

# The Australian Energy Regulator

Power and Water

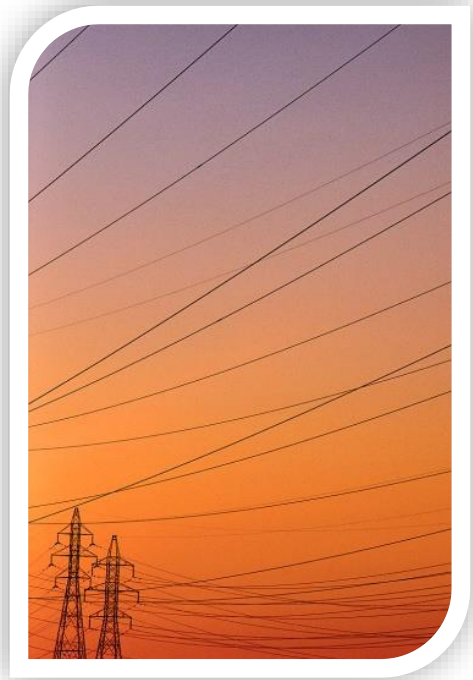
2019-24 electricity distribution determination

Public forum

Thursday 12 April 2018

2:30-4:30pm

Darwin



# Who are we?

- The AER works to make all Australian energy consumers better off by:
  - regulating electricity networks and covered gas pipelines, in all jurisdictions except WA
  - enforcing the laws for the NEM and spot gas markets in southern and eastern Australia
  - protecting the interests of household and small business consumers by enforcing the national energy retail law

# About this process

- Our determination for Power and Water:
  - Will set the revenue it can recover from customers for the provision of electricity network services
  - Will approve a TSS and pricing structures for other services, which set out how that revenue is spread across its customer base.

# What we want to hear from you

- Extent to which Power and Water's proposal draws on feedback (key themes) it received from its consumer engagement.
  - Has this been adequately reflected?
  - Are these the right areas of focus for us?
- Issues paper highlights key areas of focus for us within the proposal:
  - Do you agree?
  - Have we missed anything?

# What would this proposal mean for customers?

Residential customers (\$nominal):

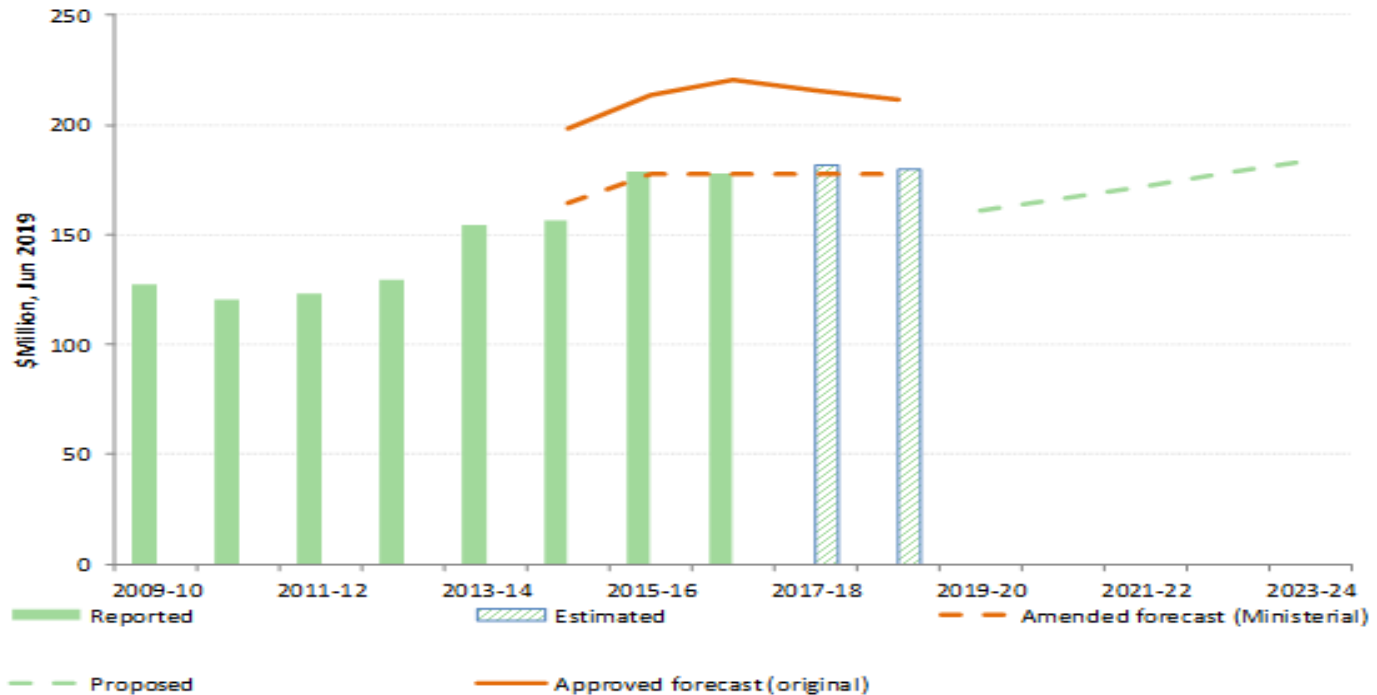
- \$72 reduction in the first year 2018-19
- Total impact over 2019–24 is a \$190 increase

