



# Community Deliberative Forum Report – Phase 2

Prepared for: Essential Energy

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## Executive Summary

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This report summarises the key findings from a series of seven deliberative engagement forums with residents across the Essential Energy network area. Forums took place in Goulburn, Cootamundra, Wagga Wagga, Broken Hill, Port Macquarie, Tamworth and Dubbo between 28 August – 12 September with n=518 people taking part in total.

These forums form part of the phase 2 engagement plan for Essential Energy's Regulatory Proposal for 2019-2024.

Other elements of the engagement plan for this phase included:

- An online survey with a representative sample of 750 residential customers and 250 small to medium businesses. These customers, from across the network area, will be invited to complete the survey.
- 20 in-depth interviews with large customers and stakeholders.
- A dedicated microsite for people to ask questions, provide feedback and complete the survey at <http://essentialenergy.com.au/yoursay>

The findings from these activities are being reported separately.

### Main findings from the deliberative forums

#### Perceptions of Essential Energy

Measurement of Essential Energy's attributes both before and after the forum demonstrated a general positive sentiment, which generally increased after the completion of the forum itself. This can be seen in the overall rating of Essential Energy as a brand, which saw only 39% of participants give Essential Energy a score of 8-10 pre-forum, whereas 55% did so in the post-forum rating. It can be concluded that the forums played a positive role in raising sentiment towards the Essential Energy brand.

#### Vegetation

It was found during the first phase of forums that customers were concerned over the appearance and management of vegetation. As this is also an important issue for Essential Energy in terms of their total spending, it was felt that an allocated session was needed in phase two to discuss vegetation with customers.

Discussions regarding vegetation were robust with most participants having views about trees and the way in which they are pruned or cut in their local area. Whilst there was strong agreement (57%)

that trimming cycles should be increased, there was also recognition that it may be more practical in some instances to remove existing vegetation and have it replaced with more appropriate shrubs and trees (73%). Passing this cost onto Local Councils or private landowners was only perceived to increase the complexity further and cause potential angst regarding who was 'responsible'.

### **Reliability and Response Times**

There was little support outside the current practices regarding unplanned outages in rural/remote areas and planned outage response times. Most participants were quite empathetic towards the situation of others and were unlikely to support changes that might negatively impact others (especially farmers and home run businesses, the elderly, and those with a lower income). It was widely believed that the electricity grid should be managed with equity in mind. There was some support for timings of outages to be extended to 4pm in the afternoon (36%), however most preferred current practices to continue (9am-2pm). There was a strong call to improve reliability for lower availability areas (76%) at a small cost to all customers, due to a desire to support those who were 'doing it tough'.

### **Cost-Reflective Pricing**

Individual pricing structures were met with mixed responses, however the general goal of moving towards cost reflective pricing was supported. Time of use pricing, while believed to be a good idea, was also recognised as being impractical for those working 'standard' 9am-5pm jobs. Seasonal pricing was seen most negatively, especially for those in areas with extreme temperatures who pointed out that electricity usage was a necessity, not a comfort during these times. This was reflected in the keypad voting with only 14% supporting this pricing strategy.

The principles that participants wanted to see adhered to include:

- Informing and educating customers about the different pricing options - providing clear and easy to understand information about cost savings within the different plans such as demand tariffs or time of use options.
- Clear and simple billing – to ensure customers know which plan they are on and what that means for their energy use.
- Equity and fairness for all customers with support for vulnerable customers in particular.
- No penalties for those who cannot change their lifestyle or behaviours to fit the new plans (a carrot rather than a stick approach if possible).
- Tailored solutions for different types of customers, i.e. ensuring there is a choice of options and that there is advice given on which would suit particular customers.
- Cost savings, incentives and rebates within the options need to be large enough to ensure that people do change their behaviours.

- Ultimately participants wanted to ensure that customers are still able to choose how and when they use electricity to suit their needs and lifestyles.

### **Fixed vs. Variable Charges**

While predictability of bills was perceived as the main benefit of a rise in the fixed charge component, many thought that having a higher fixed component and therefore lower usage component, would result in a loss of control to consumers, i.e. not allowing consumers to alter their bills as much through their own electricity saving measures. More than half of participants (55%) indicated they preferred to see no change to the current fixed versus variable charges. Instead, the introduction of demand pricing during peak periods found some support (45%).

Again, education on understanding usage was seen as important to the majority (78%) of participants, who were willing to see a slight increase in their quarterly bills to receive this information.

## Background and Objectives

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### Background

Essential Energy is a NSW Government owned corporation with responsibility for building, operating and maintaining Australia's largest electricity network. The organisation's service area covers most of New South Wales and a small part of Southern Queensland, and is operated as three regions, Northern, North Coast and Southern.

In common with all providers of electricity networks in the National Electricity Market, Essential Energy is required to submit to the Australian Energy Regulator a regulatory proposal and tariff structure statement on a five year basis. The AER is the independent, national regulator of public and privately owned electricity networks. It determines the funding for Essential Energy's capital and operating programs and the funding needs for jobs to undertake the work. This regulatory proposal is due to be submitted for the 2019-24 period by January 2018.

Essential Energy has an underlying philosophy of placing customers and stakeholders at the centre of everything they do. In particular, the organisation has a specific commitment to engaging with stakeholders and including their views and opinions in the formulation of future business planning. In this context, it is envisaged that a significant programme of stakeholder engagement will be conducted to contribute to the development of the 2019 - 2024 regulatory proposal.

A considerable body of work has been carried out within the broad Australian energy marketplace in developing frameworks and guidelines for stakeholder engagement and consultation. At the highest level, there are broad requirements set out in the National Electricity Rules and at the next level the AER has formulated a set of guidelines for Network Service Providers. The Energy Networks Association, in collaboration with the CSIRO, has produced an excellent and very comprehensive handbook on customer engagement and Essential Energy themselves have developed a Stakeholder Engagement Framework.

### Objectives

The objective of the project as a whole was to develop and implement a stakeholder engagement plan for Essential Energy's 2019-24 regulatory proposal. This had to:

- be consistent with and build upon Essential Energy's Stakeholder Engagement Framework and associated guide and the Energy Networks Association's Customer Engagement Handbook and
- meet the requirements of Chapter 6 of the National Electricity Rules (NER) and the Australian Energy Regulator's (AER) Consumer Engagement Guideline for Network Service Providers.

## Engagement plan

The whole engagement plan will occur from April through to September 2017 and consists of two phases. For each phase, there will be:

- An online survey with a representative sample of 750 residential customers and 250 small to medium businesses. These customers, from across the network area, will be invited to complete the survey.
- 20 in-depth interviews with large customers and stakeholders.
- Seven deliberative community forums with residential customers across the network area.

There is also a dedicated website available for the whole engagement programme for people to visit to ask questions, provide feedback and complete a short survey at:

<http://essentialenergy.com.au/yoursay>

### Engagement plan for the 2019-2024 Regulatory Proposal

#### Launch of Discussion Paper

##### Engagement Phase 1

- Online survey with n=750 residential customers and n=250 small to medium businesses
- 20 in-depth interviews with large customers and stakeholders
- 7 deliberative forums across the network area
- Dedicated microsite for people to ask questions, provide feedback and complete the survey

#### Drafting regulatory proposal

##### Engagement Phase 2

- Online survey with n=750 residential customers and n=250 small to medium businesses
- 20 in-depth interviews with large customers and stakeholders
- 7 deliberative forums across the network area
- Dedicated microsite for people to ask questions, provide feedback and complete the survey

#### Finalising regulatory proposal

## Methodology

This report represents the findings of round two of the community deliberative engagement forums.

A total of n=518 residents of the Essential Energy region attended seven forums:

Region	(n=518)
<b>NORTH COAST</b>	<b>76</b>
Port Macquarie	76
<b>SOUTHERN</b>	<b>235</b>
Goulburn	78
Cootamundra	82
Wagga Wagga	75
<b>NORTHERN</b>	<b>207</b>
Tamworth	78
Broken Hill	54
Dubbo	75

A deliberative style methodology was used for the forums whereby participants were seated at round tables and engaged in discussion rather than in a lecture theatre style format. Deliberative methods go considerably further than traditional consultation methods to elicit the depth of insight required for the development of a policy or plan. They are ideal for enabling meaningful dialogue between participants, exploring complex issues and for getting beyond initial reactions and knee-jerk responses.

In this context, deliberative techniques offer a powerful means of including community views in the development of the Draft Regulatory Proposal.

Participants spent most of the time working on tables in small groups each with a table facilitator. The table facilitators from Woolcott Research guided the discussions and recorded the main points.

The forums consisted of a mix of table discussions, presentations/films/speakers from the front, and participant response and feedback sessions from tables. The agenda is included in the appendix.

Woolcott Research provided a Lead Facilitator, who chaired the forums, and sufficient table facilitators for each of the forums.

Laptops were used at each table for facilitators to capture the table's discussions. Each laptop was set up to offer:

1. Facilitator prompts - providing a structured format for facilitators to input discussion summaries, with screen prompts where necessary
2. Time-coded storage of all qualitative data - available for download into grids for subsequent detailed analysis

Keypad polling was also included whereby participants were each given a handheld device that was used to answer questions shown on screen, and results given in real time.

After each event the data from laptops and from keypads was collated and downloaded for analysis. Data from the keypads has been weighted to be representative of Essential Energy area in terms of gender, age, and region.

### Recruitment

Recruitment for the forums took place up to two-three weeks before each forum. Those who attended the first phase of forums were invited back to participate in the second phase. Incidence of first phase participants attending the second phase was 52%.

For additional participants, stratified random sampling was used to sample participants from the regions surrounding the forum locations. Quotas were set on location, age, and gender, however as is common in community engagement programs, in some areas it proved difficult to recruit the youngest age group. People were telephoned randomly within the communities and asked for their interest in attending, then those interested completed a short screening questionnaire. Additional participants were also gathered through already recruited participants who referred others in the region. This resulted in the inclusion of people 'off the street' who were not generally engaged in the electricity industry.

Confirmation telephone calls were made in the week leading up to each event and followed up by email. Over a hundred participants were recruited for each forum.

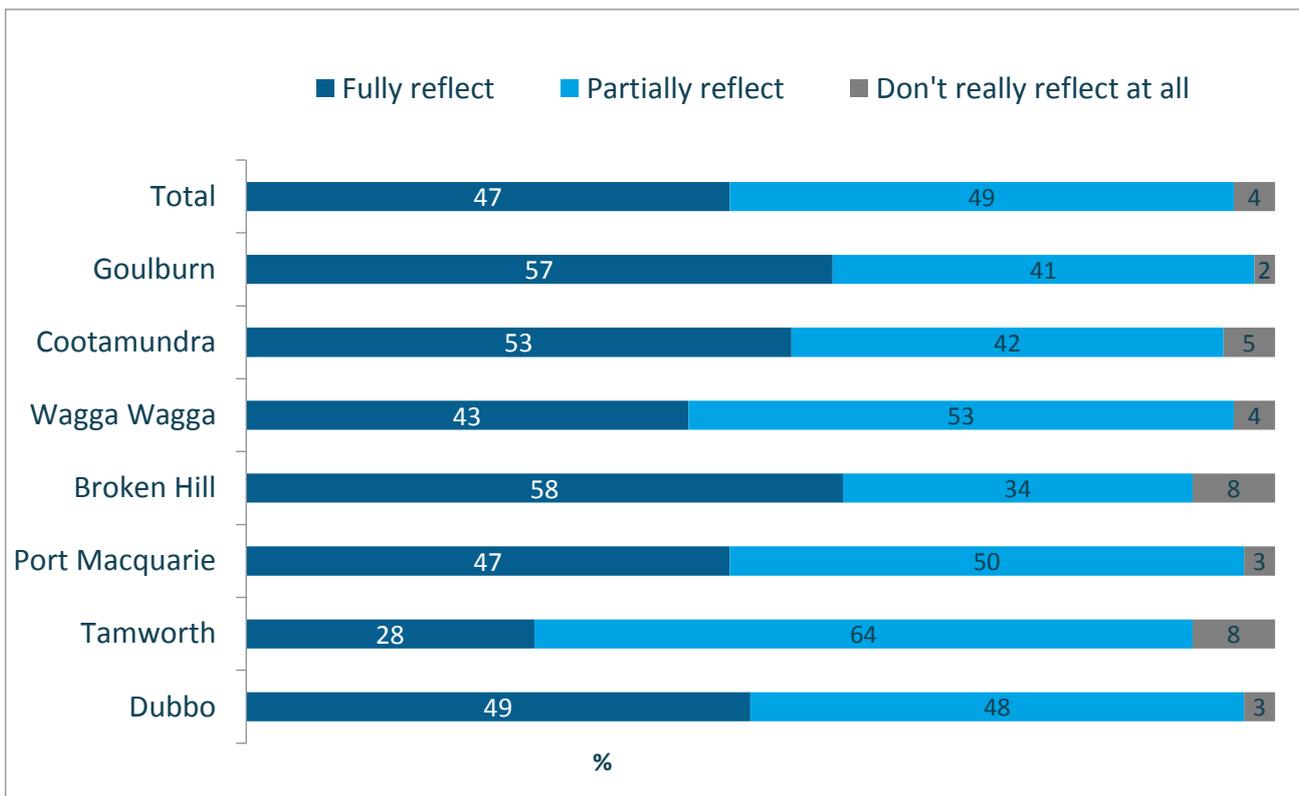
## Detailed Findings from the Community Forums

# 1. Reflective Summary of Findings

## 1.1 Reflective summary of findings

At the commencement of the forums, participants were presented with information that reminded them of Essential Energy’s role in electricity supply, and were informed of the purpose of engaging with the community, i.e. the regulatory proposal required by the Australian Energy Regulator. Findings from the first phase of forums were also presented at this time, as the audience were shown a list of values that were indicated to be significant in the first phase. Participants were then asked to indicate whether this list of values reflected the values that they themselves held personally. More than 90% at each forum stated that the values presented reflected their own, either fully or partially.

Figure 1: Reflective summary of findings by location



Q. Do the values summarised in the presentation from the last forums reflect your views?  
Goulburn n=78; Cootamundra n=82, Wagga Wagga n=75, Broken Hill n=54, Port Macquarie n=76, Tamworth n=78, Dubbo n=75

## 2. Attitudes towards Vegetation

### 2.1 Attitudes toward vegetation

It was found during the first phase of forums that customers were concerned over the appearance and management of vegetation. As this is also an important issue for Essential Energy in terms of their total spending, it was felt that an allocated session was needed to discuss vegetation with customers.

The session began with a video and a presentation from executives of Essential Energy with regard to the challenges of managing vegetation, the costs of this compared to other areas of operating expenditure and the alternative strategies that could be employed to help reduce vegetation costs.

Discussions regarding vegetation were robust with most participants having views about trees and the way in which they are trimmed in their local area. There was considerable confusion regarding the perceived responsibility for the tree cutting and pruning with many indicating that they thought council or council sub-contractors were responsible for the vegetation management. Many expressed annoyance and disapproval of the way in which 'council' or Essential Energy cut large segments of the trees to the point where they appeared ugly and unbalanced. There were also concerns regarding public safety and the on-going health of the tree when the tree structure was altered so significantly.

*"Shouldn't cut such ugly shapes into trees, make sure it's not an eyesore....if the tree needs a massive hole cut in it, they should do it nicely and try to keep it even". (Dubbo)*

Participants firstly discussed the issues and then voted on three specific questions regarding vegetation management. The specific issues were as follows:

### 2.2 Increasing the average trimming cycle

The first question posed to participants was whether Essential Energy should increase the average trimming cycle by 6 months in urban areas, i.e. cut more of the tree less often. A second question was then asked – would you support this strategy if it resulted in saving customers \$2.30 per quarter? These issues were initially discussed at the tables and then participants were asked to vote on the questions.

While over half of the participants agreed (Figure 12 - 57% agreed strongly or slightly) that the average trimming cycle should be increased, there were many who spontaneously mentioned during the discussions that in some instances it would be better to remove the tree completely, and plant

a more suitable shrub or smaller tree in its place. This was felt to be a more appealing option because the cost would be reduced, and the trees would not look as unattractive or unbalanced.

*“If you’re going to cut them further down, better off just removing them” (Port Macquarie)*

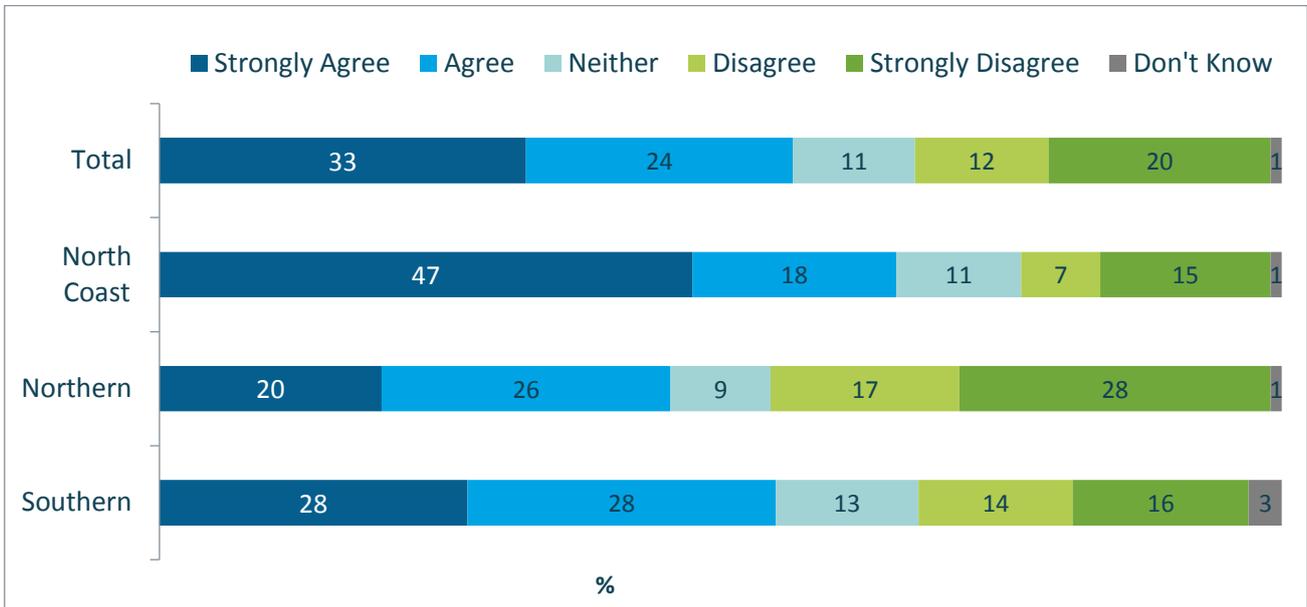
*“The wine glassing is ugly, you don’t want to see half a tree or a hole cut through the tree.....the more you take out of a tree the uglier it is. It is a balance of long term and short term solutions, long-term they need to be replaced with appropriate trees”. (Cootamundra)*

*“They already cut heaps back how! How realistic it is to be removing even more from the trees as they take just about the most you can take from the trees without killing them” (Tamworth)*

On the positive side, the idea of cutting more branches out of the trees was felt to be a more efficient method as long as the trees remained healthy, safe and attractive. On the downside, there was a commonly expressed feeling that the trees are already cut substantially and that cutting a larger portion of the tree could compromise them, potentially making them look uglier and making them unsafe.

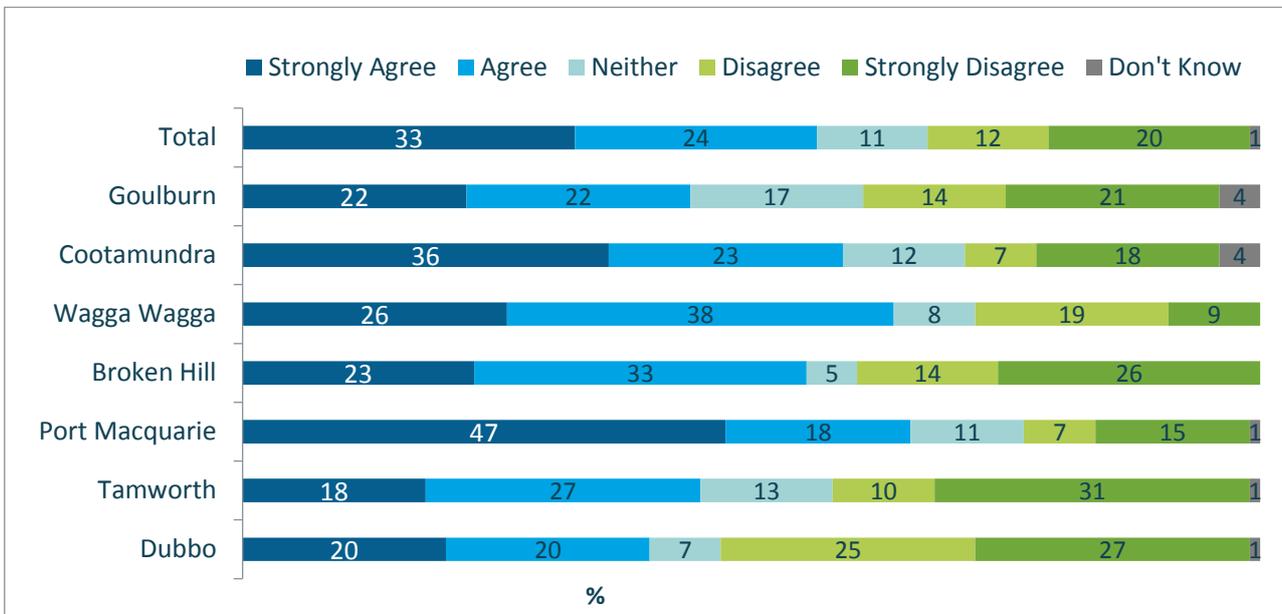
There were some variations by region for this question, with those living in the North Coast region more often agreeing that the trimming cycle could be increased and those in the Northern region least likely to agree, although they more often indicated that they ‘didn’t know’ (28%). Figure 13, shows the responses to this question by specific locations where the forums were held and agreement was highest in Port Macquarie and Wagga Wagga, and lowest in Dubbo and Goulburn.

