Energised 2021-2026 Open House

Engagement findings report

Contents

1 Introduction

1.1 Project background

Every five years our business submits proposals to the Australian Energy Regulator (**AER**) for how we will charge for electricity based on our expected costs and the needs of our customers. Energised 2021-2026 is a statement of our approach to planning for this five year period.

Since June 2017 we have been seeking input from our customers and diverse stakeholders to inform the development of Energised 2021-2026. This has included customer engagement such as surveys, pop-ups and forums, meetings with local, state and national stakeholders and the establishment of an Advisory Panel. What we've heard so far is that our customers want:

- a resilient network
- an affordable network
- a flexible network that supports choice.

Through a critical review of the Energised 2021-2026 engagement process it became evident that local government, as well as several other stakeholder groups, had not been adequately engaged. Our proposals include some of the essential services that local government rely on, including public lighting, connections and renewable energy. Local government are also highly motivated, with some councils already seeking avenues to make submissions on our proposals.

To ensure we capture the views of local government and other community opinion leaders we held the CitiPower and United Energy Energised 2021-20206 Open House in September 2019.

1.2 Engagement methodology

1.2.1 Engagement objectives

On Tuesday 17 September 2019, CitiPower and United Energy held an open house session for community opinion leaders. Local government, Members of Parliament, Green House Alliances, the Public Lighting Group and Municipal of Victoria (MAV), were invited to attend the open house to learn more about the draft proposals and provide their input. The objectives of the Energised 2021-2026 Open House were:

- to provide delegates with information that is relevant to their local communities and could impact the way they receive essential services. This includes vegetation, public lighting, connections, bushfire safety and renewable energy
- to answer delegates questions about community safety, public lighting and renewable energy
- to seek feedback on our 2021-2026 draft proposals and identify any areas where further work is required before submitted out proposals in January 2020
- to gain a level of support and awareness for our 2021-2026 draft proposals.

1.2.2 Open House Format

The CitiPower and United Energy Open House was held in Metropolitan Melbourne, at the Meat Market. The Open House commenced at 9am and concluded at 4pm. Participants were able to drop-in at any time during the day to speak with the team.

Two concentrated working sessions were held during the day:

- Public lighting, 11am to 12pm

- Renewable energy and digital network, 1pm to 3pm.

Each session included presentations delivered by the CitiPower and United Energy subject matter experts and were followed by table discussions. In the week prior to the session, registered participants were sent pre-reading material for both sessions to help inform their participation on the day.

For the full session agenda's see Appendix A: Public lighting agenda and Appendix B: Renewable energy agenda.

1.3   Participants

In total, 21 people attended the Energised 2021-2026 Open House. The following organisations and groups were represented:

- Bayside City Council

- City of Boroondara

- City of Greater Dandenong

- City of Kingston

- City of Melbourne

- City of Monash

- City of Moreland

- City of Port Phillip

- City of Stonnington

- Department of Environment, Land, Water and Planning

- Ironbark Sustainability Group

- Manningham Council

- Maroondah City Council

- Mornington Peninsula Shire

- Northern Alliance for Greenhouse Action.

2 Summary of discussions

This section provides a summary of the discussions according to the two concentrated working sessions:

- Public lighting
- Renewable energy and digital network.

The findings are not attributed to individual participants or organisations because of the session format.

2.1 Public lighting

2.1.1 Our proposals

Participants were asked what their initial thoughts were on the proposals for public lighting. Across the three tables, participants generally supported the proposals or were neutral.

It was evident during the discussions that participants required further information to increase their level of support. Participants requested information to better understand modelling, they requested access to:

- the full business case
- the pricing models, including the assumptions and data informing the modelling, such as the assumed failure rates.

Participants stated that AusNet was providing more information on their modelling, and indicated that they would be far more likely to support the proposals if they had access to this information prior to submission. There was also interest to see comparative examples from other councils.