Small business customers (\$nominal):

- \$277 reduction in the first year 2018-19
- Total impact over 2019-24 is a \$729 increase

# Initial impressions of the proposal

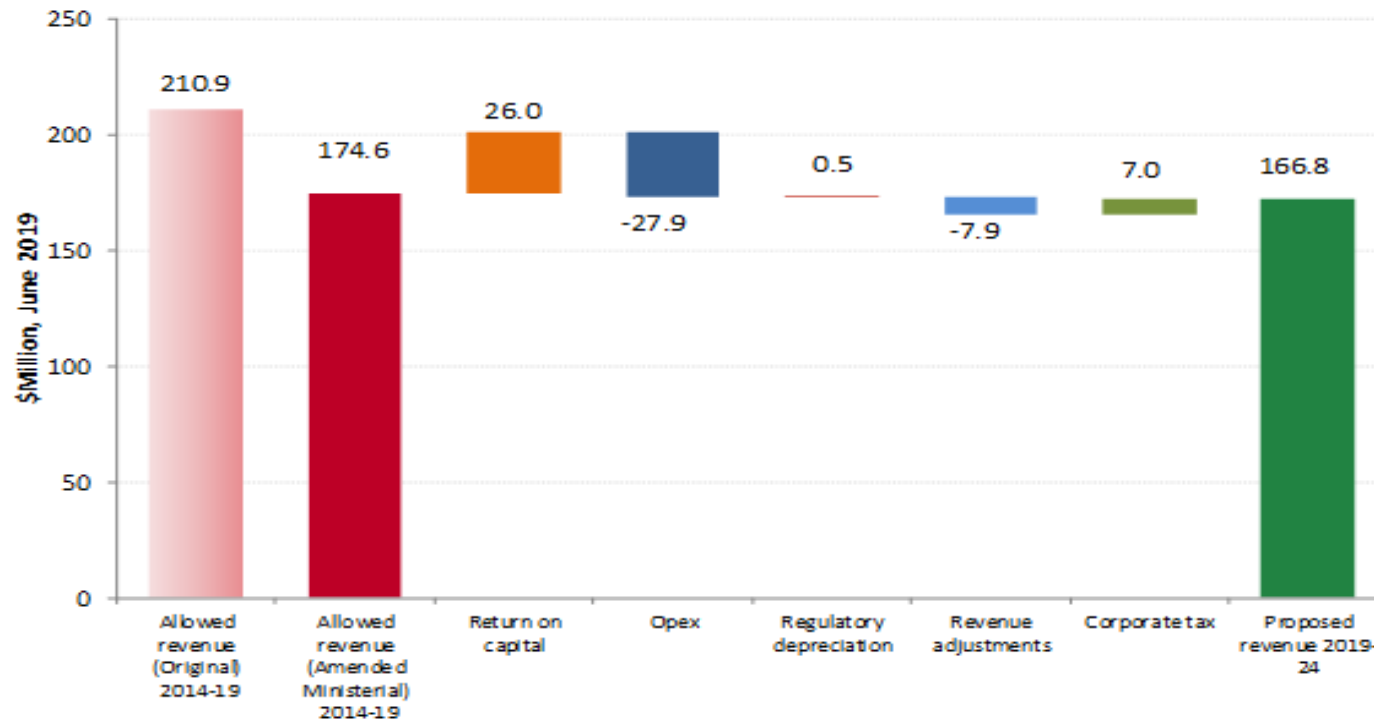
Power and Water's revenue over time (\$m, 2018-19)



Source: AER analysis [Issues paper p. 14]

