

Say hello to our five- year plan



**Good people
in power**

January 2020

Overview: Powercor Regulatory Reset Proposal, 2021–2026 (\$2021)

Stakeholder priorities



Resilient network

Key commitments

- Sustained high reliability >99.97%
- \$2.1b in capital expenditure(net)
- 53% increase in asset replacement
- 20,878 poles replaced in escalated program
- \$215m for bushfire mitigation
- Three new zone substations in growth areas
- Five depots upgraded to improve regional service delivery
- \$166m for technology integral to an efficient distribution network



Affordability

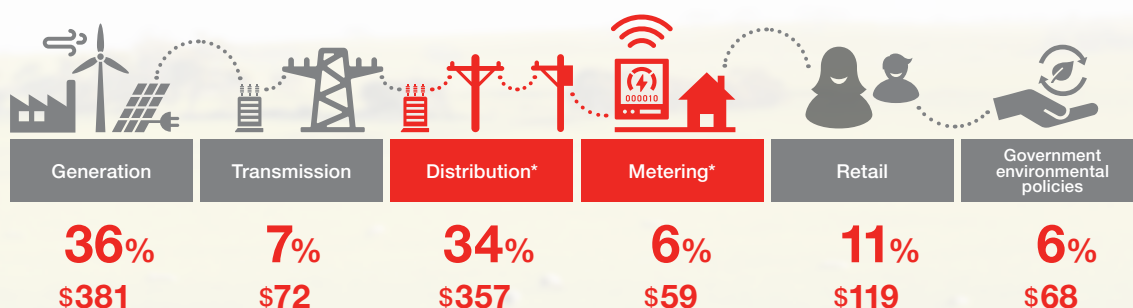
- Revenue stable at \$3.7b
- 6% real price decrease for residential distribution and metering charges over five years
- 4% real price decrease in small business distribution and metering charges over five years
- New pricing structure offered
- \$1.5b in operating expenditure



Flexibility

- 114,000 new household connections
- Increasing the amount of solar exported into our network
- Supporting large-scale renewable generation in best resource areas in Victoria for wind and solar
- \$71m in net benefits to all customers from digital network developments between 2021 and 2040
- \$7.6m in net benefits to all customers from improved online services and data accessibility over the next 10 years

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

Our plan for the 2021–2026 regulatory period has been shaped by input from a wide range of people both within the communities we service and our business. As a result our plan represents an informed and output-focussed approach to network management.

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.

Within our business, a continuous improvement program initiated several years ago has benchmarked our operations against world class standards and delivered many innovations. Powercor is the most efficient distribution network in the country based on the Australian Energy Regulator's annual benchmarking in 2019, and we continue to identify ways to further improve.

The focus for the next five-year period is on large-scale proactive works planned to:

1. mitigate bushfire risk
2. prevent asset failure
3. build capacity for growth
4. accommodate customer choices such as rooftop solar.

This additional work influences the level of both capital and operating expenditure proposed. 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 this increased investment in the network while reducing costs to customers.

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

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



Tim Rourke
Chief Executive Officer



Customers

835,781 customers
2% growth in connections annually
18% have a solar PV system
292,136 fault-related calls received through our Customer Contact Centre
310,225 general inquiry calls received through our Customer Contact Centre*
85% customer satisfaction with services
178,799 street lights within our network and managed for customers

Network

577,420 poles
88,406km of powerlines
14.5% of powerlines are underground
58 zone substations
143 zone substation transformers
85,547 distribution transformers
71% utilisation rate – the highest in the National Electricity Market

Operations

>10,800GWH distributed annually
99.97% reliability of supply (averages 129 minutes off supply per customer annually)
100% of network surveyed by aerial services annually
75,618 spans where vegetation was cut
>11,000 fault response jobs annually

Region

145,651km² of network
64% of state serviced by our network
>1.75m Victorians
25% of Victoria's gross domestic product generated



Note: All numbers are current as at 31 December 2019

*Numbers for general inquiries are collectively for Powercor and CitiPower customers

Who we are and what we do

Powercor is Australia's leading rural electricity distribution network recognised for our high reliability, efficiency and low costs.

