# Attachment 6.7

# Deloitte:
# SA Power Networks Stage 2 Stakeholder and Consumer Workshop report

## December 2013

Deloitte.

# Stage 2 Stakeholder & Consumer Workshop Report

SA Power Networks

December 2013

# Background

The electricity industry is rapidly changing and SA Power Networks is entering a future characterised by significant changes in retail electricity prices, changes to government policy, a shifting technology landscape and industry regulation.

Recent retail electricity price fluctuations have caused concern amongst consumers, who are now looking to exercise a greater deal of control over their energy usage to minimise their electricity costs.

The introduction of new energy technologies such as solar generation and battery storage have posed challenges for the current electricity network, which was predominantly built 40–60 years ago.

These and other factors are impacting the way SA Power Networks provides its services, and signal the onset of significant change in the electricity operating environment.

As South Australia's sole electricity distributor, SA Power Networks' Regulatory Proposal for the 2016–2020 operating period is due to the Australian Energy Regulator (AER) by 31 October 2014. The AER will make a revenue determination based on SA Power Networks' Proposal for improving, maintaining and operating the distribution network to meet the long term needs of the South Australian community.

With this in mind, SA Power Networks has designed a consultation program to help understand consumer concerns and priorities as they plan the South Australian distribution network for the future.

Changes made by the Australian Energy Market Commission (AEMC) to the National Electricity Rules (NER) in November 2012 have increased the focus required from all network service providers in relation to the nature, quality and extent of their engagement with electricity consumers and their identification of consumers' concerns.

As such, the views and concerns of electricity consumers and stakeholders will help shape the directions and priorities of SA Power Networks' Proposal to the Regulator.

This report summarises the findings from the Stage 2 stakeholder and consumer workshops and the Targeted Strategic Workshops as outlined in figure 1 on page 5.

Cover photo: SA Power Networks' General Manager Corporate Strategy, Sean Kelly presenting at consumer workshop — Adelaide CBD, October 2013

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# The consumer engagement program

## Process

As part of preparations in developing its Regulatory Proposal for the 2016–2020 period, SA Power Networks has developed a stakeholder engagement strategy (figure 1), in order to understand the concerns, issues, priorities, and needs of South Australian electricity consumers. This strategy was based on a clear emphasis of providing consumers an opportunity to contribute to SA Power Networks' proposed investment plans.

At the conclusion of Stage 1 engagement activities, Deloitte consolidated the findings of the workshops and survey into 13 consumer insights. A summary of the consumer insights from Stage 1 are presented on pages 9-16 of this report. Further information regarding these insights can be found in the Stage 1 stakeholder and consumer workshop report and the online consumer survey report at talkingpower.com.au. The consolidated consumer insights can also be found on talkingpower.com.au.

## Scope

SA Power Networks' stakeholder engagement strategy also aims to meet the AER's requirement for network businesses to demonstrate that:

- Robust and transparent processes have been followed by engaging with a representative cross section of electricity consumers
- These processes have helped SA Power Networks to identify and understand the issues and concerns of South Australian electricity consumers
- Proposed capital and operating expenditure by SA Power Networks addresses relevant consumer concerns identified from those engagement processes.

The engagement process adopted by SA Power Networks is dynamic and embodies several stages, with results informing the content and approach for future stages of the process.

This report summarises the findings of the Stage 2 stakeholder and consumer workshops.

## Objectives

Stage 2 of this stakeholder engagement strategy sought to validate the Stage 1 research findings, and further explore consumers' views on SA Power Networks' integration of consolidated consumer insights into its business plans. This was an important part of the overall engagement strategy. The specific topics discussed during these workshops were:

- Validation of 13 Stage 1 consolidated consumer insights
- How SA Power Networks has incorporated consumer insights into its business planning process
- Feedback on two Targeted Strategic Workshops (vegetation management and undergrounding)
- Consumer insights into proposed changes to the Service Standards Framework.

## Focus

Consumers who attended the Stage 1 stakeholder and consumer workshops were invited to attend one of the seven Stage 2 workshops and represented the following customer segments:

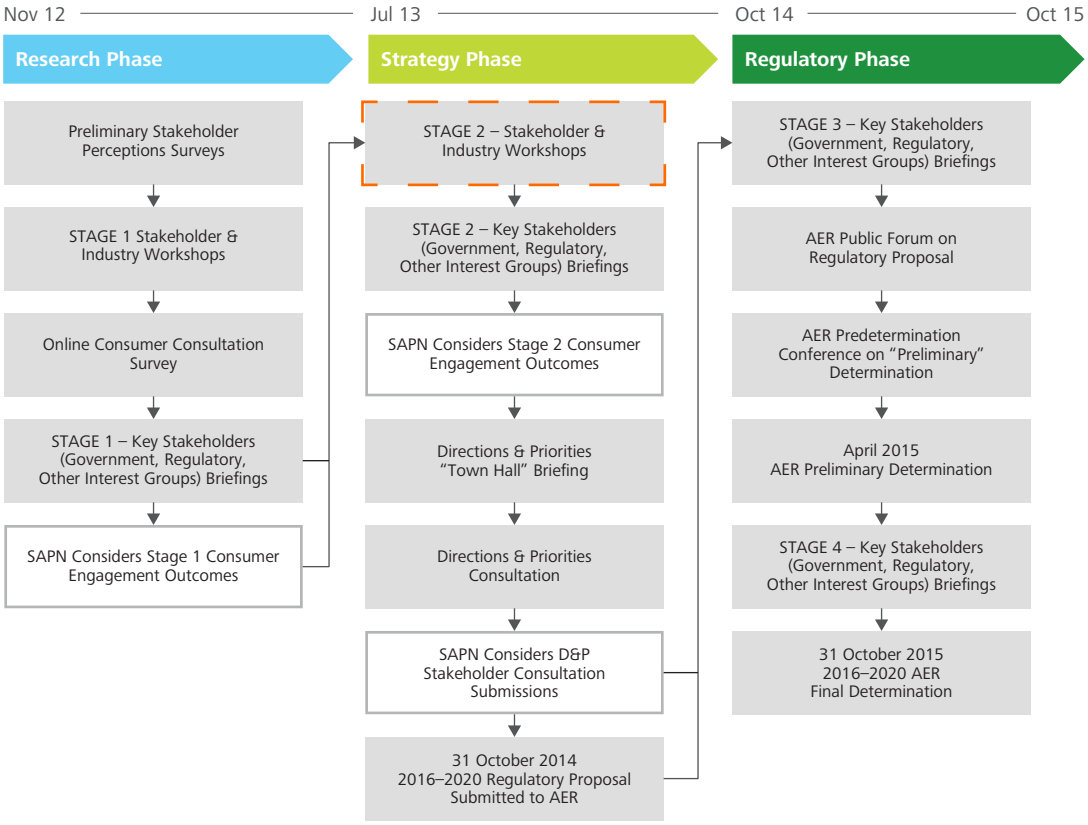
- Residential consumers
- Business consumers
- Government and council representatives
- Other group representatives (including industry, welfare and special interest).

## Approach

Seven workshops were conducted in October and November 2013 in the regions visited in Stage 1 engagement activities.

Workshops were held in metropolitan Adelaide as well as regional areas including; The Riverland (Berri), Mt. Gambier, Pt. Augusta, and Pt. Lincoln.

FIGURE 1 – SA POWER NETWORKS' STAKEHOLDER ENGAGEMENT STRATEGY




An additional workshop was also held on Kangaroo Island during this stage. The need for this workshop was identified during SA Power Networks' Key Stakeholder Briefings (outlined in figure 1).

Deloitte was responsible for the following activities:

- Designing the Stage 2 stakeholder and consumer workshops and materials
- Facilitating the stakeholder and consumer workshops held regionally and in the metropolitan area, and
- Collection and analysis of results and reporting on Stage 2 workshop activities
- Desiging, co-facilitating, and reporting on the two Targeted Strategic Workshops.

## How consumer insights will be used

The outputs of this consumer engagement process are being used by SA Power Networks to refine its future directions and priorities, and ultimately assist in the development of its 2016-2020 Regulatory Proposal.

# Methodology and sampling

## Summary

Participants from the Stage 1 workshops were invited back to participate in the Stage 2 workshops, with residential, business, government, council, welfare and special interest group consumers and representatives invited to attend. Participant insights and feedback obtained during the Stage 2 workshops were analysed using a mix of quantitative and qualitative methods.

## Independence

Deloitte was responsible for ensuring that the stakeholder engagement activities were independent, robust and accurately reflected the views and concerns of South Australian electricity consumers. Data recorded during this engagement process remains the property of Deloitte. This process was completed in accordance with a governance framework that set out the rules and responsibilities needed to maintain independence and stipulate the respective roles of Deloitte and SA Power Networks.

> "Great to see the feedback provided in the first workshop has been taken on board."
>
> **Business, Regional**

## Research approach

The primary aim of the Stage 2 workshops was to validate the consumer insights from Stage 1, and further explore consumers' views on how SA Power Networks has integrated these insights into its business plans.

