SECNewgate Australia

Basslink Consumer Engagement Report:

Consolidated findings from workshops and survey

FINAL

Prepared for APA | September 2023

Prepared for:

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SEC Newgate was commissioned by APA to undertake a programme of engagement to explore the preferences of Victorian and Tasmanian electricity consumers regarding the three focus areas of Basslink's regulatory proposal:
1. capital expenditure;
2. insurance; and
3. cost sharing.

This report details synthesized findings from all engagement activities:

- *2 x 90-minute online focus groups with 15 participants from Melbourne and Tasmania, held 7th and 9th of March*
- *2 x 4-hour in-person workshops with 93 participants in Melbourne and Launceston, held 28th March and 4th April*
- *Online survey with 1,240 participants conducted from 11-29 May, yielding a robust total margin of error (MoE) of +/-2.8%*

These data sources formed pillars of evidence used by APA to inform its regulatory proposal for Basslink.

Energy literacy among Victorian and Tasmanian electricity consumers is varied, with around half reporting little or no knowledge (56%) and half reporting fair or great knowledge (44%). This variability in knowledge extended to their awareness of Basslink, with 17% of consumers indicating knowing at least a fair bit about it. Greater recognition tended to be amongst Tasmanian consumers.

Within this context, consumers were clear on the issue that was of most concern to them with affordability rating the highest (73%). This concern, however, was a lesser priority when considering future energy issues. Instead, most consumer support was for greater energy reliability (84%), better State energy planning (81%), and greater transparency in what makes up energy bills (80%). Meanwhile, having input on energy costs had less support (72%), though it still had a strong result.

Consumers were engaged deeply on three focus areas across this programme of engagement about Basslink. Ensuring the reliability of energy supply and having no surprises were primary factors for consumers' final preferences. This was reflected in the strong preference to not delay and pay to replace the 'super-computer' earlier across all pillars of evidence. Ensuring energy reliability was also a key factor driving survey results which identified a modest preference for higher insurance cover.

However, workshop participants—particularly in Launceston—revealed a higher tolerance of risk towards insurance coverage in their discussions and questions. These participants felt the actual risk to Basslink would be lower than estimated, leading to a preference for a lower insurance premium with higher risk of repair costs if an insurance event occurs. This risk tolerance was not broadly shared at the population level, where desire for greater management of reliability risks and certainty about costs informed their preference for a higher insurance premium.

Findings across all pillars of evidence identified a clear preference for the 'Market size' approach to cost sharing for Basslink. The concepts of fairness and equity underpinned this preference. This approach was strongly favoured by Tasmanian consumers, while Victorian consumers expressed equal levels of support for 'Market size' and 'Energy flows'.

Consumer sentiment towards Basslink also improved substantially throughout each engagement activity, as illustrated with consumers' reported positivity towards Basslink increasing from 32% at the start of the survey to 58% when they completed the survey.

Outcomes for each focus area

Capital expenditure: Preference to pay and replace the 'super-computer' earlier

73% preferred at workshops

70% preferred in survey

Consumers were strongly aligned in their support for this approach to ensure greater energy reliability and potential cost efficiency.

Insurance: Mixed views on lower or higher insurance premium

72% preferred **lower premium** at workshops

55% preferred **higher premium** in survey

Workshop participants felt risk of damage to be low hence only low premium would be needed; meanwhile, survey participants wanted peace of mind that a higher premium would provide.

Cost sharing: Preference for the 'Market size' approach (90% to VIC, 10% to TAS)

75% preferred at workshops

44% preferred in survey (top vote)

Strong consensus that this approach would be the fairest by having the smallest cost difference between Victorian and Tasmanian energy bills.

Introduction

Objectives of the consumer engagement

Objectives

To inform the development of its regulatory proposal for Basslink, APA sought to undertake a programme of consumer engagement.

The primary purpose of the engagement was to gain a comprehensive understanding of broad consumer views about energy issues, garner feedback on focus areas they could feasibly influence in the development of the Basslink regulatory proposal, and ascertain their preferences on options that could impact electricity reliability, risk and costs to consumers. This engagement focused on Victorian and Tasmanian electricity consumers given they would be most impacted by the Basslink regulatory proposal.

This consumer engagement forms part of a broader consultation process undertaken by APA, which includes industry, consumer advocates, community and government stakeholders, and provides pillars of evidence to inform APA's plans for Basslink. As such, findings from this consumer engagement will be considered alongside the broader consultation in the development of the Basslink regulatory proposal for the AER.

Full details of APA's consultation on the Basslink regulatory proposal will be available in APA's Engagement Summary report, accessible via the AER website.

Focus areas of Basslink consumer engagement

Investing capital expenditure into Basslink

Insurance cover for Basslink

Sharing the costs of Basslink between Tasmanian and Victorian electricity consumers

APA commissioned SEC Newgate as an independent organisation to conduct its full programme of consumer engagement.

Objectives for this consumer engagement were to:

- provide easy to understand, relevant and meaningful information to Victorian and Tasmanian consumers to enable their effective participation in discussions about Basslink and the focus areas – capital expenditure, insurance and cost sharing;
- provide consumers with the time, space, and platform to consider and reflect on the information provided about Basslink and the focus areas;
- listen to and explore consumer thoughts and views on Basslink and each focus area, including their initial reactions and their post-reflection feedback;
- understand consumers' overall preferences on options for each of the three focus areas to inform the Basslink regulatory proposal; and
- develop and draw from a triangulation of consumer engagement approaches to build broad and deep understanding, in recognition of the limitations of any singular engagement approach.

Methodology

Consumer engagement at a glance

Victorian online focus group with 7 participants

Tasmanian online focus group with 8 participants

Melbourne in-person workshop with 45 attending consumers

Launceston in-person workshop with 48 attending consumers

Quantitative online survey with n=1,240 Victorian and Tasmanian consumers

What we did: An overview

Content clarification phase

March

- 2 x 90-minute online focus groups conducted via Zoom:
  - Tuesday 7th March with 7 Victorian-based participants
  - Thursday 9th March with 8 Tasmanian-based participants
- Focus areas presented by technical experts
- Facilitated by SEC Newgate

Reflection phase

March – April

- 2 x 4-hour in-person consumer workshops:
  - Melbourne workshop conducted 28th March with 45 participants from 41 suburbs across Metropolitan Melbourne
  - Launceston workshop conducted 4th April with 48 participants from a 40km radius from the Launceston City Council region
- Presented by APA representatives and topic area technical experts
- Facilitated by SEC Newgate
- Workshop materials and approach developed in consultation with the Basslink stakeholder Regulatory Reference Group
- Observed by the Basslink stakeholder Regulatory Reference Group and the Australian Energy Regulator representatives

Validating phase

May

- Population-representative online survey of n=1,240 Victorian and Tasmanian electricity consumers aged 18+
- Median survey completion time = 13 minutes
- Fieldwork conducted between 11th and 29th May by SEC Newgate Research's trusted partner CanvasU
- Participant sample sourced from opt-in market research panels managed by CanvasU's professional panel partners
- Questionnaire developed by SEC Newgate Research in consultation with APA and the Basslink stakeholder Regulatory Reference Group
- Results have been weighted in accordance with ABS Census date by interlocked age and gender, and Greater City vs Rest of State location

For a full sample breakdown of participants across the consumer engagement activities, please see the Appendices.

Clarification phase: In detail

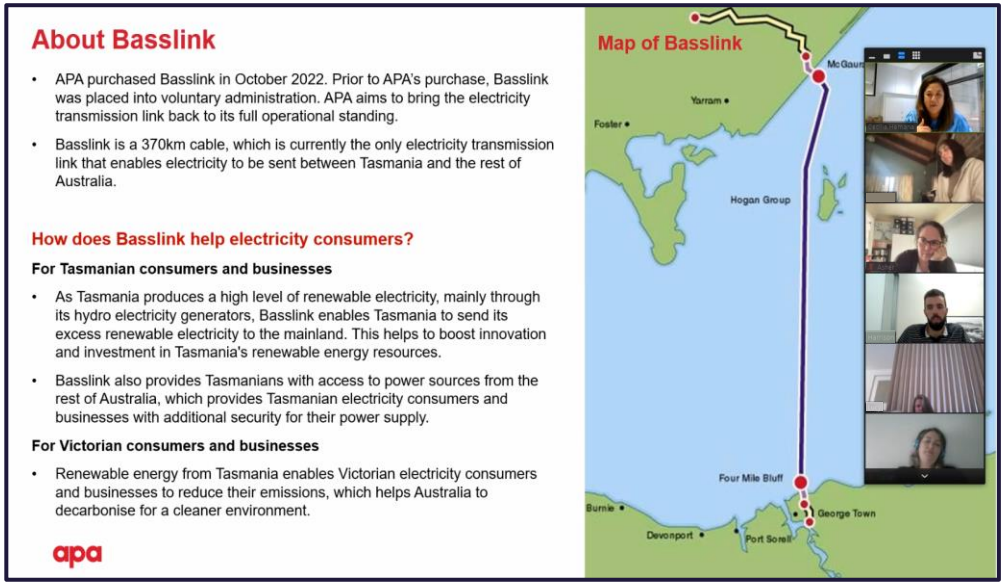
Objectives of the phase:

- *To test consumers' understanding and the clarity of the draft information about APA and Basslink, the AER and regulatory process, APA's plans for Basslink and the three focus areas*
- *To gain an early indicative sense of consumer reactions and what questions they have regarding the Basslink regulatory proposal*

The findings of this phase were used to refine all background information about APA, Basslink, the regulatory process and content for the three focus areas which were presented and discussed at the consumer workshops.

How we achieved the objectives:

- Online focus group participants were sent a pre-reading pack outlining the background and contextual information about Basslink to build their knowledge about the topic.
- The pre-reading pack was provided a week in advance of the online focus group so that all participants had adequate time to read, absorb and reflect on the information at their own pace, as well as to note down any questions they wanted to ask at the group discussion.
- Dedicated sections and time to present and test information, including the introduction to Basslink and APA's regulatory proposal, and each of the three focus areas.
- APA's subject matter and technical experts co-developed and delivered the presentations on each focus area to ensure that participants received accurate information.
- To test clarity and comprehension, targeted questioning and probing on participants' interpretation and understanding of the concepts, messages, and trade-offs across all content was undertaken including how they defined key terms and phrases and what their key take-outs were.



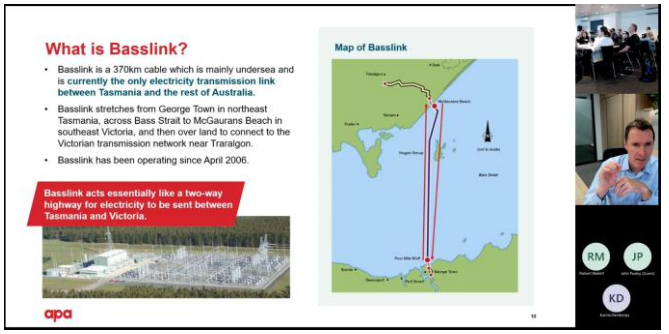
Reflecting phase: In detail

Objectives of the phase:

- *To genuinely engage with and inform Victorian and Tasmanian electricity consumers on APA's Basslink regulatory proposal with a focus on the issues they could inform and influence*
- *To obtain feedback and a depth of understanding of consumers' preferences on APA's Basslink regulatory proposal and the options in three focus areas, including reasons for their preferences, concerns and other considerations.*

How we achieved the objectives:

- All participants were provided with a pre-reading pack a week in advance of their workshop so that they had adequate time to read, absorb and reflect on the information at their own pace, as well as note down any questions they wished to ask at the actual workshop. Enhancements were made to the pre-reading pack to better communicate information including purpose, background and technical content based on the online focus group findings.
- APA senior staff were fully engaged in the workshop process with APA's CEO, Adam Watson, welcoming participants, and sharing information about who APA is and workshop purpose. APA senior staff also presented information about Basslink, the thinking behind its regulatory proposal and were actively listening to consumer feedback and responding to their questions throughout.
- Each focus area and options were presented by APA's subject matter and technical experts, followed by a dedicated open floor Q&A session for all participants to ask clarifying questions of APA's representatives and technical experts.
- Facilitated breakout discussions with APA representatives on each table, were undertaken to enable participants to share their views, listen to other perspectives, ask questions and dig deeper into the focus areas and options.
- Online polls were conducted at the end of each focus area breakout discussion to capture individual participant preferences, with a final online poll at the conclusion of the workshop to allow participants to confirm or change their preference after listening to all the information and feedback.
- A 'Questions box' was made available at each consumer workshop to allow participants to anonymously ask questions if preferred.