We operate the network of poles, wires and infrastructure that distribute power from hydro, wind, solar, coal and gas-fired electricity generators to our customers' meters. We also manage the meters (98% of which are smart meters) and provide the meter data to the retailers responsible for issuing electricity bills.

Our network supplies a 145,651 kilometre square area that stretches from the western suburbs of Melbourne, through central and western Victoria to the South Australian and New South Wales borders.

Households represent 86% of our 835,000 customers and are dispersed over a wide geographic area with just 12 customers per square kilometre on average. Our network also supports 11,175 commercial and industrial businesses and 106,500 small businesses, predominantly in the health care, agriculture, forestry and fishing sectors.

Our work is performed by a team of 2,000 people including highly skilled tradespeople and professionals, committed to providing quality services. These services are delivered from 13 depots across the region as well as from a purpose-built customer contact centre in Bendigo and our corporate office in Melbourne.

As a major regional employer, we support the social and economic development of rural and regional Victoria. We have invested in 410 apprentices and trainees and 70 graduate engineers in the past 10 years and continue to recruit and develop local employees. We have also been an active participant in the communities we operate within by supporting sporting clubs, charities and events important to the culture and character of the region.

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 so as to enable emerging technologies.

5. Regulatory outcomes:

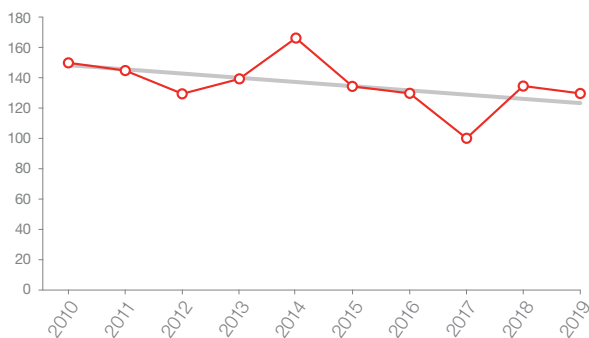
designing our financial plans in collaboration with our operational teams to balance the expectations of our regulators, shareholders, customers and stakeholders.



Building network resilience

Powercor offers a high level of reliability of electricity supplies with power available 99.97% of the time. This means that on average each year, customers experience less than two outages totalling approximately 130 minutes. These results are supported by a comprehensive and regular program of asset inspection, maintenance and replacement across our network.

Unplanned minutes off supply, 2010–2019



The future resilience of the network is challenged by rapid growth in connections, changing preferences for how energy is used and consumed, a heightened sensitivity to community safety and climatic conditions including extreme weather and bushfire risk. 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

Working in cooperation with developers and customers, we have already made significant improvements to our connection processes to ensure they are timely and efficient. This work is continuing in light of forecasts for 136,581 new household connections over the next five years. In particular, parts of Melbourne's western corridor, the Bellarine Peninsula and Geelong are areas of high residential growth which will require significant network support.

At a large scale generator level, the volume of renewable energy connected rose dramatically from 220MW in 2016 to 1,400MW in 2019. Some of the state's best resource areas for wind and solar generation are within the Powercor region and we expect this trend to continue in 2021–2026 supported by government policy, high wholesale prices and carbon emissions reduction objectives.

Importantly, as we marked ten years since the Black Saturday bushfires in Victoria in 2019, stakeholders directed their attention to the safety and integrity of our assets. Our consultation revealed changing expectations related to asset age, replacement schedules and integrity that have influenced our network planning.

