

AusNet Services EDPR Customer Forum

4 September 2018 meeting minutes

Attendees

Customer Forum (CF)	AusNet Services (AST)	Other
Tony Robinson Helen Bartley John Mumford Greg Camm Dianne Rule	Alistair Parker Siham Knowles Charlotte Eddy Rob Ball	Roz Doyle

Operating expenditure

Possible updates to the forecast

AST flagged two possible external factors that may require updates to the opex forecast presented in its [Opex Negotiation Position Note](#):

- The Victorian Government's recently announced solar subsidy, which may result in increased opex requirements to manage the expected large increase in solar applications
- Critical Infrastructure Act legislation, which may require additional opex to, among other things, on-shore AST's IT security function.

Preliminary areas of agreement between AusNet Services and the Forum

The Forum supported the following elements of the opex forecast:

- Base opex, but noted a preference for estimated 2018 opex due to it being more certain than forecast 2019 opex.
- REFCL step change, noting that:
 - REFCLs offers safety benefits to some customers, not all customers
 - The AER is best placed to assess the efficiency of the proposed costs.
- 5 minute metering step change, noting that:
 - Evidence is sought that the proposed costs reflects the minimum investment needed for compliance
 - The AER is best placed to assess the efficiency of the proposed costs.
- The reallocation of metering costs to SCS, but sought confirmation there is \$16M of cost coming out of metering
- Real price change.

Outstanding areas

The Forum did not support the following elements of the opex forecast:

- Cloud software step change, noting that further information is sought on IT capex reductions and which systems or capabilities are being transferred to cloud. AST noted its cost forecast has

been revised from \$30M to \$6M over the 2021-25 period. AST confirmed its position will be to only propose costs where there is capex being avoided and evidence of customer benefit.

- Productivity growth, suggesting that a hybrid approach to productivity could be proposed, whereby forecast productivity savings are used to reduce revenues in the 2021-25 period, but offset in the 2026-30 period in a way that is NPV neutral to AST

AER draft decisions for TasNetworks and Power and Water Corporation

The Forum flagged it is interested in whether cost reductions made by the AER in these decisions, which are due for release in September, would impact AST's opex position, and requested a briefing on the decisions.

Actions arising

AST to provide:

- Confirmation the 5 minute metering step change reflects the minimum investment needed for compliance
- Confirmation that metering costs are reduced by \$16M due to the reallocation
- An update and supporting evidence regarding the cloud software step change
- A response on the hybrid productivity approach
- An explanation of how more underground lines will affect opex
- A summary of the TasNetworks and P&WC AER decisions

Innovation

Preliminary areas of agreement between AusNet Services and the Forum

The Forum supported innovation funding of \$7.5M, based on \$10/customer over the period, which AST can then allocate to the most promising projects as the need for them arises. It considered this funding should be transparently spent and well managed within the business. The Forum noted it would need to consult with customers to test their support for this. The Forum would like to see an evaluation framework around each project.

Outstanding areas

The Forum did not support electric vehicle related projects outlined in AST's [Innovation Negotiating Position Note](#) due to customer sentiment it has observed

Actions arising

AST to consult with Forum on how to provide a more coherent/succinct narrative for the innovation projects in its Draft Proposal, including how they will deliver important benefits to customers.

AST to provide information on how many GSLs are paid out in Murrumbidgee that could potentially be avoided through the GESS.