

Regional & Rural Summit

Thank you for making the time to attend the Regional and Rural Summit. We look forward to hearing your valuable views and feedback to inform our final regulatory proposal.

The intent of this document is to provide you with key information to help you prepare and participate in the Summit discussion at the forum relating to Powercor.

What are regulatory resets about?

Every 5 years, the Australian Energy Regulator (AER) reviews Powercor's forecast plans and expenditure for approval. This determines the services we deliver, and the revenue we can recover from our customers.

The 2026–31 regulatory period is one of critical change. The pace and scale of the energy transition and new government policies to reduce carbon emissions presents new challenges and expectations.

How we manage these changes should reflect the wishes of our customers and stakeholders on their priorities and preferred service level outcomes, including affordability. That's why we've been engaging with our customers and stakeholders since 2022.

Our draft proposal reflects the feedback we have received from our engagement program so far. We are publishing our draft proposal to test and validate if it reasonably delivers on customers and stakeholders' expectations. This will help inform the final regulatory proposal due to the AER in January 2025.

This is not your only opportunity to engage with us. You can submit feedback on our draft proposal on our website <https://engage.powercor.com.au/hub-page/powercor>, or directly via email to community@powercor.com.au.

If you would like to review the full draft proposal, please visit our website at <https://engage.powercor.com.au/hub-page/Powercor>.

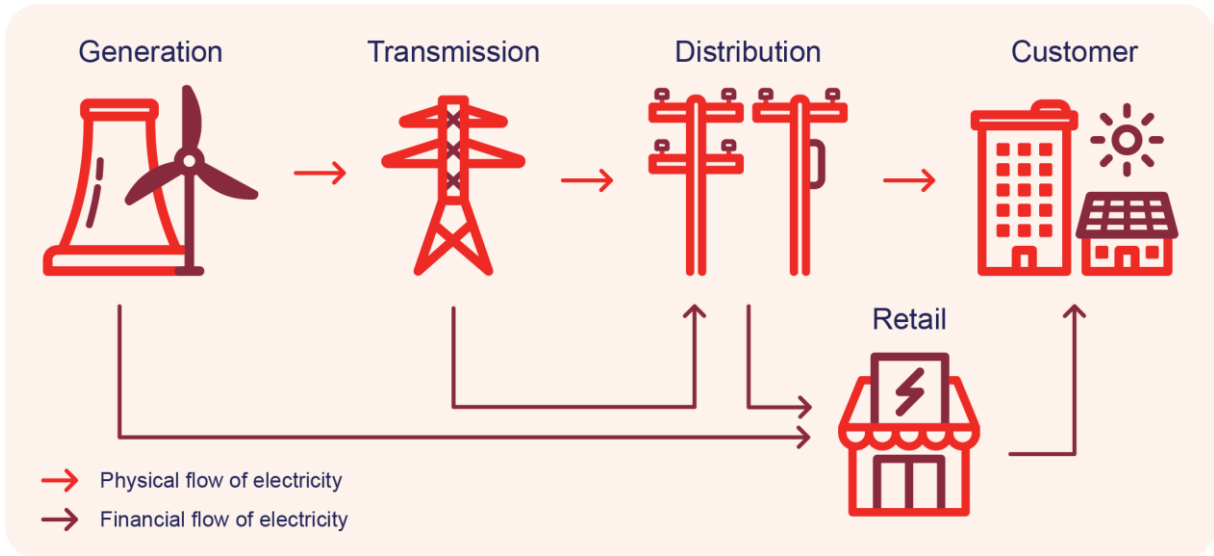
A note for the session: We ask that you please be respectful throughout this engagement to help foster a psychologically safe space for all participants; acknowledging that individuals attending have different lived experiences. Our goal is to create an environment where everyone feels comfortable sharing their feedback openly.

The next slides outline context across:

- Powercor's role in the energy supply chain
- The operating environment: Now and into the future
- The draft proposal overview
- Highlight of specific initiatives

Powercor is an energy distributor

There are 5 steps in the supply chain to delivering electricity in Victoria



Powercor's role in the supply chain

Our network supports over 930,000 customers, making us the largest distributor in Victoria. Households represent approximately 88 per cent of these customers, and we also service around 112,000 business, and commercial and industrial customers.

The services we provide are vast and varied. These include our traditional activities, such as planning, constructing and maintaining our distribution assets, and emergency response.

