


# Say hello to our five- year plan



united energy 

 Good people  
in power

January 2020

## Overview: United Energy Regulatory Reset Proposal, 2021–2026 (\$2021)

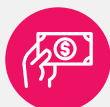
### Stakeholder priorities



#### Resilient network

### Key commitments

- Sustained high reliability >99.99%
- \$1,219m in capital expenditure (net)]
- 6,552 poles replaced, 9,170 refurbished under an escalated program
- \$194m for technology integral to an efficient distribution network



#### Affordability

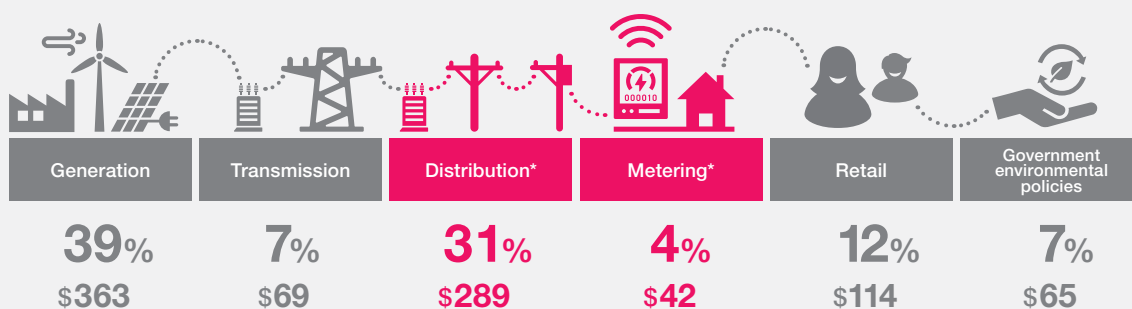
- Revenue lower at \$2,245m
- 14% real price decrease for residential distribution and metering charges over five years
- 13% real price decrease in small business distribution and metering charges over five years
- New pricing structure offered
- \$798m in operating expenditure



#### Flexibility

- 55,000 new household connections
- Increasing the amount of solar exported into our network
- \$89m in net benefits to all customers from digital network developments
- \$44m in net benefits to all customers from improved online services and data accessibility

### Proportion of household electricity costs to customers, 2021/2022



Source: AEMC Residential Electricity Price Trends 2019, converted to June 2021 dollars

\*Based on typical residential customer consumption of 4,000kWh per annum in Victoria in 2021/2022

# Thanks to all who contributed

United Energy has been one of the most improved networks in the National Electricity Market (NEM) in recent years. Our plan for the 2021–2026 regulatory period takes even further the benefits of innovations and efficiencies already delivered.

The plan has been shaped by input from a wide range of people both within the community we service and our business. Our community comprises a diverse range of interests in an area dominated by permanent and weekend households as well as a large population of seasonal tourists. We have therefore become adept in managing wide variations in demand.

Extensive engagement with stakeholders representing customers, their advocates, community and government leaders, revealed three key expectations of our performance. These are to:

1. provide a resilient network with an emphasis on asset safety as well as reliability
2. lower the cost of services to improve electricity affordability
3. be flexible to options for products and technology enabling customers to make energy choices.

Our innovative team has been the architect of many new solutions for electricity supply challenges. In the next five-year period, our plan applies the outcomes of their research and development to further reinforce the resilience of the network. This includes:

1. preventing asset failure
2. building capacity for growth
3. accommodating customer choices such as rooftop solar
4. fully utilising demand management strategies.

This is reflected in both capital and operating expenditure proposed in the next five years. However, it is necessary in order to achieve the level of community safety, reliability and service that our customers expect.

Importantly, efficiencies in our operations mean we can offer increased investment in the network while reducing distribution and metering revenue and lowering costs to customers.

Further details are available within United Energy's regulatory proposal to the Australian Energy Regulator (AER) submitted in January 2020.

This is our plan to deliver more to customers at a lower cost. We look forward to your feedback.



**Tim Rourke**  
Chief Executive Officer



## Network

**215,800** poles  
**13,382km** of powerlines  
**25%** of powerlines underground  
**47** zone substations  
**113** zone substation transformers  
**13,770** distribution transformers  
**64%** utilisation rate

## Operations

**>7,600 GWH** distributed annually  
**>99.99%** reliability of supply (averages 44 minutes off supply per customer annually)  
**100%** of network surveyed by aerial services annually  
**51,585** spans where vegetation was cut  
**>6,300** fault response jobs annually

## Customers

**685,025** customers  
**11%** have a solar PV system  
**217,827** fault-related calls received through our Customer Contact Centre  
**79,870** general inquiry calls received through our Customer Contact Centre  
**121,755** street lights within our network and managed for customers

## Region

**1,472km<sup>2</sup>** region  
**1.45 million** Victorians  
**8.4 million** tourists (up 10% in 2019)  
**27%** of Victoria's manufacturing

Melbourne

Burwood

Dandenong

Moorabbin

Frankston

Mornington

Hastings

Portsea

Rosebud

Flinders

WESTERN PORT

PORT PHILLIP BAY



# Who we are and what we do

**United Energy (UE) is one of Australia’s leading electricity distribution networks recognised for its cutting edge technology, high efficiency and low costs to customers.**

We operate the network of poles, wires and infrastructure that distributes power from hydro, wind, solar, coal and gas-fired electricity generators to our customers’ meters. We also manage the meters (99% of which are smart meters) and provide the meter data to the retailers responsible for issuing electricity bills.

We deliver electricity to a 1,500 kilometre square area covering the east and south east suburbs of Melbourne and the Mornington Peninsula. Households represent 90% of our 685,000 customers. We also support 11,200 commercial and industrial businesses and 53,400 small businesses including the peninsula’s popular tourism industry and 27% of the state’s manufacturing.

