

Attachment H – Phase 2 Engagement Design



PowerWater

Customer Advisory Council

Meeting: Wednesday 5 July 2017

POWER AND WATER CORPORATION

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The background image shows three male workers in white hard hats and safety vests. They are standing in front of a white truck with 'PowerWater' written on its side. The worker on the left is wearing a yellow shirt and dark pants. The worker in the middle is wearing a light blue shirt and dark pants. The worker on the right is wearing a light blue shirt and dark pants, and is holding a clipboard. The image has a dark blue overlay.

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Phase 1 Feedback

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Engagement Activities 2017



Feedback gained through engagement to date

Phase 1 feedback had 5 broad categories

1. Better customer experience and building closer working relationships
2. Lowering pricing and becoming more efficient
3. Ongoing maintenance and undergrounding
4. Supporting more renewable energy
5. Better understanding of Aboriginal customers

Today we'll discuss:

1. What we are already doing in these areas in the current period
2. What we are already intending to do in the next period
3. What we are wanting to consult on for the next period, during Phase 2 of our consultation process





1. Better customer experience and building closer working relationships

During the current period we will:

- Engage better with our large energy users
- Install 1,500 smart meters
- IT system improvements
- Commence large scale customer research

During the next period we intend to:

- Renewing our dated billing system
- Reintroducing our “Virtual Energy Audit” webpage.
- Commissioning a new Meter Data Management system.



2. Lowering pricing and becoming more efficient

During the current period we will:

- Commission an Outage Management System
- Seek ISO quality certification for our asset management processes

During the next period we intend to develop:

- Prudent and efficient expenditure forecasts
- Prudent and efficient metering charges



3. Ongoing maintenance and undergrounding

During the current period we will:

- Expand network capacity
- Trial cost effective devices on our long rural feeders to improve the reliability

During the next period we intend to:

- Continue our maintenance and responsiveness levels
- Maintain our reliability and service by:
- Moving to risk-based and condition-based replacement and maintenance



4. Supporting more renewable energy

- While renewable energy is a generation or customer choice issue, we are working to facilitate it, and use it where we can.
- Power and Water is working closely with the Government on its Renewable Energy Strategy – 50% by 2030 and has been engaging with its Expert Panel on the development of its Roadmap to Renewable Strategy.
- We have also recently completed a minor review of our solar PV connection policy to provide more flexibility to our customer's in connecting PV systems and align it with industry standards.



5. Better understanding Aboriginal customers

- Corporate wide responsibility. Best demonstrated through Regions and Remote and the IES
- A Procurement Indigenous Engagement Strategy is in place to support economic development in Indigenous businesses and for Indigenous people across the Northern Territory by increasing opportunities across our contracts.
- A mandatory assessment criteria weighting on Indigenous participation also applies to all Regions and Remote requests for quotation and tender documents.



Residential and SME market deliberative forums topics

- **Reliability** | how often blackouts occur
- **Responsiveness** | how long blackouts last
- **Customer initiatives** | programs we can do to support certain customers
- **Mobile app** | what more should it be able to do?
- **Priority/Platinum services** | charging fees for above standard services
- **Undergrounding** | taking overheads underground



Phase 2 engagement

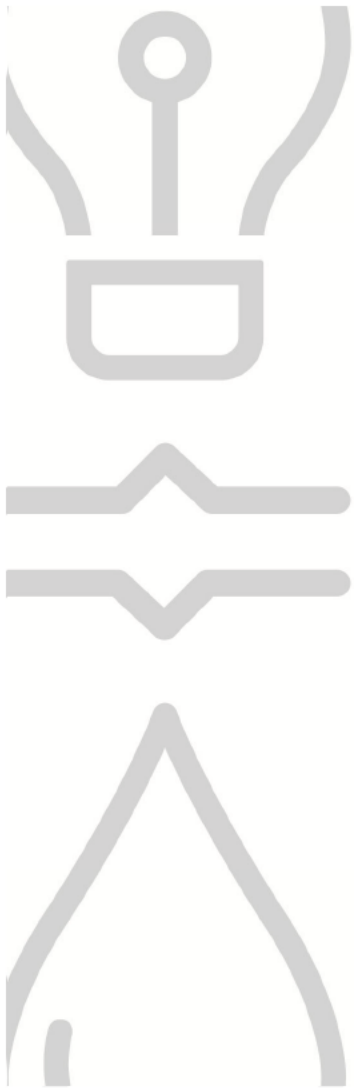
Consult | Today we will discuss the deliberative forums

- What topics we will test customer preferences on?
- What information we will provide to inform them when considering those questions?
- How we will use the engagement outcomes?



