

Customer and Stakeholder Engagement for the 24-29 Regulatory Proposal – Deep Dive

Research report prepared for
Essential Energy

July 2022



Woolcott Research and Engagement is an Australian privately owned research and engagement agency that provide professional, independent and timely market research and engagement services. Our professional staff arrange, undertake and publish commissioned research and community engagement projects for industry, corporations, governments, integration agencies and individuals.

© Woolcott Research Pty Ltd 2022

This work is copyright. Individuals, agencies and corporations wishing to reproduce this material should contact Woolcott Research at the following address.

Woolcott Research and Engagement
Level 6, 104 Mount St
North Sydney NSW 2060

Telephone: +61 2 9261 5221
Email: info@woolcott.com.au
Website: www.woolcott.com.au

Table of Contents

Table of Figures.....	5
Table of Tables	6
1. Executive Summary.....	7
1.1 Deep Dive Design	7
1.2 Main Findings	7
1.2.1 Customer Deep Dive	7
1.2.2 Stakeholder Feedback.....	10
1.3 Implications	11
2. Deep Dive Design	12
2.1 Deep Dive with Customers	12
2.2 Deep Dive with Retailers and Aggregators	14
2.3 Presentation to the Office of Energy and Climate Change (OECC).....	14
2.4 Meeting with Consumer Advocates	14
3. Challenges and Solutions	15
3.1 Deep Dive with Customers	15
3.1.1 Feedback on the challenges facing Essential Energy	15
3.1.2 Desired outcomes.....	16
3.1.3 Initial support for the solutions	16
4. Decision Making Criteria	19
4.1 Deep Dive with Customers	19
5. Views of the Solutions after Further Information and Deliberation.....	21
5.1 Deep Dive with Customers	21
5.1.1 Building the network - post information and deliberation	21
5.1.2 Limit exports - post information and deliberation	22
5.1.3 Smarter network - post information and deliberation.....	22
5.1.4 Subsidised customer batteries - post information and deliberation	23
5.1.5 Pricing - post information and deliberation.....	23
6. Consumption Pricing	25
6.1 Deep Dive with Customers	25
7. Two-way Pricing	27
7.1 Deep Dive with Customers	27
7.2 Findings from the Retailers and Aggregators	28
7.3 Findings from the Presentation to OECC.....	29

7.4 Findings from the Advocates Group.....	29
8. Transition to Two-way Pricing.....	30
8.1 Deep Dive with Customers	30
8.2 Findings from the Retailers and Aggregators	31
8.3 Findings from the OECC.....	32
8.4 Findings from the Advocates Group.....	32
9. Education and Communication	33
9.1 Deep Dive with Customers	33
9.2 Findings from Retailers and Aggregators	34
9.3 Findings from the OECC.....	35
9.4 Findings from the Advocates Group.....	35
10. Implications.....	36
11. End of Session Feedback.....	37
11.1 Quotes.....	38
Appendix A: Deep Dive Forum Agenda	42
Appendix B: Table Preferences PRE and POST Presentation.....	52

Table of Figures

Figure 1: Support for solutions - before and after deliberation 8

Figure 2: Support for solutions before deliberation..... 18

Figure 3: Individual ranking of the decision-making criteria 20

Figure 4: Support for solutions before and after deliberation 21

Figure 5: Agreement with end of session statements..... 37

Table of Tables

Table 1: Participant profile for Deep Dive forum 13

1. Executive Summary

This report summarises the findings from the Deep Dive forum with a small group of customers, and several other Deep Dive meetings with stakeholders, which form part of Essential Energy's customer and stakeholder engagement program for the Regulatory Proposal 2024-2029.

The aim of the customer Deep Dive was to delve deeper into two-way prices given their divisive nature and some of the negativity that was heard in the Phase 2 Engagement Forums.

The objectives were to:

- Ascertain whether by educating customers about the network challenges and solutions in more detail, they would support pricing, and in particular two-way pricing, as having an important role to play in achieving their future vision;
- Derive a two-way pricing transition strategy;
- Confirm a preferred default future proof two-way tariff; and
- Gather ideas on how to educate customers and communicate any pricing changes.

1.1 Deep Dive Design

The Deep Dive with customers involved an online information session held on the evening of 30 May 2022 and a day long deliberative session held in Sydney on 4 June 2022. Nineteen highly engaged but diverse participants took part in the session - they were from various locations, a mix of ages, genders and had the requirement that only seven out of the recruited participants should have solar panels, to be reflective of the network area.

A meeting was held with retailers and aggregators on 20 July 2022 to gain input into the draft export tariff transition strategy. A survey was also sent out after the meeting to gain further feedback.

Essential Energy presented the draft pricing strategy to the Office of Energy and Climate Change in a two hour Zoom meeting on 26 July 2022.

Feedback was also gathered from a group of four consumer and industry advocates on 29 June 2022.

1.2 Main Findings

1.2.1 Customer Deep Dive

At the outset participants were in agreement with the network challenges presented by Essential Energy and throughout the day's proceedings appeared attentive and happy to come on the 'journey' offered to them.

A summary of the findings for each of the deliberation sections of the Deep Dive is detailed below:

Initial support for the solutions

Five solutions to the network challenges, (excluding the challenge related to replacement expenditure which was out of scope for the discussion given it will be solved through the introduction of SAPS and Microgrids),

were presented to participants – building up the network, export limits, smarter network, subsidised customer batteries and pricing.

- Participants were most supportive of the smart network as a solution to the challenges at the outset prior to any further presentation of information.
- There was initial support for battery subsidies which declined post-presentation.
- There was early acknowledgement that pricing should be part of the portfolio of solutions.






Decision making criteria

Participants were asked to consider what the most important decision-making factors should be when evaluating the possible solutions. The three most popular decision-making criteria were fairness, investing in renewables and effectiveness of any solutions (particularly with regards to reliability and improving resilience).

They were then provided with more detailed information about each of the five solutions and again support was measured after deliberation:

- Smarter network was again the most popular solution (and seemed to align with the three most important decision-making criteria).
- Limiting exports was the least popular solution pre and post presentation.
- The greatest change was a drop in support for subsidised customer batteries post-presentation.
- Building the network was not at all popular although support increased slightly post-presentation, with the resignation that some investment in infrastructure would be required.
- Pricing received more support post-presentation on the assumption that equity can be guaranteed. Education on tariffs was considered crucial could assist in positively changing behaviour.
- Participants spoke of peer-to-peer trading and storage as potential solutions that should be part of the mix.

Figure 1: Support for solutions - before and after deliberation

Solution		Before	After
Build the network 		4.4	4.0
Limit exports 		4.7	5.3
Smarter network 		1.6	1.8
Subsidised customer batteries 		2.8	4.9
Change prices 		2.6	2.2

Extremely supportive (1)	Very supportive (2)	Quite supportive (3)	Neither supportive or unsupportive (4)	Quite Unsupportive (5)	Very unsupportive (6)	Extremely unsupportive (7)
--------------------------	---------------------	----------------------	--	------------------------	-----------------------	----------------------------

Consumption pricing

In the pricing session following, two possible default consumption tariffs were outlined – the Sun Soaker tariff (that the business is currently trialing) and the existing three part Time of Use tariff that is currently applied to customers when they move to a smart meter.

- The Sun Soaker was the preferred consumption tariff as it was thought to be easy to work with (with just two rates) and will benefit more people, particularly those who are at home during the day.
- Customers want a choice of tariffs as it is seen to address equity issues and empowers customers.
- Ultimately it was thought that tariffs need to be simple and easy to understand to encourage positive behaviour and energy savings.

Two-way pricing

Participants understood two-way pricing better and could see the benefits of it by this point in the Deep Dive. There was therefore less resistance to its implementation than in the Phase 2 forums.

- Sun Soaker with export price was considered the preferred ‘future proof’ two-way default tariff – the rates are cheaper than the Time of Use tariff and it was thought to benefit more customers.
- With increased understanding there was minimal perception of solar customers being penalised by two-way pricing.
- The biggest disadvantage of Sun Soaker was thought to be the 7-10am time slot - however when participants realised the cost was not much more than the shoulder rate for the Time of Use tariff, they were appeased.

Transition to two-way pricing

For the transition to two-way pricing participants were presented with the key dates as to when two-way prices can be applied under the rules and when Essential Energy expects its new billing system to be implemented. Participants were asked to consider when two-way pricing should be applied and whether the approach should differ between those who have already invested in energy resources and those who haven’t.

- Assuming extensive education and communication, there was again support for a ‘ripping the band aid off’ approach and implementing it earlier for everyone – they suggested an opt-in be made available from 1 July 2024 and mandatory assignment from 1 July 2025. This result is identical to what was heard in the Phase 2 engagement.

Education and communication

Conversations at the table level revealed multiple suggestions for Essential Energy to actively improve and promote a greater understanding of the energy issues and two-way pricing as a solution that is:

- Back to basics – communicates that the current network is not designed for exported power (similar information as in the Deep Dive).
- Future focused – highlights that the network is evolving and we are all moving with the times and into a new era.
- Not making the financials the key focus but the human and environmental factors.
- Focusing on the collective benefit and emphasising a progressive, renewable-focused future.
- Provides facts, infographics but reinforces with a degree of optimism.

- Empowers customers with practical advice on how to participate in the system, make behavioural changes and manage their usage.
- Involves a strong campaign with a slogan to create traction and brand recognition.
- Learns from other successful campaigns – e.g. slip, slop, slap

They were asked to consider which methods of communication should be used. They suggested:

- Use customers' bills to communicate what savings would have been made if the customer was on a different tariff or behaved differently.
- Use case studies as a way of positive reinforcement
- Fridge magnets - simple diagrams of tariffs to act as reminders, statistics or fun graphics to assist customers in understanding their usage.
- Use multiple channels – social media, TV, radio, create short videos/movies, TikTok, YouTube
- Have the call centre as a backup - dedicated to answering questions
- Have customer information sessions/pods e.g. at shopping centres
- Use the retailers as the interface

1.2.2 Stakeholder Feedback

Some key take outs from retailers and aggregators were:

- There is mixed support for cost-reflective network tariffs.
- Network tariffs that align with wholesale market prices have a greater likelihood of being incorporated by retailers and aggregators.
- There were criticisms about the complexity of the proposed export tariff (for customers and retailers):
 - The bands between 10am-3pm will be difficult for customers to understand and act on
 - Mixing a demand charge with a c/kWh rebate could be confusing
 - The stepped demand charge over the middle of the day is difficult (or impossible) for some retailers to build in their billing systems
- Retailers would prefer that when customers have a faulty meter replaced (not by choice) that the network provides a one-year grace period before moving the customer to a cost-reflective tariff

The Office of Energy and Climate Change were very positive about the presented strategy in particular:

- The balance between charges and rebates
- The timing of the transition for existing solar customers (2028)

Advocates also supported a transition to the Sun Soaker two-way price:

- It was thought to be simpler than an equivalent Time of Use two-way price, fairer and would benefit more people.
- Assuming there is education and communication from the industry to assist people to make the changes and help them understand it.
- They suggested setting a date in the future when it will come in so that existing customers have time to recoup their costs and those considering solar are fully informed before making the decision.