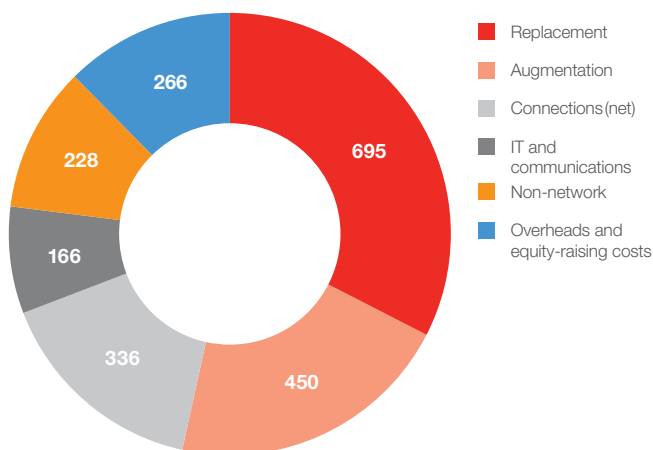
Our plan



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

We plan to invest \$2,140 million in capital expenditure (net) over the next five-year period which is an increase of \$175 million (9%) on the current regulatory period.

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



Asset replacements preventing risks

Assets are replaced as required based on risk assessments, which are consistent with the AER's replacement planning practice note. Over the proposed period, the major asset replacement initiatives demonstrate a preventative approach to risk management focussing on both condition and age factors.

- **Pole replacements:** Increasing the number of poles replaced to 20,878 and refurbishing a further 18,892 over the five years. This follows a review of pole inspection and maintenance strategies to increase the amount of sound wood and manage the age profile of the assets across the entire network.
- **High-volume assets:** In addition to poles, overhead conductors, service lines, fuses, surge-diverters and pole-top structures are regularly inspected and replaced.
- **Bushfire mitigation:** This remains a high priority for the business and our customers. It involves an annual program to replace wood cross-arms, low-voltage fuse switches and our ongoing commitments to the 2009 Victorian Bushfire Royal Commission which will be completed over the period.
- **Environmental management:** New environmental obligations require us to prevent waste and pollution impacts from zone substations with a focus on noise and potential oil leaks.

Asset upgrades meeting customer needs

Our augmentation allowance is designed to support our household customers' objectives for a shared energy future and meet our large commercial and industrial customers' needs for power quality. Our major investments are in:

- **Solar enablement:** a dedicated, innovative program that will enable us to unlock over 95% of the solar export constraints.
- **Rapid Earth Fault Current Limiter rollout:** Completing the mandated REFCL program by 2023 and maintaining the existing REFCL sites. This includes establishing a new zone substation in Ballarat West.
- **Zone substations:** New in Torquay and Tarnet and upgraded in Bacchus Marsh to support connection growth and improve reliability.
- **Regional networks:** An upgrade to the network servicing Tyrendarra, Strathdownie, Cape Bridgewater and Gorae West to support the expansion of local industries and generate a multiplier effect of social and economic benefits. This will form a blueprint for similar projects to build energy resilience in rural communities.

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.

Property developments improving regional services

Our proposed investment in property and fleet supports the continual improvement of regional service delivery. New facilities in Warrnambool, Echuca and Brooklyn will provide our people with safer, fit-for-purpose facilities with expanded office and storage. We will also continue to expand and upgrade our depots in Bendigo and Ballarat, which both house a large and diverse workforce. These investments will further improve customer services.