Deliberative forums

- What?
 - Power Networks' Senior Management will present on each topic
 - Newgate Research will facilitate questions
 - Participants will record their responses
- Where?
 - Deliberative forums
 - Darwin – Aug 2017 (35-40 participants)
 - Alice Springs – Aug 2017 (20-25 participants)
 - Major users forum in Darwin – Sep 2017 (invite all large users)



Questions & Feedback



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Power Networks Engagement Phase 2 design

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Our engagement and the Electricity Pricing Order (EPO)

- The EPO is a Government instrument that implements the uniform tariff policy and sets the maximum amount customers consuming below 750MWh are charged.
- We have targeted the pricing aspect of our engagement to:-
 - Retailers and policy makers through our pricing consultation paper – Jun 2017
 - Major users in a large user forum – Oct 2017
 - All stakeholders in our draft tariff structures statement customer overview – Sep 2017
- This approach reflects the policy and market context in NT



Tariff engagement design

- Recall that:
 - Approx. 200 sites who use >750Mwh pa and see network tariffs on their bills;
 - Everyone else is covered by the Electricity Pricing Order
- Our tariff engagement is designed to:
 - **Engage** our large users through large user forum, through ongoing engagement by our account managers
 - **Consult** market participants (e.g. retailers, government)
 - **Inform** our remaining unaffected customer base
- **Inform** | Today we will further explain the tariff designs for the unaffected customer base and explain how the pricing order ensures customers are not affected by the proposed structures .



Large user forum

Test | Understanding of tariff structures and ability to respond to these.
Support for priority services fees.

- Tariffs structures and levels
 - Seasonal demand charge
 - Energy charge
 - Transition and opt in arrangements
 - Indicative price levels for 2019-24
- Premium services

Use | To inform our network tariff strategy for transition for large users and our fee based service offering.



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Reliability and responsiveness

Test | What are customers' preference based on the price impact?

- For reliability outline outages vs costs by region
 - Base case – pay current prices for [X] outages per year
 - Pay [x] more for [x] less outages better (\$ per outage);
 - Pay [x] less for [x] less reliability (\$ savings per outage)
- For responsiveness outline duration of outages by region
 - Base case – pay current prices for [X] minutes per outage
 - Pay [x] more for [x] less minutes (\$ per minute);
 - Pay [x] less for [x] more minutes (\$ savings per minute or hour)

Use | To inform our operating and investment plans and expenditure forecasts.





Customer funded initiatives

Test | Energy Audits: Are customers willing to fund residential energy audits to improve outcomes for certain customers?

Use | To inform our expenditure forecasts for any new activities.

Test | Power and Water Mobile App: What enhancements would make you more likely to use it?

Use | To inform our future customer interface planning and IT expenditure



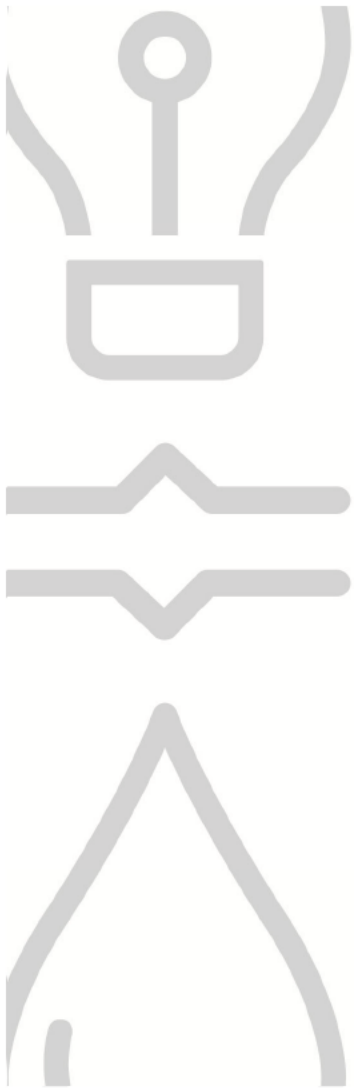
User pays services

Test | Do customers want us to offer a fee menu for **priority service options**?

Use | To inform our fee-for-service activity proposal (known as alternative control, fee based and quoted services).

Test | Do customers want us to offer a customer funded **undergrounding service**?

Use | To inform our fee-for-service activity proposal (known as alternative control, fee based and quoted services).



Questions & Feedback

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Thank you

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