1.3 Implications

- Two-way pricing is largely accepted as part of a portfolio of solutions when there is further education and detailed information provided about the challenges and possible solutions.
- Sun Soaker with export pricing (Sun Soaker two-way) is the preferred tariff option amongst customers and stakeholders, however retailers are concerned about its complexity. Fine-tuning its structure may be required depending on the findings from the current tariff trials.
- Communication will be essential to help customers understand the issues and to transition to two-way pricing. With education it is likely that more customers will support the transition.
- A branded information campaign should be promoted extensively using a multi-channel approach, highlighting why pricing changes meet the important criteria of fairness/collective benefit, integrating renewables and effectiveness in terms of improving reliability and resilience for everyone. It should be clear that pricing is just one aspect of a portfolio of solutions.
- Assuming extensive education and communication, there is support for an opt-in to two-way pricing for existing solar customers from 1 July 2024 and mandatory assignment from 1 July 2025. However, this may not be able to be implemented by Essential Energy or retailers due to their billing systems. Essential Energy will have to work with retailers to ensure the two-way tariff can be introduced, especially given the limitations of its current billing system.
- Consider that when customers have a faulty meter replaced (not by choice) that the network provides a one-year grace period before moving the customer to a cost-reflective tariff (as suggested by retailers).
- Consider refining the business' connection agreement to start addressing customer's future export potential sooner rather than later. This is another means for addressing export issues without the need for complex tariffs.

2. Deep Dive Design

2.1 Deep Dive with Customers

The aim of the customer Deep Dive was to delve deeper into two-way prices given their divisive nature and some of the negativity that was heard in the Phase 2 Engagement Forums.

The objectives were to:

- Ascertain whether by educating customers about the network challenges and solutions in more detail, they would support pricing, and in particular two-way pricing, as a complementary measure to other solutions that are imperative to achieving customers' future network vision;
- Confirm a preferred default future proof two-way tariff;
- Derive a two-way pricing transition strategy; and
- Gather ideas on how to educate customers and communicate any changes.

The Deep Dive engagement consisted of an information session held on 30 May between 6.00-7.30pm within which Essential Energy presented a recap of the challenges facing the network and possible solutions. Participants were given the opportunity to ask questions to ensure they fully understood the issues. After the possible solutions were presented, they were asked if they wanted to put forward other solutions to be explored. They were also sent the slide pack to peruse before the main forum.

The main deliberative component of the Deep Dive was held on Saturday 4 June from 9.30-4.30pm in the Sydney CBD. All participants were provided with travel to the forum, two nights' accommodation, and a meal allowance. They were also incentivised to participate.

Participants were selected from the forums conducted as part of the Phase 2 engagement. Facilitators were asked to identify engaged and interested participants in their breakout rooms who also had a good grasp of the issues. A cross section was required across location, age and gender with the requirement that only seven out of the desired twenty participants should have solar panels, to be reflective of the network area. It was also a requirement that there should be a mix of views on two-way pricing (from Phase 2) in order not to bias the findings from the Deep Dive. Twenty-two participants were invited to attend with nineteen attending on the day. They were split across three tables ensuring a cross-section of age, gender and location with each table facilitated by a senior Woolcott researcher.

At the commencement of the Deep Dive participants were requested to consider the issues and challenges put to them during the day not only from their perspective but also taking into consideration the larger communities they represent.

The table overleaf shows the demographics of those who attended.

Table 1: Participant profile for the Deep Dive Forum

	Total n=19
LOCATION	
Taree	2
Inverell	3
Ballina	2
Wagga Wagga	3
Bega	4
Broken Hill	2
Dubbo	3
AGE	
18-24	1
25-44	11
45-64	5
65+	2
GENDER	
Male	12
Female	7
SOLAR	
Yes	7
No	12
ATSI	
Yes	2
No	17
SMALL TO MEDIUM BUSINESS	
Yes	4
No	15
RURAL	
Yes	7
No	12
HOUSEHOLD INCOME	
\$41,600 - \$78,000 per year	3
\$78,000 - \$104,000 per year	6
\$104,000 - \$156,000 per year	7
More than \$156,000 per year	2
Do not wish to answer	1
VULNERABLE	
Yes	3
No	16

Base: All respondents (n=19)

2.2 Deep Dive with Retailers and Aggregators

Retailers and aggregators were invited by Essential Energy to a dedicated Zoom meeting conducted on Wednesday 20th July, to provide input on the proposed export tariff transition strategy. In total there were 33 attendees at the engagement session including Essential Energy staff and Woolcott Researchers, with note taking on the proceedings and an audio recording used for data gathering and reporting purposes.

The presentation included a detailed explanation of the export tariff design, in-depth information on the proposed transition strategy, and an explanation of the current tariff trials intended to inform the decision-making on implementation into the next regulatory period.

A survey was sent out to retailers after the session to enable them to respond in more detail. Three completed surveys were received.

2.3 Presentation to the Office of Energy and Climate Change (OECC)

As part of their obligation under the National Electricity Rules, Essential Energy also presented their pricing strategy to the Office of Energy and Climate Change (the relevant NSW government department) in a two hour Zoom meeting on 26 July 2022. Questions and feedback were encouraged as part of the meeting. There were four representatives from the OECC, two from Essential Energy and two Woolcott Researchers in attendance.

2.4 Meeting with Consumer Advocates

A meeting was conducted with four consumer advocates from the Council of the Ageing, Salvation Army, and Path Finders (Aboriginal and Torres Strait Islander Rep) to gain feedback on the topics of interest for the Regulatory Proposal as part of the Phase 3 engagement. The preferred 'future proof' default tariff and the transition to two-way pricing was included as a session in that meeting.

3. Challenges and Solutions

3.1 Deep Dive with Customers

The first section of the Deep Dive consisted of a quick recap of the content of the information session with another chance to ask any questions that may have come to mind after the session on the 30 May. Information was also provided by Essential Energy on the additional solution of microgrids suggested by one participant at the pre-briefing. It was outlined that this solution would not stack up in a cost benefit analysis if the only network challenge it was managing was power quality. Current technology prices mean that improving resilience and reliability are also necessary prerequisites for a microgrid to be a cost-effective solution.

Participants were then provided with the opportunity to discuss on their tables the challenges and possible solutions put forward.

3.1.1 Feedback on the challenges facing Essential Energy

There was general support for the challenges as outlined by Essential Energy with conjecture about who is responsible for those challenges. It was mooted that a lack of government direction may have caused the business to be in the position it is in now.

“There has been a lack of government direction. They are now struggling against government policy. It has been very short term whereas we need to be looking 50 years ahead. It would be best if we had a whole of government approach. I feel for Essential Energy, they are in the middle.” – Customer participant

“The whole energy business is a dog’s breakfast. I feel quite sorry for Essential Energy through this process, and they seem to genuinely care about regional customer. They are trying to get good quality, consistent, affordable power out to the back of Moree and they seem to genuinely want to try and do this.” – Customer participant

It was also suggested that the challenges should have been looked at before now as, with foresight, they could have been predicted many years ago. It was seen that we are currently facing a crossroads about how to proceed.

Customer knowledge was also suggested as a challenge that is facing not just Essential Energy but everyone in the electricity sector. In order to instigate the best solution, education will play a key role in terms of solar integration to the network, tariffs and smart technologies.

“There’s a lack of understanding about solar – education is not there and it’s needed so much. It might be an area that doesn’t require the biggest system and we’re sold things that we don’t need. Knowledge is a major challenge.” – Customer participant

There was strong recognition that increased solar generation in itself should not be seen as a ‘solution’ by government and broader society in general but a challenge for the network that needs to be solved.

“I’m concerned about the macro, I’m not sure we’ve got the best solution from the start. Everyone thinks the answer to climate change is to put solar on, but now there’s a panic which doesn’t solve the original problem.” – Customer participant

As had been suggested previously at other forums, some thought that Essential Energy would be best placed to take ownership of, or at least provide strong guidance for, the implementation of renewables, particularly as a publicly owned entity. A broader more holistic perspective was thought to be required.

“You’d trust them, rather than being driven by fear as someone turns up at the doorstep selling solar” – Customer participant

3.1.2 Desired outcomes

When asked about the outcomes or values participants are ideally looking for, these reflected the priorities that have been raised at each stage of the engagement and were expressed as:

- More integration of renewable or ‘green’ energy sources
- Reliable electricity supply and a resilient network
- Bills to be affordable
- Embracing new systems and technologies for the future such as Peer2Peer trading so energy can be shared where it needs to be

It was wondered whether Essential Energy, or the government in general, could learn from international experiences in terms of migrating successfully to renewables.

There was some disagreement at this point in the session about how best to integrate renewable technology and who should ‘pay the cost’ for this and any required upgrades.

3.1.3 Initial support for the solutions

Following tables discussions, participants were steered to determining a majority vote using a sticker system for each of the possible solutions presented, where three green stickers indicated extremely supportive and three red stickers indicated extremely unsupportive. The results from these conversations were as follows:

1. Build the network

Tackling resilience issues by investing in infrastructure was not a popular solution for two tables, unconvinced that this is the way forward. Negativity was expressed for investing in a network that wasn’t sustainable. One table was very unsupportive, while another was extremely unsupportive, with cost and sustainability cited as contributing factors.

“It might solve reliability, but it will affect the affordability.” – Customer participant

“The end goal is renewables so why are we investing more money into a solution that isn’t sustainable?” – Customer participant

The remaining table attributed two green dots to this solution and spoke with resignation that some investment in building the network was probable, irrespective of customer feedback.

“Some of this will have to happen anyway.” – Customer participant

2. Limit Exports

There was no majority ruling on this as a solution with each table producing varying voting. One table was very supportive, one was neither supportive nor unsupportive, while the third table was extremely unsupportive.

It was clear that participants were provoked into thinking about solutions for the resulting excess energy, and worthy of mention was the sentiment that electricity was considered an essential service so any excess should be used.

“This will leave a bitter taste for some people, we’re supposed to be protecting the planet.” – Customer participant

“We should be focusing on solutions to use that excess energy.” – Customer participant

“We have to look at energy as an essential service and you can’t deny people an essential service.” – Customer participant

3. Smarter Network

This solution received the greatest initial support from participants with two tables expressing they were very supportive, while the third table elected extremely supportive as their collective choice. Participants appeared informed and eager for the network to be upgraded with technological advancements.

“I’m all for advanced technology and I can see the benefits of smart meters for Essential Energy.” – Customer participant

“They can see issues on the network which means less outages.” – Customer participant

The benefit to customers of demand and exports being monitored and controlled was acknowledged and supported by participants.

