

Final Minutes

Customer Advisory Panel – Meeting 4: Steps after the revised proposal

Meeting	
Date	Thursday 5 November 2020
Time	Meeting from 11:00am – 1:00pm
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, Robyn Robinson</p> <p>CPPALUE: Renate Vogt (General Manager Regulation), Joanne Pafumi (General Manager Corporate Affairs), Scott Russell (General Manager Strategy and Customer Group), Brent Cleeve (Head of Regulation), Adam Nason (Head of Customer Experience), 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"> Summer preparedness is critical for our business in terms of safety and customer experience. The 2020-21 summer readiness plan has been finalised which includes the weather we are expecting and the range of processes we go through to prepare our network There is also significant amount of work being done to help prepare individual customers and communities for how they can be summer ready. For example, providing information and education on what to do in an outage and how to prepare your property for bushfire season 	No action required
2	Brent Cleeve	<p>Final feedback on revised proposal</p> <p>COVID-19 and the uncertainty around it has been a key challenge for our forecasting for this reset. We have provided an update on our plans for the revised proposal for capturing the impacts of COVID-19 impacts in our forecasts.</p> <p>We have taken the feedback of the CAP and our other stakeholders to apply a conservative forecast where we are accepting the AER's draft decision forecast. We have steered away from the true up mechanism as it requires significant rule change and gives significant uncertainty to</p>	CitiPower, Powercor and United Energy to circulate more information on the intent behind moving some revenue recovery to small business over to residential.

	<p>both our customers and our shareholders which is difficult to manage.</p> <p>Following CAP feedback on our Future Networks program, there has been work put in to develop a first draft view attempting to illustrate how everything interacts in our Future Network Program.</p> <p>Key feedback</p> <ul style="list-style-type: none"> • Overall, it was agreed the revised forecasts reflect a conservative approach and take on feedback from stakeholders and the CAP • Because of remaining high levels of uncertainty, the proposed approach seems appropriate • There was also a question about what would happen if there was a significant shift from the forecast and it was acknowledged that whatever the outcome is, we would adjust our operations and continue to seek efficiencies • Given the factors remain very uncertain, there is an opportunity to track some of the changes in the macroeconomic factors for future CAP meetings • Areas of further consideration should be around this summer and a) levels of humidity and b) more people on leave over Christmas relative to last year and resulting changing usage patterns • There could be constraints in the networks particularly if industries are back earlier than we thought. This creates opportunities for voluntary demand reduction strategies • It is expected residential consumption will remain high even as we recover from COVID-19 as people will continue to work from home • There was a question on whether there is any benefit in moving some revenue recovery to small business over to residential to help support small business recovery. Residential customers will already be dealing with increased bills as they consume more energy being at home. • It was acknowledged the tariffs should be cost reflective • For the Future Network diagram, the overall feedback was that the inputs are detailed and technical, yet the outputs are customer focused and friendly. There may be value having more customer friendly wording in the inputs section • There was also a suggestion to consider having a feedback loop in the diagram. It would be valuable to see a type of feedback loop where customer can provide feedback • It was considered useful to have tariff design in the diagram, which can then be updated over time by tracking how customers respond to the different 	<p>CitiPower, Powercor and United Energy to update the Future Networks graphic with key CAP feedback, have it designed and recirculate to the CAP</p>
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		<p>tariffs</p> <ul style="list-style-type: none"> Overall, having a unified approach and an illustrative infographic was seen as a positive and useful way to demonstrate the program and its benefits. <p>Key decision questions</p> <ol style="list-style-type: none"> Do you support our revised forecasting considering the remaining uncertainty around COVID-19? What further consideration should we be accounting for? Does the updated Future Network infographic clarify what the program entails? What more can we do to clarify the program and its benefit to customers? <p>There was broad CAP support for the revised forecasting approach. There was a consensus that the process for reviewing our forecasting approach is robust and that it reflects the feedback from the previous CAP meeting. There was direct feedback that we have done a good job to cut costs to suit the situation.</p> <p>The CAP found the Future Networks diagram provided a useful summary of the program and how some of the packages link together. The CAP provided key feedback including the inclusion of a feedback loop.</p>	
		Break	
3	Adam Nason	<p>Our customer commitments</p> <p>Stakeholders have told us that publishing a public set of customer commitments is something we can do to build trust and deliver against the promises we make in the regulatory proposal. We want to demonstrate our commitment to customers and improve the perception of us as a customer centric organisation. We have proposed an approach to co-design the commitments with the CAP and have shared some initial thinking to start the conversation.</p> <p>Key feedback</p> <ul style="list-style-type: none"> The commitments should be less inward focused and more customer/community focused, otherwise there is a risk they may seem like marketing The commitments should come under an overall vision for the business and its customers — it should be clear how the objectives of the commitments link to the overall vision It would be helpful to signal where people can get involved to help build the relationship and the partnership. It will then become a more dynamic conversation We have proposed two types of customer 	<p>CitiPower, Powercor and United Energy to provide a written response to the key feedback.</p> <p>CitiPower, Powercor and United Energy to circulate the changes the business has made on its legacy tariffs.</p>

commitments – aspirational and some that seem like BAU. Perhaps the BAU commitments can be put more in the context of what the additional challenge are to reach those outcomes, for example it may be distributed energy resources creating additional challenges for reliability