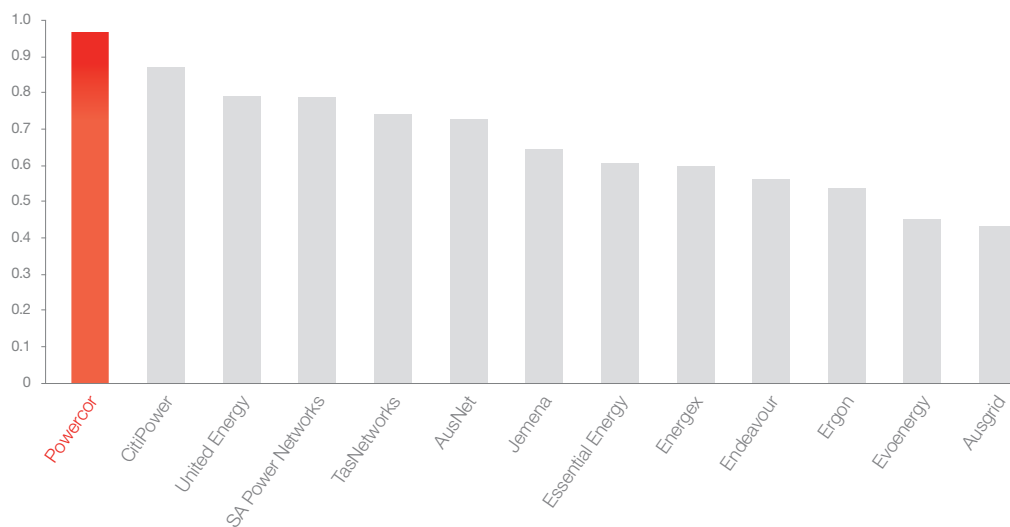


Improving electricity affordability

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.

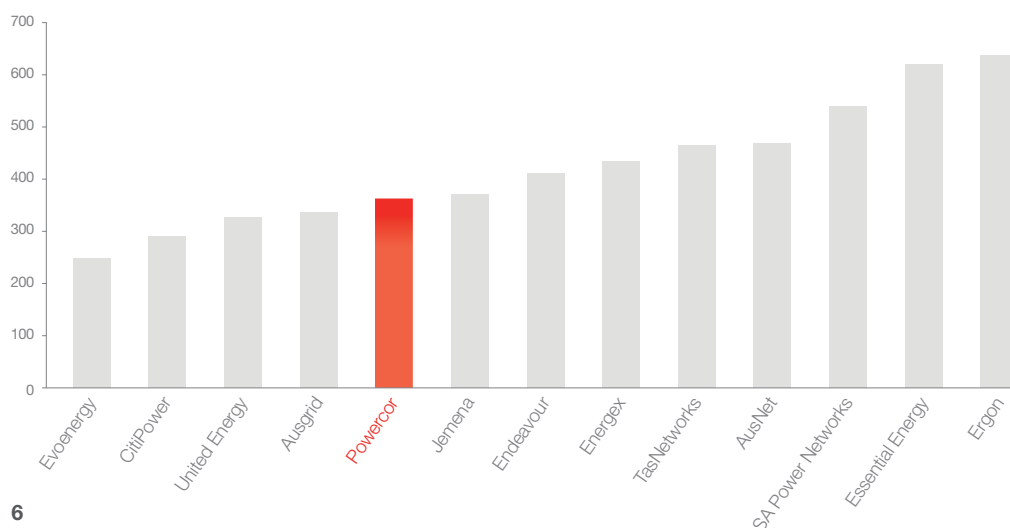
Powercor is the lowest cost rural network in the National Electricity Market (NEM) and the most efficient, based on operating expenditure. While we are recognised as an efficiency frontier network by the AER, we are still maximising opportunities to continually improve.

Operating expenditure efficiency scores, 2019



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

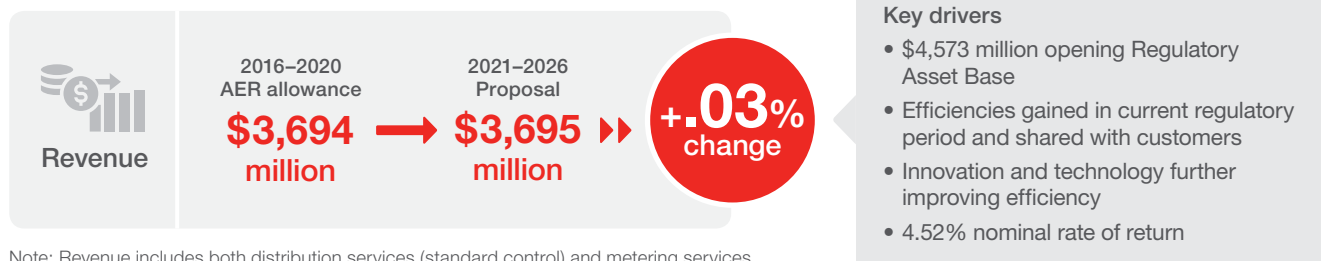
Over the 2016–2020 regulatory period, we generated \$466 million in savings for our customers through efficiencies. This included automating services, renegotiating major contracts and further leveraging smart meter data to enable proactive network management. Our customers receive around 70% of these 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.

