

Improving the way we price our services

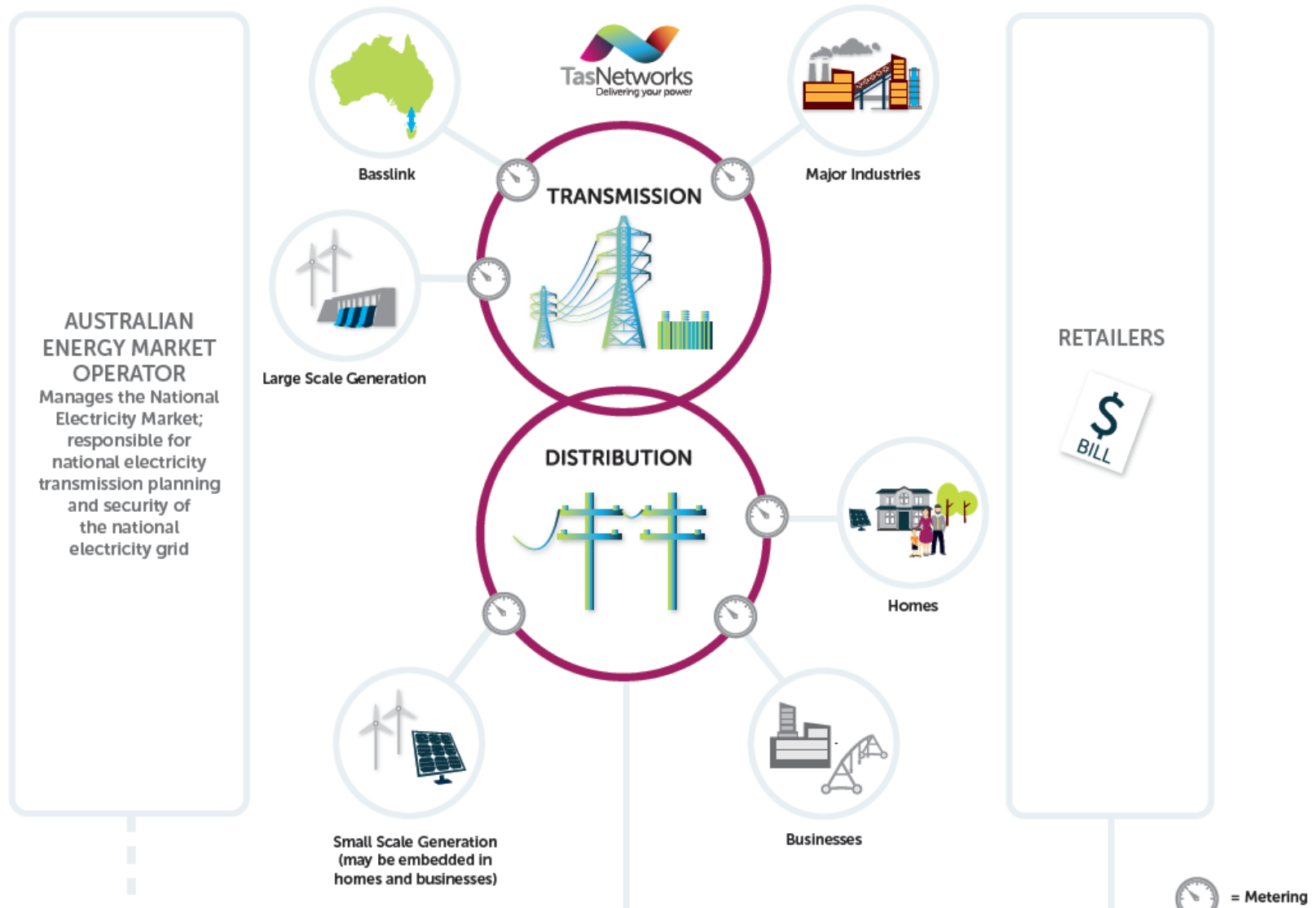
Lance Balcombe, Chief Executive Officer

Tasmanian Energy Forum
Hobart

22 March 2016

Our role

TasNetworks provides a variety of electricity network services for the transmission and distribution of electricity in Tasmania.



