

Jemena Electricity Networks

2016-20 plan
(22 Jun 15)



Jemena | What we do



Gas

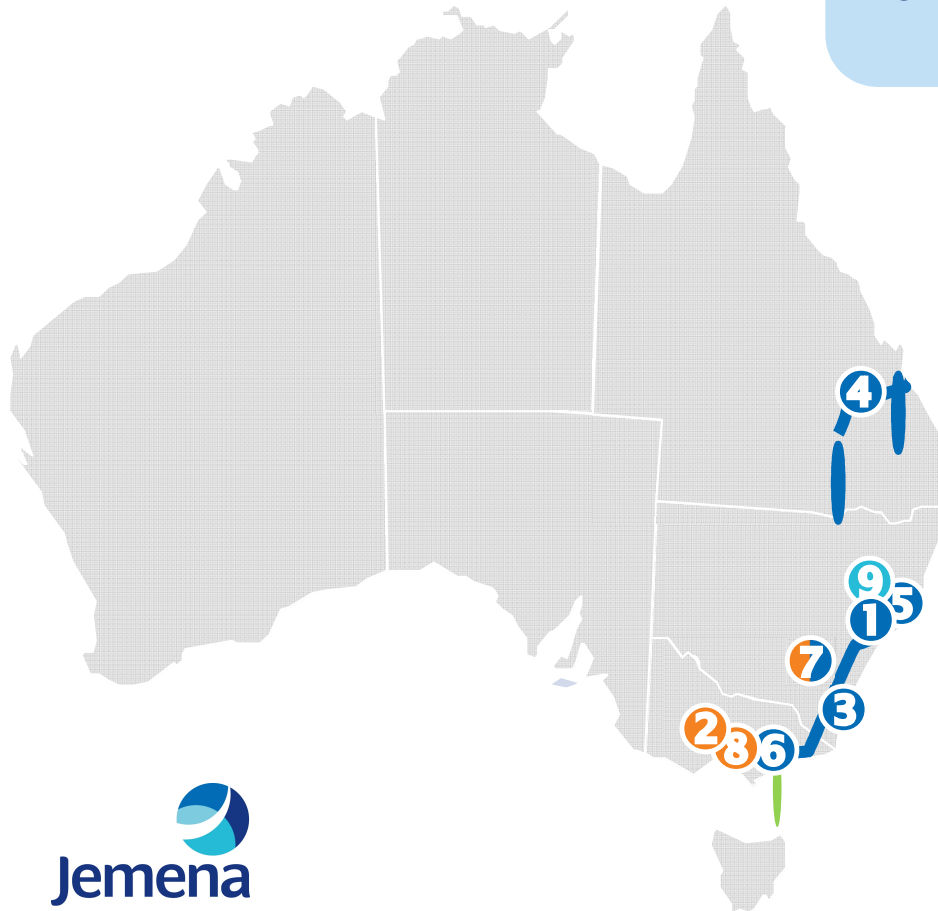


Electricity



Water

At Jemena we bring energy to life
Every day we safely and reliably deliver energy to over 2 million Australian homes and businesses



- ① Jemena Gas Network
- ② Jemena Electricity Network
- ③ Eastern Gas Pipeline
- ④ Queensland Gas Pipeline
- ⑤ Colongra Gas Transmission and Storage Pipeline
- ⑥ VicHub
- ⑦ ActewAGL Distribution Partnership (50%)
- ⑧ United Energy Distribution (34%)
- ⑨ Rosehill Recycled Water

Our 2016-20 plan | Context and objectives

- Jemena is one of Australia's most efficient electricity network operators
- This is unsurprising, as for 20 years we've been responding to incentives we face:
 - As a private company
 - Operating under capex, opex and service incentive schemes
- Jemena is delivering value for money distribution service levels that our customers have told us they value
- Through our 2016-20 plan we'll continue delivering safe, reliable and low cost electricity distribution services, while delivering price reductions for 98% of our customers