Several questions were also raised about pricing; participants were interested to understand why there was an increase and why costs had not been spread out in the proposal. Interest was also sparked about the differences in pricing between CitiPower and United Energy. Representatives from local government in the CitiPower network were interested to understand why the costs were higher for CitiPower than United Energy customers. There were also questions about cost efficiency, and whether bulk replacement was more efficient than individual or small batch.

There was generally a call for more transparency and for information to be more readily shared with local government and alliances on Operational Maintenance and Repair (OMR) pricing and tariff modelling.

Participants were asked to discuss what the proposals mean for their council and broad customer base. The responses predominantly focussed on councils and costs. Participants raised concern that there is a significant increase in cost and that their councils haven't forecast these costs into future budgets. Other comments included, it means:

- *"bulk replacements to energy efficiency"*
- *"ability to transition quickly"*
- *"community safety".*

2.1.2 Tariff modelling and tariffs

A presentation on tariff modelling and tariffs followed the initial discussion about the draft proposals. In tables, participants were then asked to discuss and respond to several questions regarding the proposed modelling and tariffs.

Current expenditure and forecast volumes

When responding to the question, 'does the current expenditure reflect the future appropriately', one table reiterated that they needed more information on the modelling to be able to respond to the question. Participants also said that it was difficult to know whether the expenditure reflected the future appropriately, and that they would need to wait and see, reflecting that they do not know the actual life span of LEDs.

One table discussed the issue of paying for shields. According to participants, currently following light replacements, if the new light spills into a residential property and the resident complain to council, council gets billed for the shield. It was felt that CitiPower and United Energy should carry this cost, as councils are not involved in the design or selection of replacement lights.

Participants had little feedback on the forecast volumes, again requesting more information from CitiPower and United Energy.

Luminaires RABs

Participants were asked to discuss the potential of having two luminaires RABs, for inefficient and efficient luminaires. Participants said that two RABs could incentivise councils to upgrade to efficient luminaires, which they thought was "sensible". They said that this would reflect efficiency and sustainability driving decisions on RABs, however they accepted that some might not agree with this.

Again, a suggestion was made for scenario modelling for individual councils to better understand energy efficiency versus costs. For CitiPower, it would need to be the most economical, and they would need worked example for what this means for customers to make a decision.

Participants were asked to discuss the potential of combining the RABs. Participants raised concern that a single RAB would increase costs for councils that have already switched to efficient luminaires. It was particularly felt that the RABs should stay separate for United Energy customers until they changed over.

2.2   Renewable energy and digital network

2.2.1   Solar enablement

Participants were asked what their initial thoughts on the solar enablement proposal. Overall, participants supported the proposal and generally shared positive feedback, describing the proposal as being "reasonable" and "justifiable".

Participants were interested to understand if the proposals supported any higher future renewable energy targets, and were keen for the model to be flexible to respond to potential changes during the five year period. In addition, participants expressed strong support for us to consider the value of carbon as a benefit of the solar enablement proposal. This was reported as being important to several councils because of their local emission targets.

CitiPower participants expressed that several areas, such as City of Melbourne and City of Moreland, would not benefit as much from solar enablement because of the high density living. Areas with greater amounts of apartments, social housing and renters, would not reap the benefits in comparison to lower density municipalities. This raised the question of equity that needed to be considered; that costs would be shared across all customers, even those without solar.

Participants reflected that the proposal was also important in that if the network doesn't upgrade customers with solar would be likely to lose money because they can't export solar energy onto the network.

The following information was requested about the proposal:

• the breakdown of costs

- interaction with assumptions about demand management and whether this would change constraint forecasts

- whether there are impacts on the modelling if the regulator requests for the carbon price to be removed

- how current constrained customers will be notified once constraints are removed

- the use of batteries at different levels, such as residential, grid levels, load shift and applicable level controls.

Several participants also requested for sessions to be held with Councils, such as City of Moreland and City of Port Phillip, to explore how apartments could have solar to ensure everyone's power bill are lowered.

2.2.2 Digital network

Participants were generally supportive of the proposal for digital network, however expressed that there should be more shared benefits.

