

Customer Forum – Week 9

Price path negotiation

8 November 2018



Today's session

- ▶ **The objective of this session is to seek agreement with the Forum on the profile of price/bill changes for 2021-25 (“price path”) that will be applied in the Draft Proposal**

- ▶ **The options presented are based on the ‘second cut’ 2021-25 revenues presented to the Forum in early October**
 - › 2020 revenues have been updated to reflect a more accurate forecasting method

- ▶ **2021-25 revenues may move slightly as we refine our numbers in the lead up to the Draft Proposal**

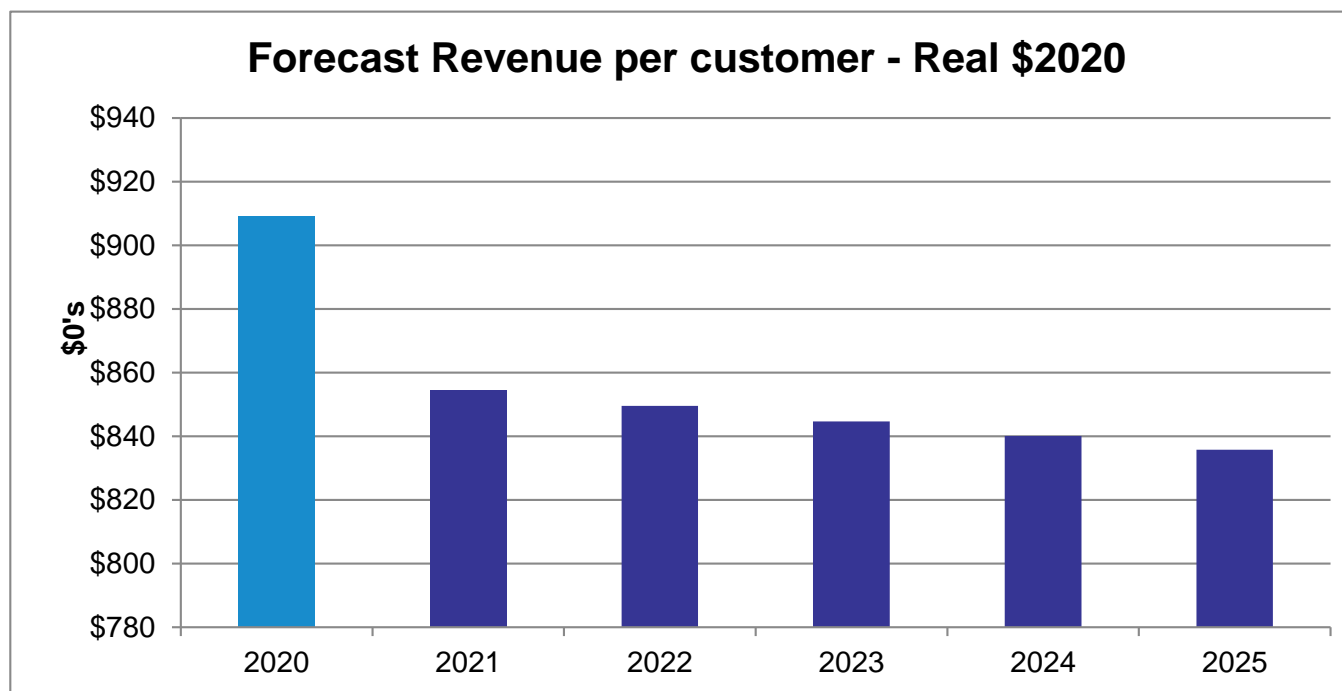
- ▶ **However, should this occur, the profile agreed with the Forum today can still be applied.**