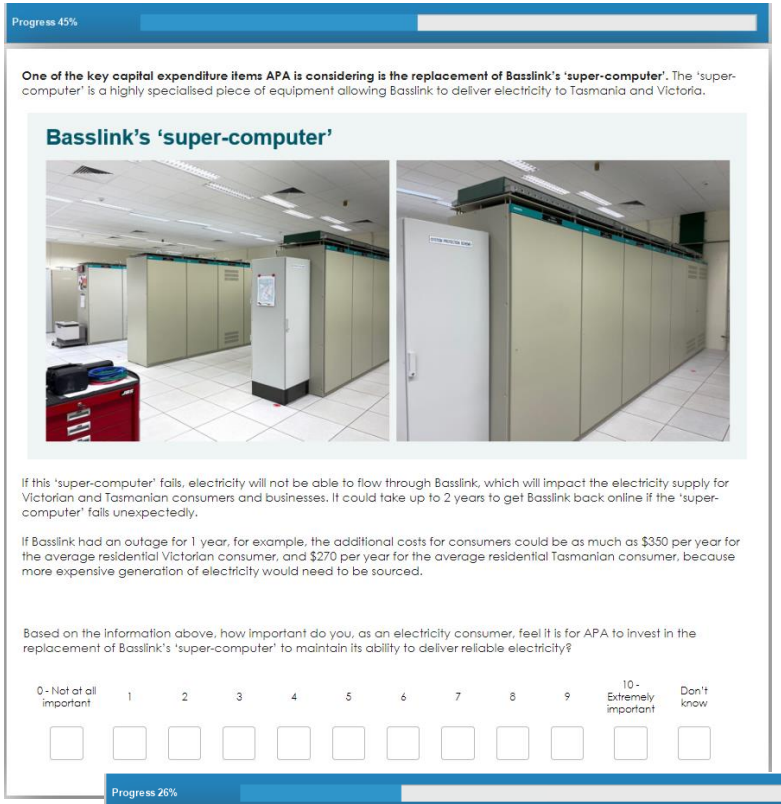
Validating phase: In detail

Objectives of the phase:

- *To explore the broader energy context for Victorian and Tasmanian consumers, including their energy literacy, concerns and energy related focus areas for the future*
- *To build breadth of understanding of Victorian and Tasmanian consumers' awareness of Basslink and determine levels of support for three focus areas and related options of APA's Basslink regulatory proposal*

How we achieved the objectives:

- An online survey was conducted with a robust sample of n=1,240 Victorian and Tasmanian electricity consumers. The total sample comprised an even proportion of consumers from each State to ensure that survey results are not biased to either State (i.e. around n=600 participants per State).
- The sample design yielded a highly robust total margin of error (MoE) of +/-2.8%, and MoEs of +/-4.0% for each of the Victorian and Tasmanian State-based populations.
- Survey quotas and results weighting implemented in accordance with proportional State-based ABS Census data (on interlocked age and gender, and Greater City vs Rest of State location) to achieve representativeness of target populations.
- Survey targeted to those who are fully or jointly responsible for paying their household or business electricity bill to ensure that the survey is reaching relevant electricity consumers.
- The survey design drew on the feedback from the consumer workshops for increased clarity and ease of comprehension on complex topics.
- Reiterative rounds of cognitive testing was conducted on the survey design and content to ensure that all information presented was coherent to the general public, had a logical structure and question flow.



Issues shaping consumer engagement on Basslink

Below outlines the key issues and considerations that shaped the design of the consumer engagement program.

Cost of living pressures

We recognised that in the current socio-economic environment, affordability and cost of living are key concerns for many consumers. Against this background, we ensured that our engagement:

- Allowed room to explore and understand the current energy context for consumers;
- Focused on topics that would have the most relevant cost impact on consumers for them to provide feedback on; and
- Respected participants' time and effort by appropriately reimbursing them for their participation in the engagement.

The energy transition

We noted that the social and political landscape surrounding Australia's energy transition was likely to inform the context of the consumer engagement. Additionally, the Basslink stakeholder Regulatory Reference Group (RRG) advised the need to allow room for participants to discuss their broader future energy needs to fully explore and understand how Basslink would fit within the context of consumers' lives.

To achieve this, dedicated time was allocated for workshop participants to reflect on their energy needs and preferences as part of the facilitated table discussions. We also included questions in the online survey to explore consumers' future energy expectations.

Complexity of topic and information

Energy regulation is known to be overwhelming and confusing to the general community due to its complex nature, often creating a barrier to meaningful consumer engagement.

To ensure information clarity and comprehension, we undertook iterative rounds of feedback and revision on all content throughout the engagement program. This included seeking advice from the RRG, testing content through the online focus groups, building on consumer feedback within the workshops, ensuring enough time for participants to reflect on the information and ask questions in the workshops, and cognitive testing content to make sure to get the online survey right.

The Basslink context and alignment with consumer feedback and values

We acknowledged that Basslink's history prior to APA's acquisition has created some consumer cynicism regarding its benefits for electricity consumers, particularly for Tasmanians.

Noting this context, APA sought to demonstrate genuine commitment to engaging with and listening to their consumers by seeking and taking on board RRG's advice on how best to do this, having APA's CEO and senior staff directly participating in the consumer engagement process, including close involvement in the design and execution of the engagement program, as well as being present at the consumer workshops to hear consumer feedback firsthand and respond to questions.

Differences between Victorian and Tasmanian consumers

We recognised that the impacts of Basslink would be felt differently between Victorian and Tasmanian consumers due to proximity and differences in demographics, especially regarding employment and income. Advice was sought from RRG who suggested that Tasmanian-specific information would be needed for Tasmanian participants.

The approach ensured equal proportion of engagement between Victorian and Tasmanian consumers to mitigate any skews in feedback due to location. Taking on the RRG advice, we presented State-relevant information to participants where relevant.

Seeking breadth and depth of consumer views and feedback

We know that consumers are diverse in their energy needs, concerns and vulnerabilities. As such, the engagement programme was designed to include multiple methodologies to capture the diversity of consumer views.

Importantly, this ensured there were multiple pillars of evidence to better understand consumer perspectives and preferences about Basslink, and to provide a fuller picture. By achieving both breadth and depth of consumer views across the programme of engagement activities, we were able to mitigate potential skews in the consumer feedback.

Notes to the reader

When interpreting findings in this report, please note:

- Throughout this report, *'consumers'* refers to the broad population of Victorian and Tasmanian electricity consumers for which the findings of this report provide insight, while *'participants'* refers to those who took part or engaged in any of the actual engagement activities conducted to build insight regarding consumers' preferences for Basslink.
- Basslink's control and protection system is referred to as the 'super-computer' throughout this report. Based on the online focus group testing, this was the term that was more easily understood by consumers. After being initially explained, the 'super-computer' was used in all engagement activities.
- The base (number and type of participants asked each question) and the actual survey questions are shown in the footnote. To view the full survey questionnaire, please see the Appendices.
- Throughout the report, the term 'NET' has been used where coded survey responses from a similar group or that are similar in nature are grouped into one overarching theme (e.g. 'strongly agree' and 'somewhat agree' netted as 'agree').
- Survey results may not always total 100% due to rounding or multiple-response (multi-select) questions.
- To ensure data reliability, survey results are typically only shown when the base size is at least n=30. Results with lower base sizes, where used to showcase results by key cohorts of interest, should be interpreted with caution and treated as indicative only.
- Where relevant, significant and notable differences by demographic subgroups have been noted throughout this report. Significant differences are applicable to the survey results only, where there is sufficient representative sample to allow for statistical testing. Notably differences between cohorts perceived in the qualitative workshops should be viewed as indicative only.

Consumer engagement findings

The energy context

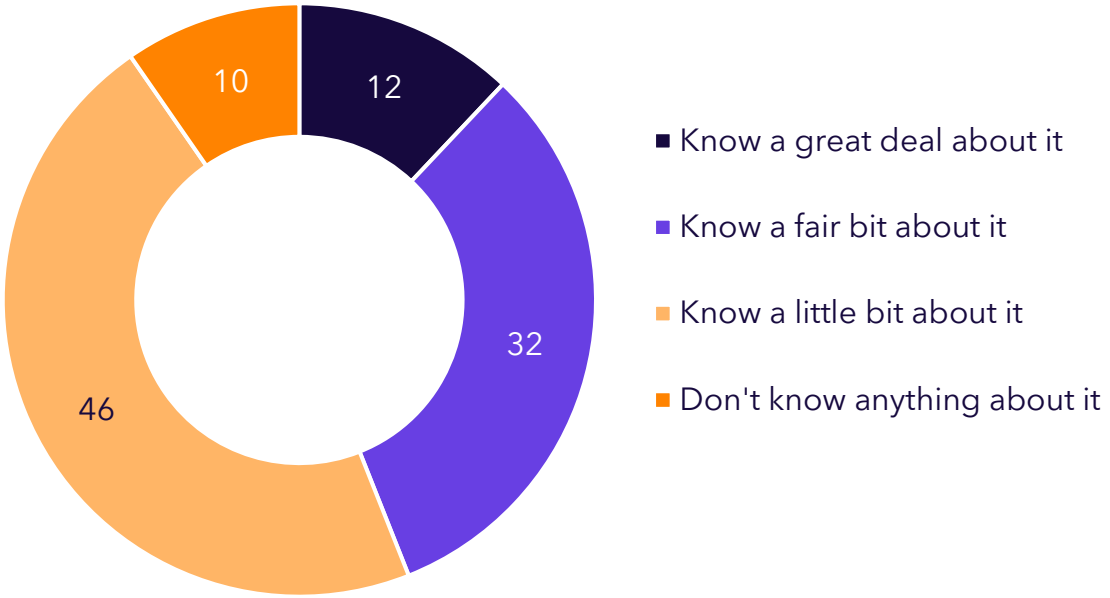
Knowledge about energy supply

The average Victorian and Tasmanian electricity consumer had low levels of knowledge about the energy supply. Just over half (56%) of survey participants reported having little or no knowledge regarding this topic, with the highest proportion saying they only know a little bit about it (32%).

Comparatively, 44% stated having a fair or great deal of knowledge about the energy supply. These participants were significantly more likely to be:

- Male
- Users of electricity technology (such as solar panels, home batteries, and solar hot water)
- Small to medium businesses
- Homeowners
- Highly educated at tertiary level or above
- Less financially vulnerable

Self-reported knowledge about the energy supply (%)



Overall, 56% of survey participants stated that they have low knowledge about the energy supply

(NET: know a little bit about it or don't know anything about it)

Q1. Overall, how much would you say you know about the energy supply - that is, how energy is generated and makes its way to your household or business? // Base: All survey participants (n=1,240)

Energy concerns

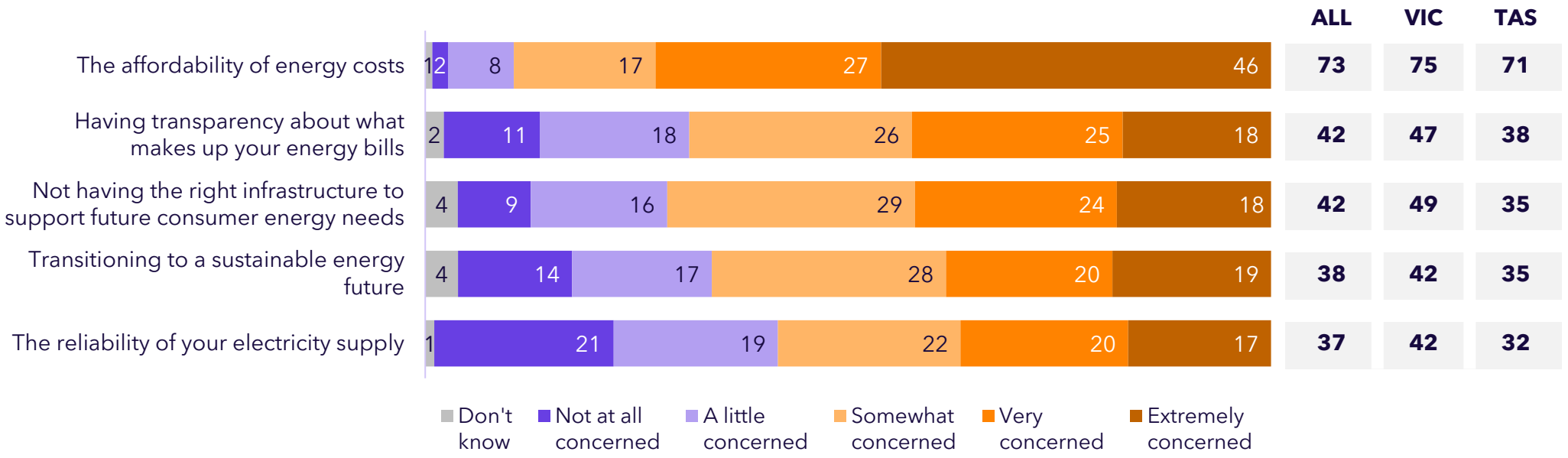
The top concern among electricity consumers by far is the affordability of energy costs, with Victorian and Tasmanian consumers expressing a similar level of concern for this issue. Affordability also stood out as a key concern for women and those more financially vulnerable.

Around two-in-five overall further indicated high levels of concern for all other energy issues. Notably, Victorians showed more concern for these other issues compared to Tasmanians.

Significantly high levels of concern for all energy issues across the board were also expressed by small to medium businesses, larger families with children, those with tertiary level or above education, and those with cultural and/or linguistic diverse backgrounds.

Additionally, users of electricity technology (such as solar panels, home batteries, and solar hot water) and homeowners were significantly more likely to be very or extremely concerned about not having the right infrastructure to support future consumer energy needs, while those who identified as having a disability were significantly more likely to be very or extremely concerned about the reliability of their electricity supply.

Concern towards energy issues as an energy consumer (%)



Q2. How concerned are you about the following energy-related issues as an energy consumer? // Base: All survey participants (n=1,240); Victorian participants (n=642); Tasmanian participants (n=598)

Energy future

The large majority of electricity consumers were supportive of all energy focus areas for the future. The highest level of overall support was for greater future energy reliability (84%), closely followed by future State energy planning (81%) and greater transparency around energy bills (80%). There was also broad consumer support about having opportunities to provide input on future consumer energy costs at 72%.

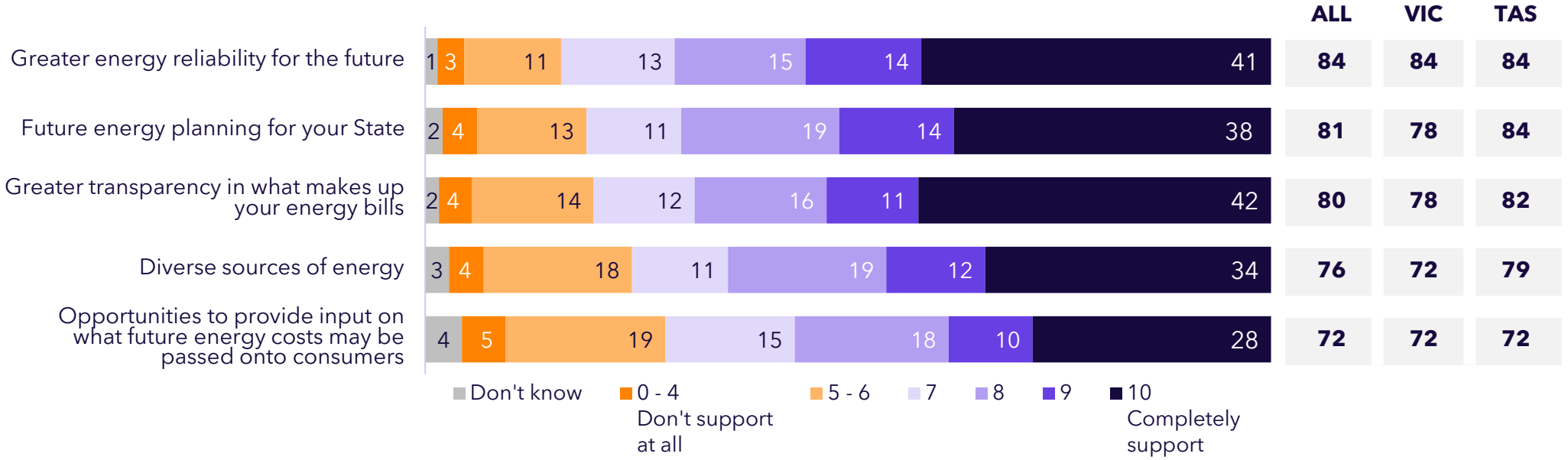
Tasmanian consumers indicated stronger support for having future State energy planning and diverse sources of energy compared to Victoria.