Participants asked several questions to better understand the proposal, including:

- *"Is the regulator allowing 'investment' in digital network or do they want better value from existing enhancements?"*

- *"What are the costs of digital network technology enhancements?"*

- *"Can we access the data, even at a high level, so we can share as required?"*

It became clear through discussions that while participants understood that digital network would allow for CitiPower and United Energy to be able to access more data, they were concerned that the benefits would not be shared with customers. They felt that the proposal should better demonstrate the value for customers.

The following information was requested about the proposal:

- breakdown of costs

- specifically, what the digital network technologies are

- if and how the data will be shared with customers.

2.2.3 Demand response

A presentation on the United Energy Summer Saver program followed the discussions on solar enablement and digital network. The presentation provided participants with an overview of how the program had run to date and the customer uptake.

The participants were interested to understand how United Energy communicates the program to customers and what Council's involvement has been. To better work with councils, participants suggested providing an information pack to councils including, the proposed program, previous results and case studies. They also suggested demonstrating the benefits for councils to be involved. Participants from CitiPower were interested to explore the opportunity for a demand response program in their network area.

2.2.4 Community energy

Community aspirations for energy and how we should transform the network has been important in our engagement, directly with customers and indirectly with stakeholder groups. This engagement helps to understand the drivers for change, especially around distributed energy resources, and how best to plan the network for the future.

Community energy also deepens our understanding of how customers could change the way they use, store and generate electricity as an individual, or as a group. The local government delegates and alliance representatives

provided insights into the outcomes of their own engagement with their local communities are underpinning their renewable energy targets.

Two groups of participants were asked to identify the top three things networks could offer to support community energy projects. Both groups suggested that improved communication and information sharing was critical to supporting communities in their efforts to achieve renewable energy targets. The initiatives raised by each group are listed below.

Group one identified the following priorities:

1. Clearly define the process and roles and responsibilities.

2. Provide unbiased advice and network of contacts.

3. Provide clarity on the role community energy can play and how much push back will be received.

Group two identified the following priorities:

1. Provide a map of areas where installation are possible and areas that are constrained to help eliminate potential sites.

2. A forum for community group information sharing and information on who to speak to.

3. Additional revenue streams potentially available through network support services.

3 Participant evaluation

At the conclusion of the Open House participants were asked to complete an evaluation form. Of the 21 people who participated in the Open House, 14 provided their feedback. Overall, the feedback was positive, with 12 participants rating the day 'good', one participant rating the day 'excellent' and one participant rating the day 'fair'.

According to participants the presentations, speakers and group discussions were what went well for the day. Participants felt that the day could have been improved by allowing more time for discussion, improved communication about the schedule for the day and clearer questions.

Participant's expectations for the day were to gain a better understanding of the approaches to public lighting and renewable energy, provide feedback and meet CitiPower and United Energy representatives. Participants were asked 'How much did the forum live up to your expectations'; six participants selected 'a fair amount', five participants selected 'quite a bit' and three participants selected 'fully'.

The following quotes are representative of participant responses:

- *What went well today? "Presentations, speakers and topics."*

- *What went well today? "Good group discussions."*

- *What could be improved? "Allow more time for the session"*

- *What could be improved? "Clearly communicating times. Earlier provision of reading material."*