During the workshops Deloitte presented the 13 consolidated consumer insights to participants and facilitated group discussions to understand how accurately they reflect their views as South Australian electricity consumers.

SA Power Networks shared details of their future business plans, and how their plans are evolving in response to the consolidated consumer insights.

Workshop feedback indicated that participants valued this process and viewed the Stage 2 workshops as an important aspect of the Stakeholder Engagement Strategy. Participants confirmed these workshops demonstrated that SA Power Networks is listening to, and acting upon, the insights gathered from its consumers.

> "Good to see SA Power Networks has listened to previous sessions and are doing things and making changes."
>
> **Resident, Metro**

## Information evaluation

Information collected during the workshops such as participant comments and answers to worksheet activity questions were evaluated using a mix of quantitative and qualitative methods. Consumers' feedback on Stage 1 insights, SA Power Networks' proposed plans, and the outcomes of Targeted Strategic Workshops were analysed by grouping and theming comments made during topic discussions.

Participant views on the current Service Standards Framework were analysed using a three point agreement scale (agree, neutral, disagree).

## Representative sampling

As with Stage 1 engagement activities, Deloitte and SA Power Networks shared the recruitment of Stage 2 workshop participants. Deloitte was responsible for the recruitment of residential participants, while SA Power Networks was responsible for the recruitment of business consumers and other interest groups or agencies (including State and local government representatives). A representative sample of South Australian electricity consumers was maintained by recruiting participants from the Stage 1 stakeholder and consumer workshops.

There was attrition between the two workshop series, with 57 of the 100 Stage 1 participants attending one of the eight Stage 2 workshops. This is to be expected given the time commitment required, in particular as we asked these participants to attend up to three workshops within an eight month period. Participants represented the following customer segments:

- Residents (32)
- Business (7)
- Government (3)
- Council (9)
- Welfare or Special Interest Group (6).

An additional 14 consumers were recruited for the Kangaroo Island workshop, details of which can be found on page 25 of this report.

"I'm most impressed by this whole process. A most comprehensive coverage and a robust community engagement process, including closing of the loop (this workshop)."

**Welfare, Metro**

# Consolidated consumer insights overview

Consolidated consumer insights overview

# Customer experience

## Summary

Deloitte sought to validate the consolidated consumer insights with respect to customer experience and explore participant's views on how SA Power Networks has integrated these insights into its business plans.

## Stage 1 consolidated consumer insights

### *1. Educate consumers about the South Australian electricity industry and SA Power Networks' role*

Overall consumers indicated they would like further information and consultation on the role of SA Power Networks in delivering electricity to consumers, the role of retailers, and the electricity industry in South Australia.

### *2. Maximise opportunities to improve service experience*

The overall customer experience was rated as positive or neutral by consumers, who also expressed a desire for SA Power Networks to improve service interactions wherever possible.

### *3. Develop multi-channel communication strategies*

Consumers want to interact with SA Power Networks using multiple channels for a variety of different actions.

## Consumer feedback on consolidated insights

Through group discussions on the consolidated consumer insights, participants expressed agreement that the customer experience insights were an accurate reflection of the views and opinions expressed during Stage 1 engagement activities. Participants were given the opportunity to ask questions and provide comments on the insights, with many reiterating the need to be able to access information through a variety of different communication channels.

Participants also indicated that education materials and information provided to consumers should be as simple as possible to ensure all consumers are able to understand and benefit from the material.

## SA Power Networks' integration of consolidated customer experience insights

SA Power Networks engaged in further targeted workshops focusing on customer experience and emerging customer service trends. These workshops provided a deeper level of insight and understanding of the needs and wants of SA Power Networks' customers.

The outcomes of these workshops combined with the consolidated customer experience insights were used in the development of a Customer Services Strategy.

As part of this strategy, SA Power Networks has developed:

- Detailed customer segmentation including the creation of 16 'customer personas'
- A Customer Technology Plan - informed by the requirements of the Customer Service Strategy.

SA Power Networks recognises that not all customers are the same and that customers want to access information when they need it using a mixture of traditional and contemporary channels. In response, the organisation is exploring options to provide tailored and responsive services for current and changing consumer needs in addition to developing communication options that provide timely and reliable information.

SA Power Networks is also exploring how to further connect positively with business and the community, and how to provide educational material and information to consumers that enables them to access reliable advice.

"You listened well. Thumbs up."

Resident, Regional

### Feedback on SA Power Networks' plans

Participants were given the opportunity through allocated group discussion time to provide feedback on how SA Power Networks is incorporating the consolidated consumer insights into their business plans. When asked if these plans and strategies reflect their views as electricity consumers, there was general consensus amongst participants across all workshops that SA Power Networks is using the feedback provided to inform their business decisions.

Consumers discussed the need for further information and education regarding the timelines of outages and faults being resolved. Regional participants indicated that due to the nature of rural properties, it's difficult to determine if SA Power Networks is aware of an outage as some areas do not have a suburb name and thus are not being included in recorded messages when residents call to report an outage.

Participants also suggested that the general public needs to be made aware of the dangers faced by SA Power Networks' staff during major weather events when they are called out to repair faults and outages.

Participants reinforced the importance of having information accessible through a variety of channels, suggesting whilst they would like more choice in their interaction methods, traditional communication channels such as the call centre remain valuable.

"I'm glad to see the further segmentation of consumers. We often have difficulties dealing with utilities which residents may not have, so I'm interested to see what will come out of this."

**Council, Metro**

Consolidated consumer insights overview

# Community safety & reliability

## Summary

Deloitte sought to validate the consolidated consumer insights with respect to community safety and reliability and explore participants' views on how SA Power Networks has integrated these insights into its business plans.

## Stage 1 consolidated consumer insights

### *4. Continue asset management and investment to drive reliability, manage risk, and support economic growth*

Asset management initiatives that have a direct impact on reliability and/or prevent potential safety hazards were rated as most important. Consumer priority areas included assets in high bushfire risk areas and near roads in residential areas. The priority areas for Business and Government consumers included areas that would support economic growth.

### *5. Vegetation management programs should be designed to consider their visual impact*

Consumers supported vegetation management activities that improved the visual aesthetics of trees and would benefit the immediate surrounds and the wider community. Overall consumers gave the vegetation management initiatives the lowest priority of the community, safety and reliability initiatives.

### *6. Prioritise preventative maintenance to mitigate risk*

All preventative initiatives should consider potential safety hazards and be completed as a priority when risks can be mitigated.

### *7. CFS Bushfire Safer Place should have continuous power*

Investment in bushfire management initiatives would ensure that essential services are managed under critical conditions.

## Consumer feedback on consolidated insights

Through group discussions on the consolidated consumer insights, participants expressed agreement that the community safety and reliability insights were an accurate reflection of the views and opinions expressed during Stage 1 engagement activities.

Participants were given the opportunity to ask questions and provide comments on the insights, with many providing general commentary regarding the development of a comprehensive vegetation management program that takes into account the removal of trees where appropriate.

Participants also reinforced the importance they place on SA Power Networks mitigating public safety risks through increased asset management activities such as inspections and preventative maintenance.

## SA Power Networks' integration of community safety and reliability insights

Safety, in particular bushfire and road safety, was the key priority for consumers during Stage 1 engagement activities. SA Power Networks has reviewed the findings from the recent Victorian Bushfires Royal Commissions and the preliminary findings from the Tasmanian Bushfires, integrating these findings with the consolidated consumer insights to assist in the development of asset and bushfire management plans. During the time the workshops were conducted, the New South Wales bushfires had just occurred and as such, this was a topic of interest amongst participants. SA Power Networks awaits the findings from investigations into these fires and if released in time, will incorporate findings into its asset management plans. Proposed initiatives under these plans include:

- Securing electricity supply to CFS Bushfire Safer Places
- Development of a Bushfire Mitigation Program
- Undergrounding powerlines where appropriate
- Constructing powerlines less prone to fire starts
- Installing new technologies to detect faults and switch off lines
- A more comprehensive vegetation management program in bushfire zones.

SA Power Networks has also used the consolidated consumer insights to inform its business planning process, using the insights in the refinement of its Network Development Plans and Network Asset Management Plans.

SA Power Networks' plans for the electricity distribution network seek to ensure that the network meets current and future consumer needs. This approach will involve strategies to improve and maintain reliability and quality of supply by targeting improvements on the worst performing powerlines in areas including:

- Remote townships, e.g. Carpenters Rocks, Penong, Hawker, Elliston, and Beltana
- Powerlines impacted by storms, lightning, and animals
- High corrosion areas, e.g. Middleton, Elliston, Venus Bay
- Powerlines in high fire risk areas.

SA Power Networks is planning to reinforce the network to meet current and future needs through:

- Major network upgrades, e.g. Whyalla Central, Kangaroo Island undersea cable replacement
- Reinforce supply to rural communities, e.g. Victor Harbour, Pt. Neill
- Tourism and future growth areas, e.g. Mining, Cummins, Tumby Bay

### Feedback on SA Power Networks' plans

When asked if these plans and strategies reflect their views as electricity consumers, there was general consensus through group discussion amongst participants across all workshops that SA Power Networks is using the feedback provided to inform their business decisions.

