



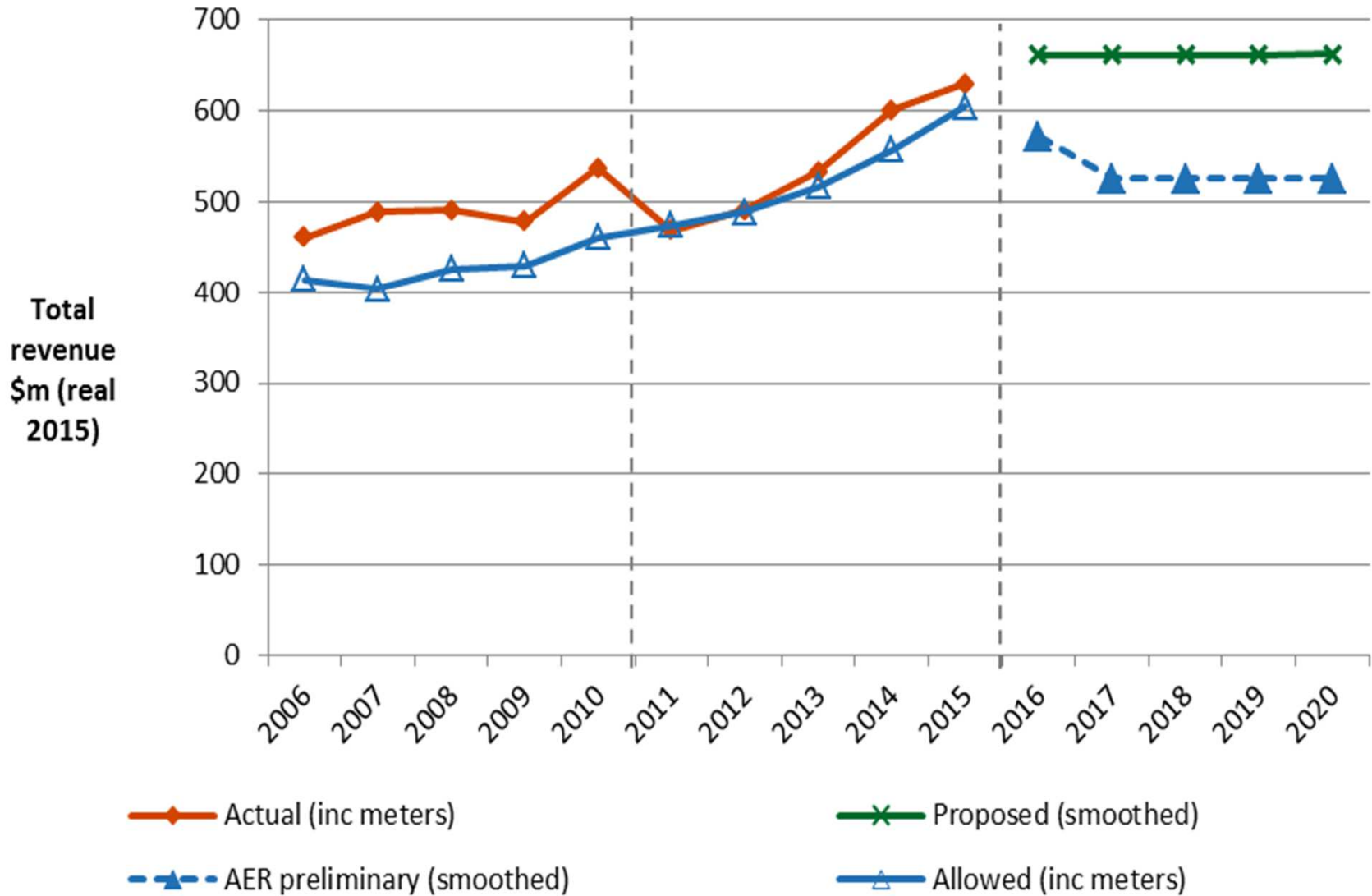
Victorian electricity distribution Preliminary decisions

Public forum
November 2015

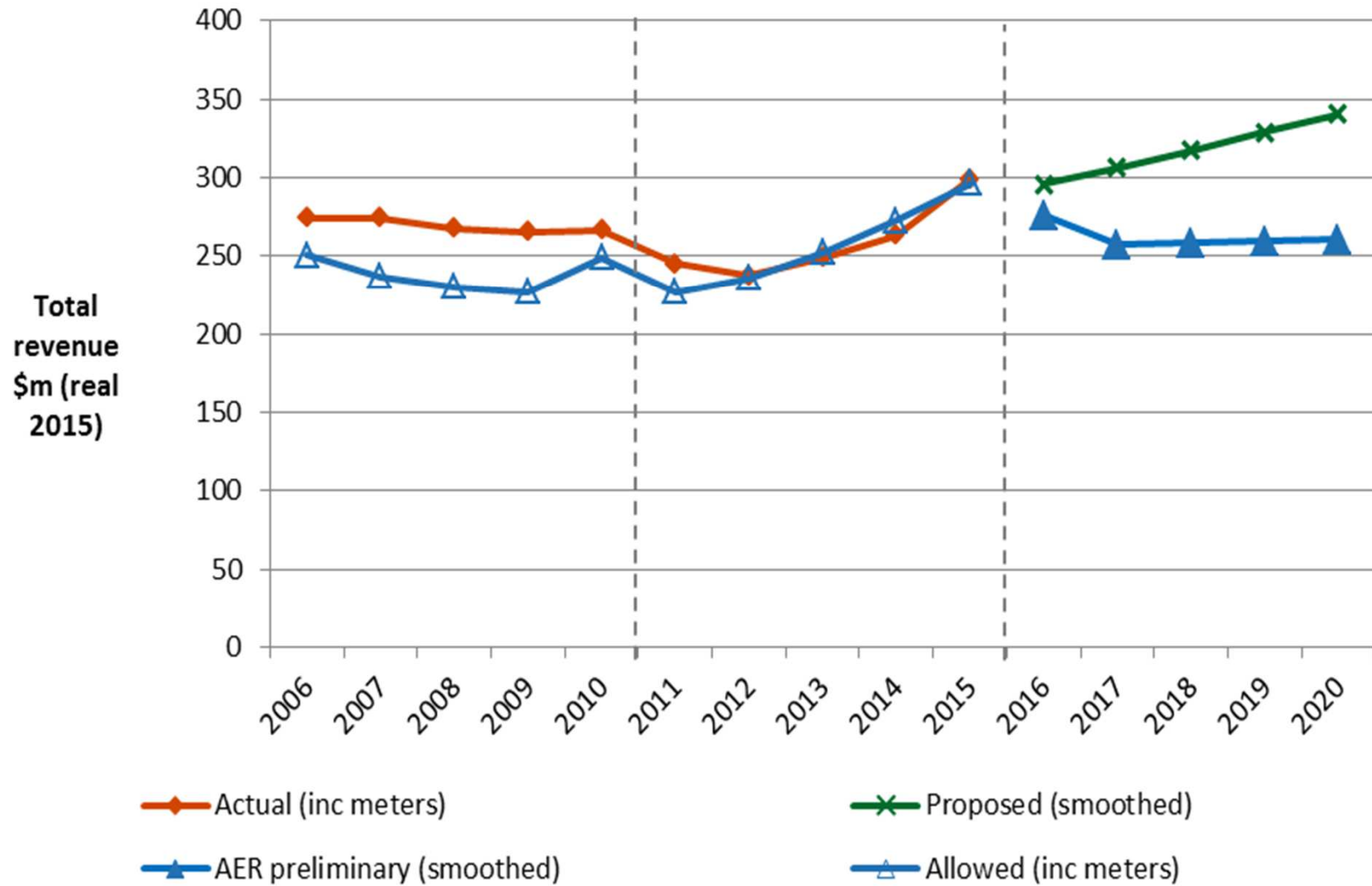
Total revenues – over control period

	Distributor proposal (\$m, nominal)	AER Preliminary decision (\$m, nominal)	% change
Powercor	\$3,653	\$3,086	↓ 16
CitiPower	\$1,716	\$1,414	↓ 18
AusNet Services	\$3,566	\$2,878	↓ 19
Jemena	\$1,409	\$1,163	↓ 18
United Energy	\$2,315	\$1,832	↓ 21