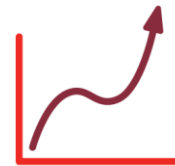
Today's operating environment...

We operate the **most utilised** network in Australia

20,000km
of overhead conductor
approaching **end-of-service life**



Increasing government and community **expectations to meet net zero**



Significant **cost increases** across the supply chain and **rising energy induced vulnerability**

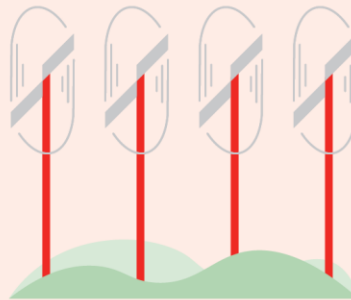
890,000

customers impacted by extreme weather events in the current period



By 2031 in Victoria...

Additional **900,000 people**



Victorian **renewable generation to double**



No new residential gas connections



22% of cars on the road will be EVs

Multiple system security **emergency events**



Customer behavioural trends are **increasing dependence on a reliable supply at home**

Our draft proposal on a page

The way **our customers use electricity is rapidly changing** as the energy transition accelerates. The decisions we make now must be designed **for their future needs**.

More stakeholders than ever before developed future service level expectations



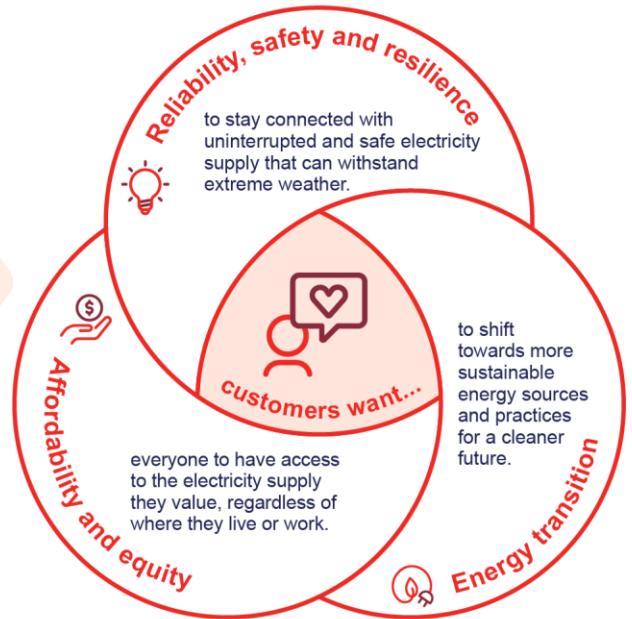
8,784 customers engaged



254 external stakeholders and representatives engaged



70 engagement events to date



We are investing \$3.3B on what our customers want between 2026 and 2031, including:

\$1,238M Maintaining our assets to provide a safe and reliable supply of electricity



\$450M Connecting new customers to our network



\$295M Enabling growth, electrification and consumer energy resources



\$233M Using technology to further reduce risks from vegetation clearance



\$61M Strengthening our network and communities against extreme weather



\$45M Increasing capacity to enable regional and rural customers to participate in the energy transition



\$18M Supporting customers with tools to manage their electricity bills, including safeguards for customers experiencing (or at risk of) vulnerable circumstances



Delivering all this and more for just \$2 average yearly increase in residential bills 2026-2031

Initiative details: Regional & rural supply

What we heard from our regional and rural customers:

- Concerns that their experience lags that of urban customers. They seek a long-term plan to achieve lasting and sustainable change that closes the performance gap
- Regional and rural customers fear they may be unable to participate in the energy transition due to constraints on their local network
- They believe their communities continually lag in service performance relative to urban customers in terms of reliability, access to capacity and power quality
- There is a near universal recognition amongst customers of the need for network planning over multiple regulatory periods to achieve lasting and sustainable change
- 74% of all customers supported additional expenditure to close the gap in service levels experienced by regional and rural customers

Our proposed response to support supply needs in rural and regional areas:

- We have based our initiatives based on an industry first regional and rural roadmap. The roadmap was prepared jointly with AusNet and an independent engineering advisor. The roadmap identifies a series of long-term strategies and short-term recommendations to bridge the inequity gap in service performance

Long-term solutions recommended include upgrading single wire earth return (SWER) systems to three-phase supply, enhancing renewable technology integration, utilising stand-alone power systems and leveraging large-scale distribution renewable energy zone planning

A link to the regional and rural roadmap can be found [here](#).