Participants also led discussions on the importance of bushfire management plans and how SA Power Networks is factoring bushfire risk into their network development plans in addition to activities being undertaken to ensure the longevity of electricity assets. Regional workshop participants discussed the need for SA Power Networks to work with local councils to develop integrated bushfire management plans.

> "I think you're taking what people say on board. People think the same throughout the State and you understand what you're being told."
>
> **Resident, Regional**

## Overview

Deloitte sought to validate the consolidated consumer insights with respect to visual amenity and explore participants' views on how SA Power Networks has integrated these insights into its business plans.

## Stage 1 consolidated consumer insights

### *8. Maximise opportunities to improve the visual appearance of assets*

Undergrounding of the network and substation facade treatment initiatives were universally supported, with priority areas for completion deemed to be in areas where the visual appearance of the network has the largest effect on the community.

### *9. Consider improvements in public safety and reliability in asset planning*

Consumers identified high bushfire risk areas and areas where additional safety and reliability benefits could be realised as priority areas for undergrounding the network.

## Consumer feedback on consolidated insights

Through group discussions on the consolidated consumer insights, participants expressed agreement that the visual amenity insights were an accurate reflection of the views and opinions expressed during Stage 1 engagement activities. Participants placed significant emphasis on insight number 9, with the majority of discussions focusing on the public safety benefits associated with undertaking visual amenity activities such as vegetation management and undergrounding. These benefits were explored further in the Targeted Strategic Workshops as detailed on pages 20-23.

## SA Power Networks' integration of visual amenity insights

SA Power Networks is developing a strategy that prudently incorporates improvements in visual amenity for planned projects. This includes applying a facade treatment to all new substations and those flagged in the current works program for upgrades and improvements.

SA Power Networks proposes that in the future, the extent of works on substation facades will be determined through community consultation and aligned to the community benefit to be gained. These facade treatments include modifying buildings to look like residential dwellings in suburban areas, in addition to adding architectural elements to fencing and planting vegetation strips.

SA Power Networks is also looking to develop a longer term strategic program where safety is the main priority by undergrounding high risk powerlines in bushfire-prone areas and where road safety improvements can be realised. Given the importance of vegetation management and undergrounding, SA Power Networks conducted an additional targeted workshop for each topic, the findings of which will be discussed further on page 22 of this report.

## Feedback on SA Power Networks' plans

When asked if these plans and strategies reflect their views as electricity consumers, there was general consensus through group discussion amongst participants across all workshops that SA Power Networks is using the feedback provided to inform their business decisions.

Participants were particularly supportive of substation facade treatment programs and valued the improvements in visual amenity that result from these facades. Participants also suggested that information regarding future projects and planned work should be made available to the public via the SA Power Networks website, so that the community can be aware of assets in their neighbourhood that have been flagged for upgrades.

# The evolving customer

## Overview

Deloitte sought to validate the consolidated consumer insights with respect to the evolving customer and explore participants' views on how SA Power Networks has integrated these insights into its business plans.

## Stage 1 consolidated consumer Insights

### *10. Consumers are ready for the installation of smart meters*

Consumers supported the adoption of smart meters to allow them to exercise a greater deal of control over their electricity usage.

### *11. Continue upgrades to support a two-way network*

Upgrades to support a two-way network were almost universally supported by consumers to support the increasing uptake of new technologies.

### *12. Develop cost-reflective pricing tariffs*

Consumers supported the development and phased introduction of socially equitable cost-reflective pricing strategies.

### *13. Education will increase customer satisfaction*

Consumers clearly expressed a need for education on new technologies and changes to the industry.

## Consumer feedback on consolidated insights

Through group discussions on the consolidated consumer insights, participants expressed agreement that the evolving customer insights were an accurate reflection of the views and opinions expressed during Stage 1 engagement activities. Participants were particularly interested in insight number 10, with discussions being focused on the technical details of how smart meters work and how they can benefit the consumer.

## SA Power Networks' integration of evolving customer insights

Consumers are indicating readiness to adopt technology that assists them in managing their electricity consumption and as such, SA Power Networks is exploring ways to automate the electricity network in South Australia to enable operation and facilitation of two-way energy flows resulting from the continued uptake of solar Photovoltaic (PV) panels.

SA Power Networks  is considering reinforcing the network in areas with high solar PV penetration in order to continue to support the uptake in household micro-generation technologies such as solar PV panels.

SA Power Networks is also exploring options to develop information systems that support demand management initiatives and provide real-time information, such as consumption levels, to consumers. An efficient smart meter roll-out is also being considered for new connections, when existing meters are due to be replaced, and for hard to access meters.

A consumer education program aimed at residential and business consumers is being designed to provide information on future technologies such as smart meters, cost-reflective capacity tariffs, and the electricity distribution network of the future.

> "These allow SA Power Networks to continue undertaking a strategic approach instead of pandering to 'what is happening in my street?'"
>
> Business, Metro

## Feedback on SA Power Networks' plans

When asked if these plans and strategies reflect their views as electricity consumers, there was general consensus through group discussion amongst participants across all workshops that SA Power Networks is using the feedback provided to inform their business decisions.

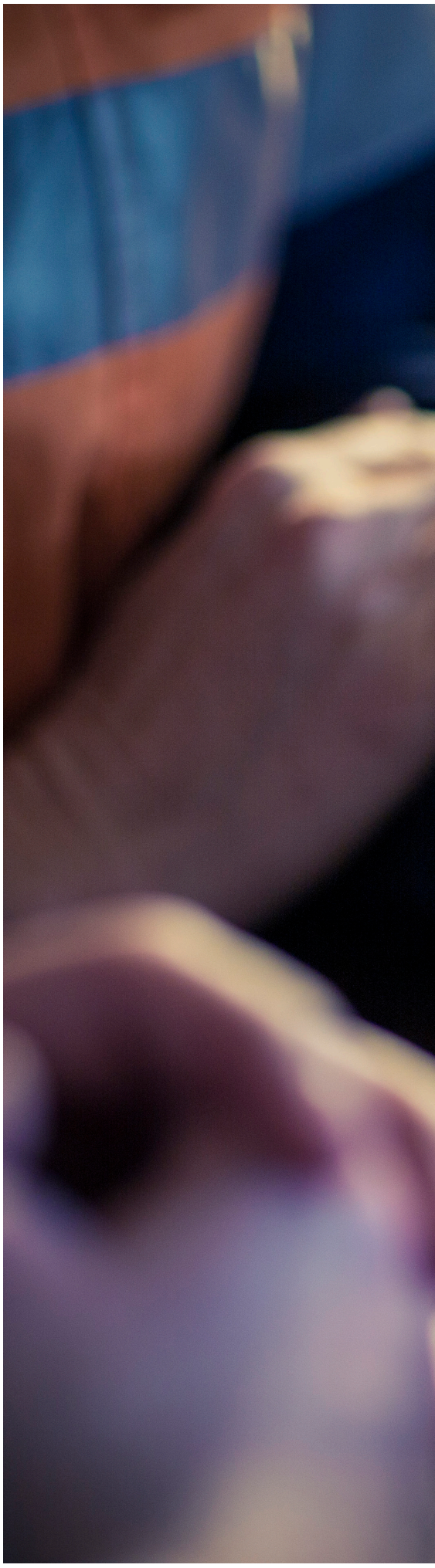
Participants were particularly interested in solar PV generation and SA Power Networks' plans regarding the two-way flow of electricity that is a result of household micro-generation.  Participants were also interested in the use of battery storage devices that enable households to store the energy they generate through solar PV systems.

Reinforcement of the network to cater for these flows was well received by participants as indicated in group discussions, as was a prudent roll-out of smart meters on the basis that consumers are able to choose whether to adopt the technology. Participants viewed these two proposed initiatives as ways SA Power Networks can support consumers to self-manage their electricity usage.

Participants also indicated the need for a dedicated team with strong experience in new energy technologies such as smart meters and solar PV that can educate consumers and respond to enquiries from the general public.

"Need to have a dedicated team with strong experience and knowledge to educate consumers on new technology."

**Welfare, Metro**




solo
now
kW
1.03
total today
kWh
1.740
geo

# Targeted strategic workshops overview

## Summary

Vegetation management and undergrounding the network were topics of considerable public interest during the Stage 1 engagement activities. Two further workshops were held on October 1 2013 that focused specifically on these topics.

These Targeted Strategic Workshops were run concurrently with participants learning about how the day would work before splitting into two groups and focusing on one of the topics. 24 participants attended the workshops in addition to subject matter experts from SA Power Networks.

The workshops were held to foster community thinking and develop a shared citizen-focused interest in the future of the South Australian electricity distribution network. SA Power Networks wanted to understand what consumers value and how they prioritise alternative activities and strategies concerning vegetation management and undergrounding, in addition to exploring a range of issues, tensions, and trade-offs to generate further consumer insights.

## Workshop design

The Targeted Strategic Workshops were designed in a manner where participants were divided into two groups, with one exploring vegetation management and the other exploring undergrounding the network. Participants were then broken into teams and seated at three different tables. A mixture of table and plenary discussions were used to obtain participant feedback, in addition to a number of written group and individual activities such as priority ranking worksheets.