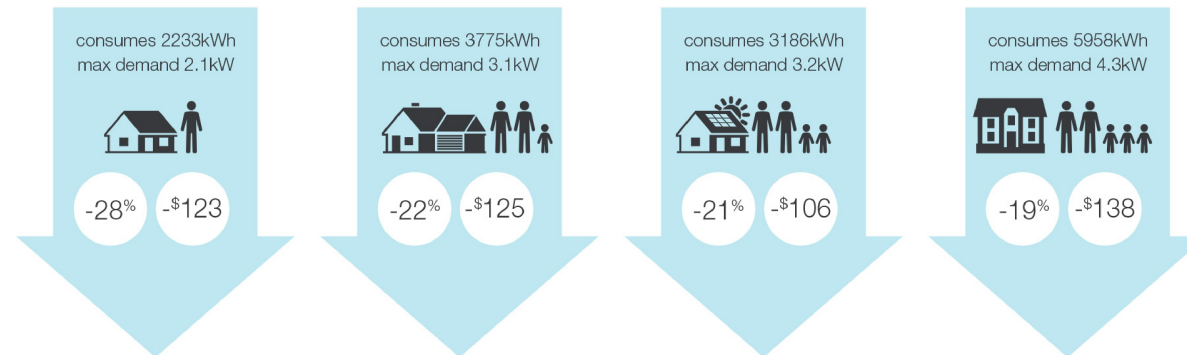


Our 2016 plan | Sustained reduction in average prices

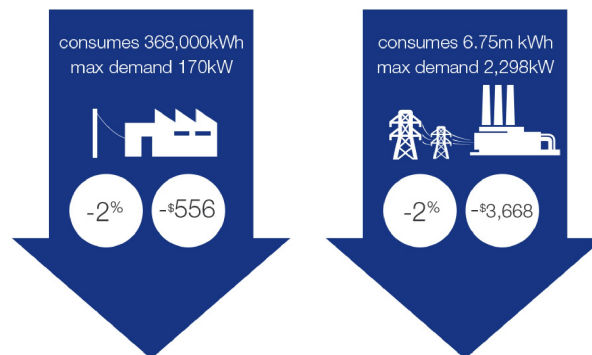


By keeping our costs down, all of our customers will receive substantial savings over the 2016-20 regulatory period (\$2015)

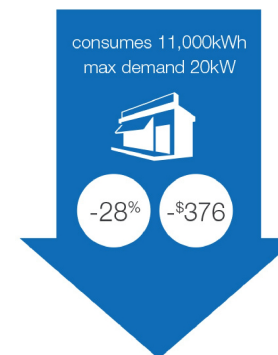
Residential customer



Large business customer



Small business customer



Our 2016 plan | We have responded to our customers



- Customer feedback:
 - Value high levels of safety
 - Value current service levels, and would value equality of service levels across the network
 - Focus on efficiency, put downward pressure on prices
- Our 2016 Plan involves:
 - Remaining proactive in managing safety (designing and operating network, improving public awareness etc.)
 - Maintaining current levels of service (responsiveness & reliability)
 - Introducing cost reflective tariffs so that customers equitably pay for how they use our network
 - Passing on lower funding costs
 - Broadening schemes for greater incentives on service and cost performance, and innovation

Context | Our network is changing at an increasing rate

(1) Our network covers three of the Victorian Government's four identified growth areas
 ○ = growth corridor