Figure 2: Agreement with increasing the average trimming cycle by region



Q. To what extent do you agree or disagree with increasing the average trimming cycle by about 6 months in urban areas. This would result in Essential Energy having to trim more of the tree but less often, which may negatively impact on the visual appeal of the vegetation?  
North Coast n=76; Northern n=207; Southern n=235

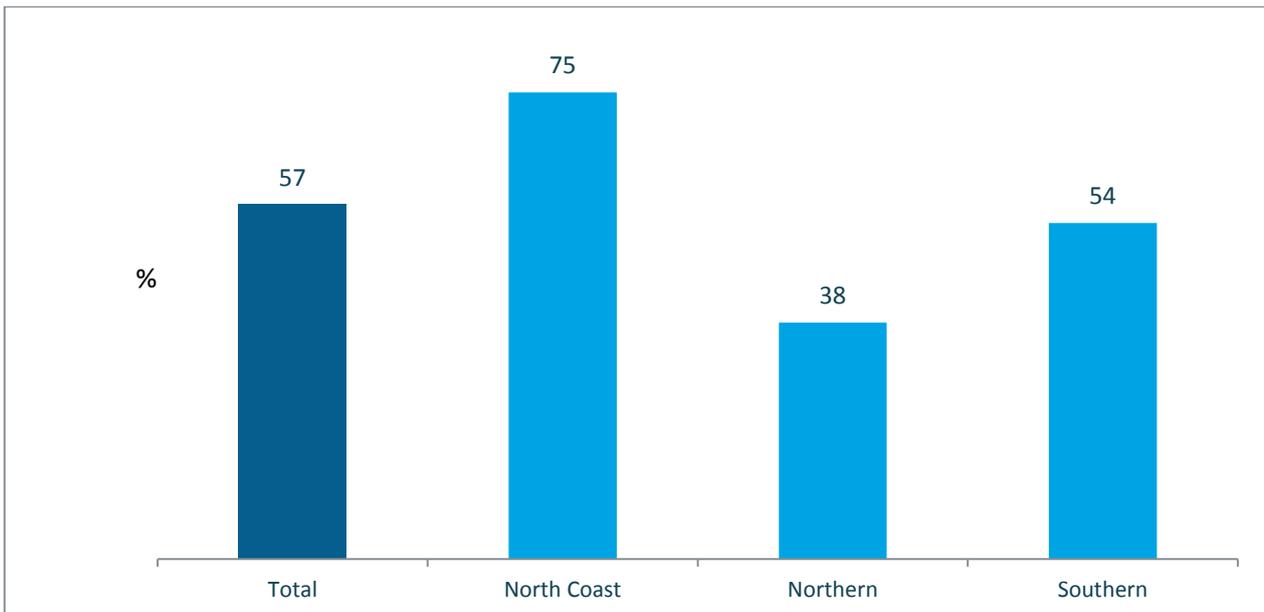
Figure 3: Agreement with increasing the average trimming cycle by location



Q. To what extent do you agree or disagree with increasing the average trimming cycle by about 6 months in urban areas. This would result in Essential Energy having to trim more of the tree but less often, which may negatively impact on the visual appeal of the vegetation?  
Goulburn n=78; Cootamundra n=82, Wagga Wagga n=75, Broken Hill n=54, Port Macquarie n=76, Tamworth n=78, Dubbo n=75

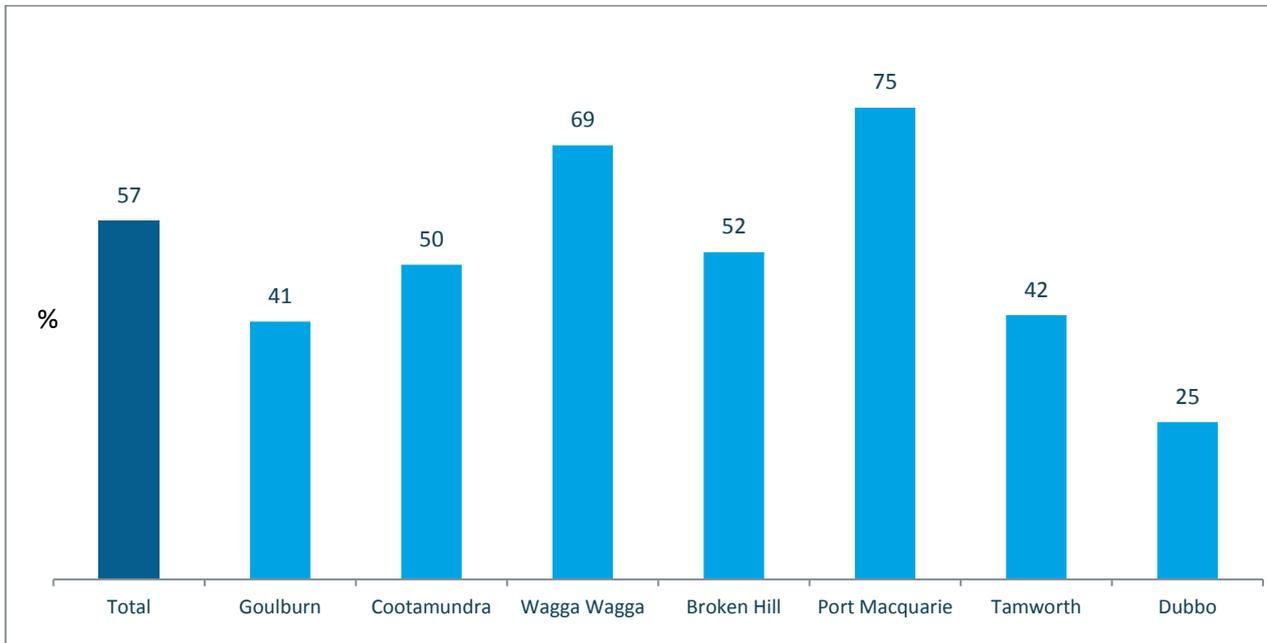
When asked to vote on whether or not they would support this strategy if it resulted in a saving of \$2.30 per quarter, again over half the participants (57%) voted yes, with support again greatest in the North Coast region and lowest in the Northern region (see Figure 14). Comparing this question by location, support was greatest amongst Wagga Wagga and Port Macquarie participants and lowest in Dubbo, Goulburn and Tamworth (Figure 15).

Figure 4: Support for trimming vegetation for a \$2.30 saving by region



Q. And would you support this strategy if it resulted in saving customers \$2.30 per quarter?  
North Coast n=76; Northern n=207; Southern n=235

Figure 5: Support for trimming vegetation for a \$2.30 saving by location



Q. And would you support this strategy if it resulted in saving customers \$2.30 per quarter?

Goulburn n=78; Cootamundra n=82, Wagga Wagga n=75, Broken Hill n=54, Port Macquarie n=76, Tamworth n=78, Dubbo n=75

### 2.3 Passing on the costs for vegetation onto Local Council & private landowners

Another issue posed to participants regarding vegetation was to what extent they agree or disagree that Essential Energy should pass costs of vegetation management onto Local Councils and private landowners where the wrong trees are planted after the power line was constructed. It was posed that if this strategy was supported, customers would save \$4.50 per quarter. Again, participants discussed the issue and were asked to vote on whether or not they would support this strategy.

This issue was felt to be quite complex with many making initial comments that they felt that Essential Energy and Councils should work together and there should be requirements in place for Councils and landowners to ensure that appropriate species of trees are planted underneath powerlines.

*“Could they bring out a guideline out about what can and cannot be planted?”* (Broken Hill)

Apart from the advantage of cost saving, there were few positives raised regarding this strategy. However there were many negative aspects raised by participants including the following:

- That Council would increase their rates to cover the cost for vegetation removal and pruning, so in the long run the customer would not save money, and could in fact be paying more;

- It would be difficult and almost impossible to prove or determine who was responsible for the tree planting in many instances, and this may cause debate and conflict; and
- That Essential Energy are the experts, have the experience, and have all the equipment to do the cutting and pruning and that they would therefore do a better job than Council or private landowners.

*“It’s a good idea but council will put up rates so it’s a Catch 22” (Cootamundra)*

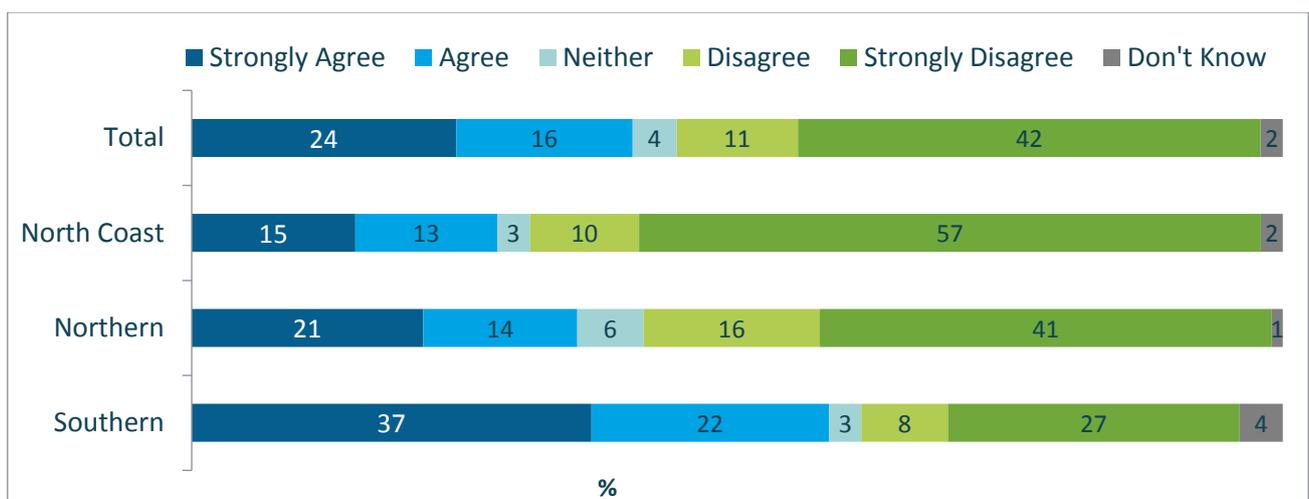
*“Council will pass the cost on to us anyway – our council will pass it on” (Broken Hill)*

*“Whoever planted it? I agree on principal but how on earth do you know? People move or change, the person living there now probably wasn’t the one who planted the tree” (Dubbo)*

*“Essential have the people – they should do it, they have better standards...you just have to look at the council road that they’re responsible for, we have more trust in Essential than Councils” (Dubbo)*

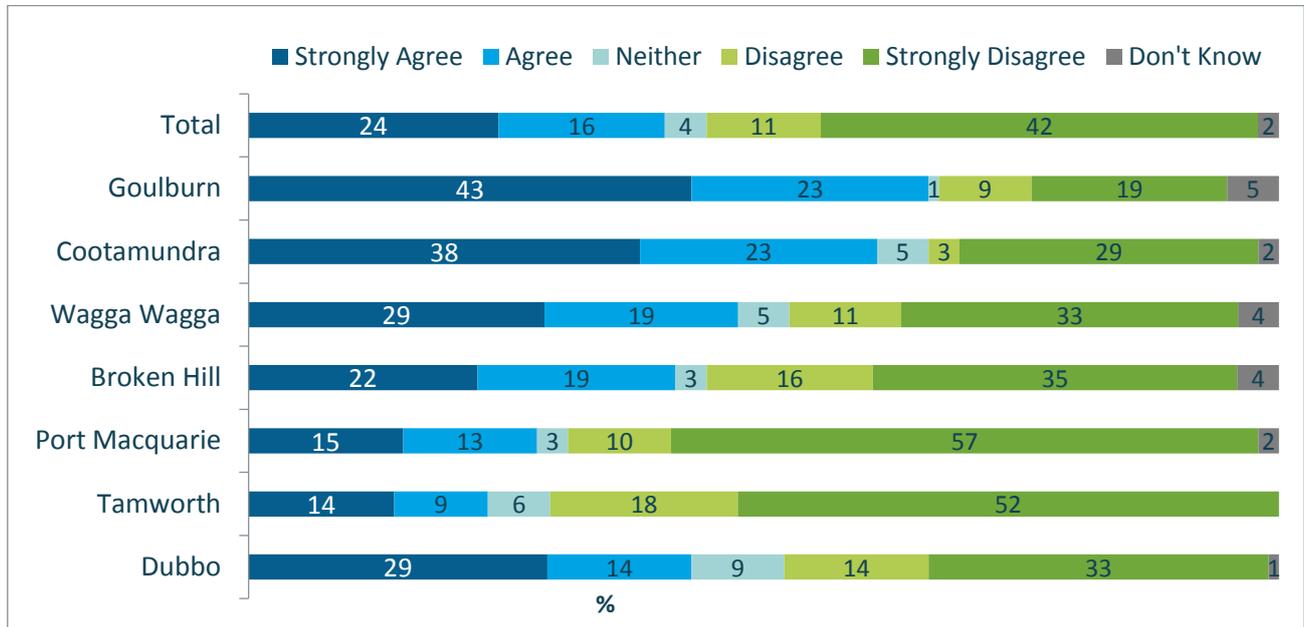
When asked to vote on this issue, 53% disagreed (slightly or strongly) with passing on the costs to local Councils and landowners, with 40% agreeing with the idea overall (slightly + strongly agree). Agreement was considerably higher amongst residents living in the Southern region (59%) and lowest in the North Coast region (28%). This pattern also emerged across the forum locations, with agreement highest in Goulburn and Cootamundra, and lowest in Tamworth and Port Macquarie (Figures 16 and 17).

Figure 6: Agreement with passing vegetation maintenance costs on to councils and landowners by region



Q. Another strategy used elsewhere in Australia would be to pass costs of vegetation maintenance onto local Councils and private landowners in circumstances where the wrong tree was planted after the power line was constructed. To what extent do you agree or disagree with this strategy? North Coast n=76; Northern n=207; Southern n=235

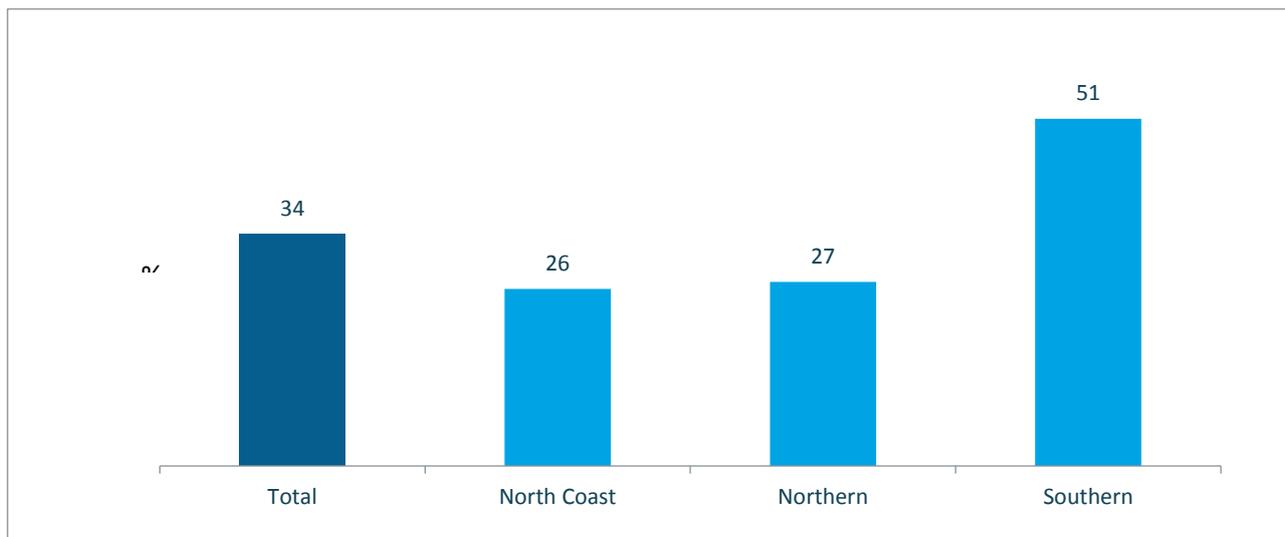
Figure 7: Agreement with passing vegetation maintenance costs onto council and landowners by location



Q. Another strategy used elsewhere in Australia would be to pass costs of vegetation maintenance onto local Councils and private landowners in circumstances where the wrong tree was planted after the power line was constructed. To what extent do you agree or disagree with this strategy?  
Goulburn n=78; Cootamundra n=82, Wagga Wagga n=75, Broken Hill n=54, Port Macquarie n=76, Tamworth n=78, Dubbo n=75

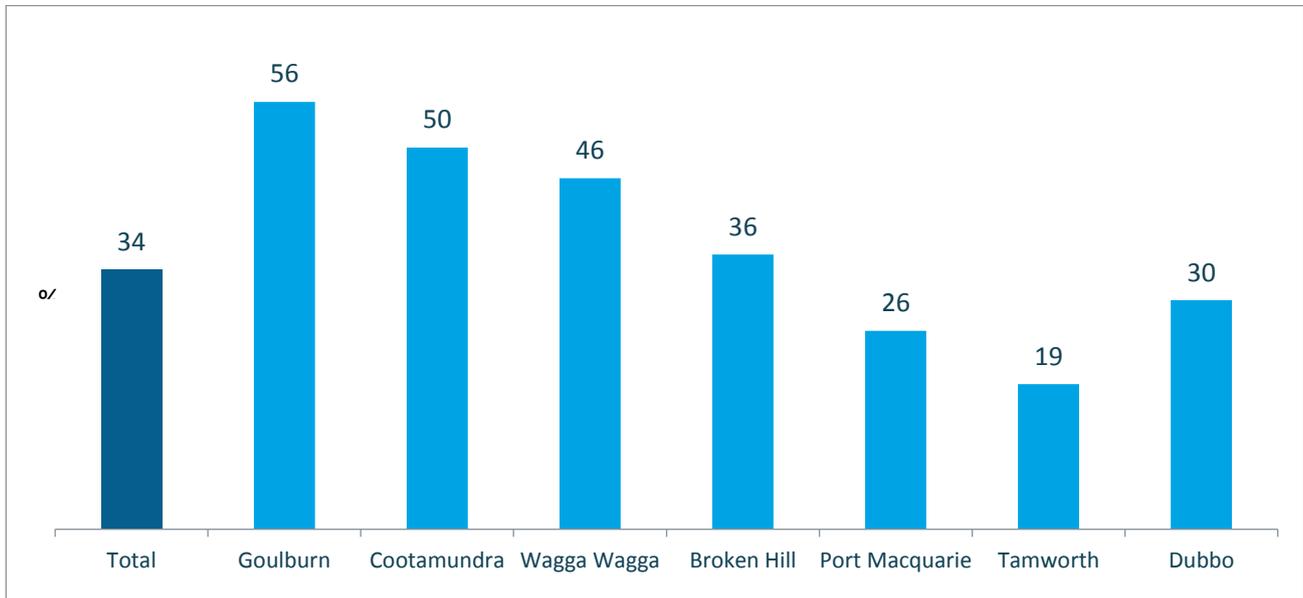
When posed that this strategy could save customers \$4.50 per quarter, on average about one third (34%) of forum participants indicated they would support it, with support greatest in the Southern region (51%), Goulburn, Cootamundra and Wagga Wagga (Figures 18 and 19).

Figure 8: Support for passing costs on at saving of \$4.50 by region



Q. And would you support this strategy if it saved customers \$4.50 per quarter?  
North Coast n=76; Northern n=207; Southern n=235

Figure 9: Support for passing costs on at a saving of \$4.50 by location



Q. And would you support this strategy if it saved customers \$4.50 per quarter?

Goulburn n=78; Cootamundra n=82, Wagga Wagga n=75, Broken Hill n=54, Port Macquarie n=76, Tamworth n=78, Dubbo n=75

## 2.4 Stacking vegetation in rural areas

The idea of Essential Energy safely stacking vegetation in some rural areas rather than processing it on site into wood chips, was also put to participants, with both a discussion and a vote for agreement with the strategy as well as a vote on whether they would support it if it saved customers \$0.38 per quarter.

This idea was felt to have both advantages and disadvantages. On the positive side it was felt to be good for people and farmers who needed firewood, it could also provide a home for animals, and it would naturally decompose. However negative aspects raised were that it was a potential fire hazard, a home for snakes, not aesthetically pleasing if the wood was left in a pile for a long time, not useful if the wood was inappropriate or too green to burn and it would be against the rules of some councils as people are not allowed to stop along the roadside and take wood because it is a safety risk.

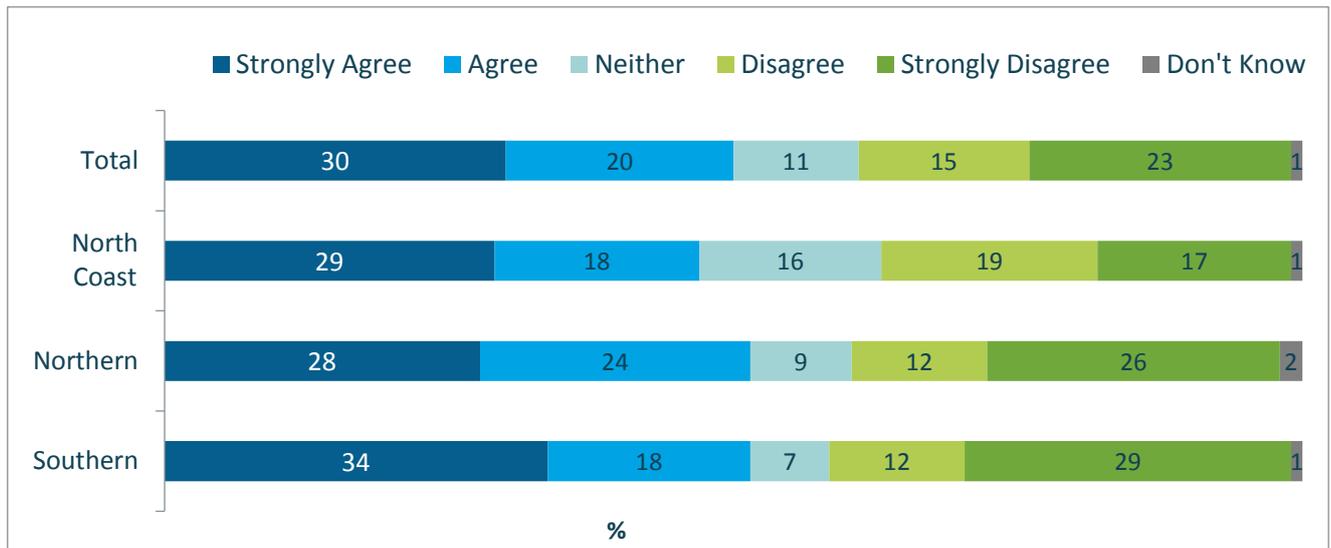
Overall there was a common perception that the property owners should have a choice regarding whether or not the wood was left on the property or not.

*“I don’t want public coming on my land, and it’s not fair if they leave it just for me because it’s a fire hazard” (Cootamundra).*

*“A fire hazard could be an issue, especially if it’s a large pile - the property owners should be the ones to make the decision” (Port Macquarie)*

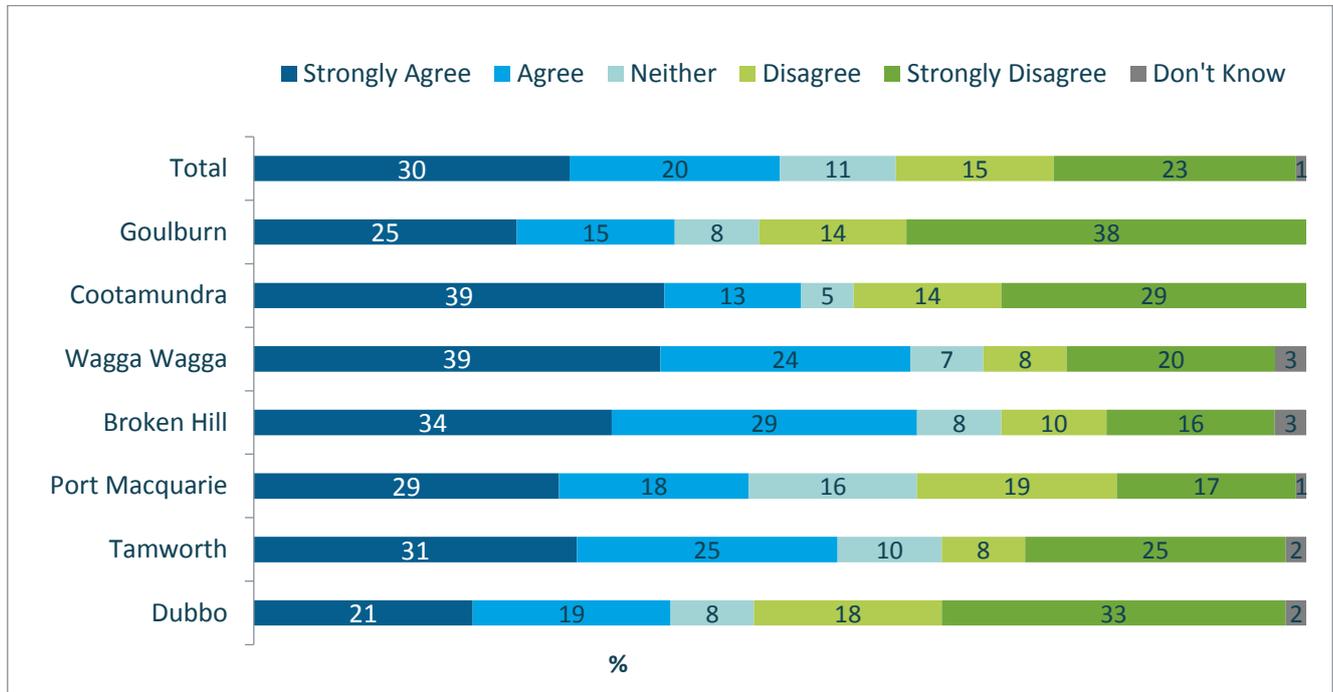
The voting revealed (Figures 20 and 21) that half the participants were in agreement with this strategy (50% slightly or strongly agree), with relatively consistent results recorded across all regions. Locations where agreement was greatest were Wagga Wagga and Broken Hill.