Deloitte partnered with strategic conversation experts Second Road who led the facilitation of the Targeted Strategic Workshops. Deloitte staff were in attendance to provide information regarding the Stage 1 engagement activities and consolidated consumer insights.

The outcomes of each workshop and SA Power Networks' integration of these outcomes are detailed on the following pages.

# Vegetation Management workshop

## Overview

The vegetation management group comprised of 13 participants including a representation of Stage 1 workshop participants, community subject matter experts such as arborists, government and local government authority representatives, and members of the CFS. SA Power Networks subject matter experts were also in attendance to provide support as required. Participants explored:

- The value of vegetation and its associated visual amenity
- Community safety
- Tree trimming frequencies
- Modified tree trimming practices
- Tailored vegetation management strategies.

The findings of the Stage 1 engagement activities indicated that consumers are in favour of vegetation management initiatives that support improvements to community safety and visual amenity. SA Power Networks also wanted to understand what the community expects in terms of how they would like to see these initiatives undertaken and where their priorities lie. This workshop aimed at identifying these.

## Workshop outcomes

Participants indicated a need for SA Power Networks to develop a long-term vegetation management plan that works in a coherent way and towards a more sustainable environment in which the need for vegetation management (tree trimming) is minimised.

While participants viewed relocating or undergrounding assets as the best long-term option for improvements in the visual appearance of the network, a recognition of the costs of this work led participants to gravitate towards habitat creation and more advanced tree trimming practices as preferred solutions.

Participants also suggested that the vegetation management plan include strategies based on regional attributes such as rainfall and vegetation species in addition to local customisation of trimming activities by coordinating plans with local councils.

Participants indicated that these strategies need to be supported by enablers for success including:

- Legislative change
- New trimming practices and capabilities
- Training and education
- Detailed engagement processes.

Underpinning all of this was a clear desire for SA Power Networks to undertake a more holistic approach to community engagement and engage in consultation with local councils and private land-owners and stakeholders such as Trees For Life.

## SA Power Networks' integration of workshop outcomes

Integrating the outcomes of the Vegetation Management workshop, in addition to the consolidated consumer insights, SA Power Networks has been considering the development of a vegetation management strategy that facilitates:

- Community safety as a priority
- Minimises vegetation management activities such as tree trimming over the long-term
- Habitat creation programs in priority areas, including the removal and replacement of trees that promote habitat creation and wildlife introduction
- More advanced tree trimming practices that take into account good horticultural standards and species requirements
- A differentiated range of approaches tailored to individual regions and/or environments across the State
- Partnering and consulting with communities and neighbourhood groups, including local councils and direct conversations with property owners
- Education and awareness of vegetation management issues and requirements for communities and councils.

"Feels exactly like what we wanted."

Resident, Metro

SA Power Networks has established an internal working group that is currently undertaking a detailed assessment of its vegetation management strategy with a view to further engage and consult with the community in the near future.

### Feedback on SA Power Networks' plans

There was general consensus amongst Stage 2 participants through group discussion amongst participants across all Stage 2 workshops that SA Power Networks' integration of workshop outcomes are reasonable and reflective of consumers' views.

Participants took this opportunity to once again highlight the importance they place on community consultation with regards to vegetation management, in addition to developing different approaches to vegetation management based on geography to ensure that vegetation around SA Power Networks' assets is appropriate for their environment.

Participants also suggested SA Power Networks investigate species of vegetation that are less prone to catch on fire. It was suggested that vegetation of this nature could be planted in high bushfire risk areas to not only improve the visual amenity of the area, but to also improve community safety and ensure reliability of electricity supply.

> "There's not really an area you're not covering. Can't ask you to do much more than that."
>
> **Business, Metro**

# Undergrounding workshop

## Overview

The undergrounding group comprised of 11 participants including a representation of Stage 1 workshop participants, community subject matter experts, PLEC members, government and local council representatives. SA Power Networks subject matter experts were in attendance to provide support as required. Participants explored:

- Current undergrounding arrangements (including PLEC, and how and why undergroudning is undertaken)
- The current funding model for the PLEC program
- Associated costs and benefits of undergrounding the network
- Tailored undergrounding strategies including prioritisation of where and how participants would like to see undergrounding occur.

The findings of the Stage 1 engagement activities indicated that consumers are in favour of undergrounding, however, SA Power Networks wanted to understand what the community expects in terms of the pace of undergrounding and where their priorities lie. This workshop aimed at identifying these.

## Workshop outcomes

Similar to Stage 1 consumers, participants suggested that community safety was the most important aspect of undergrounding the network, and indicated a need for SA Power Networks to focus undergrounding efforts in high priority areas, such as high bushfire risk areas and traffic accident hot-spots.

Participants believed that the current PLEC arrangement should continue to focus on undergrounding for visual amenity purposes and indicated that an opportunity existed for SA Power Networks to conduct undergrounding activities beyond the current PLEC program for purposes such as community safety.

With the cost of undergrounding in mind, participants provided a prioritisation model for additional works that placed the needs of citizens and the community at its centre and takes into account the community's strong concern for safety.

Participants also explored improvements to the current community engagement process and suggested that SA Power Networks develop a more collaborative approach to undergrounding that is:

- Strategically timed and takes into account forward planning
- Able to coordinate the various entities that are also seeking to underground their assets
- Able to use data from various sources such as government and insurance companies to help target areas where undergrounding could potentially take place.

"Good understanding of the concepts and ideas brought up in the workshop."

**Resident, Metro**

## SA Power Networks' integration of workshop outcomes

In response to the outcomes of the undergrounding workshop, in addition to the consolidated consumer insights, SA Power Networks is considering the development of an undergrounding strategy that maintains the current PLEC program and also places more emphasis on:

- A long term view that balances costs and benefits
- Undergrounding when replacing assets
- Undergrounding high risk powerlines and/or assets in high bushfire risk zones
- Undergrounding high risk powerlines and/or assets to improve road safety
- Partnering and consulting with community and neighbourhood groups.

SA Power Networks has established an internal working group that is currently undertaking a detailed assessment of its undergrounding strategy with a view to further engage and consult with the community in the near future.

## Feedback on SA Power Networks' plans

There was general consensus through group discussion amongst participants across all Stage 2 workshops that SA Power Networks' integration of workshop outcomes is reasonable and reflective of consumers' views. Participants took this opportunity to reiterate the importance of undergrounding the network in high risk areas such as high bushfire areas and traffic accident black-spots.

> "Feels like we solved the undergrounding strategy problems as we went."
>
> Council, Regional

# Kangaroo Island Workshop

## Overview

As part of the stakeholder engagement strategy, SA Power Networks has been consulting with Kangaroo Island representatives such as the local council and Kangaroo Island Futures Authority (KIFA) through Key Stakeholder Briefings. These meetings have been designed to understand the concerns, issues, priorities, and needs of Kangaroo Island electricity consumers in order to assist SA Power Networks in the development of its future network plans for the island.

SA Power Networks identified the need to hold a workshop on Kangaroo Island during this phase of consultation. A representative mix of customer segments were recruited, with the 14 participants in attendance representing the following customer segments:

- Residents (7)
- Business (5)
- Government (1)
- Council (1)

Topics discussed during the workshop included:

- Future Kangaroo Island planning by KIFA in consultation with SA Power Networks
- Current electricity supply arrangements
- Stage 1 Consumer Insights
- Integration of insights into SA Power Networks' business planning
- Vegetation management
- Undergrounding the network
- Service Standards Framework (SSF).

An open question and answer session was also held during the workshop.

## Future Kangaroo Island planning

A representative from KIFA presented insight into how SA Power Networks has been consulting island representatives to determine the island's future network demand, current electricity supply security, and contingency plans should the undersea cable experience a failure. The representative indicated that KIFA and SA Power Networks are working towards the shared goal of ensuring Kangaroo Island has a reliable electricity supply in order to establish confidence that the electricity infrastructure is adequate, robust, and reliable enough to support economic and social development. An example of this is the development of a case for the possible replacement of the undersea cable to maintain security of supply.

## Current electricity supply arrangements

SA Power Networks presented an update on the current state of the island's electricity infrastructure, what was proposed during the last regulatory period, and the business' intentions for this 2016-2020 regulatory period.

The current undersea cable was a major discussion point for participants who expressed interest in the age of the cable and its associated risks for the next five years. Participants also indicated concern for the island should the cable experience a failure for an extended period of time. Participants were curious as to SA Power Networks' contingency plans should the cable fail, including the current capacity of diesel generation on the island.

> "What would the diesel cost to run the generator for 12 months? What's the cable replacement cost?"
>
> Business, Kangaroo Island

It was explained to consumers that the undersea cable can supply Kangaroo Island with approximately 8MW (megawatts) of electricity at any time. Should the cable experience a failure, SA Power Networks

would need to ferry a tanker load of diesel fuel every day to the island in order to power the 6MW on-island back-up generation plant, leaving a short fall of approximately 2MW of capacity.

