

AER revenue determination 2021-26: Victorian Electricity Distribution Businesses

CitiPower

- › CitiPower delivers electricity to **330,000 customers** in Melbourne's CBD and inner suburbs.
- › CitiPower has been allowed **\$1.49 billion** - enough revenue to continue to provide safe and reliable services, including replacement of ageing wooden poles.
- › The determination includes almost \$590 million in capital expenditure, which is 7% less than CitiPower asked for in its revised proposal.
- › CitiPower's operating expenditure over 2021-26 is almost \$477 million.

Powercor

- › Powercor delivers electricity to **836,000 customers** in Victoria's west, from the edge of Melbourne to the South Australian border.
- › Powercor will receive **\$3.45 billion** in revenue over 2021-26, including \$148 million to spend more on replacing wooden power poles.
- › This is a particularly important project given safety and bushfire concerns about ageing wooden poles and will enable Powercor to work towards Energy Safety Victoria's expectations of what is required to achieve sustainable safety outcomes.
- › Our final decision on Powercor's revenue includes capital expenditure of \$1.73 billion for 2021-26. This is 6% lower than Powercor's revised proposal.
- › Powercor's operating expenditure is \$1.42 billion.

United Energy

- › United Energy delivers electricity to **660,000 customers** in the east and south-east suburbs of Melbourne along the Mornington Peninsula.
- › United Energy has performed well against a number of network measures at its current spending level and the revenue allowed for 2021-26 will enable it to continue to deliver safe and reliable services, including replacement of ageing power poles.
- › Our final determination includes **\$2.08 billion** in revenue with capital expenditure for 2021-26 of almost \$903 million, which is 4% less than United Energy's revised proposal.
- › We accepted United Energy's operating expenditure forecast of almost \$729 million.

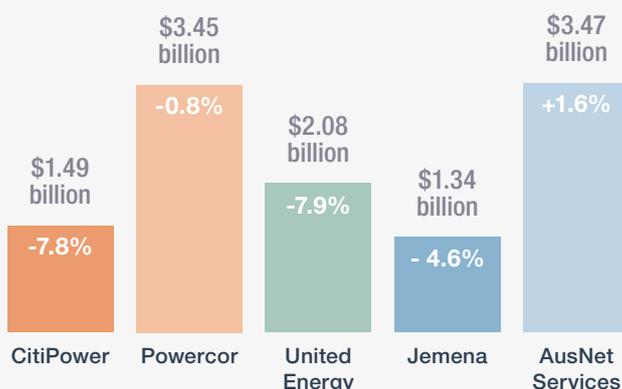
Jemena

- › Jemena delivers electricity to **350,000 customers** from the north-west of greater Melbourne.
- › Jemena's **\$1.34 billion** in revenue will go towards projects including installing new technology to reduce bushfire risk from power lines.
- › We accepted Jemena's revised capital expenditure proposal of \$636 million.
- › We also accepted Jemena's updated revised operating expenditure forecast of \$517 million.
- › Jemena's updated lower operating expenditure proposal reflects savings from its 2019 transformation program. These were not materially different to the adjustment we considered was required to ensure Jemena's operating expenditure is efficient.

AusNet Services

- › AusNet Services delivers electricity to **737,000 customers** across the east of Victoria, from Melbourne to the NSW border.
- › AusNet Services trialed a new consumer engagement program, New Reg, for this revenue determination, which drove increased involvement by consumers, and sought their feedback and influence at a greater level of detail.
- › Our final decision on AusNet Services' revenue of **\$3.47 billion** includes capital expenditure of \$1.38 billion for the 2021–26 regulatory period. This is 3% lower than AusNet Services' revised forecast.
- › We accepted AusNet Services' updated total operating expenditure forecast of \$1.24 billion.

Revenue the businesses have been given for 2021-26



Listening to customers



- › There has been a positive shift by all five distribution businesses in relation to consumer engagement. This has been a key development in this regulatory determination period.

Transition of network



- › Our determination supports the growth of rooftop solar panels across Victoria, with the businesses given revenue to integrate this energy into the network.

Bill impacts 2021-22 change from 2020

Capital works projects funded in 2021-26

How did they listen to customers?

Household Small business

	Household	Small business		
CitiPower	-\$46 (-3.2%)	-\$151 (-2.6%)	Projects include replacement of ageing wooden poles, and supporting entry of distributed energy sources such as energy produced by rooftop solar into the grid.	CitiPower involved customers in the process with the formation of its new Customer Advisory Panel.
Powercor	-\$34 (-2.2%)	-\$107 (-1.8%)	Powercor will receive \$148 million to spend more on replacing wooden power poles. This is a particularly important project given safety and bushfire concerns about ageing wooden poles.	Powercor involved customers in the process with the formation of its new Customer Advisory Panel.
United Energy	-\$60 (-3.9%)	-\$267 (-4.1%)	Projects include replacement of ageing wooden poles and supporting entry of distributed energy sources such as energy produced by rooftop solar into the grid.	United Energy involved customers in the process with the formation of its new Customer Advisory Panel.
Jemena	-\$54 (-3.5%)	-\$179 (-2.8%)	Projects include installing new technology to reduce bushfire risk from power lines and supporting entry of distributed energy sources such as energy produced by rooftop solar into the grid.	Jemena sought to collaborate with its customers through its People's Panel, and showed commitment to ensuring its customers' preferences were reflected.
AusNet Services	+\$27 (+1.6%)	+\$95 (+1.2%)	Projects include installing new technology to reduce bushfire risk from power lines and supporting entry of distributed energy sources such as energy produced by rooftop solar into the grid.	AusNet Services showed strong commitment to customer engagement with its trial of a new customer consultation program, New Reg, which had significant impact on their proposal.