

TasNetworks' Regulatory Proposal Overview

Lance Balcombe, Chief Executive Officer

Regulatory Control Period
1 July 2017 – 30 June 2019

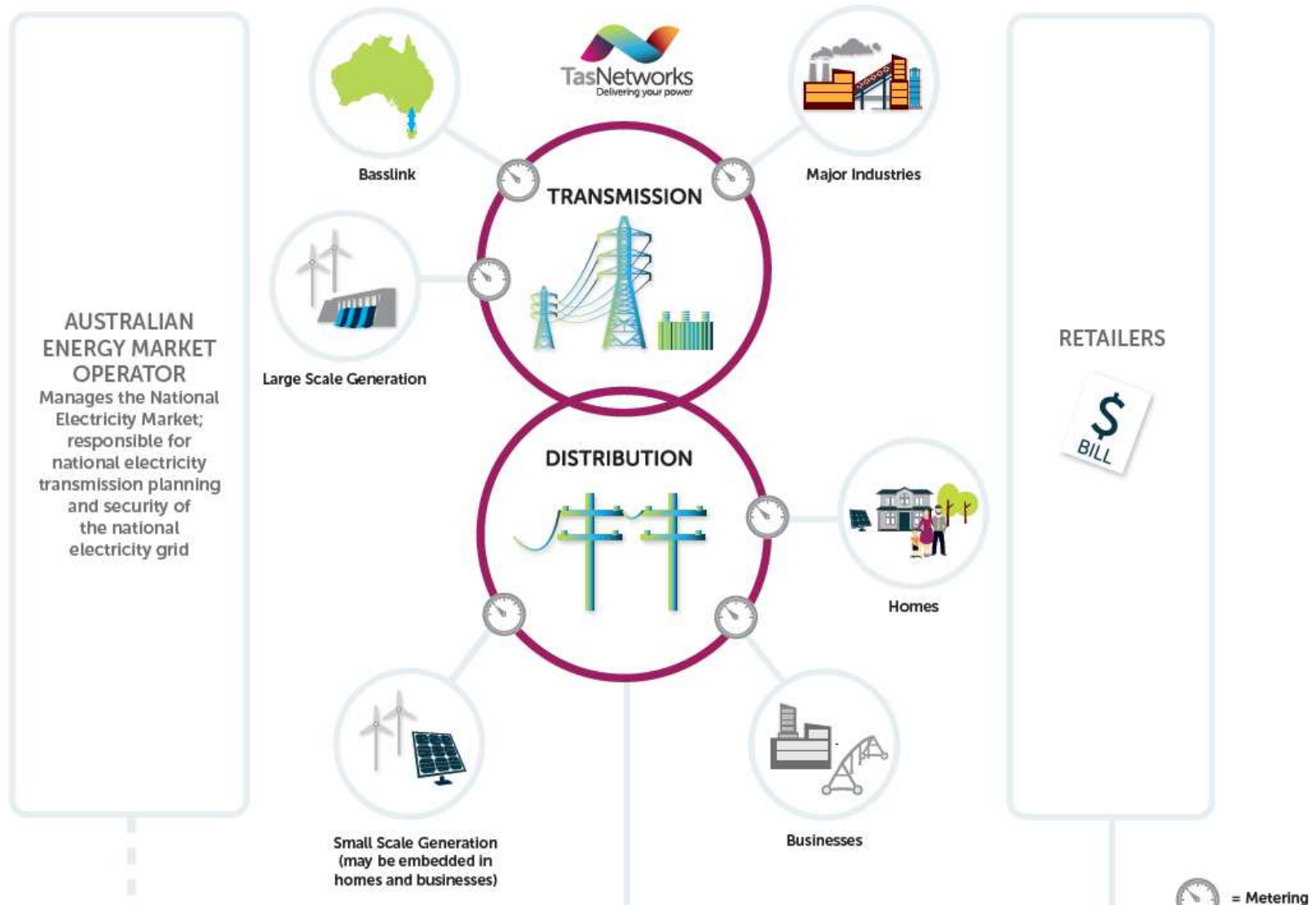
AER's Public Forum

17 March 2016



Our role

TasNetworks provides a variety of electricity network services for the transmission and distribution of electricity in Tasmania.