Participants also led a discussion about the impact of poor weather conditions on the ferry's ability to operate and transport the required amount of diesel to power the back-up generation plant.

Discussion revolved around SA Power Networks previous and future plans for the island, with particular attention once again being paid to the undersea cable and existing electricity infrastructure on the island.

In its last regulatory submission, SA Power Networks proposed to replace the undersea cable connecting Kangaroo Island to the Fleurieu Peninsula which was rejected by the AER. Participants were interested in SA Power Networks' plans for the 2016-2020 Regulatory Proposal.

### Consumer feedback on Stage 1 consolidated insights and SA Power Networks' response

There was general consensus amongst participants through group discussions that the 13 consolidated consumer insights and SA Power Networks' integration of these insights were consistent with the views of the Kangaroo Island community.

Feedback obtained regarding SA Power Networks' response to the vegetation management and undergrounding workshop outcomes mirrored those of all participants as detailed in pages 9-16 of this report.

### Kangaroo Island insights

An open question and answer session was facilitated with participants having the ability to ask questions and provide feedback to SA Power Networks. Key insights from these discussions were that council participants indicated the need to improve the security of electricity supply rather than increasing the capacity of the network on the island. Business participants indicated that economic development on the island has slowed due to the network capacity being less than what's required for businesses with high energy demands such as those operating in the agricultural and aquacultural industries.

Residents, businesses, and council representatives indicated a need for improved electricity infrastructure in order to support economic development on the island. Self-generation was limited to emergency backup and could not supply electricity 24/7, which indicated the need for a cost-effective and efficient solution should the undersea cable experience a failure.

Participants highlighted a need for the Kangaroo Island community to work together to ensure that future economic and social development plans are known by SA Power Networks.

> "There are other positives of undergrounding, especially on an island"
>
> **Business, Kangaroo Island**

# Service Standards Framework

# Service Standards Framework

## Overview

Under the Australian Energy Market Agreement (AEMA), the Essential Services Commission of South Australia (ESCOSA) is responsible for developing reliability service standards for SA Power Networks. Once ESCOSA has established reliability standards, the AER is responsible for assessing the efficient level of expenditure required for SA Power Networks to provide distribution services at the specified standards.

For SA Power Networks to be able to develop and submit its Regulatory Proposal to the AER, ESCOSA must develop the reliability service standards to apply for the 2016-2020 regulatory period by early 2014.

Reliability is measured by the frequency and duration of unplanned electricity supply interruptions experienced by customers in seven geographical regions across the State. The reliability performance is an average measure of the reliability customers receive within a region, in that most customers will receive either better or worse performance than specified by the Service Standard Target.

Currently, outages caused by Major Event Days (MED) are included in reliability performance reporting. MEDs normally occur during major severe weather events which last for one to two consecutive days and can significantly alter average reliability performance. There is an average of 5-9 MEDs per year.

When predetermined service levels are not met, consumers are entitled to Guaranteed Service Level (GSL) payment. Currently, consumers are covered by ESCOSA's GSL scheme and are treated equally (i.e. location doesn't matter). Payments are received for outages that exceed 12 hours, with the maximum payment coming into effect for outages in excess of 24 hours.

The AER has an alternative GSL regime that if applied, would result in urban consumers receiving a GSL payment for an outage of more than 12 hours, however, regional consumers (who may live near urban consumers) would need to experience an outage of 18 hours before receiving the same GSL payment. Under the AER's scheme consumers would not be eligible for compensation for outages resulting from MEDs.

## Service Standards Framework worksheet activity

A worksheet was developed to understand consumer sentiments on this topic and obtain feedback on a range of proposed changes to the GSL regime. Participants completed the worksheet which asked:

1. Should electricity consumers continue to be compensated for outages longer than 12 hours?
2. Do you believe the timeframe for compensation should be the same for regional residents as it is for metropolitan/urban residents?
3. Do you believe GSL outage payments should be made irrespective of the cause of the outage (e.g. continue payments for severe weather event days)?
4. Given the number of Major Event Days (MED) typically varies between one and nine days per year, do you think it makes sense to exclude MEDs from performance reporting to make effective comparisons of reliability?

## Consumer feedback on the Service Standards Framework

After analysis of all worksheet answers it was found that the majority of participants agreed with the notion of electricity consumers continuing to be compensated for outages longer than 12 hours and that this timeframe should be the same for all consumers regardless of location.

56% of participants agreed that compensation should be made irrespective of the cause of the outage, and 53% agreed that Major Event Days should be excluded from performance reporting.

Detailed results of this worksheet activity are detailed on the following pages.

FIGURE 2 – AVERAGE PARTICIPANT AGREEMENT LEVELS FOR SERVICE STANDARDS FRAMEWORK QUESTIONS

Total from all workshop locations and customer segments (63 participants)

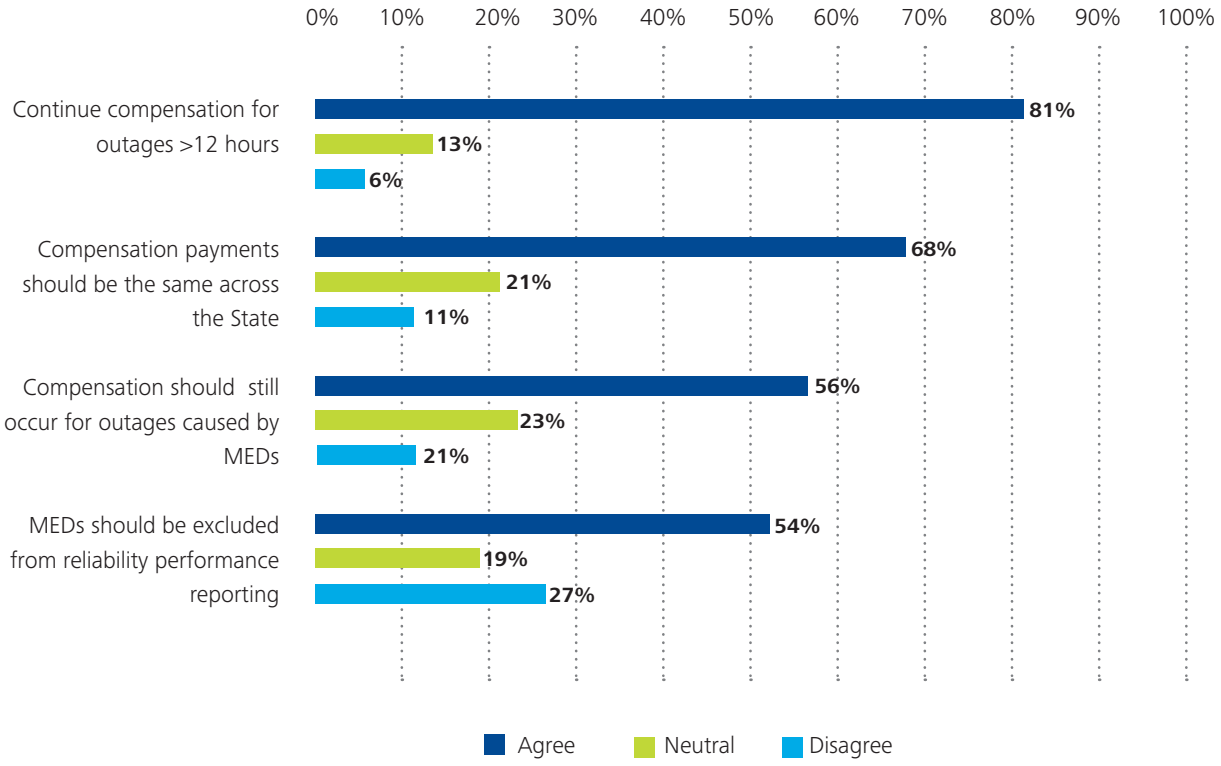


FIGURE 3 – METROPOLITAN PARTICIPANT AGREEMENT LEVELS FOR SERVICE STANDARDS FRAMEWORK QUESTIONS

Total from all metropolitan Adelaide workshops and customer segments (24 participants)