Our work is performed by a team of 200 highly skilled professionals and an outsourced team of qualified tradespeople and customer service agents committed to providing quality services. These services are delivered from depots in Keysborough, Burwood and Mornington as well as from a purpose-built customer contact centre in Bendigo and our corporate offices in Mount Waverley.

Traditionally, UE has been at the forefront of innovation that has delivered benefits to our customers and industry. For example: we were the first to voluntarily install Rapid Earth Fault Current Limiters to improve network safety by preventing bushfires from our assets; and in recent years, our successful demand management programs have helped to defer over \$40 million of investment and save 60MW of electricity. Working with nine leading universities and funded by the Australian Renewable Energy Agency (ARENA), we continue to investigate affordable options to manage network assets and electricity use during times of peak electricity demand.

**Our vision is to provide safe, reliable and affordable power to customers.**

We’ve identified five strategic pillars essential to achieving this vision and at the foundation of our business planning:

- 1. Stakeholder engagement:** effectively listening to the needs and expectations of a broad range of stakeholders, including customers, to ensure we deliver the right energy solutions while supporting communities and economic growth.
- 2. Customer outcomes:** continually improving our service standards and resources to enable customer choice.
- 3. Operational excellence:** cost-effectively and efficiently operating and maintaining our network to deliver high standards of reliability and safety.
- 4. Future networks:** continually evolving and adapting our network infrastructure and services to enable emerging technologies.
- 5. Regulatory outcomes:** designing our financial plans in collaboration with our operational teams to balance the expectations of our regulators, shareholders, customers and stakeholders.

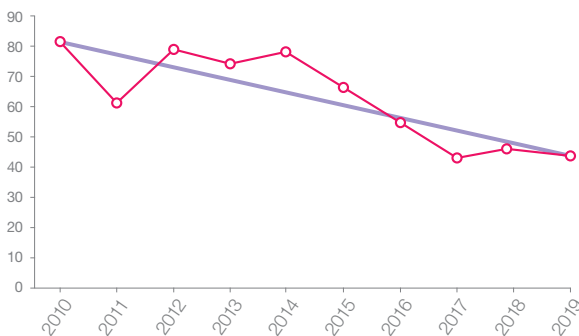


# Building network resilience

We describe a resilient network as one that can withstand rare and large events that affect customers. The key factors that determine this are reliability and safety.

United Energy offers a high level of reliability of electricity supplies with power available 99.99% of the time. In the current regulatory period alone, there has been a 32% reduction in the minutes customers are off supply to an average of just 44 minutes each year. There has been a similar improvement in safety over the same period with a 34% reduction in the number of ground fire starts from our assets and a 71% reduction in public safety incidents.

Unplanned minutes off supply, 2010–2019



These outcomes result from a comprehensive and regular program of asset inspection, maintenance and replacement across our network.

The future resilience of the network is challenged by changing preferences for how energy is used and consumed, continued strong residential growth, and climatic conditions. Stakeholder consultation found that 75% of respondents support faster upgrades to our network to allow for greater renewable energy connections and asset modernisation to better meet customer outcomes.

## Challenges and opportunities

An estimated 55,000 new households are forecast to be connected during the regulatory period. Overall, we are forecasting 1.4% per annum growth in total customer numbers across the region. This average does not reflect the level of concentrated growth in some areas. For example, the population of the Mornington Peninsula is anticipated to grow by 6.9% between 2016 and 2026 due to urban development.

Meanwhile, demand for our support continues to be high for the Victorian Government’s ‘Big Build’ portfolio. Within our region, new tunnels in the Suburban Rail Link’s Glen Waverley and Cheltenham lines, the Lathams Road widening in Seaford, construction of North-East Link and numerous public transport upgrades are driving investment in major connections.

Importantly, consultation revealed changing expectations related to asset age, replacement schedules and integrity that have influenced our network planning. Customers had strong views that safety should be maintained and improved across the network.

## Our plan

**Capital expenditure (net)**

2016–2020  
AER allowance

**\$1,009**  
million

→

2021–2026  
Proposal

**\$1,219**  
million

▶▶

**+21%**  
change

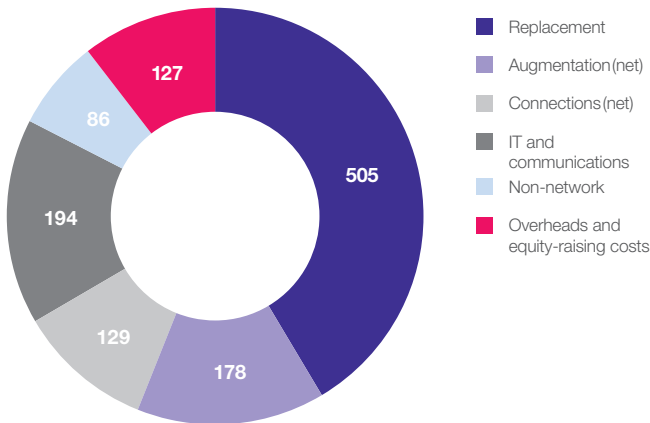
**Key drivers**

- Asset modernisation programs
- Residential growth
- Support for major infrastructure developments
- Online customer service enhancement
- Increased environmental protection
- Investment in regional services

Note: Figures are for distribution services (standard control).

We plan to invest \$1,219 million in capital expenditure (net) over the next five-year period which is an increase of \$210 million (21%) on the current regulatory period allowance.

Capital expenditure proposed (net), 2021–2026 (\$m 2021)



**Asset replacements preventing risks**

United Energy is one of the most highly utilised distribution networks in Australia and the average age of assets is also relatively high. In the next regulatory period, we propose to replace a variety of assets that form the backbone of the network and are important for sustaining reliability.

