**Ausgrid
Community Panel Report**

Remit:

Ausgrid manages the poles and wires in your community. The energy industry is at a critical point, with a growing focus on a low carbon future and more extreme weather impacting the grid.

Alongside that, customer needs and aspirations are rapidly changing. How we understand and respond to these issues has important implications for electricity bills and the reliability of electricity supply.

How should Ausgrid look to the future while being fair to today's customers?

Introduction

This report has been prepared by a diverse mix of 45 residential customers from across Ausgrid region. We were chosen to represent the different regions and the needs of Ausgrid's customers across its network including those who rent, own home, or solar owners as well as age and gender in an effort to properly reflect the actual diverse customer base. This was further broken down into three regions, Hunter Valley, Central Coast, and the Greater Sydney area. During the eight meetings spread over four months from February to June 2022 (both online and face-to-face) we discussed the remit of: "How should Ausgrid look to the future while being fair to customers today?"

Through this panel we considered how Ausgrid could understand and respond to the various issues that have important implications and effects on electricity bills, the resilience of the network and the reliability of supply to the customers. The panel received input and information from industry experts, community representatives, and council from within Ausgrid and outside. The panel was

facilitated by an impartial outside organization who helped focus the panel on our remit and provided the information requested by the panel to make informed choices. Through the recommendations listed below the group has tried to address the various issues such as Net Zero, climate change, cyber attacks, and future innovation and technology.

How we define 'fairness'

Due to the myriad of different perspectives we are considering throughout this report, the following is a list of guiding principles of fairness for both today and tomorrow. This is in the absence of being able to provide a catch-all definition of fairness that applies to every aspect of this report.

Reliable access to energy is a basic human right. If wide-reaching solutions are not provided by the private sector within this regulatory period, it is Ausgrid's corporate social responsibility to prioritize community energy projects and incentives.

Fairness in terms of accessibility: The main priority of our recommendations is for every Ausgrid customer to have reliable access to energy supply, despite where they are situated (city or rural).

Fairness in terms of cost: In order to provide the fair distribution of power to all customers, the cost of the service is spread throughout the network to share the financial load evenly regardless of basic cost. This cost would also include supporting the implementation of new technologies.
 'New technologies' means: Infrastructure that is not part of Ausgrid's current service offering.

A fair cost is measured by investing in medium to long term projects, for example, installing better materials for poles and wires to withstand environmental damages over time.

Fairness in terms of the environment: We should balance the environmental cost of energy supply and usage against the implementation of new technologies in the long term. We should strive to implement renewable technologies to minimise the impact of climate change with emphasis on corporate social responsibility (**"CSR"**). In this context, CSR means actively considering environmental costs and impacts, in addition to financial ramifications.

Finally, we should consider the costs, financial or otherwise, that these choices have on future generations, while balancing the upfront costs towards current generations.

Recommendations

Recommendation 1

Heading	Advocate and lobby for reform to energy regulations to improve service to customers.
Description	The regulations by the Federal government, State government, AEMC (AER) NEM (any regulatory body) are too limiting to allow for Ausgrid to innovate resilience, affordability and to be fair. Ausgrid should establish what to advocate for in consultation with customers. We want Ausgrid to play a role in community benefits and network solutions. We also want Ausgrid to partner with local councils and technology providers to increase the uptake / implementation of community batteries, SAPS and solar gardens.
Rationale	● Reducing costs to Ausgrid by bypassing time consuming/expensive regulations rather than putting that money into innovation in network management/technology. ● Reform the framework which is limiting the extent to which Ausgrid can address emerging issues in response to things such as emerging technologies, climate change, affordability crisis. ● Advocacy on behalf of consumers for change to key stakeholders. ● Active community involvement can help Ausgrid influence change for existing regulations (this is within Ausgrid's ability). We understand there are limitations to Ausgrid's ability to implement innovative

	changes, however we believe this recommendation should remain broad to cater for future limitations.
	Ausgrid to implement their corporate / social responsibility by offsetting by offsetting their corporate carbon footprint by funding community energy solutions
	Projects that don't provide a network benefit should still be pursued for the benefit of the greater good.