Notably, cohorts who significantly supported several of these energy focus areas included:

- Those located in Greater City areas
- Older electricity consumers aged 60+ years
- Users of electricity technology (such as solar panels, home batteries, and solar hot water)
- Homeowners
- Those who are employed (employees)
- Those with tertiary level or above education

These cohorts broadly expressed greater interest in energy issues throughout the survey.

Support for the following things in principle as an energy consumer (%)



Q3. As an energy consumer, how much do you support the following things in principle? // Base: All survey participants (n=1,240); Victorian participants (n=642); Tasmanian participants (n=598)

Unprompted knowledge and sentiment towards Basslink

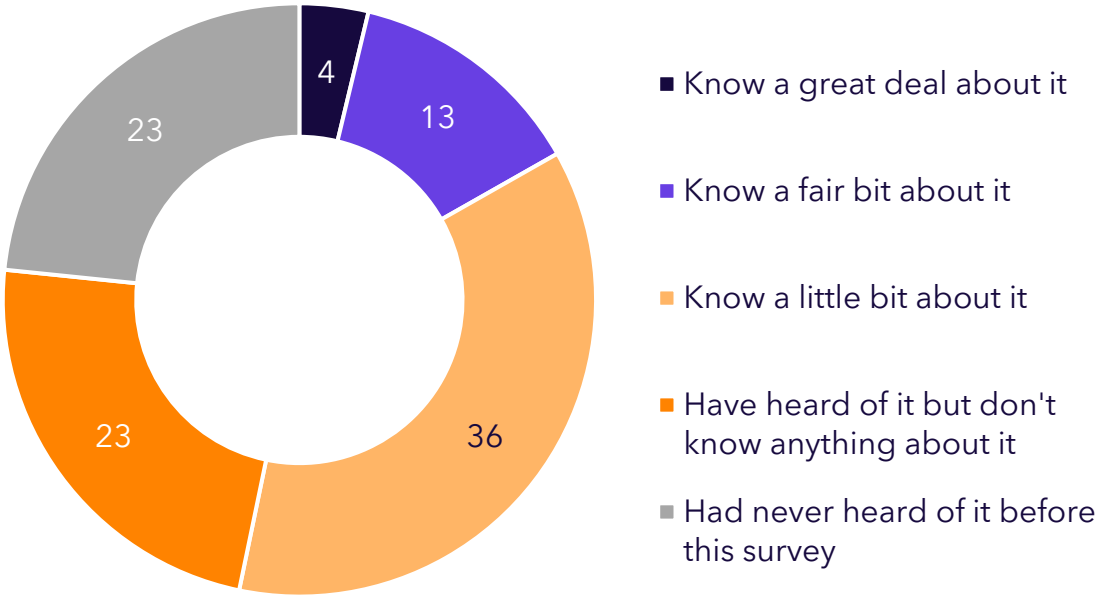
Less than a fifth (17%) of survey participants indicated having at least a fair bit of knowledge about Basslink, with Tasmanian electricity consumers significantly more likely to do so than Victorians. Around a third (36%) said they know a little bit, while approximately a quarter (23%) for both those who didn't know anything or had never heard of it.

Taking into account these relatively low levels of knowledge, a third (32%) indicated feeling positive towards Basslink based on what they knew about it (i.e., prior to being provided with information). The large majority felt either neutral (23% feeling neither positive nor negative) or had no clear sentiment (33% don't know).

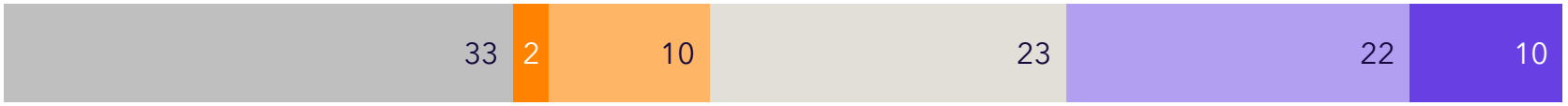
Those more likely to feel positive towards Basslink included:

- Men
- Small to medium businesses
- Households with large houses and without children
- Homeowners
- Highly educated at tertiary level or above
- Those with cultural and/or linguistic diverse backgrounds
- Those less financially vulnerable

Self-reported knowledge about Basslink (%)



Unprompted, pre-information sentiment towards Basslink (%)



NET: Somewhat + Very Positive (%)

ALL	VIC	TAS
32	30	34

Q4. Which of the following best describes your current knowledge of Basslink? // Q5. Regardless of how much you know about Basslink, how would you say you feel about it? // Base: All survey participants (n=1,240); Victorian participants (n=642); Tasmanian participants (n=598)

Capital expenditure

Summary of capital expenditure preferences

Victorian and Tasmanian residential and small business electricity consumers were strongly aligned in their support for earlier investing and avoiding delays in Basslink's 'super-computer' (control and protection system), with results from all consumer engagement activities demonstrating a majority preference for this approach.

This preference reflected broad consumer sentiment that it is important to invest in Basslink's 'super-computer'.

Notable reasons for this preference focused on a desire to avoid risk and maintain Basslink's operational reliability, alongside acknowledgement that it would be cheaper and more cost-efficient to pay for the 'super-computer' sooner.

Online focus group participants expressed a general preference for earlier capital investment for the 'super-computer'

73%

of all workshop participants preferred to replace the 'super-computer' earlier

70%

of all survey participants selected paying sooner for the 'super-computer' as their most preferred approach

72%

of all survey participants felt it is important for APA to invest in Basslink's 'super-computer' for reliable energy

64%

of Tasmanian survey participants supported paying sooner for the 'super-computer' at the principle level

68%

of Victorian survey participants supported paying sooner for the 'super-computer' at the principle level

Capital expenditure findings from the consumer workshops

Around three-quarters (73%) of all workshop participants preferred investing in the super-computer sooner, with a slightly greater preference in Melbourne (around 77%) compared to Launceston (69%). This preference was maintained in both the first and second votes in each workshop, highlighting firm participant preference for investing sooner.

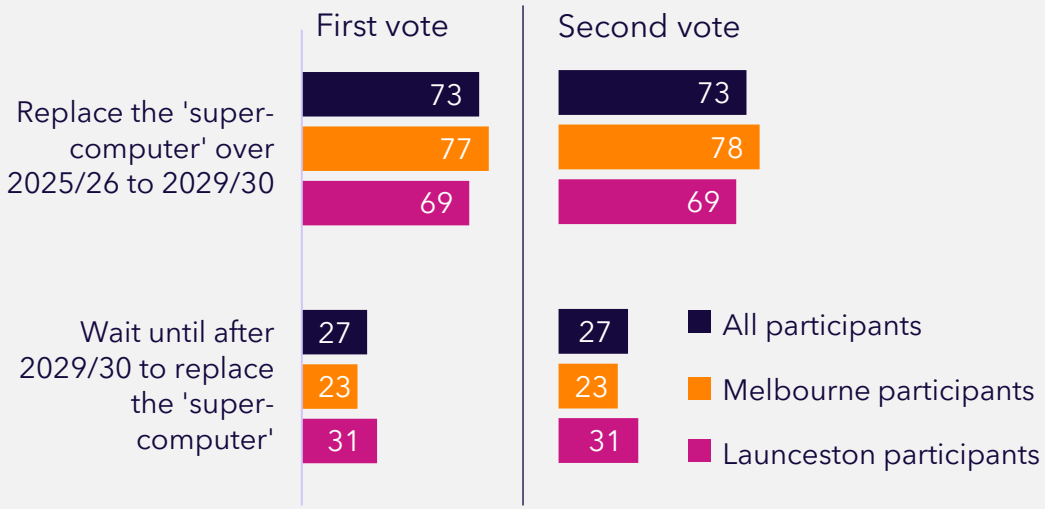
Many workshop participants agreed that the 'super-computer' is a critical piece of infrastructure required for Basslink's continual and reliable operation. Based on this, most voiced a strong desire for effective risk management to avoid potential negative impacts on households and businesses if Basslink's 'super-computer' failed. Several raised concerns about flow-on effects and cost implications of disrupted electricity supply, such as food and beverage spoilage resulting from electrical appliances not being able to run.

Some also supported early investment for its potential long-term cost-saving possibilities. They suggested that a reliable system could promote greater efficiencies in overall electricity supply, resulting in cheaper electricity bills. Additionally, other participants fekt the cost impact of earlier investment on individual consumer electricity bills to be 'small' and 'barely noticeable'.

Considering these factors, many described earlier investment and replacement of the 'super-computer' to be more prudent, safer, logical and a 'no-brainer'. Overall, these participants demonstrated a priority for a reliable electricity supply.

For the 27% of workshop participants who preferred to wait to replace the 'super-computer', they believed that future technology would allow the 'super-computer' to be better and cheaper citing examples of other consumer technology advancements such as smart phones, TVs and laptops. A small handful also noted a preference to invest later to delay having to pay more for electricity in the current context of increasing cost-of-living pressures.

Preferred option for investing capital expenditure into Basslink: Workshop poll results (%)



Key questions raised by workshop participants for APA to consider in developing its future capital expenditure plans:

- *What would be the life span and viability of the new 'super-computer', and how would this be insured?*
- *How would APA move from the old 'super-computer' to the new 'super-computer', and what would be the effect of this transition?*
- *How would inflation affect future costs of the 'super-computer'?*
- *What are the on-selling or recycling options to minimise wastage of the old 'super-computer'?*
- *What are the higher level, external risks for the 'super-computer', e.g. cybersecurity risks, global supply risks, or risks of war?*

In principle sentiment to investing capital expenditure

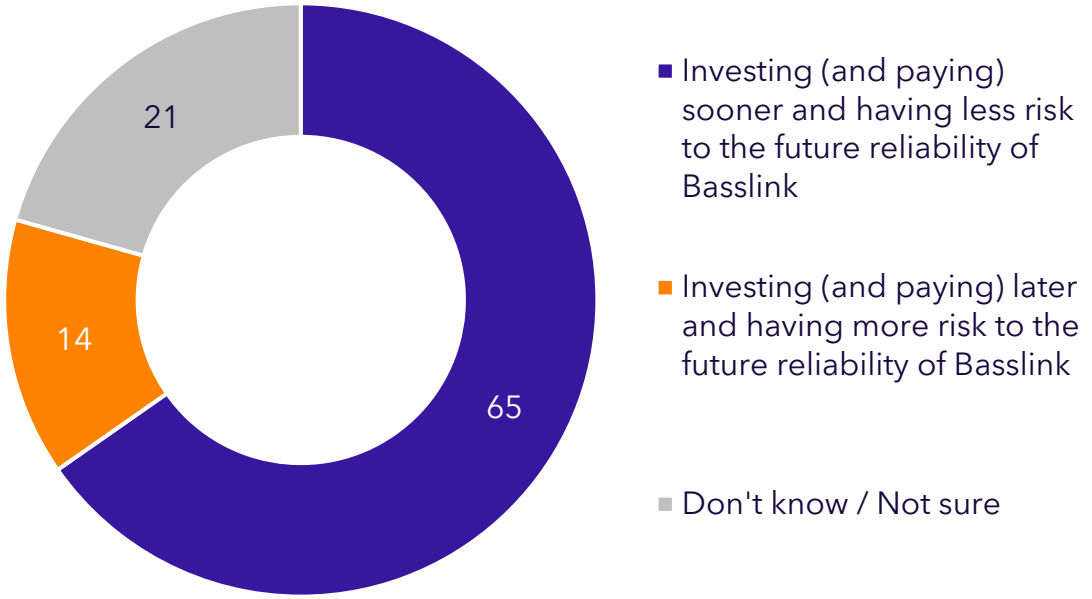
To better understand consumer views about the concept of investing in Basslink, survey participants were asked about their preferences and perceptions of capital expenditure for Basslink at a 'principle level' before being asked for their preference.

At the general level, the majority (65%) expressed a preference for investing and paying for capital expenditure for Basslink sooner, in order to decrease the risk towards its future reliability. This preference was especially notable among users of electricity technology (such as solar panels, home batteries, and solar hot water).

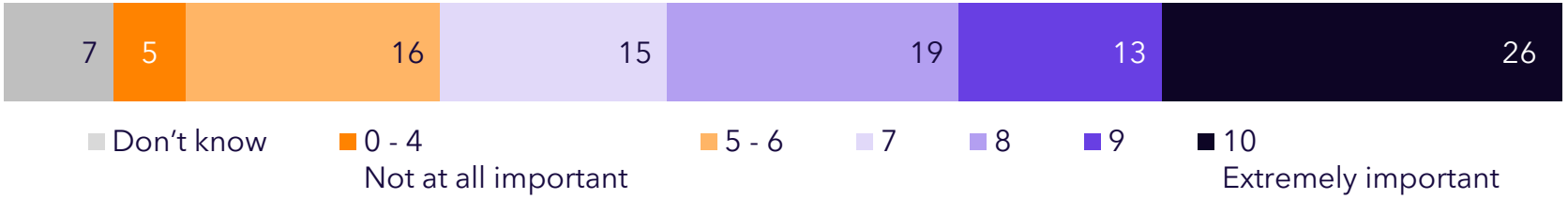
This conceptual preference aligned with consumer sentiment that it is important for APA to invest to replace Basslink's 'super-computer' to ensure reliable electricity (72%). Notably, around a quarter of consumers (26%) felt that this is extremely important for APA to do, giving an importance rating of 10 out of 10. This highlights consumers clear focus on, and desire for, minimising risk to maintain electricity reliability.