4. Subsidise Customer Batteries

Support for this initiative was positive from two tables, both electing two green dots to display they were very supportive. In general batteries were believed to be an important part of any solution to the challenges so subsidized household batteries made sense at a theoretical level.

The remaining table selected one orange sticker as they were neither supportive nor unsupportive. Conversations focused on the high cost of individual batteries with participants seemingly more interested in community-based solutions.

“Could I get a battery and collaborate with my neighbour? Is it wiser to get a community battery?” – Customer participant

“It’s not a viable solution for Essential Energy, I like the idea but it’s not viable.” – Customer participant

“Subsidised means I’m going to pay for this somewhere else.” – Customer participant

5. Change Pricing

The outcome of this voting was mixed with one table extremely supportive, one table slightly supportive (one green dot and one orange dot) and one table quite supportive. Generally, participants accepted this was one of the most likely options to drive change and that customers would eventually get on board.

“It’s one of the only drivers you’ve got, manipulating prices to get people to do what you want them to do. It’s like the plastic bags, people adapt when the crunch comes.” – Customer participant

It was suggested by participants that customers needed more education from Essential Energy to improve knowledge and allay skepticism.

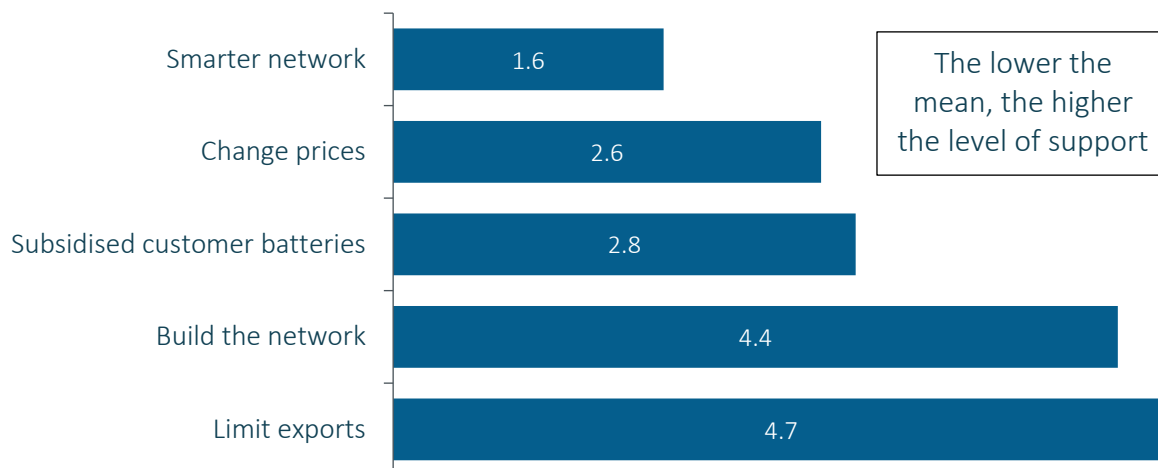
“I’m unsure. I want to know more about it and how it would affect people. I don’t like the idea of feed-in charges.” – Customer participant

“There are different levels of socio-economic strata and education, and they don’t understand what is going on.” – Customer participant

“The numbers are minimal so far but I’m very skeptical of what the retailer will charge and the energy base prices going up.” – Customer participant

Following this, participants were asked to fill in an activity sheet to indicate their personal preference. The scale for support was from 1 which equated to extremely supportive through to 7 which equated to extremely unsupportive. The results from this appear as means in Figure 1 below, and show that limiting exports and building the network emerged most consistently as the least supported solutions by participants, with smarter network, changing prices and subsidised customer batteries being most supported.

Figure 2: Support for solutions before deliberation (mean rating)



Indicate your support by placing tick in the column next to each solution that corresponds to your level of support: 'beginning'

Base: All respondents n=19

4. Decision Making Criteria

4.1 Deep Dive with Customers

Participants at the Deep Dive forum then received handouts on customer priorities and pricing principles that were developed at previous engagement forums by customers and stakeholders. Using these as stimulus they were asked to brainstorm their ideas for the most important decision making criteria they believed Essential Energy should consider when electing the solutions. Each table developed a list and chose their top three which were then relayed to the room via a spokesperson.

The top themes to emerge (in no particular order) were somewhat integrated, with a clear emphasis on future focus and accommodating change:

- **Avoid bill shock with tariffs that are easy to understand**

It was acknowledged that any solution needs to be evaluated on the degree to which it will create bill shock and how easy it will be for customers to understand. A clearer and more transparent picture of the charges was thought to be required.

“Bill shock is a good one, families have to budget very closely and if the bill goes over that it can cause lots of problems.” – Customer participant

“The bill shock one is quite important, even with the difference in incomes, there is a difference in bills.” – Customer participant

Broadly, it was thought that education is crucial and any solution needs to be evaluated based on how much education and communication will be required to ensure that customers understand why it is seen as the best way forward and what it means for them.

It was seen to be tied into all solutions presented, with education to avoid bill shock and assist with budgeting cited as areas that warranted improvement.

“Getting it out there until people are sick – what is education to one person is an annoyance to others.” – Customer participant

“Transparency and education – Essential Energy needs to educate people.” – Customer participant

- **Future focus tied to resilience and reliability**

Central to conversations was the ability of Essential Energy to strike the right balance between the acknowledged priorities to ensure resilience and reliability of the future network.

“The balance between reliability and resilience and future focused is the key thing.” – Customer participant

“Future focused should be at the top, long term sustainability and carbon negative.” – Customer participant

“We have to be open to the possibility of looking for new solutions. We don’t know if they’re going to work, we have to go for new ideas.” – Customer participant

- **Collective benefit incorporated within the theme of fairness**

There were sentiments of concern expressed that solutions, and pricing in particular, should be pitched to incentivise or reward customers without disadvantaging the most vulnerable.

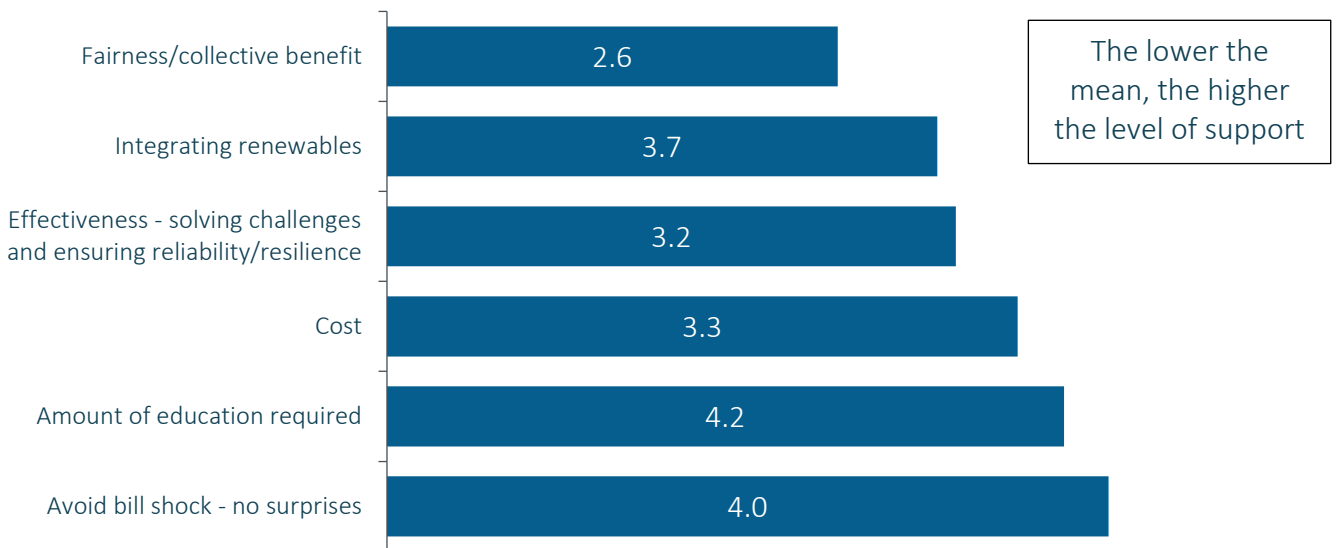
“Collective benefit and making sure it works for the majority. The greatest good for the greatest number.”
– Customer participant

“You’ve got wealthy people profiting from pensioners, a zero bill can be an incentive, so it needs to be enough of a benefit.” – Customer participant

From this table feedback, a list was compiled by Woolcott Research during the session break. Participants were asked if the list had captured everything they thought was important in terms of decision making criteria, which they agreed it had.

It was then presented as an activity sheet for individual polling. Participants ranked them on a scale where 1 indicated the most important through to 6 which indicated the least important. The results from this polling appear as means in Figure 2 below.

Figure 3: Individual Ranking of the Decision-Making Criteria (mean ranking)



Please rank the criteria on the screen in order of importance by placing a number against each one below (1=most important, 2=next most important etc.). Delete the letters that don't apply

Base: All respondents n=19

From this polling it was evident that the top three decision-making criteria valued by individuals were fairness, integrating renewables and effectiveness.

5. Views of the Solutions after Further Information and Deliberation

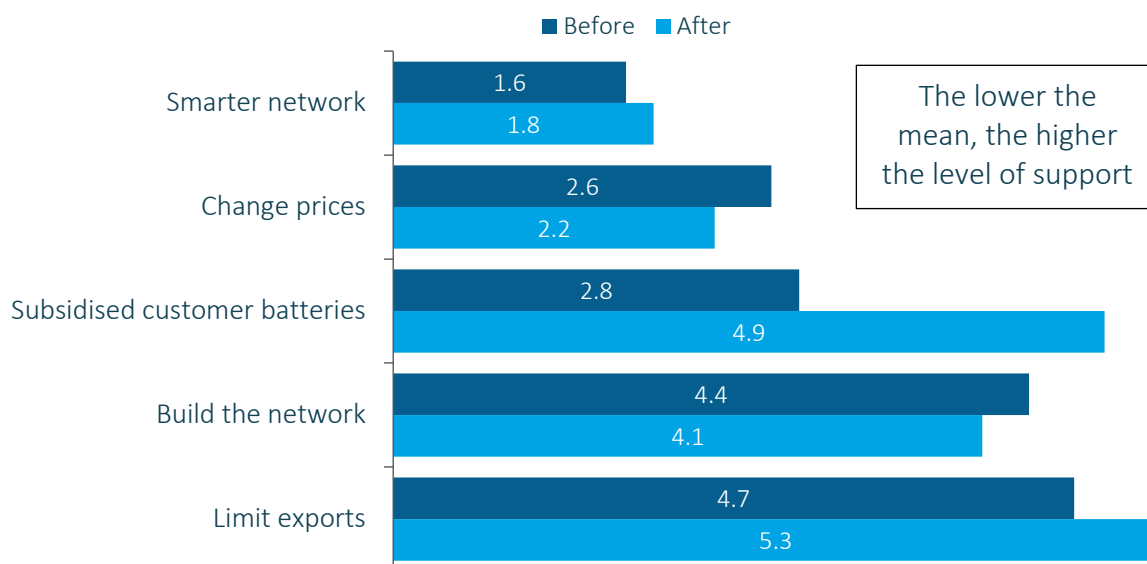
5.1 Deep Dive with Customers

Essential Energy presented more detailed information for each of the solutions to inform and engage participants. Following deliberation, each table was collectively asked for their reactions and selected a post-presentation sticker representative of their degree of support for each solution. Post-presentation sticky dot ratings were compared to the pre-presentation sticker activity with results shown in

Appendix B: Table Preferences PRE and POST Presentation

Polling took place at an individual level using the activity sheets provided with the mean results cross-referenced to the initial pre-presentation polling. 1 was extremely supportive and 7 was extremely unsupportive. These variations in polling outcomes are displayed below as Figure 4.

