

25 June 2018

Mr Michael Costello
Chief Executive Officer
Evoenergy
40 Bunda Street
CANBERRA ACT 2601

Copy to: Alexis Hardin (by email alexis.hardin@actewagl.com.au)

Proposal for the remittal of Evoenergy's 2014-19 Determination

Dear Michael,

I write to express Energy Consumers Australia's support for the proposal for the remittal of Evoenergy's 2014-19 determination (the Proposal), based on the draft for comment of the proposed correspondence from you to Paula Conboy, Chair of the Australian Energy Regulator (AER).

In forming our view of the Proposal, we have considered whether taken as a whole the Proposal is in the long-term interests of the consumers served by the Evoenergy network. We understand that the Energy Policy Consortium (coordinated by ACTCOSS) has had the opportunity to be engaged in the process of your development of the Proposal, and to have their views considered.

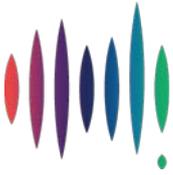
Our understanding is that Evoenergy will propose to the AER:

- a revenue allowance in accordance with the AER's set aside 2015 determination;
- the retention of approximately \$26 million in over recovery of revenue ((due to the application of the undertakings during the 2014-19 period), returning approximately \$1 million to consumers in the 2019-24 regulatory period; and
- a reduced Service Target Performance Incentive Scheme penalty of \$1.2 million.

In our view, on balance, the benefits of the Proposal outweigh the costs.

Consumers stand to benefit from:

- the resolution of the proposed price path, with Evoenergy forgoing to re-open the contentious issues arising from the Federal court decision;
- the significant reduction in real operating expenditure, which is reflected appropriately in Evoenergy retaining \$26 million to meet costs associated with achieving this reduction, in particular redundancy costs; and
- no real increase in prices (for standard control services) over the period 2019-24 as a result of this proposal.



In supporting this Proposal, we encourage Evoenergy to continue to seek efficiencies that will put downward pressure on electricity prices, in the interests of consumers.

Yours sincerely,

Lynne Gallagher
A/g Chief Executive Officer
Energy Consumers Australia