Those located in Greater City areas and small to medium business owners felt it was especially important to invest in capital expenditure to maintain reliability.

Preferred approach to investing capital expenditure into Basslink (%)



Importance of APA investing in the replacement of Basslink's 'super-computer' to maintain its ability to deliver reliable electricity (%)



NET: Important (% Rated 7+ out of 10)

ALL	VIC	TAS
72	73	71

Q6. Thinking about the information you have just read, which of the two approaches to investing capital expenditure into Basslink do you support more in principle to guide APA's overall future maintenance and infrastructure planning? // Q7. Based on the information above, how important do you, as an electricity consumer, feel it is for APA to invest in the replacement of Basslink's 'super-computer' to maintain its ability to deliver reliable electricity? // Base: All survey participants (n=1,240); Victorian participants (n=642); Tasmanian participants (n=598)

In principle support to the capital expenditure approaches

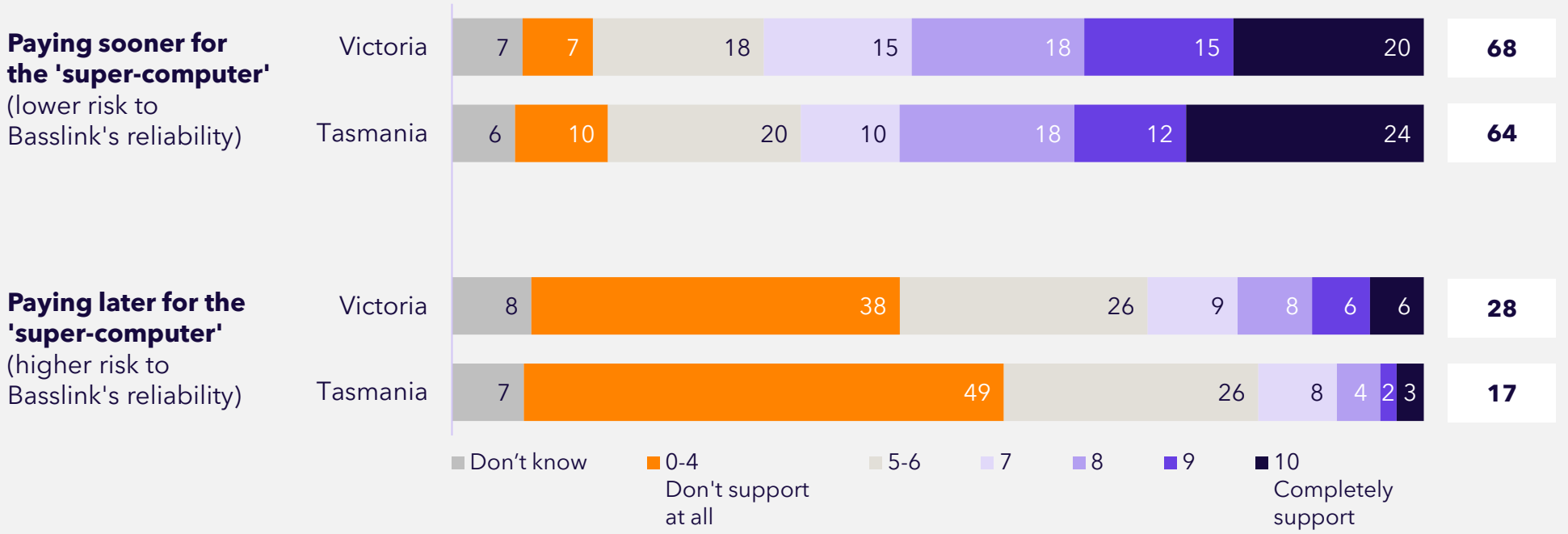
Survey participants were shown information about the risk and cost impact on the average consumer electricity bill for their State for each approach to investing capital expenditure into Basslink.

Following this information, participants indicated their level of support for paying sooner or later for the 'super-computer' in principle.

The majority of both Victorian (68%) and Tasmanian (64%) electricity consumers demonstrated support at the principle level for paying sooner for the 'super-computer'. The depth of this support was fairly strong, with a fifth (20%) of Victorians and a further quarter (24%) giving their complete support for this approach.

Support levels for paying later for the 'super-computer' were much lower, with half of Tasmanian consumers notably not supporting this approach.

In principle support for each of the capital expenditure approaches by State (%)



Q8. Thinking about the information you have just read, how much do you support each of the approaches to replacing the 'super-computer', in principle? // Base: Victorian participants (n=642); Tasmanian participants (n=598)

Final survey capital expenditure preference

When asked to pick their overall preferred approach after viewing the estimated impact on their bill, the large majority of Victorian and Tasmanian consumers (70%) selected to pay sooner for the 'super-computer'.

Top reasons for supporting earlier investment and replacement of the 'super-computer' focused on the potential for cost-savings, as well as managing the risk of electricity disruption.

Conversely, top reasons for supporting later investment focused on the potential for technology to be better and cheaper in the future, as well as the possibility that more supply may be available.

Overall preferred approach ('if I had to pick one') (%)

Don't know / Not sure

A different approach

Paying later for the 'super-computer' (higher risk to Basslink's reliability)

Paying sooner for the 'super-computer' (lower risk to Basslink's reliability)

Suggested approaches (mentioned by 5 participants):

- State governments to fund the cost of the 'super-computer'
- APA to fund or contribute to the cost of the 'super-computer'
- Pay half of the investment before 2030, and the other half after 2030
- Do not plan to pay for the 'super-computer' at all – wait and see on the advancement of technology

Reasons for preference (out of 165 participants who prefer to pay later):

- 44% - Technology could be better in the future
- 41% - Technology could be cheaper in the future
- 33% - There may be more global suppliers in the future
- 29% - We should make the most of the current 'super-computer' before the end of its life
- 27% - Don't want to pay for it too soon / before I have to
- 19% - Willing to take the risk of the 'super-computer' failing before 2030

Reasons for preference (out of 865 participants who prefer to pay sooner):

- 52% - It is cheaper in the long run
- 47% - Would rather pay for it sooner / could save money by paying sooner
- 47% - It has a lower risk of electricity outages
- 46% - It could allow Basslink to operate better / more efficiently
- 33% - Would be worried about the current 'super-computer' failing
- 29% - Would be worried that we won't be able to get a new 'super-computer' after 2030

Q9. And if you had to pick one approach, which one do you support most in principle? // Q10. And why would you prefer paying sooner for the 'super-computer'? // Q11. And why would you prefer paying later for the 'super-computer'? // Base: All survey participants (n=1,240)

Final capital expenditure preferences at a glance: By demographics

Survey results demonstrated that highly educated electricity consumers were significantly more likely to prefer to pay sooner for the 'super-computer'. While at low levels, there was also some preference for paying later from Victorian-based consumers, men, young cohorts aged under 60 years, and those who are employed (employees).

	State		Area		Gender		Age group			Energy user type	
	VIC	TAS	Greater City	Rest of State	Male	Female	18-34 yrs	35-59 yrs	60+ yrs	Uses energy technology	Uses other heat sources
Paying sooner for the 'super-computer' (lower risk to Basslink's reliability)	68	73	72	68	69	72	73	68	72	71	69
Paying later for the 'super-computer' (higher risk to Basslink's reliability)	**15**	10	13	12	**15**	10	**16**	**15**	7	16	14

	Employment status		SME business		Home ownership		Household type	
	Employed	Un-employed	Business	Non-business	Homeowner	Non-homeowner	Household without children	Household with children
Paying sooner for the 'super-computer' (lower risk to Basslink's reliability)	71	71	68	70	71	69	71	70
Paying later for the 'super-computer' (higher risk to Basslink's reliability)	**16**	7	25	17	12	14	12	14

	Education level		Identify as Aboriginal or Torres Strait Islander	Cultural and/or linguistic diverse background	Have a disability	Have higher financial vulnerability
	Tertiary or above	Below tertiary				
Paying sooner for the 'super-computer' (lower risk to Basslink's reliability)	**72**	66	55	59	61	68
Paying later for the 'super-computer' (higher risk to Basslink's reliability)	14	11	15	24	6	11

Bolded figures indicate significantly higher preference for that approach compared to other cohorts within that subgroup

Insurance

Summary of insurance preferences

Victorian and Tasmanian consumer preferences were mixed when it came to insurance for Basslink.

Workshop participants in Melbourne and Launceston showed favour towards a lower insurance premium with higher risk of repair costs if an insurance event occurs. This preference was predominantly driven by a belief that the risk to Basslink should be lower than expected, and that they would rather take the risk and pay for damages later should they occur.

However, findings from the online focus groups and the quantitative survey indicated a slight leaning towards a higher premium with lower risk if an insurance event occurs (considered as paying more upfront insurance cover). These consumers expressed a desire for peace of mind and wanting 'no surprises' by having more insurance against potential damages to Basslink.

The broader preference towards higher insurance premium for Basslink also more closely aligns with majority consumer sentiment that it is important to have adequate insurance for Basslink's under-sea cable.

Online focus group participants, particularly in Victoria, indicated a general preference for the higher insurance premium

72%

of all workshop participants preferred the lower insurance premium option

55%

of all survey participants selected paying more upfront insurance cover (i.e. higher insurance premium) as their most preferred approach

76%

of all survey participants feel it is important for APA to have adequate level of insurance for Basslink's under-sea cable

52%

of Tasmanian survey participants supported having more upfront insurance cover (i.e. higher insurance premium) at the principle level

58%

of Victorian survey participants supported having more upfront insurance cover (i.e. higher insurance premium) at the principle level

Insurance findings from the consumer workshops

Just under three-quarters (72%) of all workshop participants chose the low insurance premium option as their final preference. Launceston workshop participants in particular demonstrated a shift towards the low insurance premium option between the first and second polls – this is likely reflecting their evolving thinking based on discussions on this topic.

Workshop participants largely understood the concept of insuring Basslink's under-sea cable and were able to liken it to comparisons with their home or car insurance. When first being presented with the options, initial reactions revealed lightly held preferences, with pros and cons noted for each.

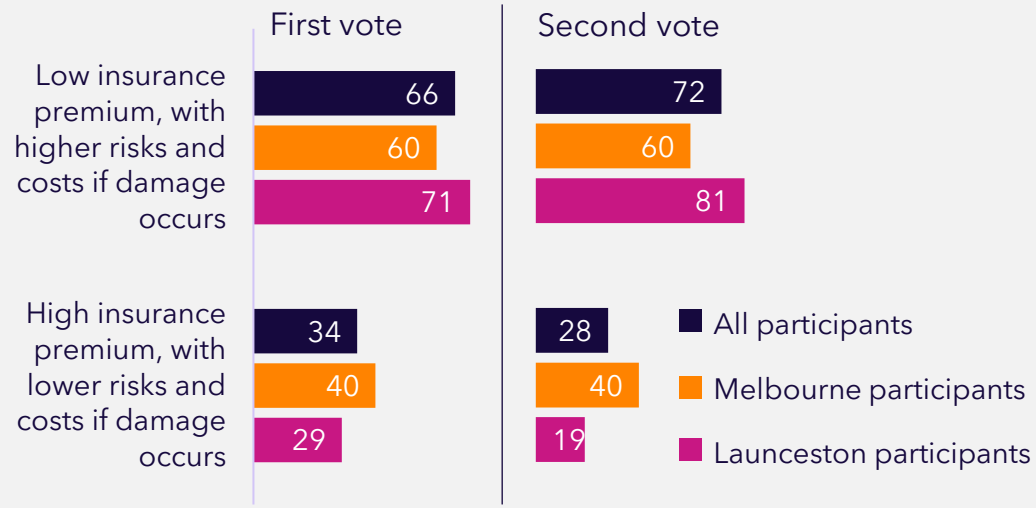
However, as discussions deepened through further participant questions regarding the insurance options, several participants across both workshops judged the modelled risk of damage to Basslink at 9% a year as being higher than they would have expected, describing it as a 1-in-10 year chance. They therefore concluded the real-life risk of damage occurring would be lower. This view was notably prominent in the Launceston workshop.

Additionally, several believed that the lower premium option would still be cheaper overall than the higher premium option, even if damage were to occur and acknowledged consumers would have to cover the cost of repairs anyway.

Based on this assessment, these workshop participants indicated they were 'willing to take the risk' of low premium insurance. This leaning towards the low premium insurance option was reflected in the final poll results.

Nevertheless, nearly a third (28%) continued to believe that Basslink should be adequately protected because it is such an important asset. A few also considered the cost of moving from the lower to higher insurance premium option to have minimal impact on their electricity bill, preferring to pay more for a sense of better managed risk. These participants displayed strong risk aversion and wanted safety and 'no surprises' in their electricity supply.

Preferred option for insurance cover for Basslink: Workshop poll results (%)



Key questions from workshop participants for APA to consider in developing its future insurance cover plans:

- *What responsibility would an external party who causes damage to Basslink (e.g. a shipping company) have to pay for repairs?*
- *Was it possible for APA to self-insure / cover their own insurance?*
- *How would consumers be reimbursed for any unused pass-through of these insurance costs?*
- *What are the standards of repair for Basslink under the insurance cover?*
- *Does greater insurance cover mean Basslink can be repaired faster?*

In principle sentiment towards insurance

To better understand consumer views about the concept of insurance for Basslink, survey participants were also asked about their perceptions of having an adequate level of insurance for Basslink's undersea cable before being asked for their preference.

Around three-quarters (76%) of Victorian and Tasmanian electricity consumers considered it important for APA to have an adequate level of insurance for Basslink's undersea cable to help cover the costs of repair if it is damaged.

Notably, just over a third (34%) felt this to be extremely important, giving an importance rating of 10 out of 10. Those who held this sentiment tended to be:

- Older cohorts aged 35+ years
- Small to medium businesses
- Those who are unemployed
- Those who identified as having a disability

This strong sense of importance for adequate levels of insurance for Basslink likely reflects broader desire from consumers to ensure a reliable energy supply even in the event of damage.