Figure 10: Agreement with stacking vegetation instead of wood chipping by region



Q. Another strategy used elsewhere in Australia would be to pass costs of vegetation maintenance onto local Councils and private landowners in circumstances where the wrong tree was planted after the power line was constructed. To what extent do you agree or disagree with this strategy?  
North Coast n=76; Northern n=207; Southern n=235

Figure 11: Agreement with stacking vegetation instead of wood chipping by location

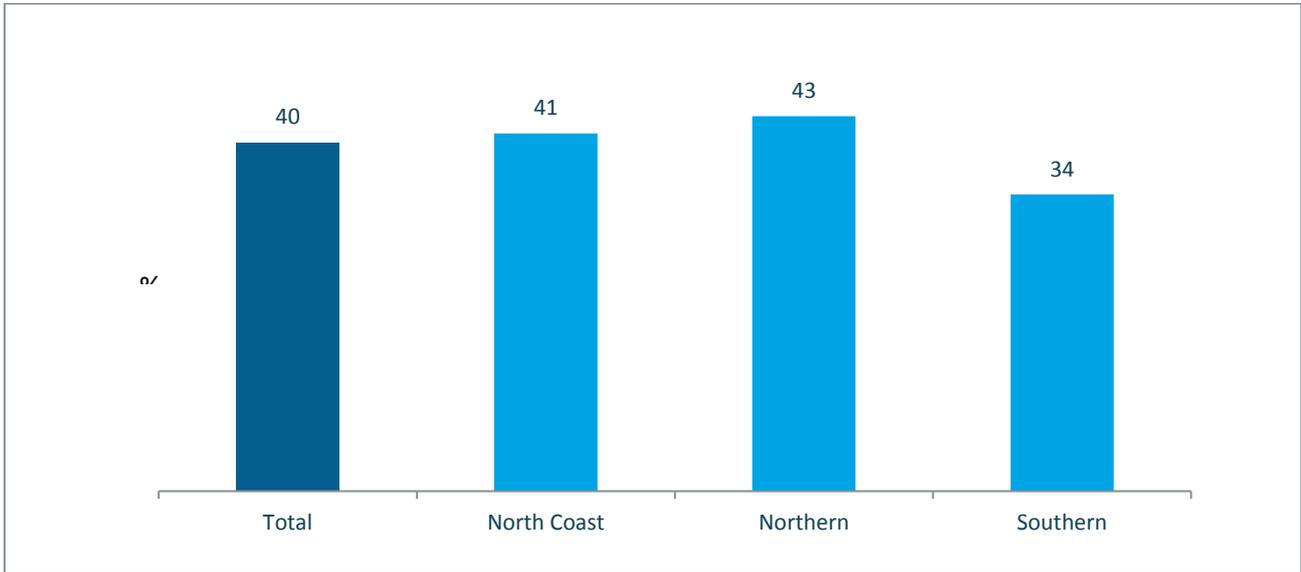


Q. Another strategy used elsewhere in Australia would be to pass costs of vegetation maintenance onto local Councils and private landowners in circumstances where the wrong tree was planted after the power line was constructed. To what extent do you agree or disagree with this strategy? Goulburn n=78; Cootamundra n=82, Wagga Wagga n=75, Broken Hill n=54, Port Macquarie n=76, Tamworth n=78, Dubbo n=75

In terms of whether or not they would support the idea if it saved them \$0.38 per quarter, 40% indicated they would support it, with slightly lower incidence amongst Southern region residents (see Figure 22). Broken Hill and Wagga Wagga participants were the most favourable towards the strategy in relation to the cost saving (see Figure 23). Participants also indicated that a \$0.38 saving was not a large amount for the potential benefit to customers.

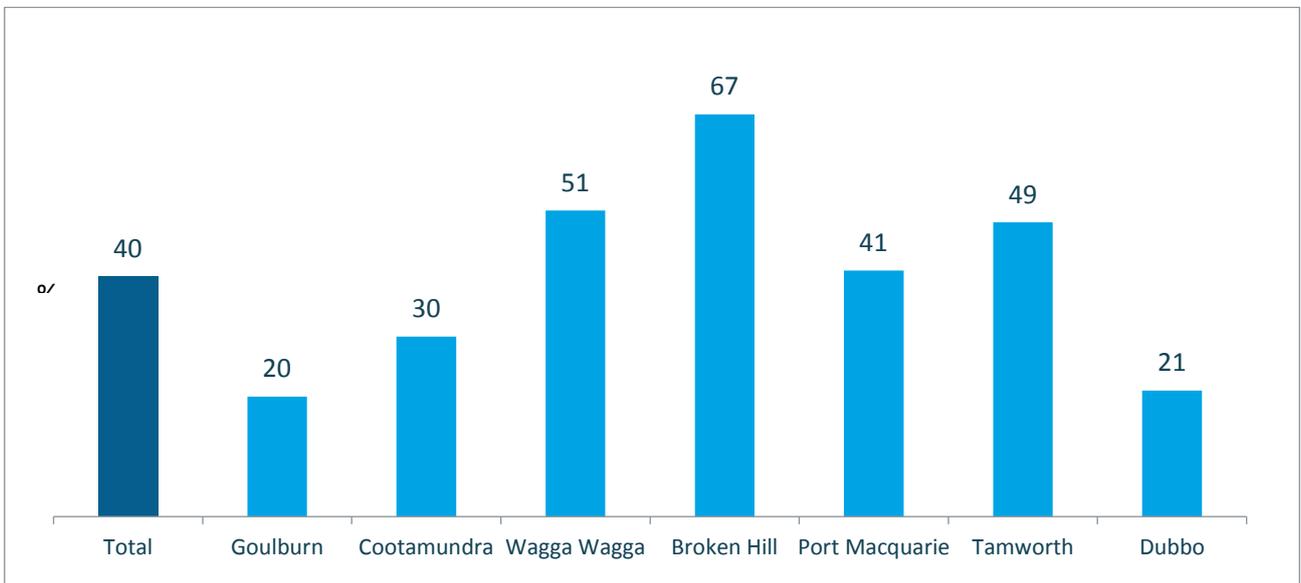
*“A 38c decrease is not worth it for the complaints they’d get” (Port Macquarie)*

Figure 12: Support for stacking vegetation for a \$.038 saving by region



Q. And would you support this if it saved customers \$.038 per quarter?  
North Coast n=76; Northern n=207; Southern n=235

Figure 13: Support for stacking vegetation for a \$.038 saving by location



Q. And would you support this if it saved customers \$.038 per quarter?  
Goulburn n=78; Cootamundra n=82, Wagga Wagga n=75, Broken Hill n=54, Port Macquarie n=76, Tamworth n=78, Dubbo n=75

## 2.5 Permanent removal of some vegetation

The final question put to participants, in regards to vegetation, was whether Essential Energy should permanently remove vegetation and selectively replant more appropriate types of vegetation rather than continue to cut it. This was followed by voting on the idea of a saving of \$0.49 per quarter if this strategy was adopted.

There was widespread agreement with this strategy, with many participants having previously made this suggestion when discussing cutting and maintenance. It was spontaneously suggested that in some instances it would be better to remove the tree completely rather than continue to keep cutting it back, especially when the health of the tree was jeopardised and it was unappealing and unbalanced. There was agreement that more suitable shrubs and small trees should be planted either under the lines or in different locations, and that the long term saving for permanent removal would be substantial – and potentially more than the suggested \$0.49 per quarter.

Participants also mentioned that there would need to be exceptions to this strategy especially for large beautiful trees like jacarandas, wattles and silky oaks, which may have special significance to the town and have strong heritage value.

*“The trees along the street are beautiful in autumn, would look terrible if you took them all down... and I like the shade of the trees over the footpath in the summer” (Goulburn)*

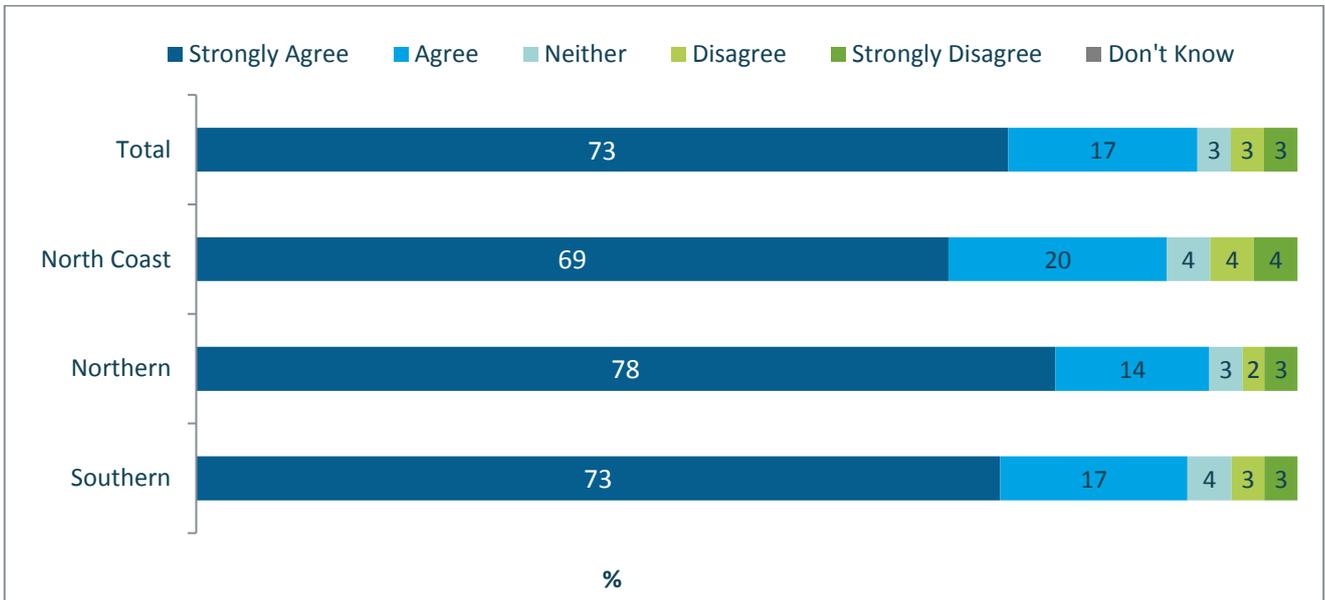
*“They should take them right out, if they’ve got trees under the lines they should take them out. They can re-locate them or sell them” (Cootamundra)*

*“Why not, if they’re a problem get rid of them? And make better choices with the type of replacement plant - I like trees, but you’ve got to have the right thing in the right place” (Broken Hill)*

*“Cutting and replanting is a great idea and this should be the way forward – plant the correct trees that won’t be a problem in the future” (Goulburn)*

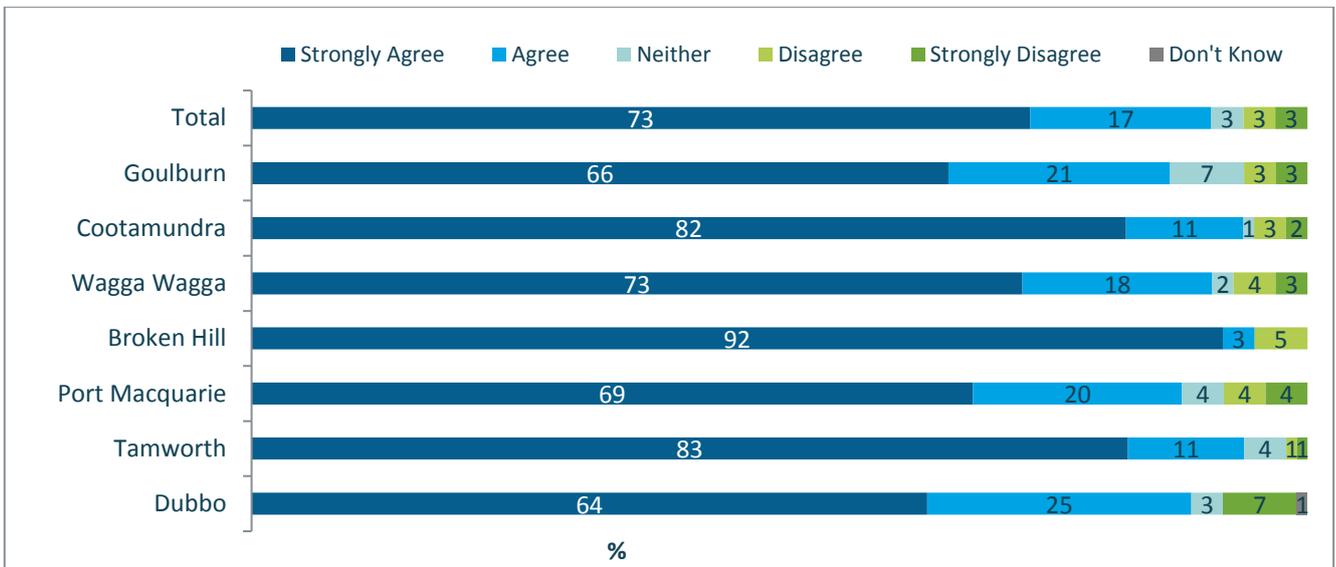
The results of the keypad voting also showed strong agreement for this idea with 73% of participants overall either agreeing slightly or strongly (Figure 24). Support for removing and replacing vegetation was highest in Broken Hill and Cootamundra and lowest in Dubbo (Figure 25).

Figure 14: Agreement with removing and replanting by region



Q. Costs could also be reduced if Essential Energy could permanently remove vegetation and selectively replant more appropriate types of vegetation rather than continue to cut the current vegetation. To what extent do you agree or disagree with this?  
North Coast n=76; Northern n=207; Southern n=235

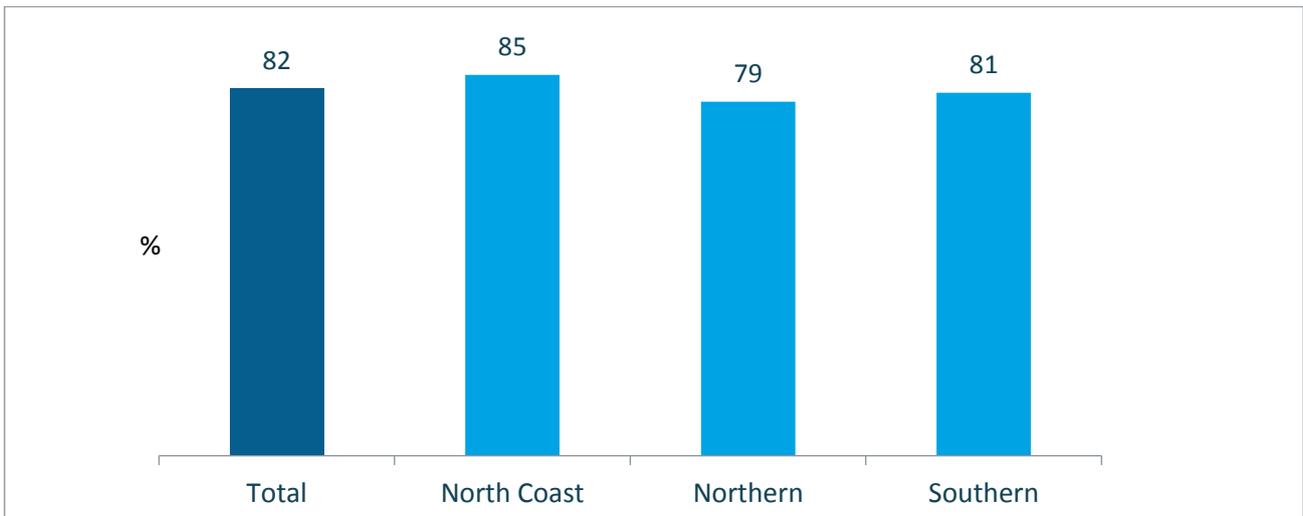
Figure 15: Agreement with removing and replanting by location



Q. Costs could also be reduced if Essential Energy could permanently remove vegetation and selectively replant more appropriate types of vegetation rather than continue to cut the current vegetation. To what extent do you agree or disagree with this?  
Goulburn n=78; Cootamundra n=82, Wagga Wagga n=75, Broken Hill n=54, Port Macquarie n=76, Tamworth n=78, Dubbo n=75

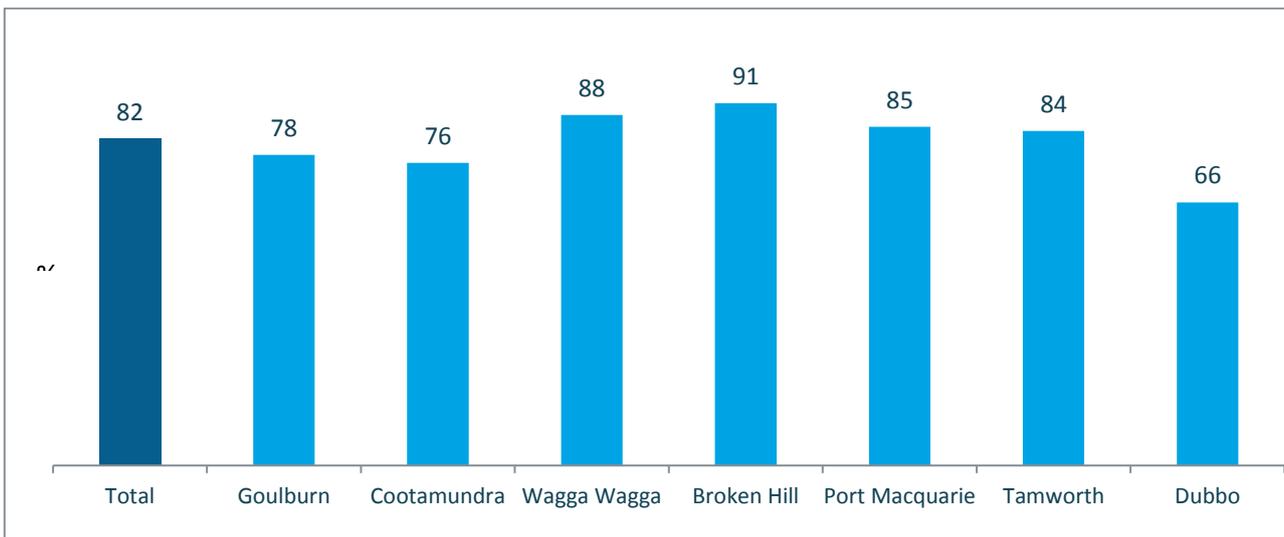
Support for this strategy remained strong when there was a small saving of \$.0.49 per quarter for customers, with over eight in ten participants (82%) answering yes. Support for removal and replacement of vegetation for a cost saving was also relatively consistent across regions and locations, with Dubbo the only place recording support lower than three quarters of the sample (66%) (Figure 27).

Figure 16: Support for removal and replanting for a saving of \$.0.49 by region



Q. And would you support this if it saved customers \$.0.49 per quarter? North Coast n=76; Northern n=207; Southern n=235

Figure 17: Support for removal and replacement for a saving of \$.0.49 by location



Q. And would you support this if it saved customers \$.0.49 per quarter?

Goulburn n=78; Cootamundra n=82, Wagga Wagga n=75, Broken Hill n=54, Port Macquarie n=76, Tamworth n=78, Dubbo n=75

### 3. Reliability and Response Times

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Forum participants were presented with current statistics on overall network reliability and engagement feedback, including average response times and details of poor performing feeders. Following the presentation, table discussions took place regarding response times to unplanned power outages in areas with low numbers of residents, the preferred time-of-day for planned outages, and support for areas with lower availability.

#### 3.1 Reliability and response times

Participants were asked to share their attitudes towards potentially extending the duration of an unplanned outage, in the case that five or less people are affected by the outage.

Reactions, in a general sense, towards this proposition were negative, as there was a general overarching sense that electricity constitutes an essential service, and as such there should not be any form of delay in the restoration of service. Many participants highlighted their belief that the electricity grid should be managed with equity in mind, i.e. it is the responsibility of Essential Energy to strive for a minimal differential in outage times between urban, rural, and remote areas.

*“Doesn’t matter whether it is one person or a thousand people we all deserve the same”  
(Wagga Wagga)*

There were other common reasons that participants provided to illustrate their opposition to the presented scenario. This included the fact that a saving of 35¢ was not enough to recoup the significant negative impacts from blackouts approaching 16 hours. The amount was not seen to be a significant enough saving to justify the discomfort caused to those few people affected by the blackouts.

*“35¢ for us is nothing compared to the inconvenience for them” (Broken Hill)*

Of concern to participants were the potential impacts of an increased blackout duration, particularly to vulnerable customers who may rely on the electricity network to power medical equipment or may be unable to afford a reliable back-up generator. There were also concerns raised by some participants as to the adequacy of diesel generators and other back-up solutions, as they can be insufficient to run everything within a household.

*“I have a generator but blackouts still affect me a lot, the pumps won’t work and my shower won’t work” (Goulburn)*

There were also concerns about the impacts that may be felt by all potentially affected customers, not just the vulnerable customers. These included concerns about the potential spoiling of food/perishables, which can be difficult to replace for those who live in remote areas; as well as concerns about the reliance of many properties on electricity to ensure that their water pumps continue to function.

*“I’ve been home when there has been an outage for most of the day, I couldn’t use the hot water system, didn’t dare open fridge, yeah I could read a book but when it’s getting dark, what am I going to do?” (Dubbo)*

In addition to all of these concerns, participants also broadly expressed concerns about the potential impacts of long outages on small businesses, both agricultural businesses and any small business that an individual may be running out of their home. These concerns included the aforementioned reliance of watering systems on electricity, which could have a negative impact on farmers or irrigators who often have vital functions occurring outside of ‘business hours’. Another concern to participants was for those who maybe dependent on computers and the internet to operate their businesses.