- *What were your expectations? "Opportunity for clarification."*

- *What were your expectations? "To better understand tariff and OMR system."*

Participants were also asked to read a series of statements about the Open House and select the response with which they most agreed, from 1 (strongly disagree) and 5 (strongly agree). The majority of participants agreed with each statement. Participant responses are illustrated in *Figure 1*.
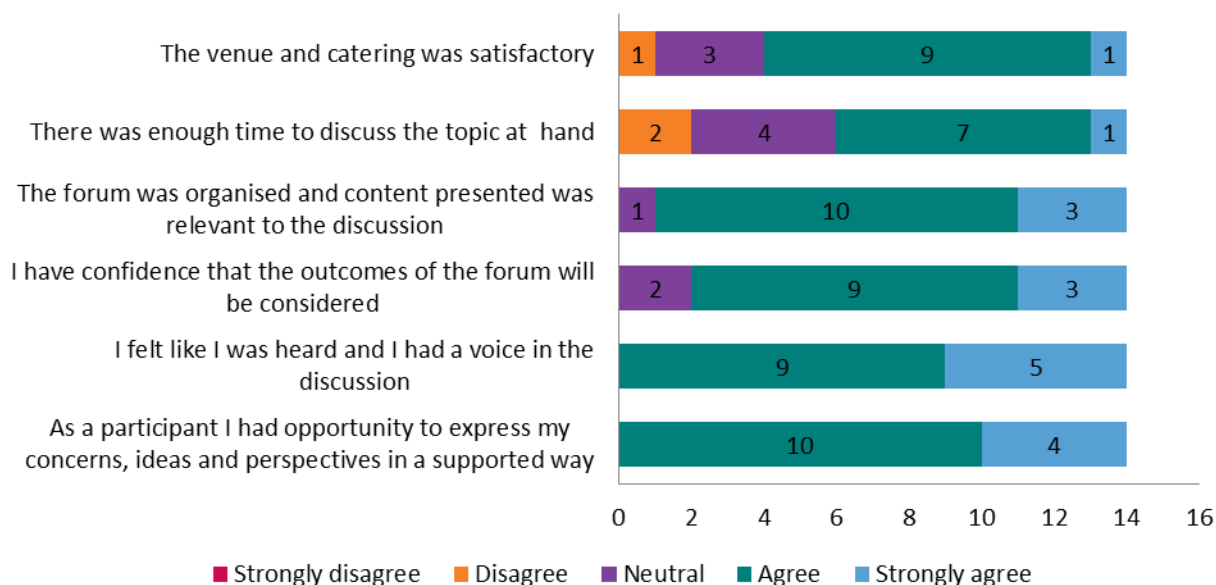

Figure 1. Participant evaluation of the Open House

4 Recommendations

The following are our recommendations based on participant feedback provided during the Open House working sessions, as summarised in section 2 of this report. These recommendations are to be considered and incorporated in our proposals, and during preparation of proposals, for public lighting, Digital Network and renewable energy.

- The pricing models, including the assumptions and data informing the modelling, as the assumed failure rates to be provided to local government prior to the submission of the proposals.

- To better demonstrate the direct customer benefits of Digital Network, and how the data will be made available to them.

- To improve data sharing and information on network capacity, generation and constraints (now and into the future) to support communities in the distributed energy transformation.

Appendices

Appendix A: Public lighting agenda

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Agenda
Energised 2021-2026 Open House
Public Lighting

Session	
Date	Tuesday 17 September 2019
Time	11am-12pm
Location	Meat Market, 5 Blackwood Street, North Melbourne
Facilitator	Jana Dore, Stakeholder Engagement Manager
Pre-reading	Public Lighting Pre-read

Agenda			
Time	**Item**	**Topic**	**Who**
11am	1	**Welcome**	Jana Dore
11.05am	2	**Introduction** Opening by Head of Regulation for CitiPower and United Energy *Welcome to local government and alliance delegates for their participation in our Energised 2021-2026 consultation*	Brent Cleeve
11.10am	3	**Objectives** *Discuss United Energy and CitiPower proposals for public lighting in 2021-2026* *Collect feedback on lighting categories, tariffs and our approach to modelling for public lighting in 2021-2026*	Jana Dore
11.15am	4	**Presentation** Presentation by Regulatory Project Manager, Sonja Lekovic, discussing proposal and changes to public lighting in 2021-2026	Sonja Lekovic
11.20am	5	**Discussion: Proposal** Group discussion and Q&A on delegates' initial thoughts about our proposal for 2021-2026. *Questions for discussion:* *What are your initial thoughts on our proposal for public lighting?* *What information would you need in order to change your level of support?* *What are the key elements of our proposal that you support, or do not support?* *What does the proposal mean for your council and for the broad customer base?* *Do you need any further information about the proposal?*	Jana Dore
11.35am	6	**Presentation: Tariffs and modelling** Presentation by Regulatory Project Manager, Sonja Lekovic, discussing proposal and changes to public lighting in 2021-2026	Sonja Lekovic