Importance of APA having an adequate level of insurance for Basslink's undersea cable to help cover the costs of repair if it is damaged (%)

Don't know | 0 - 4 Not at all important | 5 - 6 | 7 | 8 | 9 | 10 Extremely important

NET: Important (% Rated 7+ out of 10)	ALL	VIC	TAS
	76	73	78

Q12. Based on the information above, how important do you, as an electricity consumer, feel it is for APA to have an adequate level of insurance for Basslink's undersea cable to help cover the costs of repair if it is damaged?// Base: All survey participants (n=1,240); Victorian participants (n=642); Tasmanian participants (n=598)

In principle support to the insurance approaches

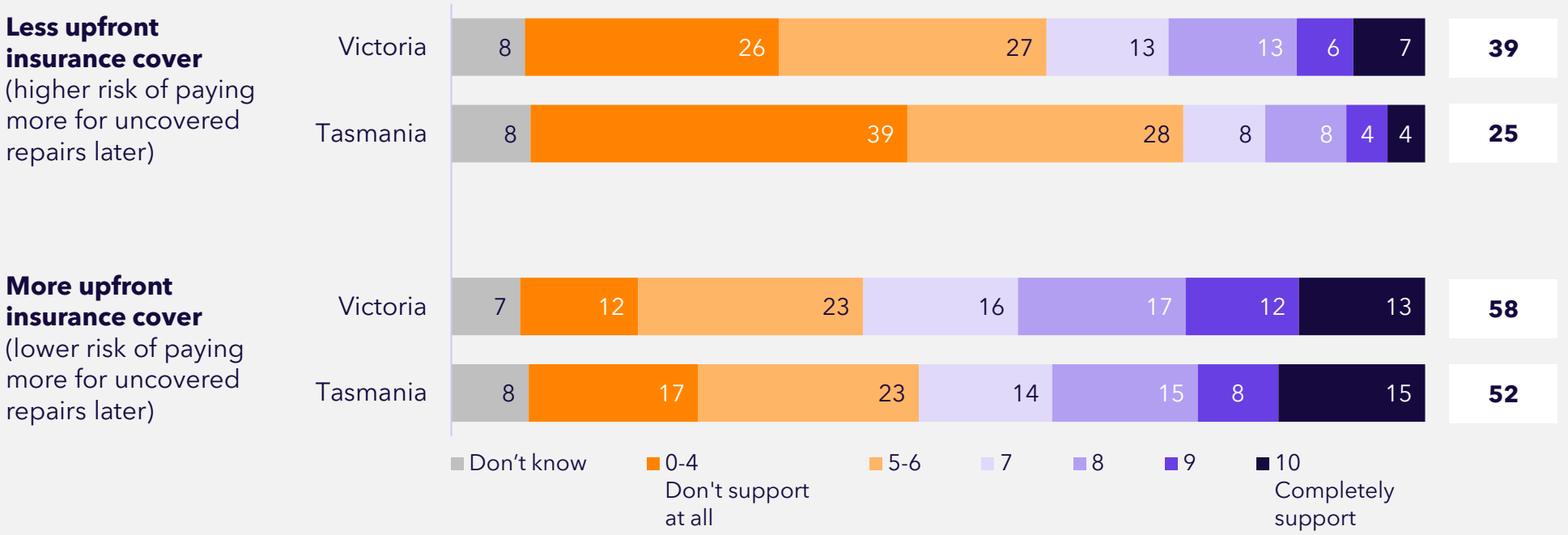
Survey participants were shown information about the risk and cost impact on the average consumer electricity bill for their State for each insurance approach for Basslink.

Following this information, participants indicated their level of support for having less or more upfront insurance cover (i.e., having either lower insurance premium with higher risk or higher insurance premium with lower risk) in principle.

In general, there was greater in principle support for more upfront insurance cover across both Victorian and Tasmanian consumers.

Notably, Victorian consumers appeared more likely to support both approaches compared to Tasmanian consumers, though Victorians remained in favour of more upfront insurance cover. Tasmanian consumers, by contrast, expressed lower levels of support for less upfront insurance cover.

In principle support for each of the insurance approaches by State (%)



Q13. Thinking about the information you have just read, how much do you support each of the approaches for future insurance cover for Basslink, in principle? // Base: Victorian participants (n=642); Tasmanian participants (n=598)

Final survey insurance preference

When asked to pick their overall preferred approach after viewing the estimated impact on their bill, a greater proportion selected having more upfront insurance cover with lower risk of paying more for repairs (55%).

Top reasons for this preference were wanting peace of mind around reliable energy supply, preferring to know what is being paid and not have surprises, and feeling that the cost of having greater insurance is worth having to deal with the consequences of damage.

Reasons for why some consumers preferred to pay less upfront insurance cover largely mirrored discussion from the workshops; namely, preferring the cheaper option, downgrading the chance of damage to Basslink, and being willing to take the risk of damage and the flow on consequences.

Overall preferred approach (if had to pick one) (%)

Don't know / Not sure

A different approach

Less upfront insurance cover (higher risk of paying more for uncovered repairs later)

More upfront insurance cover (lower risk of paying more for uncovered repairs later)

Suggested approaches (from 53 participants):

- State Governments to cover insurance
- APA to cover insurance using its shares and profits
- Focus on developing plans to counter / lower the risk of disasters and damage

Reasons for preference (out of 329 participants who prefer less cover):

- 38% - It is cheaper
- 36% - Don't think the risk of damage would be as high as a 1 in 10 chance per year
- 30% - Willing to take the risk of damage
- 21% - Don't mind paying more if damage occurs later
- 15% - Don't like paying for insurance

Reasons for preference (out of 674 participants who prefer more cover):

- 48% - For peace of mind to ensure a more reliable energy supply
- 47% - Rather know what paying for upfront and not have any surprises later
- 45% - The cost is worth having greater insurance coverage / less risk
- 41% - Basslink is a critical piece of infrastructure and should be insured as much as possible
- 39% - Prefer less risk / don't want to take the risk of damage to Basslink
- 31% - The cost is not that much higher than the low premium insurance option

Q14. And if you had to pick one approach, which one do you support most in principle? // Q15. And why would you prefer to pay less upfront for insurance cover, and have higher risk of paying more for uncovered repair costs later? // Q16. And why would you prefer to pay more upfront for insurance cover, and have lower risk of paying more for uncovered repair costs later? // Base: All survey participants (n=1,240)

Final insurance preferences at a glance: By demographics

Though at minority levels within the survey results, those significantly more likely to prefer having less upfront insurance cover included Victorian consumers, younger cohorts aged between 18-34 years, and those who are employed (employees), and those highly educated at tertiary level or above.

	State		Area		Gender		Age group			Energy user type	
	VIC	TAS	Greater City	Rest of State	Male	Female	18-34 yrs	35-59 yrs	60+ yrs	Uses energy technology	Uses other heat sources
Less upfront insurance cover (higher risk of paying more later)	**29**	22	26	24	26	24	**33**	28	16	28	27
More upfront insurance cover (lower risk of paying more later)	53	57	56	54	56	54	54	53	59	56	55

	Employment status		SME business		Home ownership		Household type	
	Employed	Un-employed	Business	Non-business	Homeowner	Non-homeowner	Household without children	Household with children
Less upfront insurance cover (higher risk of paying more later)	**31**	16	44	34	25	25	23	28
More upfront insurance cover (lower risk of paying more later)	55	56	47	54	57	53	55	55

	Education level		Identify as Aboriginal or Torres Strait Islander	Cultural and/or linguistic diverse background	Have a disability	Have higher financial vulnerability
	Tertiary or above	Below tertiary				
Less upfront insurance cover (higher risk of paying more later)	**28**	17	30	27	17	22
More upfront insurance cover (lower risk of paying more later)	56	53	47	57	53	51

Bolded figures indicate significantly higher preference for that approach compared to other cohorts within that subgroup

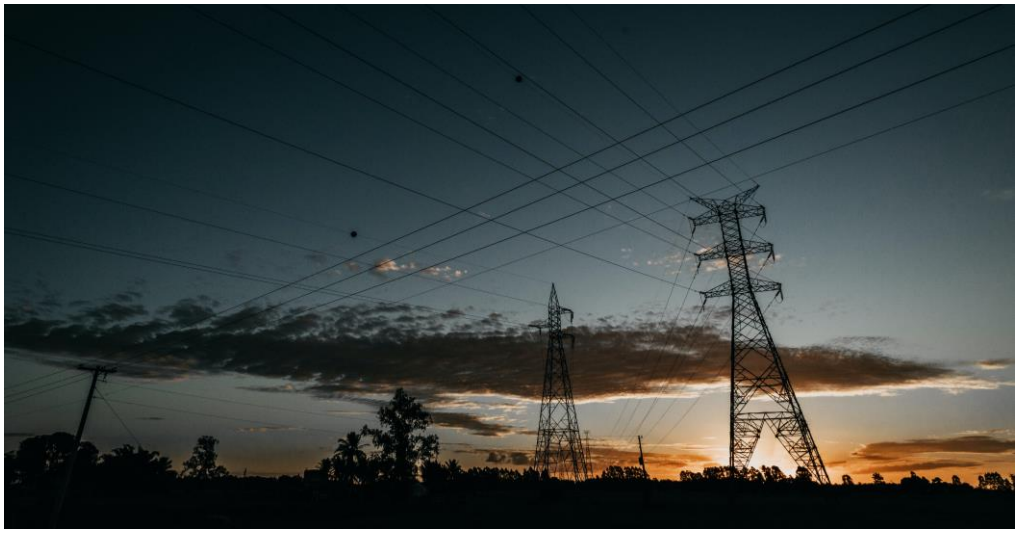
Cost sharing

Summary of cost sharing preferences

Across all engagement activities, there was general consensus that the 'Market size' approach to sharing the costs of Basslink between Victoria and Tasmania is the preferred approach.

The 'Market size' approach was notable among participants for having the smallest difference of cost impact between Victorian and Tasmanian electricity bills. For this reason, many described this approach as being the fairest and most equitable to both Victorian and Tasmanian electricity consumers. It was also seen to align well with the concept of "user pays", which was considered by some as a factor of fairness in determining how to split the cost.

Tasmanian consumers were especially in favour of the market share approach, compared to the other costing sharing approaches for Basslink.



Online focus group participants expressed a general preference for the 'Market size' approach

75%

of all workshop participants preferred the 'Market size' approach

44%

of all survey participants selected the 'Market size' approach as their most preferred

(Highest preference vote out of all cost sharing approaches)

57%

of all survey participants supported the 'Market size' approach at the principle level

Cost sharing findings from the consumer workshops

Three-quarters (75%) of all workshop participants voted for the 'Market size' approach as their preferred option for sharing the costs of Basslink.

Overall, the concepts of 'fairness' and 'equity' were the key driving factors shaping discussions around cost sharing for Basslink. Fairness and equity were broadly conceptualised as all electricity consumers across Victoria and Tasmania paying similar amounts as far as possible, and not having some consumers paying markedly more than others.

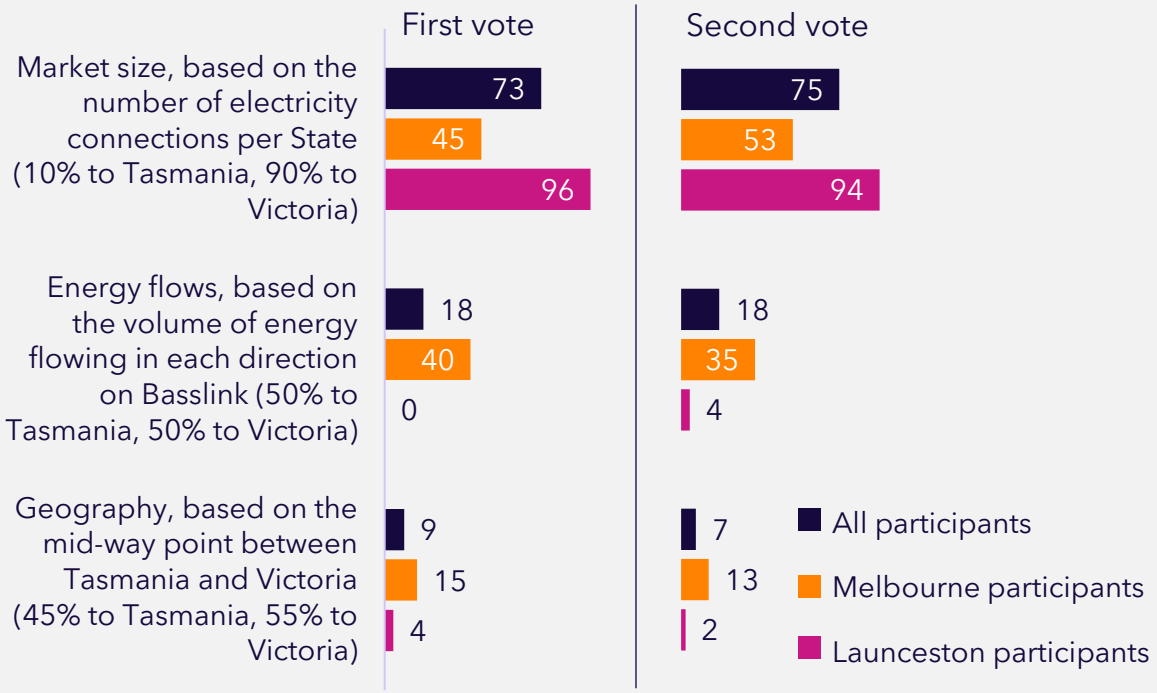
Secondary to this was the principle of 'user pays', which highlighted the expectation that consumers should pay a proportionate amount to how much energy they use. Some considered this principle to be an extension to the idea of fairness, feeling that costs should accurately reflect overall energy consumption by State.

'Market size' was also broadly considered the fairest and most equitable option as it showcased the smallest price difference between the average electricity bills of Tasmanian and Victorian consumers.

Launceston participants were especially supportive of the 'Market size' option for this reason, noting that Tasmania has a significantly smaller population, and its consumers on average are more likely to have lower incomes compared to Victorian consumers.

While Melbourne participants supported the 'Market size' option overall, there was some concern from small business owners about the cost increase for small Victorian businesses under this option. As such, Victorian small business participants were more likely to vote for the 'Energy flows' approach, which had the least bill impact for them.

