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30 April 2015

CITIPOWER AND POWERCOR DELIVER VALUE FOR CUSTOMERS

CitiPower and Powercor today announced it will deliver price cuts for residential and business customers in inner Melbourne and central and western Victoria in 2016.

The electricity distribution businesses outlined the price reductions, as well as the capital investment and operating costs, in its regulatory proposals to the Australian Energy Regulatory (AER) for 2016-2020.

“We will deliver a \$43 decrease in the average Powercor residential annual bill in 2016, while CitiPower residential bills will fall by \$28,” said Chief Executive Officer, Tim Rourke.

“CitiPower and Powercor will also deliver \$3.3 billion in capital expenditure from 2016 to 2020, to help facilitate economic growth, job creation and support residential expansion in some of the fastest growing regions in Australia including the western suburbs of Melbourne and greater Geelong.

“We’ve got enormous residential and commercial growth in Melbourne and greater Geelong and we also need to invest in additional capacity for the dairy industry and agribusiness across regional areas.

“These investments will help unlock economic activity including jobs in these areas, which are essential. There is significant growth in Victoria and we must support it.”

Tim said safety, with a strong focus on bushfire mitigation, remains CitiPower and Powercor’s number one priority.

“We will invest in delivering a safe, reliable electricity supply and Powercor will continue to work with the Victorian Government and Energy Safe Victoria (ESV) to implement a range of programs to reduce the bushfire risk,” Tim said.

The capital investments will also enable the connection of more renewable energy to the grid and provide the ability to explore new and emerging technology to reduce costs for the customer, such as battery storage.

“A lot of our investments are about shifting the network from one which receives energy from a few providers to one that can receive energy from multiple sources and move that energy around in different directions in response to customers’ changing energy choices,” Tim said.

“Whether that’s solar on people’s homes, commercial wind farms or any of the potential generation methods of the future, we need a network that can handle these technologies.”

CitiPower and Powercor will also invest in a customer relationship management system that enables the introduction of a customer portal to help people can make informed choices about their energy use.

CitiPower and Powercor service a population of 1.96 million people across Victoria and the views of customers and stakeholders have helped shape the regulatory proposals.

Following lodgement with the AER on 30 April, more details of the investment plans and an overview of CitiPower and Powercor’s regulatory proposals will be available on www.Talkingelectricity.com.au.

Media inquiries: CitiPower and Powercor Australia’s media line on (03) 9683 4342

MEDIA RELEASE



ABOUT CITIPOWER AND POWERCOR

Regulated businesses

Electricity distribution in Australia is regulated and CitiPower and Powercor are required to provide regulatory proposals to the Australian Energy Regulator (AER) every five years, detailing our forecast work programs and efficient revenue requirements. The AER assesses our regulatory proposal and makes a decision on the revenues we can earn during the subsequent regulatory control period.

CitiPower

The CitiPower distribution network services customers across Melbourne's central business district and inner suburbs. It supplies electricity to world-class cultural and sporting facilities such as Federation Square, the Melbourne Cricket Ground, the Victorian Arts Centre and Melbourne Park Tennis Centre.



CitiPower Network statistics

Network route line length:	3,186km
Network area:	157sq km
Customer numbers:	325,917
Customer density:	102.30c/km
Zone substation transformers:	106
Distribution transformers:	4,670
Poles:	58,276
Underground lines:	42%
Network reliability:	99.99%

(As at 31 December 2014)

Powercor

The Powercor distribution network services customers across Central and Western Victoria and Melbourne's fast growing Western suburbs. It is the largest of Victoria's five electricity distribution networks, and supplies the regional cities of Mildura, Shepparton, Bendigo, Ballarat, Warrnambool and Geelong.



Powercor Network statistics

Network route line length:	67,006km
Network area:	145,651sq km
Customer numbers:	765,241
Customer density:	11.42c/km
Zone substation transformers:	141
Distribution transformers:	83,359
Poles:	561,471
Underground lines:	12%
Network reliability:	99.96%

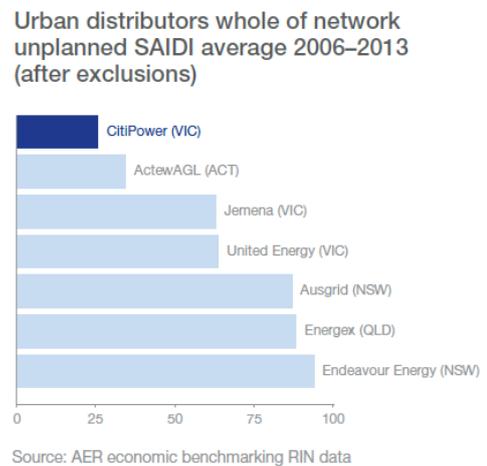
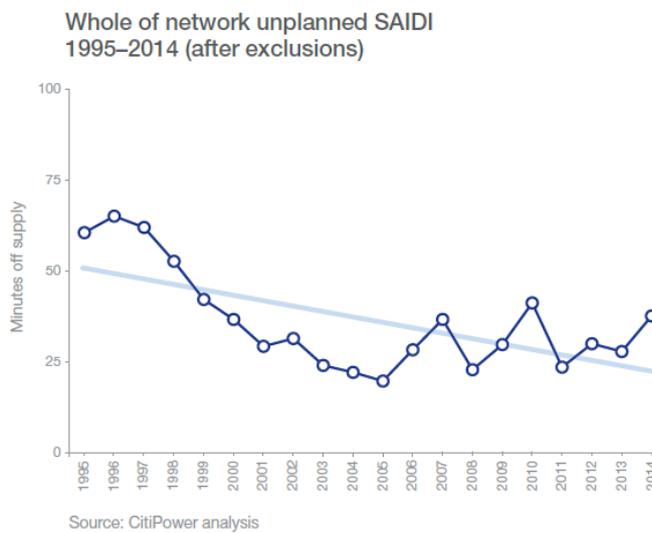
(As at 31 December 2014)

