

TasNetworks Draft Determination

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Consumer Challenge Panel

Consumer Engagement

- Two areas were identified by stakeholder submissions for improvement:
 - “Cost of services” and “being unwilling to pay for higher reliability” need higher priority in *Voice of Customer Program*
 - Focus groups need to include regional sessions
- The AER notes that TasNetworks intends to provide further opportunities for regional participation

Information Technology

- TasNetworks' Asset Management Systems capex significantly varied over the 2012–17 regulatory control period, with relatively low expenditure in the first three years, and a significant increase in the last two years.
- This increase was driven by TasNetworks' business transformation project.

Information Technology (cont'd)

- Submissions indicated some concern with this trend and requested detail examination by the AER
- The AER reviewed the business case, and consider that:
 - the need for the investment has been previously identified in the current regulatory control period
 - the options analysis was sufficiently granular in identifying the range of feasible options
 - project costs were subject to an open tender process, such that the AER is reasonably satisfied that TasNetworks' proposed costs are prudent and efficient
 - the lowest cost feasible option was selected.

Information Technology (cont'd)

- The business case identifies that there is opex and capex required in 2017 and 2018
- It also identified \$10.8 million “reduction in other costs (financial benefits)” over that period
- CCP will further explore how this reduction is treated in the RP