Assets are replaced as required based on risk assessments which are consistent with the AER’s replacement planning practice note.

In the next five years, the major asset replacement initiatives demonstrate a preventative approach to risk management focussing on both condition and age factors as well as rising electricity demand.

- *Pole replacements:* A review of pole inspection and maintenance strategies has resulted in a shift in policy to increase the amount of sound wood required. We propose to increase the number of poles replaced to an average of 1,310 per annum and refurbish a further 1,834 each year with a particular focus on lower durability poles in high bushfire risk areas.
- *Modernising assets:* We will continue to implement our risk-based approach to managing our switchgear and transformers in zone substations in addition to innovative approaches such as the use of relocatable transformers. This allows us to replace the right assets at the right time.
- *Environmental management:* New environmental obligations require us to prevent waste and pollution impacts from zone substations with a focus on noise reduction and potential oil leaks.

**Asset upgrades reinforcing the network**

We have led the industry over the current regulatory period in deferring the need to augment our network to cater for growth by substituting major capital expenditure with demand management options.

While we continue to utilise various alternative strategies, we will, in the next five years, also need to add transformers at zone substations where our assets are highly utilised. We take a conservative approach to asset upgrades. For example, feeders are replaced after meeting an 85% utilisation threshold and once all low cost options like load transfers and demand management are considered.

In high growth areas like Doncaster, Box Hill, Keysborough, Mornington and East Malvern, network-based investments are expected to be the least cost solution to provide a reliable supply of electricity.

**ICT opportunities for customers and efficiency**

Information and communications technology (ICT) is integral to all modern electricity distribution networks. It is essential to enable efficient and innovative operations, optimal customer experience, operate market systems and provide the required cyber and systems security. The need for increasingly complex ICT systems stems from the opportunities created by new technologies unlocking benefits for customers, managing security threats, and customer expectations and opportunities for automated services.

**Regional service improvements**

Investment in our depots has not kept pace with the population growth in the United Energy region. There has been a long period of underinvestment based on comparative network benchmarking of property investment.

In the current regulatory period, only minor works were undertaken. In the proposed period, we will upgrade and expand our depots at Burwood and Keysborough to improve health, safety, security, storage and facilities. We will also replace our Mornington depot with a new facility which is fit for purpose for the growing needs of this community.

Having regional facilities with the capacity to mobilise people and resources quickly and efficiently is important to improving customer services.

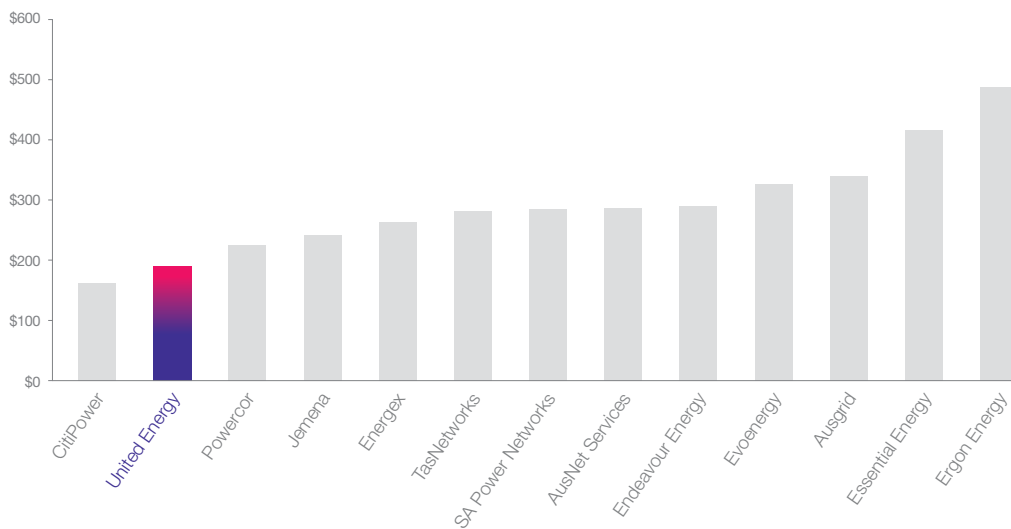


# Improving electricity affordability

We propose to continue improving value to customers by further lowering our distribution and metering charges while also investing in our network to provide high quality services.

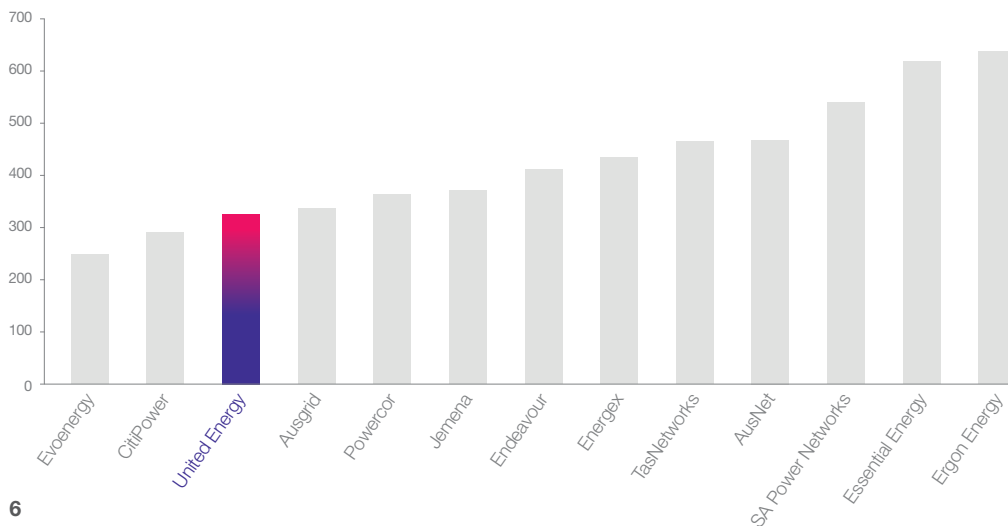
United Energy is one of the lowest cost urban networks and one of the most efficient in the NEM. While we are recognised as an efficiency frontier network by the AER, we are still maximising opportunities to continually improve.