Who we are

TN Video to be inserted here

Our direction and priorities

1. We communicate with, and listen to, our customers
2. We are committed to ensuring the safety of our customers, employees, contractors, and the community
3. We will keep the power on, maintaining service reliability
4. We will innovate in a changing world
5. We will deliver services for the lowest sustainable cost



It's all part of our vision to be trusted by our customers to deliver today and create a better tomorrow.

Reliable
Efficient Green
Communicative
Accountable
Safe Accessible
Affordable
Proactive
Innovative
Employment
Amenity

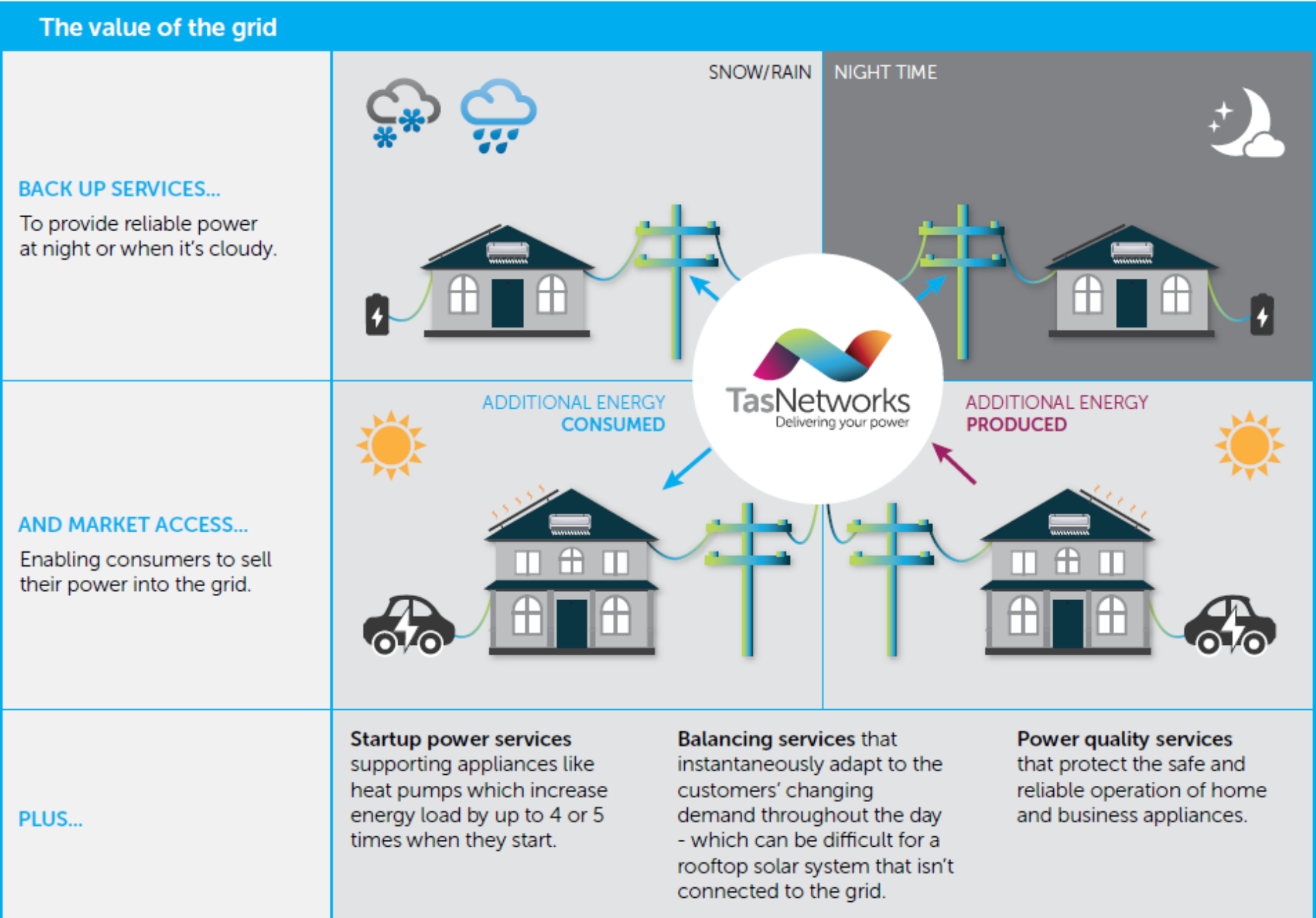
We will keep the power on, maintaining service reliability