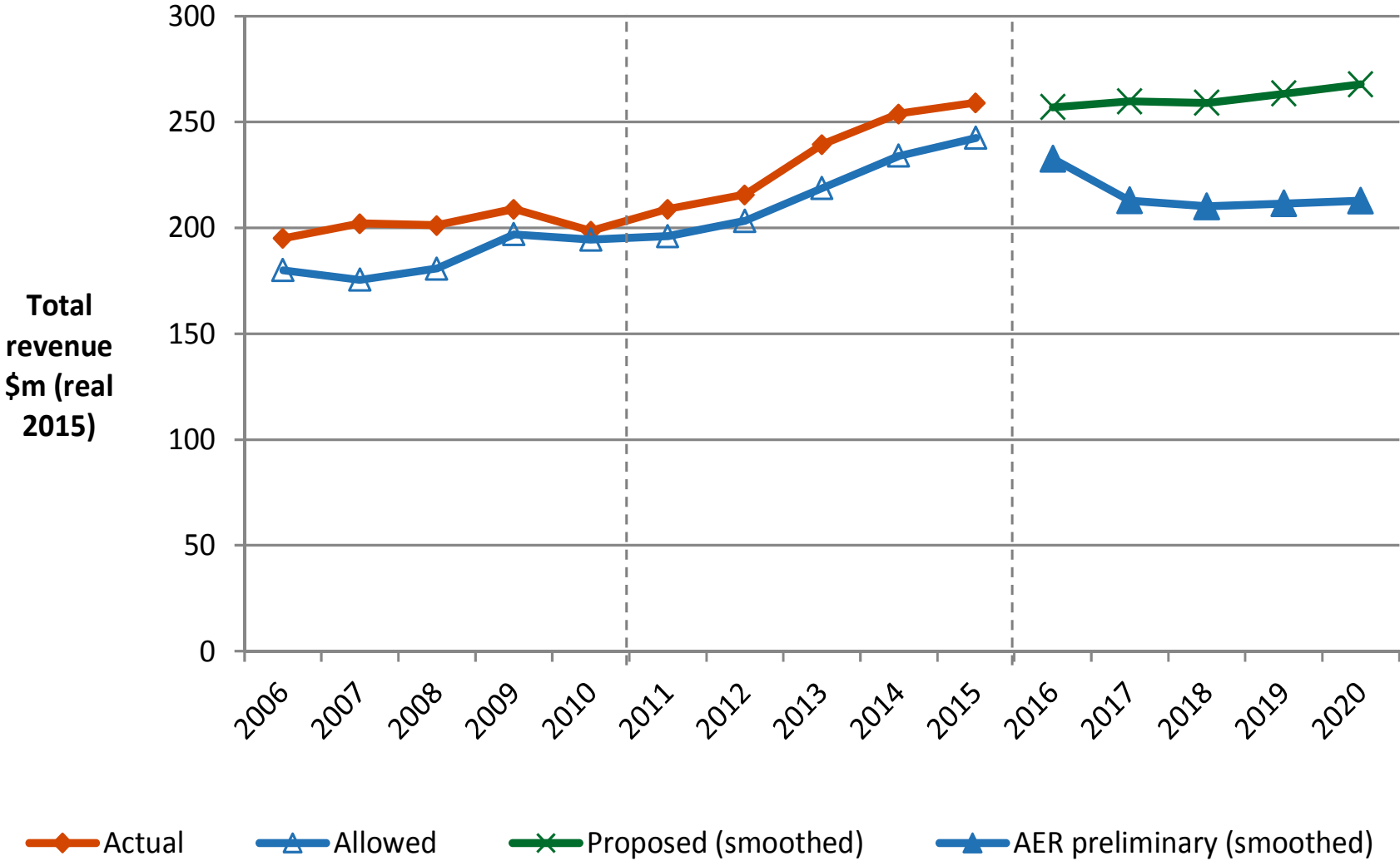
Total revenue - AusNet



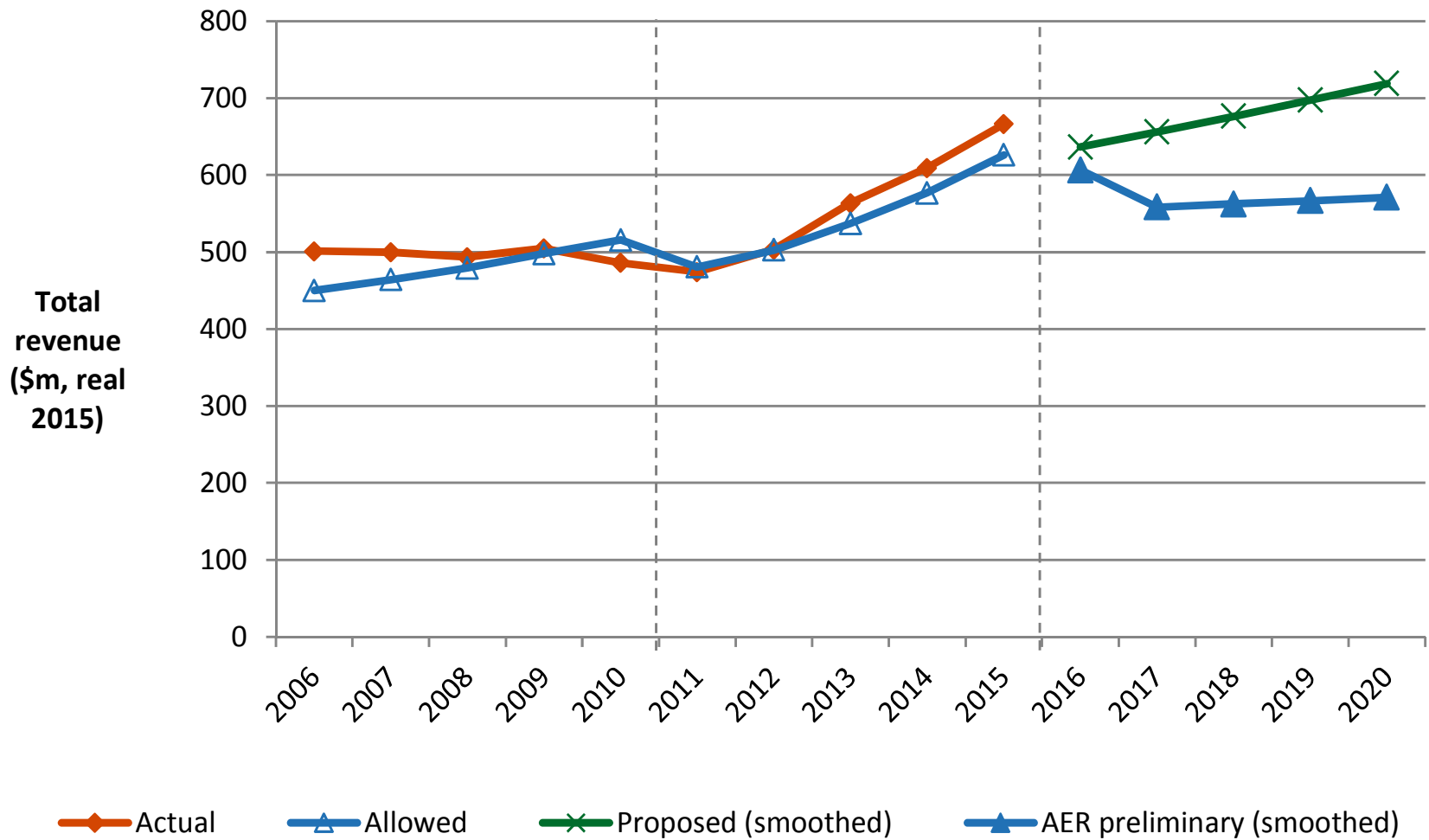
Total revenue - CitiPower



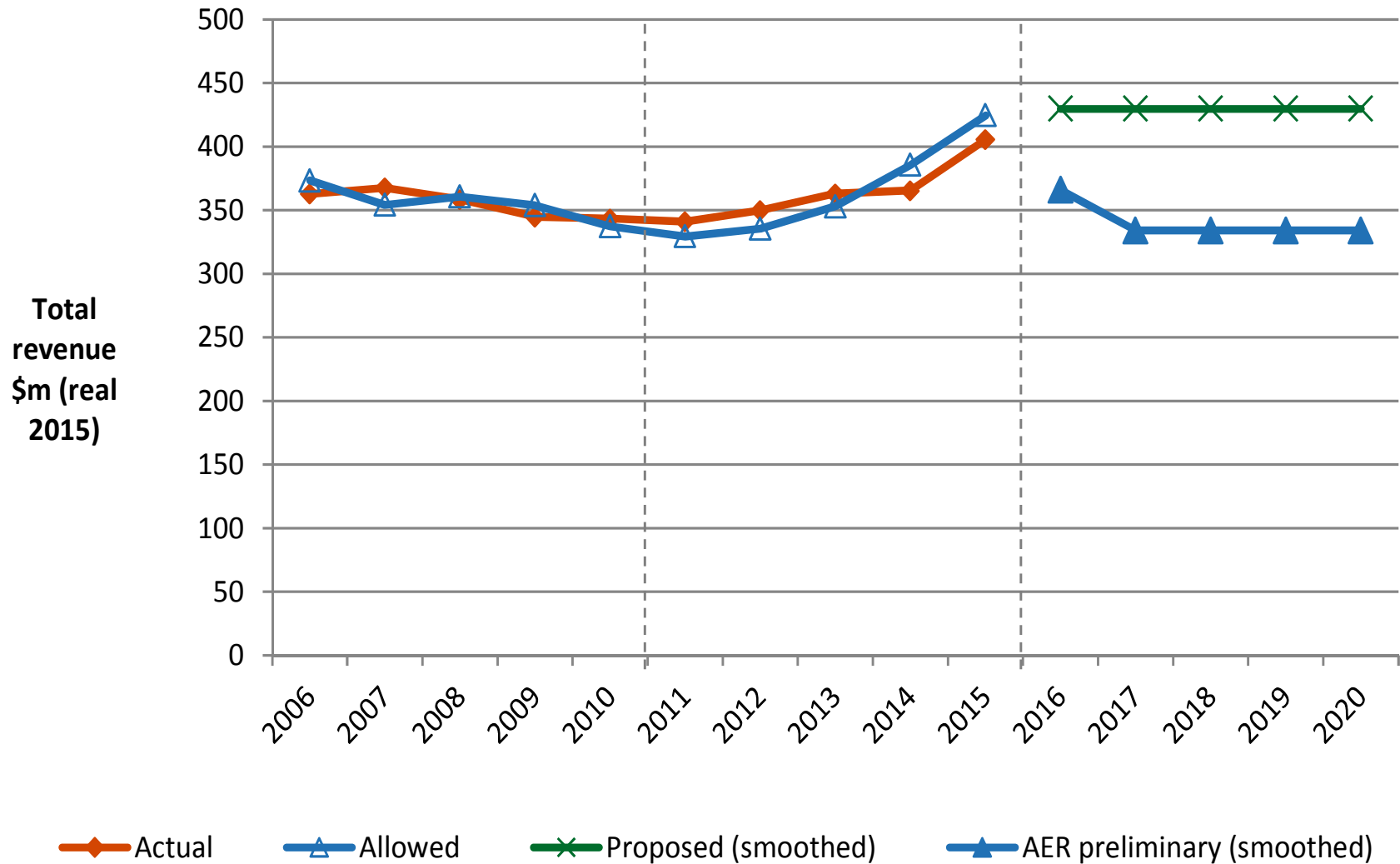
Total revenue - Jemena



Total revenue - Powercor



Total revenue – United Energy



AER prelim decisions – key comparisons

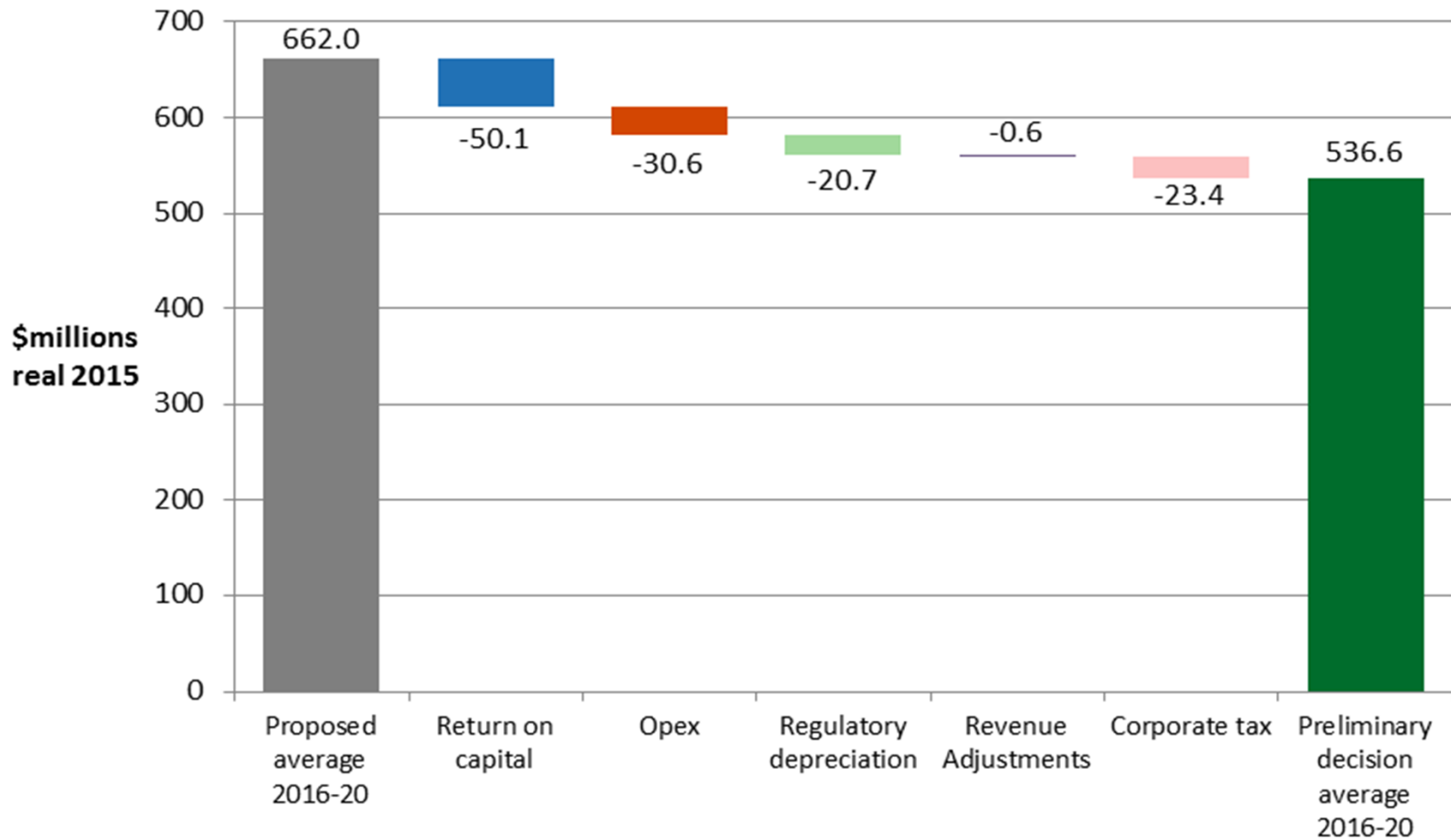
\$nominal	Powercor	CitiPower	AusNet Services	Jemena	United Energy
Opening RAB (\$m)*	3,344.4	1,795.1	3,423.3	1,187.0	2,051.9
Rate of return (%)	6.02	6.02	6.1	6.02	6.12
Capex (\$m)**	2,162.8 / 1,736.0	910.5 / 707.3	1,732.3 / 1,612.8	762.8 / 722.5	1,186.9 / 877.1
Opex (\$m)**	1,444.1 / 1,255.9	543.5 / 445.8	1,356.0 / 1,191.1	538.9 / 420.6	862.8 / 711.2
Income tax (\$m)*	167.0	65.4	136.4	62.9	149.1