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11.40am	7	**Discussion: Tariff modelling and tariffs**	Jana Dore
		Group discussion and Q&A on our approach to tariffs modelling and tariffs.	
		Does current expenditure reflect the future appropriately?	
		Do you have any feedback on forecast volumes?	
		What are your thoughts on having two luminaries RABs—for inefficient and efficient luminaires?	
		Should the few remaining inefficient lights recover the inefficient light RAB, or should the RABs be combined?	
		Related to this, if we combine the RABs, how do we treat the difference between councils that have replaced the inefficient lights to those that have not yet replaced them?	
12pm	8	**Close and next steps**	Jana Dore

Appendix B: Renewable energy agenda

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Agenda
Energised 2021-2026 Open House
Renewables

Session	
Date	Tuesday 17 September 2019
Time	1pm-3pm
Location	Meat Market, 5 Blackwood St, North Melbourne
Facilitator	Jana Dore, Stakeholder Engagement Manager
Pre-reading	Renewable Energy Pre-read

Agenda			
Time	**Item**	**Topic**	**Who**
1pm	1	**Welcome**	Jana Dore
1.05pm	2	**Introduction** Opening by Head of Regulation for CitiPower and United Energy • *Welcome to local government and alliance delegates for participation in Energised 2021-2026* • *The future of our networks from a renewables perspective* • *Forecasts for CitiPower and United Energy when it comes to renewable energy*	Brent Cleeve
1.15pm	3	**Objectives** 1. *Provide insights on key trends and forecasts for the future of energy on our networks* 2. *Collect feedback on our 2021-2026 proposals for solar enablement, digital network and demand response* 3. *Collect feedback on what State Government, Councils and alliances are seeking from United Energy and CitiPower to better support projects*	Jana Dore
1.20pm	4	**Presentation: Solar enablement** Presentation by Regulatory Project Manager about the new model for solar enablement in 2021-2026	Frans Jungerth
1.35pm	5	**Presentation: Digital network** Presentation by Regulatory Project Manager about the 2021-2026 proposal for digital networks	Victoria Draudins
1.45pm	6	**Panel discussion: Solar enablement and digital networks** Group discussion and Q&A on delegates' initial thoughts about our proposal for 2021-2026	Jana Dore

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2pm	7	**Table discussion: Solar enablement and digital network**	Jana Dore
		1. What are your initial thoughts on our proposals for solar enablement and digital network?	
		2. What information would you need in order to change your level of support?	
		3. What are the key elements of our proposals that you support, or do not support?	
		4. What do the proposals mean for your council and for the broad customer base?	
		5. Do you need any further information about the proposals?	
2.30pm	8	**Presentation: Demand response** Presentation by Strategic Marketing Manager, Ruchika Deora, on the Summer Saver program in United Energy network	Ruchika Deora
2.40pm	9	**Table discussion: Participating in community energy** Table discussion led by Stakeholder Engagement Manager, Jana Dore, on engaging the community about energy. Key questions to be covered:	Jana Dore
		1. What do you think are the top three things networks could offer to support community energy projects?	
		• *Now, prioritise these from most important to least important?*	
		• *Each table to work on one of the three priorities raised and consider:*	
		• *Is it feasible under current regulation?*	
		• *What might need to change in order for us to deliver this?*	
		• *Would it pass the Energy Consumers Australia's pub test for 'not one extra dollar' for all customers?*	
		2. Provide your suggestions on how we could engage better with community energy about:	
		• *Our network – now and into the future?*	
		• *Community driven projects for energy that require a network connection or other?*	
		3. What information does your organisation or group need from networks in order to proceed?	
		• *What is the best way to disseminate this information to your organisation or group?*	
3pm	10	**Close and next steps**	Jana Dore