

Addressing CAP feedback

Customer Advisory Panel – Meeting 3/2023

Table 1 – Regional community issues: key issues raised by participants at the Regional Summit based on Forethought’s findings

What we heard	What we propose to do
<ul style="list-style-type: none"> Many participants were not supportive of export tariffs 	<p>Export tariffs will remain part of our stakeholder engagement mass market network tariff discussions. Based on the feedback we receive across the joint distributor mass tariff workshops and People’s Panel in 2024 we will form a position on whether export tariffs will form part of our draft proposals</p>
<ul style="list-style-type: none"> Many participants considered reliability and capacity ‘foundational pieces’ which other topics are built around. These issues are unique to Powercor compared to CitiPower/United Energy where affordability predominates 	<p>The strong customer feedback on reliability improvements and enhancements to capacity were noted arising from the Regional Summit. Although we are not at a point we can identify exactly what we propose for 2026-2031, we will be in a position to do so in early 2024</p>
<ul style="list-style-type: none"> Some exporters felt their ability to sell goods had been impeded by a lack of access to renewable energy and the necessary ‘green credits’ required to access European markets 	<p>We have heard this from a number of C&I participants. The key to addressing this is having greater distribution network access to renewables in rural/regional areas. This will require concepts like renewable energy zones which we intend to discuss further with DEECA and VicGrid</p>
<ul style="list-style-type: none"> Many participants noted that poor reliability is so significant in some regional areas that it would require a community effort to rectify. Many participants also believed that poor power quality was just as detrimental as poor reliability 	<p>Our future expenditure programs on reliability and power quality are under development and specific initiatives will be presented to stakeholders in early 2024</p>
<ul style="list-style-type: none"> Many participants noted that poor reliability has significant impacts on animal welfare. It also impacted the future growth potential of regional communities and in some cases their gradual decline 	<p>See comment above</p>

<ul style="list-style-type: none"> • STPIS was identified by many participants, and some CAP members, as an impediment to tackling reliability in regional communities (i.e., STPIS targets the ‘average’ customer, rather than worst and/or lesser served) 	<p>We will not be seeking changes to the structure of the STPIS in terms of it being based on averages. We will however propose targeted expenditure for worst served customers not otherwise addressed under the STPIS</p>
<ul style="list-style-type: none"> • Many participants felt concepts such as triple and quadruple bottom lines needed to be considered in the assessment of future investment including the viability of three phase upgrades. 	<p>The amendment to the NEO will greatly assist in allowing us to present business cases that encapsulate a broader range of benefits in line with triple and quadruple bottom lines</p>

Table 2 – Regional community issues: Regional Summit understanding, and insights provided by CAP members

What we heard	What we propose to do
<ul style="list-style-type: none"> • Some CAP members believed export tariffs had been misrepresented, which could lead to perception issues with government representatives present at the summit. If the business had provided further background to participants, potentially, it might have had a different response. For example, the application of export tariffs could be packaged with a reward, customers are charged an export tariff when exporting in the middle of the day and charged a rebate when exporting in the early evening 	<p>We will continue to consult on export tariffs through the joint distributor and People’s Panel discussions on mass market network tariffs. Having said that, our understanding is the Victorian Government will be legislating the circumstances in which export tariffs may apply and those decisions are outside the control of the businesses</p>
<ul style="list-style-type: none"> • Some regional participants felt they had been excluded from conversations about renewables and they were not able to share proportionally in the benefits from the energy transition (i.e., major infrastructure to support renewables passes through their communities, but they have limited capacity to export or access ‘green’ energy from this infrastructure) 	<p>This is not something we can address but we will raise the matter in discussions with DEECA and VicGrid</p>
<ul style="list-style-type: none"> • It was noted that there are so many interconnected issues in regional communities that customers do not see energy as an isolated issue (i.e., market access, access to education, and the ability to work from home) 	<p>We agree that energy is integral to many aspects of rural and regional communities. We intend to undertake further engagement with rural and regional communities through the deep and narrow engagement program and beyond the draft regulatory proposal</p>
<ul style="list-style-type: none"> • Many of the issues raised at the Regional Summit participants felt require longer term solutions beyond the restrictions of a 5-year regulatory period (i.e., 3-phase upgrades were seen as projects requiring 15–20-year timeframes to complete, but need to start now) 	<p>This is agreed. We are undertaking modelling of longer electricity price trends out to 2050 to better understand investment and affordability over a longer time frame</p>

<ul style="list-style-type: none"> It was acknowledged that without reliability and capacity improvements, the energy transition would struggle to gain traction in regional communities and may further widen the energy poverty divide 	We agree and, as discussed above, will be looking to develop targeted expenditure programs we can present to CAP in early 2024
<ul style="list-style-type: none"> There was debate that the temporal nature of the distribution price review had been lost in the discussion. That is, the discussion reflected current issues rather than those that might arise in 2026-2031. 	The Summit is only one input into measuring customer and stakeholder sentiment for the 2026-2031 period

Table 3 – Regional community issues: opportunities for further engagement

What we heard	What we propose to do
<ul style="list-style-type: none"> The business was asked how the Regional Summit fits with the broader engagement program. The engagement must not simply be a ‘sugar hit’, with a more sustained approach needed to demonstrate the richness of engagement required to satisfy the AER 	A lot of work is going into developing the implementations plans to better articulate our 2026-2031 stakeholder engagement program. In addition to that, we have published engagement strategies and have commenced work on a business narrative to further articulate our journey
<ul style="list-style-type: none"> There needs to be further conversation with a broader range of customers and stakeholders to assess their willingness to contribute toward regional concerns. 	This is definitely happening. It will be encapsulated in our implementation plans that are being discussed with the CAP stakeholder engagement sub-committee

Table 4: Bushfire mitigation

What we heard	What we propose to do
<ul style="list-style-type: none"> Experience with extreme weather events (e.g., bushfires) drives perception of the importance of expenditure to minimise these risks 	Our engagement to date supports the view that customers from communities that have been through recent trauma from extreme climate events are particularly supportive of resilience initiatives. Our engagement program, however, will continue to seek feedback from a broad range of stakeholders.
<ul style="list-style-type: none"> Recommendation was made to the business to consider further the elements of bushfire mitigation that customers can influence, noting the business has no risk appetite for activities causing bushfires 	In light of customer vulnerability and network resilience we are exploring a partnership approach with communities. Through these partnerships we could also support community education on the things they can do to mitigate bushfire risk.

<ul style="list-style-type: none"> • The ability to prepare for some extreme weather events is limited, so reactive actions following the occurrence of an extreme event may be more cost effective 	<p>We are exploring how we can best support our communities before, during and after extreme climate events. We are developing an investment framework for consultation, and this will consider how the circumstances and/or nature of specific events are best addressed by proactive or reactive actions (or a combination).</p>
<ul style="list-style-type: none"> • Some CAP members questioned what our bushfire insurance includes, and it was clarified that this covers our third-party liability 	<p>Our bushfire insurance covers our third-party liability.</p>
<ul style="list-style-type: none"> • The concept of build back better vs build back fast was discussed. A trade-off recognised between the speed of restoration and creating a more resilient network 	<p>As above, we are developing an investment framework for consultation on resilience related initiatives. This framework is expected to explore how a build-back-better program could be implemented in practice, and the circumstances where this could apply.</p>
<ul style="list-style-type: none"> • Some CAP members considered energy storage solutions essential for supporting customer supply. 	<p>We are exploring a range of initiatives to support customer and community resilience. Under the AER’s economic framework, any of these proposed investments will need to demonstrate a positive benefits case for customers.</p>