Figure 4: Support for solutions before and after deliberation (mean rating)



Indicate your support by placing tick in the column next to each solution that corresponds to your level of support: 'beginning and during'

Base: All respondents n=19

The greatest change in opinion resulting from the further information and deliberation was for subsidised customer batteries which began favourably with a mean of 2.8 and ended much less favourably with a mean of 4.9 on the rating scale.

5.1.1 Building the network - post information and deliberation

Figure 4 shows that average support for building the network increased slightly (by 0.4) with financial cost to the customer and cost to the environment mentioned frequently in discussions.

"This is not a popular solution at all to invest in the network." – Customer participant

"In terms of equity, this is not a very good one for the people who can't afford solar. It's a short-term solution and it's not viable." – Customer participant

On the flipside, there was support in some cases for this to be part of the solution, in conjunction with other scenarios. Two tables did not alter their initial preferences, but one table switched from the extremely unsupportive three red dot rating, to an orange - neither supportive nor unsupportive rating.

"There is a place for it in the solution, I am going orange (sticker) as it is important to ensure that those in disadvantaged rural areas are not disadvantaged further. Collective benefit is important here." – Customer participant

“Also building up the network to integrate more renewables is important.” – Customer participant

5.1.2 Limit exports - post information and deliberation

There was a decrease in support (of 0.6) in the mean individual rating for this solution. Collectively two tables' views remained unchanged and one table downscaled from very to quite supportive of this as a solution. Concern was expressed for those customers who were early adopters of solar and who could be penalised but there was also a level of resentment from non-solar customers towards solar recipients who benefitted from the first in and first served outcome. Overall, this solution achieved the least support from participants in both pre and post polling and received some scathing comments.

“I’m still unconvinced, I’ve had my mind opened about different demographics but I’m less convinced from an equity perspective. If you got in early and reaped the benefits sure, but if you didn’t it becomes ineffective to even invest because you’re not getting that rebate.” – Customer participant

“I’m still unsupportive of this one as it takes away people’s choice, stops enabling progression and innovation.” – Customer participant

“It’s not equitable, it’s really blunt and I don’t like the first in, first served aspect.” – Customer participant

“If I don’t get solar, I’m going to have to pay more but if I do get solar, I can’t export so it’s damned if you do and damned if you don’t.” – Customer participant

Further conversations reflected the high cost to the environment of this solution being adopted, as the perceived consequence would be customers leaving the grid. Overall, this option was considered counter-intuitive to a greener, more renewable-oriented future.

“More people would leave the grid if this comes off.” – Customer participant

“I don’t see any environmental advantage to this.” – Customer participant

5.1.3 Smarter network - post information and deliberation

This solution remained the most favoured by participants with individual support dropping only marginally (by 0.2) post the Essential Energy presentation and deliberation. During table discussions, participants embraced this scenario as a solution but there was an indication that this selective group of participants were more invested than the average customer, who they believed would benefit from education on smart technology.

“I think dynamic management is important, we don’t like the building up of the network and this is transferring the spiderwebs.” – Customer participant

“It is critical that we switch this way.” – Customer participant

“The individual has no idea of the benefits of technology.” – Customer participant

5.1.4 Subsidised customer batteries - post information and deliberation

Although this received support at the outset, it waned considerably following further information and deliberation. At the table level, the pre-support was downgraded by each group with two orange stickers (neither supportive nor unsupportive) and one red sticker (quite unsupportive) the result of group conversations.

Participants understood that the subsidisation would have to be funded by customers anyway, even if indirectly, which led to a reduction in support.

However, participants spoke favourably about microgrids and SAPs as solutions and supported efforts towards a more community-based approach rather than at an individual household level.

“I’m all for them being subsidised for remote communities, microgrids and SAPs.” – Customer participant

“I’d like some sort of localised batteries to soak up the export that is coming.” – Customer participant

“I’m not for or against, there is an indigenous community in Broken Hill that would benefit from this. Excess from customer batteries could be fed back into the grid so it’s a good idea at the community level but not at the household level.” – Customer participant

A reward system was suggested rather than subsidisation. There was conjecture that this would assuage customers, address equity, and benefit the grid.

“If not contributing to peak demand on the grid, I am not sure if a reward system translates to equity. It should reduce the cost for everyone if they are putting less load on the grid.” – Customer participant

There was early recognition that instead of one solution being adopted, a combined portfolio of solutions could be the answer, one that included a smarter network, dynamic management, changes to behaviour as well as a subsidised battery.

“A combination of everything, if you meet all criteria, for example changing your behaviour, reducing your load on the grid, and having dynamic management then you get a subsidised battery, how about that for a solution?” – Customer participant

5.1.5 Pricing - post information and deliberation

There was a slight upswing in support for pricing as a solution, evident from the individual polling statistics that moved favourably from a mean of 2.6 to 2.2. At the table level, discussions reflected this individual voting and collectively there was an upscaling of the importance of this solution. Pricing was thought to be important for most customers and anything to enable a possible reduction in costs through behaviour change was viewed positively.

“Wealthy people don’t think of the money anymore because they don’t have to. For the rest of us pricing is a big signal.” – Customer participant

“Money is always a massive motivator in society.” – Customer participant

Most participants were happy with rewards and rebates through pricing, and supported Essential Energy’s tariffs to discourage electricity usage during peak demand periods, agreeing with the benefits of cost as a motivator. They were also in favour of equity being addressed by pricing changes.

“I’m supporting of pricing changes as long as there is equity, some don’t have a choice in changing.” – Customer participant

“I like the idea of reward pricing systems, that is rewarding for low usage times.” – Customer participant

“I don’t have a problem with discouraging during the demand period.” – Customer participant

“There has to be protection for people who can’t afford it.” – Customer participant

Yet again, education was raised as the key to changing behaviour around electricity usage with the potential to assist customers who may struggle to modify their current usage tendencies during peak periods.

“Education is key and incentivising people to learn.” – Customer participant

“But a large family can’t avoid this, they may have to have a plan to encourage them to wash and clean at a different time.” – Customer participant

It was felt that pricing should be part of the portfolio of solutions, not the whole solution, as it could work well in combination with other scenarios. For example, battery storage solutions entered the conversations on two-way pricing to help reduce network pressure by capturing excess energy to pass on to others. The relationship between pricing and a smarter network was also identified positively,

“I wonder if there is something we can do in relation to storage of electricity, encourage battery update and peer-to-peer trading to keep it more localised.” – Customer participant

“Pricing probably means I’ll feel better about smarter networks because we keep on feeding money into a system that wasn’t designed to feed energy back into.” – Customer participant

There was also an acknowledgement that pricing could be the simplest solution for customers to embrace, more so than some of the other options presented.

“Another thing about pricing is it is something that everyone can understand.” – Customer participant

6. Consumption Pricing

6.1 Deep Dive with Customers

The rest of the Deep Dive forum was focussed on pricing – firstly consumption tariffs, then the best form for a two-way tariff and finally how any changes should be communicated to customers.

After a presentation on consumption tariffs participants were asked for their thoughts and feedback on which type of customer would benefit or best suit both the existing Time of Use tariff and the Sun Soaker trial tariff. During the ensuing table discussions there was enthusiasm expressed for being offered a choice, as it was felt this would address equity issues and empower customers.

“I love the idea of having a choice – of the two.” – Customer participant

“We want options to be able to choose either of these tariffs and when to use them.” – Customer participant

“In summer the hottest part of the day is between 3pm and 8pm so we should be able to switch from season to season.” – Customer participant

“When you don’t give people a choice you upset them. You force them into something.” – Customer participant

Of the two tariffs presented, the Sun Soaker tariff was considered to benefit more people overall but particularly those who are home during the day when the tariff is cheaper, such those who are not working, people working from home or with a home-based business. The Sun Soaker was also considered to be more beneficial to solar customers due to the cheaper prices in the evening, when they would be more likely to need to consume electricity from the grid.

“Time of Use is a bit more complicated but the old lady at home during the day can benefit from the Sun Soaker.” – Customer participant

“[I prefer] the Sun Soaker tariff as everyone benefits but people who are home during the day benefit more as it’s cheaper during the day.” – Customer participant

In contrast the time of use was thought to benefit those with a smart meter and/or who have appliances that are on a timer, for example those customers that are not home during the day.

“Those working normal 9-5 hours might like the Time of Use because they can take advantage of the cheap rate in the morning.” – Customer participant

Some preferred the Sun Soaker due to it being less complex than Time of Use. The hours were also preferred as there are more at the off-peak rate than the Time of Use tariff.

“I like the simplicity of the Sun Soaker – just two rates.” – Customer participant

Some participants had difficulty distinguishing a preference because they required actual numbers for more transparency, and others suggested a flat rate should not be part of any tariff arrangement because it wouldn’t send the right signal to customers to conserve electricity.

Others thought the tariffs were too complex to act on and that a simplification of the pricing structure was necessary to avoid complacency.

“A lot of consumers wouldn’t want to think about it that much.” – Customer participant

“When people look at the information, they get overwhelmed and need a calculator.” – Customer participant

“I’d like to make up my own tariff.” – Customer participant

“It should be more like a mobile phone plan.” – Customer participant

7. Two-way Pricing

7.1 Deep Dive with Customers

Following a presentation by Essential Energy, by this point in the Deep Dive participants understood two-way pricing better and could see the benefits of it. There was therefore less resistance to its implementation than in the Phase 2 forums.

When participants were asked for their impressions of either Time of Use or Sun Soaker paired with export pricing as the default tariff, they perceived there to be a greater advantage in opting for the Sun Soaker with export price as a future proof two-way default tariff.

Comments during table discussions reflected that the most glaringly obvious difference between them was that the rates for the Sun Soaker were cheaper and offered savings to more customers, reflecting the comments made in the previous discussion. There was also mild acknowledgement that behaviour is difficult to change and the Sun Soaker best suits this assumption as the price is slightly lower during the evening peak period.