* AER prelim decision, Opening RAB as at 1 January 2016

** Business proposal / AER preliminary decision

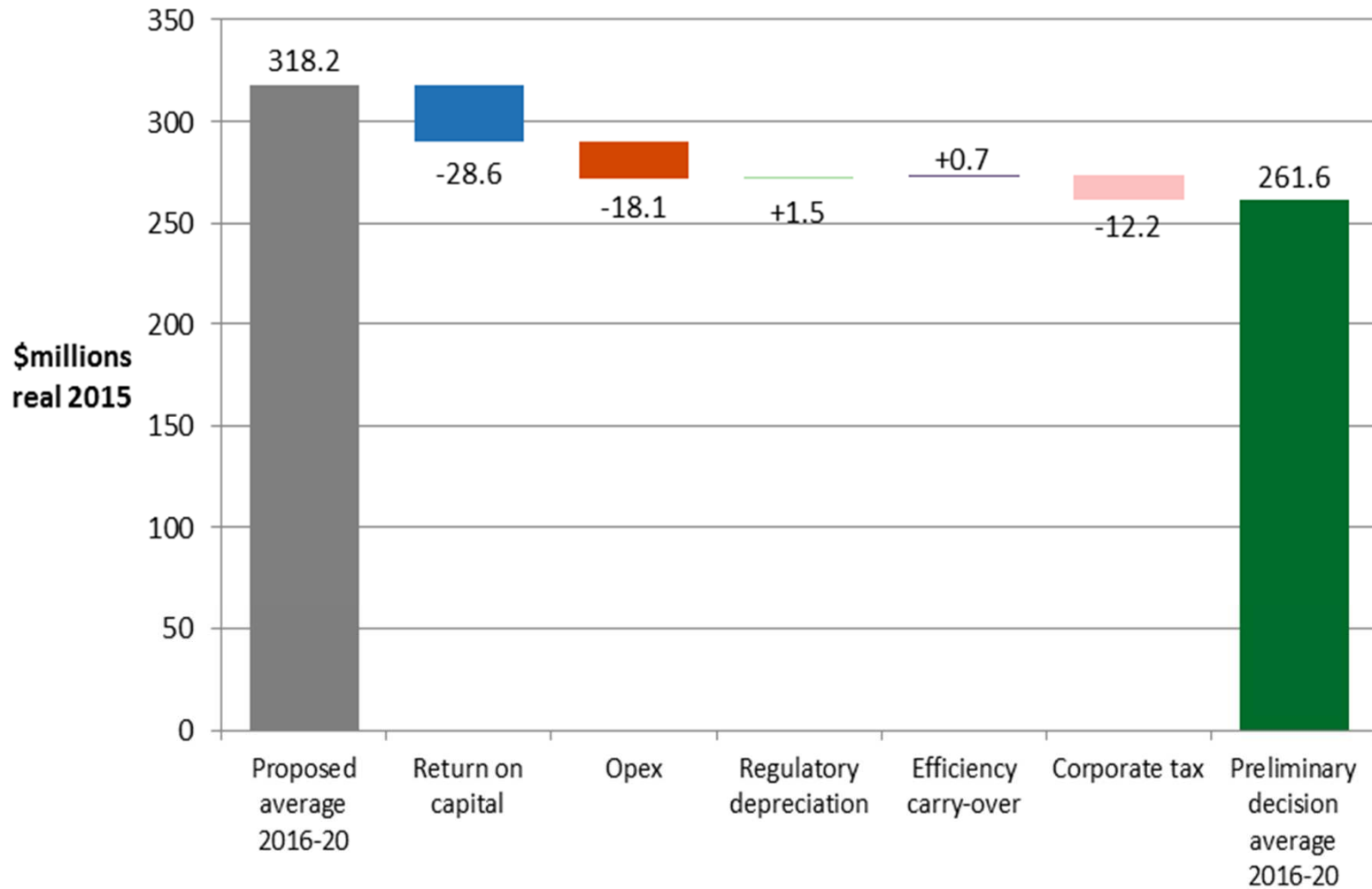
Total revenue – AusNet Services

AER's Preliminary decision and AusNet's proposed annual building block costs



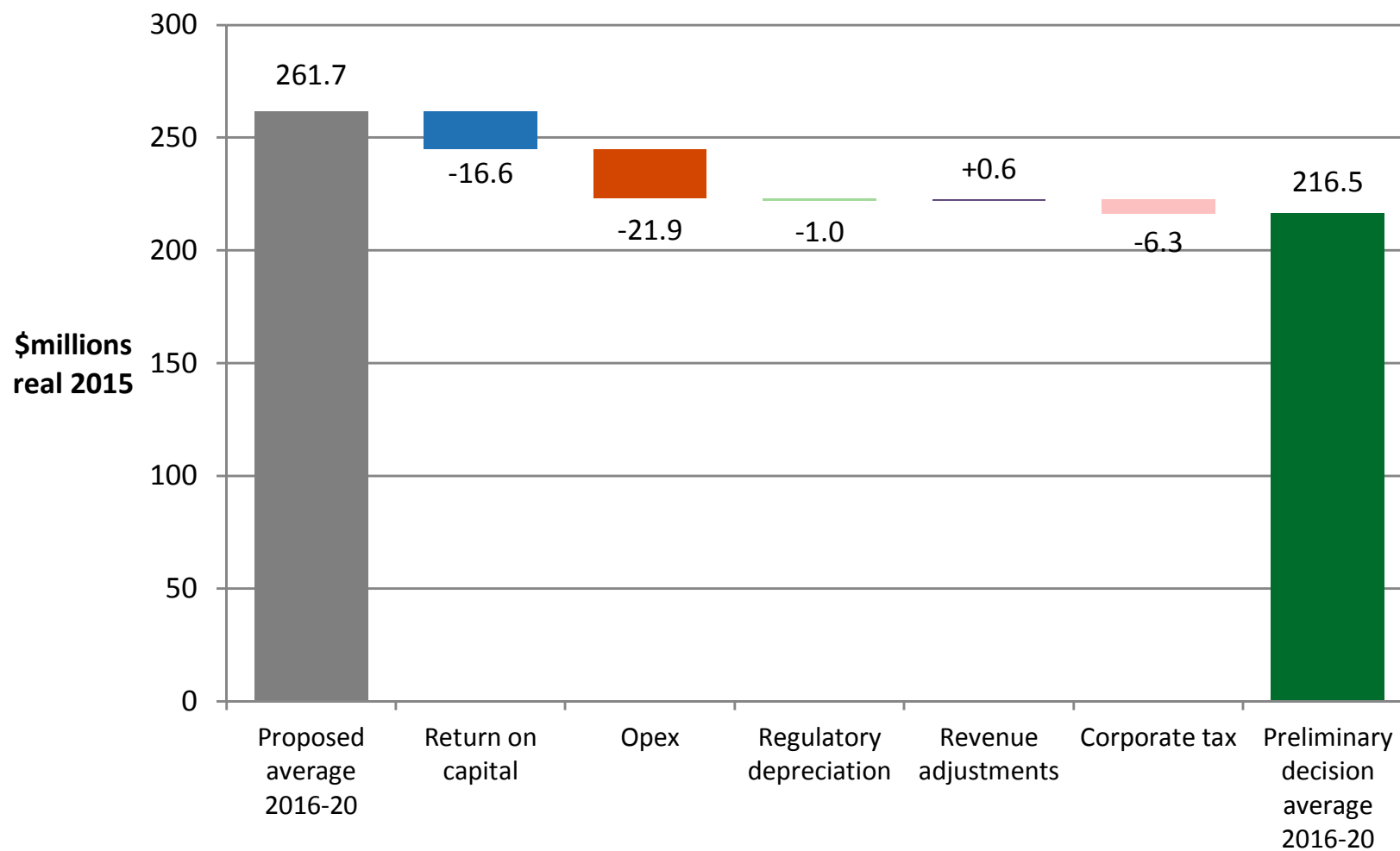
Total revenue - CitiPower

AER's Preliminary decision and CitiPower's proposed annual building block costs



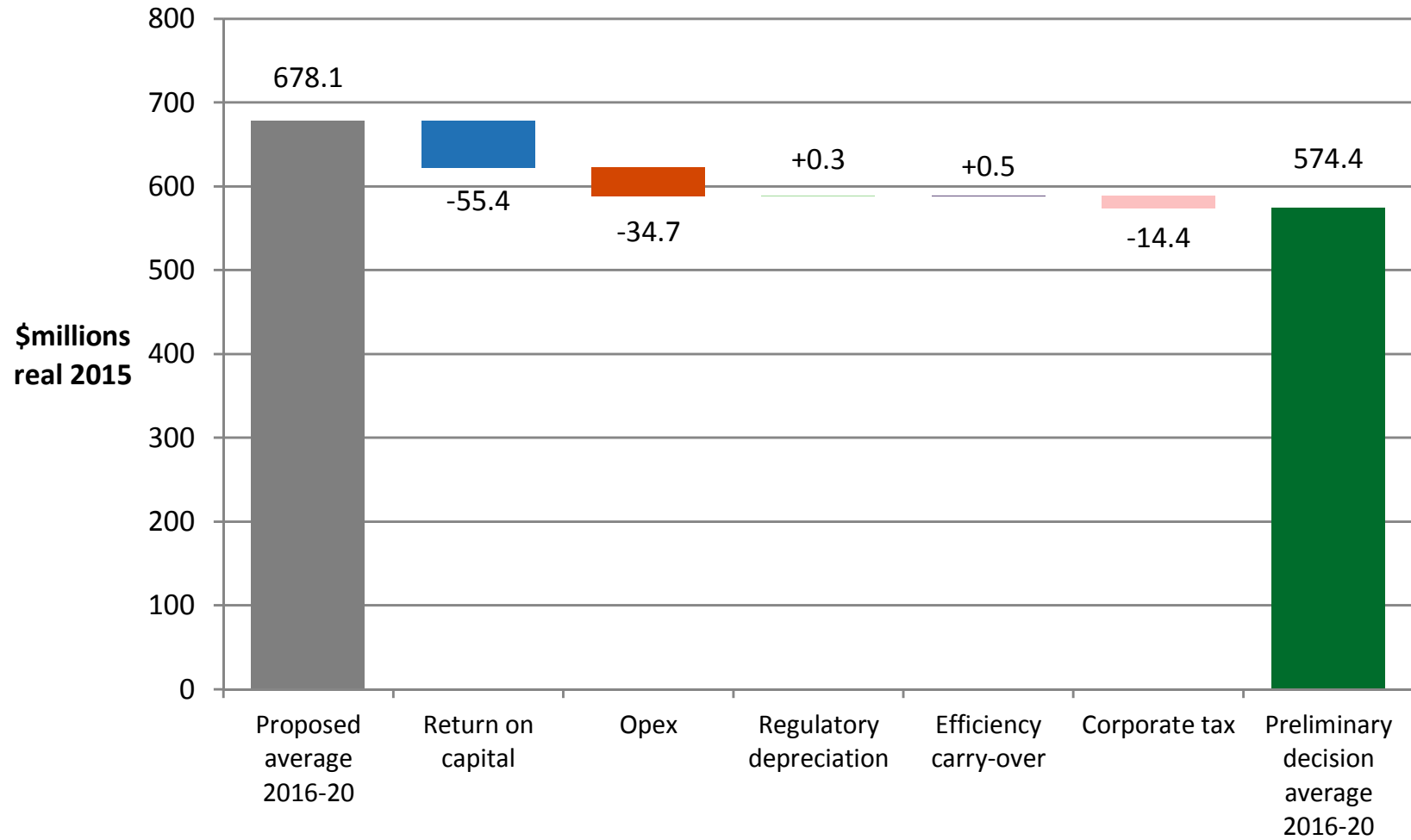
Total revenue - Jemena

AER's Preliminary decision and Jemena's proposed annual building block costs



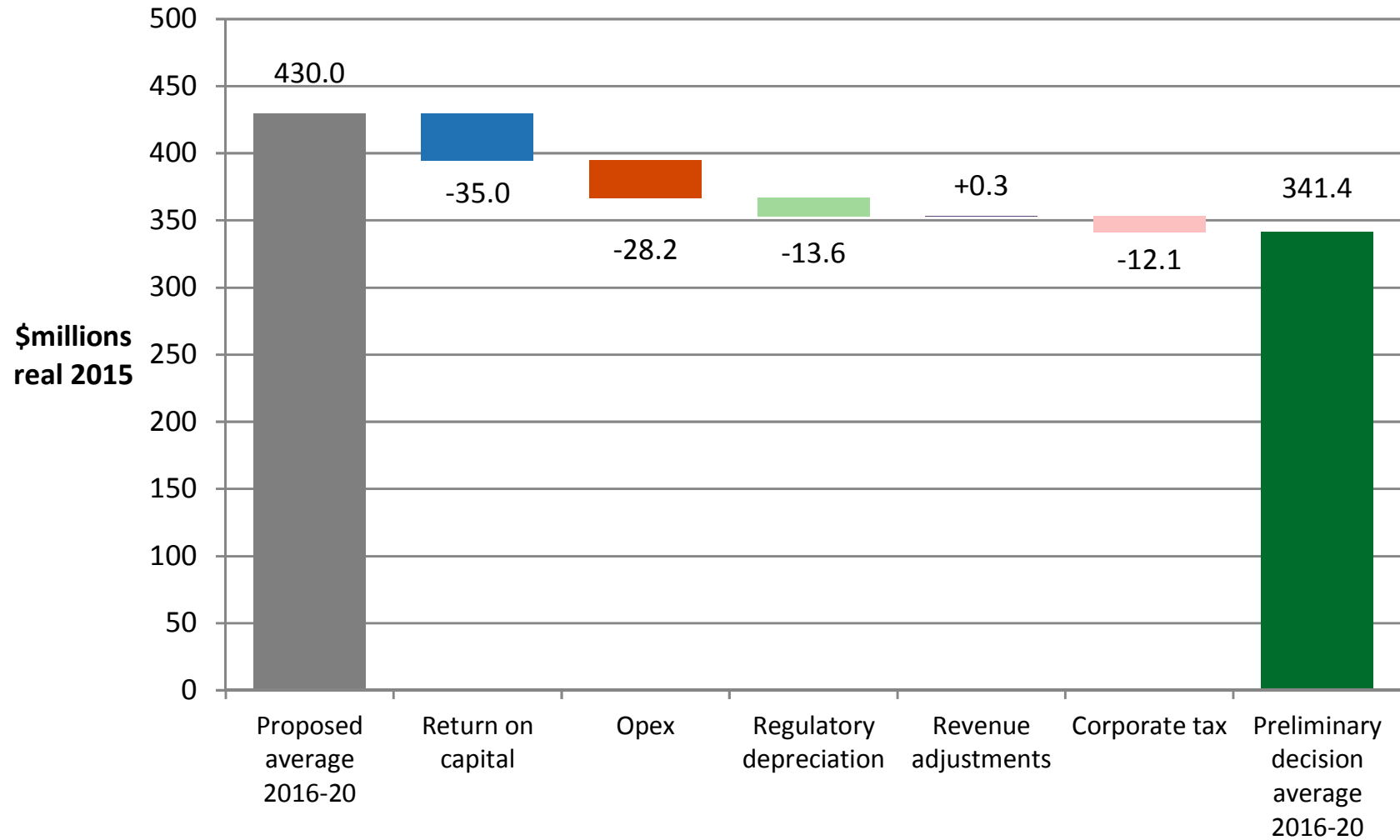
Total revenue - Powercor

AER's Preliminary decision and Powercor's proposed annual building block costs



Total revenue – United Energy

AER's Preliminary decision and Jemena's proposed annual building block costs



Impact on customer bills - total

	2016-20 period
Jemena	
Residential	-75 (-4.2%)
Small Business	-160 (-4.2%)
Powercor	
Residential	-42 (-2.3%)
Small Business	-92 (-2.3%)
CitiPower	
Residential	-30 (-2.0%)
Small Business	-66 (-2.0%)
AusNet	
Residential	-27 (-1.4%)
Small Business	-59 (-1.4%)
United Energy	
Residential	-46 (-2.7%)
Small Business	-98 (-2.7%)

