

TasNetworks' Regulatory Proposal Overview

Lance Balcombe, Chief Executive Officer

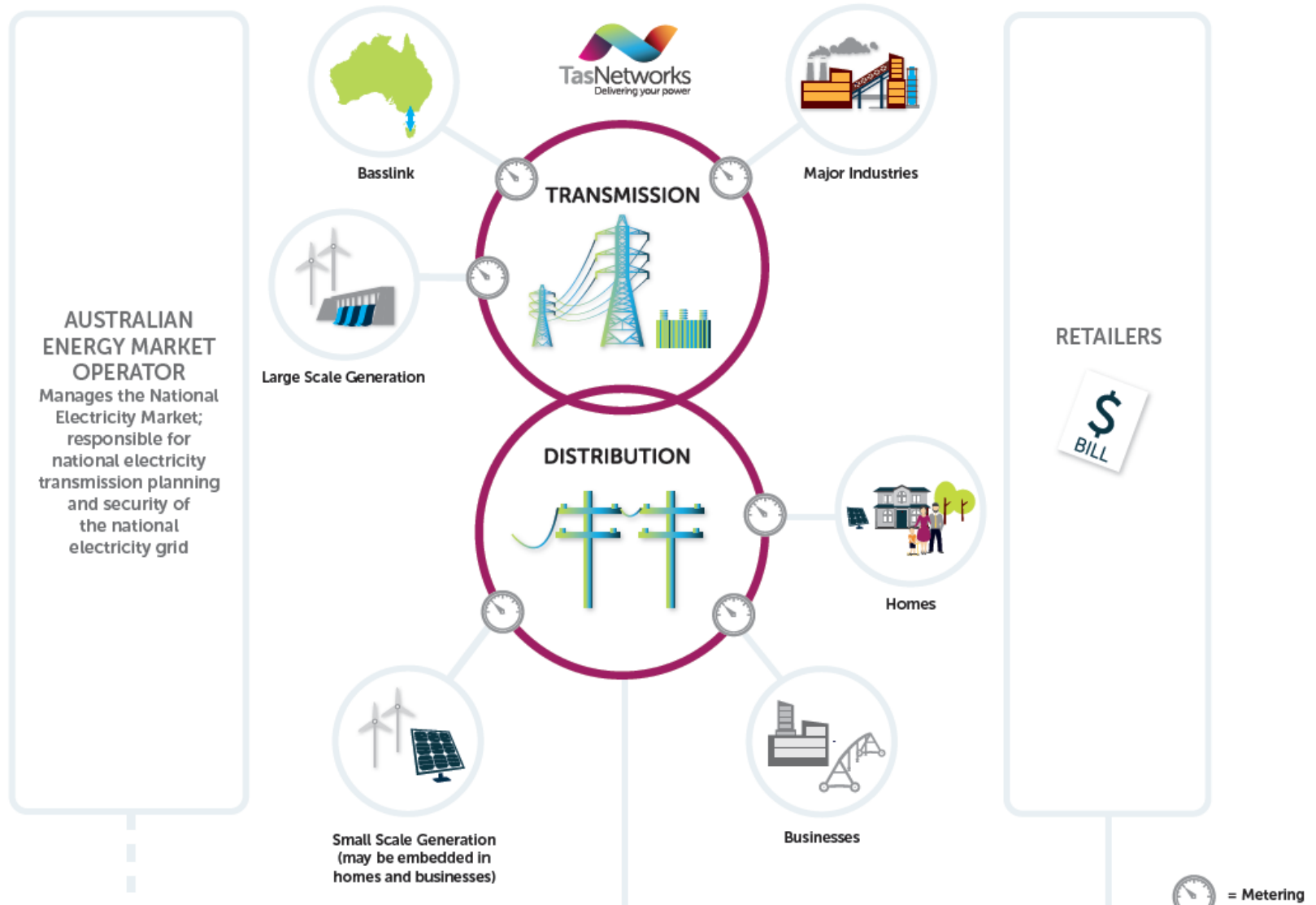
Regulatory Control Period
1 July 2017 – 30 June 2019

AER's Public Forum

18 October 2016

Our role

TasNetworks provides a variety of electricity network services for the transmission and distribution of electricity in Tasmania.



Our direction and priorities

1. We communicate with, and listen to, our customers
2. We are committed to ensuring the safety of our customers, employees, contractors, and the community
3. We will keep the power on, maintaining service reliability
4. We will innovate in a changing world
5. We will deliver services for the lowest sustainable cost



It's all part of our vision to be trusted by our customers to deliver today and create a better tomorrow.

Reliable
Communicative
Accountable

Efficient
Green

Affordable
Innovative

Safe
Accessible

Proactive
Amenity

Employment

The AER's decision has largely accepted TasNetworks' Regulatory Proposal

“In coming to our draft decision we have accepted large parts of TasNetworks' regulatory proposal, including its capital and operating expenditure forecasts”

“All submissions spoke highly of TasNetworks' engagement efforts and its openness and transparency”

Most changes made by the AER reflect financial market conditions and modelling assumptions

We continue deliver services
for the lowest sustainable cost and
in line with customers' expectations



Strategy on a page 2016-17

Vision

Trusted by our customers to deliver today and create a better tomorrow.