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

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 bespoke developments in aviation services and Light Detection and Ranging (LiDAR) technology for remote inspection of pole-top assets and powerlines.

Our plan



Distribution and metering revenue stable

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.

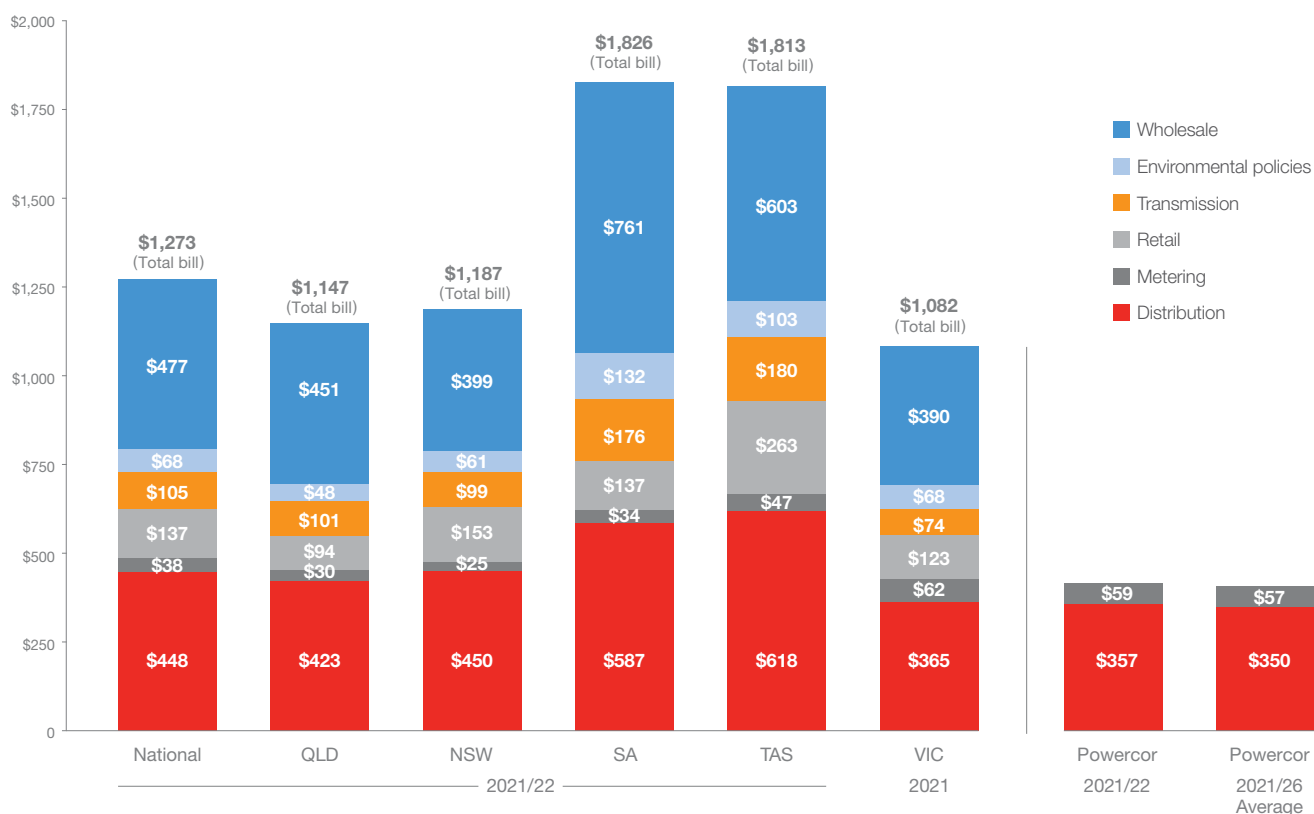
We are seeking approval for a stable level of distribution and metering revenue of \$3,695 million over 2021–2026 compared to \$3,694 million for the current regulatory period.

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:

- \$24 for residential customers to \$407 per annum
- \$68 for small business customers to \$1,610 per annum.