Recommendation 2

Heading	Incentivise the adoption of cost effective renewable energy, balancing the speed and uptake of technologies, while leading by example.
Description	To head toward Net Zero Ausgrid should work with third party companies to help finance and support renewable energy alternatives. Ausgrid can work in cooperation with both local and federal governments in encouraging a controlled approach to the adoption of renewable technology. Ausgrid should continue their internal Net Zero efforts by adopting appropriate technology as it becomes economically feasible. Ausgrid should encourage retailers to work more with renewable energy suppliers. We need to consider the end-of-life of technology: disposal also has environmental impacts.
Rationale	It is important for Ausgrid to work with third party companies to find cost effective solutions to strive towards Net Zero. The way Ausgrid sets its prices and subsidies (who pays for what) can encourage/discourage the rate at which specific technologies are taken up by consumers. We want to encourage the adoption of a mix of technologies because each technology has different environmental impacts, and new technologies are always emerging.

| | Ausgrid should introduce a pro-active and targeted mixed investment plan between $100-$150 million to achieve net zero and minimise barriers for 85% of impacted customers. This investment plan may be offset by the introduction of a two-way tariff system (see Recommendation 9). |

Recommendation 3

Heading	Enhanced community engagement and communication
Description	Ausgrid, in partnership with Retailers, providing cost effective clear and simple explanations of the factors impacting customer charges and the reliability of electricity supply. This is at an individual consumer level as well as aggregated. For example time of energy consumption, load used, surge, using smartmeters if possible. Advocate for the rollout of smartmeters and provide more information on smartmeters, and how to read existing meters. It needs to be highly relevant and targeted to them specifically, ideally using real-time information. Provide consumers with a description, in plain language, of what Ausgrid does and what it doesn't do, any large projects coming up and the costs and benefits of those projects to consumers, as well as overall performance of any plans Ausgrid has finished. As well as what retailers provide and don't provide. Use various communication channels to provide additional information on customer bills (e.g. via, email, sms, website, letter drop, social media (eg local facebook groups).)
Rationale	People have different abilities to find, access and understand this information. It is easy to disregard information when you don't see how it matters to you personally. Consumers can choose to change their usage behaviour if they have this information.

Recommendation 4

Heading	Visibility of Ausgrid costs to customers.

Description	Consumers to be able to get breakdown of the Ausgrid component of their bill via the Ausgrid website with granularity such as
	
	• Cost of Operations
	• Maintenance of existing
	• Investment
	    ○ - In existing
	    ○ - In future capability
	
	At a consumer level in relation to their region.
	
	Providing this breakdown is an initiative that Ausgrid can facilitate. Ausgrid to clearly communicate the location of the information through their social media, community media and programs.
	
	Ausgrid to continue to advocate to the AER/AEMC for the increased visibility on customers bills directly.

Rationale	• To make any increase in costs more transparent and justifiable to consumers. • To inform and educate customers • Social Accountability

	• To continue to advocate with the AER/AEMC to relax regulations to allow Ausgrid to put information on consumers bills.

Recommendation 5

Heading	Maintain and improve current emergency procedures.

Description	Maintain and improve current emergency procedures by:
	1. Invest in Ausgrid outage response and resilience program
	2. Incremental improvement in communication to customers with local information
	3. Keep the KPI's that measure
	    a. effectiveness of service delivery/response times.
	    b. How easy it is to deal with planned outage
	    c. How easy it is to get information about an unplanned outage

Rationale	Maintain current level of service provided and make incremental improvements to critical areas like life support service (increase investment in mobile generators) and other areas of needs. Investment in this area links to recommendation 10.

Recommendation 6

Heading	Ausgrid to collaborate on research & innovation on emerging technologies and best practices.
Description	**INNOVATION** Find the most cost-effective technologies and how to implement them. Allow proven financial benefits of NIAC to be recycled back into new initiatives in the following year. (rather than pass on benefits to customers directly) We want Ausgrid to move from the proposed increase in spend (12m pa capex + 1.5m pa opex) to the higher increased spend (16m pa capex + 2m pa opex) to achieve increased innovation *IF* the annual bill cost difference is not a lot. We understand this is a 30c per year difference for an average non-solar household. **CYBER** Investment of $2.96/pa as a base, giving Ausgrid the option to go to the AER to shift up to greater investment (example $3.30/pa) if Ausgrid can show that it's needed or there are more benefits in order to protect the grid.
Rationale	Community projects around new tech (eg: Yackandanda battery) provides a shortcut to invaluable knowledge about what works and what to avoid. Ausgrid can reduce the cost of finding and implementing new technologies by collaborating or adopting solutions tested and implemented by other grid operators, other states, even other countries. Ausgrid had 2 billion cyber attack attempts in 3 months on their infrastructure.