- It may be worthwhile having two or three groups of customer commitments sitting under the overall vision, to better demonstrate what the drivers of those commitments are
- Customer commitments under ‘emerging issues’ lend themselves more to collaboration and co-design with stakeholder, given its novel nature
- The role of the commitments is about building trust, engaging with customers and showing and committing to business values / the overall. It is also about showing awareness of the customer experience
- There is some merit in focusing on areas such as cyber security, as more trust will have to be built with customers when energy home devices are installed, and customer details will need to be obtained
- However, trust is less of an issue when it comes to delivering outcomes, it is more of an issue regarding expenditure to deliver those outcomes. Suggest building transparency around expenditure as well as outcomes
- The commitments could also be a ‘contract with the customer’, in a similar way the customer charter works. Having a contract with the customer that is maintained and honoured over time would create a good starting point for the next regulatory period
- It would be helpful to understand how other regulatory instruments, such as the customer service incentive scheme (CSIS) fits into the customer commitments
- We needed to be clearer on what the problem is (why are we doing this) and what success looks like. These should be clarified before the commitments are developed
- There should also be network-specific commitments, as the issues would be different across the three networks and within the segments within the networks

		<ul style="list-style-type: none"> • Suggest to review what Yarra Valley Water have done, which helped them build trust with the community • It would be helpful to also have commitments that speak to specific communities i.e. the dairy farmers close to the SA border, and the people in the Otway's • Having a more bespoke approach to this will pay dividends. Otherwise the commitments will become part of the noise and only relate to the average customer <p>Key decision questions</p> <ul style="list-style-type: none"> • How do you see the role of our customer commitments? • What should our key areas of focus be for our customer commitments? • What are the top priorities for what we should be tracked against? • What are the major projects to be tracked? <p>The CAP was supportive of developing commitments, and acknowledged this process can take time to be done right. Overall, there was suggestions to better define the problem, what success looks like, and how the commitments would work within the overall business and customer vision. It was acknowledged there may be different areas of commitments under the overall vision, and that some commitments are more novel while others are more BAU. Ideally, the commitments would be catered to various communities across our networks to the extent possible.</p>	
4	Jo Pafumi	<p>The way forward for the CAP</p> <p>We want to set up a continued program of engagement with our stakeholders and customers to inform ongoing decision making in our business in where we invest and operate for the next regulatory proposal. The CAP is an integral part of that.</p> <p>We sought feedback on the broader customer stakeholder engagement approach that we outline in the pre-read, how the CAP best fits into that program and the overall future functions of the CAP.</p> <p>Key feedback</p> <ul style="list-style-type: none"> • There will be more entry points for customer feedback that are not solicited (i.e. non formal channels). It may be worth making a mind map of the unsolicited entry points for feedback and lifting 	No actions required

them up. This will tap into informal customer engagement and you can strengthen it.

- The earlier engagement was seen crucial for the functioning of the CAP
- It would be helpful to link the engagement plan back to customer commitments
- The CAP indicated there was a good balance between using the CAP for detailed interpretation of matters, as well as direct engagement with customers. The integration of this in decision making was well regarded
- Industry collaboration with broad representative bodies is good. Smaller groups on the ground are also important. The community aspect of this is good as they represent the interests in the community, and we'll get different feedback from them
- It will be useful to document how the CAP was empowered to inform decision making and how it changed the business from doing what
- It was seen as very important to take engagement up to the Executive Management Team and the Board, reflecting the top to bottom involvement and value of engagement
- Regarding future CAP meetings, two meetings per topic were seen as reasonable

Key discussion questions

- **How do you define the role of the CAP?**
- **What stage of development should we get the CAP involved in? For example, right at the beginning, once we have a concept, further towards the end to test our proposals.**
- **How often should we meet?**
- **What do you want to engage on?**
- **Did you find the pre-reading materials and the meeting minutes useful? What else would you find helpful for engagement?**

The CAP was broadly supportive of the customer engagement plan and documentation. The CAP suggested more clarity on why we are developing this engagement plan and how it could perhaps link up with our customer commitments. The CAP suggested we continue to engage with a variety of stakeholder through lifting up our informal communication channels and engaging with diverse on the ground community groups.

Moving forward, the CAP sees its role as being a sounding board for us to test ideas during the early concept phase,

		and it also co-design as we further develop programs.	
5	Adam Nason	Actions and next steps <ul style="list-style-type: none"> CitiPower, Powercor and United Energy are yet to provide an update on its poles program for the revised proposal 	CitiPower, Powercor and United Energy to provide an update on its poles program as soon as it is ready
6	Adam Nason	Meeting close at 12:55pm	No action required