We will innovate in a
changing world



Network increasingly supporting two-way energy flows

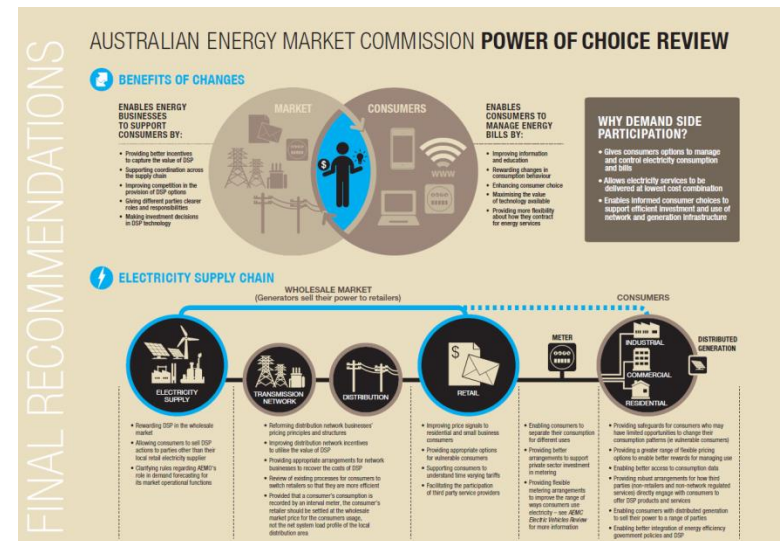


Putting foundations in place