“It’s a no brainer, you’d go with Sun Soaker.” – Customer participant

“It’s cheaper for pensioners and the elderly who are home during the day.” – Customer participant

“People are creatures of habit and won’t change their behaviour much and Sun Soaker suits this fact.” – Customer participant

“Sun Soaker as the default and have it as an opportunity to educate and get them [customers] to move.” – Customer participant

The associated handouts showing the expected savings for different types of customers on either tariff were praised as a useful tool for understanding and explaining the two-way tariff options. Participants thought that they should be used as future communication materials to the broader customer base.

“Realistically if you did the Sun Soaker as your default then provided the two tables so people can see that they’re actually going to be charged less, it will work favourably from a PR standpoint.” – Customer participant

“Everyone would ideally have a reduction in cost. It is interesting that people with no solar are getting the biggest benefit. As a solar customer I don’t have a huge problem with it as I have recouped the money I’ve invested so I can be altruistic for people who haven’t been in the system for five years.” – Customer participant

The greatest disadvantage of the Sun Soaker default tariff was perceived to be the 7am-10am time slot, however when participants realised the cost was not much more than the shoulder rate for the Time of Use tariff, they were appeased.

“The greatest difference is the morning but it’s almost equivalent to shoulder rate.” – Customer participant

“The biggest disadvantage is between 7am-10am but Essential Energy’s shoulder rate is 12.5 cents anyway.” – Customer participant

Typically, there were a small number of comments that labelled this initiative a disincentive to adopting solar and unfair to existing solar customers who assumed a continuous export reward with no limitations when they signed up for solar. Contrary to this there was also the sentiment that solar customers remain way ahead financially compared to non-solar customers, reiterating themes of inequity and unfairness. There were also comments about the rebate that solar customers could benefit from.

“But the benefits from solar are always the savings you get from your electricity bill and you’re still a long way ahead of the game.” – Customer participant

“I like the idea of being paid a rebate after 5pm especially for people living in places like Broken Hill where there is sunshine until 9:30pm.” – Customer participant

In general people were on board with two-way pricing and had multiple suggestions for a positive transition revealed in more detail in the following section.

7.2 Findings from the Retailers and Aggregators

Retailers and aggregators were taken through customers’ preferred Sun Soaker two-way price structure and asked for feedback.

Initial comments described the proposed export tariff structure as overly complex. It was considered too time intensive to comprehend and incorporate into the retailers’ pricing structure in its current form.

“It is far too complex for a residential customer and not something that can be easily explained by retailers.” – Retailer/aggregator participant

“Mandatory tariffs that impose a charge on customers for exporting are not the best way of managing potential impact on networks from increased distributed energy resources (DER).” – Retailer/aggregator participant

“Networks have tried to do this for years and customers will not embrace it. You need it to be simple if you want them to take it up. Retailers won’t embrace it either because they are too complex.” – Retailer/aggregator participant

“Even discussing it with friends and acquaintances, it can be a tricky one to try and get across the line in terms of what is off-peak and what is shoulder time.” – Retailer/aggregator participant

It was suggested by some that the underlying drivers of shifting the peak (and the root cause of the problem) should be investigated, as many retailers and aggregators believe that customer behaviour is impossible to change. There were suggestions about trying just the Sun Soaker consumption tariff first before introducing the export pricing.

“Customers are not always going to be able to shift their load and some will still want to export.” – Retailer/aggregator participant

“The Sun Soaker tariff and the export tariff are attempting to resolve the same issue, why wouldn’t you see whether the Sun Soaker tariff is able to achieve the desired results before introducing the more complex and punitive export tariff?” – Retailer/aggregator participant

Conversations urged Essential Energy to modify the charge to a cents per kilowatt hour instead of kilowatts to facilitate the two-way tariff being more easily incorporated into retailers' pricing for residential and small business customers. It was also thought that this would make it less complex for customers.

"The demand component in a kW charge and not a kWh charge means there's no easy accounting based on a customer's consumption." – Retailer/aggregator participant

"It seems counterintuitive to impose a demand charge when you're sending other time sensitive price signals." – Retailer/aggregator participant

"We recommend that the time-varying kWh-based charges are applied instead of the kW-based charges." – Retailer/aggregator participant

When asked about the likelihood of incorporating two-way pricing into a retail offer within the next five years, there were some positive responses by retailers, conditional upon reducing the proposed structure to a more simplistic form. The complicated banding was a common detractor.

"Very likely as long as it is simple for the customer to understand, easy for our retail systems to implement, or something that we can derive the benefit of via operation of a Virtual Power Plant." – Retailer/aggregator participant

"Very likely to offer one for battery and Electric Vehicle owners who have the smart equipment that can automatically charge and discharge to benefit from this type of tariff." – Retailer/aggregator participant

"In its proposed form our billing system could not accommodate this tariff. The main issue is the banding of the export charge which could mean that the customer could face a different per kW charge each day depending on whether they exported in Band 0, 1 or 2." – Retailer/aggregator participant

7.3 Findings from the Presentation to OECC

Participants from OECC were highly engaged in this Zoom presentation and asked multiple questions. They praised Essential Energy for being the first in the market to present their strategy and were positive in their views of it.

"It's good to come out first as a benchmark. There are some carrots and some benefits in there to really help make it look like this is not at all bad, that it is not just charges. It seems like a good balance of getting it right." – OECC participant

7.4 Findings from the Advocates Group

Of the two potential 'future proof' default tariffs presented, there was support for the Sun Soaker tariff with export pricing by Advocates as it was thought to benefit more customers, including those who are unemployed so at home during the day.

"I like the Sun Soaker option as I see the value in the Aboriginal community – we have the highest rate of unemployment so they are going to be able to take advantage of it." – Advocate participant

8. Transition to Two-way Pricing

8.1 Deep Dive with Customers

For the transition to two-way pricing participants were presented with the key dates as to when two-way prices can be applied under the rules and when Essential Energy expects its new billing system to be implemented. Participants were then asked to consider two different types of customers - those who have already invested in energy resources and those who haven't and how we should transition these two customer types, including whether they should be transitioned using different timeframes.

Participants at the Deep Dive reiterated that extensive communication is required alongside any transition and assuming this, many supported an immediate "ripping the band aid off" approach.

"Education and information will be the key." – Customer participant

"If we take the example of the way the shops decided to go plastic bag free, rip the band aid off. Everyone moans for a while then they get used to it." – Customer participant

"I would opt in early. I want to rip the band aid off." – Customer participant

"I think we should do it straight away." – Customer participant

Reasons for transitioning quickly varied from group to group with some participants most concerned about solving the immediate network crisis and taking a hard-line approach irrespective of the impact to specific customers while others were more sensitive to the environmental impact and the future landscape for their children.

"If we're trying to solve a significant problem for the network, let's do it sooner rather than later. If Essential Energy needs to solve a problem, then we shouldn't even have an opt-in clause." – Customer participant

"I'm not looking at the cost factor, I spent \$10K on a system to make the best future for my children because cost is not the main thing." – Customer participant

Other viewpoints focused on the importance of customers being empowered with choice through an opt in, rather than being forced into it or dictated to by Essential Energy.

"Customers would feel more content to feel they've been asked to opt in and that they have choice." – Customer participant

"I like what they've got on the screen – the timeline that shows customers can opt in in 2024, export pricing can apply at July 2025 and then 2028." – Customer participant

Although some participants were keen to immediately opt in, some backed the more relaxed 2024 starting point, and others thought two-way pricing should be compulsory in 2024, there was a consensus that all customers should be treated the same. In particular it was thought that existing and new solar customers should be transitioned at the same time.

"Exporting and non-exporting customers should be treated the same." – Customer participant

"Treat everyone the same in terms of the transition." – Customer participant

One savvy participant acknowledged that the complexity of changing the billing system would be the limiting factor for an early transition, hence it couldn't logistically eventuate until 2028.

"Realistically, it would take a long time to change the billing as it's a manual process so the new billing system will come in 2028." – Customer participant

The same participant believed a window period for opting in would be the most financially advantageous for customers who could use the time wisely to explore the best offer.

"I think a 12-month window is effective as you can either opt to jump in straight away or have the window to shop around and see who is passing it on in terms of retailers." – Customer participant

Finally, there were conversations around the contribution of large scale commercial solar farms to network pressure, and queries as to why Essential Energy is looking to manage this by charging for household exports. There was a perception from a small minority of participants that the implementation of two-way pricing would put people off investing in solar altogether. However, this could be an opportunity for advanced customer education and communication to be discussed in the following section.

"They are trying to make it less of an incentive for individuals to get solar, stop the solar farms coming in or if they come in, get them [Essential Energy] to put in batteries." – Customer participant

8.2 Findings from the Retailers and Aggregators

The transition strategy presentation produced discussions by retailers and aggregators on the need for compliance with the AER'S export tariff guidelines and there were frequent referrals to the South Australian 'dynamic operating envelope' model.

"We strongly urge Essential Energy to seriously consider adopting the South Australian model that addresses the question of a customer's future export potential at the time when a connection agreement is entered into rather than through tariffs." – Retailer/aggregator participant

In terms of timing for transitioning there were mixed reactions on whether new customers with smart meters should be given the opportunity to opt-out of the network tariff options, or if customer choice at the retail tariff level was sufficient. Some participants preferred to allow new customers 12 months before transitioning to the new pricing tariffs.

"No, there should be no opt-out option, if the tariff has been designed to appropriately reflect impact on the network." – Retailer/aggregator participant

"We consider that tariffs that look like they are imposing a 'tax' on customer sites that export into the network should be avoided." – Retailer/aggregator participant

"The proposed Sun Soaker two-way tariff should be an opt-in choice only. If mandated an opt-out should be provided." – Retailer/aggregator participant

"When customers get a smart meter, we're keen for a delay for 12 months so that we can decide what to do with them and we can monitor the customers' consumption before they're transitioned to the new tariffs." – Retailer/aggregator participant

8.3 Findings from the OECC

There was concern expressed for solar customers being penalised by the transition but this was assuaged by confirmation from Essential Energy that these customers would not transition until 2028.

“A lot of correspondence complaints with the Minister were that customers want more time to pay off their solar, so that will be giving those customers another good six years or so.” – OECC participant

8.4 Findings from the Advocates Group

Advocates were supportive of a transition that gives clear signals and provides enough time for people to make a clear decision about whether to install solar panels.

“It certainly looks a transfer between the poorer community and those that are better off. There is a strong feeling that the more affluent are benefiting at the moment. This is a tricky position for Essential Energy so a compromise is if you set a date and say if you purchase by x date you have this applied.” – Advocate participant

9. Education and Communication

9.1 Deep Dive with Customers

Participants were asked to brainstorm at a table level on how Essential Energy should best explain and communicate two-way pricing to customers. Bullet points were written on chart pads and a spokesperson from each table was tasked with feeding the ideas back to the room.