Based on a typical household in Victoria, Powercor's distribution charge (excluding metering) will represent \$357 (34%) of the average annual bill of \$1,057 in 2021/2022.

Comparative forecast household electricity bill composition, 2021/22



Source: AEMC Residential Electricity Price Trends 2019

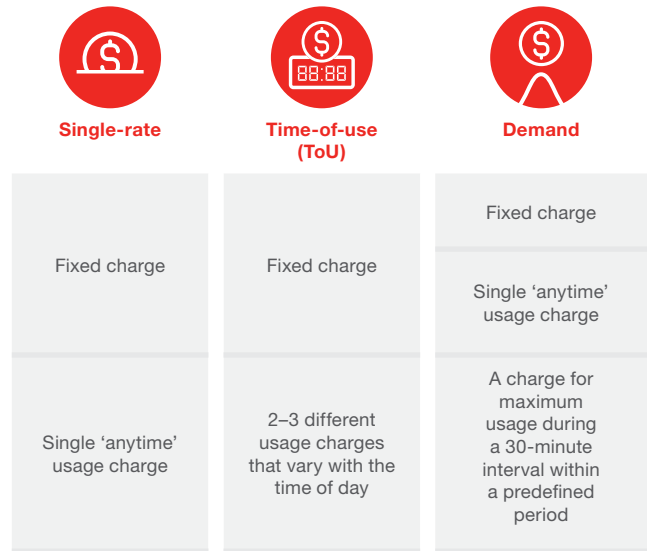
Based on typical customer consumption of 4,000kWh per annum

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 rising

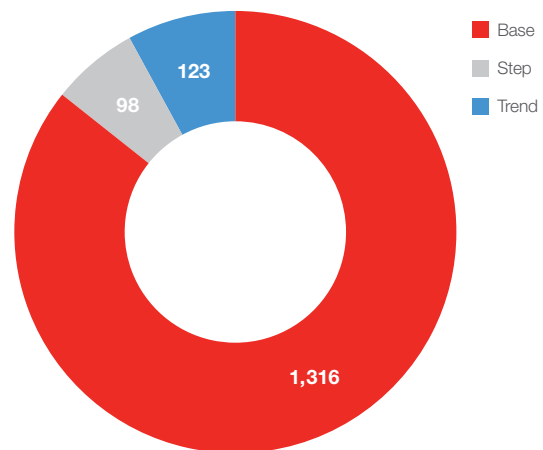
As well as funding our capital expenditure on the network as previously outlined, revenue funds our expenditure for daily operations.

We are proposing operating expenditure of \$1,537 million in the 2021–2026 period, compared to \$1,314 million allowance in the current regulatory period, an increase of 17%. Our operating expenditure forecasts are based on our 2019 efficient costs. These costs have been increased to account for changes in regulatory obligations and the operating environment. We have also assumed the AER's 0.5% annual productivity improvements.

The main contributors to the increased operating expenditure sought are:

- the commencement of REFCL operations which involves annual operating expenditure not reflected in our 2019 base case (\$13 million)
- new obligations for environmental protection (\$10 million)
- strengthened security requirements for the protection of electricity network and customer data under the *Commonwealth Security of Critical Infrastructure Act (2018)* (\$15 million)
- reclassification of the 'food belt' to high bushfire risk area (HBRA) requiring increased vegetation and maintenance activities (\$22 million)
- continuing issues in the global insurance market with premiums increasing by up to 35% for the past two years due to increasing catastrophic events worldwide (\$5 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.