Purpose

We safely deliver electricity and telecommunications network services, creating value for our customers, our owners and our community.

Our customers

Our people

One business

Our owners

Strategic goals

What do we need to focus on to achieve our vision?

We understand our customers and make them central to all we do.

We enable our people to deliver value and keep safe.

We care for our assets, delivering safe and reliable network services while transforming our business.

We operate our business to deliver sustainable shareholder outcomes.

Strategic measures

How do we know when we have achieved it?

- Customer net promoter score
- Lowest sustainable prices
- Customer satisfaction

- Culture improvement
- Engagement improvement
- Capability improvement

- Zero harm
- Network service performance maintained
- Sustainable cost reduction
- Efficient program of work delivery

- Returns on assets and equity
- Dividends
- Corporate reputation
- Resilient balance sheet

Initiatives

What are the enterprise wide initiatives we need to focus on now?

- Zero Harm program
- 'Voice of the Customer' program
- Framework for predictable and sustainable pricing

- Ajilis business transformation program
- Culture and capability program

- 'Changing role of the grid' program
- Enterprise agreement
- Business excellence program

HOW WE WORK

The safety of our people and the community is our top priority

We collaborate to deliver real value to customers

We innovate and we are a fast follower

We challenge the status quo

We are one business

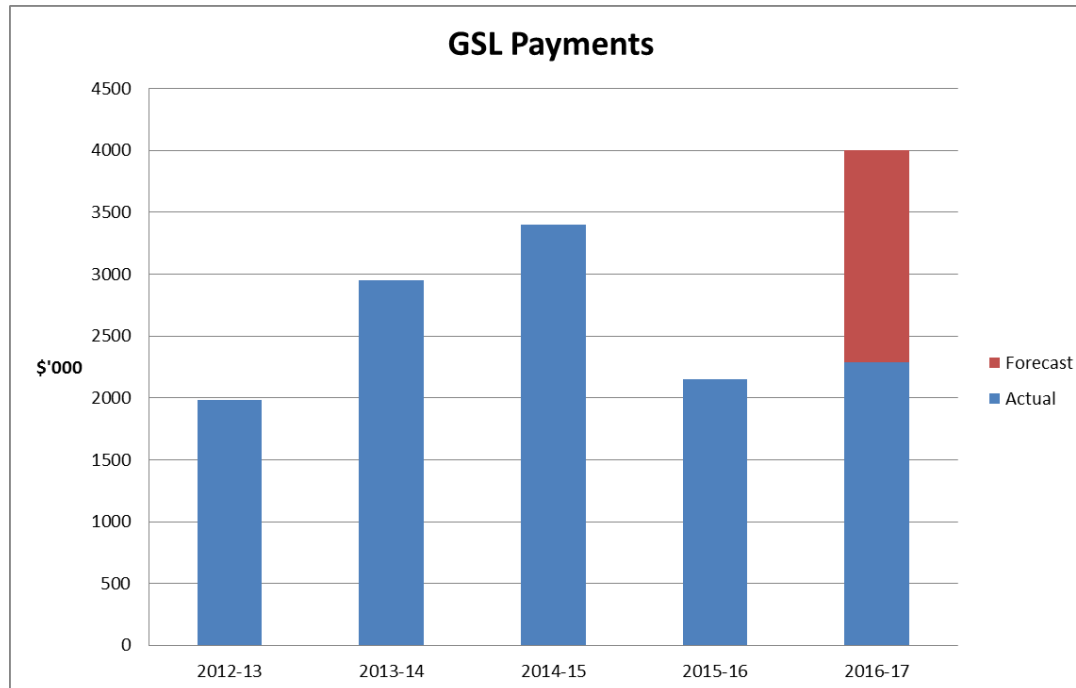
We deliver commercial outcomes

The AER has recognised a fair and efficient proposal

- A proposal that reflected customer feedback
- A balance between safety, reliability, compliance and price
 - No compromise to employee, contractor and community safety
 - Maintaining reliability
 - Meeting our obligations
 - Proactively factoring in efficiency savings
 - More cost-reflective prices
- Most customers will pay about the same, or less, for poles and wires

TasNetworks Revised Proposal – key considerations

- **Gamma (benchmark imputation credits)** - reviewing AER's decision not to follow Tribunal approach.
- **Operating Expenditure** - reviewing operating forecasts based on our latest information, eg:



Looking ahead

- Preparations are well underway for TasNetworks' combined transmission and distribution revenue reset for 2019-2024
- We are engaging with our customers
- We will shortly make our first submission to the AER on the Framework and Approach to apply to our networks in the 2019-2024 period

We want to hear from you

- We submit our revised Regulatory Proposal – early December 2016
- We encourage you to send your views to revenue.reset@tasnetworks.com.au
- You can find out more information or contact us directly:

www.tasnetworks.com.au

Program Leader Revenue Resets, John Sayers on
03 6272 6469



TasNetworks
Delivering your power