*“I have an alternative power supply – however pumping water is a nightmare as it is a stock/cattle farm” (Cootamundra)*

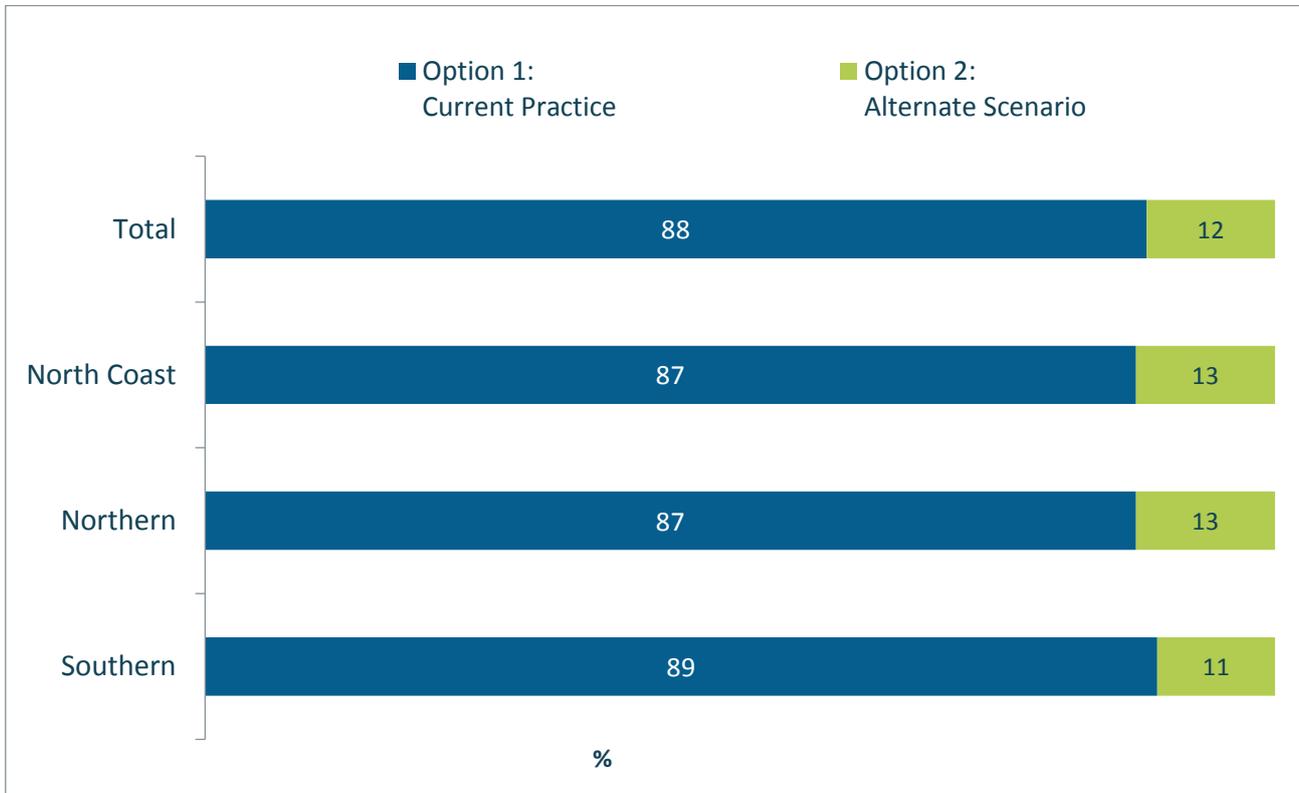
This sentiment was reflected in the keypad voting (Figures 28 and 29), where participants were asked to choose between the current option and an alternate scenario (Table 1).

Table 1: Outage response time options

OUTAGE TRAITS	Option 1: Current Practice	Option 2: Alternate scenario
<b>Number of customers without power</b>	Less than 5 each outage	Less than 5 each outage
<b>Time of the week</b>	Outside of business hours	Outside of business hours
<b>Response time</b>	No change	up to an additional 16 hours without power each outage
<b>Quarterly Bill Change</b>	No change	-\$0.35

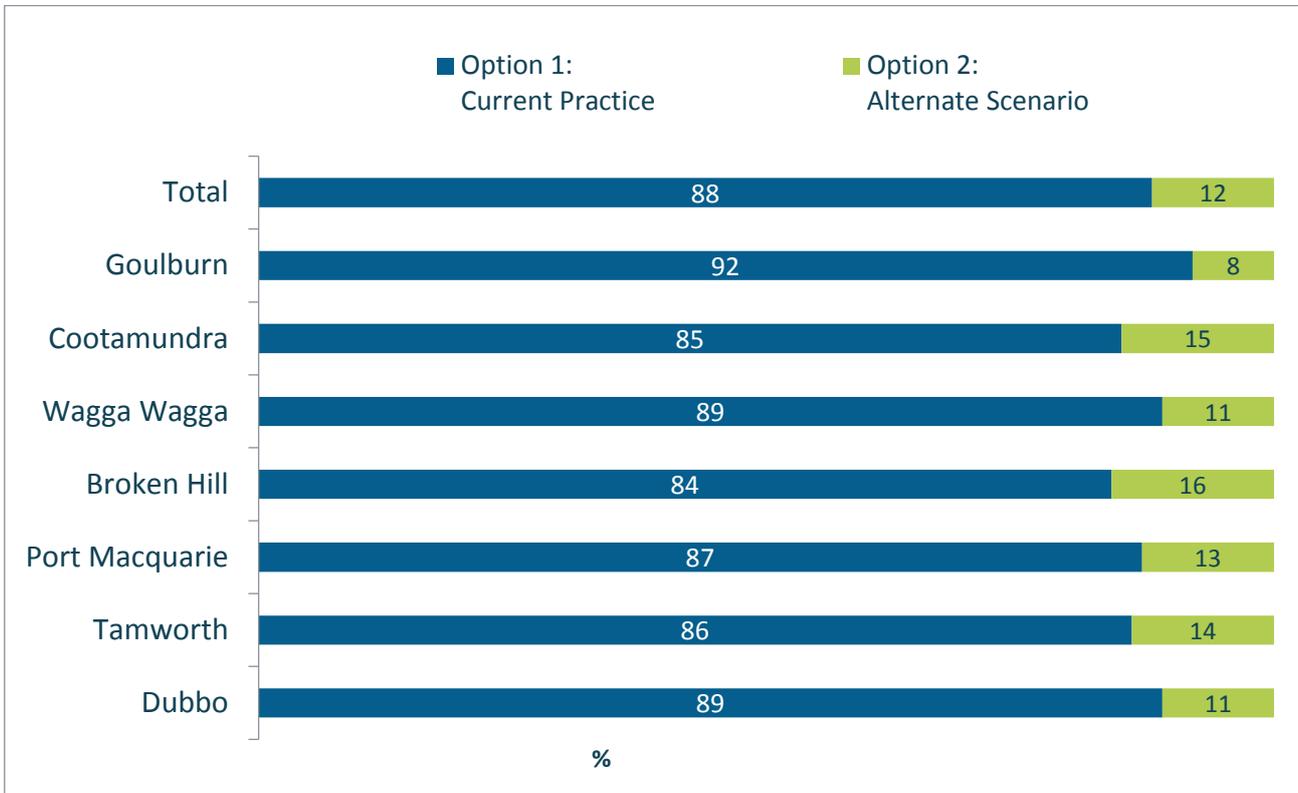
In total, 88% of participants indicated in favour of staying with the current practice, rather than changing to up to an additional 16 hours without power each outage, for a cost saving for all customers of \$0.35. There was little differentiation in support across the regions or forum locations.

Figure 18: Preference for alternate scenario by Region: Lengthen response time, reduce electricity costs



The following alternate scenario would lengthen response times for a small number of customers, but reduce electricity costs for all customers. Which would be your preferred scenario?  
North Coast n=76; Northern n=207; Southern n=235

Figure 19: Preference for alternate scenario by Location: Lengthen response time, reduce electricity costs



The following alternate scenario would lengthen response times for a small number of customers, but reduce electricity costs for all customers. Which would be your preferred scenario?

Goulburn n=78; Cootamundra n=82, Wagga Wagga n=75, Broken Hill n=54, Port Macquarie n=76, Tamworth n=78, Dubbo n=75

### 3.2 Preferences for outage timings for planned outages

Participants were asked to determine their preference for the timing of planned outages, presented with the choice of no change, starting earlier only, finishing later only, or both starting earlier and finishing later (Table 2).

Table 2: Planned outage options

	Option 1: Current	Option 2: Earlier only	Option 3: Later only	Option 4: Earlier and Later
<b>Usual planned outage times</b>	9am to 2pm	7am to 2pm	9am to 4pm	7am to 4pm
<b>Impact on quarterly electricity costs</b>	No change	-\$0.35	-\$0.15	-\$0.50

Generally the feeling was that, in regards to planned outages, Essential Energy currently does a good job. It was understood by most participants that planned outages happen for a good reason, and there was also a feeling that planned outages were not overly pervasive. There was a general sense that Essential Energy does a good job of communicating when a planned outage is to occur, with work being completed either on schedule or ahead of schedule.

*“If you need it to be maintained then you need it be maintained” (Dubbo)*

The prevailing attitude expressed in this discussion was that the preferred option was to either leave the timing the same, or pursue the later only option. It was felt by participants that having an outage that could begin at 7am would have a disproportionate impact, particularly for anyone who works in a full time job or has a family with school aged children. They felt this way because an outage that begins in the morning impacts on trying to get ready, as appliances needed for making breakfast would stop functioning, or they might be unable to have a shower or even brush their teeth if their water is reliant on electricity. While many participants insisted that the morning period was not an option for extending outages into, there was a level of support for extending outages into the afternoon period. For many participants who have ‘typical’ lifestyles of full-time work, it is not particularly inconvenient to have the outage extend until 4pm, as many would not have returned home from work yet. Some parents mentioned that their children often return home from school before 4pm, but generally this was not seen as a major issue as it would not cause a significant disruption to the important tasks they need to complete on a day to day basis.

*“There are people getting ready for work and school before 9 am. Going a bit later might be a bit better because it is more cost-effective to stretch out the work” (Wagga Wagga)*

While extending the duration of outages into the afternoon was generally well received by some, there was also acknowledgement that there are different groups of people who would feel adverse impacts of such a change. There was concern for the elderly and others who spend extended periods of time at home, including those who work from home. The point was raised that this could impact on their prosperity, by decreasing the amount of time available to work on a day when a planned outage occurs. It was also raised that there could be a potential health impact, particularly in winter and summer when elderly people would not be able to run their heating or air conditioning for a longer period of time. Additionally, concern was raised for the impact that longer outages can have on anyone who works within the agricultural industry, which is generally more reliant on power to complete their work.

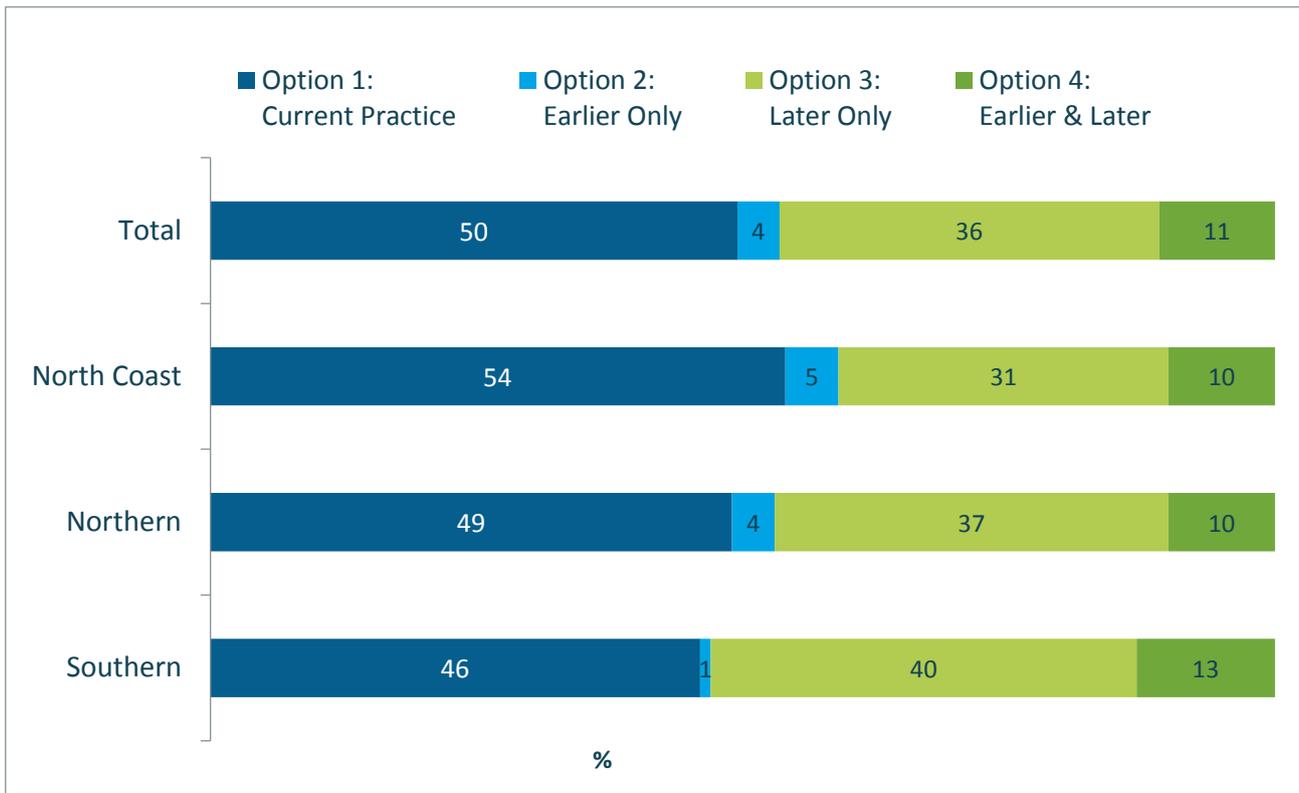
*“By extending the outage times then you might severely impact on the ability to run air conditioning in summer or the heating in winter” (Goulburn)*

Another factor that was raised by participants was that the estimated saving that would be achieved by extending outage durations was not significant enough for them to consider changing a system they do not currently see as broken. As stated before, the general view expressed across the forums is that Essential Energy does a good job when it comes to planned outages. While extending the duration of outages until 4pm was the most popular of the alternative options, there was a recognition of the fact that during winter and summer seasons the inability to heat or cool your house would be more detrimental than is justified by a saving of a few cents per quarter.

*“There’s not much bang for your buck, 60c a year to get an extra 2 hours of work time”*  
(Wagga Wagga)

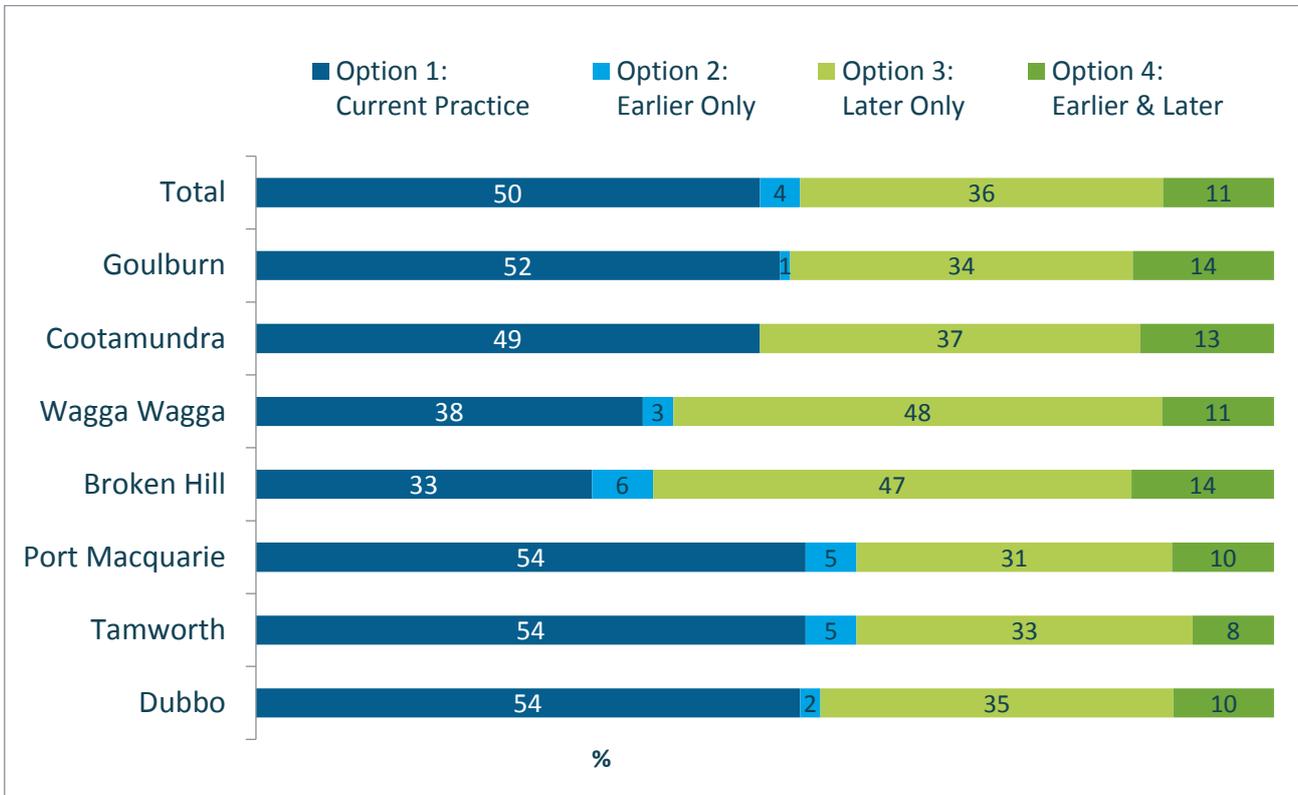
The current practice was still a preference for most (50%), with ‘later only’ receiving some support (36% in total), especially in the Southern region (40%) (Figure 30). When looking closely location-by-location, both Wagga Wagga and Broken Hill were significantly more likely to indicate a preference for the ‘later only’ option (48% and 47% respectively) (Figure 31).

Figure 20: Preference for alternate scenario by Region: Timings for planned outages with cost reductions



Should Essential Energy should start work on some planned outages earlier (i.e. prior to 9am) provided there is prior notification and it is reasonable given factors such as weather? Which of the following options do you prefer?  
North Coast n=76; Northern n=207; Southern n=235

Figure 21: Preference for alternate scenario by Location: Timings for planned outages with cost reductions



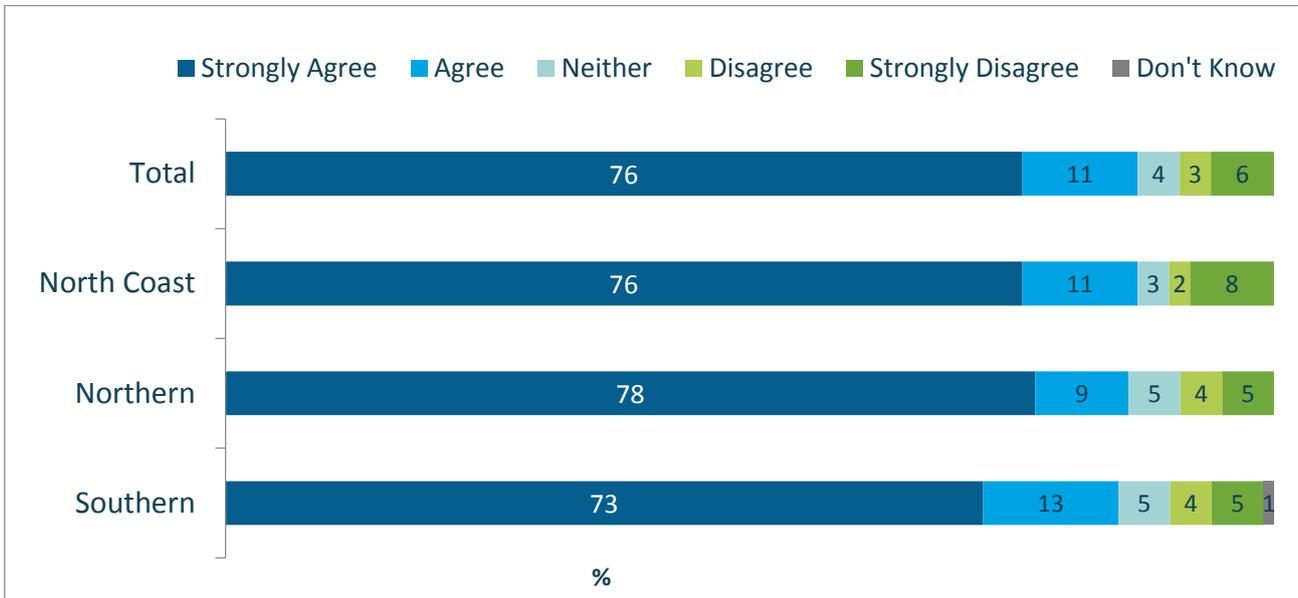
Should Essential Energy should start work on some planned outages earlier (i.e. prior to 9am) provided there is prior notification and it is reasonable given factors such as weather? Which of the following options do you prefer?

Goulburn n=78; Cootamundra n=82, Wagga Wagga n=75, Broken Hill n=54, Port Macquarie n=76, Tamworth n=78, Dubbo n=75

### 3.3 Reliability for lower availability areas

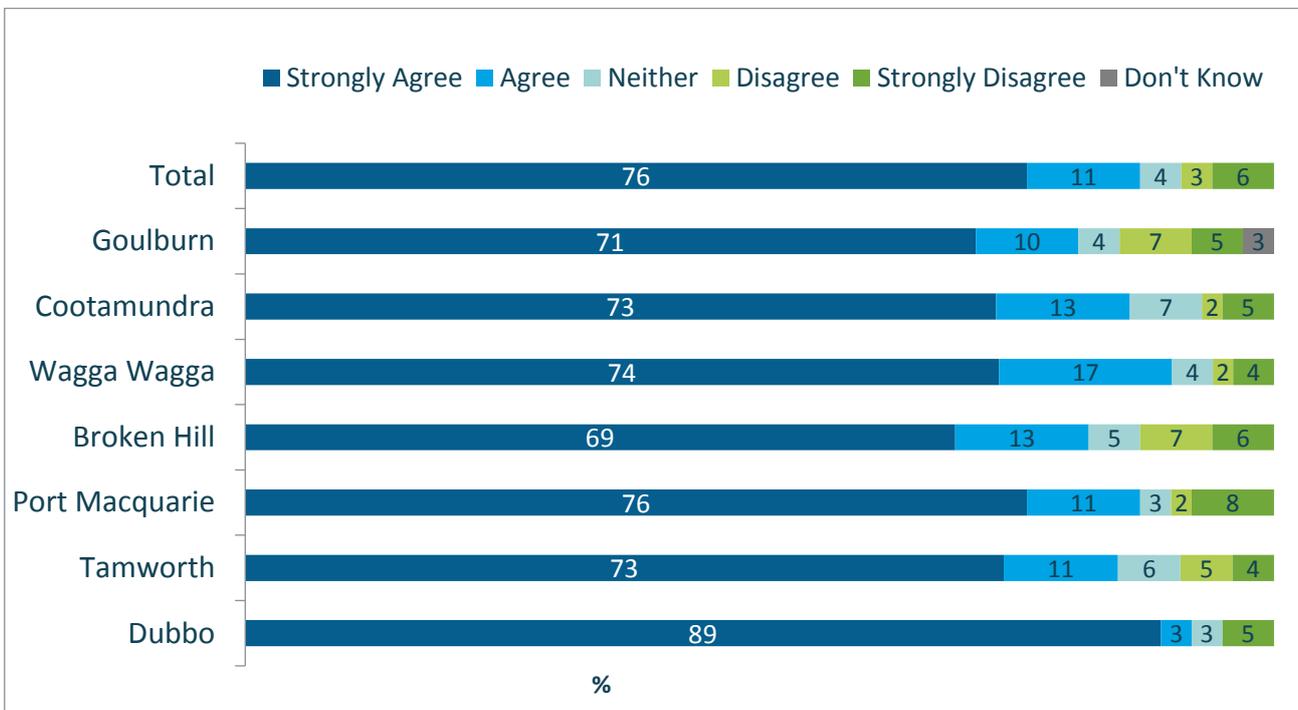
In regards to reliability, the final issue that participants were asked to consider was their attitude towards an increase in network charges of 10¢/quarter in exchange for an increased investment into the poorest performing feeders on the Essential Energy network. The support overall for this concept was very strong, with over three quarters (76%) of participants across all of the forums indicating that they strongly supported the concept (Figure 32). Dubbo participants were significantly more likely to strongly agree with this strategy (89%) (Figure 33).

