

Energy Users Coalition of Victoria

AER Review

SP Ausnet Revenue Reset

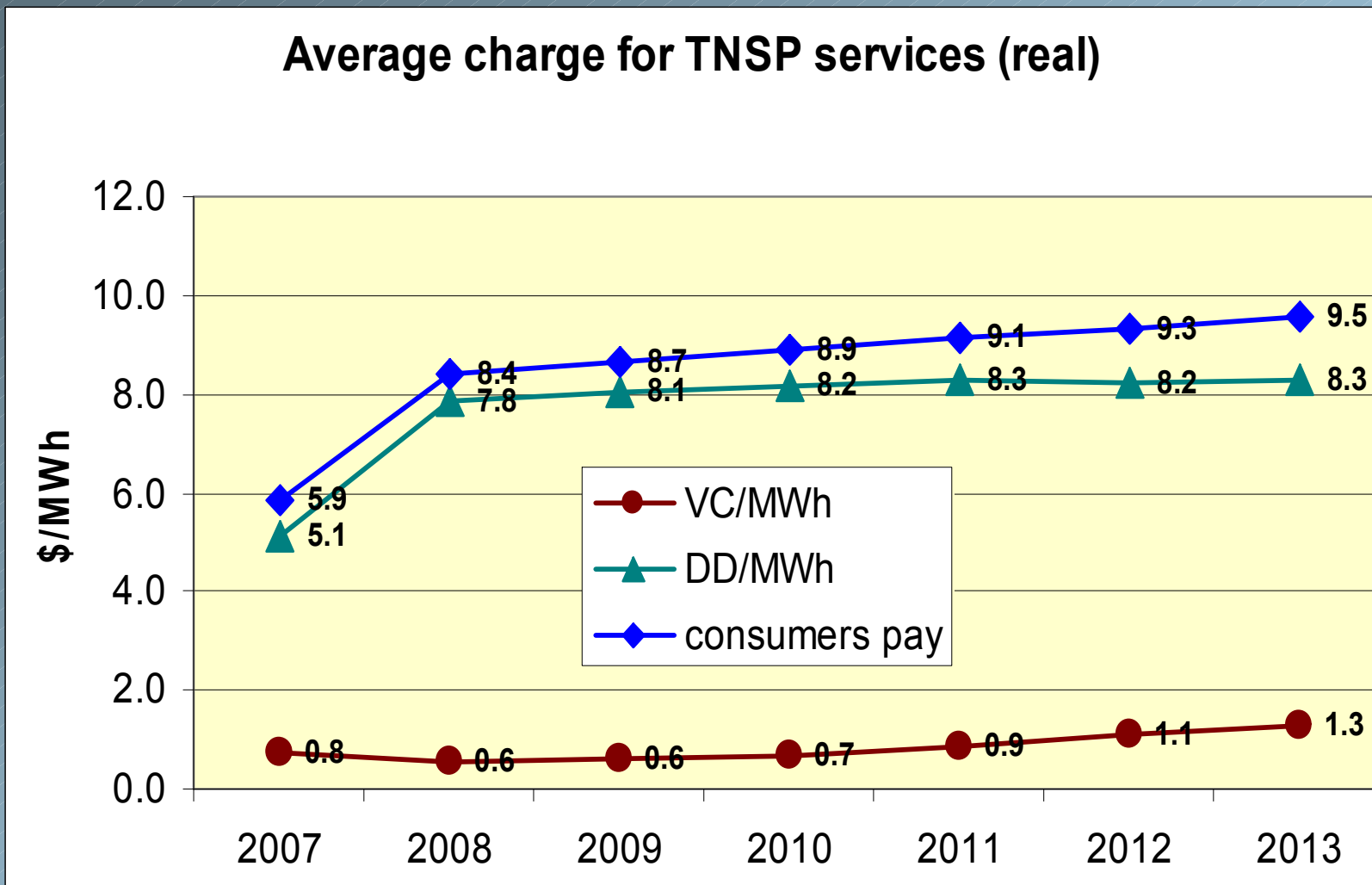
Draft Decision Forum

Presentation by

Major Energy Users, Inc by David Headberry

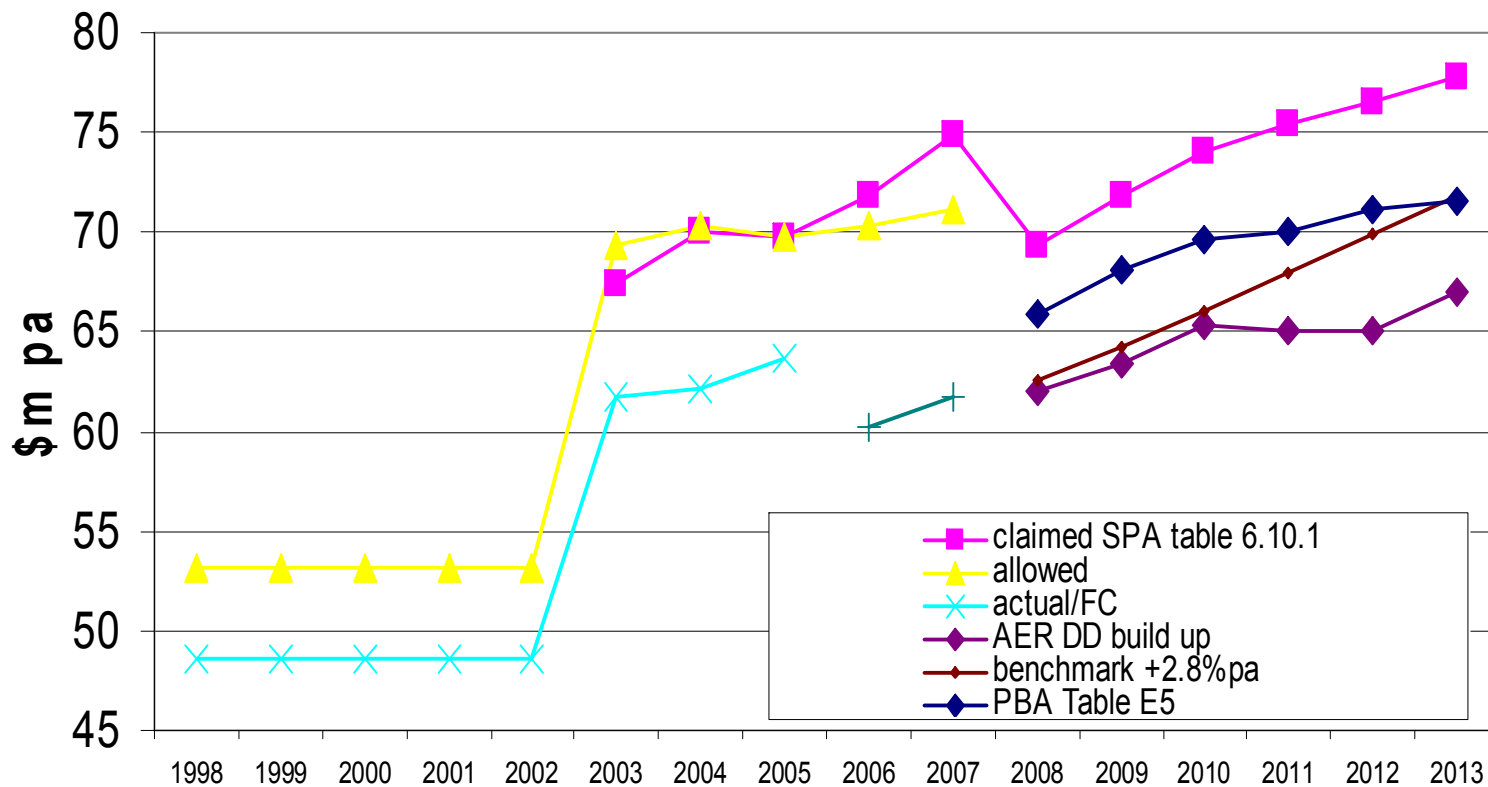
11 September 2007

The change in average tariff

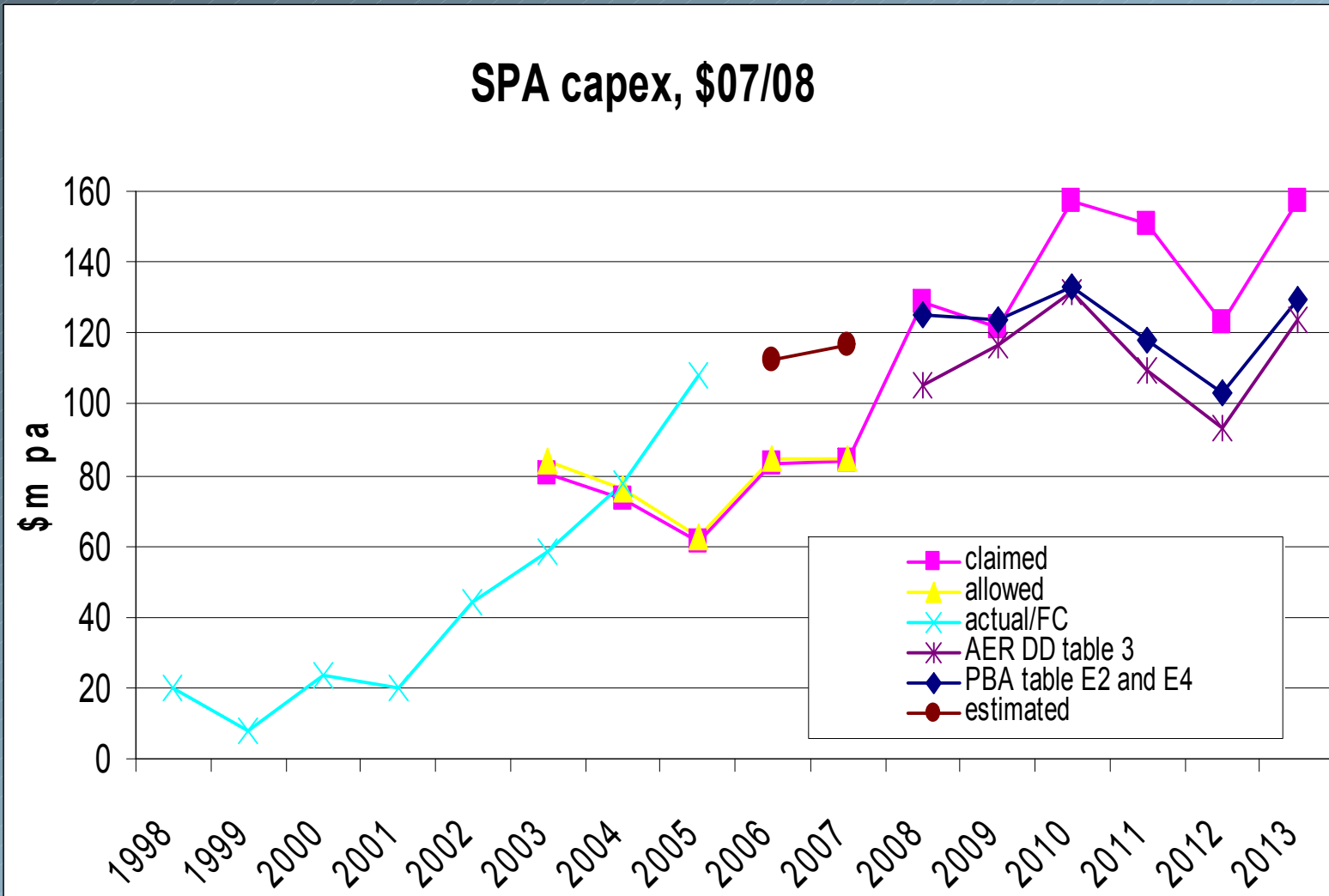


Controllable Opex

SPA controllable opex
\$07/08



SPA Capex



Issues for consumers

- The new tariffs take electricity transmission in Victoria into new highs, and above other states despite it being recognised as the most compact in the NEM.
- The tariff charts are based on VENCORP expected (medium) case consumption and ACCC final decision and VENCORP expected revenue
- The increase in tariff is due in part to increased demand, yet the pricing approach does little to provide signals for this
- The AER does not assess the impact of its decision on consumers, especially between the current and next periods
- SPA underspent its allowed opex by \$44m in current period. Therefore there is a \$25.2m carryover
- Corporate overhead is 27% of controllable opex
- The actual opex was intended to set the benchmark, but neither PBA or AER looked at this as a benchmark and adding defined step changes
- Land tax on easements is a replacement for Smelter levy. Has the AER discussed the burgeoning amount with the Vic gov't or the premium included for SPA to accept the risk of future changes?