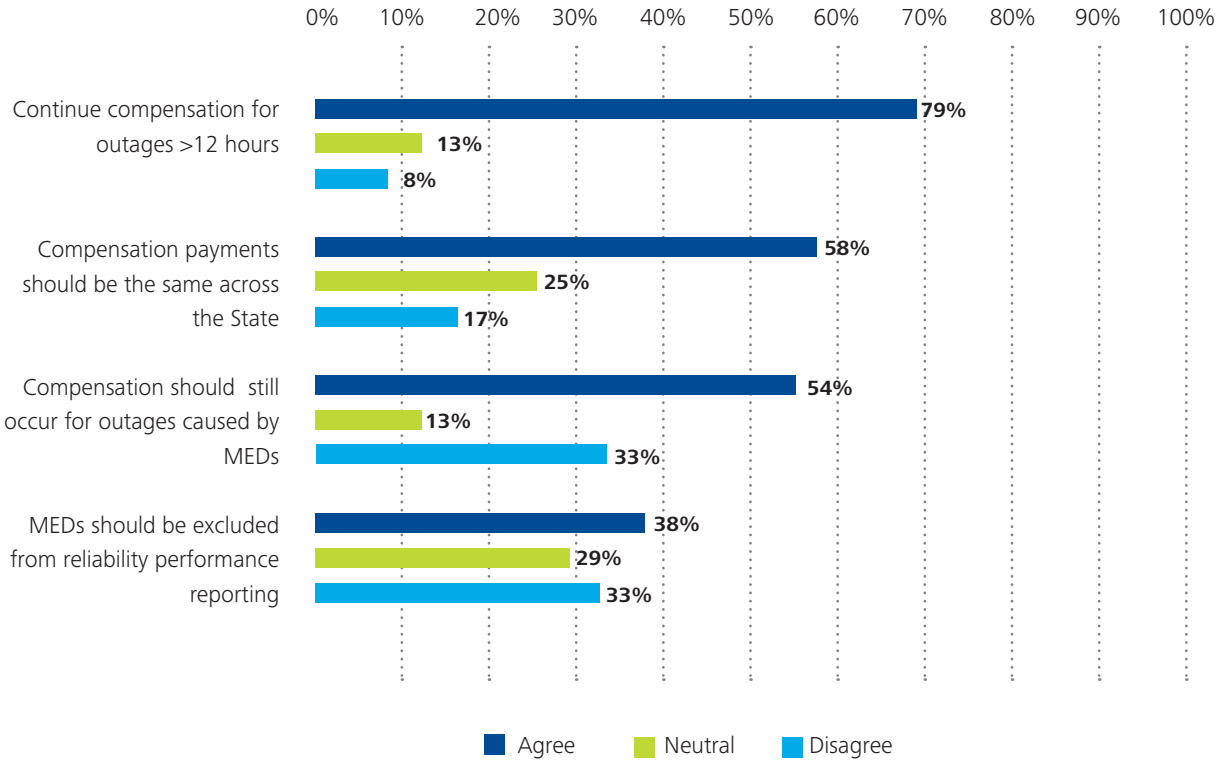



FIGURE 4 – KANGAROO ISLAND PARTICIPANT AGREEMENT LEVELS FOR SERVICE STANDARDS FRAMEWORK QUESTIONS

Total from Kangaroo Island workshop including all customer segments (12 participants)

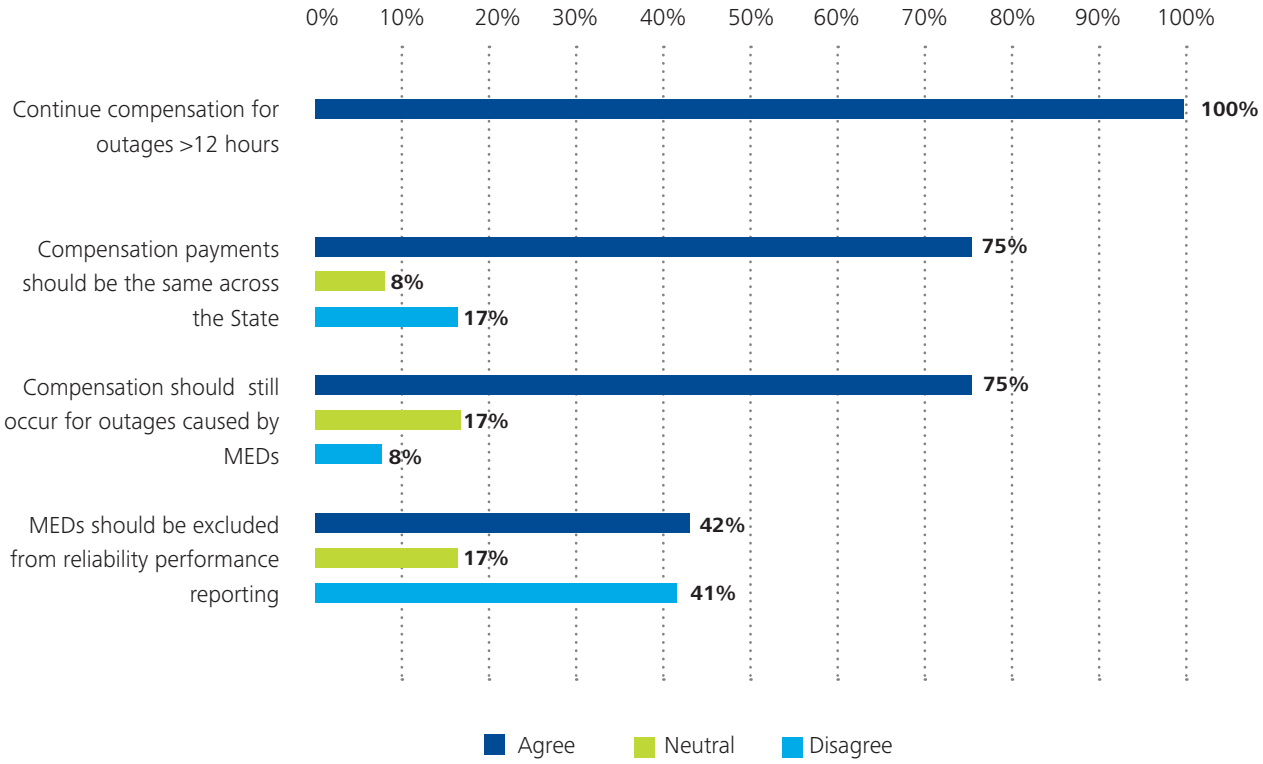


FIGURE 5 – RIVERLAND PARTICIPANT AGREEMENT LEVELS FOR SERVICE STANDARDS FRAMEWORK QUESTIONS

Total from Berri workshop including all customer segments (7 participants)

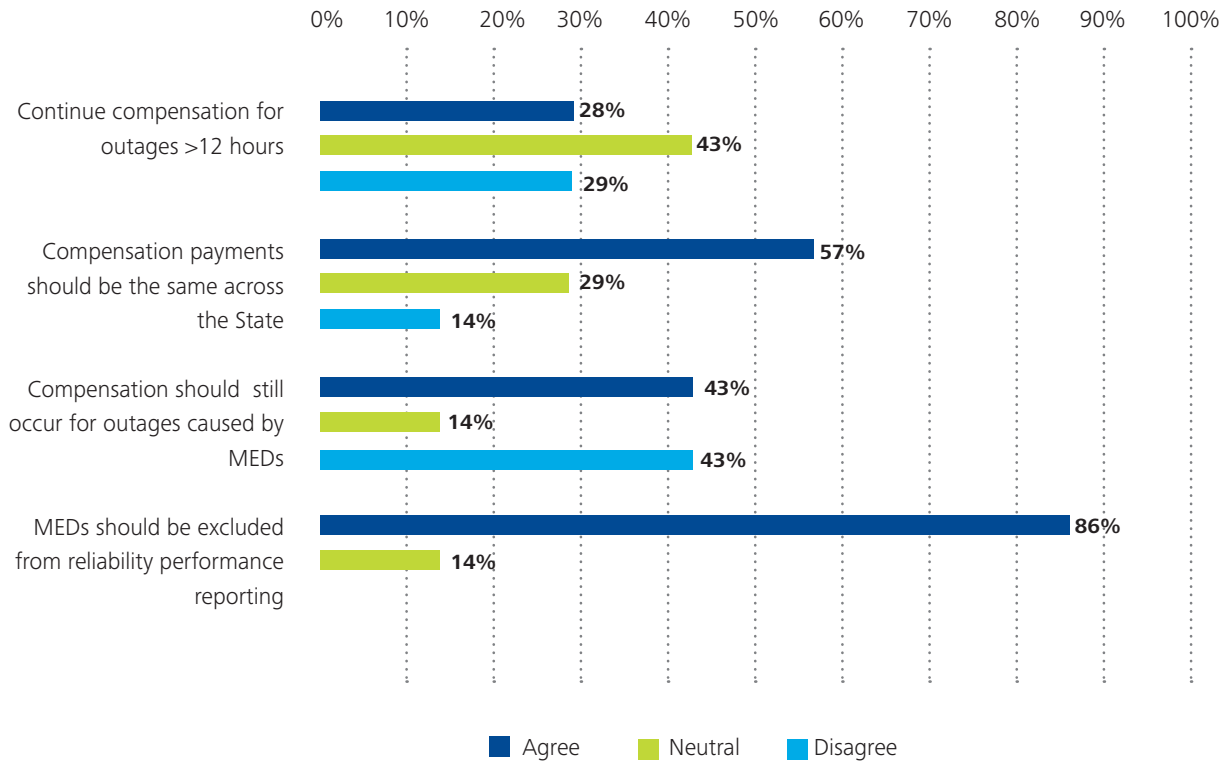



FIGURE 6 – MT. GAMBIER PARTICIPANT AGREEMENT LEVELS FOR SERVICE STANDARDS FRAMEWORK QUESTIONS

Total from Mt. Gambier workshop including all customer segments (6 participants)