Recommendation 7

Heading	Executing collaborative innovation and research
Description	Work towards improving the network and net zero without being limited by legislation.
Rationale	Other Australian collaborators: CSIRO, universities with a specialty faculty for energy/Net Zero, members from other states and providers in Australia, etc. should be added to the NIAC - to conduct scoping studies to identify international organisations undertaking innovative research implementation, piloting of new tech. (philanthropic perspective - where it's for the people, not just about money/profit, and data is transparent and able to be scrutinized). Collaborate with lived experience experts i.e. regular people who are representative of your consumer demographic). Look to international collaborations also, such as new innovations being applied in Switzerland and Sweden, overseas companies. Cost/benefit to be clear and proven on each investment/grant. Learn from the examples from the other states and how they've already implemented and/or rolled out their updates and changes to learn from their mistakes and take away the positives. This includes the other distributors across the country as well as state governments.

Recommendation 8

Heading	Investing in capital expenditure (Capex) to reduce future operational expenditure (Opex).
Description	Assets listed as Capex have long term benefits but are also investments. Ausgrid must balance these long term investments with the ongoing maintenance of Opex to ensure customers continue to receive reliable access to the network. We recommend Ausgrid spend at least $5m p.a. Which is equivalent to $1.72 p.a for homes without solar and $1.99 p.a for homes with solar. If Ausgrid has a 75% or more confidence level in the data regarding occurrence of extreme weather, then we recommend Ausgrid make upfront investments.
Rationale	Conducting financial viability analysis for all major investment decisions will determine the value for money both short and long term. Ausgrid's predictions for the future will determine the cost sharing of assets across the customer base - who pays, how much, and when. There should be a collaborative approach with the regulator when investing in major projects to improve the outcome for the consumer and taxpayer. When sharing these costs amongst customers, Ausgrid should consider who benefits from the investment in the asset.

Recommendation 9

Heading	Influence customer behaviour with a flexible two-way pricing mechanism in order to optimise electricity supply and demand, balancing time of use, time of feed-in, and reliability.
Description	The hard challenge is that the cost of maintaining the distribution network is spread across all consumers in the network, regardless of their usage and feed in. The challenging cost of network maintenance and improvement is impacted by imports/exports and needs to be fairly distributed. Ausgrid should charge retailers a time of day (or real-time network congestion based) tariff for customers who export power to the grid, in a manner that optimizes consumer pricing and network stability and cost ie. solar exports are priced differently at different times of day depending on grid load/demand like the current time-of-use import tariff. This pricing mechanism should be opt-in based initially, with a view to transition to all-in as part of the next 5 year planning window. For example: A customer with existing solar & retail agreement should not be charged more than 25% of their existing export tariff
Rationale	Network capacity build-out is driven by peak usage. Customers that contribute to increasing that peak should arguably pay for the privilege of impacting grid stability negatively.

Recommendation 10

Heading	Review minimum level of reliability of supply
Description	By being bound to IPART minimum standards, reliability is lower than the average experience of consumers and rural consumers have an even lower baseline level of reliability. Ausgrid should communicate (via retailers & general public) the minimum reliability standards that Ausgrid is committed to, and that the difference between urban and rural consumers is almost double. Look at redistribution of support to network areas (urban vs rural) to build resilience and address network issues (outages, supply etc.)
Rationale	Maintaining a standard of supply that is equitable, for example population increasing in regions, expecting supply standards of cities. Investigate local grid & storage options to bridge geographical constraints. Invest in network reliability in highest risk areas, e.g. $40 million PA long-live capex (Dial 15). This also relates to the following recommendations within the report: The panel would like Ausgrid to look for network solutions that reduce long-term opex (Dial 10). The panel would like Ausgrid to pursue an efficient mix of capital and operational investment opportunities to ensure the ongoing reliable provision of electricity (Dial 11).

	Ausgrid should make an upfront investment with some caution to deliver innovation and benefits for both opex and capex type investments (Dial 12).

Minority Reports

A minority report is a view from a small group (of at least 3 people) about a recommendation previously outlined in the report, or another important piece of content that these people felt was not adequately covered by the majority views. These minority views provide diverse views and are not held by the majority of the participants in the panel.

Minority Report 1

Heading	We recommend Ausgrid implements the best in class cyber security protection.
Description	Our rationale is based on the scale of current cyber attacks, as well as the significant costs of even just one day of no energy. This could include financial costs and costs to lives. Ausgrid needs the best people to protect against the best cyber attackers and emerging technology and approaches for attacks.