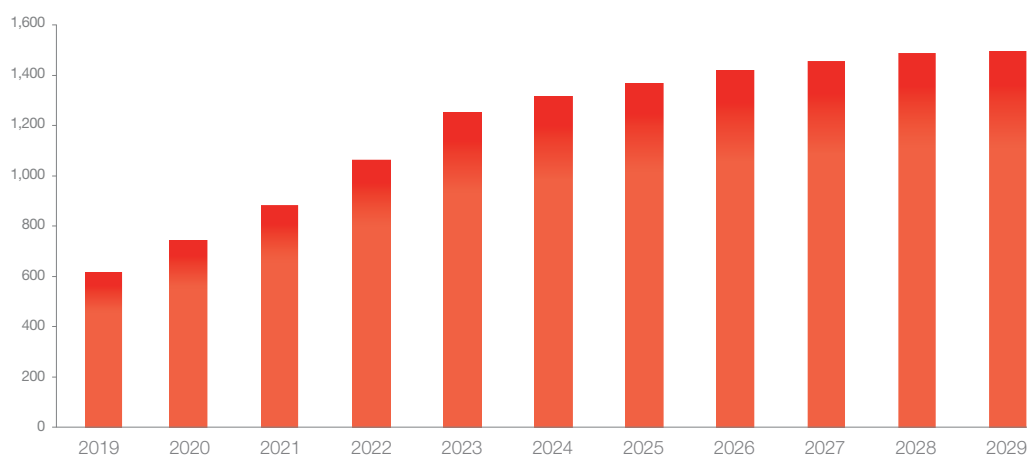
Through consultation, customers said they are looking to us to provide options that will enable them to explore emerging technologies. They would like to receive information in a way that is easy, seamless and makes them feel valued.

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. Powercor 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 18% (133,401) in 2019 to 34% (288,928) 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.

Our plan

Program	Proposed cost	Estimated net benefits to all customers	Key drivers
 Solar enablement	\$61 million → \$77 million		Distributed energy resources
 Customer enablement	\$8 million → \$8 million		Demand for real-time data
 Digital network	\$11 million → \$71 million		Affordability and customer choice

Solar connections and exports enabled

As previously mentioned, our proposed solar enablement program will allow approximately 95% of 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 79,000 distribution transformers in our network. This found that if no action is taken by 2026, customers serviced by almost half our zone substations will experience export constraints more than 20% of the time.

Addressing this will involve network capital expenditure investment of \$61 million but is forecast to deliver a net benefit to all customers of \$77 million over the five year period by replacing higher cost generation and achieving a reduction in carbon emissions.

Customer experiences improved

We propose to invest \$8 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:

- consolidating our online portals to provide an integrated customer experience
- 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.

An \$11 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 \$71 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.

Reducing demand through collaboration

The flexible options offered to customers include our ongoing commitment to the Energy Partners demand management program. This initiative was launched in 2018 and offers financial incentives to customers to increase the temperature settings of their air conditioners during demand peaks in summer. The program is rolled out annually in areas where there are network constraints to help defer capital expenditure. Long term, it provides customers with a mobile device they can use all year round to manage the energy consumption in their home.

We are also working to support others who are more vulnerable to the cost of electricity. A program initiated by Powercor with the Western Bulldogs Community Foundation and delivered in collaboration with the Australian Energy Foundation in 2019 aims to improve the energy literacy of customers. Participants are educated in energy terms, tariffs, tips for conserving electricity and improving efficiency in their homes as well as price comparison tools and concessions available. On average, the advice received helps customers save more than \$220 per annum.

We will continue to offer this program, which each year reaches more than 4,500 people living within Melbourne's western corridor, through the Foundation and will explore opportunities to broaden its reach within the Powercor region.

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 Powercor with CitiPower and United Energy 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
- 850,000 annual notifications



Engage

- 2,709 surveys with household and business customers
- 1,848 small and medium business surveys
- 65 commercial customer interviews
- 332 vulnerable customer interactions
- 166,192 potential foot traffic at Geelong pop-up display



Consult

- 4 focus groups in Bendigo, Geelong, Mildura and Werribee
- 656 deliberative forum participants
- 1,011 stakeholders engaged in meetings
- 32 customer and stakeholder forums



Collaborate

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

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.

- Strengthening our communications to build awareness and a level of trust—eNews, Talking Electricity, advertising and podcast.
- Maintaining our position as the most reliable rural network in Australia with supply available for over 99.97% of the year.
- Ensuring we maintain our position as the most efficient network.
- Delivering a customer service strategy and improved 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).

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

Customers agreed on their values for electricity:

- providing a reliable supply of electricity
- maintaining affordability
- providing a safe environment for customers and workers
- use electricity when you 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.

