

Appendix O – Stakeholder Interview Questions

DISCUSSION GUIDE AND QUESTIONS FOR INTERVIEWS WITH NSSW TSS STAKEHOLDERS ON THE TSS ISSUES PAPER

Networks NSW one-on-one interviews with stakeholders based on the TSS Issues Paper – discussion guide

Thanks for making the time to meet with me to talk about network tariff reform in NSW. I'm here on behalf of Ausgrid, Endeavour Energy and Essential Energy – the organisations that distribute electricity to homes and organisations across NSW.

We are seeking views from NGOs, businesses, representative organisations and public and statutory entities on proposed network tariff changes for 2017-2019. Network tariffs make up about 40 per cent of the cost of electricity bills.

The NSW electricity network ensures that electricity is distributed safely, reliably and sustainably to homes and organisations across the State. Tariffs must be charged to cover the costs of the network, including infrastructure, staff, and maintenance of poles and wires.

Electricity consumption in NSW is declining, so there needs to be a change to network tariffs to ensure enough revenue for a continued safe, reliable and sustainable electricity network for the future. In doing so, there is also a desire to keep downward pressure on prices.

Our discussion with you will be conducted under the Chatham House Rule: that means that we will not attribute any comment you make to you, but we may use the content of what you say in a general report to NNSW. So, your name or your organisation will not be quoted unless you want to be quoted.

There is also a broader online consultation happening and we are welcoming people's views there too. You also welcome to make a submission via www.haveyoursay.com.au by the end of October. All the responses we gather will inform our network tariff submission due in late November.

The stakeholder consultation is exploring three areas:

- Consumer understanding of electricity tariffs,
- Opinions regarding various tariff options,
- Views regarding roll-out process and exceptions.

We've got an hour so let's get started.

ONE-ON-ONE STAKEHOLDER INTERVIEW QUESTIONS

INTRODUCTORY QUESTIONS				
	Questions	Probing Qs	Desired Outcome	Time
A	How well do you think consumers understand network tariffs and how they apply to them? Rank on a scale from 1 to 5, 1 being zero understanding, 5 being absolute.	Why did you choose that number?	Capture a quantitative assessment and commentary	5
B	How available do you think the information that consumers can use to help them understand the different kinds of network tariffs and how they relate to their electricity bill? Rank on a scale from 1 to 5. 1 being not at all, 5 being easily accessible and understood.	Why did you choose that number?	Capture a quantitative assessment and commentary	5
C	How available are the resources that help consumers assess what kinds of tariffs are most suited to their household/small business? Rank on a scale from 1 to 5. 1 being not at all, 5 being easily accessible and understood.	Why did you choose that number?	Capture a quantitative assessment and commentary	5

SOCIAL TARIFFS				
	Questions	Probing Qs	Desired Outcome	Time
Description - Social tariffs are designed to help vulnerable customers with limited budgets afford electricity services.				
F	Would social tariffs be an effective tool to allow vulnerable customers to have affordable access to electricity?	Y/N – Why?	Qualitative response	5
E	Who should be eligible for a social tariff?		Qualitative response	5
E	How should eligibility be assessed?	E.g.: government support program precedents?	Qualitative response	5
G	Who do you believe is the best placed entity to offer a social tariff?		Qualitative response	5
E	How should social tariffs be structured?		Qualitative response	5
H	Should all electricity customers in NSW pay a small amount to provide assistance to vulnerable customers?		Qualitative response	5

CONSUMERS WHO GENERATE ELECTRICITY				
	Questions	Probing Qs	Desired Outcome	Time
Description - some customers have the ability to use electricity from the network and also have the ability to feed surplus power back into the grid. While they are generating some of their own power, they still need the network to feed their excess power back into the grid, and to boost supply when their own is low.				
I	Should we consider a tariff and/or charge to cover network costs for these customers?	E.g.: Solar, Tesla	Qualitative response	10
I	If so, then should such a charge be technology neutral (not favour a particular technology such as wind or solar)?	E.g. Any customer using the network to feed back in any electricity generated from any type of renewable energy generator.	Qualitative response	5

DECLINING BLOCK TARIFF				
	Questions	Probing Qs	Desired Outcome	Time
Description – The first part of electricity use is more expensive than all usage after it. This is now the most common tariff for households in NSW				
This tariff has been implemented to provide customers with predictable, stable pricing, and to avoid bill shock.				
J	How supportive are you of declining block tariffs? Rank on a scale from 1 to 5, 1 being not at all, 5 being very supportive.	Why did you choose that number?	Capture a quantitative assessment	5
J	Would your level of support change if smart meters (that track how much electricity you use each day and when) were more commonplace in NSW?	Y/N – Why?	Qualitative response	5
K	Do you agree with the view that declining block tariffs are more effective in preventing “bill shock” compared to other alternatives?	Y/N – Why?	Qualitative response	5
K	Do you agree with the view that declining block tariffs provide flexibility to reduce bills compared to other alternatives?	Y/N – Why?	Qualitative response	5