Preferred option for sharing the costs of Basslink: Workshop poll results (%)



Key questions from workshop participants for APA to consider for sharing the costs of Basslink in the future:

- *Would there be a State difference in the amount of energy consumed for each option?*
- *How would each option impact the cost of electricity for households with solar panels?*
- *What other considerations would be taken into account when calculating costs, such as the wage difference between Tasmania and Victoria?*

In principle support to the cost sharing approaches

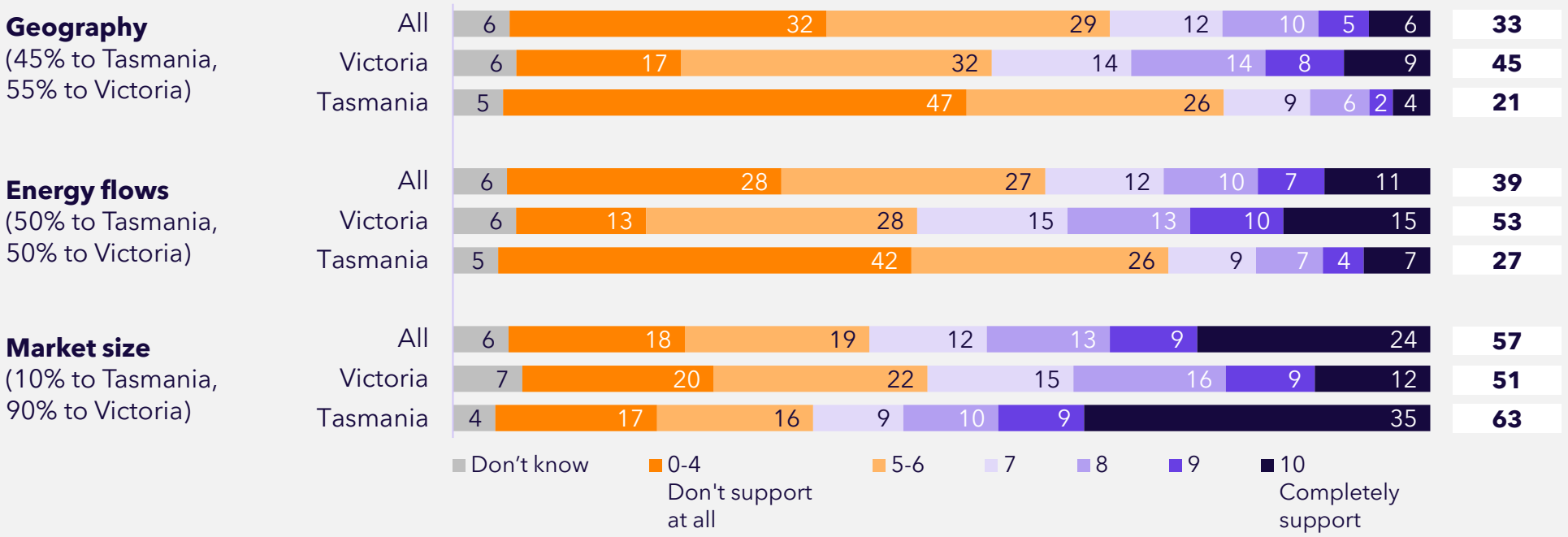
Survey participants were shown information about how the costs of Basslink would be split across Victorian and Tasmanian electricity consumers, as well as the respective estimated bill impact, under each cost sharing approach. Following this information, participants indicated their level of support for each of the three possible cost sharing approaches.

At the total level, the 'Market size' approach received the greatest level of in principle support (57%) by Victorian and Tasmanian consumers.

Tasmanian consumers expressed strong support for the 'Market size' approach (63% support overall), with around a third (35%) of these completely supporting the approach. By contrast, they had lower levels of support for the other two cost sharing approaches.

Victorian consumers indicated more mixed views in their support, appearing almost evenly split in supporting both the 'Energy flows' (53'%) and 'Market size' (51%) approaches. They were also more open to the 'Geography' approach compared to their Tasmanian counterparts.

In principle support for each of the capital expenditure approaches by State (%)



Q17. Thinking about the information you have just read, how much do you support each of the approaches for sharing the costs of Basslink between Tasmanian and Victorian electricity consumers, in principle?// Base: All survey participants (n=1,240); Victorian participants (n=642); Tasmanian participants (n=598)

Final survey cost sharing preference

The 'Market size' approach received the highest proportion of final preference selection among survey participants (44%), well above the preference support for 'Energy flows' (30%) and Geography (13%).

As identified in the workshop discussions, the concept of fairness and equity appeared to strongly influence final preference for the cost sharing approach for Basslink.

This focus and reasoning was especially predominant amongst those who preferred the 'Market size' approach, with over half (55%) choosing this approach as the fairest or most equitable option. Following closely was the idea that 'Market size' best fits the idea of 'user pays'—which is considered a factor of fairness, as noted by workshop participants.

Of note, Tasmanian consumers were significantly more likely to prefer the 'Market size' approach for its alignment to the concept of 'user pays', as well as for having the better outcome for their State.

Overall preferred approach (if had to pick one) (%)

Don't know / Not sure

A different approach

Geography (45% to Tasmania, 55% to Victoria)

Energy flows (50% to Tasmania, 50% to Victoria)

Market size (10% to Tasmania, 90% to Victoria)

Suggested approaches (from 30 participants):

- All consumers from Tasmania and Victoria pay the same amount
- Split costs 80% to Victoria and 20% to Tasmania
- Costs to be shared between Victorian and Tasmanian State Governments

Reason for preferring cost sharing option (%)	Geography	Energy flows	Market size
Number of participants who preferred approach:	*170*	*381*	*516*
Fairest / most equal option	39	45	55
Option that best fits the idea of 'user pays'	25	22	48
Most equitable option	33	27	37
Has the better outcome for my State	24	21	35
Simplest / easier / most efficient option for calculating cost splits	30	29	22
Best aligns with the benefits each State receives from Basslink	23	20	26
Most stable option	23	25	15
Best suits my household or business	16	12	17

Q18. And if you had to pick one approach, which one do you support most in principle? // Q19. And why do you prefer the cost sharing option, <INSERT RESPONSE FROM Q18>? // Base: All survey participants (n=1,240)

Final cost sharing preferences at a glance: By demographics

Final preferences for approaches to sharing the costs of Basslink between Victoria and Tasmania were mixed across demographic subgroups within the survey results. Of note, Victorian consumers displayed higher preference for the 'Energy flows' and 'Geography' approaches compared to their Tasmanian counterparts for those same options, with Victorians slightly preferring the former approach overall. Meanwhile, Tasmanians clearly prefer the 'Market size' approach.

	State		Area		Gender		Age group			Energy user type	
	VIC	TAS	Greater City	Rest of State	Male	Female	18-34 yrs	35-59 yrs	60+ yrs	Uses energy technology	Uses other heat sources
Geography (45% TAS, 55% VIC)	**18**	9	14	12	14	12	15	15	9	14	14
Energy flows (50% TAS, 50% VIC)	**36**	23	30	28	28	31	**37**	26	29	32	33
Market size (10% TAS, 90% VIC)	31	**56**	42	46	46	42	37	45	47	**45**	41

	Employment status		SME business		Home ownership		Household type	
	Employed	Un-employed	Business	Non-business	Homeowner	Non-homeowner	Household without children	Household with children
Geography (45% TAS, 55% VIC)	**15**	10	**25**	12	13	13	12	15
Energy flows (50% TAS, 50% VIC)	30	29	36	33	27	34	30	30
Market size (10% TAS, 90% VIC)	45	40	36	45	**47**	38	44	42

	Education level		Identify as Aboriginal or Torres Strait Islander	Cultural and/or linguistic diverse background	Have a disability	Have higher financial vulnerability
	Tertiary or above	Below tertiary				
Geography (45% TAS, 55% VIC)	14	11	7	17	12	12
Energy flows (50% TAS, 50% VIC)	30	29	**45**	**37**	35	31
Market size (10% TAS, 90% VIC)	**46**	39	31	31	32	42

Consumers' final reflections and evaluation

Final advice from consumers on Basslink

Around half (48%) of survey participants provided final advice or comments for APA to consider in developing its regulatory proposal for Basslink.

Of those who did, final advice and comments related to APA's intentions for Basslink, the three focus areas, and the survey itself.

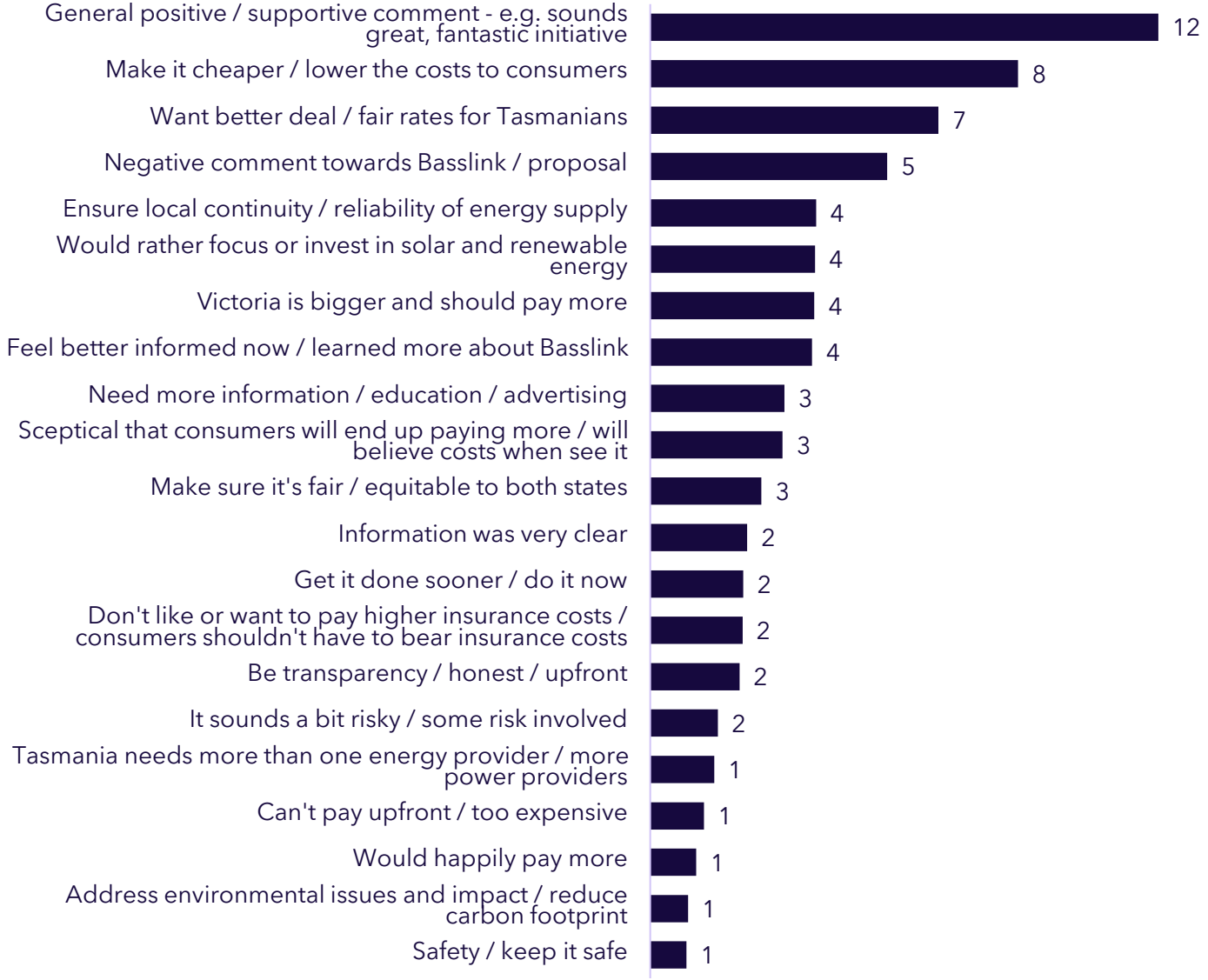
Greatest proportion of comments expressed were about general positivity and support for Basslink (12%). A minor proportion also noted feeling more informed about Basslink after taking the survey (4%).

Core advice to APA focused largely on issues of cost, including keeping prices down for consumers (8%), ensuring fairness of pricing for Tasmanians (7%), and suggestions that Victoria should take on a greater share of costs due to its larger size (4%).

Other advice for APA's consideration include ensuring energy reliability (4%) and keeping renewable energy in mind (4%).

A small minority also expressed some negativity towards Basslink and the proposal to turn it into a regulated asset (5%), feeling that Basslink offers no clear benefits to consumers, they coincidently also had low levels of awareness or knowledge Basslink.