Operating expenditure per customer, 2018 (\$2018)



Source: AER, Annual Benchmarking Report, Electricity distribution network service providers, November 2019

Residential distribution charges 2020





Throughout our stakeholder engagement program, affordability of electricity dominated conversations. Around two-thirds of customers found electricity expensive, however there was no support for reducing services to lower costs. The key challenge expressed by customers was to find a balance between investment and affordability.

### Challenges and opportunities

Over the 2016–2020 regulatory period, we generated \$333 million in savings for our customers through efficiencies. These savings have been achieved by centralising corporate services with CitiPower and Powercor (customer services, corporate services, asset management practices and IT support), and renegotiating service provider contracts including for vegetation management and asset inspection.

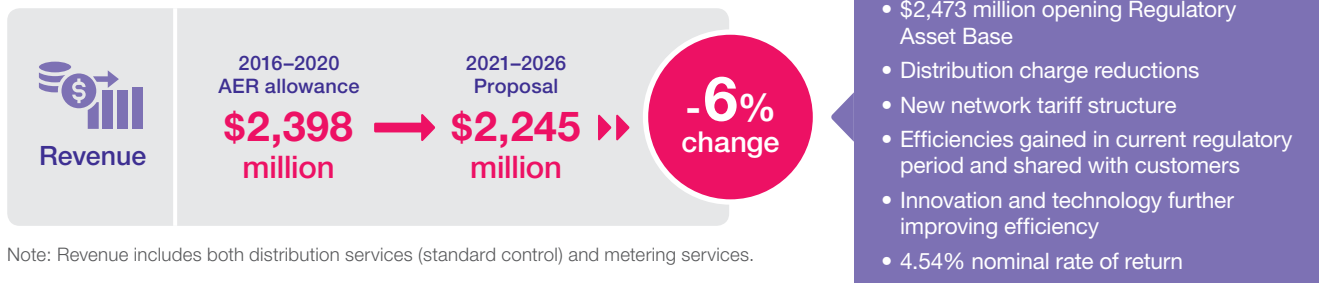
Our customers receive around 70% of these savings through lower distribution charges.

It is getting harder to find these types of efficiencies. We have no contingency in our operations to absorb increasing costs from either greater regulatory obligations or changes in scope.

Opportunities to improve efficiency are being generated through the broader application of new technologies developed and proven in the current regulatory period. These include artificial intelligence, big data analytics utilising smart meter information, and Light Detection and Ranging (LiDAR) technology for remote inspection of pole-top assets and powerlines.

We are also innovating in collaboration with leading universities and with the support of ARENA funding to develop new network technologies.

### Our plan



Note: Revenue includes both distribution services (standard control) and metering services.

### Distribution and metering revenue lower

As a regulated business, our proposed investments, pricing plans and rate of return are approved by the AER every five years and this determines the revenue able to be recovered from customers.

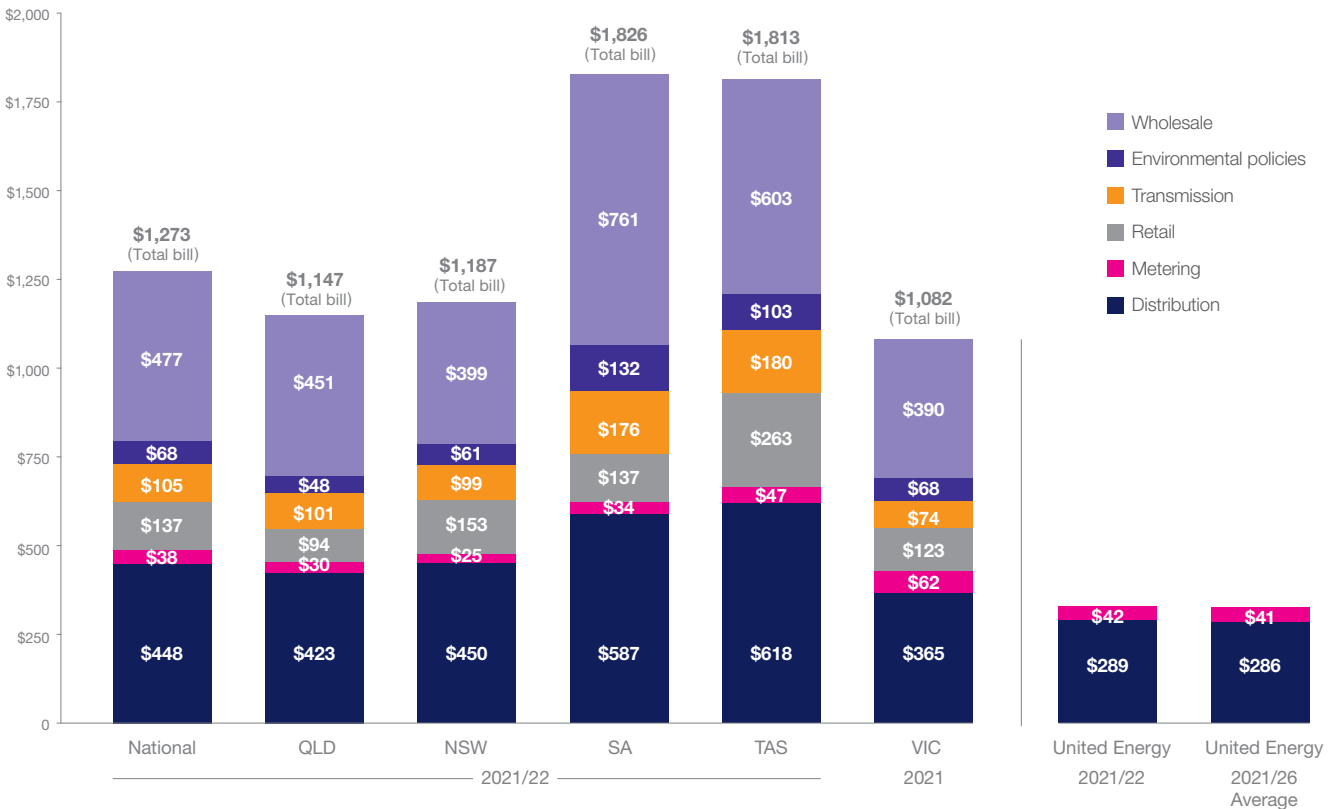
We are seeking approval for distribution and metering revenue of \$2,245 million over 2021–2026, which is slightly lower than the \$2,398 million approved for the current regulatory period.