Impact on customer bills

	2016	2017	2018	2019	2020
Jemena					
Residential	-\$53 (-3.0%)	-\$40 (-2.3%)	-\$2 (-0.1%)	\$9 (0.6%)	\$9 (0.6%)
Small Business	-\$112 (-3.0%)	-\$84 (-2.3%)	-\$4 (-0.1%)	\$20 (0.6%)	\$20 (0.6%)
Powercor					
Residential	-\$32 (-1.8%)	-\$29 (-1.6%)	\$6 (0.4%)	\$6 (0.4%)	\$7 (0.4%)
Small Business	-\$71 (-1.8%)	-\$64 (-1.6%)	\$14 (0.4%)	\$14 (0.4%)	\$15 (0.4%)
CitiPower					
Residential	-\$24 (-1.6%)	-\$20 (-1.4%)	\$4 (0.2%)	\$5 (0.3%)	\$5 (0.4%)
Small Business	-\$52 (-1.6%)	-\$45 (-1.4%)	\$8 (0.2%)	\$11 (0.3%)	\$12 (0.4%)
AusNet					
Residential	-\$38 (-1.9%)	-\$35 (-1.9%)	\$16 (0.8%)	\$16 (0.9%)	\$15 (0.8%)
Small Business	-\$81 (-1.9%)	-\$75 (-1.9%)	\$34 (0.8%)	\$34 (0.9%)	\$32 (0.8%)
United Energy					
Residential	-\$37 (-2.2%)	-\$34 (-2.1%)	\$7 (0.5%)	\$9 (0.5%)	\$9 (0.6%)
Small Business	-\$79 (-2.2%)	-\$73 (-2.1%)	\$16 (0.5%)	\$19 (0.5%)	\$20 (0.6%)

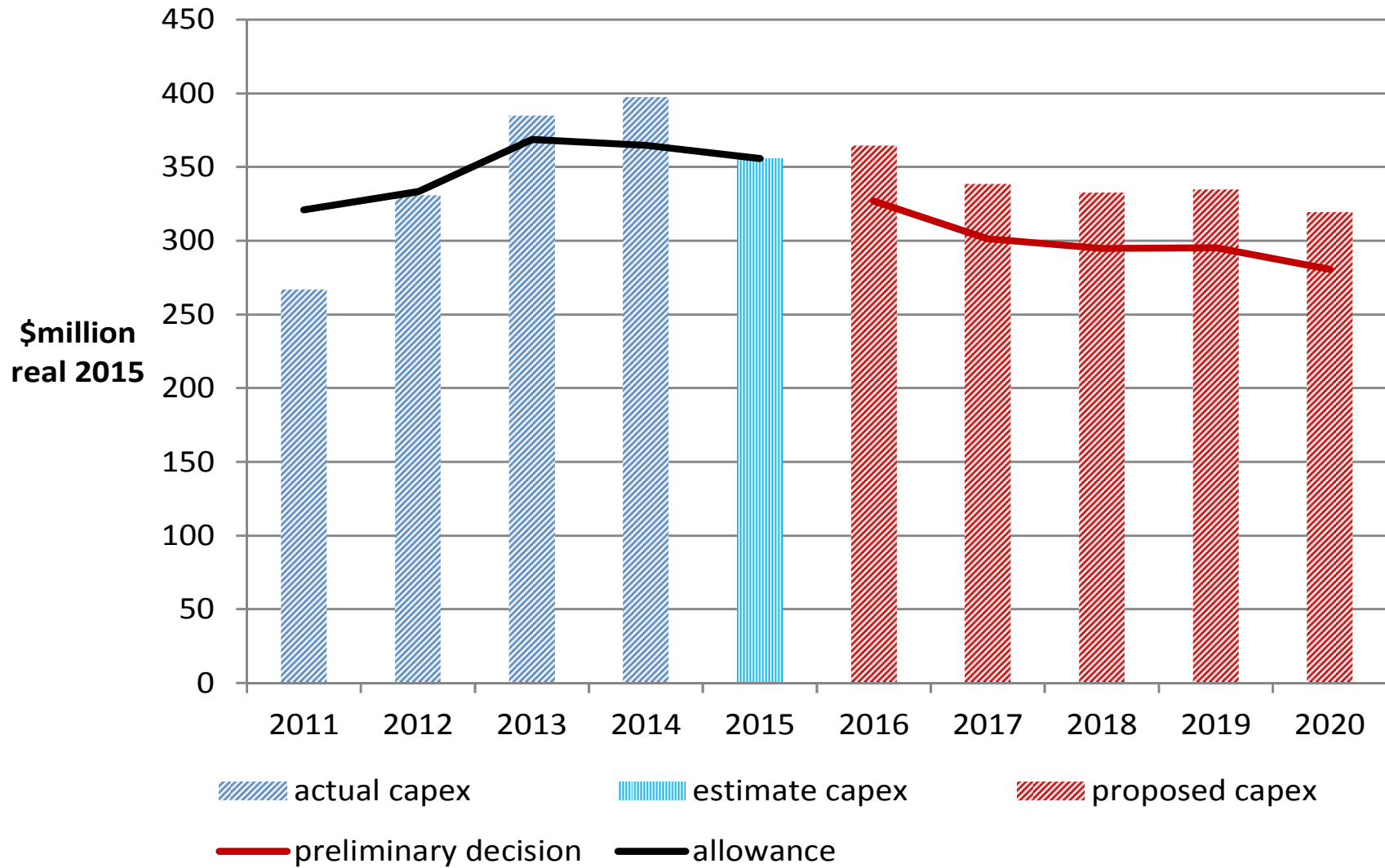
Metering charges

- In addition to the modest reduction in network charges, metering charges will fall
- Advanced metering infrastructure rollout that commenced in 2009 now largely complete
- ‘Business-as-usual’ phase means less capex and steady opex going forward
- We expect reductions to metering charges of between 15 and 40 per cent

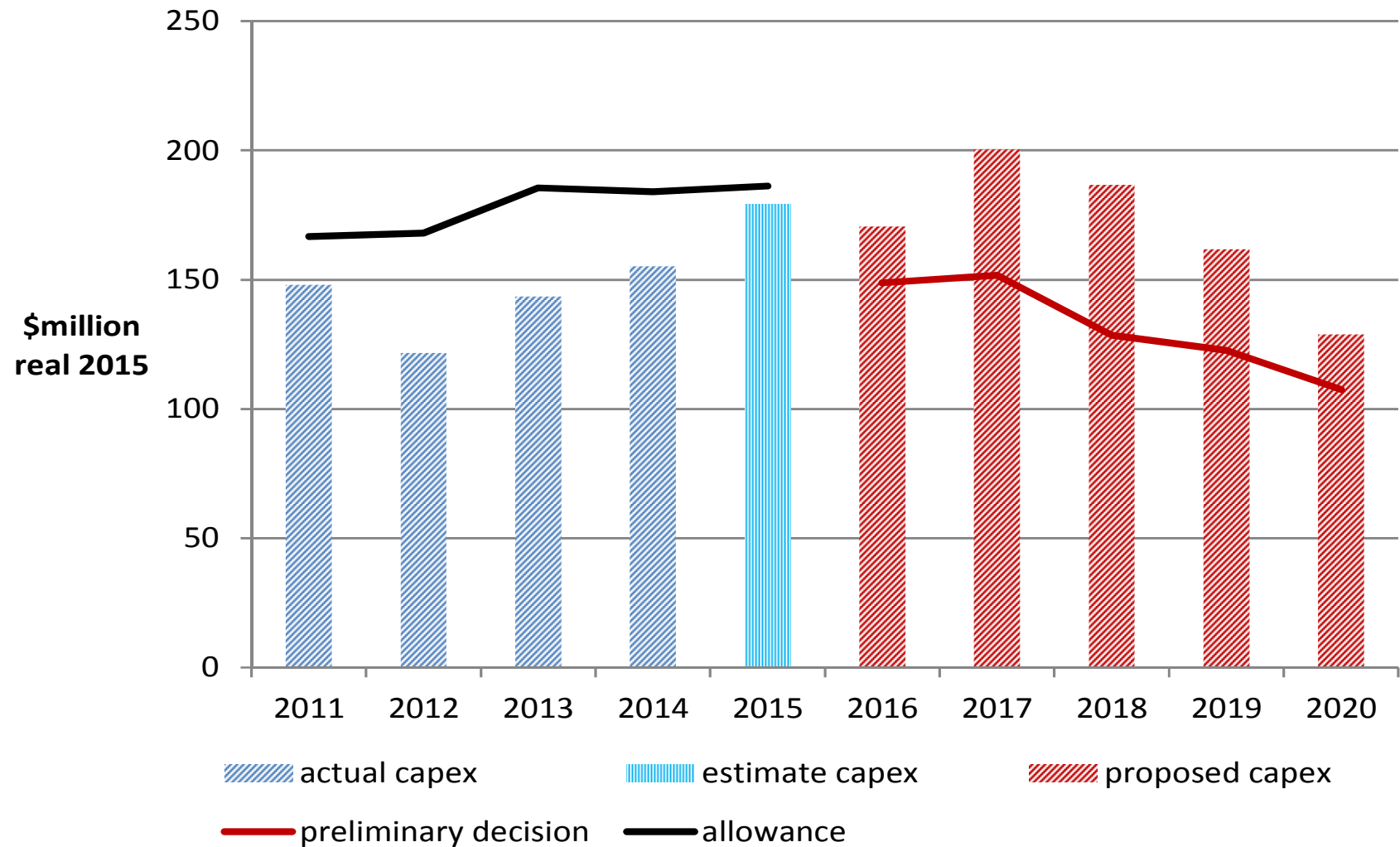
Past operating efficiency

- Benchmarking results show the Victorian businesses are currently among most efficient service providers in the National Electricity Market
- Good outcome for Victorian consumers
- Means we apply our usual 'base, step, trend' approach to setting opex forecasts