- In parallel we are working with the Commonwealth and State Governments and Mott McDonald on further opportunities through the Victorian Network Opportunities study
- The draft proposal includes over \$45 million of investment to existing SWER systems with 3-phase supply, tackle poor reliability, provide additional capacity to electrify and deliver more renewable energy to local networks
- A number of rural and regional zone substations are targeted for upgrades to increase network capacity and power quality. This includes \$40 million in transformer replacements, \$22 million in switchgear replacements and \$49 million protection upgrades and replacement of existing zone substations

Initiative details: Power quality

What is power quality?

Power quality is measured by voltage, frequency, and waveform of the energy transmitted on the network. Good power quality can be defined as a steady supply voltage that stays within the prescribed range, steady frequency and a smooth voltage waveform

It is useful to consider power quality as the compatibility between what comes out of an electric outlet and the load that is plugged into it. Without the proper power quality, an electrical device (or load) may malfunction, fail prematurely or not operate at all. There are many ways in which electric power can be of poor quality, and many more causes of such poor-quality power.

What we heard in relation to power quality

- Customers valued reliability, safety and resilience
- Customers sought an uninterrupted and secure power supply that withstood severe weather
- Customers expect network safely to be maintained in accordance with compliance obligations
- Commercial and industrial (C&I) customers consider power quality and network reliability as the most significant factors affecting their business operations

Vegetation management and power quality

Vegetation falling or flying loose in strong winds can damage powerlines, creating outages, disrupting power quality or igniting fires. Powercor has a responsibility to ensure the risk of vegetation coming into contact with powerlines is minimised. Therefore, we regularly inspect and prune vegetation near powerlines.

The increasing prevalence of extreme weather creates greater risk of vegetation coming into contact with powerlines. Therefore, we have included a \$233 million investment in inspection technology to protect rural and regional communities. This includes:



Increasing the volume of vegetation cutting

- Our use of new technologies allow us to better identify offending vegetation meaning we can better target and manage risk
- Better technology, however, has identified offending vegetation we previously had no ability to identify
- Additional expenditure to increase pruning to reduce risks from vegetation clearance



Amendments to regulations

- We are seeking changes to the Electricity Safety (Electric Line Clearance) Regulations to better support the role technology can play in managing vegetation. The Regulations will sunset in mid-2025, allowing for potential amendments to reduce the impact on customer bills

Harmonics and power quality

- Harmonic distortion can create a spectrum of problems including interruptions, poor power factor, voltage sags and surges. These disturbances, even if momentary, can result in substantial disruption to production, loss of inventory, delays with cleaning and sterilising, and revenue loss.
- Our draft proposal includes a program of works that addresses harmonic distortions in the Northern Murray region which has impacted electrical equipment operation, driven by newer pumping technologies used for irrigation
- This program will improve service levels in the area, leading to better equipment function and lifespan and fewer momentary outages for C&I customers.

Initiative details: Resilience

With more frequent, extreme weather events and our communities growing reliance on electricity, we understand you need us to be reliable and – if the power does go out – highly responsive to ensure we get your power back on as soon as possible.

What you told us about resilience

- You value reliability, safety and resilience
- You want an uninterrupted and secure electricity supply that stands strong against severe weather
- You want us to be even more active and present in the community during emergency responses and get the power back on faster
- You want our support to help make your own back up plans

How we are tackling resilience

- We are proposing \$61 million of new initiatives to assist the network and our communities withstand and bounce back after extreme weather events
- This includes network hardening involving taller poles to increase clearance above flood waters, fire resistant wrapping around poles in high bushfire risk areas and the use of enhanced climate modelling to better forecast the consequence and likely causalities of extreme weather
- Additional feeder-ties improving supply for customers in Glenlyon, Peterborough, Dereel and Trentham
- New microgrids in communities most exposed to prolonged outages in Apollo Bay, Ballan, Donald and Lancefield
- Stand-alone power systems for individual customers exposed to prolonged outages
- Additional mobile emergency response vehicles to cater for multiple, concurrent outages
- Community support officers, who know and serve their communities
- Improved prioritisation tool to manage risk and provide more better information during extreme events
- The draft proposal includes \$29 million in new investment in alternative sources of supply for our worst served customers and/or least resilient areas of the network

What this means for you



1. Strengthening and adapting our network to avoid time off supply



2. Reducing the impact of extreme weather events



3. Increasing on-the-ground support with people that know the local community