\$46M (for distribution) between now and 2017-18 for Ajilis

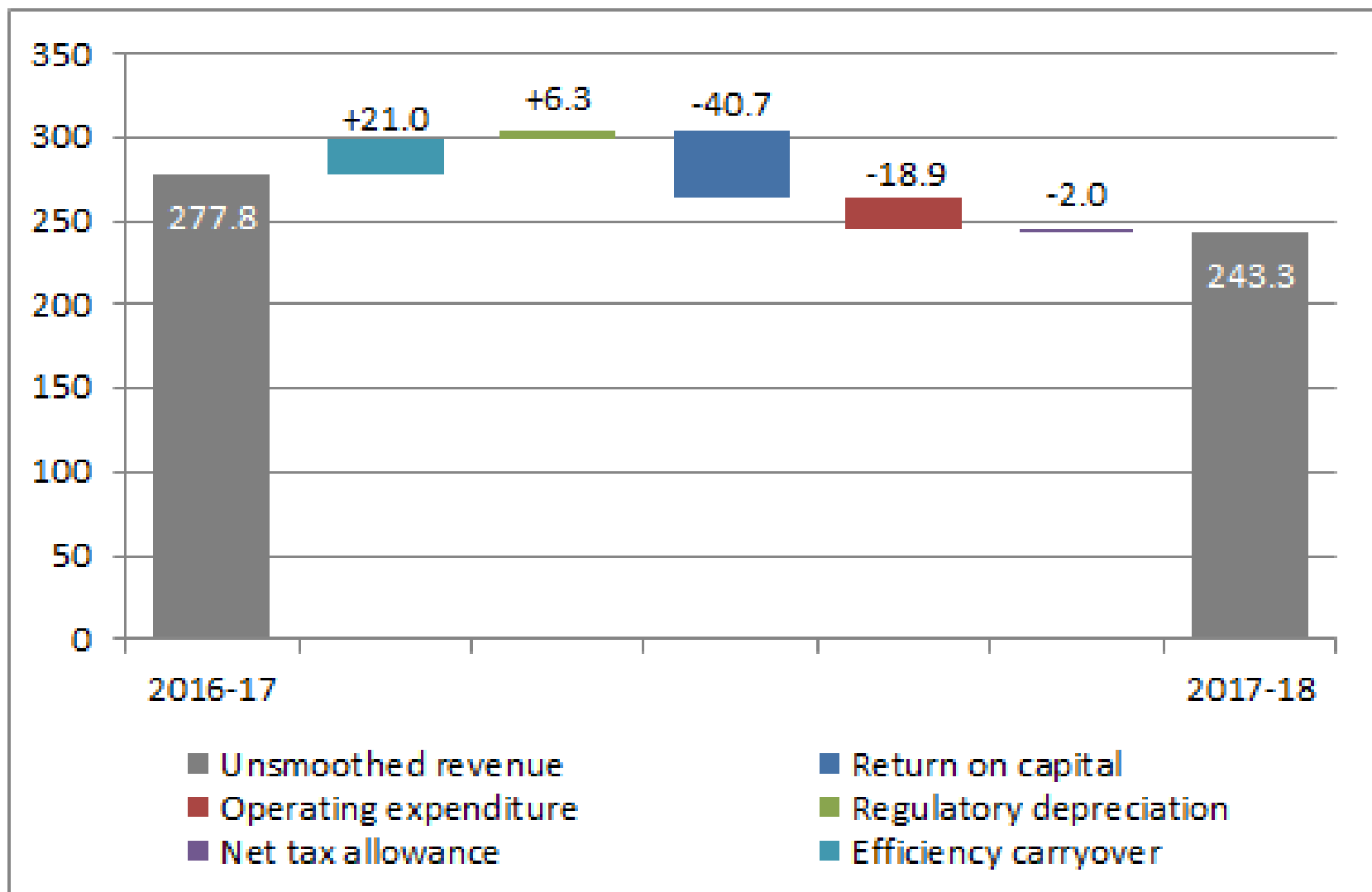
\$12M between now and 2017-18 for TasNetworks to meet AEMC rule changes