Who we are

TN Video to be inserted here



Our direction and priorities

1. We communicate with, and listen to, our customers
2. We are committed to ensuring the safety of our customers, employees, contractors, and the community
3. We will keep the power on, maintaining service reliability
4. We will innovate in a changing world
5. We will deliver services for the lowest sustainable cost



It's all part of our vision to be trusted by our customers to deliver today and create a better tomorrow.

Reliable
Efficient Green
Communicative
Accountable
Safe
Accessible
Affordable
Proactive
Innovative
Employment
Amenity



We communicate with, and listen to, our customers



We are committed to ensuring the safety of our customers, employees, contractors and the community



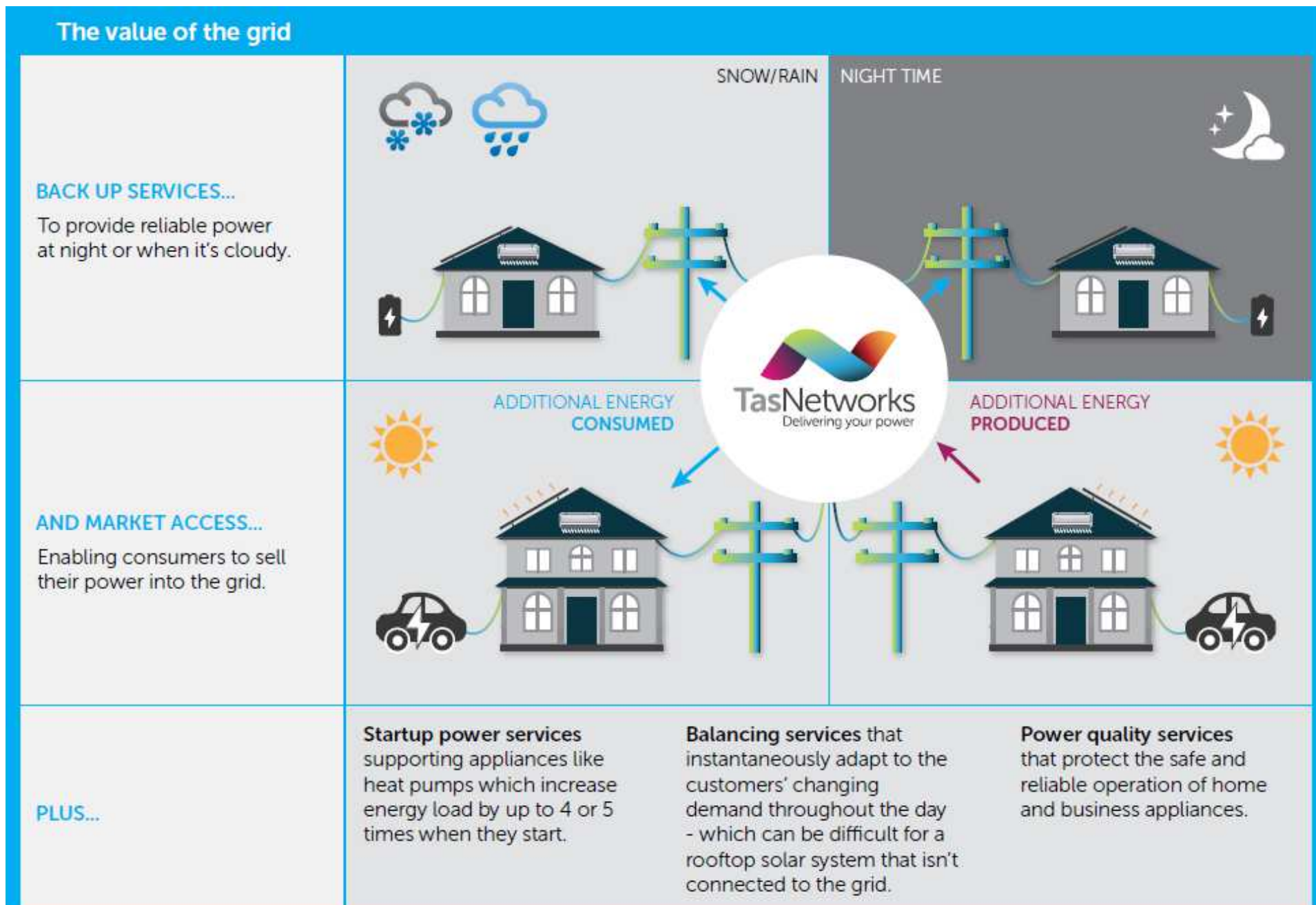
We will keep the power on, maintaining service reliability