How we compare

CitiPower network reliability performance

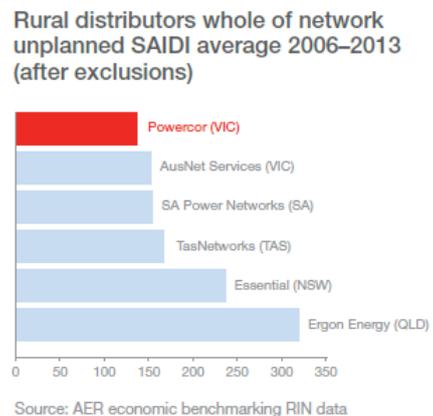
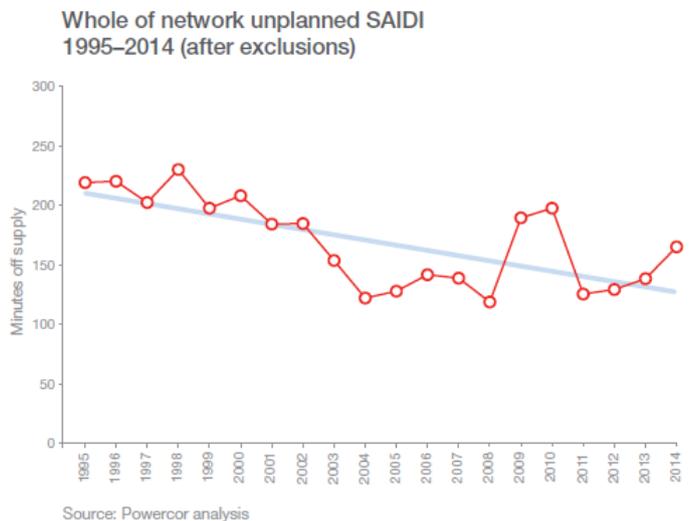
The graph below shows the minutes per year that our customers are without supply presented as a per customer average, referred to as the System Average Interruption Duration Index (SAIDI). SAIDI is an industry standard for measuring reliability of electricity supply.

The results show unplanned outages. Our strong reliability performance is the result of robust asset management programs we employ across our network. Our reliability performance is the best in Australia, exceeding the performance of other urban distributors, despite more than half of our network still comprising overhead powerlines.



Powercor network reliability performance

Powercor's reliability performance compares favourably to other Australian electricity distributors, particularly regional and rural distribution businesses. This is despite our customers being spread across our extensive network with less than 12 customers per kilometre and only 12 per cent of our assets underground.



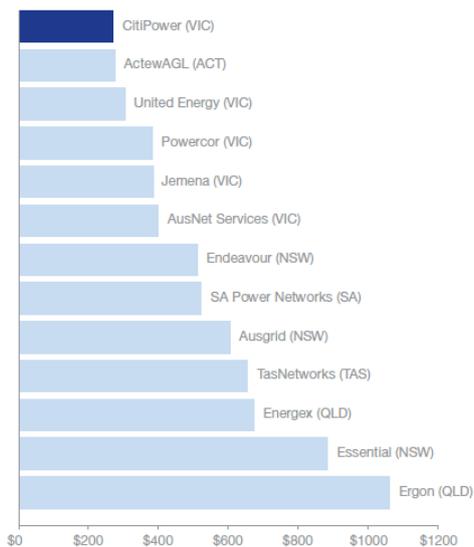
Value for money

Our customers pay some of the lowest distribution network costs in Australia. Research conducted by energy sector experts Oakley Greenwood concluded that Victorian electricity distribution network charges make up less than 25 per cent of the average household electricity bill, compared with around half a customer's bill in some other states.

CitiPower's distribution network charges are the lowest in Australia, comprising less than 21 per cent of the average household electricity bill in 2014 and Powercor's distribution network charges comprised less than 25 per cent of the average household electricity bill in 2014.

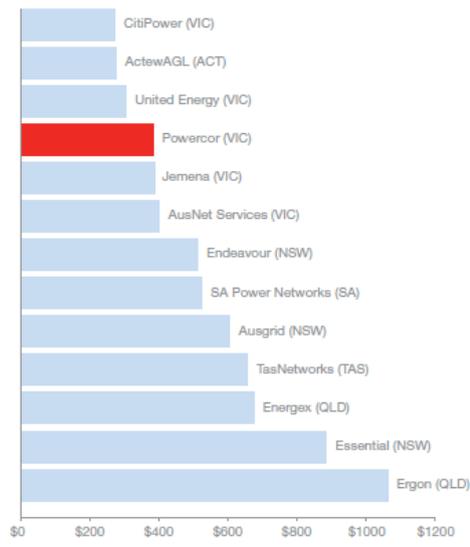
Based on our published distribution use of service tariffs for a customer with an annual consumption of 4,300 kWh and excluding GST, an average residential CitiPower customer on a single rate tariff pays \$271 per annum. A similar Powercor customer pays \$382 per annum compared to higher distribution network charges in other states, particularly when compared to other predominantly rural based distributors.

How we compare – Distribution charges across Australia (2015 dollars)



Source: CitiPower analysis

How we compare – Distribution charges across Australia (2015 dollars)



Source: Powercor analysis