The key messages that emerged highlighted the need for Essential Energy to actively:

- Create awareness of what is happening and why in the simplest possible terms and communicate this effectively, remembering there are customers with English as a second language

“Explain the current network has not been designed to export power. I’m thinking your average person does not even understand so we need to go as basic as possible.” – Customer participant

“How electricity gets to our home and where does Essential Energy fit in.” – Customer participant

“Somehow showing the whole chain in the flow of electricity” – Customer participant

“If people understand it makes it more palatable.” – Customer participant

“Explain to Joe Blow, especially people who haven’t been born in Australia.” – Customer participant

- Provide facts, but reinforce the potential solution with a degree of optimism

“Showing yesterday and tomorrow – this is the solution, and this is where we are going, it is achievable.” – Customer participant

“Not fluffy but factual with some good back up of the shiny propaganda.” – Customer participant

“Put a positive spin on it - our network is evolving, and this is what we’re doing with it.” – Customer participant

- Outline the collective benefit and emphasise a progressive, renewable-focused future

“Emphasising the benefit to others is the best way to sell it.” – Customer participant

“Explain how this is equitable and we are sharing.” – Customer participant

“Concentrating on the green aspect and that the network is helping the environment.” – Customer participant

“People look forward to getting new technology, moving with the times and moving into a new era.” – Customer participant

- Downplay the financial aspect

“Not making the financials the key focus but the human and the environmental.” – Customer participant

- Empower customers with education to make behavioural changes towards their usage

“Communicate key behaviours that will make the situation better, minimise impact on the grid and costs. If you decide to do your washing at a different time of the day, then how it will benefit you and others.” – Customer participant

“The tagline should be – ‘You have the power’ to choose when to do your washing, to choose solar or not.” – Customer participant

- Use case studies as a way of positive reinforcement
- Ensure communication is consistent and there is constant analysis of data
- Include the retailer and designate them with a role to play

The methods of communication proposed by participants to publicise two-way pricing information covered multi-channel advertising including television, social media (Youtube and TikTok), flyers in the letterbox, community radio stations and shopping centres hosting information hubs – the latter proposed on pension days. Call centres were also considered a useful resource for delivering information to customers and more specifically a dedicated phone line for customer questions was proposed.

Fridge magnets were a popular and simple theme featuring simple diagrams of tariffs to act as reminders, with the benefits using statistics or fun graphics to assist customers in understanding their usage.

There were numerous suggestions that two-way pricing could be an adjunct to the electricity bill, as human nature dictates that bills will always demand attention. Specifically targeting rather than bombarding the customer base was thought to be more productive than a blanket approach.

“Send something with the bill, as effectively we only think of things when we see them on the bill.” – Customer participant

“Don’t bombard everyone with information, for instance two-way pricing information, as it’s only 25% of the customer base.” – Customer participant

An emerging theme was that for this campaign to be marketed successfully, it needs a slogan to assist customers in identifying and adopting the values and behavioural change it is trying to instill.

“People need a slogan – something catchy like between 10 and 3 get BIZZEE.” – Customer participant

9.2 Findings from Retailers and Aggregators

The importance of communication was re-iterated by retailers and aggregators, particularly if the tariff involves any complexity.

There was a suggestion that a tariff optimisation calculator available to both retailers and customers could assist in making an informed choice regarding changing tariffs. It was thought this would assist with comprehension and comparison.

“An easy plug-in to their current network tariff to compare against the Sun Soaker trial.” – Retailer/aggregator participant

9.3 Findings from the OECC

Conversations with the OECC reiterated the need for a broad scale education campaign on two-way pricing that was underscored by a “whole of industry” approach. The OECC was open to sharing communications to facilitate publicising the messaging.

“Definitely open to doing some shared comms around the broad messaging or trying to facilitate that in terms of the general principles.” – OECC participant

9.4 Findings from the Advocates Group

Advocates stressed the importance of communication and education on any tariff changes highlighting the lack of energy literacy in the community.

“There is not a great deal of energy literacy in the community. There is not a good understanding of Time of Use and changes in the tariffs that can benefit people are important, so we should be assisting people to make the changes and help them understand it. The industry should help us in this area to educate customers.” – Advocate participant

It was thought that there should be better information provided on customers’ bills to enable greater understanding of the tariff options available and how people can benefit from them. Even simple information about the amount of electricity different appliances use was mentioned as something that would help people to manage their usage.

“There is a lot of product differentiation in the area but no one gets the information on their regular bills to tell them about the options. The better bills program may help, but that is going to take a while.” - Advocate participant

“We need to educate people about what appliances use a lot of energy. So they don’t need to get into the nitty gritty of the times of day and the costs.” - Advocate participant

10. Implications

After substantial deliberations with customers and stakeholders the conclusions and implications that can be drawn are:

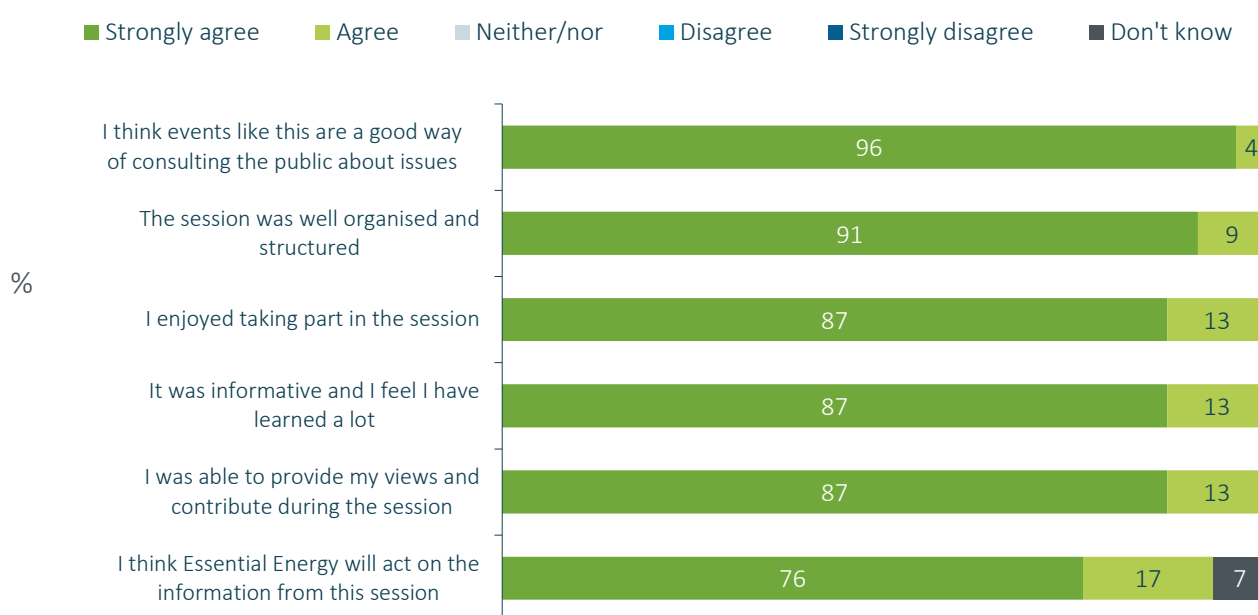
- Two-way pricing is largely accepted as part of a portfolio of solutions when there is further education and detailed information provided about the challenges and possible solutions. It must be acknowledged however, that the group of participants in the customer Deep Dive had a high level of interest, an openness, and a willingness to actively engage in communication and education supplied by Essential Energy.
- Sun Soaker with export pricing (Sun Soaker two-way) is the preferred tariff option amongst customers and stakeholders, however retailers are concerned about its complexity. Fine-tuning its structure may be required depending on the findings from Essential Energy's current tariff trial.
- Communication will be essential to help customers understand the issues and to transition to two-way pricing. With education it is likely that more customers will support the transition.
- A branded information campaign should be promoted extensively using a multi-channel approach, highlighting why pricing changes meet the important criteria of fairness/collective benefit, integrating renewables and effectiveness in terms of improving reliability and resilience for everyone. It should be clear that pricing is just one aspect of a portfolio of solutions.
- Assuming extensive education and communication, there is support for an opt-in to two-way pricing for existing solar customers from 1 July 2024 and mandatory assignment from 1 July 2025. However, this may not be able to be implemented by Essential Energy or retailers due to their billing systems. Essential Energy will have to work with retailers to ensure the two-way tariff can be introduced in 2028 when its billing system is implemented.
- Consider that when customers have a meter change (not by choice) that the network provides a one-year grace period before moving the customer to a cost-reflective tariff (as suggested by retailers).
- Consider refining the business' connection agreement to start addressing customer's future export potential sooner rather than later. This is another means for addressing export issues without the need for complex tariffs.

11. End of Session Feedback

After the customer Deep Dive, attendees were asked for their feedback on the day's proceedings. It was evident from the animated mood at the conclusion of the workshop that they enjoyed the opportunity to engage in open conversations and learn more about the network's issues and possible solutions.

Figure 5 shows that all participants agreed with most of the statements regarding the session. Agreement that forums are a good way to consult the public and that the session was well structured and organised was particularly strong. However, only three quarters strongly agreed that Essential Energy would act on the information from the session.

Figure 5: Agreement with end of session statements



Based on your experience today, please indicate whether you, please indicate how strongly you agree or disagree with each of the following statements:

Base: All respondents n=19

11.1 Quotes

"Presentations were
clear and informative."