Figure 22: Agreement with price increase for reliability improvements in lower availability areas by Region



To what extent would you agree or disagree with Essential Energy increasing network charges for each customer by \$0.10 per quarter to complete the reliability improvements on areas with lower availability?  
North Coast n=76; Northern n=207; Southern n=235

Figure 23: Agreement with price increase for reliability improvements in lower availability areas by Location



To what extent would you agree or disagree with Essential Energy increasing network charges for each customer by \$0.10 per quarter to complete the reliability improvements on areas with lower availability?  
Goulburn n=78; Cootamundra n=82, Wagga Wagga n=75, Broken Hill n=54, Port Macquarie n=76, Tamworth n=78, Dubbo n=75

Participants provided a myriad of reasons for supporting this proposal, however chief amongst them was that the perceived benefit achieved from the 10¢ increase was well worth it. Many participants pointed out that 10¢ is essentially an imperceptible difference, even to vulnerable customers such as pensioners and other low-income people; while the difference that could be made to the lives of customers on poor performing feeders would be significant. Many participants viewed this discussion as a matter of compassion; similar to the reasoning presented in opposition of extending outages that affect fewer than five people, participants raised the point that many who would be affected by this change are currently ‘doing it tough’. Many participants also felt that a large number of people on these poor performing feeders could be involved in the primary industries such as farming, and as such it is within public interest to be providing support for these individuals.

*“The cost is so insignificant, would rather be compassionate to them and make it more reliable” (Port Macquarie)*

*“Everyone should have the opportunity for power, especially farmers who provide us with food” (Broken Hill)*

In regards to specific technological solutions for addressing this problem, participants were less confident in prescribing a direction between improving the existing lines or installing alternate technologies such as microgrids. Some participants were willing to consider the introduction of microgrids etc. into these areas, however reliability remained an important factor to consider and there were few participants who wanted to see these customers removed from the grid and solely reliant on microgrids. Ultimately, to the participants at the forums, the matter of how to achieve this goal was of lesser importance, the main view expressed was that if a significant effect on reliability can be achieved for such a low price then it is a worthwhile objective.

## 4. Cost Reflective Pricing

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Forum participants were shown a presentation explaining cost reflective pricing and the requirement for Essential Energy to move towards this model. Various costing elements were explained, including fixed vs. variable revenue and costs, demand tariffs, time of use, seasonal pricing, controlled load.

### 4.1 Cost reflective pricing

Following the presentation on cost reflective pricing, participants were asked to comment on their attitudes toward cost reflective pricing in a general sense.

In an overall sense, there was some agreement that electricity companies (distributors and retailers) should be encouraging better usage behaviour and offering incentives for positive behavioural change. From the presentations, they could understand the pressures being placed on the network and the advantages for Essential Energy in trying to spread customer usage and potentially charge more to those using in peak times.

*“Yes, Emma (woman in the video presented) should try and spread her usage out, you can understand she is adding pressure to the network in the way she uses her electricity” (Port Macquarie)*

There was an overarching view that any changes to tariff structures should be expressed in a positive way and not be seen as a penalty. There was a feeling that many customers do not have the time to organise themselves well enough to change behaviour, particularly with regards to when they use electricity, and that these people could be lower socio-economic customers who could not afford to be penalised.

This then led to much discussion around the need for education as to pricing alternatives and how to choose what is best for the household’s situation or how the different options impact bills.

Some participants however, were against the idea of cost reflective pricing and believed that customers should simply pay a flat rate according to how much electricity they use. Most were unsupportive of locational pricing in particular.

*“I’m all for postage stamp pricing, it the fairest method” (Dubbo)*

*“Location based pricing is not a good idea because people cannot necessarily control where they live, or deserve to be penalised for living there” (Wagga Wagga)*

There was also a question over whether the retailers would pass on any savings that resulted from a move to cost reflective pricing.

*“I have great confidence in EE but no confidence in the retailer” (Port Macquarie)*

#### 4.2 Time of Use

Time of use pricing was reasonably well understood by participants, with many familiar with the terms peak and off peak pricing.

The general feeling was that time of use pricing would encourage customers to change their behaviour, but many participants suggested that it would depend on how much flexibility an individual had to use their appliances at off peak times. In addition, some argued it would also be hard to convince other family members, particularly husbands and teenagers to conform to changing their behaviour.

*“If it was going to save you money you might think of changing your habits” (Broken Hill)*

*“I work full time and have children, I can’t do my washing any other time” (Dubbo)*

*“Am I being disadvantaged because I work?” (Tamworth)*

*“Difficult for people with teenagers – they won’t think about their usage at peak times” (Tamworth)*

It was suggested that a good education campaign would need to accompany time of use pricing, with clearly stated times for the different periods so customers know when it is peak or off peak. It was also thought that some form of smart meter would be useful in showing how much you were using at a particularly time and even the impact of each appliance on kWh usage.

*“Essential Energy could produce a sticker to show you what times are peak” (Tamworth)*

Participants also suggested that customers could switch to appliances that could be programmed to only come on at certain times, however this was not seen to be a solution that suited all, particularly those living in apartment blocks who could disturb neighbours at night.

*“You could use appliances with delayed timing and say, run your washing machine in the middle of the night” (Broken Hill)*

Others suggested that it was unreasonable to put pressure on customers to not use electricity in peak times, particularly the use of air-conditioners on extremely hot or cold days. This was especially

an issue for those in places with extreme temperatures such as Broken Hill, Goulburn, and Cootamundra.

*“Who’s not going to put on their air conditioning on a really hot day – that is unrealistic.”*  
(Broken Hill)

*“If my kids are cold I’m not going to leave the heater off to save money”* (Cootamundra)

*“Heating in this area in winter is not a luxury item - it’s a necessity”* (Goulburn)

A few participants suggested that if Essential Energy were successful at moving everyone to using electricity at off peak times, it would just result in a ‘new peak’ therefore defeating the purpose.

### 4.3 Seasonal pricing

The idea of seasonal pricing was not well liked by most consumers. There was a feeling that it would become more confusing, particularly in combination with a time of use tariff, but more importantly, it would result in lower socio-economic customers suffering in extreme temperatures.

*“Where there are extreme temperatures, it is not fair”* (Tamworth)

*“It is important to not be hitting families/elderly who could end up suffering due to the weather if they are afraid of paying”* (Dubbo)

There was some questioning around the impact of seasonal pricing on the yearly bill, with participants asking how much more they would be paying in winter and summer and conversely, how much less at other times of the year. Participants preferred the concept of bill smoothing rather than vast variations across the seasons.

*“There should be a balance across the year, rather than having the bill swinging all over the place. For people on a week-to-week budget consistency is important.”* (Broken Hill)

*“Would that mean it would be really low in the low seasons and just higher in winter and summer?”* (Port Macquarie)

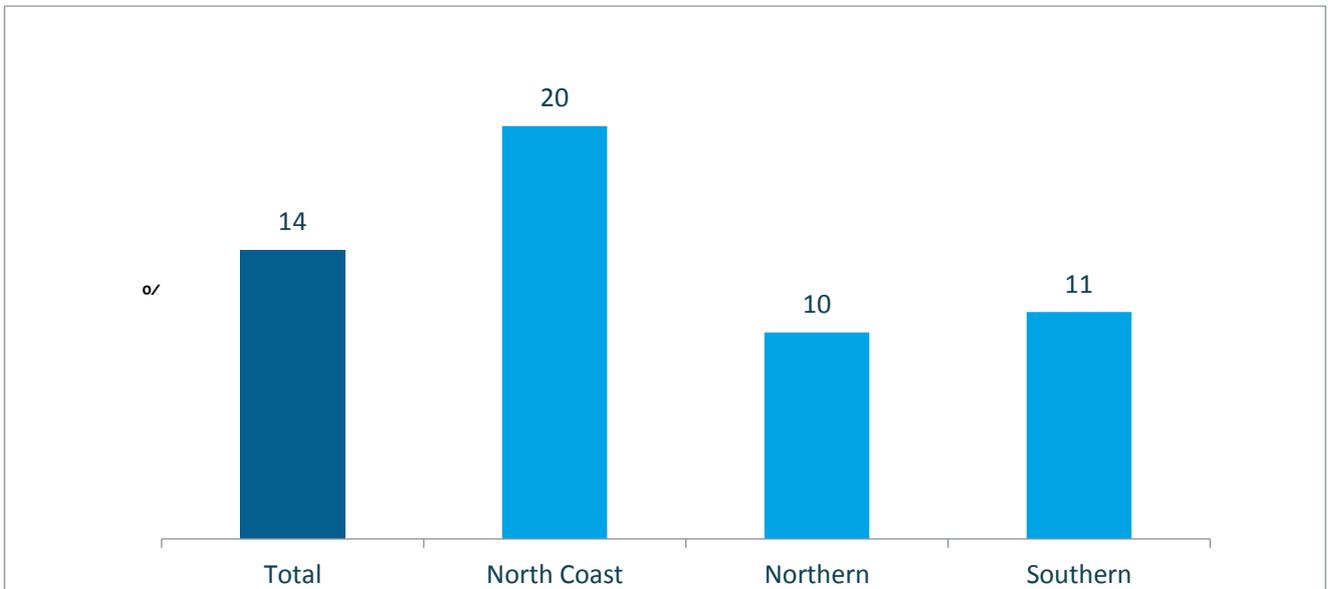
Letting weather conditions impact usage of electricity was felt to be unfair in that the climate was out of people’s control and many felt it was not right to penalise customers because of the weather.

*“You shouldn’t be penalised for things out of your control”* (Wagga Wagga)

*“How do you use less when you’re in 42 degree heat? It is not like you turn it on for the sake of it!”* (Dubbo)

When participants were asked to indicate their support for pricing that differs between winter and summer versus other times of the year, few were in favour of seasonal tariffs (14%), with support highest in the North Coast region (20%).

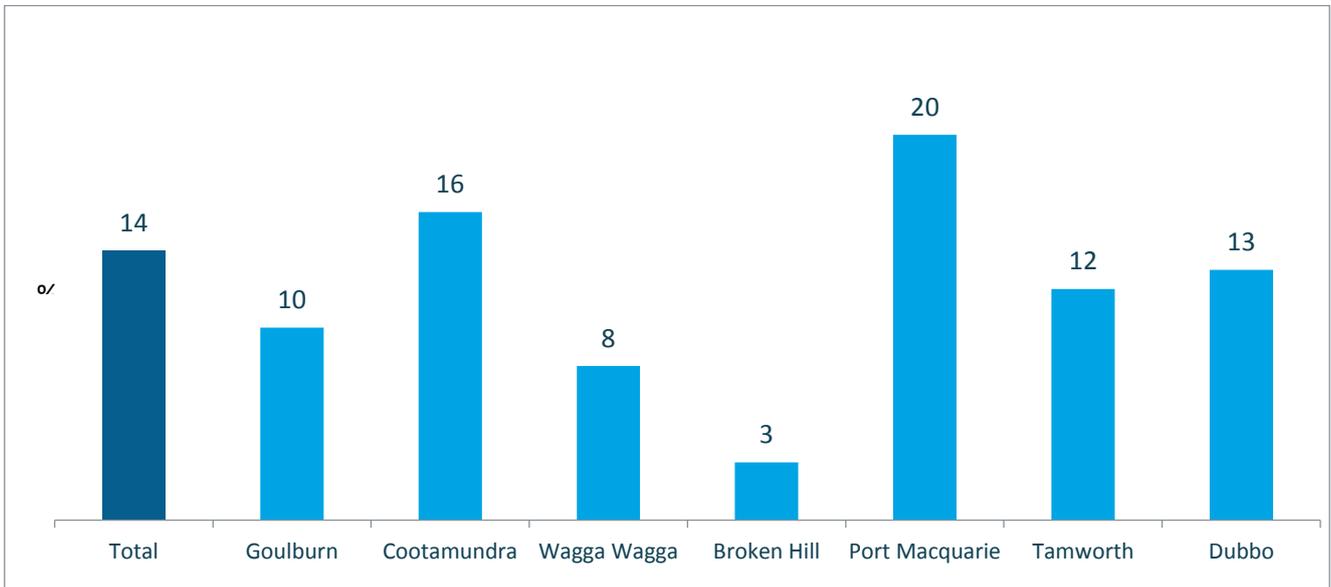
Figure 24: Support for seasonal pricing by region



Q. Should Essential Energy introduce higher prices in winter and summer, and lower prices at other times of the year?  
North Coast n=76; Northern n=207; Southern n=235

When assessing the differences by specific locations, level of support for seasonal pricing was highest in Port Macquarie and lowest in Broken Hill (see Figure 35). This spread is most likely due to weather experienced in the different areas.

Figure 25: Support for seasonal pricing by location



Q. Should Essential Energy introduce higher prices in winter and summer, and lower prices at other times of the year?  
Goulburn n=78; Cootamundra n=82, Wagga Wagga n=75, Broken Hill n=54, Port Macquarie n=76, Tamworth n=78, Dubbo n=75

#### 4.4 Controlled load

Conceptually, the idea of controlled load – where Essential Energy decides timing of electricity use for some appliances – was well received. Most were familiar with controlled load for hot water and pool pumps and felt that controlling for when they turn on and off made logical sense.

*“It is sensible for the supplier as it evens out the load” (Dubbo)*

Outside of these two appliances however, few could nominate any others they would be happy for Essential Energy to control. Air-conditioning units were referred to as a possibility for controlled load within the discussions, however this achieved little to no support.

*“What about the very old and very young – they might be really affected if get too hot or too cold.” (Goulburn)*

*“We leave the air conditioning on all day here. We are fighting an uphill battle to keep the house cool - there is no insulation in our houses” (Broken Hill)*

There was a minority that pushed back against controlled load on the basis that they felt it was a loss of freedom of choice as to when and how they wanted to use electricity.

*“It smacks of Nazi Germany. Electricity is there for us to use, that is why we pay for it and we are paying a lot of money for it” (Cootamundra)*

*"I want to choose what I use and when"* (Port Macquarie)

#### 4.5 Demand Tariffs

Whilst the notion of introducing demand charges was seen to make sense for Essential Energy, few could see the benefit for the customer. Participants understood that using many appliances at the one time rather than spreading their load put more pressure on the network, however there were questions over how demand charges would be calculated and how this would help reduce bills. Others found the concept quite confusing.

Some felt that it would be unfair to introduce a demand charge if they took the peak usage reading during unusual circumstances, such on the day of a family gathering or a party. They would prefer more readings to be taken over a period of time.

*"The number of people in the house is inconsistent, so it is very important when the peak is measured, peaks could vary massively depending on who is in the house at any one time"*  
(Broken Hill)

In that regard, it was felt that the introduction of a demand charge would need to be supported with a great deal of education material to inform customers of the impacts and how to control their usage so as not to be hit with large demand charges.

*"It's very hard to understand the principles of this so we would need education"* (Wagga Wagga)

Many participants however, found the concept of a demand charge unappealing. For these customers it was seen to be unrealistic and unfair for Essential Energy to be expecting people to change their behaviour and to continually watch their electricity use and how many appliances they are using at the same time.

*"It's outdated – we work during the day and come home and use everything at the one time because we have no option"* (Goulburn)

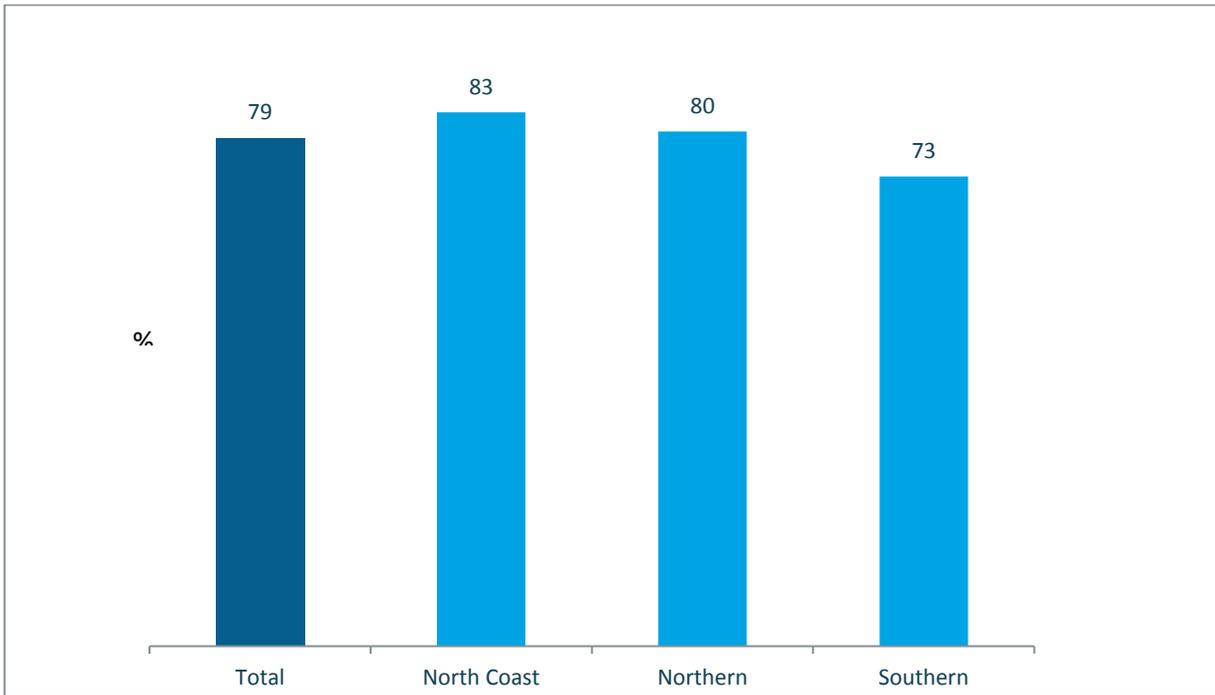
*"It will disadvantage large families"* (Wagga Wagga)

In an overall sense, without the benefit of the conversation regarding the impact of demand charges on fixed and variable charges, reactions to a demand charge per se were quite negative.

## 4.6 Electric Vehicles

Participants were asked if they supported the introduction of a price specifically for Electric Vehicles to encourage customer to charge them at off peak times.

Figure 26: Support for pricing to encourage Electric Vehicle off peak charging by region

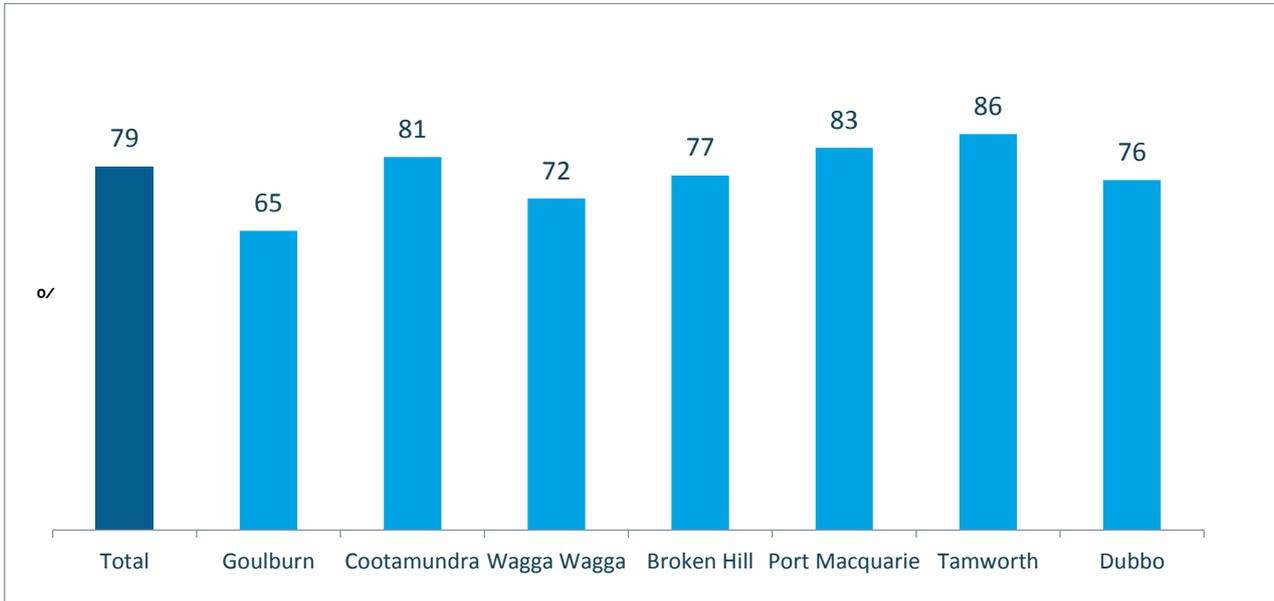


Do you think that Essential Energy should introduce a price specifically for Electric Vehicles to encourage customers to charge these vehicles at off-peak times?

North Coast n=76; Northern n=207; Southern n=235

Nearly eight in ten customers were in favour of the specific charge, with those in the north coast region, particularly Tamworth, being most supportive.

Figure 27: Support for pricing to encourage Electric Vehicle off peak charging by location



Do you think that Essential Energy should introduce a price specifically for Electric Vehicles to encourage customers to charge these vehicles at off-peak times?

Goulburn n=78; Cootamundra n=82, Wagga Wagga n=75, Broken Hill n=54, Port Macquarie n=76, Tamworth n=78, Dubbo n=75

Within the session, participants were given three options for Electric Vehicle Charging set out in the chart below. A vote was cast as to which option customers preferred be adopted. The most popular choice was one where customers can reduce charges if they charge their car in off peak times (55%). This option was significantly more likely to be selected by those in Goulburn, and significantly less likely to be selected by those in Broken Hill (32%).

Table 3: Preference for Electric Vehicle charging options

	Option 1: Anytime prices	Option 2: Time of Use and Demand pricing	Option 3: Controlled Load price
Impact on Electric Vehicle costs	Customers charged at a standard variable rate with no ability to reduce costs by charging car at different times.	Customers can reduce charges if they charge their car in off-peak times.	Customers can connect the car to an outlet which only receives power overnight. Similar to some hot water systems.
TOTAL	13%	55%	31%

Q. Which would be your preferred scenario? Total n=518

The next most favoured option amongst 31% of the total participants was where customers can connect the car to an outlet which only received power overnight. Similar to some hot water systems. Cootamundra (46%) and Broken Hill (55%) were most likely to prefer this option, whilst those in Goulburn were least in favour of this alternative (12%).

The least favourable option was where customers charged at a standard variable rate with no ability to reduce costs by charging car at different times (13%).

#### 4.7 Principles for cost reflective pricing

Participants were asked what principles should be set around cost reflective pricing and decisions about which aspects to implement or not. This session resulted in feedback being provided at table level to the rest of the room at each location.

The most frequently mentioned principle on tables was that of informing and educating customers about the different pricing options, should more cost reflective options be implemented. This also included providing clear and easy to understand information about how they could save money within the different plans such as demand tariffs or time of use options.