# What seems to be changing?

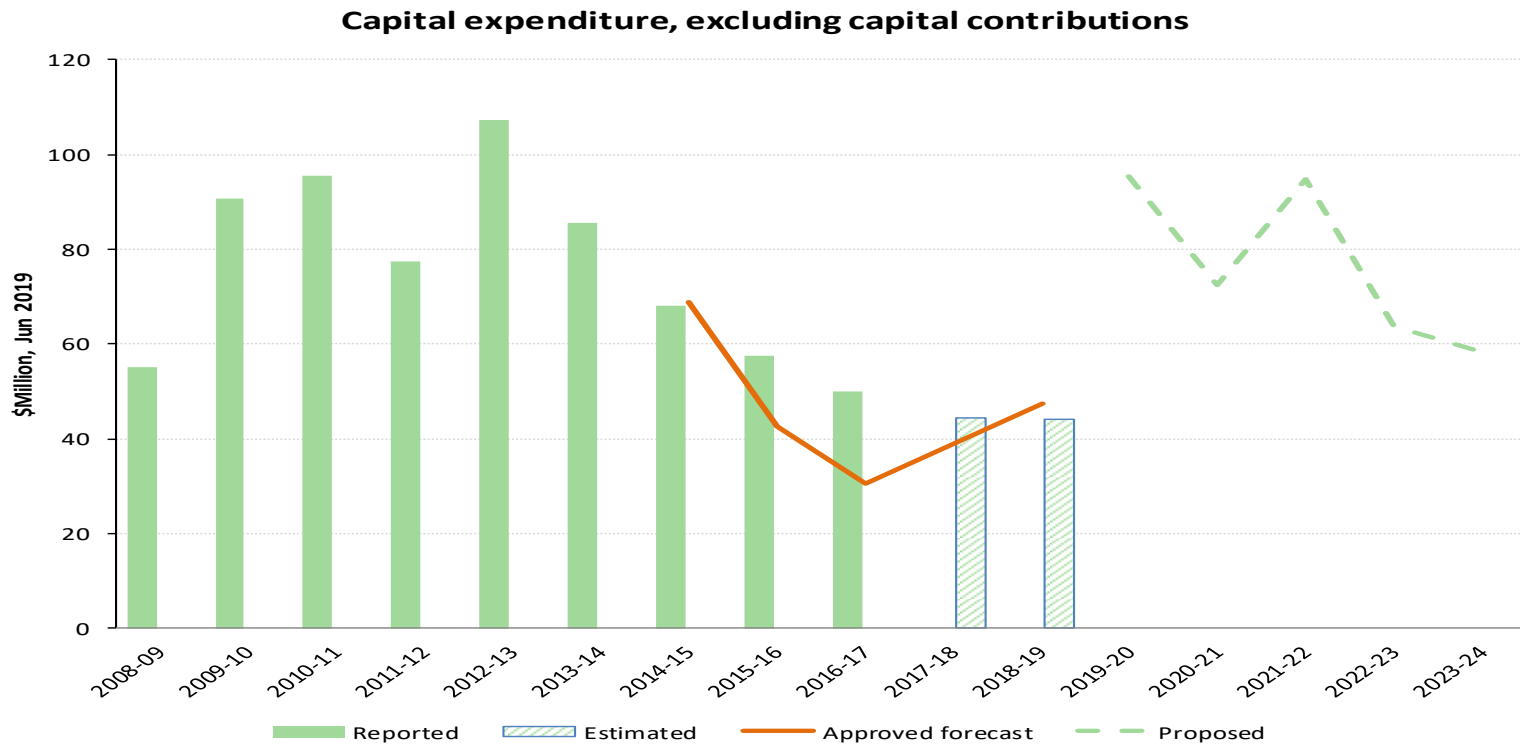
Change in revenue 2014-19 to 2019-24 (\$2018/19)



Source: AER analysis [Issues paper page 15]