We will deliver services
for the lowest sustainable cost
- lower revenue



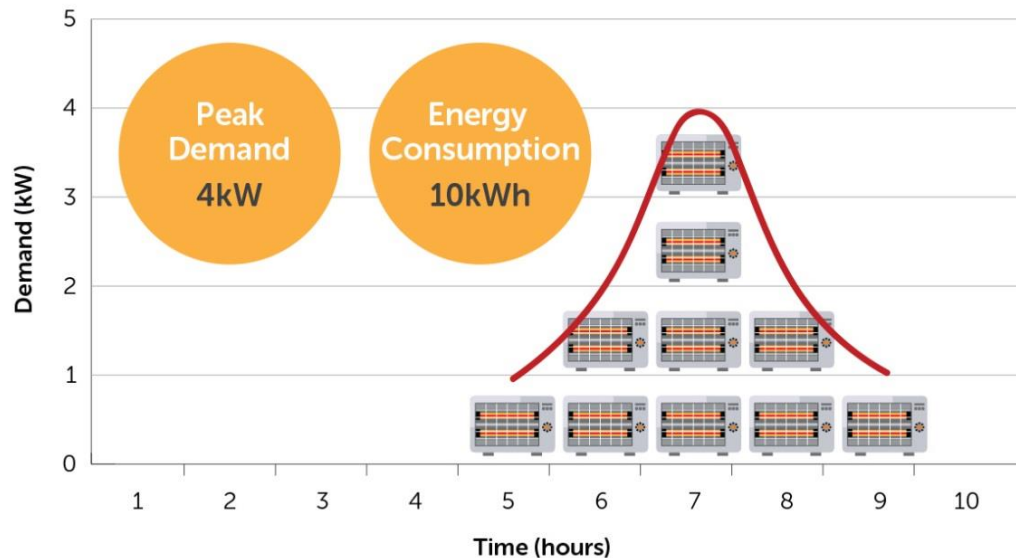
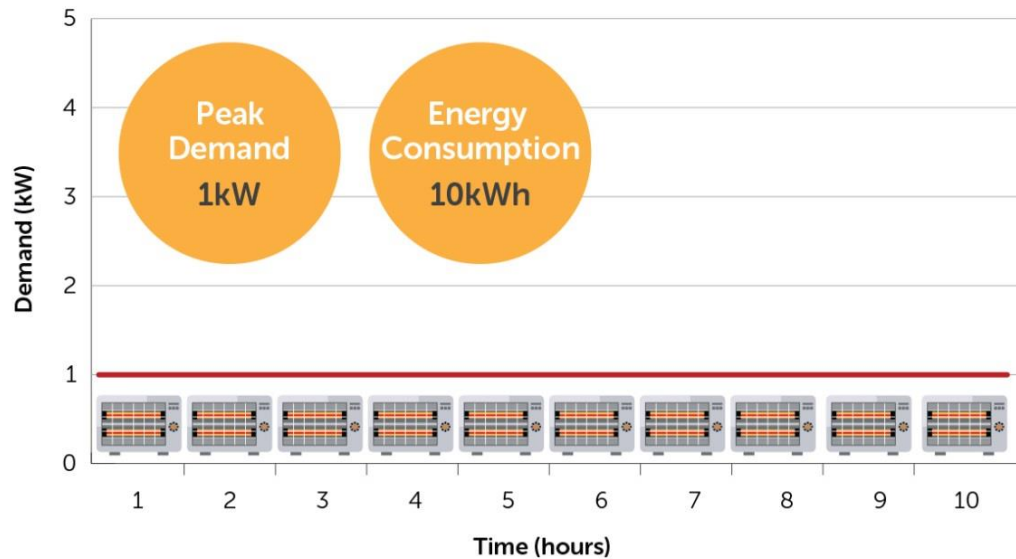
Lower revenue reflects efficiencies and markets