We will innovate in a
changing world



Network increasingly supporting two-way energy flows

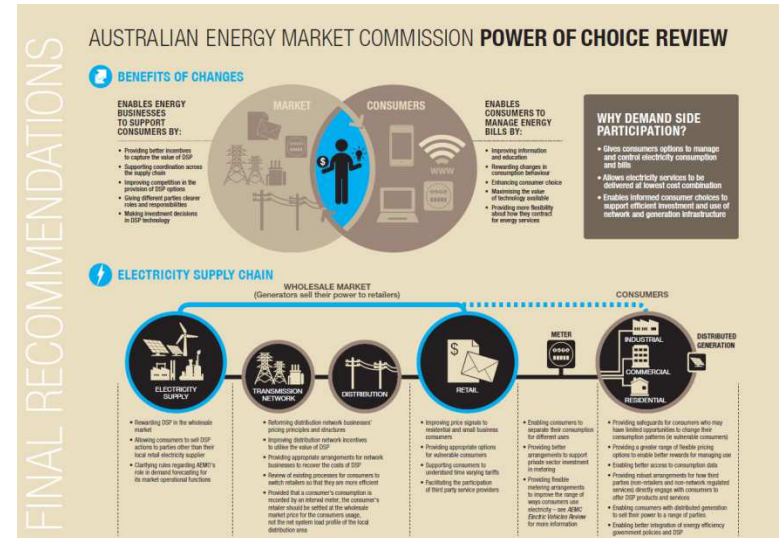


Putting foundations in place



\$46M (for distribution) between now and 2017-18 for Ajilis

