

04 January 2019

Mr Sebastian Roberts  
General Manager  
Australian Energy Regulator  
GPO Box 520  
Melbourne Vic 3001  
Evoenergy2019-24@aer.gov.au

Dear Mr Roberts,

Public Submissions – Evoenergy 2019-24 Draft Electricity Determination

I am writing as the independent Chair of Evoenergy's Energy Consumer Reference Council (ECRC) to provide some brief input on the AER's draft decision and Evoenergy's revised proposal for the 2019-24 regulatory period.

The ECRC was established in 2014 to promote the development of strengthened relationships between the then ActewAGL Distribution (now Evoenergy) and their consumers by facilitating a regular, open and frank dialogue. Our council currently has 12 members and represents a broad cross section of ACT community and business groups. The membership of the ECRC is listed in an attachment to this letter. We meet bi-monthly and held our 26th meeting in December 2018.

ECRC members now have a good understanding of the distinction between the distribution and retail arms of ActewAGL - the name change to Evoenergy twelve months ago has also assisted greatly with the general public's understanding of this distinction. ECRC members also have a much better appreciation of the role of the AER in regulating the costs/charges of electricity and gas distributors.

Our ECRC community representatives would obviously all welcome lower energy prices on behalf of their constituents. However, one of the most valuable benefits of the ECRC has been the much improved understanding of the challenges facing Evoenergy in providing a reliable and cost effective distribution network.

Likewise, we believe that Evoenergy management now has a much better appreciation of the energy cost pressures facing various segments of the community, especially financially disadvantaged individuals and many small businesses. Canberra is different from many cities: whilst we enjoy high average household incomes, the upward pressure this places on the price of many essential services - including housing - results in significant cost of living pressures for lower income families.

Commencing with ECRC meeting 13 in August 2016, through to meeting 26 in December 2018, the 2019-24 determination has been a key topic at virtually all ECRC meetings, with extensive briefings and updates by Evoenergy management and ample opportunity for our community representatives to ask questions of the organisation and to provide feedback on their proposal. In lieu of our scheduled meeting for August 2018, Evoenergy conducted two extended workshops comprising a Deep Dive on the ICT aspects of the regulatory proposal, with ECRC members and other community representatives.

Evoenergy's 2019-24 Regulatory Proposal Attachment 2<sup>1</sup>: Consumer Engagement (the Attachment) provides a comprehensive summary of the extensive consumer consultation the distributor conducted over the past two and a half years. Section 2.4.1 deals specifically with the interaction with the ECRC. Table 2.4 lists the topics discussed at each of our meetings and summarises the feedback provided by our members. This demonstrates the genuine willingness of Evoenergy's management to consult, listen and where possible to incorporate ECRC feedback into their regulatory proposal.

The Attachment is so detailed it is not considered necessary to list here all of the issues canvassed at our meetings; however there were a number of consistent key themes over this period:

- The importance of educating consumers to build understanding and allow effective contributions to the consultation processes.
- The importance of predictability and certainty in any tariff increases, in order to avoid price shocks to the consumer.
- Cost-reflective tariffs are generally supported by ECRC members as they provide important price signals to consumers. However, it is essential that consumers, particularly vulnerable customers, are educated in order to appreciate the benefits of the new tariffs and are supported in changing their usage patterns.
- Technology will play an important role in the future of the Evoenergy network, both in terms of providing innovative solutions and as a means of becoming more cost effective, to the ultimate benefit of the consumer.

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<sup>1</sup> [https://www.aer.gov.au/system/files/Evoenergy-Attachment%20%20Consumer%20engagement-January%202018\\_Public.pdf](https://www.aer.gov.au/system/files/Evoenergy-Attachment%20%20Consumer%20engagement-January%202018_Public.pdf)

I would like to make a few further points on behalf of our ECRC:

- We have been impressed with the significant progress that ActewAGL Distribution/Evoenergy management has made in the past 3 years in significantly reducing their costs, especially in the area of Opex, to the ultimate benefit of the ACT consumer – a 28% per customer reduction in Opex between the 2009-14 and 2014-19 regulatory periods is an impressive result.
- We acknowledge the ongoing debate about the cost/reliability trade-off. However, whilst some consumers may indicate they are prepared to accept a slightly less reliable service for a reduction in electricity distribution charges, this contention hasn't really been tested to date as reliability of service in the ACT continues at a very high level. The test will be if it should eventuate that Opex and Capex cuts have been too deep, leading to reliability issues down the track.
- The ECRC is supportive of Evoenergy's total commitment to the safety of their employees, their customers and the general public, which must never be compromised by any reductions in Opex or Capex.
- The ECRC is totally supportive of Evoenergy's proposals to recoup all reasonable pass through costs imposed on them, especially those costs for new vegetation management obligations transferred from the ACT Government and back-dated to 1 July 2018.

We are of the view that Evoenergy has made great progress in their genuine commitment to consumer engagement in the past four years and their acceptance of feedback from our ECRC members has been extremely encouraging. We believe the ECRC is a very representative body on behalf of ACT energy consumers and our members are generally very supportive of Evoenergy's revised regulatory proposal for the 2019-24 period. We welcome this opportunity to submit these brief comments.

If you have any questions in relation to this letter, please do not hesitate to contact me on [allanwilliams4@gmail.com](mailto:allanwilliams4@gmail.com).

Sincerely,



Allan Williams

Chair, Evoenergy Energy Consumer Reference Council

**Attachment A. Energy Consumer Reference Council membership**

Independent Chair

ACT Council of Social Service (ACTCOSS)

Council on the Ageing (COTA)

Gungahlin Community Council

Tuggeranong Community Council

Canberra Business Chamber

SEE-Change Inc.

Property Council of Australia (ACT)

Master Builders Association of the ACT (MBA)

Engineers Australia

Australian National University (ANU)

Canberra Urban and Regional Futures (CURF)