# Capex

## Change in capex 2014-19 to 2019-24 (\$2018/19)

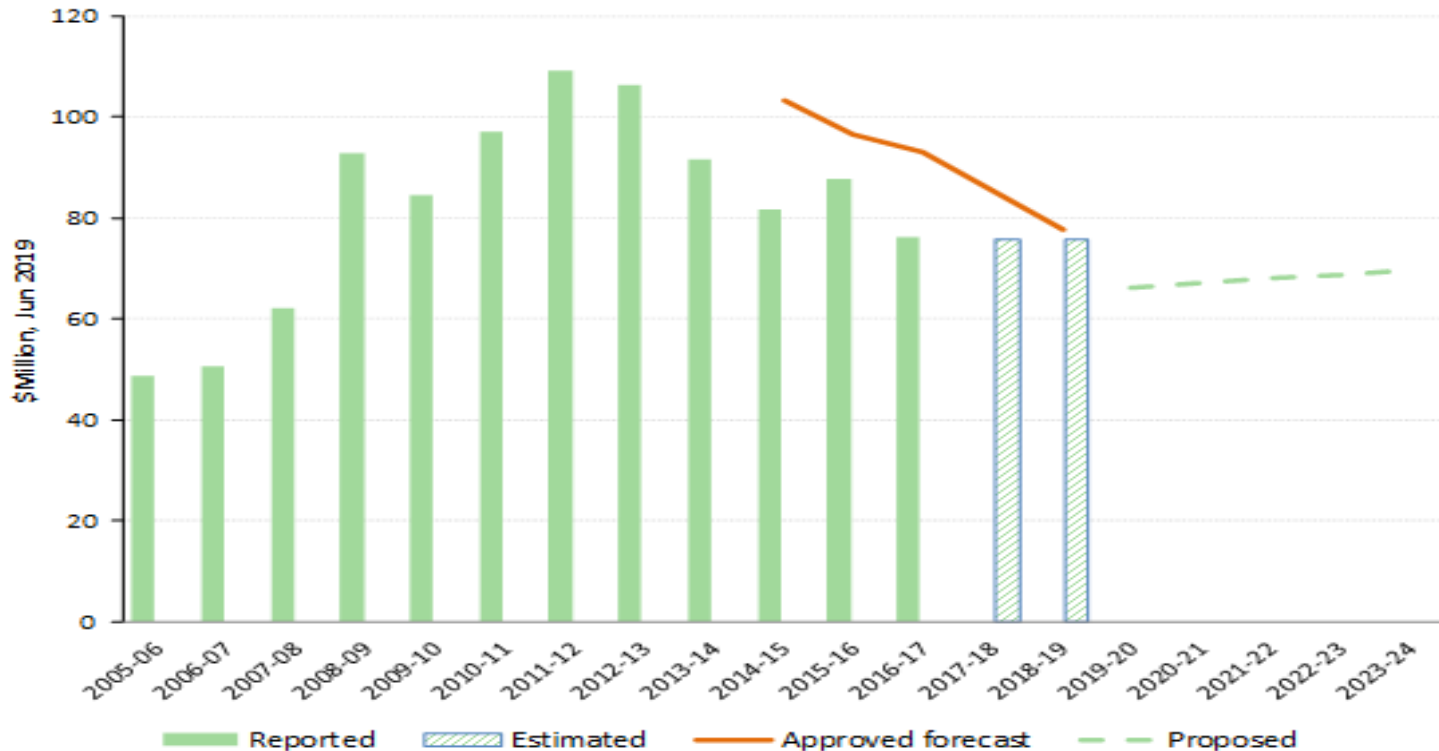


Source: AER analysis [Issues paper page 23]



# Opex

## Change in opex 2005-6 to 2019-24 (\$2018/19)



Source: AER analysis [Issues paper page 29]

# Cost reflective tariffs

- New TSS introduced from 2019 setting out proposed tariffs, structures and charging parameters
- Power and Water is proposing:
  - Demand tariffs for customers with smart meters
  - Removing declining block tariffs
  - Shorten its peak charging window

# Alternative control services

- Metering services will now be determined separately to the network services.
- Power and Water are proposing to install smart meters (new and replacements):
  - key driver in metering service costs
  - Are customers prepared to pay for smart meters?
- There are also a range of ancillary services that will now be regulated by us.

# What happens next

Milestone	Date
Power and Water submitted its proposal	31 January 2018
AER issues paper published	29 March 2018
Public forum on Power and Water's proposal	12 April 2018
<b>Submissions on Power and Water's proposal due</b>	<b>16 May 2018</b>
AER draft decision published	September 2018
Public forum on draft decision	October 2018
Power and Water submits its revised proposal	November 2018
Submissions on draft decision and revised proposal due	January 2019
AER final decision published	April 2019

# How you can get involved

- Written submissions 16 May 2018
- Subscribe to our website for updates:  
<https://www.aer.gov.au/newsletter/subscribe>
- Contact us:  
[NTPowerWater2019@aer.gov.au](mailto:NTPowerWater2019@ aer.gov.au)