\$12M between now and 2017-18 for TasNetworks to meet AEMC rule changes



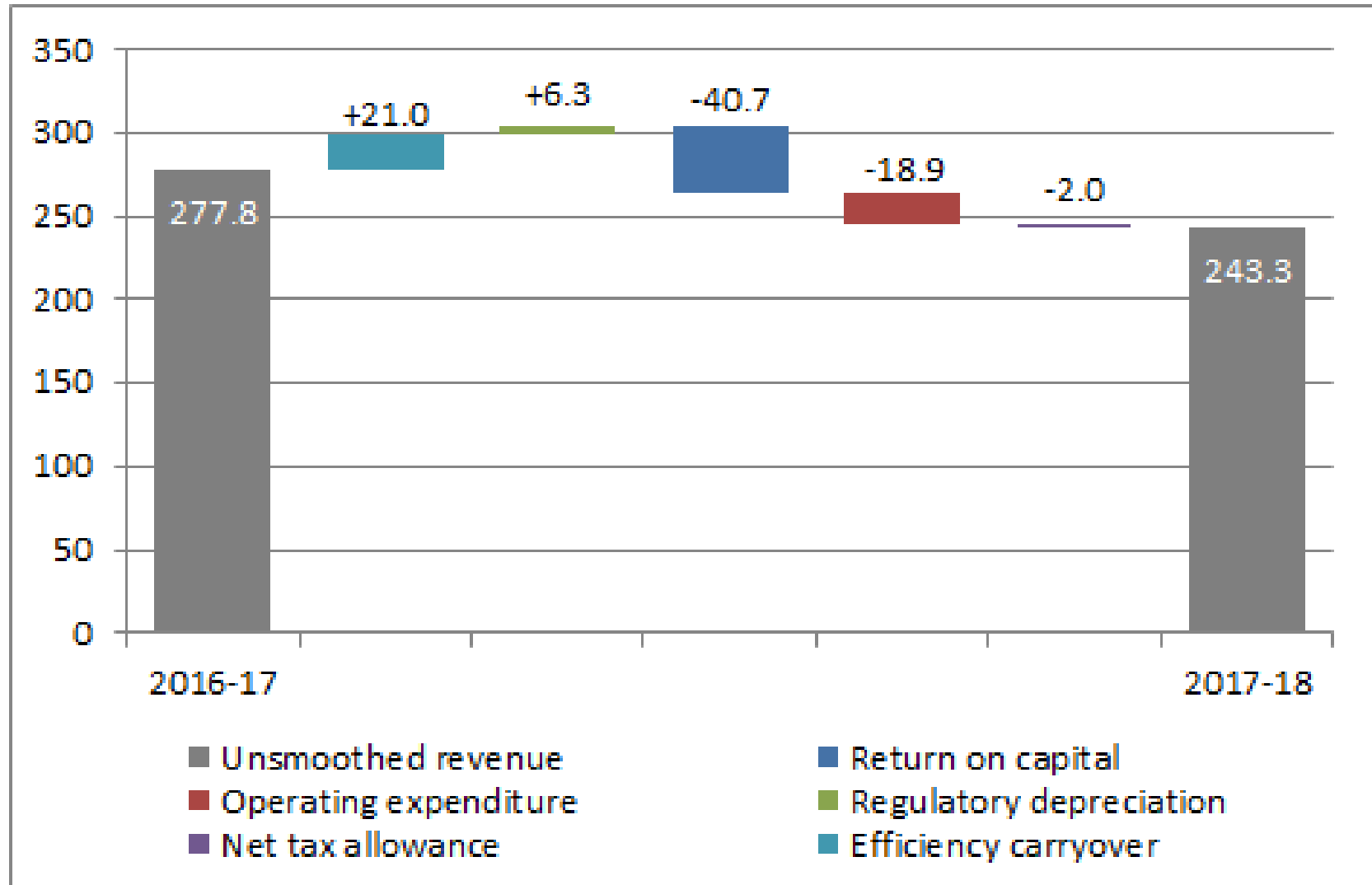
ELECTRICITY NETWORK TRANSFORMATION ROADMAP



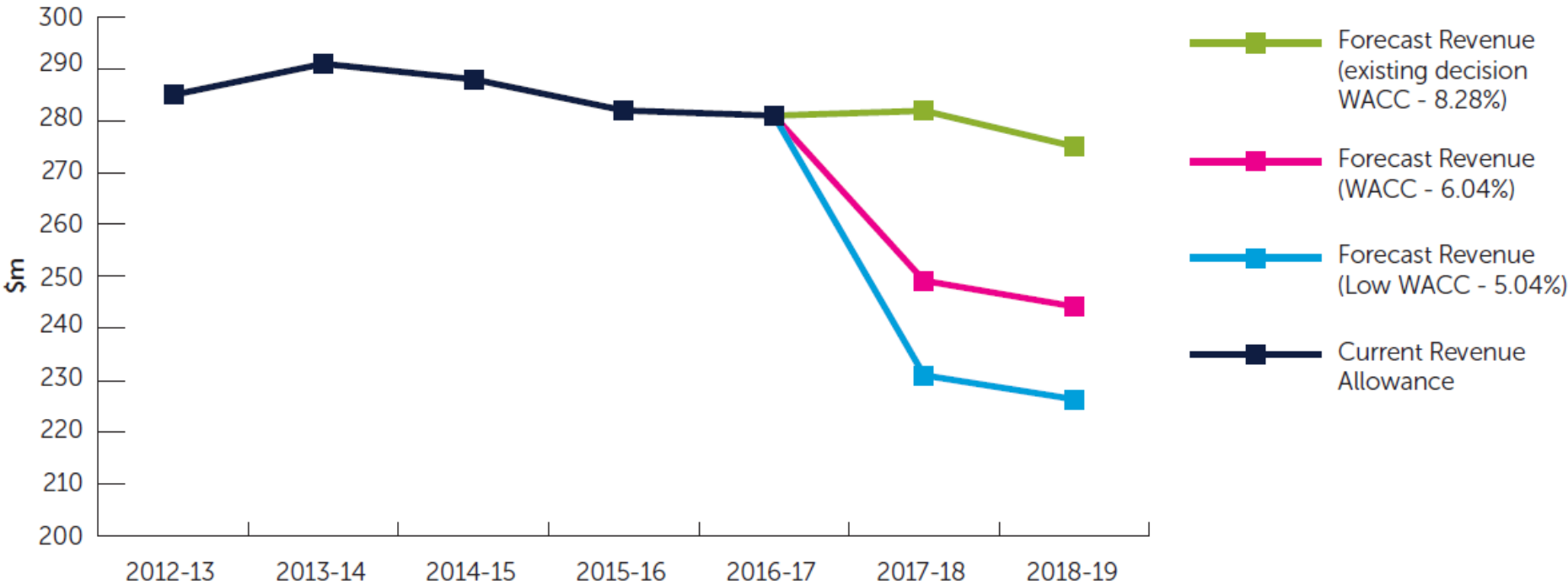
We will deliver services
for the lowest
sustainable cost
- lower revenue