*“Information needs to be clear. People need to be more informed in order to make choices.”  
(Broken Hill)*

Clear and simple billing was thought to be a requirement within cost-reflective pricing, so that it is obvious to customers which plan they are on and what that means in terms of their energy use and potential savings. Simplicity was thought to be key, rather than making pricing more complex than it currently is. Some even suggested that bills should show what the costs would be on alternative plans to the one they are currently on.

*“Bill should show you what you could have saved if you had been on a different tariff.”  
(Tamworth)*

Ensuring there is equity and fairness for all customers was mentioned by a large number of tables across the forum locations as well as further support for vulnerable customers in particular, as there was concern that cost reflective pricing may impact them in particular. It was stated by many that there should not be penalties for those who cannot change their lifestyle or behaviours to fit the new plans, that it should be a ‘carrot’ rather than a ‘stick’ approach.

*“Don’t want to create fear for the elderly to use appliances in winter and summer.” (Broken Hill)*

Tailored solutions for different types of customers were thought to be important, i.e. ensuring there is a choice of options and that there is advice given on which would suit particular individuals.

*“People should have a choice about which option is best for them.” (Wagga Wagga)*

It was specified that cost savings, incentives and rebates within the options need to be enough to ensure that people do change their behaviours. Subsidies were also mentioned for encouraging people to purchase energy efficient appliances and install technology that could curb usage in peak times.

*“Will we save money? Incentives need to be big enough.” (Tamworth)*

Ultimately participants wanted to ensure that customers are still able to choose how and when they use electricity to suit their needs.

*“They shouldn’t dictate what you do.” (Broken Hill)*

## 5. Fixed versus Variable Pricing

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### 5.1 Fixed versus variable pricing

Executives from Essential Energy presented an explanation of fixed versus variable pricing and the impact of increasing the fixed component on customer's bills. Handouts were given to each table to help discuss the issues and to determine preferences (refer to appendix for handout).

Whilst it was somewhat difficult for customers to grasp the impact of increasing the fixed component on their own bill, initial reactions were largely sceptical.

On the positive side, participants could appreciate that a higher fixed charge would help to smooth their quarterly bills and reduce the volatility, and many could understand the advantages for Essential Energy in ensuring a more steady revenue stream.

*"A higher fixed rate would make your bill more predictable"* (Broken Hill)

*"I guess despite your usage or time of use it will all be evened out"* (Port Macquarie)

On the negative side however, most participants found difficulty comprehending the financial advantage for their situation. On the face of it, some participants felt that a higher fixed component would mean they had less control over their bill as any energy saving behaviour would not result in a significant cost reduction to the variable component. They also believed that it would encourage larger users to use more.

*"I would rather the fixed cost come down, then I control what I do"* (Dubbo)

*"It is not encouraging you to be conservative if the variable component reduces"* (Port Macquarie)

There was also a question over whether retailers would pass on any savings.

When faced with the options outlining customer types and the impact of the changes, reactions were often negative as many interpreted the scenarios as benefiting the bigger customer (which most assumed were wealthier individuals) and disadvantaging the poor.

*"It seems that the vulnerable people are being disadvantaged"* (Dubbo)

*"It will help the rich get richer"* (Tamworth)

The only real winners in this scenario were seen to be the bigger users who could save up to \$47.95 a quarter, which was considered a significant saving.

*“It seems like the options all make you end up square – it’s like robbing Peter to pay Paul”*  
(Port Macquarie)

Most participants claimed they would opt for the current situation to stay the same as it was not clear to them what the benefits would be to the majority of consumers. Only those who were large customers with higher usage, were able to see some benefit and in their case, they claimed they would prefer a \$20 increase in fixed charges.

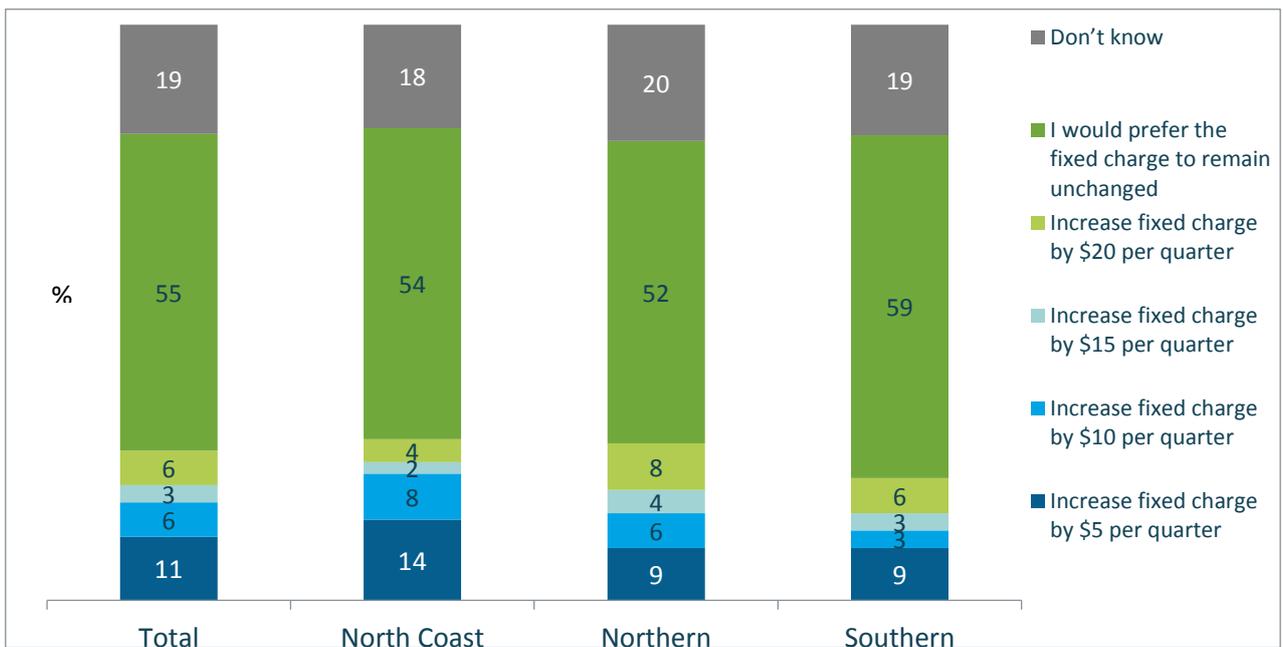
### 5.2 Keypad voting: fixed versus variable pricing

After the discussion, participants were asked to nominate their preference with regard to altering the fixed charge component of their bill based on the information presented.

Over half (55%) of Essential Energy customers suggested that they would prefer the fixed charge component to remain unchanged, particularly those residing in the southern region (59%) (Figure 36). One fifth of participants were unable to comment, as they felt they did not know their preference.

However, the second most popular choice by around one in ten (11%) of customers was to increase the fixed charge by \$5, which was nominated slightly more often by those in Port Macquarie (see Figure 37).

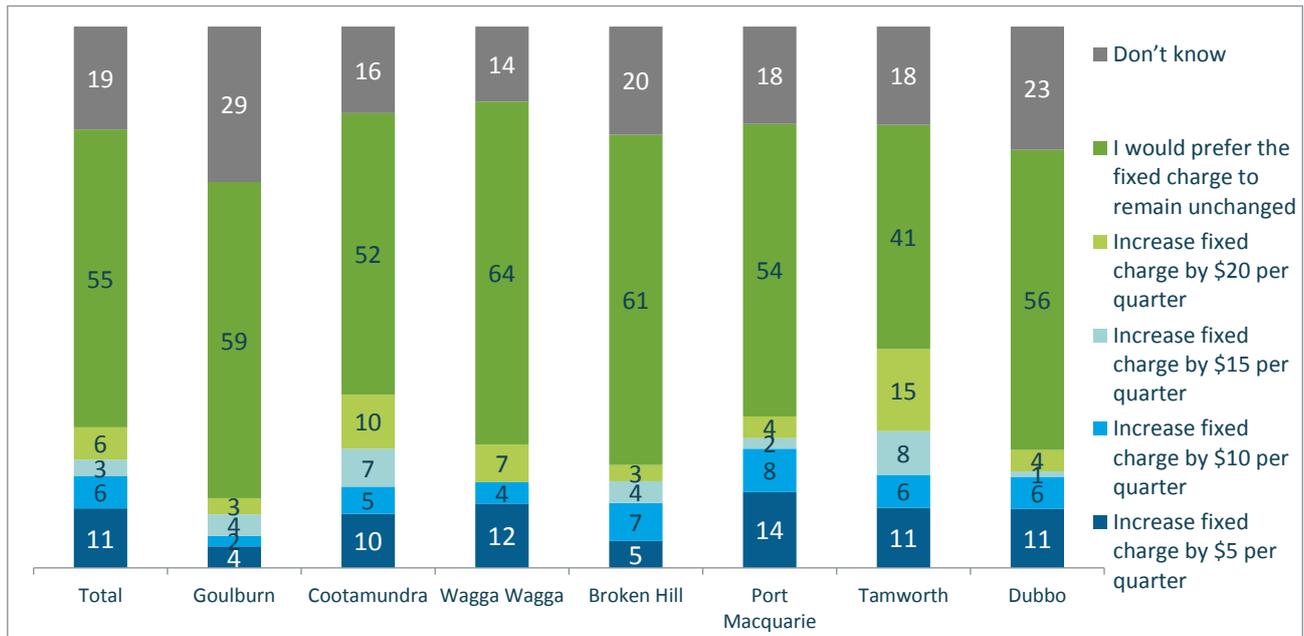
Figure 28: Fixed pricing option preferences by region



Q. Which of the following options do you prefer?  
North Coast n=76; Northern n=207; Southern n=235

The trend across each of the locations was reasonably similar, although Wagga Wagga and Broken Hill were more likely to favour no change to the fixed charges whilst Tamworth residents were the most likely to vote for a \$20 increase to their fixed charges (15%).

Figure 29: Fixed pricing option preferences by location

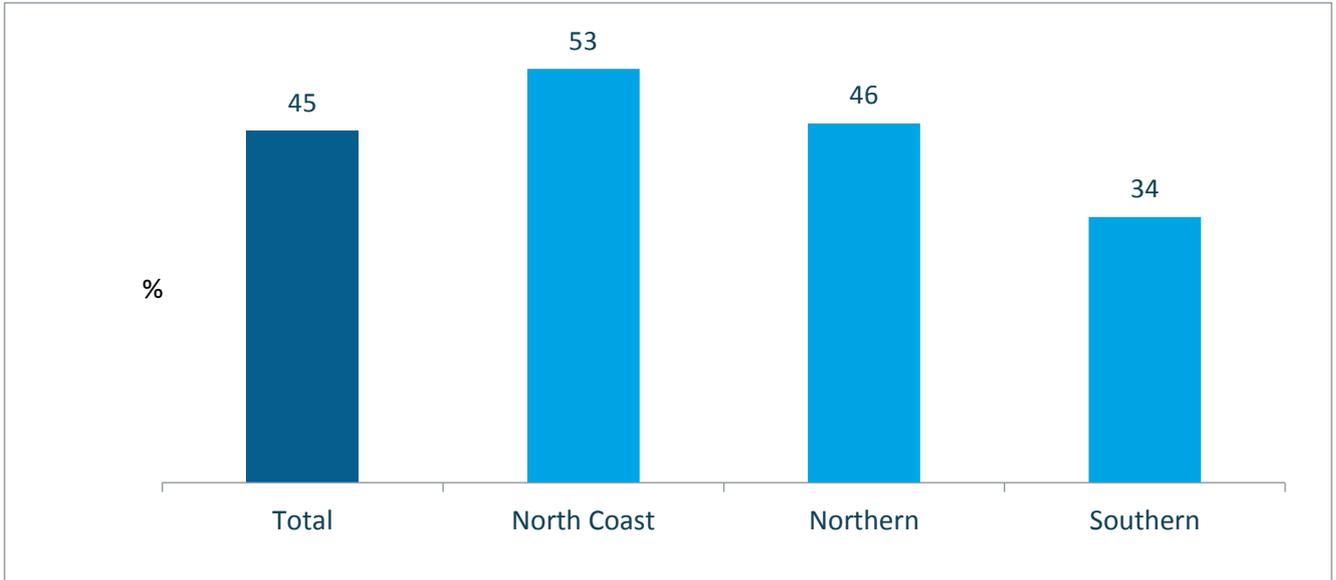


Q. Which of the following options do you prefer?  
Goulburn n=78; Cootamundra n=82, Wagga Wagga n=75, Broken Hill n=54, Port Macquarie n=76, Tamworth n=78, Dubbo n=75

After the conversation regarding fixed and variable pricing and in light of the discussion around demand charges in the prior session, participants were asked if they would consider moving to a pricing option that includes a demand charge at peak times if their fixed and variable prices decreased.

Nearly half (45%) of residents suggested that they would consider a pricing option that included a demand charge at peak times if their fixed and variable prices decreased. Support for this option was higher in the North Coast region and lowest in the Southern region.

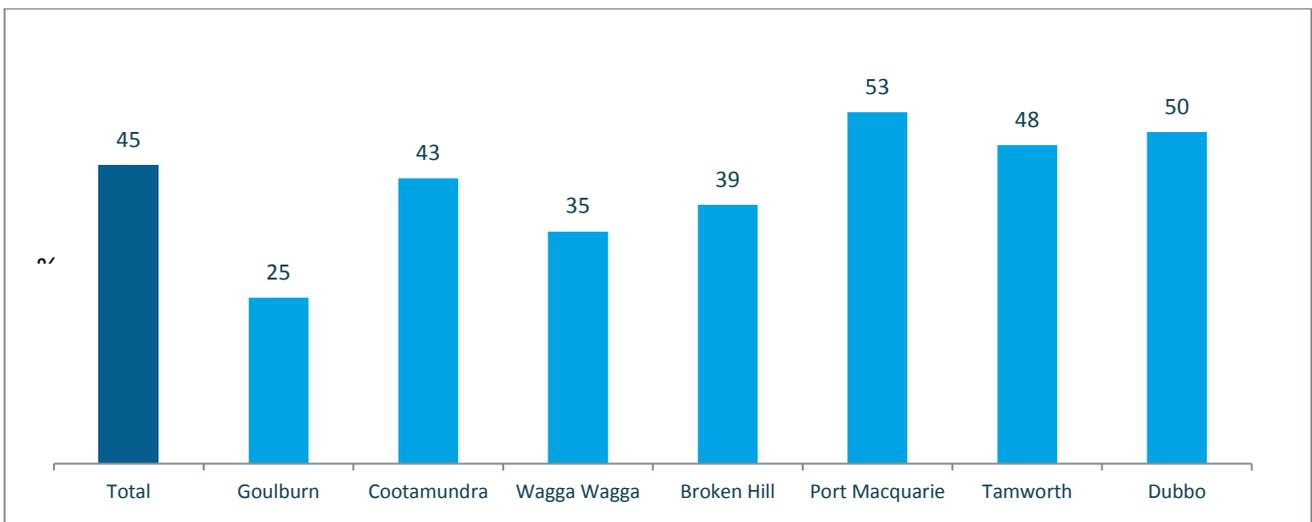
Figure 30: Support for a peak demand charge with decreased fixed and variable charges by region



Q. Would you consider moving to a pricing option that includes a demand charge at peak times if your fixed and variable prices decreased?  
North Coast n=76; Northern n=207; Southern n=235

The location that garnered most support for this option was Port Macquarie (53%) followed by Tamworth (48%), whilst those least in favour of this pricing option were those in Goulburn (25%) and to some extent, Wagga Wagga (35%).

Figure 31: Support for a peak demand charge with decreased fixed and variable charges by location

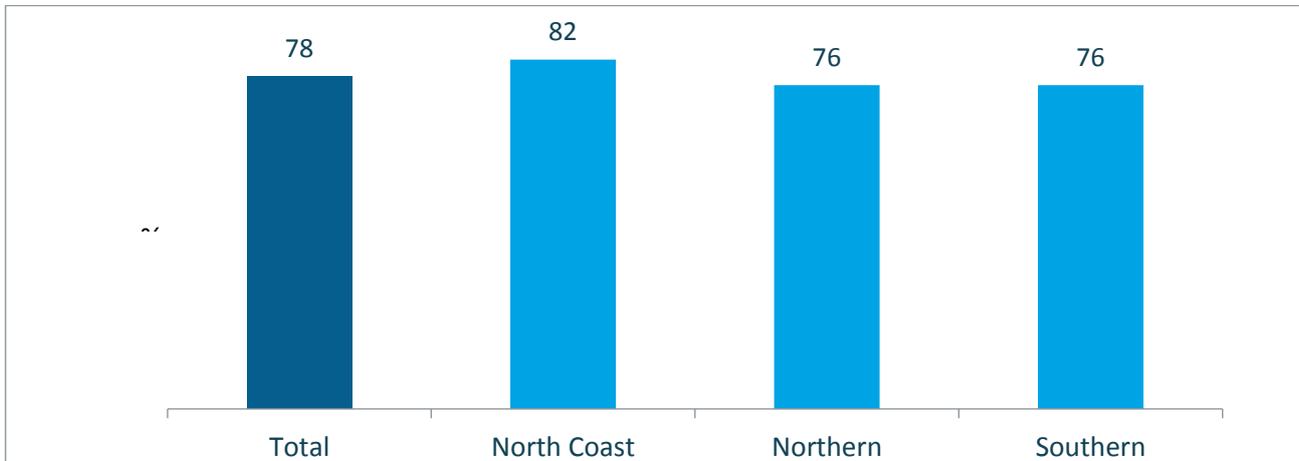


Q. Would you consider moving to a pricing option that includes a demand charge at peak times if your fixed and variable prices decreased?  
Goulburn n=78; Cootamundra n=82, Wagga Wagga n=75, Broken Hill n=54, Port Macquarie n=76, Tamworth n=78, Dubbo n=75

### 5.3 Support for a tool to assist in understanding usage

Participants were asked at the end of the forum, whether or not they supported the introduction of new tools to assist in understanding their usage, at a cost of \$0.20 per quarter. A majority (78%) were in favour of a tool, particularly given the seemingly insignificant impact to their bill.

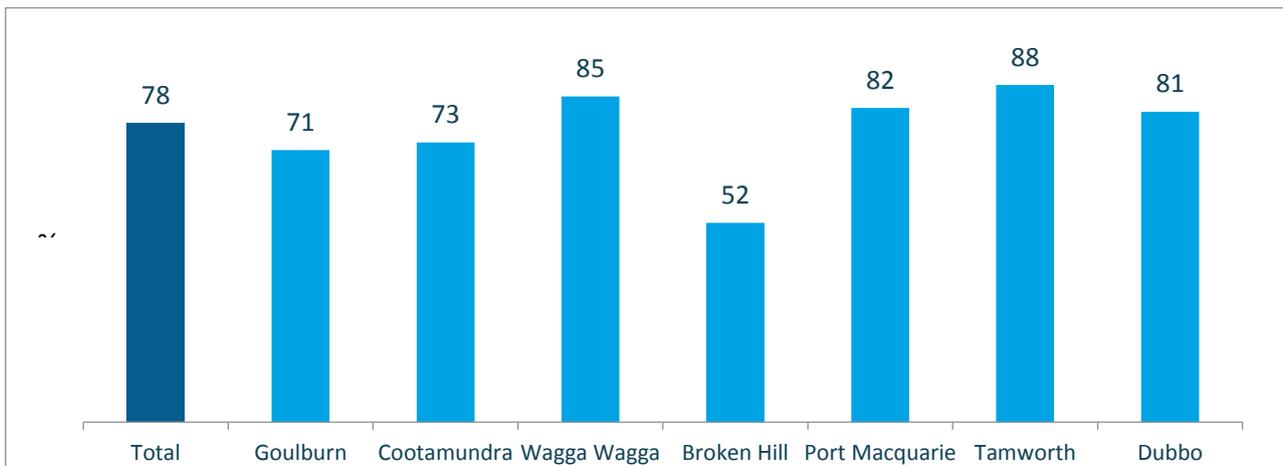
Figure 32: Support for tool to understand usage by region



Q. Would you support the introduction of new tools to assist in understanding your usage, at a cost of \$0.20 per quarter?  
North Coast n=76; Northern n=207; Southern n=235

Support for the tool however, was lower in Broken Hill, with only around half (52%) keen to see a tool being introduced.

Figure 33: Support for a tool to understand usage by location



Q. Would you support the introduction of new tools to assist in understanding your usage, at a cost of \$0.20 per quarter?  
Goulburn n=78; Cootamundra n=82, Wagga Wagga n=75, Broken Hill n=54, Port Macquarie n=76, Tamworth n=78, Dubbo n=75

There were a few participants however, who thought it should be offered for free.

*“It should be a service they do for free, they should absorb the cost in the interest of becoming a 21st century business”* (Broken Hill)

Some suggested that it would be beneficial if it could tell you consumption in real time so you could work out which appliances were consuming the most electricity and turn them off. Some also wanted graphs to be able to compare usage over time and the ability to analyse by day.

*“Could it measure each appliance and let you know what is chewing the electricity”* (Port Macquarie)

A small proportion of customers indicated that they would be unlikely to use such an app because they didn't have access to a smart phone or understand apps and how to use them.

*“I'm so slow at technology, I hate it”* (Port Macquarie)

## 6. Changing Perceptions of Essential Energy

### 6.1 Essential Energy Attribute Ratings Post-Forum

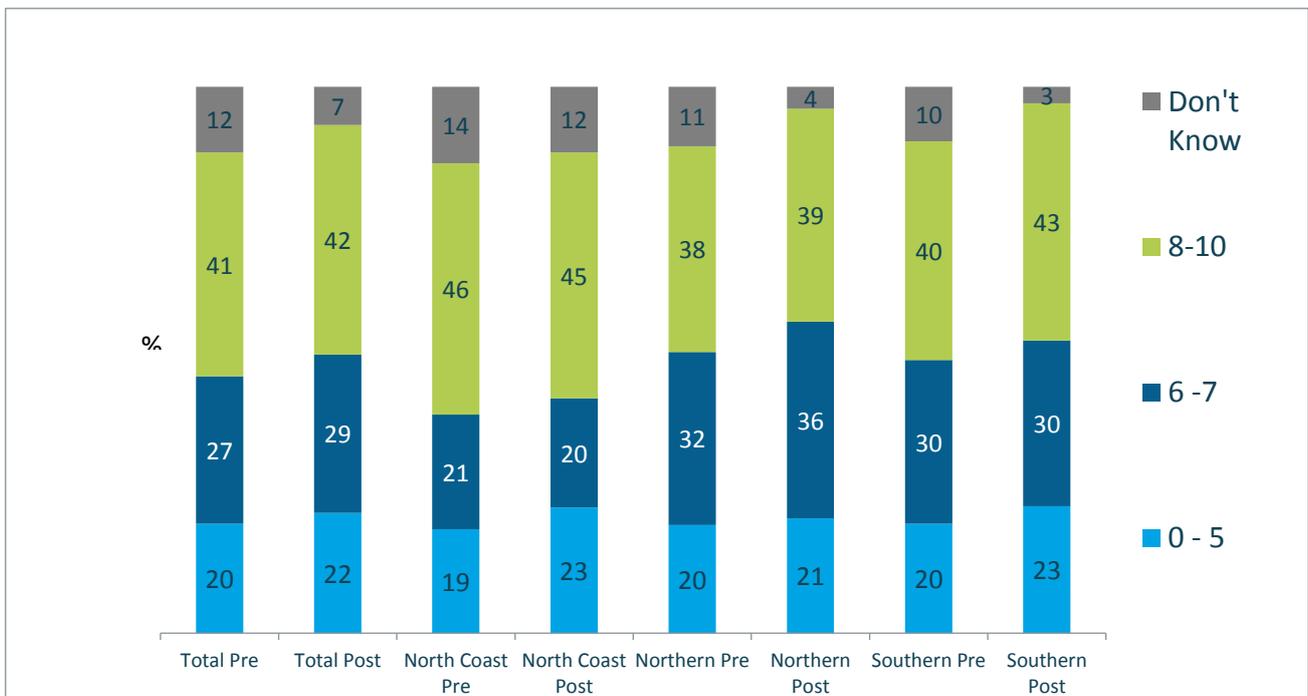
Before commencing the forum’s main content, participants were asked to consider how they would rate Essential Energy on a range of attributes, using a score from 0-10, with 0 being the lowest score and 10 being the highest score. There was also the option to give a score of 11, indicating ‘don’t know’.