This will ensure we can continue to operate the network safely and reliably while further reducing annual distribution and metering charges on average over the five years by:

- \$54 for residential customers to \$331 per annum
- \$238 for small business customers.

Based on a typical household in Victoria, United Energy’s distribution charge (excluding metering) will represent \$289 (31%) of the average annual bill of \$942 in 2021/2022.

### Comparative household electricity bill composition 2021/22



Source: AEMC Residential Electricity Price Trends 2019

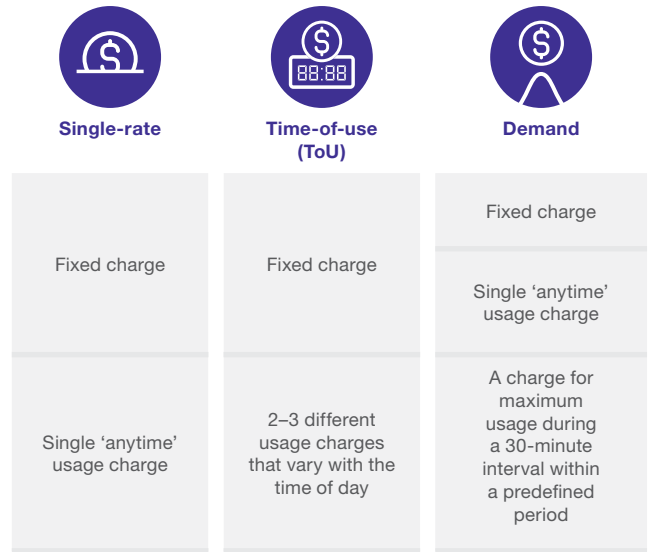
Based on typical customer consumption of 4,000kWh per annum

**Tariff structures improved**

Most customers consuming less than 40MW/h per annum are on a single rate or time-of-use (ToU) pricing structure and have a peak pricing period from 7 am to 11 pm.

Since 2017, we’ve been working with other Victorian electricity distribution businesses to consult with stakeholders about pricing reform. We’re committed to designing price structures that are fair and easily understood. In line with the other Victorian distribution businesses, our plan is to offer a default new ToU tariff structure. This rewards customers for using electricity at off-peak times.

Proposed pricing structures



**Operating costs stable**

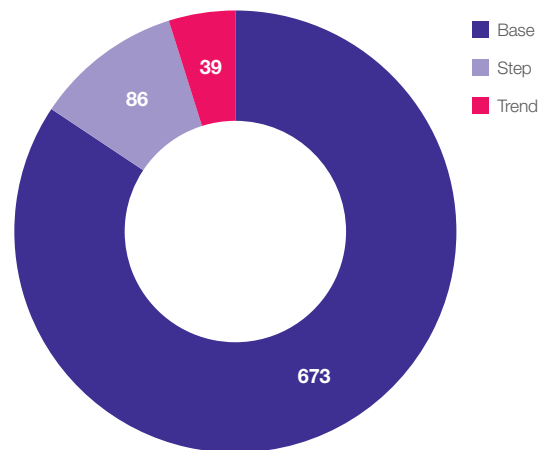
As well as funding our capital expenditure on the network as previously outlined, revenue funds our expenditure for daily operations.

We are proposing operating expenditure of \$798 million in the 2021–2026 period, compared to \$795 million in the current regulatory period. Our operating expenditure forecasts are based on our 2019 efficient costs. These costs have increased to account for changes in regulatory obligations and the operating environment. We have also assumed the AER’s 0.5% annual productivity improvements.

There will be a number of operational costs required in the 2021–2026 period which represent step changes outside our control:

- *Network security:* strengthened security requirements for the protection of electricity network and customer data under the Commonwealth *Security of Critical Infrastructure Act (2018)* (\$46 million)
- *Environmental protection:* operational costs (\$12 million) associated with the introduction of the Victorian *Environment Protection Amendment Act (2018)*
- *Increased insurance premiums:* due to an increase in catastrophic events worldwide (\$2 million).

Operating expenditure proposed, 2021–2026 (\$m 2021)





# Offering flexibility and choice

Changes within our operating environment are being driven by the speed of technology development and growing affordability of consumer choices. Often these choices are encouraged through government policy and regulations as well as economic conditions.