Lower revenue reflects efficiencies and markets



Financial market impacts on revenue (June 2017 \$m)

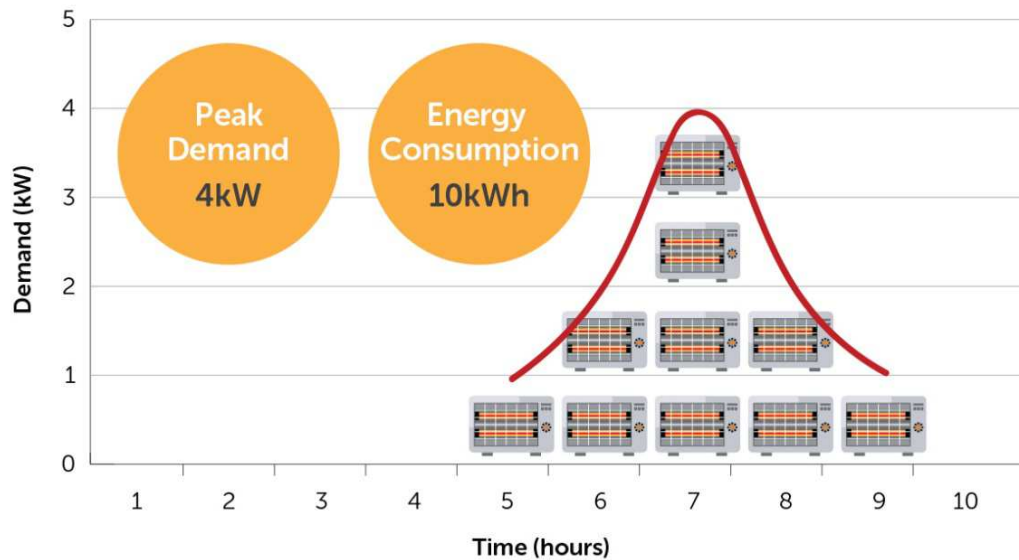
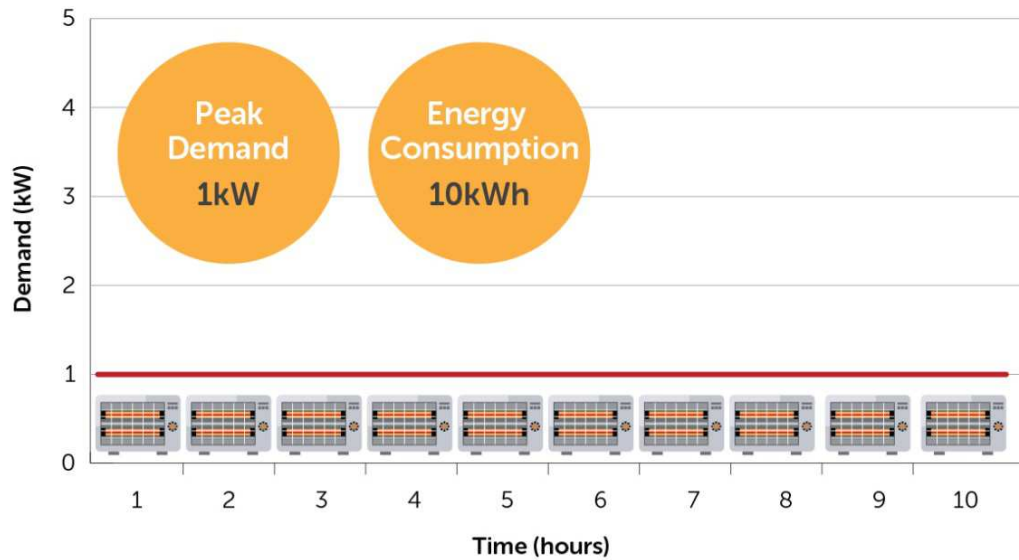


