER feedback and address gaps in our technical case
- Updating for new developments and information
 - Higher peak demand and land constraints impacting northern and southeastern growth corridor projects
 - New regulatory requirements
 - Market cost increases
- Respond to customer feedback on specific issues

Our Revised Proposal will support a balance between price and service levels