Option 1 – AER Default



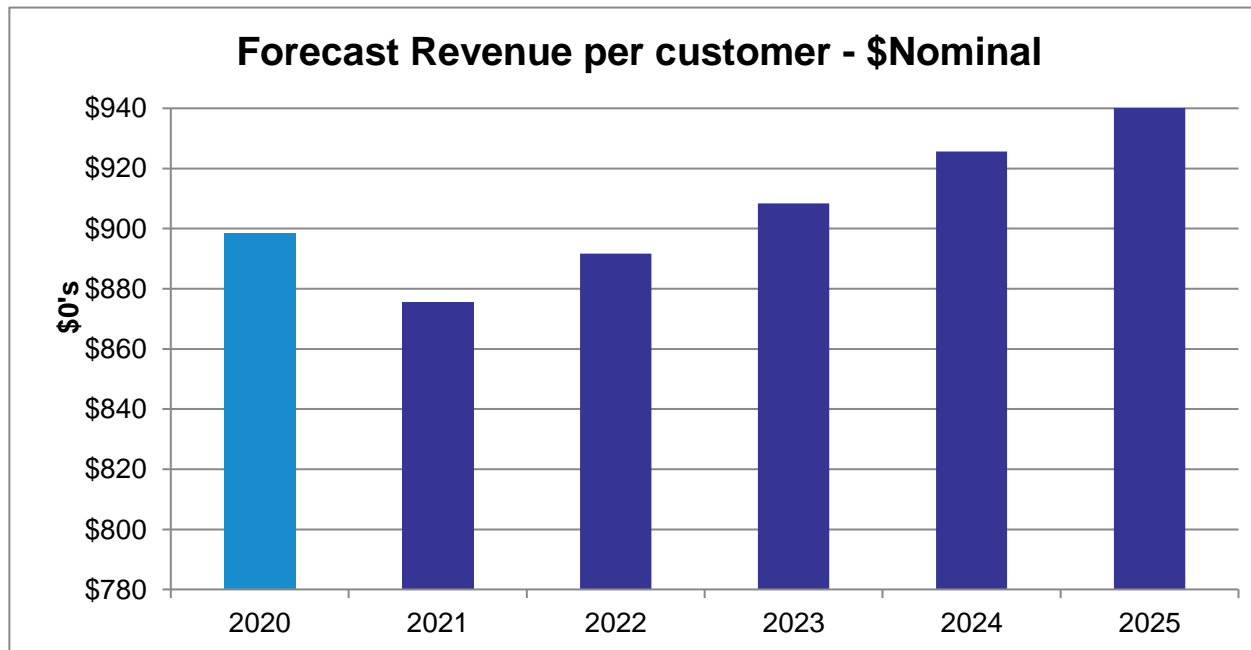
Option 1 – AER Default (real)

Initial real reduction of \$55 (6.0%), followed by average annual reductions of 0.6%



Option 1 – AER Default (nominal)

Initial nominal reduction of \$23 (2.5%), followed by average annual increases of 1.9%

