

# Tariff Reform Working Group

## Meeting # 3 Minutes

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| Chair:         | Kirstan Wilding  |
| Attendees:     | Robert Mallett (Small Business Council), Kath McLean (TasCOSS), Jack Gilding (Tas. Renewable Energy Alliance), Marcus McKay & Michael Connarty (State Growth), Megan Sperring (Treasury), Ian Hermanis & Sam Unsworth (Aurora Energy), Heather Lovell (Uni. of Tas.), John Deveraux (Goanna Energy for Aged Care Tasmania), Ricky McCulloch (ERM), David Bowker – second half (Hydro)<br><br>Chantal Hopwood, Shaun Leaman, & Jane Parnell (TasNetworks) |
| Date and time: | Tuesday, 3 <sup>rd</sup> June 2015   |
| Location:      | 1-7 Maria Street, Lenah Valley   |
| Apologies:     | Leigh Mayne  |

| Item     | Topic   |
|----------|---|
| 1, 2 & 3 | <b>Introduction, Trade practices act &amp; recap</b> <ul style="list-style-type: none"> <li>N/A</li> </ul>  |
| 4        | <b>Tariff strategy summary</b> <ul style="list-style-type: none"> <li>The timeline for transition to cost reflective tariffs is consistent with that previously presented to the TRWG.</li> <li>Transition timeline is crucial for tariff reform and is to take into account customer impacts.</li> <li>Successful network tariff reform would require retailers to pass through tariffs to customers.</li> <li>Retailers (particularly with respect to a standing offer) need time to adopt and implement new tariffs.</li> <li>TasNetworks consultation process is focused on developing tariff structures that encourage retailers to adopt and pass on to customers.</li> </ul> |
| 5        | <b>2015-16 pricing proposal</b> <ul style="list-style-type: none"> <li>N/A</li> </ul>   |

| Item | Topic   |
|------|---|
| 6    | <p><b>Tariff Structure Options</b></p> <ul style="list-style-type: none"> <li>• There are a number of potential options for structuring a small customer demand based tariff, four of which were presented and discussed.</li> <li>• Long term tariff reform should see reduced costs for all customers through cost reflectivity and improved network utilisation.</li> <li>• There will be winners and losers in tariff reform, customer segments will be impacted differently in the move to cost reflective tariffs.</li> <li>• There is a need for wide spread customer education to understand the concept of demand.</li> <li>• There is interest in understanding the cost of enabling technology and if smart meters are needed to implement tariff reform.</li> <li>• The costs impacts for all stakeholders to implement tariff reform are an important consideration.</li> <li>• <b>Action: TasNetworks to provide a paper outlining current issues with the existing tariff structure, demand based tariff structure options, accompanying indicative customer impacts and technology requirements.</b></li> </ul> |
| 7    | <p><b>Tariff trial</b></p> <ul style="list-style-type: none"> <li>• There is data available from other Australian jurisdictions however the unique Tasmanian demand profile may mean that this data is not easily applied to the Tasmanian context.</li> <li>• However, we may be able use data from international jurisdictions.</li> <li>• A smart metering trial will provide the opportunity to gather Tasmanian specific data across a range of customer types and allow greater impact assessment.</li> <li>• Are smalls customer able to shift behaviour and, if so, by how much?</li> <li>• <b>Action: TasNetworks to investigate tariff studies/learnings with respect to demand tariffs that have been undertaken in countries/jurisdictions that have a similar demand profile.</b></li> </ul>   |

| Item   | Topic   |
|--------|---|
| 8      | <p><b>Supporting vulnerable customers</b></p> <ul style="list-style-type: none"> <li>• Tariff reform may negatively impact vulnerable customer segments.</li> <li>• The role of government in supporting vulnerable customers is crucial and a concessional review may be required. This is consistent with the AEMC recommendations as part of the distribution pricing rule change.</li> <li>• The role of social/concessional tariffs – not necessarily seen as a network provider role.</li> <li>• <b>Action: In conjunction with the Energy Networks Association TasNetworks will facilitate a round table discussion on vulnerable customer impacts and considerations relating to tariff reform. An invitation to attend will be extended to TRWG members.</b></li> <li>• <b>Proposed date is 9 July 2015</b></li> </ul> |
| 9 & 10 | <p><b>TasNetworks engagement program &amp; Next steps</b></p> <ul style="list-style-type: none"> <li>• Seeking feedback on how we can better communicate and engage with our TRWG members and customers generally.</li> </ul>   |