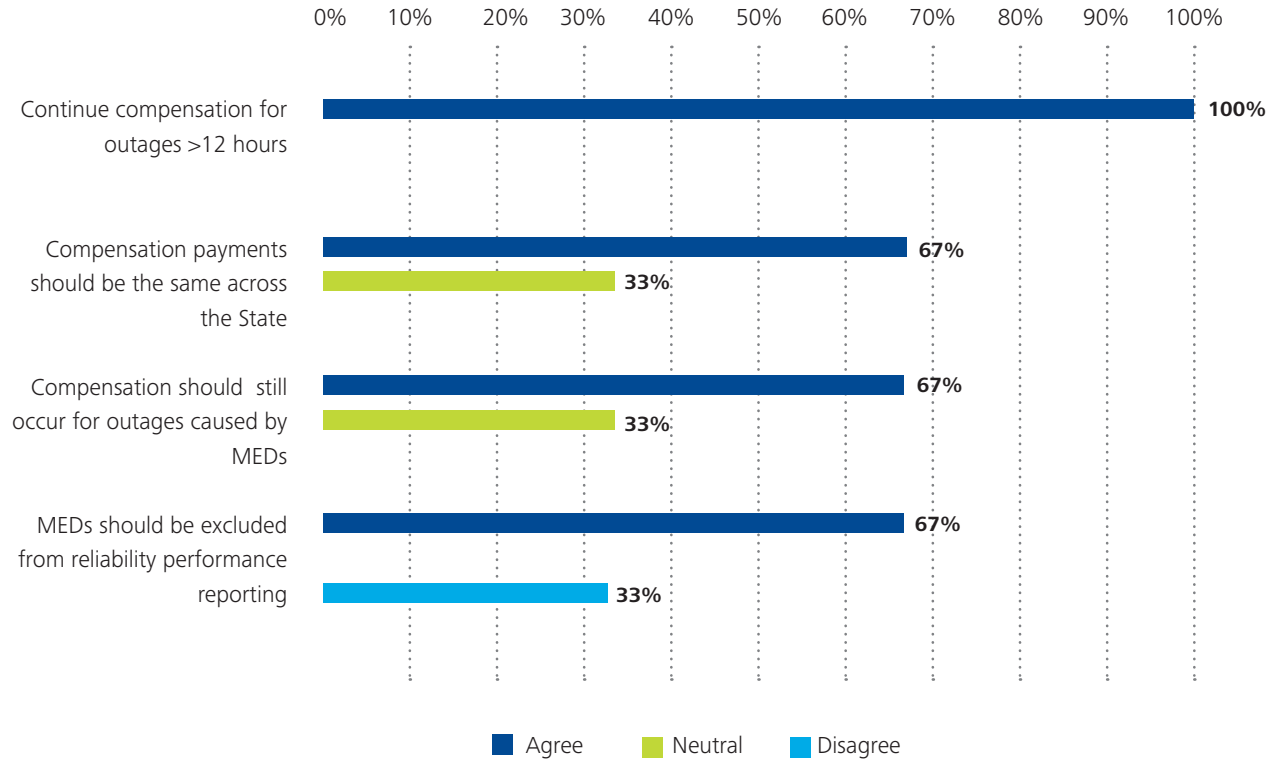


FIGURE 7 – PT. AUGUSTA PARTICIPANT AGREEMENT LEVELS FOR SERVICE STANDARDS FRAMEWORK QUESTIONS

Total from Pt. Augusta workshop including all customer segments (6 participants)

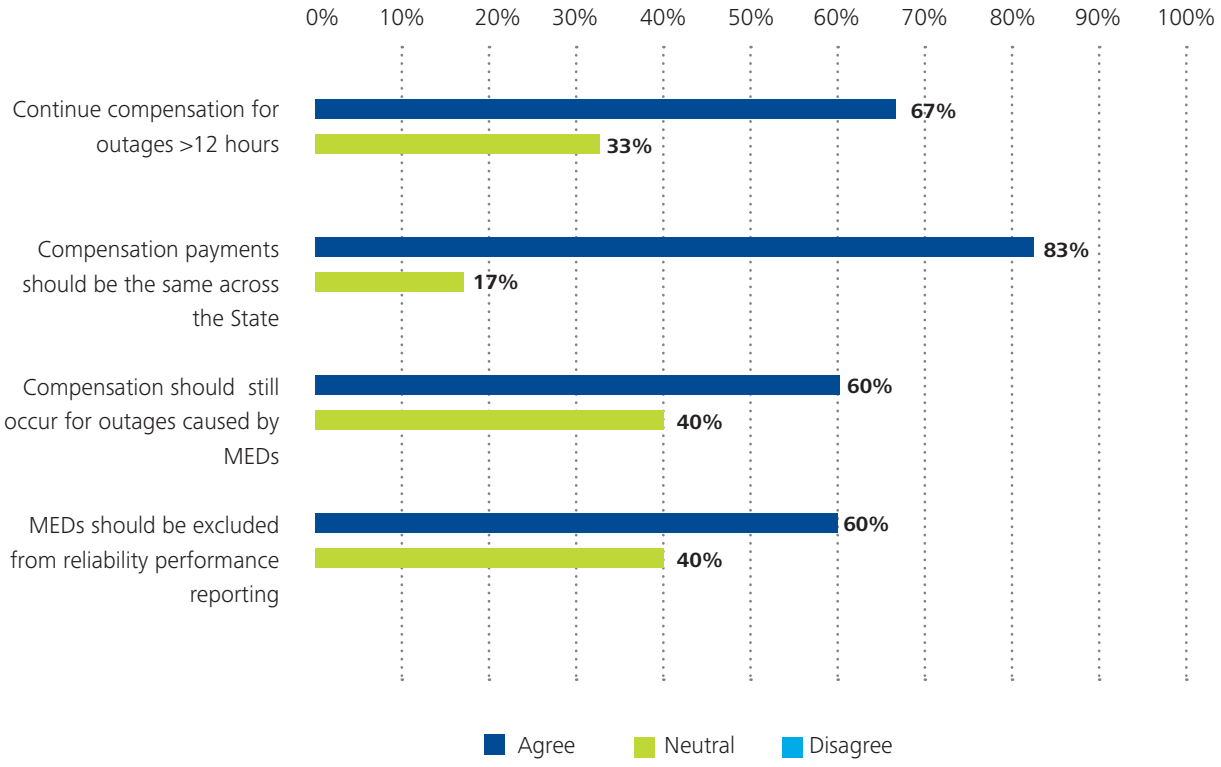
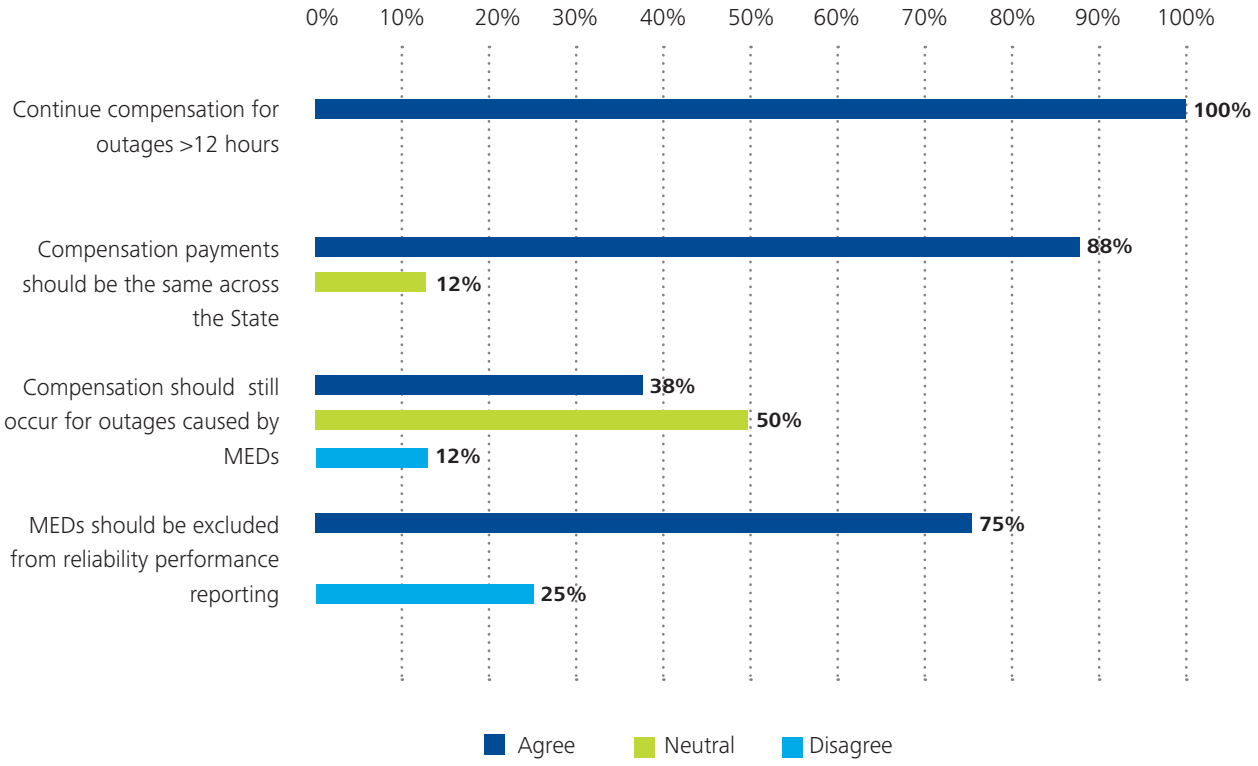