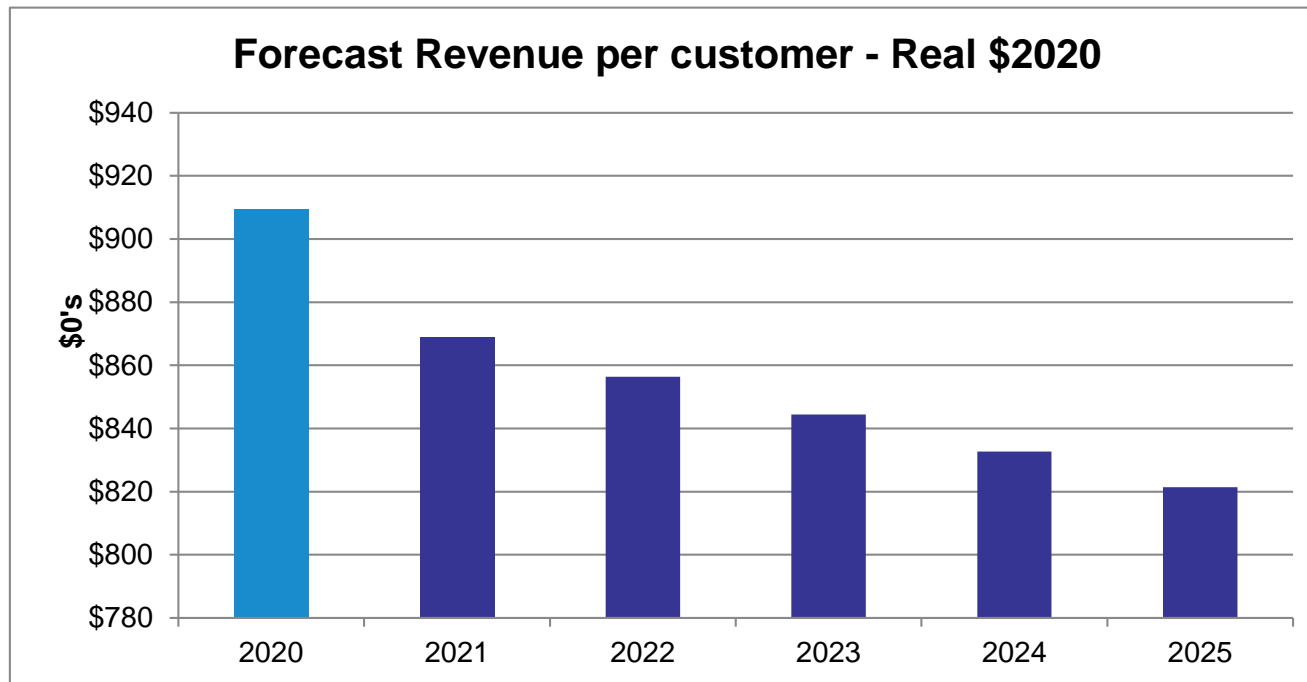


Option 2 – Sharp real decrease then gradual real reductions



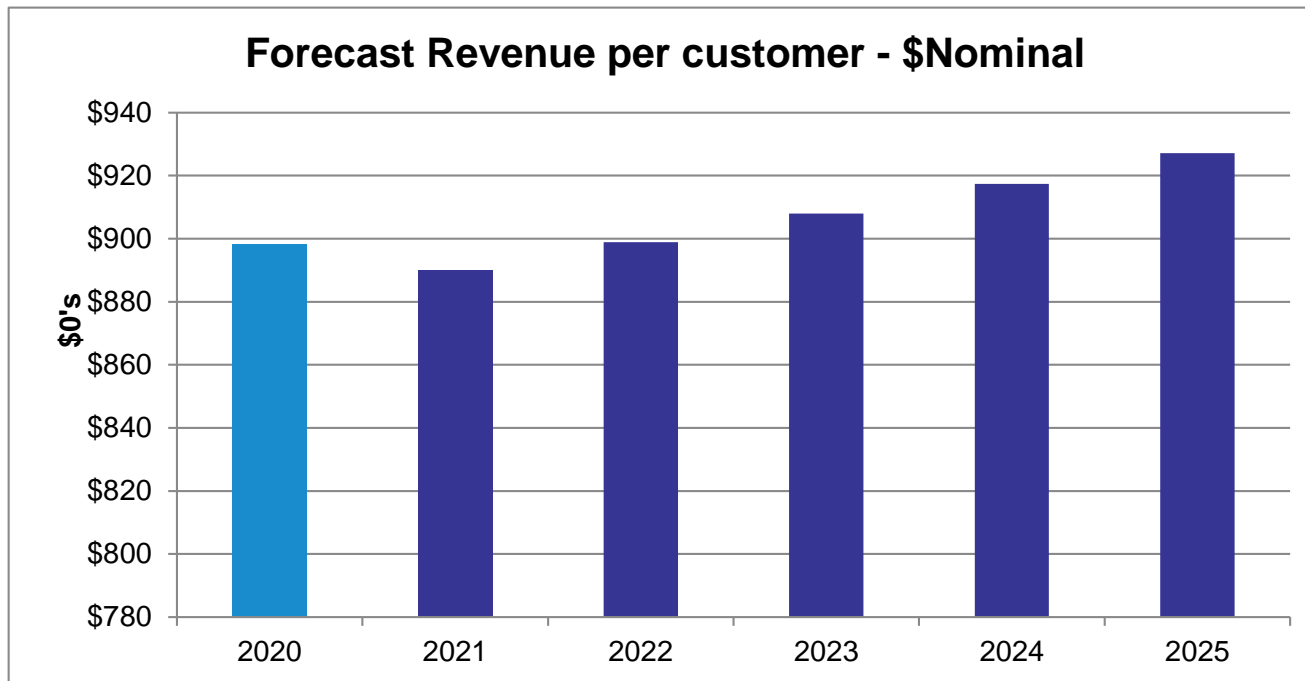
Option 2 – Sharp real decrease then gradual real reductions (real)