Final advice and comments from the survey – Coded, 1%+ responses only



Q21. Do you have any final comments or words of advice to APA to consider in developing their proposal for Basslink? // Base: All survey participants (n=1,240)

Post-information sentiment towards Basslink

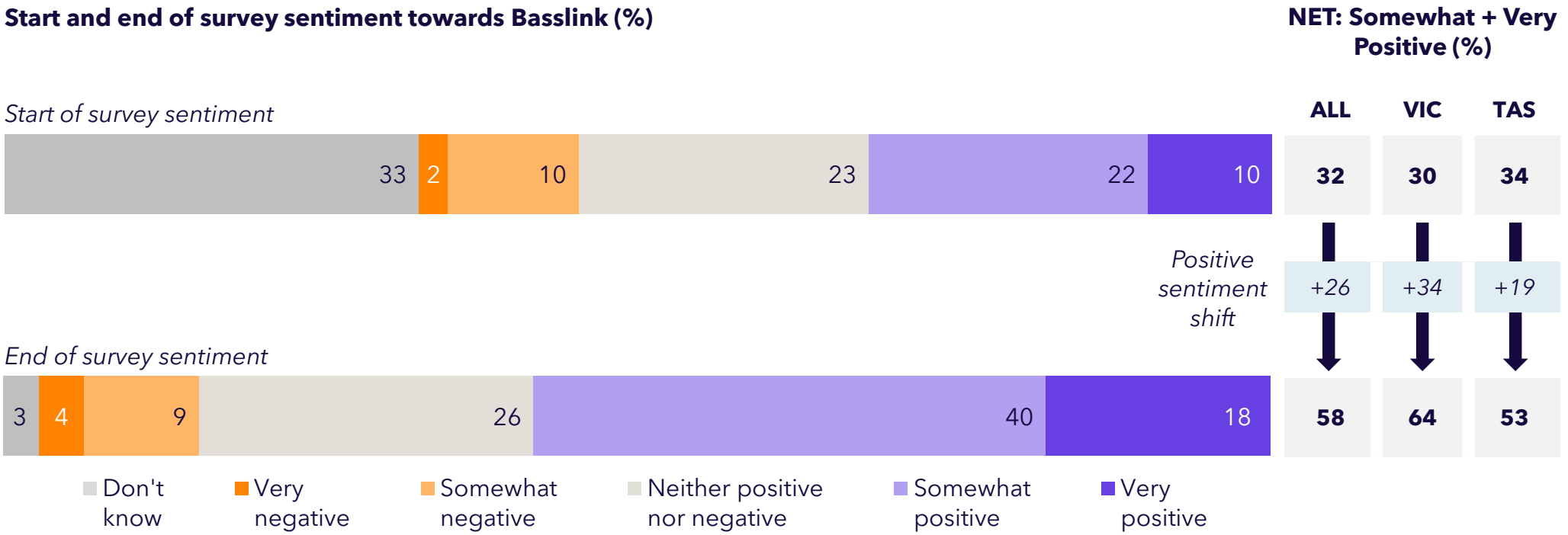
At the end of the survey, consumer sentiment towards Basslink was recaptured to explore informed perceptions about it. Positivity towards Basslink increased substantially, with the proportion feeling somewhat or very positive almost doubling between the start and the end of the survey from 32% to 58%.

Victorian electricity consumers expressed the greatest positive sentiment shift, moving +34 points in being somewhat or very positive towards Basslink. Subsequently, they were significantly more likely compared to Tasmanian electricity consumers to feel overall positive about Basslink. Positive sentiment towards Basslink from Tasmanian electricity consumers also increased by the end of the survey, moving up +19 points.

Those who expressed initial positivity towards Basslink remained significantly positive by the end of the survey; namely:

- Those located in a Greater City area
- Men
- Small to medium businesses
- Those highly educated at tertiary level or above
- Those with cultural and/or linguistic diverse backgrounds
- Those less financially vulnerable

Start and end of survey sentiment towards Basslink (%)



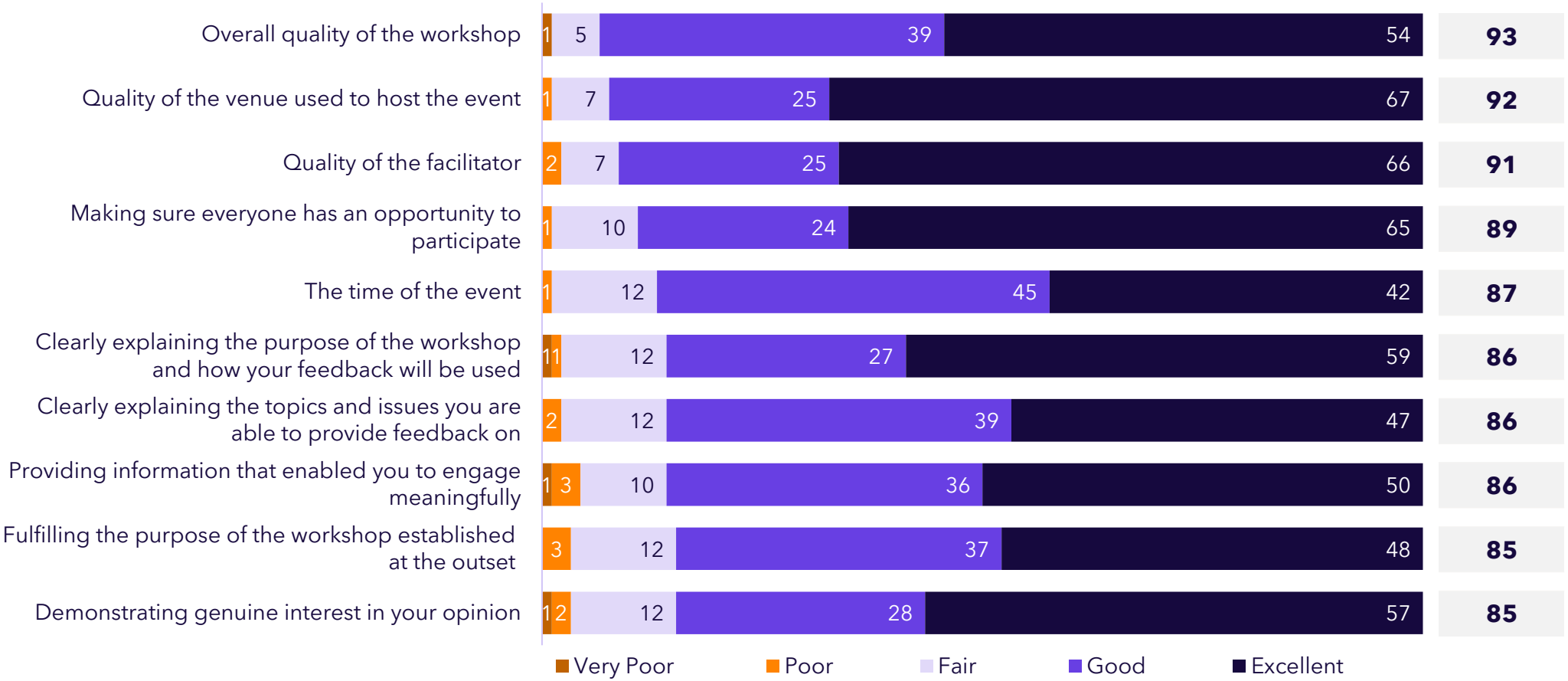
Q20. We know that sometimes after people read or hear more information about something, their views on that thing can change. Thinking about everything you have read in this survey, how would you say you feel now about Basslink? // Base: All survey participants (n=1,240)

Consumer post-workshop evaluation

Following each consumer workshop, an evaluation survey was sent to each participant for feedback on their workshop experience. Evaluation outcomes were very strong across all metrics, with the large majority (85%+) scoring all aspects of the workshops positively. Participants especially enjoyed the quality of the workshop, the venue, and the workshop facilitator.

Results from Launceston participants were more positive than Melbourne participants, likely reflecting the many improvements made to the content used for the Launceston workshop following the lessons learned from running the Melbourne workshop first and subsequent RRG advice. For a full breakdown of workshop evaluation results by location, please see the Appendices.

Ratings of all workshop participants on aspects of the workshop (%)



Consumer post-workshop evaluation: Positives

Reflecting the strong post-workshop evaluation outcomes, open feedback from workshop participants was largely positive.

Aspects of the consumer workshops that participants said they enjoyed were:

- Good presentation of the topics and information; many found the workshop content professional, easy to understand, and interesting
- Having APA representatives and experts in the room to respond to questions, both during the open floor Q&As and on the table discussions
- The opportunity to hear and share thoughts with other consumers, and engage in friendly and well-facilitated debates on each table
- Well planned and organised, with the flow of the workshop allowing enough time for discussion and questions
- Ensuring participant focus and energy is appropriately maintained with good food, refreshments, and well-timed breaks

"An enjoyable, informative evening spent with genuine, concerned, local people who put forth many thoughtful, interesting comments and questions for consideration."
– Launceston workshop participant

"The SEC Newgate and APA representatives we had on our table where very informative and I felt gave each of us a rather fair chance to converse the topics."
– Launceston workshop participant

"Good quality presentation with a lot of effort put in."
– Launceston workshop participant

"Great to have APA people and a moderator on each table, and that the CEO made the effort to speak."
– Melbourne workshop participant

"The session was professional and well run. It was good having APA people in the room."
– Melbourne workshop participant

"The topic and discussion was worthwhile. Very well facilitated."
– Melbourne workshop participant

"This was informative as well as enabling. I learnt a lot. The group session was friendly, and participants shared their thoughts and knowledge with confidence. The participation in the whole workshop was handled equitably."
– Launceston workshop participant

"I really liked how the session was planned so thoroughly, I could see that a lot of work had gone into thinking about making it run as smoothly as possible with so many people."
– Melbourne workshop participant

Consumer post-workshop evaluation: Areas for improvement

Several participants offered the following suggestions for improving future consumer engagement:

- Allow more time for Q&A and ensure there is additional data on hand to answer questions
- Provide more foundational information upfront to give participants more time to consider the full context of the topic before the workshop discussions
- Reinforce the purpose of the workshop and what APA is seeking to understand from participants
- Consider bringing additional third-party experts to offer independent opinions and perspectives to the topic debates
- Consider how to provide and present all information neutrally and avoid possible 'trigger' words such as "high risk"

Suggestions from the first workshop were used to inform refinements to improve delivery of the second workshop.

"There was a lot of information to take in, and when people were talking it was hard to capture all that was being presented."
– Melbourne workshop participant

"Maybe send all presentation slides through prior to the workshop to allow time to digest and consider all the information, especially when English is a second language."
– Launceston workshop participant

"I guess it became apparent that maybe some things could have been explained in a bit more detail."
– Melbourne workshop participant

"I would have liked a bit more foundational information of the subject prior to voting."
– Launceston workshop participant

"I thought it was done well but some people were stuck on the topic of consumer costs, so maybe some of this could be explained more clearly at the beginning of the session."
– Melbourne workshop participant

"Allow for more question time and less housekeeping and introductions."
– Launceston workshop participant

"Greater explanation of the energy regulator's role and how that leads to greater transparency in pricing."
– Melbourne workshop participant

"Really dumb down and simplify some things even further so more people understand."
– Launceston workshop participant

Appendices

Sample breakdowns

Focus groups sample

STATE	n
Victoria	7
Tasmania	8
CUSTOMER TYPE	**n**
Residential	11
Small to medium business enterprise	4
GENDER	**n**
Male	7
Female	8
AGE	**n**
18 – 34 years	6
35 – 59 years	6
60+ years	3
EMPLOYMENT	**n**
Full time	10
Part time / Casual	3
Retired	1
Unemployed / Student	1
HOME OWNERSHIP	**n**
Homeowner	10
Renter	5

HOUSEHOLD STRUCTURE	n
Living on own	3
Couple with no kids at home	4
Single / couple with kids at home	5
Other	3
OTHER CHARACTERISTICS	**n**
Cultural and/or linguistic diversity	5
Identifies as Aboriginal and/or Torres Strait Islander	1
Living with a disability	4
INDICATIVE HOUSEHOLD INCOME LEVELS	**n**
Low income (under $100,000 per annum)	6
High income (over $100,000 per annum)	9

Workshops sample

STATE	VICTORIA (n=)	TASMANIA (n=)	TOTAL (n=)
Victoria	45	-	45
Tasmania	-	48	48
CUSTOMER TYPE	**VICTORIA (n=)**	**TASMANIA (n=)**	**TOTAL (n=)**
Residential	33	38	71
Small to medium business enterprise	12	10	22
GENDER	**VICTORIA (n=)**	**TASMANIA (n=)**	**TOTAL (n=)**
Male	22	21	43
Female	23	27	50
AGE	**VICTORIA (n=)**	**TASMANIA (n=)**	**TOTAL (n=)**
18 – 34 years	10	14	24
35 – 59 years	18	25	43
60+ years	17	9	26
EMPLOYMENT	**VICTORIA (n=)**	**TASMANIA (n=)**	**TOTAL (n=)**
Full time	31	21	52
Part time / Casual	6	16	22
Retired	5	5	10
Unemployed / Student	3	6	9
HOME OWNERSHIP	**VICTORIA (n=)**	**TASMANIA (n=)**	**TOTAL (n=)**
Homeowner	29	35	64
Renter	16	13	29

HOUSEHOLD STRUCTURE	VICTORIA (n=)	TASMANIA (n=)	TOTAL (n=)
Living on own	8	8	16
Couple with no kids at home	21	12	33
Single / couple with kids at home	16	23	39
Other	0	5	5
HOME TYPE	**VICTORIA (n=)**	**TASMANIA (n=)**	**TOTAL (n=)**
Free-standing house	22	37	59
Semi-detached house	0	2	2
Townhouse	8	2	10
Apartment / Unit	15	7	22
OTHER CHARACTERISTICS	**VICTORIA (n=)**	**TASMANIA (n=)**	**TOTAL (n=)**
Cultural and/or linguistic diversity	10	7	17
Identifies as Aboriginal and/or Torres Strait Islander	2	3	5
Living with a disability	2	6	8
INDICATIVE HOUSEHOLD INCOME LEVELS	**VICTORIA (n=)**	**TASMANIA (n=)**	**TOTAL (n=)**
Less than $50,000	3	11	14
$50,000 - $100,000	22	16	38
$100,000 - $200,000	13	18	31
$200,000+	7	3	10

Quantitative survey sample

STATE	%	n
Victoria	49	642
Tasmania	51	598
LOCATION – GREATER CITY VS REST OF STATE	**%**	**n**
Greater City	60	647
Rest of State	40	593
AGE	**%**	**n**
18-34	27	396
35-59	41	538
60+	32	306
GENDER	**%**	**n**
Male	49	505
Female	51	735
ENERGY TYPE / TECHNOLOGY USAGE	**%**	**n**
Natural gas (i.e., mains connected gas or bottled gas)	47	584
A source of heating that is not electricity or gas (e.g. wood)	28	356
Rooftop solar panels	30	364
Solar hot water system	17	224
A battery system for storing electricity	8	109
HOME TYPE	**%**	**n**
A larger house (e.g. with a garden and/or swimming pool)	58	733
A smaller house (e.g. terraces, townhouses, semi-detached)	25	314
An apartment or unit	15	175
Other	2	18