We will deliver services
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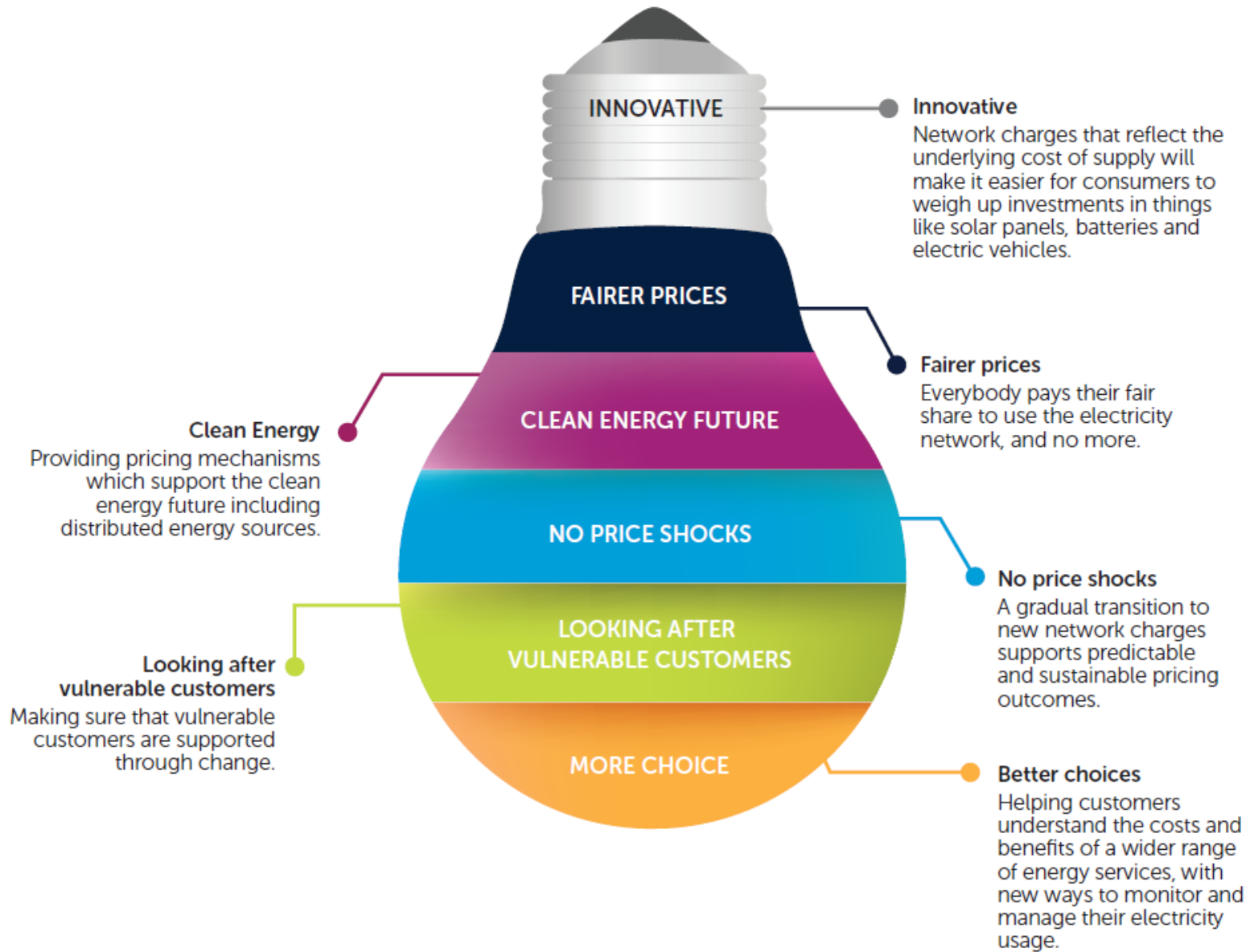
- cost reflective network charges



