

Minutes

Customer Advisory Panel – Meeting 3: Future network and management of poles

Meeting	
Date	Tuesday 20 October 2020
Time	Meeting from 2:00pm – 5.00pm
Location	Microsoft Teams
Facilitator	Adam Nason
Attendees	<p>CAP members: Gavin Dufty, Shelley Ashe, Dean Lombard, Tennant Reed</p> <p>CCP17 members: David Prins, Mike Swanston, Mark Henley</p> <p>CPPALUE: Renate Vogt (General Manager Regulation), Joanne Pafumi (General Manager Corporate Affairs), Brent Cleeve (Head of Regulation), Adam Nason (Head of Customer Experience), Megan Wilcox (Regulatory Projects Manager), Jeff Anderson (Regulatory Projects Manager), Christopher Roberts (Principal Engineer Network Planning), Frans Jungerth (Regulatory Projects Manager), Claire Cass (Network Solutions Manager), Sonja Lekovic (Senior Regulatory Economist), Ellen Lukin (Regulatory Analyst)</p>
Apologies	Nathan Crombie

Agenda items and actions			
Item	Who	Item	Actions
1	Adam Nason	<p>Welcome and safety moment</p> <ul style="list-style-type: none"> In recent years we have been seeing very creative solutions for customers who wish to generate electricity and connect it back into our network Solar towers, for example, have a safety aspect from an environmental perspective with our birdlife The temperatures in solar towers are incredibly high. It creates challenges for our wildlife There can be slight adjustments to the angle of the solar tower panels to ensure the tower is effective but to reduce the likelihood of hurting our bird life. 	No action required
2	Jeff Anderson	<p>Management of poles</p> <p>We are transitioning from a condition-based approach to a risk driven framework or a more proactive/preventative approach to wood pole management. Our condition approach was successful for a long period of time but is no longer fit for purpose due to the bushfires in the south west, our aging poles, and following the ESV's review which supported a need to change and enhance our pole management approach.</p> <p>We are working to better demonstrate our need for our</p>	CitiPower, Powercor and United Energy to provide the CAP our revised proposal numbers for poles.

forecast through economic modelling. We are seeking the CAPs view on the revised proposal and whether it meets with community expectation for maintaining and operating a safe network.

Key feedback

- There is a perception that we are stuck between two competing regulators—the safety regulator and the economic regulator. More should be done to demonstrate where we are in that conversation and who will be the ultimate decision maker
- If the ESV believe the new pole management program is prudent and efficient risk management, the perception out in the community will be that they want you to comply with the safety regulator. The AER should respond as to why they are not making an allowance for that
- More information would be helpful on what is ‘reasonable and practical’ given our view may reflect a different risk tolerance to the regulator. Recommend having these conversations on risk tolerance with the regulator
- It is difficult to understand the fundamental issue between the AER and the ESV’s differing perspective. For example, there is question mark around each party’s opinion on the compliance obligations
- It was confirmed compliance is not a question of negotiating compliance but more of a forecasting adjustment to be compliant
- The draft decision from the AER for pole management is a very substantial cut from the original proposal. A lot is going to hinge on where our analysis comes out in the end for what can be most firmly be justified
- It is helpful to be forced to articulate and rearticulate the needs for this type of investment
- Interested in knowing how much consequence reduction there is from the REFCL program
- Important to note that the AER is not trying to second guess the safety issues. It is an issue of efficiency and whether there is enough money to do what is proposed to do. There is a significant step change in the pole management spend from this period compared to next
- It is not necessary to see the pole management model but further assurance that the model is sound, the data is sound, and the process is robust would be helpful. Propose to consider getting an independent assessment of the model to give us assurance

		<ul style="list-style-type: none"> • There is a perception issue if the pole looks unsafe. All complaints to poles looking unsafe need to be taken seriously. It is not just about condition it's also about visuals. Need to keep trust with our customers <p>Key decision questions</p> <ol style="list-style-type: none"> 1. Do you support the revised forecasts? 2. Do the revised forecasts reflect the community and stakeholder feedback? 3. If not, what other factors should we be taking into account in determining the revised forecasts? <p>The CAP is supportive of bringing together the ESV and the AER to help understand their differences so the business can reach a level of compliance that is in the best interest of the customers as directed by the safety regulator. The CAP noted there is an opportunity to tell a story better to the AER on the compliance and risk-based approach.</p> <p>There CAP agrees in principle with our approach to compliance and risk however to gain CAP support they would need to see the final numbers for our revised proposal.</p>	
		Break	
3	Frans Jungerth	<p>Future network and customer solar journey</p> <p>Future network consists of two programs</p> <ul style="list-style-type: none"> • Solar enablement program • Digital network program <p>The two programs are seeking to complement each other to better manage distribution energy resources (DER) and prepare the network to enable more solar, particularly considering the government's solar homes program.</p> <p>The AER reduced the solar enablement program by 48% and approved the digital network program. Based on the affordability concerns we have heard we are minded to accept the AER's draft decision.</p> <p>Key feedback</p> <ul style="list-style-type: none"> • Dynamic operating envelopes were seen to be a very useful tool going forward • Expectation management is incredibly important moving forward and many customers may be OK with being constrained some of the time under the right management of expectations • Recommend saying 'DER' rather than a specific technology i.e. solar. Setting up the framework now to be technology agnostic is very important • It is very important to give people education on how to use their DER to self-optimize. The 	CitiPower, Powercor and United Energy to provide a written response to the key feedback before the final CAP meeting.