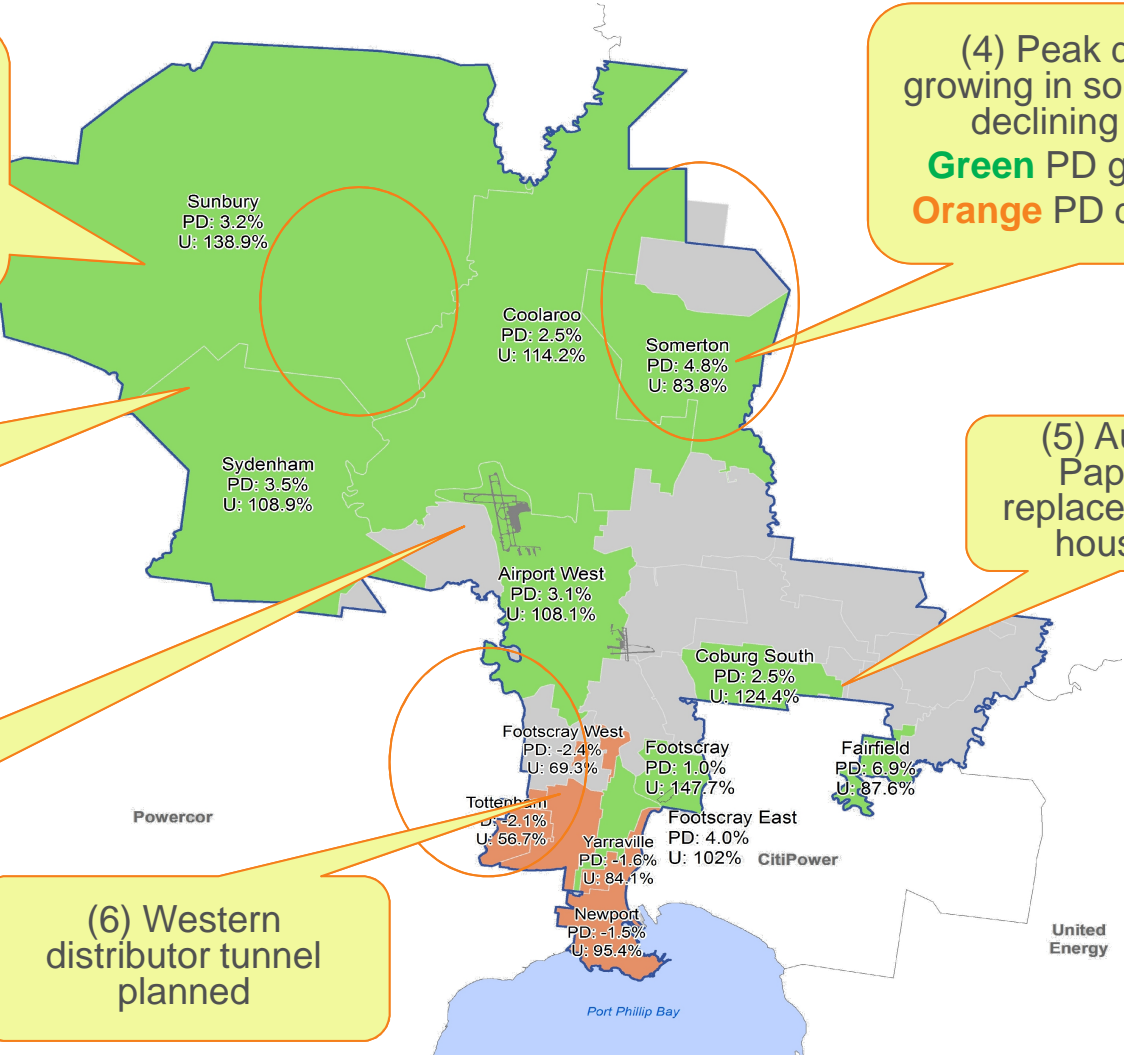
(2) New technologies such as rooftop solar generation is growing

(3) Tullamarine's rapid commercial expansion for growing air travel

(6) Western distributor tunnel planned

(4) Peak demand is growing in some areas but declining in others
Green PD growth > 2%
Orange PD decline < -1%

(5) Australian Paper Mills replaced by 4,000 households



To meet these customer demands we must augment and refresh our network

Our 2016 plan | Innovating for our future

Jemena must innovate to remain relevant



Will see us continue to utilise our smart meters to deliver more responsive and cost effective solutions – such as remote connection and disconnection services – helping to lower our costs and prices over the long term



Will allow us to quickly and efficiently source and respond to any power outage as a result of a severe storm or accident to ensure customers stay connected



Will allow us to trial new technologies and services to reduce the need for costly network upgrades helping to lower our costs and prices over the long term