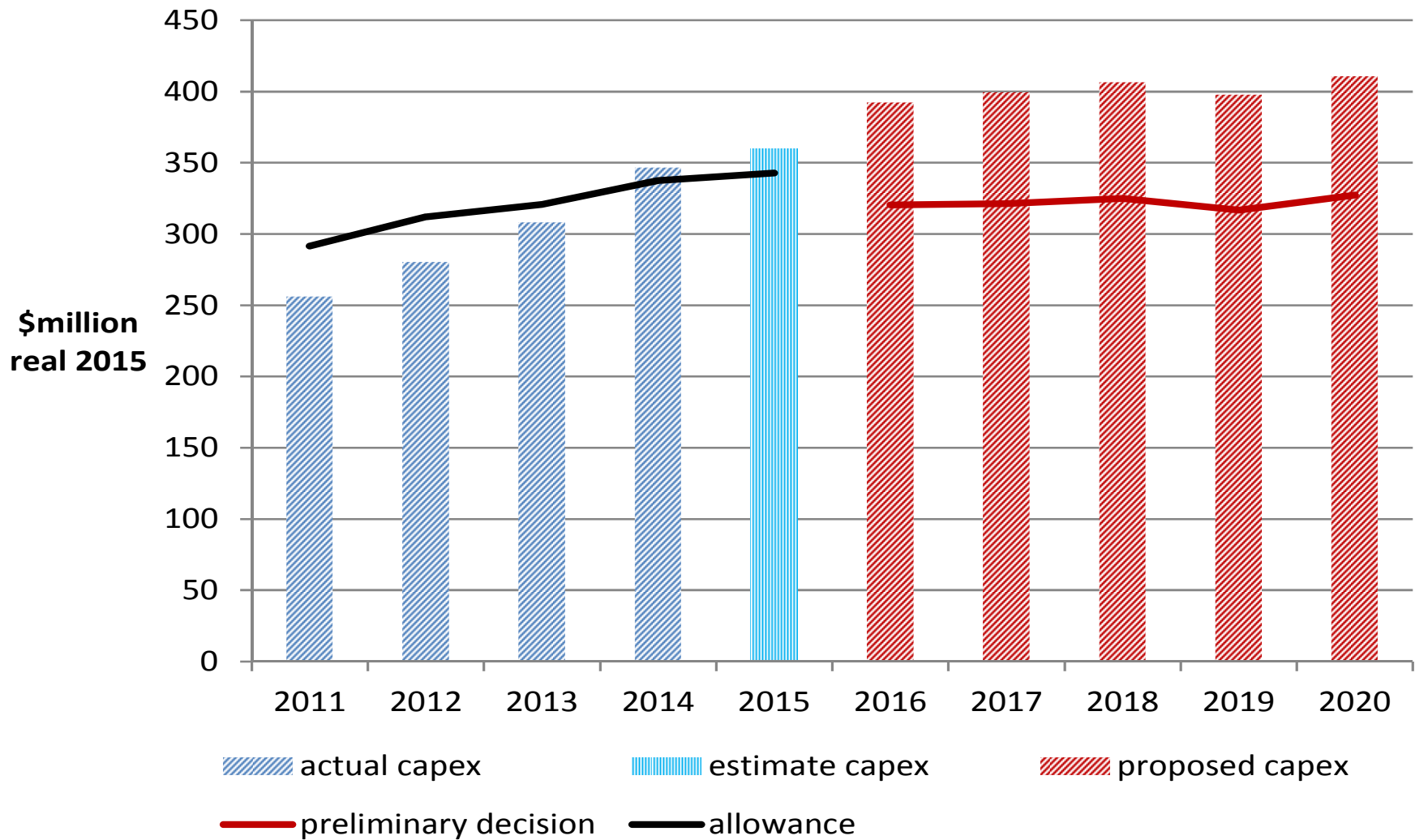
Capital expenditure AusNet Services



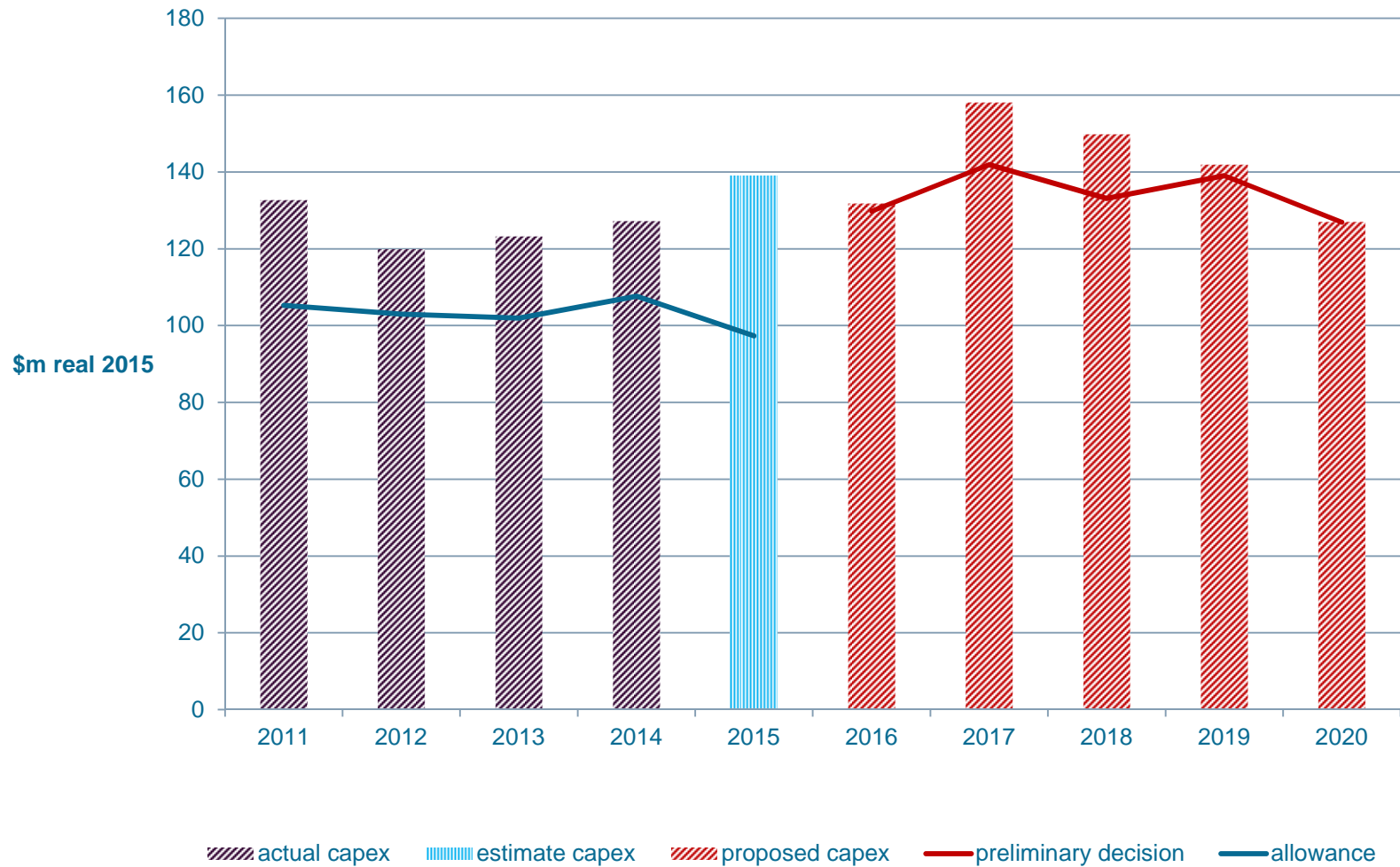
Capital expenditure CitiPower



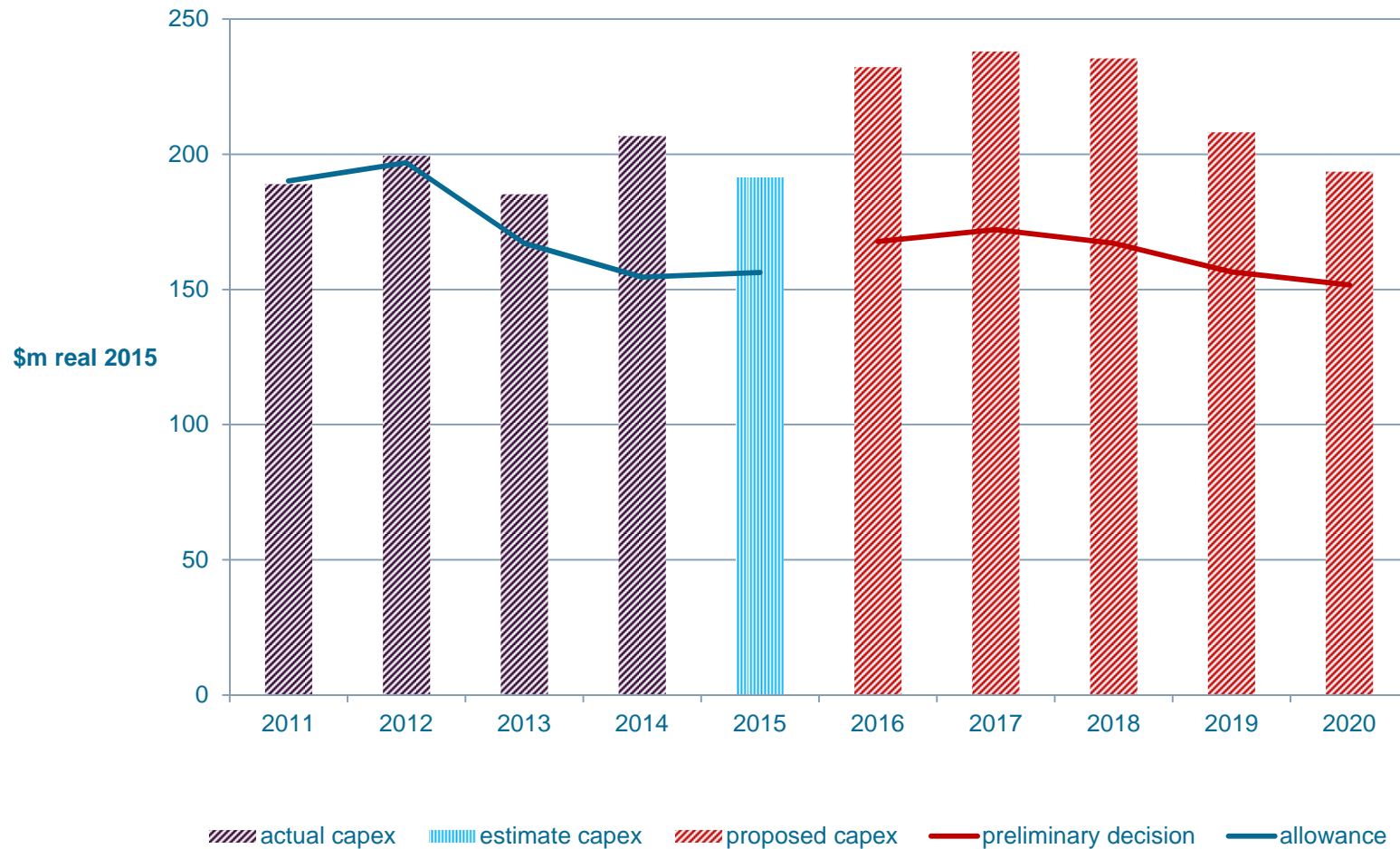
Capital expenditure Powercor



Capital expenditure Jemena



Capital expenditure United Energy



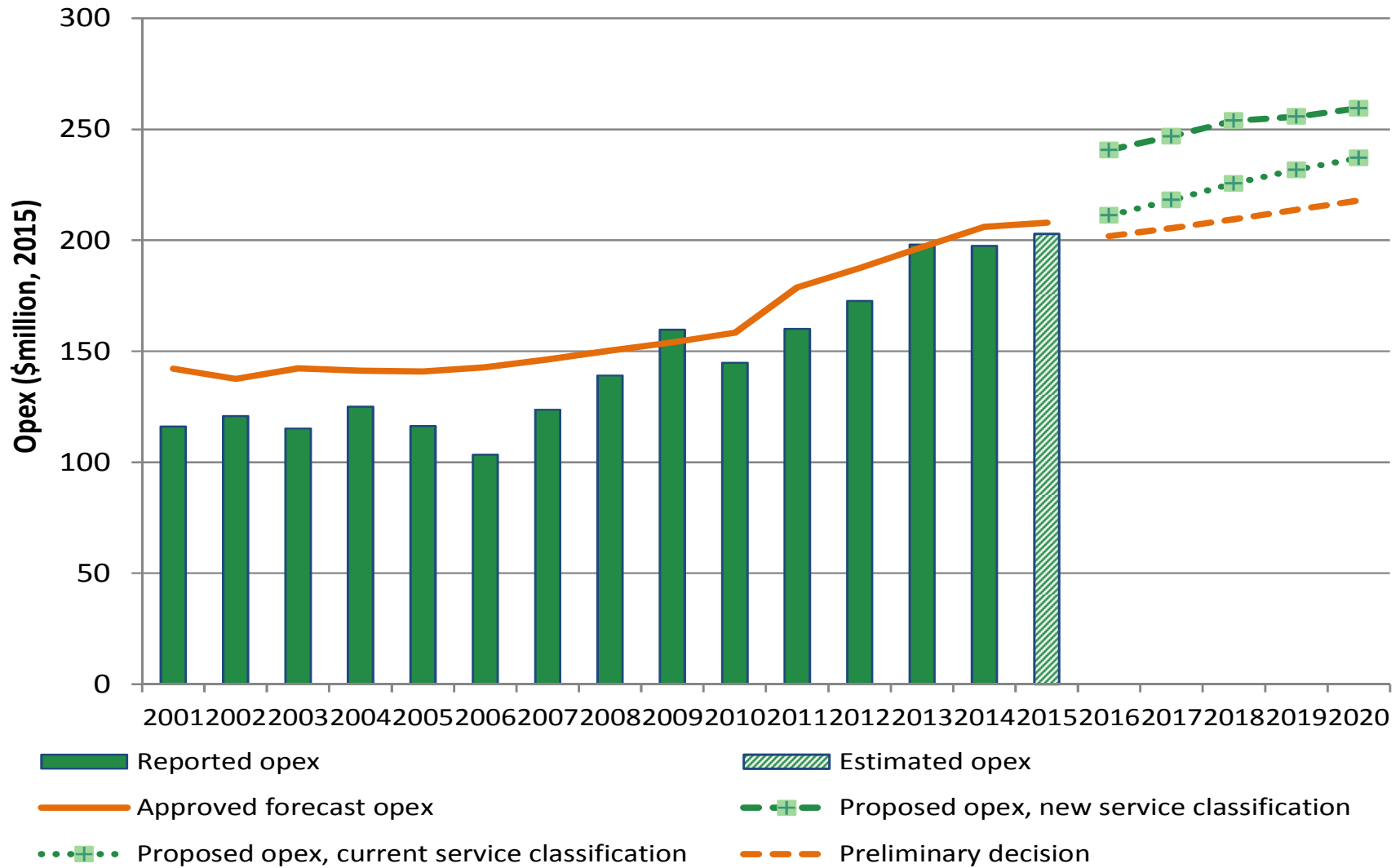
Less revenue required in current operating environment

- Demand expected to be relatively flat
- Lower Value of Customer Reliability
- Lower interest rates
- Few new regulatory obligations (for now)
- But ageing assets