conversations to date have all been focused on exports however the best value here is self-consumption

- Quite a bit hinges on the success of multiple initiatives over the next few years to not just realise the potential of DER but to also do it with enough lead time and enough evidence. This should be monitored and incorporated into the plans post 2026, allowing the AER to clearly view how this period's program affects the next regulatory period
- Transforming tapping is a good first step and low-cost option to enable hosting capacity
- It is important to continue to engage with third party aggregators to ensure our programs are something they would engage with
- The customer journey approach was seen as a great approach that details the different stages and pain points for our customers
- The existing number of solar export rejections was seen as surprisingly high, and the importance of reducing that number was reaffirmed
- It was acknowledged people aren't just worried about solar exports because of feed in tariffs but also because they want to generate/use renewable energy
- It was acknowledged the communications side of enabling solar can be difficult for distributors as there is a perception with customers that networks want them to buy more energy and hence restrict solar use
- One pain point that is missing from the customer journey is the issue of failed/unfinished connections, which can be on the customer or installers side. We should try and "nudge" customers to tell them we don't think their application was finished
- A challenge is the treatment of the individual customer and the customers at large are different. There is a risk that a traditional customer satisfaction metric cuts against overall interests of the customer base
- Regarding developing metrics to track, it would be good to see additional metrics for rolling out broader DER technology. For example, the speed and ease of dealing with the business to get a

battery system connected or an EV charging station. For EV's, perhaps a metric around what is the amount of network augmentation expenditure needed per EV added once demand management and charging management is considered

- It was also recommended that this fits into a broader strategy that should reflect what customers want and what the network needs to look like in a DER future. The strategy should be show to different customer groups for feedback and input
- With regard to tariff reform, if customers changing their behaviour is a barrier for best outcomes to tariff reform, there may be opportunities from AI alleviating this barrier. However, AI is still a bit away in the future and appropriate communication in the meantime can assist with this behavioural change
- It was suggested we should provide commentary on what you think the barriers are and how you think you will address these
- There was interest to understand better how smart the technologies are being installed in the trials to help customers and machines control their DER
- The opportunities with tariffs are about the persons' ability to extract agency out of it. There is an opportunity now because of the falling electricity cost curve and more price elasticity. We were encouraged to examine price elasticity and how it can impact tariff reform

Key decision questions

- **We are seeking to develop an output-based measure to hold ourselves accountable to delivering improved solar outcomes. What form should this measure take?**
- **Does the Future Network program reflect what customers and stakeholders want us to prioritise in enabling the energy market transition?**
- **Do you think the program allows sufficient flexibility for customers to enable their choices?**
- **Does the customer solar journey assist customers and is there more we could be doing?**

The CAP supported the use of dynamic envelopes which is a key feature of our digital network program, and in general supported the continual efforts to enable DER.

		<p>The CAP suggested there is a lot more to DER than just exports and that a communications campaign can improve the use of DER even before significant investment.</p> <p>The CAP saw that the changing nature of tariffs clearly has a role to play in future networks and that we can be creative for how we provide solutions to customers and different customer segments.</p> <p>Measuring success of DER integration was seen as challenging but best done with a mixture of output measures and measures of implementation and cost.</p> <p>The customer solar journey was seen as a helpful tool.</p>	
4	Sonja Lekovic	<p>Customer Enablement</p> <p>We returned to the group with a revised Customer Enablement proposal in response to the CAP's feedback.</p> <p>The revised proposal aims to demonstrate changes the business is making based on the CAP feedback and support is sought from the CAP on whether we put it in our submission.</p> <p>Key feedback</p> <ul style="list-style-type: none"> • The revised proposal is substantially amended and focused relative to the first one. It was suggested that perhaps some benefits that could not be quantified today can be measured better in the future. However, despite not having full evidence of some benefits, for this regulatory period the revised program was seen to be good value and very responsive to CAP's feedback • it was also commented that we made the right decision on what to cut for this revised program. A few of the other initiatives that we have cut we may be able to provide to some customer groups through a user pays system • There was also appreciation for the effort to draw out where the value is for each of the different customer groups and the potential linkages, and in general appreciation for clearly demonstrating how feedback has influenced decision making • There was a discussion about how best to share this with stakeholders and customers. It was suggested that if uploaded on the website, there needs to be an opportunity for the reader to continue the conversation • There was a suggestion to share this with the customers who were taken on the engagement journey as part of the development of the program. 	No action required

		<p>Overall, it was acknowledged that it is important to engage with customers, not only customer advocates. It is a great opportunity for customers to meet the business and the business to meet them. It humanises the business and build trust in the relationship</p> <p>Key discussion questions</p> <ul style="list-style-type: none"> • Do you support the revised proposal? <p>There was strong consensus from the CAP that the revised customer enablement proposal was good value and well-focused and actioned the CAP feedback. The CAP noted that there was substantial change relative to our original proposal and supported our revised proposal.</p>	
5	Adam Nason	<p>Actions and next steps</p> <ul style="list-style-type: none"> • meeting minutes to be circulated soon • please contact us if you have anything further to discuss regarding the customer service incentive scheme (CSIS) proposal 	
6	Adam Nason	Meeting close at 4:55pm	No action required