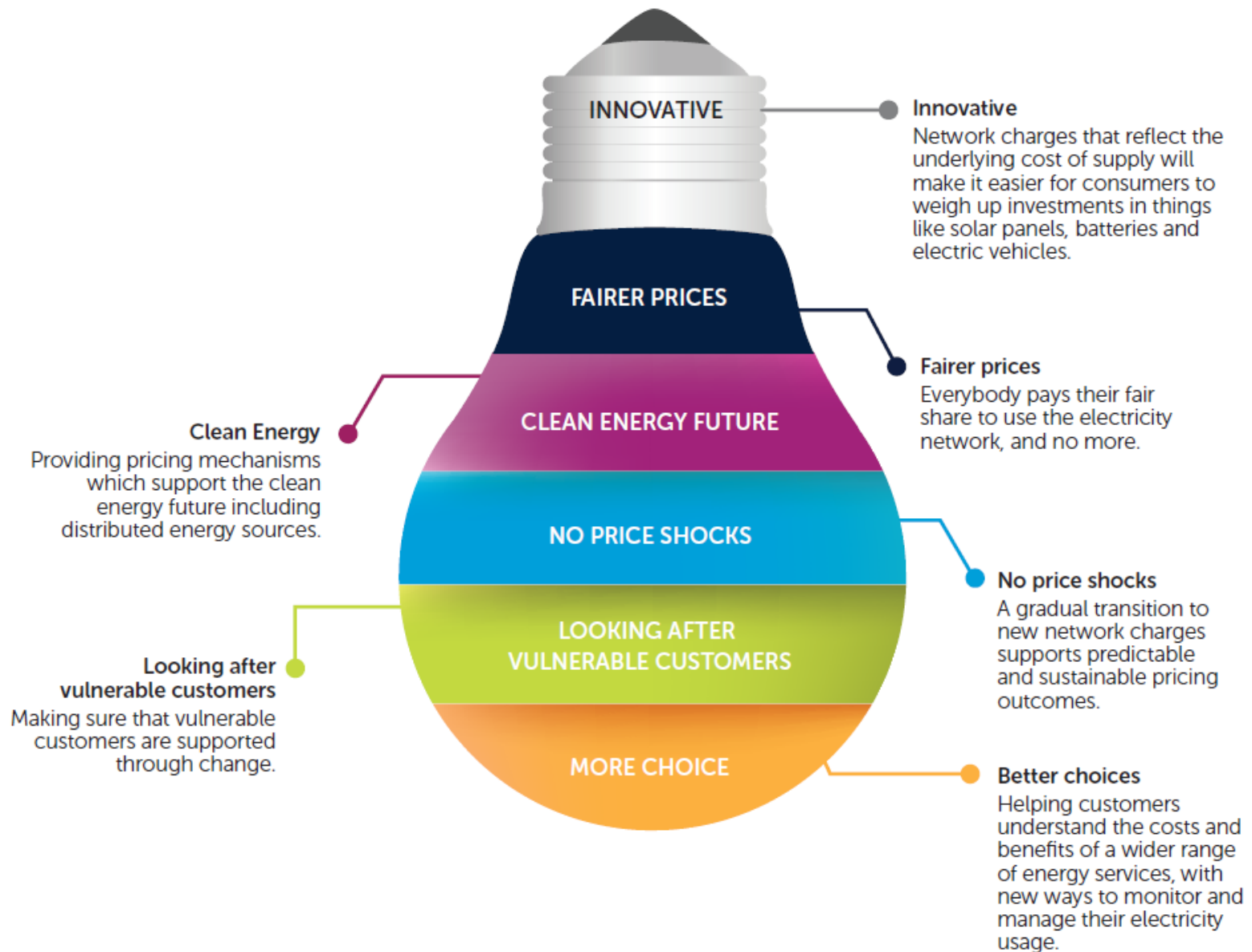
We will deliver services
for the lowest
sustainable cost
- cost reflective network charges