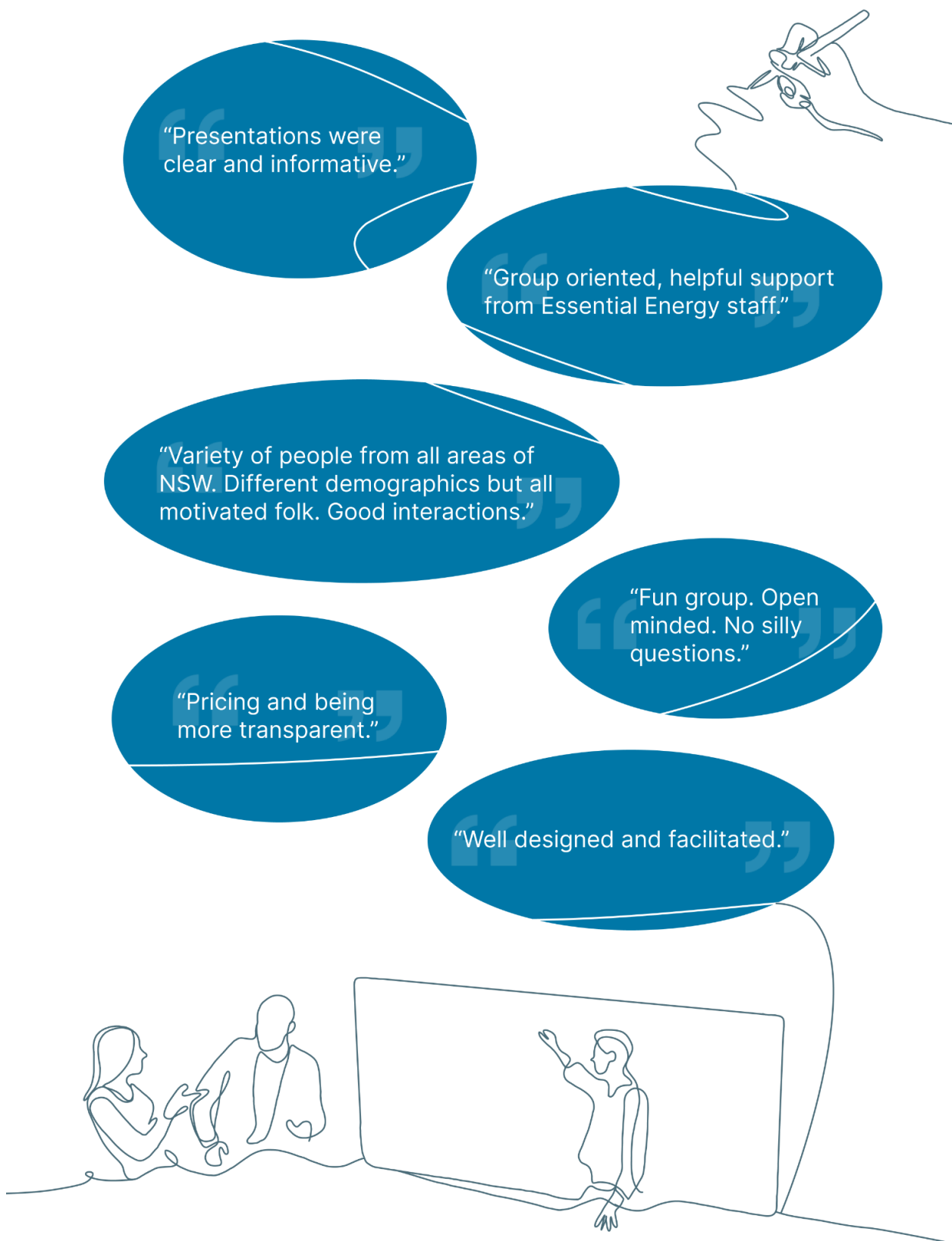
"Group oriented, helpful support
from Essential Energy staff."

"Variety of people from all areas of
NSW. Different demographics but all
motivated folk. Good interactions."

"Fun group. Open
minded. No silly
questions."

"Pricing and being
more transparent."

"Well designed and facilitated."



“Well structured.”

“All of it - it was informative,
enjoyable and all around good.”

“Hearing everyone's opinions.”

“Organised, opportunity to
speak and participate.”

“Good facilitation - good timing - good
food. And an excuse for a fun weekend
in the city for country folk!”

“Lots of clearly presented info. Great
speaker Nat. Well structured discussion.”



“Education, feedback.”

“A small enough group that
everyone could contribute.”

“Being able to voice my ideals.”

“Great atmosphere.
Lots of good information.”

“Lots of time for discussion.
Quality of discussion.”

“Great mixture of people from different
places, economic, renting, solar etc.
Great hosts and people around to
answer questions. Made for a fun day.”



Appendices

Appendix A: Deep Dive Forum Agenda

Project:	Essential Energy – Regulatory Proposal 24-29				
Event:	Deep Dive				
Details:					
Dates and location:	Sydney – June 4th	Time:	9.30pm-4.30pm	Duration:	7 hours
Forum objectives:	<ul style="list-style-type: none">• To recap the challenges and possible solutions• Provide information on any other possible solutions put forward• To obtain customers’ reactions to the solutions presented and build a portfolio of solutions• To collaborate on the possible approach to two-way pricing – its structure, transition and communication strategies				

Time	Session details	Responsibility	Materials
Before 9.30am	Pre-forum <ul style="list-style-type: none"> Registration Provide participants with filming/photography permission forms 	WR	Filming/photo graphy form
9.30-9.35am (5 mins)	Welcome and guidelines for the session <ul style="list-style-type: none"> Structure of the session Guidelines Location of toilets and evacuation in emergency Introduce speaker 	WR Lead Facilitator	PPT slides
9.35-9.40am (5 mins)	Introduction by Essential Energy executive <ul style="list-style-type: none"> Acknowledgement of Country Reason for the deep dive and its place within the regulatory proposal What we will be engaging on today What we hope to achieve 	EE Exec	PPT slides
9.40-9.50am (10 mins)	Presentation 1: Recap of the challenges facing the network and the solutions presented in Zoom briefing session CHALLENGES <ul style="list-style-type: none"> Show pie: <ul style="list-style-type: none"> Make use of customers' energy resources Minimise asset replacement expenditure Minimise peak demand growth Make better use of the assets already built Manage power quality 	EE	PPT slides

	SOLUTIONS <ol style="list-style-type: none"> 1. Build network when required 2. Limit export from solar customers 3. Invest in a smarter network – including dynamic assets e.g. grid scale batteries and data. 4. Subsidised customer batteries (not something that EE can implement) 5. Change prices 		
9.50-10.05am (15 mins)	Open Discussion: Q&A Lead facilitator to manage questions from the floor <ul style="list-style-type: none"> • After having heard from EE on Monday night and provided with a recap from Essential Energy, are there any questions or queries regarding the information presented so far? EE Staff to be available to answer questions Move on if 15 mins is too long	EE/ WR Lead Facilitator	
REACTIONS TO THE SOLUTIONS PRESENTED AND LEVEL OF SUPPORT			
10.05-10.25am (20 mins)	Table discussion: Support for the solutions <i>Introductions on tables: Ask participants to introduce themselves – where they live and what they are hoping to do in Sydney in their spare time (you can ask another ice breaker question if you want)?</i> <ul style="list-style-type: none"> • Explain that Essential Energy are going to describe the solutions in more detail throughout the morning and ask you to evaluate them, however before they do we would like to know: <ul style="list-style-type: none"> ○ What do you think of the challenges that are facing EE and the electricity sector? ○ What are the most important outcomes we should be aiming for? I.e. What do customers value the most in the context of the increase in solar, batteries, EVs etc? • What did you think of the possible solutions/scenarios? <ul style="list-style-type: none"> ○ Which solutions are you most in support of them adopting at this stage of the forum (before further information and deliberation)? • <i>Come to a table level decision about each solution and ask the table to indicate using sticky dots how supportive they are for each solution presented - fill in the laminated board.</i> 	WR Facilitators	Table board and sticky dots

	<ul style="list-style-type: none"> Up to three green dots (1=quite supportive; 2=very supportive; 3 = extremely supportive) Orange = neither supportive or unsupportive Up to three red dots (1=quite unsupportive; 2=very unsupportive; 3 = extremely unsupportive) <p>HAND OUT INDIVIDUAL ACTIVITY SHEET 1</p> <ul style="list-style-type: none"> Ask them to indicate their own level of support for each on Sheet 1 (Beginning of the Deep Dive) 		Activity sheet 1
DECISION MAKING CRITERIA			
10.25-10.30am (5 mins)	Presentation 2: Decision making criteria <ul style="list-style-type: none"> Re-cap/reminder of the priorities from the customer forums Presentation of the pricing principles developed from the Talking Tariffs forums Explain that EE would like customers to indicate what is important to them in order to decide which solution is best/better/or which to give more weight to if a suite of solutions is the best way forward 	EE	PPT slides
10.30 – 10.45am (15 mins)	Table discussion: Decision Making Criteria <ul style="list-style-type: none"> (Unprompted) What criteria should EE use to decide which solutions to progress further? What are the decision making criteria that are important to you? <i>(Ask them to think about themselves but also what other people in the community might think e.g. low income, solar/non-solar, businesses, rural etc)</i> <p>Give out handout of priorities and pricing principles</p> <ul style="list-style-type: none"> Looking at the customer priorities, the pricing principles and your table's criteria that has just been discussed, what would you say are the 3 most important decision making criteria? <p>SPOKESPERSON TO WRITE ON FLIP CHART</p> <ul style="list-style-type: none"> Ask the table to agree on the top three criteria and have a spokesperson ready to present the tables top three (in order) 	WR Facilitators	<p>Handouts of priorities and pricing principles</p> <p>FLIP CHART</p>

10.45 – 10.50am (5 mins)	TABLE FEEDBACK <ul style="list-style-type: none"> Ask each table to feedback their top three decision making criteria 	WR Lead Facilitator	
10.50- 11.05am (15 mins)	MORNING TEA In morning tea break compile list of criteria that will be used in next session		
11.05- 11.15am (10 mins)	VOTING: Ranking of the criteria <ul style="list-style-type: none"> SHOW LIST ON POWERPOINT Ask for feedback on the list at room level Table captains to hand out ranking sheet and lead facilitator to ask participants to rank the criteria in order Explain that they should keep referring to these when making their decisions today 	WR Lead Facilitator	PPT slides Activity Sheet: Ranking the criteria
SOLUTIONS IN DETAIL			
11.15- 11.20am (5 mins)	Presentation 3: Solution 1 Building the network <ul style="list-style-type: none"> Describe the solution in more detail Present: <ul style="list-style-type: none"> the degree to which it solves the problem the cost to the network implications for customers (short and long term) possible bill impacts (short and long term) plus if possible comment on how this solution meets any other criteria from the list built earlier 	EE	PPT
11.20- 11.30am (10 mins)	Table Discussion: Building the network <ul style="list-style-type: none"> What are your reactions to the presentation What do you regard are the pros and cons of this solution? How do they align with the criteria you felt was important? Knowing what you know now and following this discussion, how supportive are you of this solution? <p>Put a new set of sticky dots into column 2 on the table board according to the support and then ask each to fill in their individual sheet.</p>	WR Facilitators	Handout: Building the network Table board and sticky dot Activity sheet 2

11.30-11.35am (5 mins)	Presentation 4: Solution 2 Export limiting <ul style="list-style-type: none"> Describe the solution in more detail Present: <ul style="list-style-type: none"> the degree to which it solves the problem the cost to the network implications for customers (short and long term) possible bill impacts (short and long term) plus if possible comment on how this solution meets any other criteria from the list developed earlier 	EE	PPT
11.35-11.45am (10 mins)	Table Discussion: Export limiting <ul style="list-style-type: none"> What are your reactions to the presentation What do you regard are the pros and cons How do they align with the criteria you felt was important? Knowing what you know now and following this discussion, how supportive are you of this solution? <p>Put a new set of sticky dots into column 2 on the table board according to the tables support and then ask each to fill in their individual sheet.</p>	WR Facilitators	Handout: Export limiting Table board and sticky dot Activity sheet 2
11.45-11.50pm (5 mins)	Presentation 5: Solution 3 Smarter Network <ul style="list-style-type: none"> Describe the solution in more detail Present: <ul style="list-style-type: none"> the degree to which it solves the problem the cost to the network implications for customers (short and long term) possible bill impacts (short and long term) plus if possible comment on how this solution meets any other criteria from the list developed earlier 	EE	PPT
11.50-11.55am (5 mins)	Presentation 6: Solution 4 Household battery subsidies <ul style="list-style-type: none"> Describe the solution in more detail Present: <ul style="list-style-type: none"> the degree to which it solves the problem the cost to the network implications for customers (short and long term) possible bill impacts (short and long term) 	EE	PPT