FIGURE 8 – PT. LINCOLN PARTICIPANT AGREEMENT LEVELS FOR SERVICE STANDARDS FRAMEWORK QUESTIONS

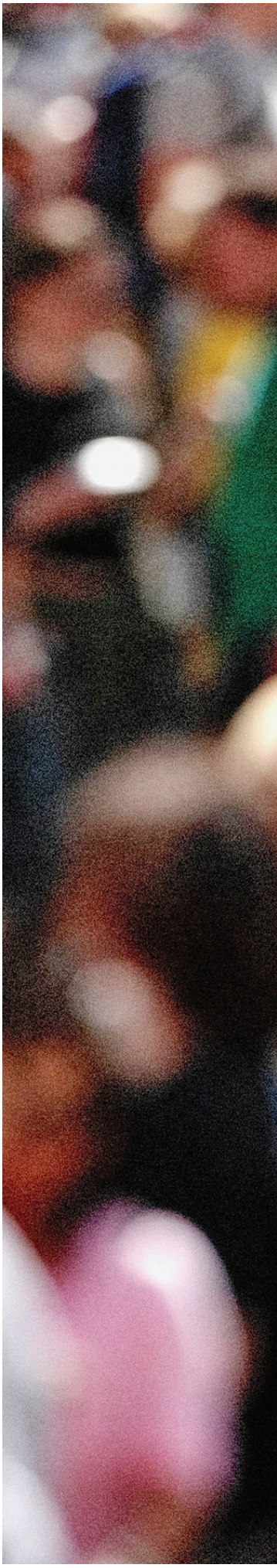
Total from Pt. Lincoln workshop including all customer segments (8 participants)

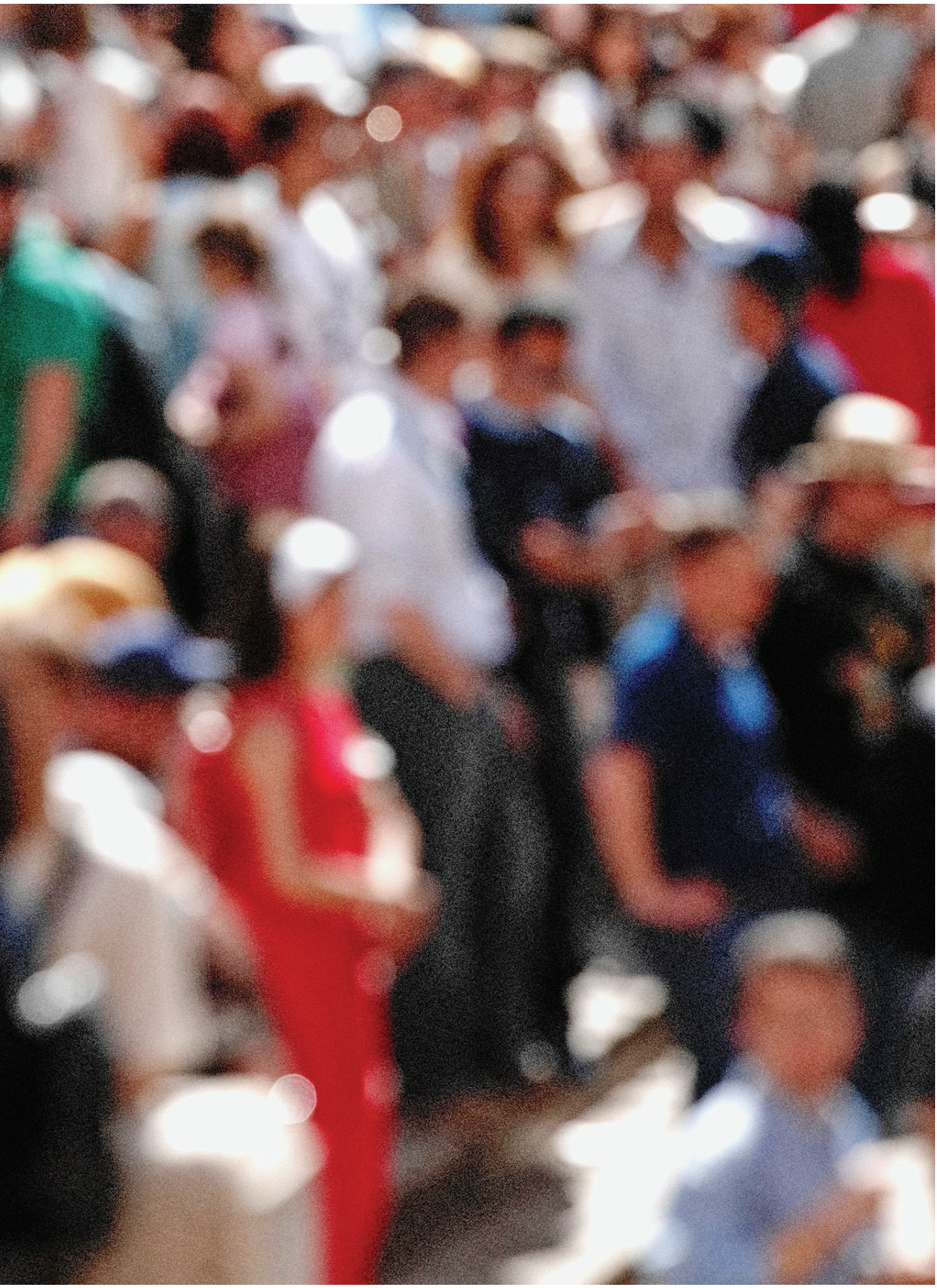


# Next steps

The insights gathered from this research are representative and support the attitudes, opinions and preferences, of South Australian electricity consumers. This information, in addition to feedback on the structure and content of the workshops, will inform further consumer research undertaken by SA Power Networks.

A combination of insights gathered from the Stage 1 and Stage 2 workshops and data from the online consumer survey will assist in the development of the organisation's future directions and priorities as SA Power Networks prepares its 2016–2020 proposal for the Australian Energy Regulator.





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# Glossary

| | |
|---|---|
| Australian Energy Market Commission (AEMC) | The Australian Energy Market Commission is the rule maker and developer for the nation's energy markets. |
| Australian Energy Regulator (AER) | The Australian Energy Regulator regulates energy markets and networks according to the rules. |
| Business participant | Consumers whose primary use of electricity is for business purposes and who identified themselves as a business consumer when attending the workshops. |
| Capacity | The amount of power able to be used by a customer over a short period of time. It is akin to the maximum 'speed' of a car. |
| Capacity tariff | A pricing component of the total electricity bill that is based upon the network capacity required by a customer during the billing period. Note that capacity is not energy. |
| CFS Bushfire Safer Places | Country Fire Service recommendation of where to relocate to on days of severe, extreme and catastrophic fire weather. |
| Customer persona | Fictional representations of different consumer types that explain their needs, issues, and desires, and are based on consumer interviews and quantitative data. |
| Demand | Energy consumption at a point in time. Akin to the speedometer in a car. |
| Distribution Network | The assets and service which link energy consumers to the transmission network. |
| Energy | The amount of power able to be used by a customer over a billing period. It is akin to the fuel used by a car in travelling a distance, which might have involved various speeds at different times. |
| Essential Services Commission of South Australia (ESCOSA) | Essential Services Commission of South Australia is an independent regulator established under the Essential Services Commission Act 2002. |
| Feed-in tariff | Buy rate for energy fed back into the distribution network from small photovoltaic generators under the State government's Feed-in Scheme. |
| National Electricity Market (NEM) | The National Electricity Market is a wholesale market for the supply of electricity to retailers and end-users. |

# Glossary

| | |
|---|---|
| **National Electricity Rules (NER)** | The National Electricity Rules govern the operation of the National Electricity Market (NEM). They are set by the AEMC and applied by the AER. |
| **Photovoltaic (PV)** | Photovoltaic is the direct conversion of light into electricity at the atomic level. |
| **Power Line Environment Committee (PLEC)** | The Power Line Environment Committee is a committee assisting the Minister responsible for the Electricity Act 1996 in assessing and recommending the undergrounding of overhead power lines. |
| **Reliability** | The extent to which customers have a continuous electricity supply. |
| **Residential participant** | Consumers whose primary use of electricity is for residential purposes and who identified themselves as a resident when attending the workshops. |
| **Single Wire Earth Return (SWER)** | Single Wire Earth Return is a powerline that consists of one wire, used for supplying single-phase electrical power in outer regional and rural areas. |
| **Welfare and Special Interest Group participant** | A representative from a welfare organisation or special interest group such as an industry body that attended one of the eight Stage 2 workshops on behalf of the organisation they represent. |

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