At the conclusion of the forums, audiences were asked to again vote on their perceptions of Essential Energy, in order to understand how those perceptions may have changed across the course of the forum. Again, they were asked to give a score from 0-10 with 0 being the lowest score and 10 being the highest with the option of giving a score of 11 to indicate an “I don’t know” response.

#### 6.1.1 Listening to Customers

In the pre-forum rating, ‘Listening to Customers’ was one of the best performing attributes with approximately two fifths of respondents giving a score of 8-10 (41%). From the pre-forum to the post-forum there were not any noteworthy changes in opinion.

Figure 34: Essential Energy ratings by region - Listening to customers



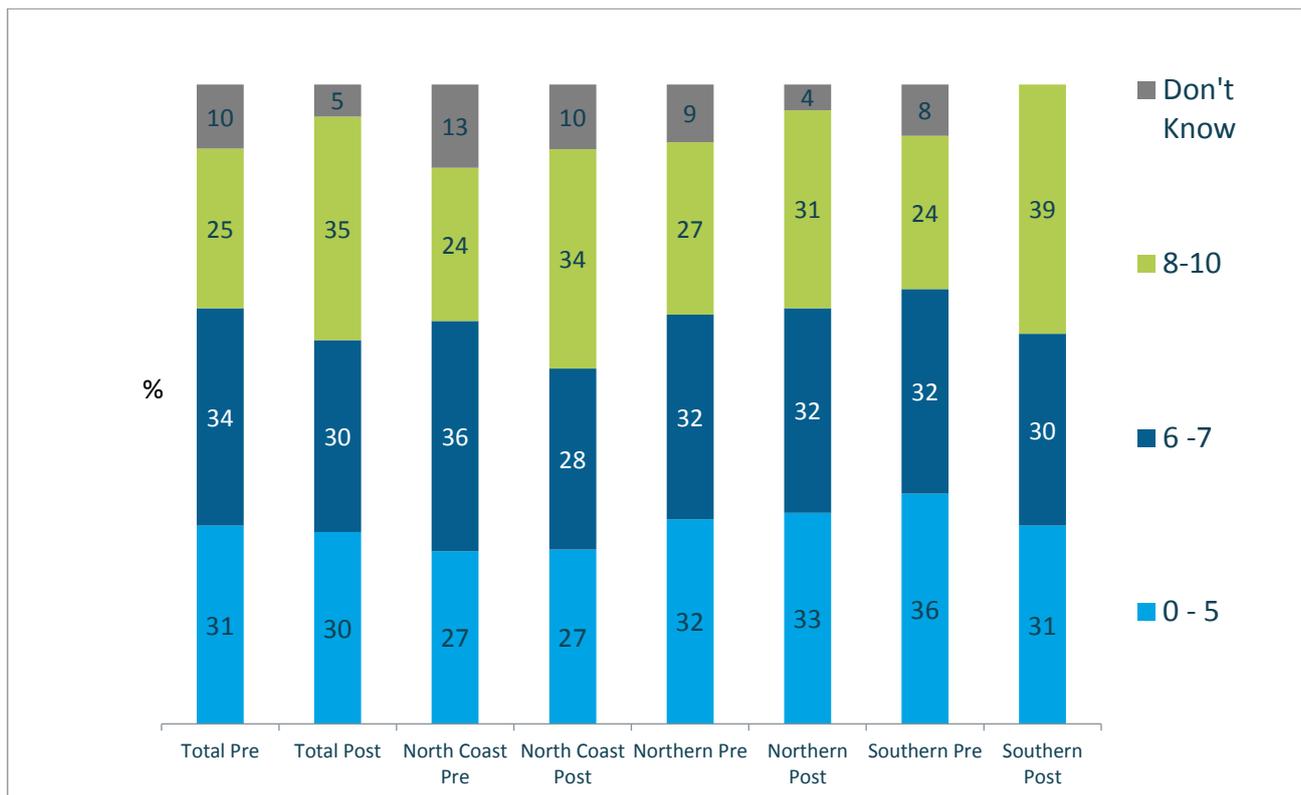
Q. How would you rate Essential Energy on the following, on a scale of 0-10 where 0 is very poor and 10 is excellent...?  
North Coast n=76; Northern n=207; Southern n=235

On a location by location basis, there was still not a large degree of variation from the pre-forum to the post-forum, indicating that the opinions of the participants were not overly influenced by the forums in regards to ‘Listening to Customers’. Cootamundra and Dubbo were the only locations that had noticeable increases in the proportion of participants who gave a score of 8-10 between the pre-forum questions and the post-forum questions.

### 6.1.2 Having Customers’ Interests at Heart

Participants were asked to score the degree to which they felt Essential Energy had customers’ interests at heart. In the pre-forum questions, there was one quarter of participants returning a score of 8-10 (25%), which improved to more than a third of participants post-forum (35%).

Figure 35: Essential Energy Attribute Ratings by Region – Having customers interests at heart



Q. How would you rate Essential Energy on the following, on a scale of 0-10 where 0 is very poor and 10 is excellent...?  
North Coast n=76; Northern n=207; Southern n=235

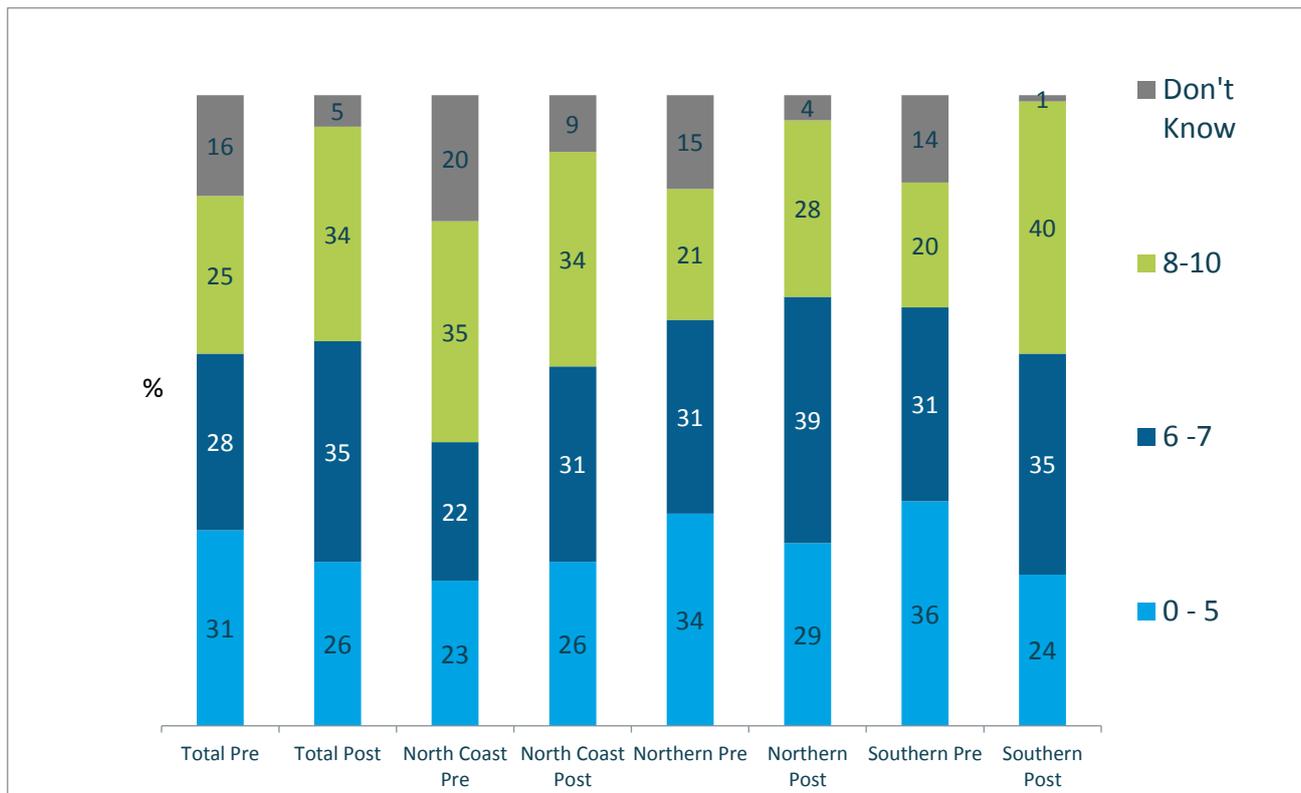
In the pre-forum questioning, Wagga Wagga demonstrated the lowest scores, with less than a fifth giving a score of 8-10, however this proportion almost doubled in the post-forum section, with approximately a third of participants in Wagga Wagga giving a score of 8-10 (32%). There was also

improvement in the locations that had performed well in the pre-forum section; as Cootamundra had had over a third of participants give a score 8-10 in the pre-forum (36%), which grew to be nearly half of all participants in the post-forum (46%). Overall, this would suggest that the information presented by Essential Energy made some participants more inclined to indicate that Essential Energy had their customers' interests at heart.

### 6.1.3 Open and Honest

Participants were next asked to consider again how open and honest they felt Essential Energy is as an organisation. In the pre-forum, approximately a quarter of participants gave a score of 8-10 (25%) with the strongest result coming on the North Coast (35%) and the weakest performance in the Southern Region (20%). In the post-forum there was improvement in these scores, with roughly a third of participants giving a score of 8-10 (34%). The North Coast region remained largely steady, while the Southern Region approximately doubled the proportion of participants who gave a score of 8-10 from the pre-forum (20%) to the post-forum (40%).

Figure 36: Essential Energy Attribute Ratings by Region – Open and honest



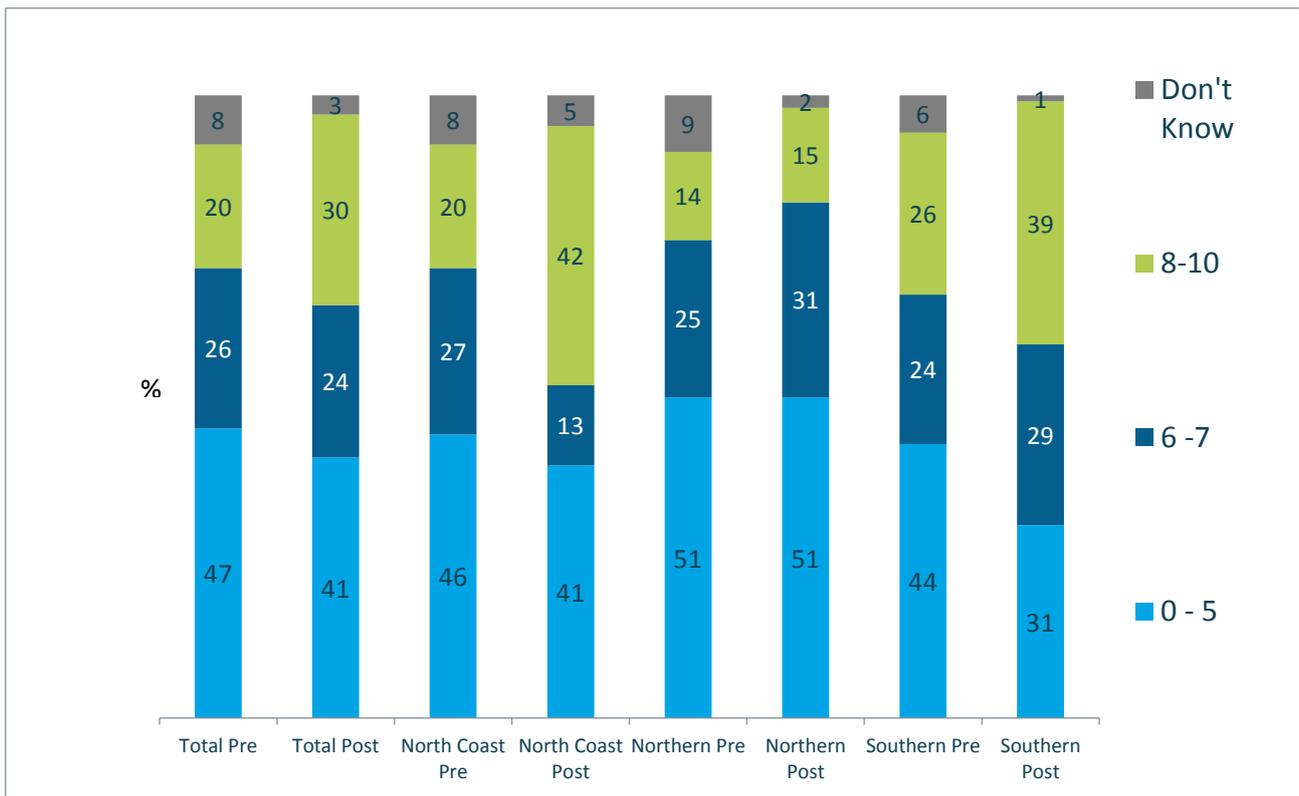
Q. How would you rate Essential Energy on the following, on a scale of 0-10 where 0 is very poor and 10 is excellent...?  
North Coast n=76; Northern n=207; Southern n=235

On a location by location basis there was an improvement from the pre-forum to the post-forum in nearly every town. The only location without noticeable improvement was Tamworth where the proportion of participants giving a score of 8-10 remained static at roughly one in five (20%). Conversely, other locations improved markedly such as Goulburn which increased from slightly over one in ten (13%) to slightly over half (54%) giving a score of 8-10.

### 6.1.4 Educating Customers on the Electricity Network

Participants were asked to give a score on how well they felt that Essential Energy educates customers on the electricity network as a whole. In the pre-forum, this was the lowest scored attribute with approximately a fifth giving a score of 8-10 (20%), and nearly half giving a score 0-5 (47%). This did improve in the post-forum response, but not as sharply as some other attributes, with the proportion of participants giving a score 8-10 rising to approximately three in ten (30%) while the proportion of those giving a score 0-5 fell to approximately four in ten (41%).

Figure 37: Essential Energy Attribute Ratings by Region - Educating customers on the Energy Network



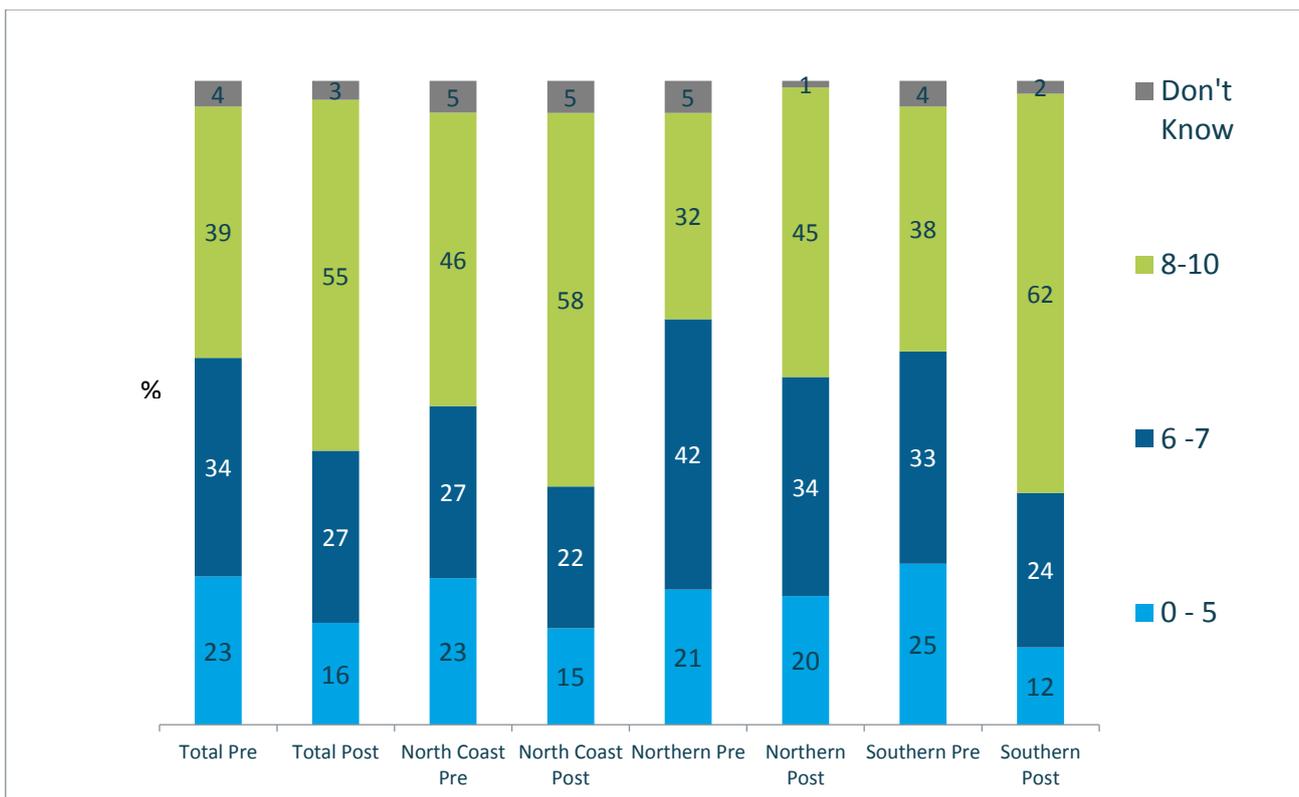
Q. How would you rate Essential Energy on the following, on a scale of 0-10 where 0 is very poor and 10 is excellent...?  
North Coast n=76; Northern n=207; Southern n=235

On a forum by forum basis there is clear improvement in Goulburn, Cootamundra and Port Macquarie, while there was slight improvement in Wagga Wagga, Broken Hill and Dubbo. Interestingly though, there was a slight decrease in the proportion of participants who gave a score of 8-10 in Tamworth from the pre-forum to the post-forum.

### 6.1.5 Essential Energy Overall

Finally, participants were again asked to give Essential Energy a score ranging from 0-10 to indicate their attitude towards the company as a whole. In the pre-forum questions it was noticeable that the scores given to Essential Energy as a whole were higher than those given to individual attributes such as education. This trend continued in the post-survey, as over half (55%) gave a score of 8-10 for Essential Energy overall.

Figure 38: Essential Energy Attribute Ratings by Region - Essential Energy overall



Q. How would you rate Essential Energy on the following, on a scale of 0-10 where 0 is very poor and 10 is excellent...?  
North Coast n=76; Northern n=207; Southern n=235

There was improvement for all locations from pre-forum to post-forum. The largest improvement was seen in Goulburn, where roughly a third gave a score 8-10 in the pre-forum (33%) while approximately seven in ten gave a score of 8-10 in the post-forum. (70%). The slightest improvement

was seen in Wagga Wagga, where just over three in ten gave a score of 8-10 in the pre-forum (31%) and just under four in ten gave a score of 8-10 in the post-forum (39%).

## Appendix 1: Proforma

Time	Session details	Responsibility	Materials
5.00-5.02pm	<p><b>Welcome and Introduction</b></p> <ul style="list-style-type: none"> <li>Woolcott Research Lead Facilitator to welcome and thank participants for coming (back). Good to see so many familiar faces.</li> <li>Introduce opening speaker</li> </ul>	WR Lead Facilitator	
5.02-5.15pm	<p><b>Introduction</b></p> <ul style="list-style-type: none"> <li>Essential Energy to recap on role of EE, i.e. distributor, not retailer. Government owned and set a revenue cap. What we do key statistics.</li> <li>Reason for engagement i.e. AER regulatory proposal.</li> <li>Description of engagement plan and where we are now</li> <li>What they told us last time – pyramid diagram from engagement focus paper (most important values – affordability, reliability, good customer service and communication, transparency on bills, environment, innovation)</li> <li>Importance of the forum to EE - have developed some suggested initiatives that we now want your feedback on.</li> </ul>	EE	PP slides
5.15 - 5.20pm	<p><b>Housekeeping and introduction to keypads</b></p> <ul style="list-style-type: none"> <li>Woolcott Research Lead Facilitator to give overview of Forum agenda and approach, the key sessions, guidelines and housekeeping. Location of toilets and evacuation in emergency.</li> <li>Lead facilitator to introduce keypads and do some warm up questions. Results shown on screen:</li> </ul> <p>PRACTICE QUESTION: Q. Where would you <b>most</b> like to go on holiday? 1. Hawaii 2. Uluru 3. Europe 4. Surfers Paradise 5. North Pole</p> <p>REAL QUESTIONS: Q. Do the values summarised in the presentation from the last forums reflect your views? 1. Yes 2. No</p>	WR Lead Facilitator	PP slides and keypads

	<p>Q. How would you rate Essential Energy on the following, on a scale of 0-10 where 0 is very poor and 10 is excellent:</p> <p>Listening to customers 0 1 2 3 4 5 6 7 8 9 10</p> <p>Has customers' interests at heart 0 1 2 3 4 5 6 7 8 9 10</p> <p>Open and honest 0 1 2 3 4 5 6 7 8 9 10</p> <p>Educating customers on the electricity network 0 1 2 3 4 5 6 7 8 9 10</p> <p>And how would you rate your overall attitude to Essential Energy on a scale of 0-10 where 0 is very negative and 10 is very positive? 0 1 2 3 4 5 6 7 8 9 10</p>		
<p>5.20-5.35pm</p>	<p><b>Presentation: Vegetation</b></p> <ul style="list-style-type: none"> <li>• Not discussed much in the last forums but it is an important issue to customers and in terms of EE's total spending</li> <li>• Video material of vegetation work conducted</li> <li>• Note of key challenges, proportion of total costs - how much is spent on vegetation compared to other things</li> <li>• Show table from engagement focus paper</li> <li>• Explain what the non-cost related effects would be of             <ul style="list-style-type: none"> <li>○ cutting less frequently</li> <li>○ passing on costs of vegetation management</li> <li>○ stacking vegetation</li> <li>○ permanently removing and selectively replanting</li> </ul> </li> </ul>	<p>EE</p>	<p>Video PP Slides</p>
<p>5.35-6.00pm</p>	<p><b>Table discussion: Vegetation</b></p> <ul style="list-style-type: none"> <li>• What do you think of the information presented?</li> <li>• Do you have any concerns or priorities about vegetation management? What do you think EE should focus on in this area?</li> </ul> <p>GIVE OUT HANDOUT 1 and ask related questions:</p> <ul style="list-style-type: none"> <li>• Should EE increase the average trimming cycle by 6 months in urban areas – i.e. cut more of the tree less often? Why/why not?             <ul style="list-style-type: none"> <li>○ What are the pros and cons of cutting less frequently? What are your thoughts about the visual appearance of cutting more of the tree less frequently?</li> </ul> </li> <li>• What should EE do about managing vegetation that was planted after the power line was constructed?             <ul style="list-style-type: none"> <li>○ Should EE pass costs of this vegetation maintenance onto Local Councils and private landowners where the</li> </ul> </li> </ul>	<p>WR Table Facilitators</p>	<p>HANDOUT 1: VEGETATION</p>