11.55-12.10pm (15 mins)	Table Discussion: Smarter Network and Household batteries <ul style="list-style-type: none"> What are your reactions to the presentation What do you regard are the pros and cons of each solution? How do they align with the criteria you felt was important? Knowing what you know now and following this discussion, how supportive are you of this solution? <p>Put a new set of sticky dots into column 2 on the table board according to the tables support and then ask each to fill in their individual sheet.</p>	WR Facilitators	Handout: Smarter Network and household batteries Table board and sticky dot Activity sheet 2
12.10-12.20pm (10 mins)	Presentation 6: Solution 5 Pricing <ul style="list-style-type: none"> Describe the solution in more detail Present: <ul style="list-style-type: none"> the degree to which it solves the problem the cost to the network implications for customers (short and long term) possible bill impacts (short and long term) 	EE	PPT
12.20-12.35pm (15 mins)	Table Discussion: Pricing <ul style="list-style-type: none"> What are your reactions to the presentation What do you regard are the pros and cons How do they align with the criteria you felt was important? Knowing what you know now and following this discussion, how supportive are you of this solution? <p>Put a new set of sticky dots into column 2 on the table board according to the tables support and then ask each to fill in their individual sheet.</p> <p>Choose a spokesperson to feedback in the next session</p>	WR Facilitators	Handout: Pricing Table board and sticky dot Activity sheet 2
12.35-12.50pm (15 mins)	TABLE FEEDBACK: <ul style="list-style-type: none"> Each table to present back the final support ratings and reasons from their table board 		
12.50-1.30pm	LUNCH		

(40 mins)			
PRICING			
1.35 - 1.45pm (10 mins)	Presentation 7: Pricing <ul style="list-style-type: none"> • How network tariffs can be structured • Most of our costs are fixed • Current tariffs • In the future – people will have smart meters, more cost reflective – no fixed rate • We want your help to design the ‘new’ default tariff that is future proof • Should it be time of use or sun soaker or something else? 	EE	PPT
1.45- 2.00pm (15 mins)	Table discussion: Consumption Pricing <ul style="list-style-type: none"> • What are your initial thoughts on the information presented? • What are your thoughts on the time of use tariff? <ul style="list-style-type: none"> ○ Pros and cons? ○ Who would it suit best? Think about different types of customers – working/non-working, solar/non-solar ○ How easy would it be to make the most of this tariff (i.e. move usage)? ○ How does it align with the pricing principles? • What are your thoughts on the sun soaker tariff? <ul style="list-style-type: none"> ○ Pros and cons? ○ Who would it suit best? Think about different types of customers – working/non-working, solar/non-solar ○ How easy would it be to make the most of this tariff (i.e. move usage)? ○ How does it align with the pricing principles? • At this point which one are you thinking you prefer? 	WR Facilitators	Handouts on the two tariff options – time of use and sun soaker
2.00 - 2.15pm (15 mins)	Presentation 8: Two-way Pricing <ul style="list-style-type: none"> • What the regulator expects • Trial export price structure • Explain that this will be a likely solution/ other DNSPs are introducing it • Recap of findings on export pricing from Phase 2 forums – not everyone liked it • We want to design it so it is as palatable as possible for people whilst still being effective. • Outline the possible two-way tariff structures and their impacts • Which should we pair with export pricing? 	EE	PPT

2.10-2.30pm (20 mins)	<p>Table discussion: Two-way Pricing</p> <p>Bearing in mind that EE aren't thinking of doing this until 2029...</p> <ul style="list-style-type: none"> What are your initial thoughts on the information presented? What are your thoughts on the time of use with export pricing tariff? <ul style="list-style-type: none"> Pros and cons? Who would it suit best? Think about different types of customers – working/non-working, solar/non-solar How easy would it be to make the most of this tariff? How does it align with the pricing principles? What are your thoughts on the sun soaker with export pricing tariff? <ul style="list-style-type: none"> Pros and cons? Who would it suit best? Think about different types of customers – working/non-working, solar/non-solar How easy would it be to make the most of this tariff? How does it align with the pricing principles? Which do you think should be the default tariff and why? WRITE ON CHART PAD THEIR PREFERRED OPTION AND WHY Are there any tweaks you would suggest? E.g. Is there anything in terms of structure that would make it more palatable for exporting customers? WRITE ON CHART PAD THE TABLE'S IDEAS FOR WHAT WOULD MAKE IT MORE PALATABLE. <p>Choose a spokesperson to feedback in the next session</p>	WR Facilitators	<p>Handouts on the two two-way tariff options (time of use with export pricing AND sun soaker with export pricing)</p> <p>Chart pads</p>
2.30-2.45pm (15 mins)	<p>Table Feedback</p> <ul style="list-style-type: none"> Each table to present back their preferred structure and what would make export pricing more palatable if it is introduced 	WR Lead Fac	
2.45 - 2.50pm (5 mins)	<p>Presentation 9: Transition to two-way pricing</p> <ul style="list-style-type: none"> Recap of findings on transitioning to export pricing from Phase 2 forums Discuss transitioning options Opt in opt out <ul style="list-style-type: none"> A phased transition 	EE	

	<ul style="list-style-type: none"> Should there be opt in (allowing existing customers to choose to go into the solar export and incentive tariff earlier if they want to (e.g. to benefit from sun soaker and export rebate opportunities) 		
2.50-3.10pm (20 mins)	Table discussion: Transitioning to two-way pricing <ul style="list-style-type: none"> How should export pricing be introduced - transitioned or all at once? Should it vary for existing exporting customers versus those just purchasing solar systems? When is a reasonable time to bring it in? How long do exporting customers need to recoup their investment? Should there be opt in (allowing existing customers to choose to go into the two way tariff earlier if they want to (e.g. to benefit from rebate opportunities) Anything else that would make it more palatable in terms of the transition? If you were in charge of bringing it in how would you do that to make it most palatable? WRITE ON CHART PAD THE TABLE'S IDEAS FOR THE TRANSITION. <p>Choose a spokesperson to feedback in the next session</p>	WR Facilitators	Chart pads
3.10-3.25pm (15 mins)	Table Feedback <ul style="list-style-type: none"> Each table to present back their ideas for transitioning to export pricing. 	WR Lead Fac	
3.25-3.40pm (15 mins)	AFTERNOON TEA <ul style="list-style-type: none"> EE and WR to work on what the common themes are to present in the next session 		
3.40-3.55pm (15 mins)	Bringing it all together on two-way pricing <ul style="list-style-type: none"> EE to present back the common themes from the last two feedback sessions – what are we hearing/taking away from today on two-way pricing and the transition. Check that participants are in agreement with the main insights we are taking away. If we need more time here to answer questions/come to a greater consensus/get over sticking points we can cut down the next session. 	EE	
3.55-4.00 pm	Presentation 10: Education and communication	EE	

(5 mins)	<ul style="list-style-type: none"> We have heard from participants and stakeholders that communication of any export pricing will be very important – to ensure that people understand it. Want to hear from them about which aspects will be most important for communication. 		
4.00-4.15pm (15 mins)	Table Discussion: Communication and education <ul style="list-style-type: none"> What do you think is important to explain to people about why EE are doing this? How should Essential Energy communicate two-way pricing to others? What information should be communicated about two-way pricing? What should the key messages be? How do we best ensure that: <ul style="list-style-type: none"> Customers know they can save money? Customers know how to save? What forms of communication do you think will help? 	WR facilitators	
4.15-4.25pm (10 mins)	Table Feedback <ul style="list-style-type: none"> Each table to present back their ideas for communication and education. 	WR Lead Fac	
4.25-4.30pm (5 mins)	Summing up and thanks <ul style="list-style-type: none"> Closing remarks – what EE will take from today and confirmation of next steps. <i>Woolcott Research Lead Facilitator – thanks and reminder to fill in end of session questionnaire on tables.</i> Give out end of session survey and incentive. At the end make sure you collect: <ul style="list-style-type: none"> End of session surveys Activity sheets Sign in sheet (check everyone has signed it) Filming permission forms 	EE WR Lead WR Table facs	End of session questionnaire Incentive and signing sheet
<u>CLOSE</u>			

Appendix B: Table Preferences PRE and POST Presentation

Table preferences

Instructions
Indicate your support by placing sticky dots next to each solution:

- Up to three **green dots** (1 = quite supportive; 2 = very supportive; 3 = extremely supportive)
- Orange dot** = neither supportive or unsupportive
- Up to three **red dots** (1 = quite unsupportive; 2 = very unsupportive; 3 = extremely unsupportive)

SOLUTIONS		PRE Support for each solution	POST Support for each solution
1. Build the network		3 red dots	1 orange dot
2. Limit exports		3 red dots	3 red dots
3. Smarter network		3 green dots	3 green dots
4. Subsidised customer batteries		2 green dots	1 orange dot
5. Change prices		1 orange dot, 1 green dot	2 green dots

Table preferences

Instructions

Indicate your support by placing sticky dots next to each solution:

- Up to three **green dots** (1 = quite supportive; 2 = very supportive; 3 = extremely supportive)
- **Orange dot** = neither supportive or unsupportive
- Up to three **red dots** (1 = quite unsupportive; 2 = very unsupportive; 3 = extremely unsupportive)

SOLUTIONS

		PRE Support for each solution	POST Support for each solution
1. Build the network			
2. Limit exports			
3. Smarter network			
4. Subsidised customer batteries			
5. Change prices			

Table preferences

Instructions

Indicate your support by placing sticky dots next to each solution:

- Up to three **green dots** (1 = quite supportive; 2 = very supportive; 3 = extremely supportive)
- Orange dot** = neither supportive or unsupportive
- Up to three **red dots** (1 = quite unsupportive; 2 = very unsupportive; 3 = extremely unsupportive)

SOLUTIONS

PRE

Support for each solution

POST

Support for each solution

1. Build the network			
2. Limit exports			
3. Smarter network			
4. Subsidised customer batteries			
5. Change prices			



Woolcott Research & Engagement
L6, 104 Mount Street, North Sydney 2060



+61 29261 5221



woolcott.com.au

Engagement for Essential
Energy's 24-29 Regulatory
Proposal – Deep Dive

Contacts

Karyn Wong
kwong@woolcott.com.au

Liz Sparham
lsparham@woolcott.com.au

