

## **Minutes**

### **Public forum on Aurora Energy's regulatory proposal 2012 – 2017**

Location: Grand Chancellor Hotel, Hobart

Date: 19 July 2011

Forum Chair: Warwick Anderson

Attendees: Refer to Appendix 1

#### **1. Opening remarks by Warwick Anderson – General Manager, AER**

Warwick opened the forum and outlined:

- that the forum was an opportunity for Aurora Energy to present its regulatory proposal and for attendees to ask questions;
- the general timings for AER's distribution determination going forward

#### **2. Presentation by Aurora Energy – Peter Davis – CEO Aurora Energy, Andre Botha – GM Network**

Peter Davis opened the presentation providing an introduction to the regulatory proposal and context concerning the development of the proposal. Andre Botha then presented the technical aspects of the proposal.

The presentation can be accessed via the AER's website at: <http://www.aer.gov.au>

#### **3. Presentation by the EUAA – Roman Domanski – Executive Director**

Roman Domanski gave the EUAA's presentation on Aurora Energy's regulatory proposal. This presentation is available on the AER's website at: <http://www.aer.gov.au>

#### **4. Comments and Questions on Presentations**

##### **David Aston – DA Consulting**

David noted that the reliability of Aurora's distribution networks has been impacted by the separate ownership of subtransmission feeders and the distribution network. He asked what Aurora is planning to do to mitigate the effects of this.

Aurora replied that it recognised that this was a limitation in network management, however it is moving Aurora's control system to the same building as Transend, and moving onto the same system to control the distribution and transmission systems to mitigate any disadvantages from this separate ownership.

### **Terry Long – Tasmanian Minerals Council**

Terry noted that Aurora's proposal indicated that there would be a decline in opex over the next regulatory control period, but that this was from a higher base. He asked whether this higher base was necessary.

Aurora replied that the P0 adjustment is to recover investments Aurora made during the current regulatory control period. It noted that the reductions in opex in the proposal is what Aurora considers is achievable in the next 5 years. Aurora also noted that future periods may have downward step changes in opex that result from the introduction of new technology and the development of a smart network.

### **Roman Domanski – EUAA**

Roman raised some concerns about the 10% increase to the P0 in the first year of the next regulatory control period and asked Aurora to elaborate on the reasons for this increase. In particular, he asked whether there was any overspend in terms of past expenditure and how much of that contributed to the 10% increase.

Aurora responded that on average, its expenditure was in line with the last determination and there was no overspend. It noted that the 10% P0 was a result of investments in the current period, particularly in reliability of the network and safety. Aurora noted that smoothing P0 was a decision for its shareholders because it has commercial impacts.

### **Roman Domanski – EUAA**

Roman also asked Aurora about the revenue outcomes of the smart grid technology. He asked Aurora how confident it was that the smart grid strategy would work and what technology they are implementing.

Aurora responded that it recruited its network manager and other staff that have experience in rolling out smart technology in other countries. To date Aurora has seen a \$7 million decrease in opex from the implementation of the first stage of the change to a smart network. It is confident that there will be little or no cost impact on customers from implementing smart technologies because the savings in opex will offset the cost of the roll out. Aurora noted that in the next regulatory period it will be starting to deploy some of the new technology and getting enablers in place. The benefits of this new technology will be seen in subsequent regulatory periods.

### **Nathan Donnelly – EUAA**

Nathan asked whether the new technology Aurora is proposing to roll out is demand management related.

Aurora replied that the new technology is focused on a network wide strategy and includes demand management and non-demand related investments. It noted that an advantage of the smart network is that it can refine assumptions in asset management plans which will result in better targeted capex/opex programs.

## Appendix 1 – list of attendees

Title	First name	Surname	Organisation
Miss	Vivienne	Pham	Powercor
Dr	Kath	McLean	Tasmanian Council of Social Service
Mr	Doug	Pankhurst	Transend Networks Pty Ltd
Mrs	Jane	Hyland	Office of the Tasmanian Economic Regulator
Mr	Sead	Pasalic	Transend Networks Pty Ltd
Mr	Marcus	Tonelly	TasGas
Ms	Fiona	Calvert	Aurora Energy
Mr	Leigh	Mayne	Aurora Energy
Ms	Heather	Cerutty	Office of the Tasmanian Economic Regulator
Mr	David	Asten	MIEAust, CPEng
Ms	Bess	Clark	Transend Networks Pty Ltd
Mr	Michael	Sward	Transend Networks Pty Ltd
Ms	Pamela	Watts	Transend Networks Pty Ltd
Mr	David	Allen	Transend Networks Pty Ltd
Mr	Jonathon	Bellette	Department of Treasury and Finance
Miss	Melanie	Brown	Local Government Association of Tasmania
Mr	Mark	Bond	ERM Power
Mr	Nathan	Donnelly	EUAA
Mr	Richard	Bevan	
Dr	Tim	Astley	DIER - Energy Planning and Conservation
Ms	Carolyn	Flint	DIER - Energy Planning and Conservation
Mr	Josh	Gadd	DIER - Energy Planning and Conservation
Mr	Marcus	McKay	DIER - Energy Planning and Conservation
Mr	Peter	Davis	Aurora Energy
Mr	Andre	Botha	Aurora Energy
Mr	Darren	Smith	Aurora Energy
Mr	Robert	Kingsley	Aurora Energy
Mr	Rick	Inglis	Aurora Energy
Ms	Sarah	Baddeley	Aurora Energy
Mr	Richard	Wilson	Aurora Energy
Mr	Anton	Voss	Aurora Energy
Ms	Kim	Rosinski	Aurora Energy
Mr	John	Sayers	Aurora Energy
Ms	Jacqui	Suffolk	Aurora Energy
Ms	Jane	Kenny	Aurora Energy
Ms	Chantal	Hopwood	Aurora Energy
Mr	Andrew	Knowles	Aurora Energy
Ms	Shannon	Stennings	Aurora Energy
Ms	Georgie	Coleman	Aurora Energy
Ms	Rachel	Bessell	Aurora Energy
Mr	David	Bowker	Snowy Hydro
Mr	Terry	Long	Tasmanian Minerals Council
Mr	Warren	Batchelor	Aurora Energy
Mr	Shawn	O'Laughlin	Aurora Energy
Mr	Roman	Dimanski	EUAA
	D	Aston	DA Electricity