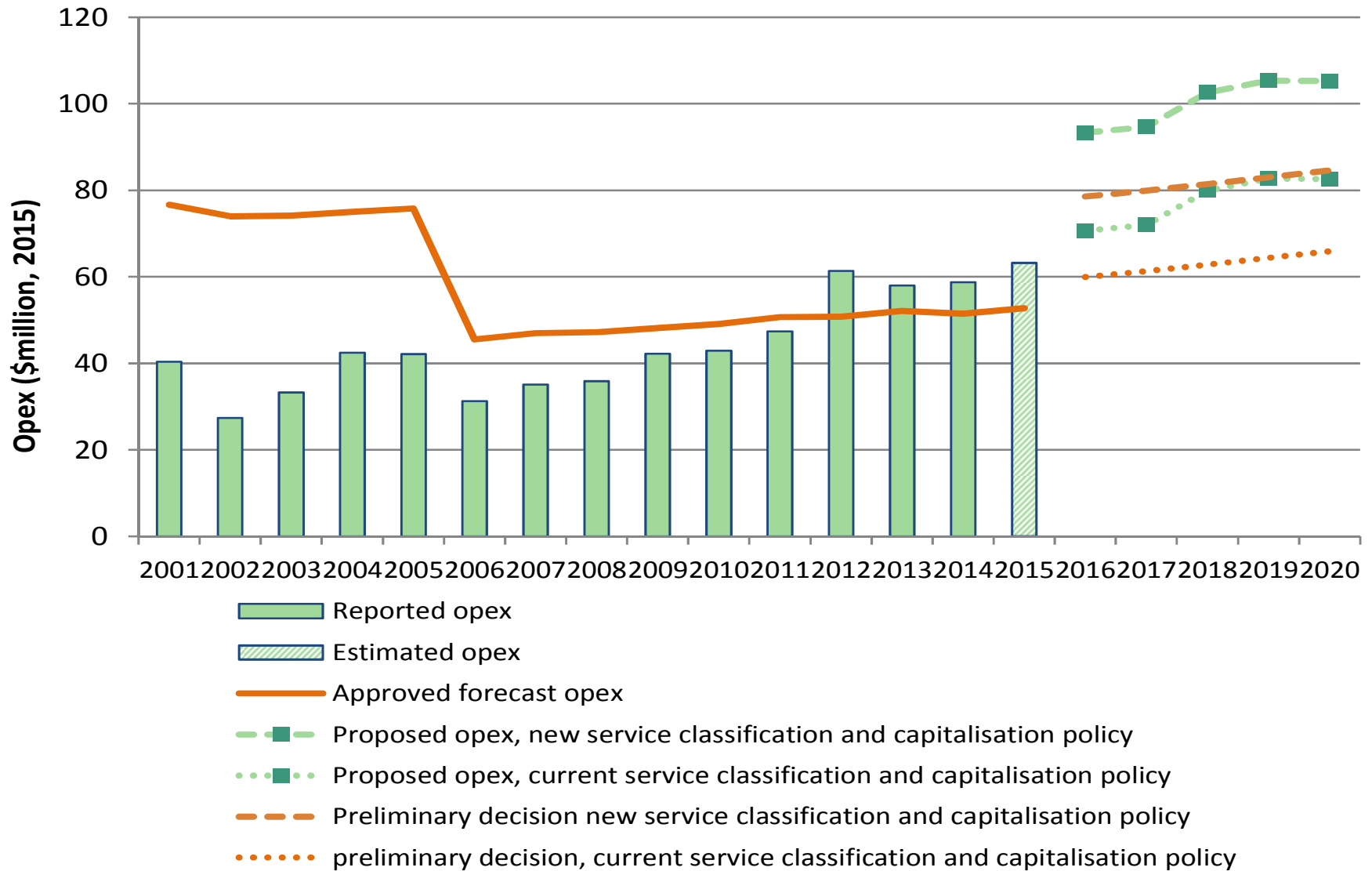
Victoria - Rate of Return

	Powercor proposed	CitiPower proposed	AusNet Services proposed	Jemena proposed	United Energy proposed	AER prelim decision
Return on equity (nominal post-tax)	9.9%	9.90%	9.9%	9.83%	9.95%	7.3%
Return on debt (nominal pre-tax)	5.39%	5.39%	5.39%	5.39%	5.67%	5.16 to 5.30%
Gearing	60%	60%	60%	60%	60%	60%
Nominal vanilla WACC	7.20%	7.20%	7.19%	7.18%	7.38%	6.02 to 6.12%
Forecast inflation	2.06%	2.60%	2.06%	2.52%	2.50%	2.50 to 2.52%

Operating expenditure AusNet Services

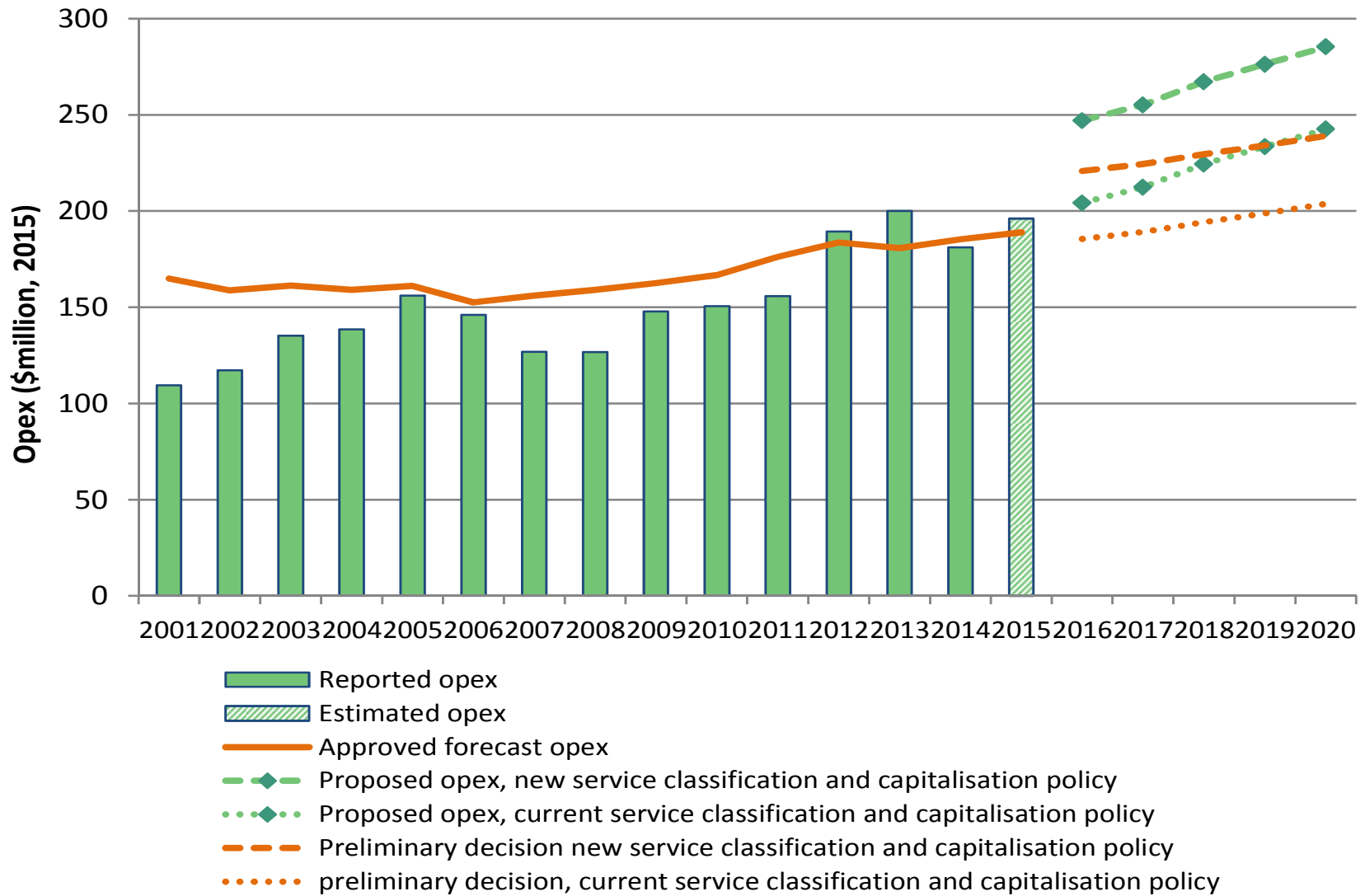


Operating expenditure CitiPower



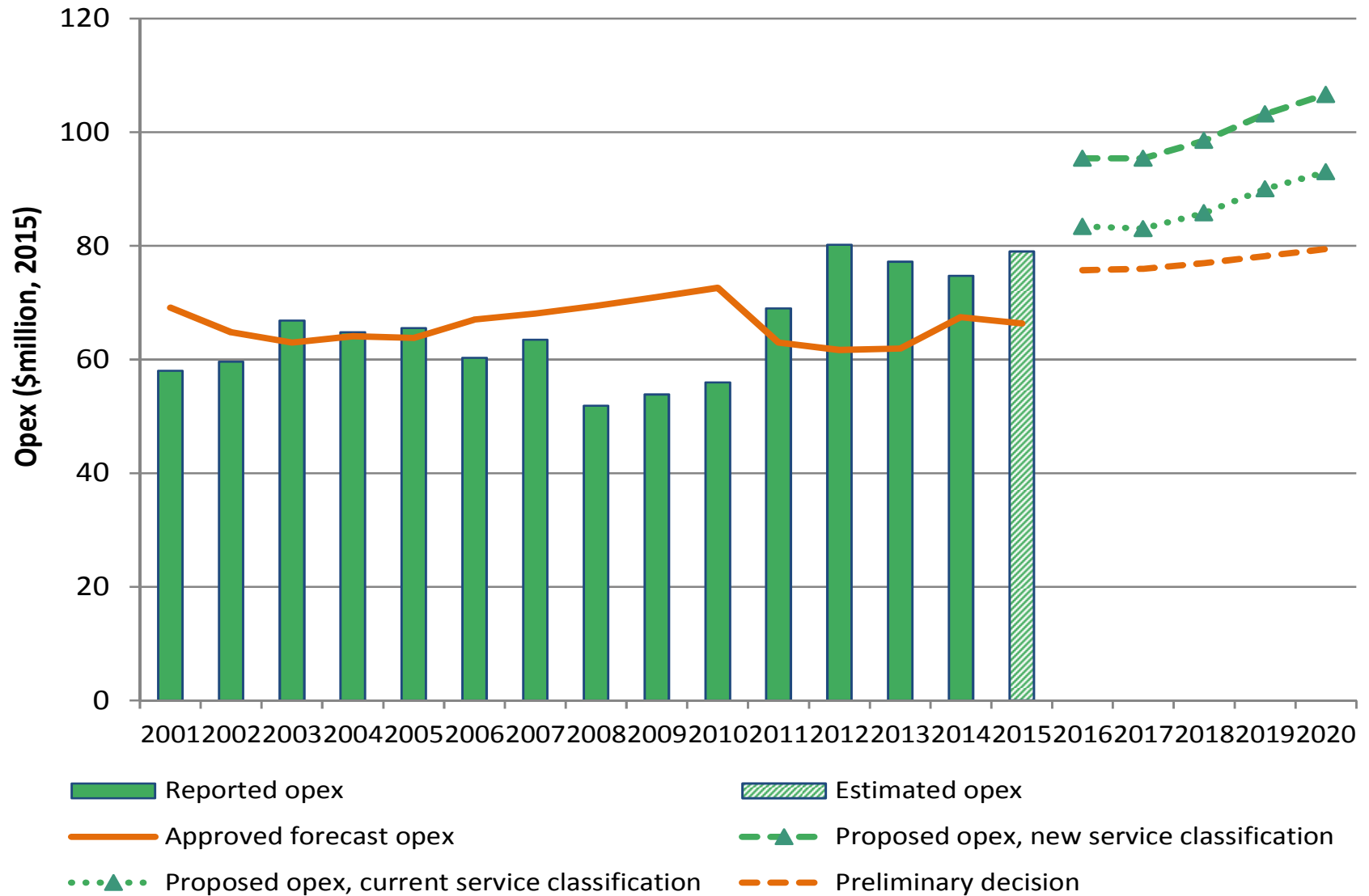
Operating expenditure

Powercor



Operating expenditure

Jemena



Operating expenditure United Energy