- Combining reliability and safety values into our focus on resilience to demonstrate their interrelatedness.
- Reviewing and updating our pole-inspection policy in response to community concerns.
- Commitment to distribution price reductions.
- Consulting on time-of-use pricing structures that support and encourage the integration of new technologies into the network.
- Developing a vulnerable-customer campaign to improve energy and bill literacy.
- Developing initiatives to increase the network's ability to accommodate renewables and customer-driven technologies.
- Developing initiatives to deliver customer benefits through improved digitalisation and visibility of the low voltage network.
- Developing initiatives to better enable customers to have easier access to their data and to make more informed choices.
- Testing various options with customers on how we address their needs, including presenting options and the bill impact of each option.

Draft proposals were generally supported, particularly the following initiatives and requests:

- undergrounding of infrastructure in bushfire areas ending 2030
- increasing pole inspections, especially in the South West region
- ensuring no customers experience outages when it comes to REFCLs
- exports for solar customers
- improving reliability in worst-served areas
- investing in regional communities
- 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
- offering multi-modal communications about outages, faults, programs and our services.

- Finalising our network vision that reflects our customers' and stakeholders' expectations, including a progressive integration of renewables and maintaining/improving services at least-cost.
- Amending our pole replacement program with ESV, to address community concerns about the long-term sustainability of our poles.
- Understanding regional communities' challenges and co-designed a business case to meet their needs, with support from our wider customer base.
- Redesigning our solar approach and finalising the business case through extensive consultation with a wide variety of stakeholders on the options analysis and analysis of customer benefit streams.
- Strategically aligning solutions to mandated REFCL installation and future growth areas to ensure a smart integration of new growth and obligations at least cost to customers.
- Finalising the business case for improved digitalisation and visibility of the LV network, ensuring we continue to deliver a reliable, least-cost network through deferred augmentation.
- Finalising our business case for customer enablement using extensive feedback on customer preferences for access to their data.
- Finalising 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
Resilient network	<ul style="list-style-type: none">• Level of service or reliability not meeting customer expectations• Rate of return adopted could lead to underinvestment in our network• Under- or overinvestment in our network leading to reduced reliability or higher prices• Less than optimal maintenance of the network impacting the reliability and longevity of assets• Not adequately addressing increases in capacity in some areas	<ul style="list-style-type: none">• Sustained high reliability and safety while also lowering prices for customers• The rate of return assumed is in line with the AER's rate of return guideline• Asset replacement assessed on both condition and age factors is able to be accommodated within lower prices for customers• Investment planning is directed to areas where there are clear drivers for growth or where local capacity is approaching its limits
Affordability	<ul style="list-style-type: none">• Prices don't reflect equity for all customers• Further changes to regulatory conditions and compliance obligations not currently factored into plans	<ul style="list-style-type: none">• Business cases for major investments demonstrate benefits for all customers• Lower distribution charges are offered to all customers• Changes to the tariff structure are designed to be simple, affordable and equitable• Investments in technology and innovation to further drive efficiencies
Flexibility	<ul style="list-style-type: none">• Increasing rate of solar PV connections result in customers suffering export constraints• Not all customers will be able to get advantages from new technologies• Not all customers are able to take control of their usage, bills and data	<ul style="list-style-type: none">• Future dedicated solar enablement program unlocks over 95% of the solar that would otherwise be constrained• More services delivered online and in real time through continued ICT investment• Partner programs in the community support vulnerable customers directly with energy literacy education and benefits

We partner with the Lorne Surf Lifesaving Club to support the Powercor Lorne Pier to Pub and associated Lorne Mountain to Surf Run enjoyed by thousands of participants annually. 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

Powercor Regulatory Reset Proposal

Customers and stakeholders are invited to review the Powercor 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 Powercor.

For more information, please see the contact details below.

Source	AER	Powercor
Visit	www.aer.gov.au	www.talkingelectricity.com.au
Email	Vic2021-26@ aer.gov.au	talkingelectricity@ powercor.com.au



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2021-2026



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