Initial real reduction of \$40 (4.4%), followed by average annual reductions of 1.4%



Option 2 – Sharp real decrease then gradual real reductions (nominal)

Initial nominal reduction of \$8 (0.9%), followed by average annual increases of 1%

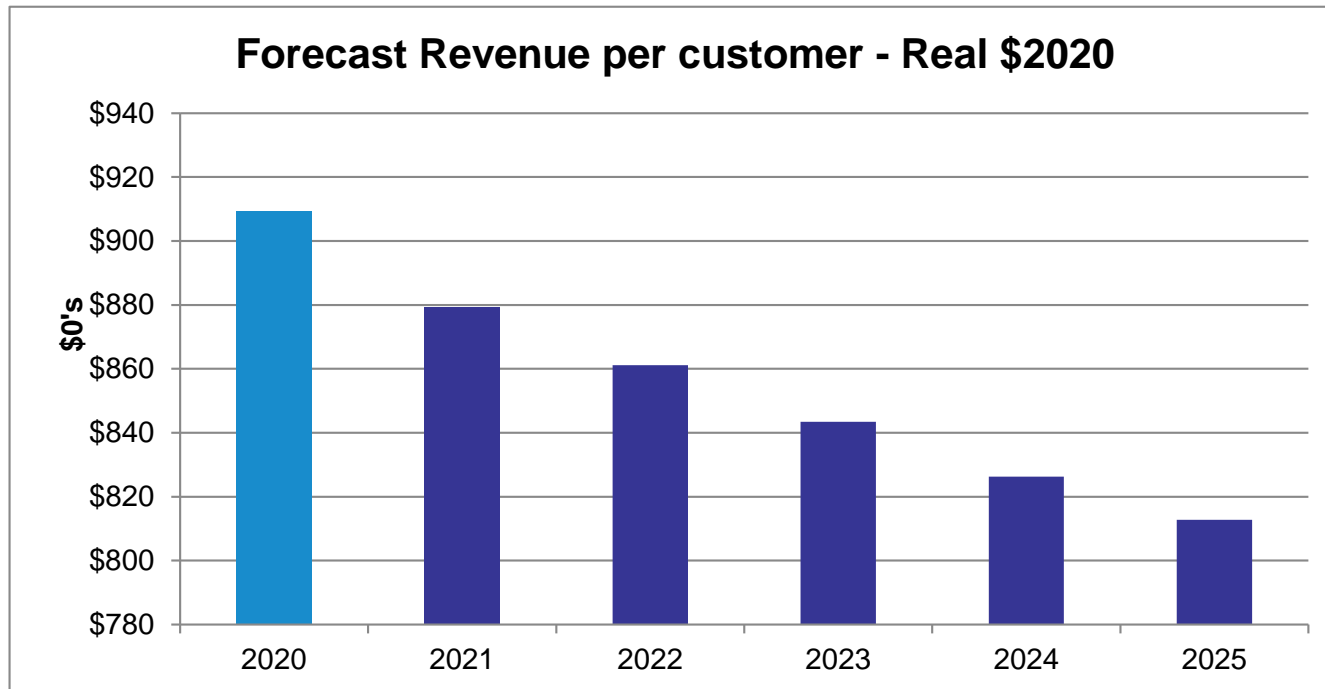


Option 3 – Gradual real decreases



Option 3 – Gradual real decreases (real)

Initial real reduction of \$30 (3.3%), followed by average annual reductions of 2%



Option 3 – Gradual real decreases (nominal)

Initial nominal increase of \$3 (0.3%), followed by average annual increases of 0.5%