Will make it fast, easy and affordable for customers to connect solar PV units (and other technologies) to our network and sell any excess generation to other homes and businesses



Empowers customers with new ways to monitor their electricity usage and save money on their bills through our Electricity Outlook portal

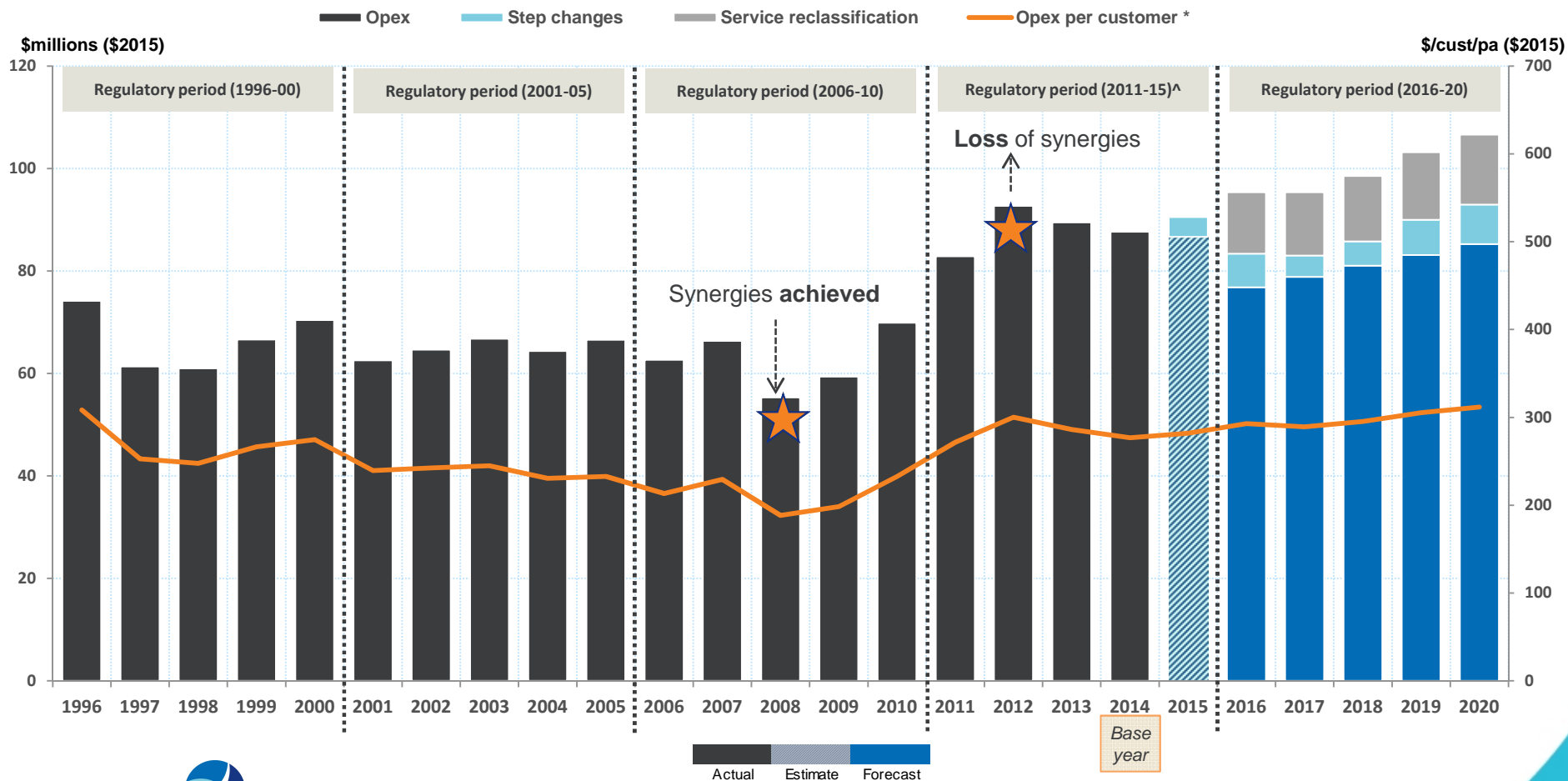


Will allow us to assist vulnerable customers by trialling the installation of 500 in-home energy displays to assist them better understand how much electricity they are using and when they are using it in real time.