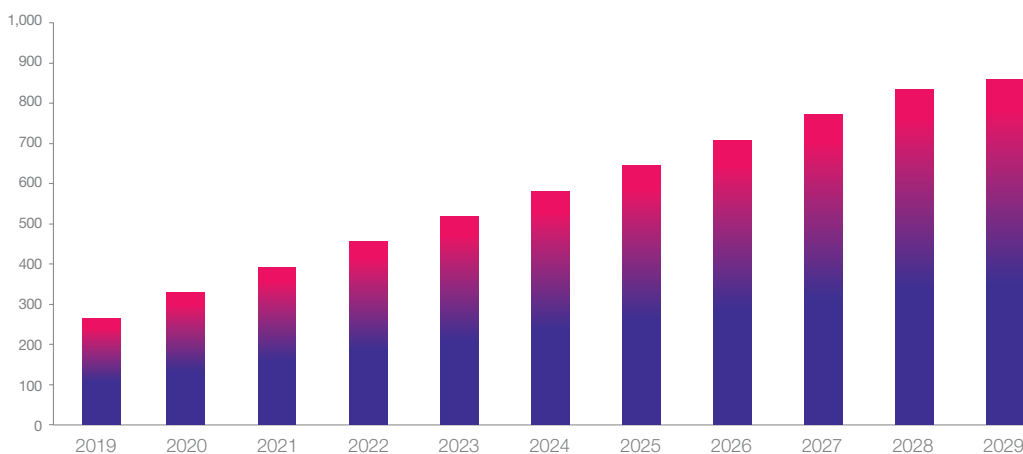
Through consultation, customers said they are looking to us to provide options that will enable them to explore emerging technologies. They would like to receive information in a way that is easy, seamless and makes them feel valued.

This feedback is in line with forecasts under the *Electricity Network Transformation Roadmap* produced by Energy Networks Australia and CSIRO (2017). The study predicted the development of more customer-oriented and customised services, incentivising efficiency and innovation by 2022. United Energy is advanced in planning, designing and delivering improved customer outcomes.

## Challenges and opportunities

Our customers are changing the way they use, store and sell electricity. The capacity of installed solar on our network is forecast to increase in the next five years (see graph below) as the proportion of customers with solar grows from 11% (75,053) in 2019 to 23% (163,766) in 2026. We recognise customers are seeking to lower electricity bills, have greater energy independence and help the environment.

Forecast installed capacity of solar PV systems (MW), 2019–2029



At the same time, the take-up of residential batteries, electric vehicles, load control and home automation systems is expected to rise as the price of new products falls. These technologies are called ‘distributed energy resources’ and have the potential to change the daily demand profile for electricity by influencing the flow of electricity both to and from a customer connection.




Conversely, customer attitudes to changing climate patterns and the liveability of temperatures inside their homes is placing greater reliance on air conditioning and heating. How we manage demand during peak periods in summer and winter is more often relying on both network planning and direct collaboration with customers.

The critical tool customers sought to help them decide on their expanding options was readily accessible data. Two-thirds of household customers consulted said they would use real-time data to help reduce energy costs.

The installation of smart meters on our network through a Victorian Government mandated program over the past ten years has enabled much of the flexibility and real-time data now available. Various techniques developed to utilise this information are now being put into operation across our entire network to generate benefits for our business and customers.

From a network perspective, the information is improving tariff design, proactively managing asset failures and improving the accuracy of customer notifications in outage events. For customers, it creates an opportunity to access more accurate and relevant information to enable their choices around electricity use and cost.

## Our plan

Programs	Proposed cost	Estimated net benefits to all customers	Key drivers
 <b>Solar enablement</b>	<b>\$42 million</b>	→ <b>\$73 million</b>	Distributed energy resources
 <b>Customer enablement</b>	<b>\$13 million</b>	→ <b>\$44 million</b>	Demand for real-time data
 <b>Digital network</b>	<b>\$19 million</b>	→ <b>\$89 million</b>	Affordability and customer choice

### Solar connections and exports enabled

Our proposed solar enablement program will allow most customers to connect a 5kVa solar PV system with export capability.

We conducted a landmark study of 38 billion data points from smart meters across the Powercor, CitiPower and United Energy networks and the impacts of solar exports on the 12,500 distribution transformers in our network. This found that if no action is taken by 2026, customers serviced by almost a third of our zone substations will experience export constraints more than 20% of the time.

Addressing this will involve a capital expenditure investment of \$42 million but is forecast to deliver a net benefit to all customers of \$73 million over the five-year period by replacing higher cost generation and reducing carbon emissions.

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### Customer experiences improved

We propose to invest \$13 million in making available the information customers need to inform decisions. This optimises the data gained from the Australian Energy Market Commission's requirement to move to five-minute data settlement and involves the further development and streamlining of our tailored online and automated services.

Some of the key initiatives are:

- introducing a new online portal for customers and their representatives to simplify connection processes, better manage workflows and improve customer service
- automating connections and supply requests for all customer inquiries
- improving customer access to data analytics and new applications to inform energy choices
- enhancing the effectiveness and speed of SMS notifications regarding outages, solar output and exports
- making all these tools available to high voltage customers and those with distributed energy resources including embedded generators.

### Digital network enhancements

Since 2009, our customers have funded a significant investment in smart meters. This has enabled us to make better network decisions and improve network safety for customers by closely monitoring power usage. In the next five years however, the predicted take-up of new technologies and products by our customers will create the need for more advanced capability to monitor local power flows in real time.

A \$19 million investment in the development of our technological capability to predict and manage power flows is expected to generate benefits to all customers valued at \$89 million from 2021 to 2040. It will allow us to make more dynamic network decisions and further support customers while keeping the costs of running the infrastructure low and improving safety. The investment involves new network devices to provide real-time consumption and power quality information, new information technology and communications.

