

Minutes

Customer Advisory Panel – Meeting 2

Meeting	
Date	Wednesday April 26 2023
Time	9:00am—1:00pm
Location	Vibe Hotel – 1 Queen St, Melbourne + online
Members	Philip Cullum (Chair), Hilary Newstead (Deputy Chair), Helen Bartley, Winnie Waudu, Emma Lucia (online), Lynda Osborne, Gavin Dufty, Tennant Reed, Dean Lombard (online)
Attendees	CPPALUE: Renate Vogt (General Manager Regulation), Brent Cleeve (Head of Regulatory Policy & Compliance), Jeff Anderson (Head of Regulatory Performance and Analysis), Adam Nason (Head of Customer Experience), Mark De Villiers (Head of Regulatory Finance, Modelling and Regulation), Sam Smith (Stakeholder & Engagement Manager), Kate Jdanova (Pricing Manager), Chris Gilbert (Senior Regulatory Analyst), Jildau Schotanus (Senior Regulatory Analyst), Ellen Lukin (Senior Regulatory Analyst), Kaitlin Pisani (Project Coordinator)
Apologies	Members: Natalie Collard CPPALUE: Joanne Pafumi (General Manager Corporate Affairs), Scott Russell (General Manager Strategy and Customer Group)

Item	Who	Item
1	Renate Vogt	<p>Actions update</p> <ul style="list-style-type: none"> The business agreed to share with the CAP the governance paper developed for the Board on the 2026-2031 regulatory reset
2	Mark De Villiers Kate Jdanova	<p>Tariff structure statement</p> <p>Points raised by individual CAP members included:</p> <p><i>Objectives / principles</i></p> <ul style="list-style-type: none"> Affordability is not an appropriate objective for tariffs given there is so much outside of the distributor’s control The challenge of whether customers can afford their electricity bills is more relevant to income policy discussions as opposed to tariffs i.e., social welfare policy Recommendation to reframe this objective to focus on increasing the value customers can extract from the network. This evolves into a narrative about customer agency. Simplicity may not be the right objective for tariffs. Consumers do not engage directly with network tariffs, and having fewer, more simple tariffs may mean they do not reflect costs and constrain the ability of retailers to meet the needs of different consumers. Recommendation to reframe this objective to focus more on predictability. Predictability

and customer understanding of how their actions affect their bills is also key to affordability

- Question as to whether transparency should be included as an objective as this ties into predictability and customer understanding of tariffs
- Recommendation to combine economic efficiency and adaptability into one objective called dynamic efficiency.
- Recommendation to more clearly articulate what equity means in the context of tariff design given it can be interpreted in many different ways
- The temporal nature is missing from the narrative. Recommendation to consider the uptake of EVs and home batteries and how the network will avoid cross subsidies in tariff design

Trials and other analyses of impact on consumers

- How the tariff reform impacts different customer groups is important and it must be presented in a way that customers and stakeholders understand so that challenges can be identified and worked through
- Recommendation to conduct analysis on tariff reform including how it impacts customers. A good way to illustrate this is to build customer profiles of who might be the ‘winners and losers’ in certain reform scenarios. This will allow for more meaningful discussions as to how the ‘losing households’ could be assisted by the network and also other agencies (i.e., Government or social services)
- Recommendation to model different tariff design scenarios and then overlap the temporal scenarios and bring in customer segmentation work
- There was interest in understanding how tariff trials are exploring what type of value can be released with the new agency being unlocked through Home Energy Management Systems (HEMS) and aggregators etc.
- Question raised as to how the business evaluates tariff trials. CAP expressed interested in seeing the outcomes of tariff trials conducted by the business e.g., EV tariff trial

Engagement

- Joint distributor engagement is a good way to align on an approach to tariffs however, it is important to recognise that tariff structure will differ per distributor as different distributors have different peak periods
- The business’s approach to C&I engagement means that results may be strongly influenced by who happens to complete the survey within each business. It is critical to ensure that the survey reaches the most appropriate people. Recommendation to tailor C&I surveys to increase the likelihood of engagement and participation in surveys
- Recommendation that more engagement is needed in the current tariff engagement plan. It is likely stakeholders may feel uncomfortable with tariff changes in the beginning and that is why engagement and analysis is needed