Price signals to better reflect network cost drivers



Pricing reform benefits



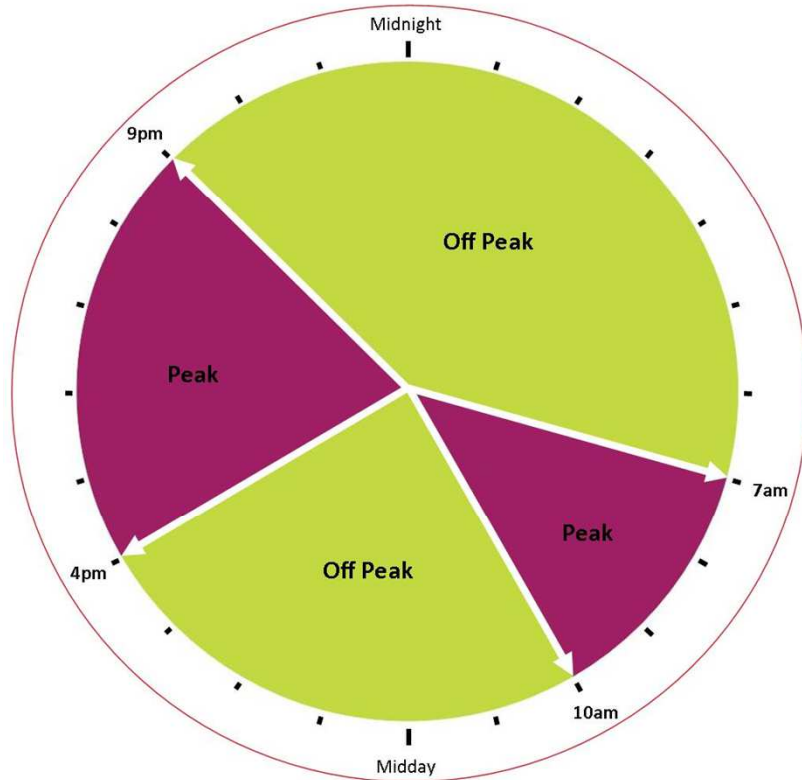
Improving the way we price our services

- Transition of existing tariffs
 - More emphasis on service charges
 - Reducing consumption-based component
 - Rebalancing tariffs to slowly unwind legacy cross-subsidies
 - network charges for lighting and heating (TAS31) and heavily subsidised heating and hot water (TAS41)
 - between groups of customers (eg business and residential)
- Opt in tariffs
 - Existing time of use tariffs
 - New time of use demand based tariffs
- Tariff trial
 - Further data to support tariff reform

