

Consumer advocates 2022-2027 EDPR Response to draft determination

Electricity Distribution Price Reset



renew.



VCOSS
Victorian Council
of Social Service



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Presentation outline

Slide#

AER Draft Determination	3
Accommodating COVID impacts	4
Population estimates	5
Revised RAB per customer	6
DER investment	7

The AER's Draft Determination

- ✓ Input from different stakeholder submissions considered in determination.
- ✓ Stakeholder concerns addressed:
 - ✓ Opex step changes scrutinized for all DBs
 - ✓ Efficiency of base years tested
 - ✓ Some adjustments to accommodate COVID impacts, inc opex trend
 - ✓ Progress towards a more uniform approach to DER investment
 - ✓ Recognised concerns of growing RAB
 - ✓ Recognised capex increases after CESS awards

Distributors also remain accommodating of queries from stakeholders, and have communicated through COVID.

Covid impacts for consumers

- Jobkeeper and Energy Relief Package currently managing situation – an increase in energy hardship expected when these measures expire
- Consumers pay for overstated forecasts many times over
- AEMO 2019 Transmission Connection Points forecasts were made pre COVID – AEMO's August ESOO relies on an HIA projection from May.
- Important to consider:
 - Impact of Vic second wave
 - Net Overseas Migration negative, interstate migration negative – also consider intrastrate migration
 - Implications for apartment development, growth corridors
 - Realistic recovery period
- Also worth noting that findings on 'willingness to pay' can't be assumed to necessarily hold.

Population estimates

Table A.2: Population by state, at 30 June

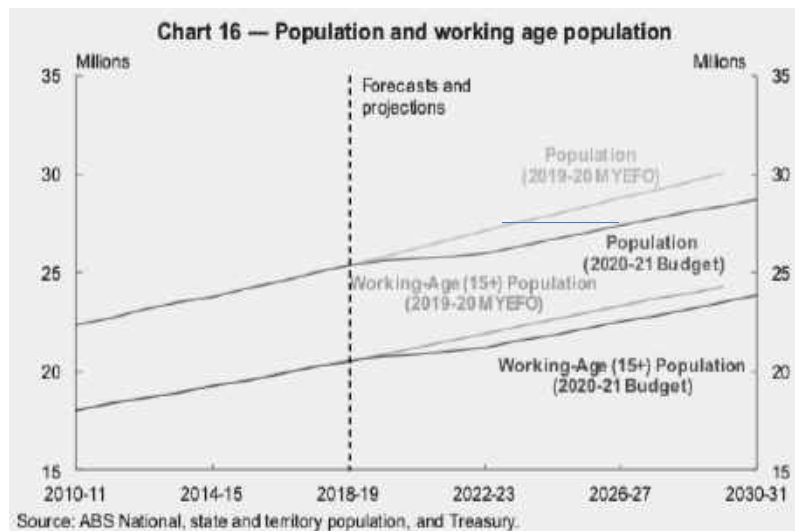
million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total(a)	Australia
2018-19	8.087	6.596	5.094	2.623	1.753	0.535	0.426	0.246	25.359	25.364
2019-20	8.158	6.705	5.162	2.649	1.768	0.540	0.430	0.243	25.652	25.657
2020-21	8.156	6.718	5.195	2.659	1.767	0.542	0.431	0.240	25.708	25.713
2021-22	8.163	6.748	5.236	2.673	1.772	0.546	0.433	0.236	25.806	25.811
2022-23	8.209	6.822	5.293	2.698	1.783	0.550	0.436	0.234	26.025	26.030
2023-24	8.293	6.943	5.361	2.734	1.795	0.554	0.440	0.234	26.354	26.359

(a) Total is the sum of the states and territories shown, and excludes Jervis Bay Territory, Christmas Island, the Cocos (Keeling) Islands and Norfolk Island.

Table A.6: Net interstate migration by state, for years ending 30 June

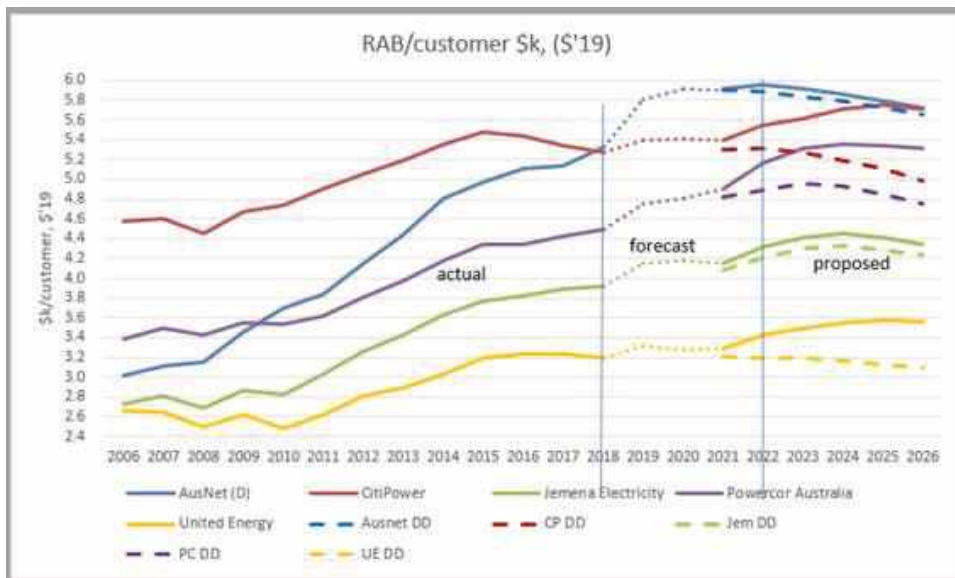
	NSW	VIC	QLD	WA	SA	TAS	ACT	NT
2018-19	-22,100	12,200	22,800	-6,900	-4,000	2,000	-200	-4,400
2019-20	-21,000	11,600	21,700	-6,100	-3,800	1,900	-200	-4,200
2020-21	-14,300	+1,200	22,000	-3,700	-2,200	2,200	300	-3,100
2021-22	-15,500	-1,300	23,800	-4,000	-2,300	2,300	400	-3,300
2022-23	-17,000	1,800	21,300	-2,300	-3,000	1,200	300	-2,400
2023-24	-18,800	5,000	18,900	-500	-3,600	0	200	-1,400

- No snap back - rate continues to diverge slightly
- Gap at 26/27 about 4 years behind
- 'Assumes vaccine by late 2021'
- Not worst case – no uncertainty indicator



October 2020, 2019/20 Federal Budget Paper 3, Federal Financial Relations 2019-20 <https://budget.gov.au/2019-20/content/bp3/index.html>

RAB per customer



DER investment

Consistent and optimal approach from all networks, on:

- Valuing exports
- Approach to incorporating DER
 - eg how will dynamic constraints be used
- Accounting for DER investment