Price signals to better reflect network cost drivers

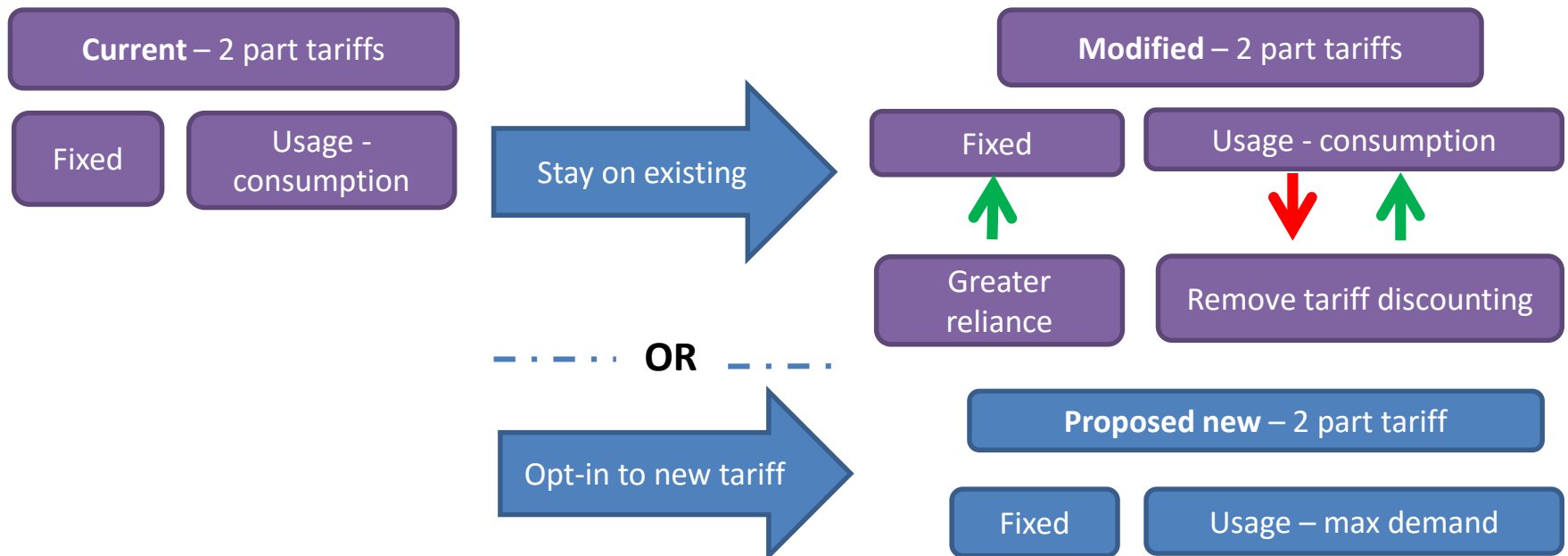


Pricing reform benefits



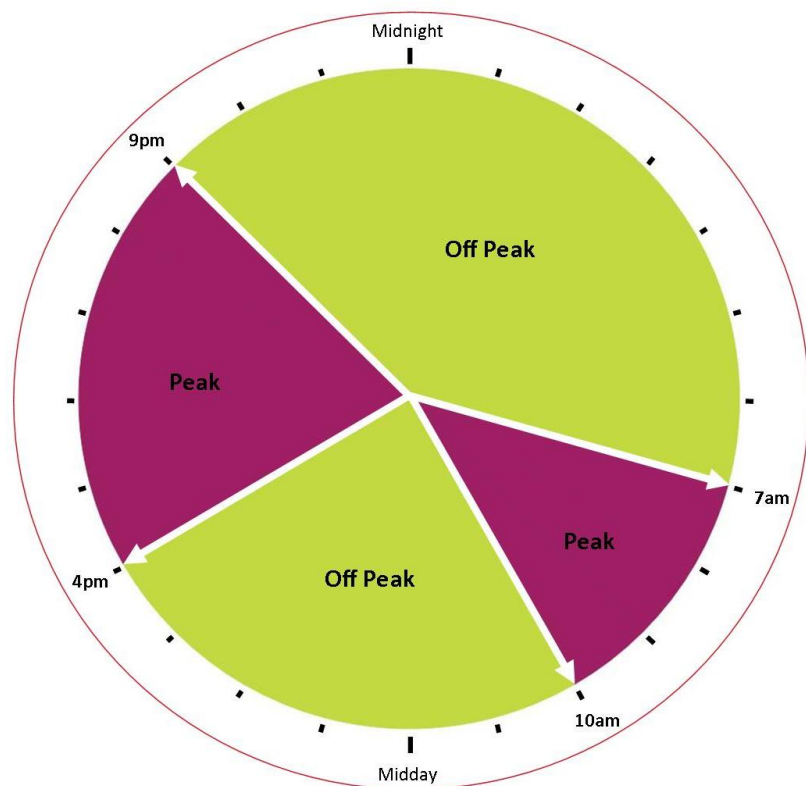
Proposed residential & small bus' tariffs

- Maintain but modify existing tariffs
 - Removing discounts > improve efficiency but method / impact?
 - Increasing reliance on fixed charges > rationale / impact?
- Offer new tariffs (opt-in) > demand tariff
 - Step along cost reflectivity spectrum > consumption to actual cost drivers > signals costly periods (consider appliance use)