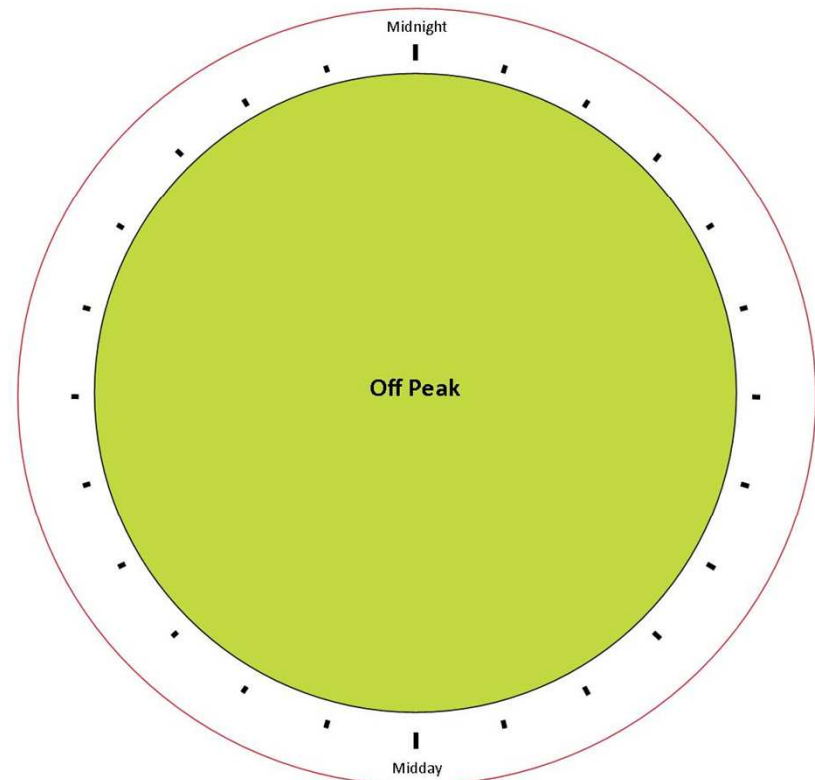


Opt-in demand based network tariffs

Weekdays



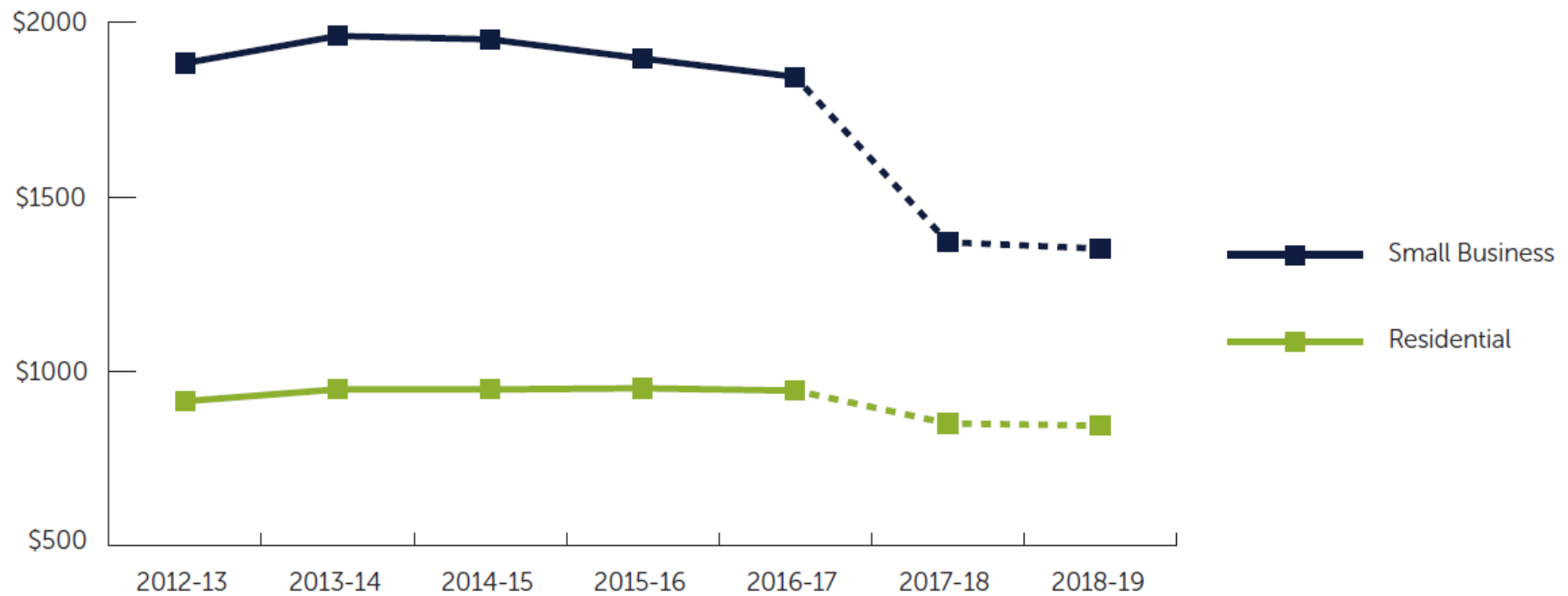
Weekends



Sending price signals about when our networks (transmission and distribution) are most heavily loaded

Our proposal supports lower network charges

Indicative average annual total network charges



A fair and efficient proposal

- Proposal reflects customer feedback
- A balance between safety, reliability, compliance and price
 - No compromise to employee, contractor and community safety
 - Maintaining reliability
 - Meeting our obligations
 - Proactively factoring in efficiency savings
 - More cost-reflective prices
- Most customers will pay about the same, or less, for poles and wires





TasNetworks
Delivering your power