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Media Release

Lower costs, continued reliability, solar exports and bushfire safety a focus of Powercor's five-year plan

Households across western Victoria will benefit from a \$34 reduction in network charges on their electricity bills and a \$3.2 billion investment in critical power infrastructure and services over the next five-years under a plan to be rolled out by electricity distributor Powercor.

The Australian Energy Regulator (AER) today announced its final determination on Powercor's proposed plan for the 2021-2026 period commencing 1 July.

The approved plan will allow Powercor to sustain reliable, safe and affordable electricity supplies while also building the capability necessary to offer quality services in the rapidly developing energy market featuring greater customer deployment of rooftop solar, batteries and into the future, electric vehicles.

Powercor Chief Executive Officer, Tim Rourke, said while the AER did not approve all the initiatives proposed, the determination provides the necessary funding for the network to invest in the programs which were of greatest importance to most customers.

"This is a good outcome for our customers who will receive continued reliability and additional services at a lower cost," Mr Rourke said.

"The critical programs will enable greater solar exports, facilitate asset replacements for better network safety, and support new connections in high growth regions."

Mr Rourke said lower network charges contributed to a slight reduction in revenue which has been capped by the AER at \$3.3 billion over five years. This has been made possible by improved efficiencies in the business with AER benchmarking ranking Powercor as the most productive distributor in the National Electricity Market based on operating expenditure.

"We will continue to deliver business efficiencies so as to ensure our customers' expectations are met," he said.

The highlights of the AER determination are:

- Increased affordability for customers with average residential network charges reducing by \$34 in the first year and then increasing on average \$3 a year.
- Savings on network charges for small business customers with costs reducing by \$107 in the 2022 financial year.
- Approval of funding required to upgrade the network so as to ensure 85% of solar customers will be able to export 5kW 85% of the time and build the digital capability for greater flexibility as distributed energy resources evolve.
- Increased investment in pole replacements enabling over 4,700 to be replaced annually based on an advanced new management system prioritising asset safety.

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- Investing in other bushfire mitigation activities including vegetation inspections and the final tranche of the Rapid Earth Fault Current Limiter (REFCL) rollout due to end in April 2023.
- Building or upgrading zone substations in Torquay and Gheringhap to support growing demand for a two-way flow of electricity in the Bellarine Peninsula, Geelong and Melbourne's western corridor.

Mr Rourke said with the AER final determination now received, Powercor can finalise a set of commitments to customers to deliver on the outcomes identified through consultation as priorities for the next five years.

"We want our customers to be confident that we are delivering on our promises," Mr Rourke said.

"Formalising the commitments, as well as tracking and transparently reporting on the results, is important to demonstrating that our customers are at the centre of our business."

Another outcome of the consultation program conducted for the regulatory reset will be the launch in July of a new Customer Service Incentive Scheme. This provides broad and transparent performance measures designed to drive further improvements for customers. It will measure the length and frequency of planned outages, timeliness of SMS notifications (regarding unplanned outages) as well as the length of time it takes to answer our customer calls.

As regulated business, Powercor's 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.

The AER's final determination is available at <https://www.aer.gov.au/news-release/revenue-for-electricity-businesses-supports-customers-and-networks>

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About Powercor

Powercor moves electricity to and from more than 844,000 homes and businesses across the western suburbs of Melbourne and through central and western Victoria. Our network is made up of almost 90,000 kilometres of wires, more than 588,000 poles and associated infrastructure spanning a region covering 64% of Victoria and including some of the highest bushfire risk areas in the state.

Powercor is playing a critical role in supporting Victoria's clean energy transition. As at April 2021, a total of 2GW of large-scale solar, wind and other renewable generation is connected to our network, which is home to four of Victoria's Renewable Energy Zones. In addition, 21% of Powercor's residential customers are benefitting from rooftop solar with an installed capacity of 600MW.

Our teams operate from 13 depots, our Bendigo-based customer contact centre and our CBD headquarters, to deliver reliable, safe and affordable electricity by operating, managing and maintaining all network assets and metering services.

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