Opt-in demand based network tariffs

Weekdays



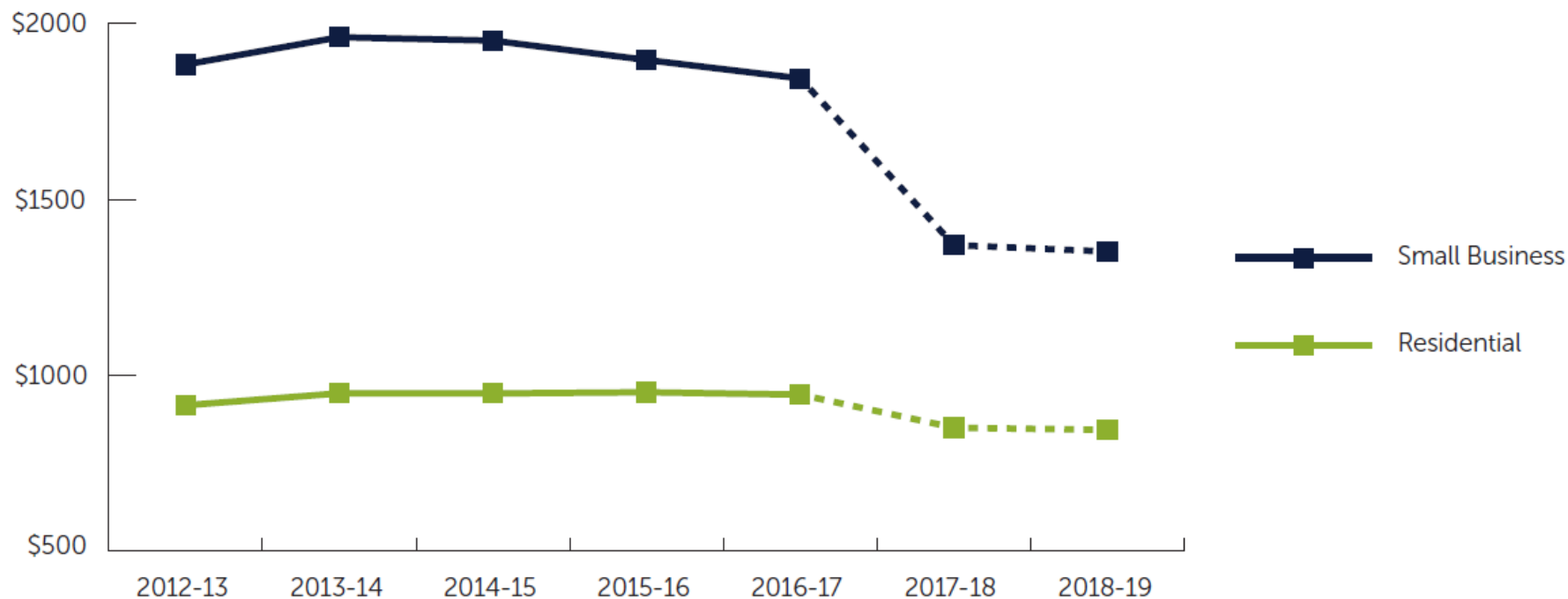
Weekends



Sending price signals about when our networks
(transmission and distribution) are most heavily loaded

Our proposal supports lower network charges

Indicative average annual total network charges



A fair and efficient way forward for customers

- Our distribution proposal reflects customer feedback and our tariff strategy is transitioning to reflect the underlying cost of the network
- In combination we are working to achieve a balance between safety, reliability, compliance and price
 - No compromise to employee, contractor and community safety
 - Maintaining reliability
 - Meeting our obligations
 - Proactively factoring in efficiency savings
 - More cost-reflective prices
- Most customers will pay about the same, or less, for poles and wires
- Opportunities to participate in the AER review of our proposal and Tariff Structure Statement



TasNetworks

Delivering your power