Our history | Keeping opex low since privatisation

Our stable opex performance over time highlights...

...our commitment for efficiency / response to incentives



Source : JEN estimates, information for 2014 (audited data) and 2016 to 2020 (draft EDPR forecast)
[^] Includes AMI operating costs

Our proposal | Sustainable tariff reform

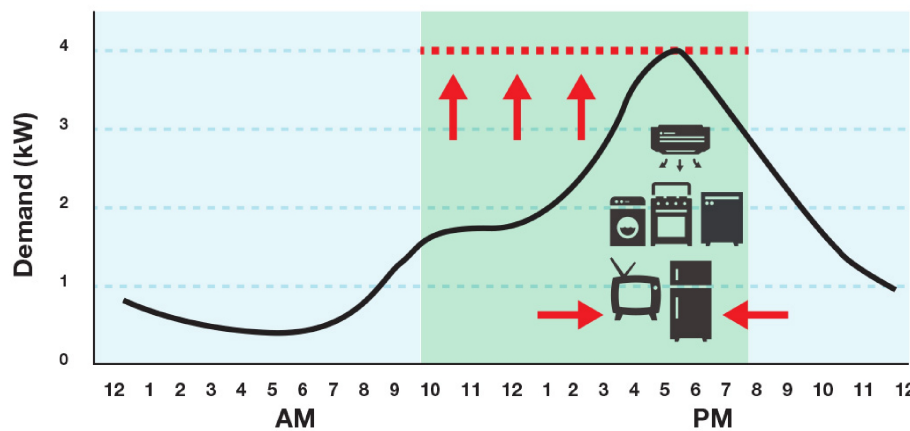
Our residential customers can take practical steps to save money in new ways:

- by spreading out when electricity is used between 10am and 8pm weekdays
- by lowering usage (as currently)

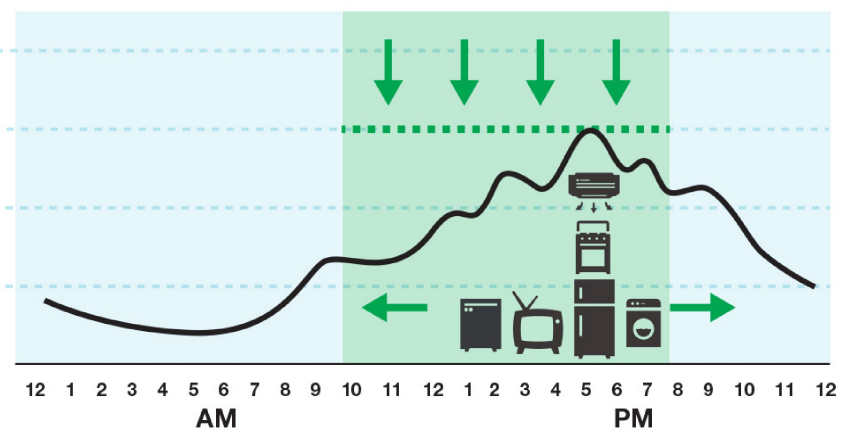
Jemena is the first network business to publish a tariff structure statement (TSS)

Jemena proposes a price path that aligns to the introduction of demand charges in 2018 to minimise the impacts to customers

Maximum Demand



Maximum Demand



Our 2016 plan | Conclusion



- Comprehensive customer engagement and program has informed decisions in areas our customers value
- Our proposal delivers a price decrease between 19% and 28% on annual bills for residential customers, and 98% of all our customers will receive lower prices.
- Our planned operating and capital expenditure underpins the complex demands of running a safe and reliable network at efficient cost to customers in our area
- Our proposed tariff reform is more equitable, realises the benefits of AMI and is technology agnostic to ensure long term efficiency