DEMAND TARIFF				
	Questions	Probing Qs	Desired Outcome	Time
<p>Definition – A charge based on the maximum amount of electricity used during a period of time. Usually applies to large businesses and covers costs for networks to meet business peak use</p> <p>Demand tariffs allow actual demand to be reflected in the price the business pays for their use of our network capacity.</p> <p>The highest demand electricity meter reading for a particular time (usually monthly) is used to calculate the electricity bill.</p>				
Q	Should customers be charged for service based on their usage at peak times?		Qualitative response	5
Q	How could a demand charge be structured?	E.g. For electricity consumed every week, or every month, or even based on the electricity used over a particular weekend.		5
R	Who should pay for the costs of metering if an interval or smart meter is required?	E.g.: Network operator, consumer, Govt?	Qualitative response	5
S	With electricity loads flattening in NSW, will a demand tariff likely lead to lower future network costs?	Y/N – Why?	Qualitative response	5
T	If there is interest in a demand tariff, over what period of time should the businesses transition to this tariff structure?	1yr, 2 yrs, more?	Capture a quantitative assessment	5

TIME OF USE TARIFF				
	Questions	Probing Qs	Desired Outcome	Time
<p>Definition – The rate for electricity use changes at different times of the day. It is usually cheaper in off peak periods and more expensive in peak times.</p> <p>Ausgrid, Endeavour Energy and Essential Energy offer residential customers a declining block tariff as the primary network tariff, with a choice to “opt in” to a voluntary time of use tariff. There has been a low take up.</p>				
U	What do customers think of time of use tariffs?	Happy, misinformed, ambivalent?	Qualitative response	5
V	Why do you think the take up of this tariff in NSW is so low?		Qualitative response	10
W	Are there other voluntary tariffs of interest to customers?		Qualitative response	5

FOOD AND FIBRE TARIFF				
	Questions	Probing Qs	Desired Outcome	Time
Definition – a proposed special tariff for agricultural businesses that typically only place demand on the electricity network for short periods during the year.				
X	What do you think of a specific tariff for these customers?		Qualitative response	10
Y	Should such a tariff be set at an efficient level?	Y/N – Why?	Qualitative response	5

REGIONAL PRICING				
	Questions	Probing Qs	Desired Outcome	Time
Definition - Different geographic areas, climatic regions, transmission connection points or areas of network congestion in NSW, could attract what are known as location tariffs for residential customers to address local issues.				
N	Would location-based tariffs in the same distribution network areas be acceptable?	Y/N – Why?	Qualitative response	5
O	If so, in what situations would they be applied?	E.g. A tariff for farmers who use most electricity in the summer when irrigating their crops.	Qualitative response	5
P	Would customers be prepared to pay for the higher administration cost of this structure?	Y/N – Why?	Qualitative response	5

ANCILLARY				
	Questions	Probing Qs	Desired Outcome	Time
Z	What are ancillary tariffs? What are the main issues you think need to be considered about Ancillary Network Service charges, metering charges and street lighting pricing structures?		Qualitative response	10

INTRODUCTION TIMEFRAME				
	Questions	Probing Qs	Desired Outcome	Time
L	If moving to more efficient tariffs over time results in “winners and losers” (some customers pay more, some pay less), over what period should any transition occur?	1yr, 2 yr, more? Why?	Qual/Quant response	5
M	One suggestion is that a CPI cap be placed on tariff charges any to lessen any price shock to customers. Do you think customers would support this idea?	Y/N – Why?	Qualitative response	5

OTHER				
	Questions	Probing Qs	Desired Outcome	Time
D	Is there anything that we should we take into account that has not been discussed?			

Note: stakeholder interviews were conducted by Ogilvy Public Relations Australia under the Chatham House Rule to encourage candour.

Summary of Key findings

(i) *Consumer understanding of tariffs*

Understanding is very low and confusing to most consumers – however, this is not due to lack of information from networks.

(ii) *Declining block tariff*

Environmental: this tariff provides incentives to consumers to use more electricity, sends a contradictory signal to previous messages about reducing consumption, and is unfair to those who had been encouraged to invest in alternative energy / energy-saving devices

Disadvantage low-income households, who consume lower amounts of electricity, and to crop producers, who need to use more energy at some times of the year

However some stakeholders are supportive of this tariff as a short-term measure in a move towards a different structure – and would have increased support for this tariff if smart meters were more widespread in NSW.

(iii) *Demand tariff*

Some stakeholders expressly support this tariff – particularly if opt-in – as they perceive it provides greater choice to consumers about when to use electricity.

Some vulnerable social group advocates felt that this tariff was not family-friendly, as household heads cannot dictate who uses electricity at what time.

Support for this tariff would also be greater if smart meters were more widespread in NSW.

(iv) *Time of use tariff*

Some stakeholders feel this tariff is fair, reflective of network infrastructure, and a useful tool to change behaviour.

Others feel this tariff can make low income users afraid to use essential services at peak times, and that it is unfair on crop producers who have little choice in when to use electricity.

Critics feel this tariff is difficult for consumers to navigate – and point to issues with its introduction in Victoria.

(v) *Concessionary tariffs*

Most stakeholders are not in favour of social or other concessionary tariffs, for a number of reasons – mainly that decisions about assisting vulnerable groups are the responsibility and expertise of government.

(vi) *Consumer electricity generation*

Some stakeholders feel that network use costs should be covered by consumer generators.

Environmental advocates are against this suggestion, due to the potential environmental impacts and contradiction to environmental messaging.

(vii) *Introduction timeframe*

Most stakeholders feel new tariffs could be introduced over three to five years.

(viii) *Other issues*

Ancillary charges are poorly understood.

Stakeholders have opposing views on the suitability of CPI caps on tariff reforms.

Many stakeholders emphasised the importance of consistency, long-term thinking and education around tariff reforms.

Many stakeholders would have preferred a longer period for engagement.

Stakeholders acknowledge the difficulty of making tariff decisions that suits all consumers.