		<p><i>Tariff sub committee</i></p> <ul style="list-style-type: none"> • Membership of the CAP tariff sub committee was agreed: <ul style="list-style-type: none"> ○ Chair – Lynda Osborne ○ Members – Hilary Newstead, Gavin Dufty, Dean Lombard
3	Jildau Schotanus	<p>Customer vulnerability</p> <p>Points raised by individual CAP members included:</p> <p><i>Defining vulnerability</i></p> <ul style="list-style-type: none"> • Recommendation to engage social service organisations to better understand the spectrum of vulnerability • There are certain customer characteristics that define a vulnerable customer when interacting with the network i.e., customers experiencing climate-based events, customers experiencing financial hardship and life support customers • Customer groups that are typically overlooked are middle income families struggling with rent/mortgage and families who are recovering post covid i.e., lost savings during lockdowns <p><i>Vulnerability understanding and insights</i></p> <ul style="list-style-type: none"> • It is important to explore customer needs and feedback from the margins and then validate with the broader customer base • The business should seek to analyse and report on where vulnerable customers are, the challenges they face and the magnitude of those challenges, to then be able to approach organisations like St Vincent’s De Paul for assistance • The more the business can increase network utilisation the more it can decrease the unit cost for customers. Recommendation to conduct network utilisation analysis • Recommendation to do more engagement with customers who are going to be paying for customer vulnerability reform • Recommendation to conduct an analysis on any existing customer vulnerability packages to understand how effective they are • Recommendation to conduct an analysis to understand how many customers are at home during the day and what bill reduction potential there is for tariff reform • There are tariff opportunities for vulnerable customers and there is opportunity for networks to work with the Victorian Government on this <p><i>Vulnerability issues within the wider reset</i></p> <ul style="list-style-type: none"> • Linking vulnerability to the narratives that apply to other workstreams will help create a stronger narrative i.e., tariff, resilience, Distributor System Operator (DSO), reduced capex and emissions reductions. Assisting vulnerable customers should be a part of the broader narrative of future networks and a just and fair transition. • There is opportunity for alignment between demand management and helping customers with high usage as well as disconnections for non-

		<p>payment. There is also opportunity to work with landlords on demand management programs</p> <ul style="list-style-type: none"> • Recommendation to think about vulnerability under the banner of network resilience and how climate change will impact communities • The most meaningful reform a distribution network can do for vulnerable customers is to unpick the cross subsidisation • There is potential risk that the network may create vulnerability through poor network service such as Single Earth Wire Return (SWER) or poor reliability feeders
4	Jeff Anderson	<p>Tracking performance 2021/2022</p> <p>Points raised by individual CAP members included:</p> <ul style="list-style-type: none"> • Recommendation to add more commentary around what impact expenditure and allowance results may have on the future regulatory period • Recommendation to present longer term expenditure trends over multiple regulatory periods • Recommendation to draw out more clearly what the business has done for the expenditure and the reason/s for underspending or overspending - distinguish between forecast error, poor productivity, delays, efficiency etc.
5	Chris Gilbert	<p>Framework and approach</p> <p>Points raised by individual CAP members included:</p> <ul style="list-style-type: none"> • Recommendation to frame the framework and approach consultation around the potential value and upside for customers i.e., more solar, less emissions, less augmentation, and lower customer bills to improve accessibility for customers • Recommendation to focus on critical framework and approach issues like service classification for future discussions • Helen, Lynda, and Winnie agreed to attend the framework and approach joint distributor workshop on 18 May, at which we have four places. Philip is able to attend if others are not available.
6	Gavin Dufty	<p>Update on the CAP stakeholder engagement sub committee</p> <ul style="list-style-type: none"> • The subcommittee provided feedback on the business's approach to the development of a new Customer Service Incentive Scheme (CSIS) metric • The business presented its draft Stakeholder Engagement Strategy and Engagement Implementation Plan to the subcommittee for feedback • Subcommittee members have developed and provided the business with a structure to support the development of the Engagement Implementation Plan document
7	Emma Lucia	<p>Update on CAP resilience sub committee</p> <ul style="list-style-type: none"> • The first CAP resilience subcommittee meeting is scheduled to occur in late May • Timing and frequency of meetings will rely on business milestones such as the joint distributor workshops

8	All	Actions and additional items for discussion <ul style="list-style-type: none">• The business agreed to conduct an analysis on its tariff trials and present the outcomes of the analysis to the CAP tariff sub committee• Share governance paper developed for the Board on the 2026-2031 regulatory reset with the CAP
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