### Collaborating to reduce demand

We are proud to be an industry leader in using collaborative demand management programs to defer major capital expenditure and encourage permanent behavioural change amongst customers.

Using the full capabilities and data available from smart meters, we have explored and developed a range of programs targeting all categories of customer and reducing demand during peak periods:

- *Dynamic Voltage Management Systems*: the world first implementation of voltage management at a zone substation level
- *Summer Saver*: offering financial incentives to household customers under a successful behavioural demand response program on specific distribution substations and low voltage circuits
- *Community Grid*: providing network support for commercial and industrial customers and encouraging the uptake of renewable energy technologies in a project with GreenSync and the Mornington Peninsula Shire
- *Solar storage project*: enabling contracted residential customers with solar/storage to provide demand reduction and avoid periods of load shedding due to a lack of network capacity
- *Contracted support*: working with contracted commercial and industrial customers to provide demand reduction to again, avoid periods of load shedding.

In total, these initiatives represent up to 58MW of capacity and have been instrumental in helping to lower costs for customers by deferring major capital investment.

As an example, the successful Summer Saver program launched in 2013 has resulted in \$10 million of capital expenditure being deferred at 87 sites. Of the more than 1,000 household customers regularly participating, 43% say their electricity usage patterns have permanently changed as a result.

During the 2021–2026 period, we will extend our existing demand management programs to defer high voltage feeder and distribution substation works. Summer Saver alone is expected to generate further savings of \$5 million, representing a 21% reduction in the potential total cost of augmenting the distribution network.

# Responding to customer needs

In preparing this proposal, we have been interested to engage with customers and stakeholders, listen to their needs, priorities and expectations, and have been pleased to provide opportunities for their input into our planning. A shared engagement program undertaken by United Energy with Powercor and CitiPower between 2017 and 2019 was designed to be accessible, inclusive, transparent and measurable and involved 11,000 customers and stakeholders at almost 2.5 million touch points.

## Scenario planning

The critical starting point for the engagement was to co-design a vision for the future of the energy market.

Taking a long-term view to 2035, stakeholders including our Customer Consultative Committee and the Energy Futures Customer Advisory Panel were invited to consider three alternative directions for the industry and to decide which was most likely for planning. The three options were: steady state, consumer power, green power.

Ultimately, stakeholders acknowledged ‘steady state’ as the immediate priority to reduce costs while maintaining network performance and security of supply. Over time however, increasing consumer power and interests in environmental factors were considered likely to lead to greater investment in alternative energy sources and policies that encourage more ambitious renewable energy targets.

Long term, they identified consumer power as a stepping stone to green power as the most likely scenario.



### Steady state

Electricity continues to be managed and supplied in much the same way as it is today. There is a strong driver to reduce costs while maintaining network performance and ensuring security of supply.



### Consumer power

The uptake of new energy-efficient appliances and electric vehicles, as well as individuals’ investment in renewable energy sources, has a notable impact on the supply of and demand for electricity.



### Green power

The electricity network and market adapt to a greener future quickly, backed by more investment in alternative energy sources and policies that encourage more ambitious renewable energy targets.

## Engagement journey

Our engagement involved a wide range of interests from individual households to major industries and offered participants the choice to select their level of involvement. The results informed our planning by revealing both potential changes in our operating environment and the needs and expectations of customers.



## Inform

- 20,844 website visits
- 318 podcast participants
- 489 eNews subscribers
- 676,000 annual notifications



## Engage

- 2,656 surveys with household and business customers
- 24 commercial customer interviews
- 8 days of pop-up displays in Rosebud and at the UE Around the Bay activation



## Consult

- 9 focus groups in Sandringham, Dandenong and Rosebud
- 266 deliberative forum participants
- 714 stakeholders engaged in meetings
- 30 customer and stakeholder forums



## Collaborate

- 2 future network forums
- 19 customer reference panel members
- 1,120 interactions with customer reference panel
- 16 community opinion leaders and local government representatives at an Open House discussion

## Phases

## Approach

### Phase 1: Explore customer values and priorities

- Surveys
- Focus groups
- Interviews
- Online tools

### Phase 2: Explore scenarios for our energy future

- EFCAP
- CCC
- Citizen-led deliberative forums
- Workshops, surveys and meetings

### Phase 3: Sense checking our draft proposal

- EFCAP
- CCC
- Second round of citizen-led deliberative forums assess investment options
- Deep-dives with stakeholders
- Workshops, surveys and meetings

### Phase 4: Preparing our proposal

- Release of the draft proposal
- EFCAP
- CCC
- Third round of citizen-led deliberative forums on the draft proposal
- Deep-dives with stakeholders
- Workshops, surveys, meetings
- Open-house
- Community displays
- Podcasts



## Outcomes

## Our response

- Our customers needed to learn more about who we are and what we do.
- Our customers won't trade off reliability for cost savings.
- Around two-thirds of residential customers perceived their electricity bills as too high.
- Customers and stakeholders want to see the power put back into people's hands, with access to real-time data and a customer-centric focus.

- Strengthen our communications to build awareness and a level of trust—eNews, Talking Electricity, advertising and podcast.
- Maintain our position as one of the most reliable networks in Australia with supply available for over 99.99% of the year.
- Ensure we maintained our position among the most efficient networks in the NEM.
- Committed to deliver a Customer Service Strategy and improve our customer-facing applications for outages, faults and consumption data.

- Customers have a vision for a greener future, and 75% of them thought the network should be upgraded faster than is planned, to allow for renewable energy.
- The preferred energy future was a steady and progressive integration of renewable energy with a measured reduction in tariffs, by 2026, and improved power quality (fewer power fluctuations).