	<p>wrong trees were planted after the power line was constructed?</p> <ul style="list-style-type: none"> <li>○ What are the pros and cons of doing so?</li> <li>● Should Essential Energy safely stack vegetation that has been cut in some rural areas rather than process it on site into wood chips? Why/why not?             <ul style="list-style-type: none"> <li>○ What are the pros and cons of doing this?</li> </ul> </li> <li>● Should Essential Energy permanently remove some vegetation and selectively replant it, rather than continue to cut it?             <ul style="list-style-type: none"> <li>○ What are the pros and cons of this?</li> </ul> </li> </ul>		
<p>6.00-6.10pm</p>	<p><b>Key pad voting: Vegetation</b></p> <p>Q. To what extent do you agree or disagree with increasing the average trimming cycle by about 6 months in urban areas. This would result in Essential Energy having to trim more of the tree but less often, which may negatively impact on the visual appeal of the vegetation.</p> <ol style="list-style-type: none"> <li>1. Strongly agree</li> <li>2. Agree</li> <li>3. Neither agree or disagree</li> <li>4. Disagree</li> <li>5. Strongly disagree</li> <li>6. Don't know</li> </ol> <p>Q. And would you support this strategy if it resulted in saving customers \$2.30 per quarter?</p> <ol style="list-style-type: none"> <li>1. Yes</li> <li>2. No</li> <li>3. Don't know</li> </ol> <p>Q. Another strategy used elsewhere in Australia would be to pass costs of vegetation maintenance onto local Councils and private landowners in circumstances where the wrong tree was planted after the power line was constructed. To what extent do you agree or disagree with this strategy?</p> <ol style="list-style-type: none"> <li>1. Strongly agree</li> <li>2. Agree</li> <li>3. Neither agree or disagree</li> <li>4. Disagree</li> <li>5. Strongly disagree</li> <li>6. Don't know</li> </ol> <p>Q. And would you support this strategy if it saved customers \$4.50 per quarter?</p> <ol style="list-style-type: none"> <li>1. Yes</li> <li>2. No</li> <li>3. Don't know</li> </ol>	<p>WR Lead Facilitator</p>	<p>PP Slides and Keypads</p>

	<p>Q. Essential Energy could also reduce costs by safely stacking vegetation that has been cut in some rural areas rather than processing it on site into wood chips. To what extent would you agree or disagree with this strategy?</p> <ol style="list-style-type: none"> <li>1. Strongly agree</li> <li>2. Agree</li> <li>3. Neither agree or disagree</li> <li>4. Disagree</li> <li>5. Strongly disagree</li> <li>6. Don't know</li> </ol> <p>Q. And would you support this if it saved customers \$0.38 per quarter?</p> <ol style="list-style-type: none"> <li>1. Yes</li> <li>2. No</li> <li>3. Don't know</li> </ol> <p>Q. Costs could also be reduced if Essential Energy could permanently remove vegetation and selectively replant more appropriate types of vegetation rather than continue to cut the current vegetation. To what extent do you agree or disagree with this?</p> <ol style="list-style-type: none"> <li>1. Strongly agree</li> <li>2. Agree</li> <li>3. Neither agree or disagree</li> <li>4. Disagree</li> <li>5. Strongly disagree</li> <li>6. Don't know</li> </ol> <p>Q. And would you support this if it saved customers \$0.49 per quarter?</p> <ol style="list-style-type: none"> <li>1. Yes</li> <li>2. No</li> <li>3. Don't know</li> </ol>		
<p>6.10-6.20pm</p>	<p><b>Presentation: Reliability and response times</b></p> <ul style="list-style-type: none"> <li>• Current overall reliability and stats on engagement feedback on reliability</li> <li>• Average responsiveness times &amp; details of poor performing feeders</li> </ul>	<p>EE</p>	<p>PP Slides</p>
<p>6.20-6.35pm</p>	<p><b>Table discussion: Reliability and response times</b></p> <ul style="list-style-type: none"> <li>• On average, Essential Energy supplies power to customers 99.9% of the time (excluding planned maintenance work and major weather events). They typically respond to power outages outside of business hours within one hour, and restore supply in under two and a half hours on average. Would you be happy with some customers having a longer response time but all customers paying slightly less on their bills?             <ul style="list-style-type: none"> <li>○ GIVE OUT HANDOUT 2 - Which would be your preferred scenario? Why?</li> </ul> </li> </ul>		<p>HANDOUT 2 and 3</p>

	<ul style="list-style-type: none"> <li>• Do you think that EE should start work on some outages earlier (i.e. prior to 9am) provided there is prior notification and it is reasonable given factors such as weather?             <ul style="list-style-type: none"> <li>○ What are the pros and cons of this?</li> </ul> </li> <li>• GIVE OUT HANDOUT 3 - which option do you prefer? Why?</li> <li>• Some rural areas suffer lower levels of reliability than other locations, due to the cost of servicing the lines needed to reach them. What do you think of Essential Energy increasing network charges for each customer by \$0.10 per quarter to improve reliability in these rural areas? Either by introducing alternate technology such as microgrids or improving the lines?</li> </ul>																	
<p>6.35-6.40pm</p>	<p><b>Key Pad Voting: Reliability and response times</b></p> <p>Q. The following alternate scenario would lengthen response times for a small number of customers, but reduce electricity costs for all customers. Which would be your preferred scenario?</p> <table border="1" data-bbox="331 1043 1129 1697"> <thead> <tr> <th>OUTAGE TRAITS</th> <th>Option 1: Current Practice</th> <th>Option 2: Alternate scenario</th> </tr> </thead> <tbody> <tr> <td>Number of customers without power</td> <td>Less than 5 each outage</td> <td>Less than 5 each outage</td> </tr> <tr> <td>Time of the week</td> <td>Outside of business hours</td> <td>Outside of business hours</td> </tr> <tr> <td>Response time</td> <td>No change</td> <td>up to an additional 16 hours without power each outage on a weekday</td> </tr> <tr> <td>Quarterly Bill Change</td> <td>No change</td> <td>-\$0.35</td> </tr> </tbody> </table> <p>Q. Should Essential Energy should start work on some planned outages earlier (i.e. prior to 9am) provided there is prior notification and it is reasonable given factors such as weather? Which of the following options do you prefer?</p>	OUTAGE TRAITS	Option 1: Current Practice	Option 2: Alternate scenario	Number of customers without power	Less than 5 each outage	Less than 5 each outage	Time of the week	Outside of business hours	Outside of business hours	Response time	No change	up to an additional 16 hours without power each outage on a weekday	Quarterly Bill Change	No change	-\$0.35		
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Response time	No change	up to an additional 16 hours without power each outage on a weekday																
Quarterly Bill Change	No change	-\$0.35																

		Option 1: Current	Option 2: Earlier only	Option 3: Later only	Option 4: Earlier and Later				
	Usual planned outage times	9am to 2pm	7am to 2pm	9am to 4pm	7am to 4pm				
	Impact on quarterly electricity costs	No change	-\$0.35	-\$0.15	-\$0.50				
	<p>Q. To what extent would you agree or disagree with Essential Energy increasing network charges for each customer by \$0.10 per quarter to complete the reliability improvements on areas with lower availability?</p> <p>1. Strongly agree 2. Agree 3. Neither agree or disagree 4. Disagree 5. Strongly disagree 6. Don't know</p>								
6.40- 7.00pm	<p><b>DINNER BREAK</b></p> <p>Videos on screen without volume for participants to look at during the dinner break.</p>								
7.00- 7.15pm	<p><b>Presentation: Cost reflective pricing</b></p> <ul style="list-style-type: none"> <li>Explain cost reflective pricing and the fact that EE need to move towards this. Cost reflective pricing principles (that it could mean less investment in the network and therefore lower bills)</li> <li>Show video explaining demand tariff</li> <li>Explain the following as components of cost-reflective pricing that EE can choose to implement or not based on feedback: <ul style="list-style-type: none"> <li>TOU</li> <li>increasing fixed price and reducing variable (only briefly because more detail in next presentation)</li> <li>demand tariff</li> <li>seasonal pricing</li> <li>locational pricing</li> </ul> </li> </ul>							EE	PP Slides

<p>7.15-7.40pm</p>	<p><b>Table discussion: Cost reflective pricing</b></p> <ul style="list-style-type: none"> <li>• What are your thoughts on cost reflective pricing in general? Cost reflective pricing is where prices reflect the <b>actual cost</b> of supplying electricity to that customer.</li> <li>• What are the pros and cons of cost reflective pricing in general?</li> <li>• What are the pros and cons of the specific options: GIVE OUT HANDOUT 4             <ul style="list-style-type: none"> <li>– Time of Use – different prices for peak, off peak and shoulder times of the day</li> <li>– seasonal pricing - prices that differ between winter and summer (higher prices) versus other times of the year.</li> <li>– controlled load – prices for services which Essential Energy decides when they use electricity eg hot water.</li> <li>– demand tariffs – prices set based on highest demand (spikes)</li> </ul> </li> <li>• What are the principles that should be set around cost reflective pricing and which aspects to implement/not implement? I.e. how should decisions be made - if needed probe on aspects such as fairness, simplicity, support for vulnerable customers, degree of variability in bills, control by customer i.e. ability to reduce bills if wanted etc.</li> <li>• On a flipchart write up the principles that should be set around it.</li> </ul> <p><i>A nominated spokesperson at each table is chosen to feedback their table's principles that should be set around cost reflective pricing. Let them know they only have 1 minute each to present so they should be brief.</i></p>		<p>HANDOUT 4: Definitions of different pricing mechanisms</p>
<p>7.40-7.50pm</p>	<p><b>Table feedback: Cost-reflective pricing</b></p> <p>Select a few tables to present their principles around cost reflective pricing</p>		
<p>7.50-8.00pm</p>	<p><b>DESSERT – participants to bring back to tables</b></p>		
<p>8.00-8.15pm</p>	<p><b>Presentation: Fixed versus variable pricing</b></p> <ul style="list-style-type: none"> <li>• Show different options for fixed versus variable pricing and how changes would impact different types of customers</li> </ul>	<p>EE</p>	<p>PP Slides</p>
<p>8.15-8.35pm</p>	<p><b>Table discussion: Pricing</b></p>	<p>WR Table Facilitators</p>	

	<ul style="list-style-type: none"> <li>• Recap that part of EE’s cost is fixed (despite how much electricity you use) and the other part is variable (that is, it changes according to how much electricity you use). To help reduce the amount your bill goes up and down, and to be more cost reflective, EE could increase the fixed cost component and reduce the other components. Do you think the fixed component of your bill should be increased or stay the same? Why?             <ul style="list-style-type: none"> <li>○ GIVE OUT HANDOUT 5: If increased, then how much by? Why?</li> <li>○ For Handout 5 probe on: How do these options match the principles your table came up with in the previous discussion session?</li> </ul> </li> <li>• What are your views on the potential introduction of a demand component to residential customers? What are the pros and cons? (they will have touched on this in previous discussion but go into more detail here)             <ul style="list-style-type: none"> <li>○ How would you like to see peak usage measured, i.e. e.g. average of 5 peaks in 12 months or one peak in 3 months?</li> </ul> </li> <li>• Would you consider moving to a pricing option that includes a demand component if your fixed and variable prices decreased? i.e. this comes down to would you be able to spread your usage out so that you don’t use everything all at once?             <ul style="list-style-type: none"> <li>○ What types of appliances or electricity usage would you be willing to shift to non-peak times?</li> </ul> </li> <li>• Would you support the introduction of new tools such as an app or web browser to assist in understanding your usage at a cost of \$0.20 per quarter? Why/why not?             <ul style="list-style-type: none"> <li>○ What would you like to be able to understand in terms of usage?</li> </ul> </li> </ul>		<p>HANDOUT 5: ON INCREASING FIXED COMPONENT</p>
<p>8.35-8.40pm</p>	<p><b>Key Pad Voting</b></p> <p>Q: Which of the following options do you prefer? (single response)</p> <ol style="list-style-type: none"> <li>1. Increase fixed charge by \$5 per quarter</li> <li>2. Increase fixed charge by \$10 per quarter</li> <li>3. Increase fixed charge by \$15 per quarter</li> <li>4. Increase fixed charge by \$20 per quarter</li> <li>5. I would prefer the fixed charge to remain unchanged</li> <li>6. Don’t know</li> </ol> <p>Q: Should Essential Energy introduce higher prices in winter and summer, and lower prices at other times of the year?</p> <ol style="list-style-type: none"> <li>1. Yes</li> <li>2. No</li> </ol>	<p>WR Lead Facilitator</p>	<p>PP Slides and Keypads</p>

	<p>3. Don't know</p> <p>Q. Would you consider moving to a pricing option that includes a demand charge at peak times if your fixed and variable prices decreased?</p> <p>1. Yes 2. No 3. Don't know</p> <p>Q. Would you support the introduction of new tools to assist in understanding your usage, at a cost of \$0.20 per quarter?</p> <p>1. Yes 2. No 3. Don't know</p>		
8.40-8.45pm	<p><b>Presentation: Supporting technology with pricing</b></p> <ul style="list-style-type: none"> <li>How pricing structures can make this fairer but influence the introduction of these technologies</li> <li>Specific Information on EV tariff</li> </ul>	EE	PP Slides
8.45-8.55pm	<p><b>Key pad voting: Supporting technology</b></p> <p>Q. Do you think that Essential Energy should introduce a price specifically for Electric Vehicles to encourage customers to charge these vehicles at off-peak times?</p> <p>1. Yes 2. No 3. Don't know</p> <p>Q. If Essential Energy do introduce a price specifically for Electric Vehicles, which option do you prefer?</p>	WR Lead Facilitator	PP Slides and Keypads

	Price	Option 1: Anytime prices	Option 2: Time of Use and Demand pricing	Option 3: Controlled Load price		
	Impact on Electric Vehicle costs	Customers charged at a standard variable rate with no ability to reduce costs by charging car at different times.	Customers can reduce charges if they charge their car in off-peak times.	Customers can connect the car to an outlet which only receives power overnight. Similar to some hot water systems.		
	<p><i>Ian: And I'm just going to ask the same questions again as we did at the beginning to see if your views have changed at all:</i></p> <p>Q. How would you rate Essential Energy on the following, on a scale of 0-10 where 0 is very poor and 10 is excellent:</p> <p>Listening to customers 0 1 2 3 4 5 6 7 8 9 10</p> <p>Has customers' interests at heart 0 1 2 3 4 5 6 7 8 9 10</p> <p>Open and honest 0 1 2 3 4 5 6 7 8 9 10</p> <p>Educating customers on the electricity network 0 1 2 3 4 5 6 7 8 9 10</p> <p>How would you rate your overall attitude to Essential Energy on a scale of 0-10 where 0 is very negative and 10 is very positive? 0 1 2 3 4 5 6 7 8 9 10</p> <p>Q Currently 36% of a customer's bill is for distribution of electricity. How would you rate this in terms of value for money?</p> <p>1. Very good value for money 2. Quite good value for money 3. Undecided 4. Quite poor value for money 5. Very poor value for money</p>					
8.55-9.00pm	<p><b>Summing up, thank you</b></p> <ul style="list-style-type: none"> <li>Essential Energy closing remarks – what Essential Energy will take from today and confirmation of next steps.</li> </ul>				EE	
9.00pm	<p><b>CLOSE</b></p> <p><i>Woolcott Research Lead Facilitator</i> – thanks and reminder to fill in end of session questionnaire on tables</p>				WR All	<p>End of session q</p> <p>Incentives and signing sheet</p>

## Appendix 2: Handouts

### Handout 1: vegetation options

	Opportunity	Customers most impacted	Estimated impact on vegetation management budget	Impact on average electricity account (approx. \$ per quarter)
1	Reduce the frequency of vegetation treatment in urban areas by cutting more vegetation less frequently, which will sometimes affect how it looks	Urban customers	\$7.8M per annum	\$2.30 decrease per quarterly account
2	Move some vegetation management to local government – 20% for rural areas & 10% in urban areas	Urban and rural customers	\$15.3M per annum	\$4.50 decrease per quarterly account
3	Where it is safe and practical to do so, safely stack cut vegetation in rural areas rather than process it on-site into wood chips	Rural customers	\$1.3M per annum	\$0.38 decrease per quarterly account
4	Permanently remove vegetation and selectively replant it rather than continuing to cut it.	Urban and rural customers	\$1.65M per annum	\$0.49 decrease per quarterly account

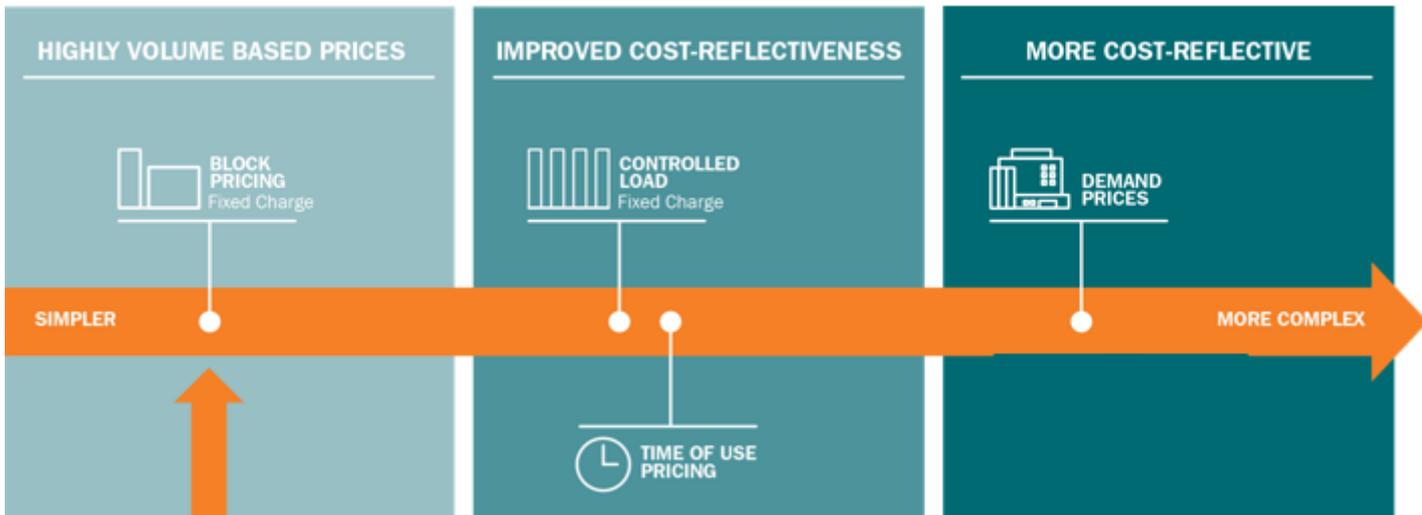
### Handout 2: Outage response time scenarios

OUTAGE TRAITS	1: Current Practice	2: Alternate scenario
Number of customers without power	Less than 5 per outage	Less than 5 per outage
Time of the week	Outside of business hours	Outside of business hours
Response time	No change	up to an additional 16 hours without power per outage
Quarterly Bill Change	No change	-\$0.35

### Handout 3: Planned outage times

	1: Current	2: Earlier only	3: Later only	4: Earlier and Later
Usual planned outage times	9am to 2pm	7am to 2pm	9am to 4pm	7am to 4pm
Impact on quarterly electricity costs	No change	-\$0.35	-\$0.15	-\$0.50

### Handout 4: Pricing Types



Pricing type	Level of cost reflectivity	Description
Block pricing	Least cost reflective – but simple to understand	<ul style="list-style-type: none"> <li>A fixed charge and a variable charge that does not vary with the time of day</li> <li>Most of our customers are on block pricing</li> </ul>
Controlled load	Improved level but we control when energy is provided	<ul style="list-style-type: none"> <li>A fixed charge and a variable charge</li> <li>In exchange for this control, customers are provided with a cheaper rate of electricity</li> <li>Mainly used for hot water systems and pool pumps</li> </ul>
Time of Use	More cost reflective	<ul style="list-style-type: none"> <li>A fixed charge and variable charges that vary according to the time of day – peak, shoulder and off-peak</li> </ul>
Demand	Most cost reflective but difficult to understand	<ul style="list-style-type: none"> <li>As well as a fixed charge and variable charges that vary according to the time of day, these prices have a demand component charged on maximum peak usage over a period of time</li> </ul>

		<ul style="list-style-type: none"> <li>Customers are rewarded for placing less impact on the network through how they use energy</li> </ul>
Seasonal	Cost reflective	<ul style="list-style-type: none"> <li>Variable charges have different rates at peak times of the year to reflect changes in demand at these times – generally driven by weather and may be summer or winter</li> </ul>

**Handout 5: Pricing Options – fixed versus variable**

Pricing option	0 – 2,000 annual kWh	3,000 to 4,000 annual kWh	5,000 – 9,000 annual kWh	10,000 – 15,000 annual kWh
Typical customer type	Includes holiday homes, customers on battery or solar	Includes small users, holiday homes, customers on battery or solar	Includes families, 3-4 bedroom homes, moderate to high user, pool/spa	Includes farms, home workshops, larger homes, pool/spa
Quarterly fixed charges increase by \$5	Between \$2.74 - \$5 increase to average bill ~ 2% and 7% of network charges	Between \$0.47 - \$1.60 increase to average bill ~ 0% and 1% of network charges	Between \$0.66 - \$5.19 decrease to average bill ~ 0% and 2% of network charges	Between \$6.32 - \$11.99 decrease to average bill ~ 2% and 3% of network charges
Quarterly fixed charges increase by \$10	Between \$5.47 - \$10 increase to average bill ~ 5% and 14% of network charges	Between \$0.94 - \$3.21 increase to average bill ~ 1% and 2% of network charges	Between \$1.32 - \$10.38 decrease to average bill ~ 1% and 4% of network charges	Between \$12.65 - \$23.97 decrease to average bill ~ 5% and 7% of network charges
Quarterly fixed charges increase by \$15	Between \$8.21 - \$15 increase to average bill ~ 7% and 21% of network charges	Between \$1.41 - \$4.81 increase to average bill ~ 1% and 4% of network charges	Between \$1.99 - \$15.58 decrease to average bill ~ 1% and 6% of network charges	Between \$18.97 - \$35.96 decrease to average bill ~ 7% and 10% of network charges
Quarterly fixed charges increase by \$20	Between \$10.94 - \$20 increase to average bill ~ 10% to 28% of network charges	Between \$1.88 - \$6.41 increase to average bill ~ 1% to 5% of network charges	Between \$2.65 - \$20.77 decrease to average bill ~ 2% to 8% of network charges	Between \$25.30 - \$47.15 decrease to average bill ~ 10% to 13% of network charges

In all cases, variable revenue is decreased to maintain total overall revenue.

## Appendix 3: End of Session Questionnaire

We would like your help to evaluate today’s session so would be grateful if you could complete this questionnaire.

1. Based on your experience today, please indicate whether you Strongly Agree, Agree, Disagree, Strongly Disagree or Neither Agree or Disagree with each of the following statements (by placing a tick in the relevant box)

PLEASE TICK ONE BOX ON EACH LINE	Strongly Agree	Agree	Neither agree or Disagree	Disagree	Strongly Disagree	Don't know
a. I enjoyed taking part in the session	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. It was informative and I feel I have learned a lot	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. The session was well organised and structured	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. I was able to provide my views and contribute during the session	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. I think Essential Energy will act on the information from this session	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. I think events like this are a good way of consulting the public about issues	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. What were the strengths of the session today?

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3. What do you think could have improved the session today?

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Thank you for your time and participation.