- Developed a vision for our network that reflects our customers' and stakeholders' expectations, including a progressive integration of renewables.
- Identified future technologies at the network and community level that are likely to be integrated into the network.
- Identified how customer choices can be improved, including through enabling their access to more useful data.
- Developed pricing principles to guide our decision-making for tariffs.

Customers agreed on the ranking of their values for electricity:

- providing a reliable supply of electricity
- maintaining affordability
- providing a safe environment for customers and workers
- use electricity when they want or receive savings for reducing use
- providing a safe network that mitigates bushfire risks
- keeping their data and our network secure
- making it easier to export solar and charge batteries
- making it easier to connect
- making it easier to use data to make informed choices.

- Combined reliability and safety into resilience to demonstrate their interrelatedness.
- Committed to distribution price reductions.
- Commenced consultation on Time-of-Use pricing structures that will support and encourage the integration of new technologies into the network.
- Developed a vulnerable-customer campaign to improve energy and bill literacy.
- Developed initiatives to increase the network's ability to accommodate renewables and customer-driven technologies.
- Developed initiatives to deliver customer benefits through improved digitalisation and visibility of the low voltage network.
- Developed initiatives to better enable customers to have easier access to their data and to make more informed choices.
- Tested various options with customers on how we can address their needs, including presenting options and the bill impact of each option.

Draft proposals were generally supported, particularly:

- unlimited exports for solar customers
- investing in new technology to improve reliability, safety, and to encourage renewable generation
- providing access to data that tells people how much energy they use at different times of the day and how much each of their appliances costs to run
- multi-modal communications about outages, faults, programs and our services.

- Finalised our vision for our network that reflects our customers' and stakeholders' expectations, including a progressive integration of renewables and maintaining or improving existing services at least cost.
- Redesigned our solar approach and finalised the business case through extensive consultation with a wide variety of key stakeholders on options analysis and customer benefit streams.
- Finalised the business case for improved digitalisation and visibility of the low voltage network, ensuring we continue to deliver a reliable network at least cost and through deferred augmentation.
- Finalised our business case for customer enablement using extensive feedback on customer preferences regarding access to their data.
- Finalised our proposal for Time-of-Use pricing with a slower transition path to ensure all customers are supported through tariff reform.

# Risks and benefits for customers

In summary, our proposal addresses potential risks to our customers and offers substantial benefits.

Customer priority	Risks	Benefits
<b>Resilient network</b>	<ul style="list-style-type: none"> <li>• Level of service or reliability not meeting customer expectations</li> <li>• Rate of return adopted could lead to underinvestment in our network</li> <li>• Under- or overinvestment in our network leading to reduced reliability or higher prices</li> <li>• Less than optimal maintenance of the network impacting the reliability and longevity of assets</li> <li>• Not adequately addressing increases in capacity in some areas</li> </ul>	<ul style="list-style-type: none"> <li>• Sustained high reliability and safety while also lowering prices for customers</li> <li>• The rate of return assumed is in line with the AER's rate of return guideline</li> <li>• Support for communities where high demand growth is forecast</li> <li>• Investment planning is directed to areas where there are clear drivers for growth or where local capacity is approaching its limits</li> </ul>
<b>Affordability</b>	<ul style="list-style-type: none"> <li>• Prices don't reflect equity for all customers</li> <li>• Further changes to regulatory conditions and compliance obligations not currently factored into plans</li> </ul>	<ul style="list-style-type: none"> <li>• Business cases for major investments demonstrate benefits for all customers</li> <li>• Lower distribution charges are offered to all customers</li> <li>• Changes to the tariff structure are designed to be simple, affordable and equitable</li> <li>• Investments in technology and innovation to further drive efficiencies</li> </ul>
<b>Flexibility</b>	<ul style="list-style-type: none"> <li>• Increasing rate of solar PV connections result in customers suffering export constraints</li> <li>• Not all customers will be able to get advantages from new technologies</li> <li>• Not all customers are able to take control of their usage, bills and data</li> </ul>	<ul style="list-style-type: none"> <li>• Dedicated solar enablement program unlocks over 95% of the solar that would otherwise be constrained</li> <li>• More adaptable network meeting quality standards and accommodating new customer technologies</li> <li>• More services delivered online and in real time through continued ICT investment</li> </ul>

We partner with the Bicycle Network to support the annual United Energy Around the Bay cycling event which attracts thousands of people. It is part of our investment in building relationships with customers and a contribution to the safety and resilience of the communities in which we operate.

## Feedback welcome

### Energised 2021–2026

Every five years our business submits a proposal for how we will charge for electricity based on our expected costs and the needs of our customers.

Energised 2021–2026 is a statement of our approach to planning for this five-year period.

We are committed to achieving the best long-term results for our customers and the network. We strive for excellence in all we do and to be diligent in keeping the needs and concerns of our customers at the heart of all our plans for the future.

All communications, resources and documents supporting this approach are available at:

[www.talkingelectricity.com.au](http://www.talkingelectricity.com.au)

### United Energy Regulatory Reset Proposal

Customers and stakeholders are invited to review the United Energy 2021–2026 Regulatory Reset Proposal and to provide feedback to the AER.

The full proposal including supporting appendices and analysis is available through either the AER or United Energy.

For more information, please see the contact details below.

Source	AER	United Energy
Visit	<a href="http://www.aer.gov.au">www.aer.gov.au</a>	<a href="http://www.talkingelectricity.com.au">www.talkingelectricity.com.au</a>
Email	<a href="mailto:Vic2021-26@ aer.gov.au">Vic2021-26@ aer.gov.au</a>	<a href="mailto:talkingelectricity@powercor.com.au">talkingelectricity@powercor.com.au</a>



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energised  
2021-2026

united  
energy 

Good people  
in power