HOME OWNERSHIP	%	n
Owning it outright	31	328
Paying off a mortgage	34	451
Renting	32	409
Living rent-free (e.g. with parents)	3	38
Other	1	14
EDUCATION ATTAINMENT	**%**	**n**
Postgraduate degree	12	145
Graduate diploma / certificate	8	102
Bachelor degree	25	294
Advanced diploma / diploma	13	148
Technical certificate	14	191
High school	27	348
Primary school	1	7
Other	0	5
HOUSEHOLD STRUCTURE	**%**	**n**
I live alone	19	219
I live with my partner only	30	343
I live with my partner and children / other family members in the household	34	458
I am single with children / other family members in the household	9	124
I live in a share house (i.e. with friends / housemates)	6	79
Other	2	17

Quantitative survey sample *(cont'd)*

EMPLOYMENT STATUS	%	n
Working full–time	39	493
Working part-time	16	214
Working casually	5	62
Retired	22	217
Self-employed	4	56
Unemployed	5	71
Full-time student	3	39
Full-time home / parent duties	5	85
Other	2	25
BUSINESS OWNERSHIP	%	n
Own or manage the accounts/bills for a business that has a separate electricity account	8	98
BUSINESS SIZE	%	n
Small business (1-19 employees)	40	42
Medium business (20-199 employees)	33	30
Large business (200+ employees)	26	26
FINANCIAL CIRCUMSTANCES	%	n
Having a lot of difficulty making ends meet	11	136
Having some difficulty but just making ends meet	27	347
Doing okay and making ends meet	46	570
Doing well and feeling comfortable	16	187

ANNUAL HOUSEHOLD INCOME (BEFORE TAX)	%	n
No income	1	13
Under $20,000	5	62
$20,000 - $39,999	14	169
$40,000 - $59,999	15	181
$60,000 - $79,999	14	169
$80,000 - $99,999	12	147
$100,000 - $124,999	12	158
$125,000 - $149,999	8	114
$150,000 - $199,999	9	110
$200,000 or more	4	52
Prefer not to say	4	46
Not sure	1	19
OTHER CHARACTERISTICS	%	n
Identifies as Aboriginal or Torres Strait Islander	4	60
Prefers to speak a language other than English at home or with close family members	12	144
Has a Centrelink Healthcare card	31	369
Has a Pensioner Concession card	29	334
Receives personal government allowance of benefits (e.g. JobSeeker, Newstart, Youth allowance, Carer payments, Widow allowance)	20	258
Has a disability	14	162
Is an unpaid carer	9	105

Online survey questionnaire

Questionnaire.

SECNewgate Research

Basslink Consumer Survey

SNR 2302001

Final - 08 May 2023

Contents

Questionnaire.

SECNewgate Research

Quotas

Jurisdictions (Greater city vs Rest of State)
(Location as per ABS definitions of Greater Melbourne / Rest of Victoria and Greater Hobart / Rest of Tasmania)

n=	Victoria	Tasmania	Total
Greater City	454	266	720
Rest of State	146	334	480
Total	600	600	1,200

Age by gender
(Best efforts for Tasmania, noting gender skew to females – to be reweighted to representative proportions post-data collection)

Victoria (n=600)

n=	Male	Female	Total
18-34	90	89	179
35-59	122	128	250
60+	80	91	171
Total	292	308	600

Tasmania (n=600)

n=	Male	Female	Total
18-34	81	79	160
35-49	111	120	231
60+	99	110	209
Total	291	309	600

Programming notes

- Throughout the survey, all questions to be 'ask all' and single response unless otherwise specified.
- All questions to be mandatory response unless otherwise specified.
- Programming instructions in bold caps.
- One question per screen unless otherwise specified.
- Do not allow back button throughout.
- Section topics in pink not to be shown to respondents.

Survey Introduction Page

SHOW TO ALL PARTICIPANTS:

Thank you for your interest in the survey, which is seeking to understand the views of electricity consumers. It should take around 15 minutes to complete.

Use your mouse to 'click' the relevant circles or boxes and mark your selections. Some questions require you to type your answers in the space provided.

Some of the information presented in this survey will be more difficult to view on a small screen such as a mobile phone. **Please switch to a large screen, such as on a computer or a tablet, if you are able to in order to complete this survey.**

Please remember:

- **None of the responses you give will be directly linked to you as an individual. They are used for statistical purposes only.**
- To see the privacy statement, click here [INSERT LINK: http://secnewgate.com.au/privacy-policy/].
- To begin the survey, click on the '>>' button below.
- When you have completed all questions on the screen, click the '>>' button to proceed to the next page.
- If you need to return to the survey later, close the webpage. The next time you click on the invite link, it will automatically take you back to the question you were up to.

Questionnaire.

SECNewgate Research

Screening and quotas questions (0.5 min)

Firstly, just a few questions to make sure we have a good mix of people in our survey.

S1. Do you or does anyone in your immediate family work in any of the following?
MULTIPLE RESPONSE

1. Market or social research **<CLOSE>**
2. Advertising, journalism or the media **<CLOSE>**
3. Electricity supply or retail **<CLOSE>**
4. Politics (federal, state, local) **<CLOSE>**
5. Energy policy **<CLOSE>**
6. None of these

S2. What is your postcode at home?
CHECK QUOTAS
AUTOCODE LOCATION - CLOSE IF NOT TASMANIAN OR VICTORIAN POSTCODE

____ ENTER POSTCODE

S3. Which of the following best describes your gender?
CHECK QUOTAS, IF CODE 3 SELECTED THEN RANDOMLY ASSIGN TO CODE 1 OR 2 FOR WEIGHTING PURPOSES ONLY

1. Male
2. Female
3. A gender not listed here
4. Prefer not to say **<CLOSE>**

S4. Please indicate your age:
CHECK QUOTAS

1. Under 18 <**CLOSE>**
2. 18 to 24
3. 25 to 29
4. 30 to 34
5. 35 to 39
6. 40 to 44
7. 45 to 49
8. 50 to 54
9. 55 to 59
10. 60 to 64
11. 65 to 69
12. 70 to 74
13. 75 or over
14. I'd prefer not to say **<CLOSE>**

S5. Who in your household is mainly responsible for paying the electricity bill?
1. Me, I am the main electricity bill payer 2. Me, but I share the responsibility with someone else 3. Someone else **<CLOSE>** 4. Don't know <**CLOSE>**

Section 1: The energy context (1.5 mins)

Q1. Overall, how much would you say you know about the energy supply - that is, how energy is generated and makes its way to your household or business? **REVERSE SCALE**
1. I know a great deal about it 2. I know a fair bit about it 3. I know a little bit about it 4. I don't know anything about it

Q2. How concerned are you about the following energy-related issues as an energy consumer?

RANDOMISE STATEMENTS, SINGLE RESPONSE FOR EACH STATEMENT	**Not at all concerned**	**A little concerned**	**Somewhat concerned**	**Very concerned**	**Extremely concerned**	**Don't know**
	1	2	3	4	5	99
A. The reliability of your electricity supply						
B. The affordability of energy costs						
C. Having transparency about what makes up your energy bills						
D. Not having the right infrastructure to support future consumer energy needs						
E. Transitioning to a sustainable energy future						

Q3. As an energy consumer, how much do you support the following things in principle?

RANDOMISE STATEMENTS, SINGLE RESPONSE FOR EACH STATEMENT	**Don't support at all**									**Completely support**	**Don't know**
	0	1	2	3	4	5	6	7	8	9	10	99
A. Having greater transparency in what makes up your energy bills												
B. Having greater energy reliability for the future												
C. Having future energy planning for your State												
D. Having diverse sources of energy												
E. Having opportunities to provide input on what future energy costs may be passed onto consumers												

Section 2: Introduction to Basslink and regulatory proposal (2 mins)

The next part of this survey is about Basslink, the electricity infrastructure that links the electricity grids between Tasmania and Victoria.

Questionnaire.

Q4. Which of the following best describes your current knowledge of Basslink? **REVERSE SCALE**
1. I know a great deal about it 2. I know a fair bit about it 3. I know a little bit about it 4. I've heard of it but don't know anything about it 5. I had never heard of it before this survey

ASK IF Q4=1-4

Q5. Regardless of how much you know about Basslink, how would you say you *feel* about it? **REVERSE SCALE 1-5**
1. Very positive 2. Somewhat positive 3. Neither positive nor negative 4. Somewhat negative 5. Very negative 99. Don't know **[AUTOCODE IF Q4=5]**

The findings from this survey will contribute to decisions being made about Basslink's future, which will have effects on electricity supply and bills for consumers such as you. Please take a couple of minutes to carefully read and digest the information, as you will need to keep this in mind for the rest of the survey.

NEW SCREEN

About Basslink and the energy supply chain

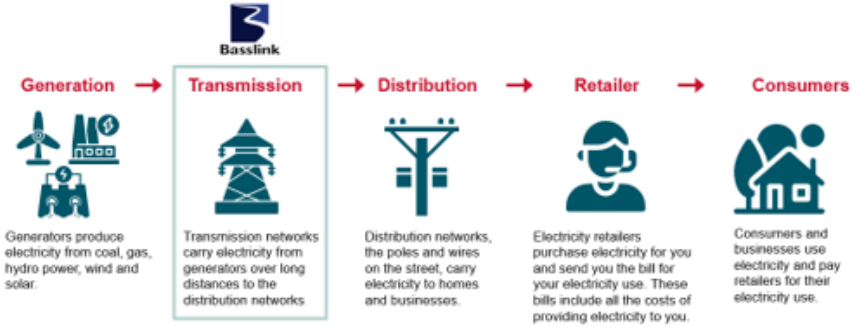
Basslink is a 370km cable which is mainly undersea and is currently the only electricity transmission link between Tasmania and the rest of Australia. **In essence, Basslink acts like a two-way highway for electricity to be sent back and forth between Tasmania and Victoria.**

Energy flows on Basslink vary throughout the year, but on average, the flow is 50/50 back and forth between Victoria and Tasmania

The Basslink undersea cable

Basslink's electric power infrastructure

You may be aware of this already, but all electricity is provided to consumers through an energy supply chain. **The below diagram shows where Basslink sits within this energy supply chain.**



Basslink has been operating since 2006 and was recently purchased in October 2022 by APA, a large Australian energy infrastructure business that owns and operates a range of energy assets like gas pipelines, electricity links, and renewable facilities such as wind and solar farms. APA intends to use Basslink to support the energy industry move towards more renewable energy and aims to ensure it continues to reliably deliver electricity back and forth between Victoria and Tasmania into the future.

About energy regulation and APA's future plans for Basslink

As part of the energy market, energy networks operate under regulation, which are made up of a national set of energy laws, rules and legislation. Regulation of energy networks in Tasmania and Victoria is covered by the Australian Energy Regulator (AER), who are the independent regulatory body responsible for overseeing the regulation of energy in those States.

This regulation includes setting the maximum transmission and distribution costs that can be passed on to consumers in their electricity retail bill.

Questionnaire.

SECNewgate Research

APA is seeking approval from the AER for Basslink to become a 'regulated asset' as a way to support Basslink's continued operation.

Converting Basslink to a 'regulated asset' means the maximum prices APA can charge consumers as part of their retail bills for Basslink would be set by the AER through a public consultation process.

For consumers, this means a more transparent and independent approach to setting prices for Basslink, and a range of opportunities for public consultation on what prices consumers should pay.

Section 3: Topic areas (9 mins)

This survey forms part of a broader consultation process APA is undertaking to understand consumer views on Basslink, as part of its proposal for the Australian Energy Regulator (AER) to regulate Basslink and set its prices.

Your survey responses will help inform APA's plans and proposal for the next energy regulatory period, which will cover the five financial years from 1 July 2025 to 30 June 2030. It will be submitted to the AER in July 2023.

This survey covers **three key topics** which will form a part of APA's proposal to regulate Basslink:

Don't worry - we'll provide you enough information to help you understand each topic and respond to the questions.

Please do take your time to carefully read through all of the information, as it is very important for APA to genuinely understand the views, needs and expectations of electricity customers like yourself.

Remember that your responses to this survey can have a real impact on the future electricity services and the prices you'll see on your bills.

ROTATE THROUGH EACH TOPIC SET - ORDER OF ROTATION TO BE RANDOMISED

Topic set 1: Capital expenditure

This topic is about investing money (capital expenditure) into Basslink.

Money invested into infrastructure and systems to maintain the safety, security and reliability of energy supply for consumers is called capital expenditure. Capital expenditure enables energy network businesses, like APA, to ensure the ongoing maintenance and upgrade of its essential infrastructure, including technology and other operational equipment.

APA, like other network organisations, must make decisions on when they invest capital expenditure into Basslink. In general, APA can look to:

INVEST SOONER
meaning that...
- Consumers will need to pay sooner

BUT

- Infrastructure is upgraded and maintained earlier, resulting in less risk to future reliability

OR

INVEST LATER
meaning that...
- Consumers will not need to pay until later

BUT

- Infrastructure upgrades and maintenance is delayed, resulting in more risk to future reliability

It is also expected that investing later will raise the risk of it costing more to maintain reliability compared to investing sooner. This is because infrastructure prices may increase in the future.

As you may recall from earlier, we mentioned earlier APA would like Basslink to become a regulated asset. As part of their proposal, APA must provide its reasons to the Australian Energy Regulator for any future capital expenditure planned for Basslink. We'd now like your feedback on this.

DISPLAY ON SAME SCREEN AS PREVIOUS

Q6. Thinking about the information you have just read, which of the two approaches to investing capital expenditure into Basslink do you support more in principle to guide APA's overall future maintenance and infrastructure planning?
RANDOMISE OPTIONS 1-2

1. Investing (and paying) sooner and having less risk to the future reliability of Basslink
2. Investing (and paying) later and having more risk to the future reliability of Basslink
3. Don't know / Not sure

NEW SCREEN

One of the key capital expenditure items APA is considering is the replacement of Basslink's 'super-computer'. The 'super-computer' is a highly specialised piece of equipment allowing Basslink to deliver electricity to Tasmania and Victoria.

Basslink's 'super-computer'

If this 'super-computer' fails, electricity will not be able to flow through Basslink, which will impact the electricity supply for Victorian and Tasmanian consumers and businesses. It could take up to 2 years to get Basslink back online if the 'super-computer' fails unexpectedly.

If Basslink had an outage for 1 year, for example, the additional costs for consumers could be as much as $350 per year for the average residential Victorian consumer, and $270 per year for the average residential Tasmanian consumer, because more expensive generation of electricity would need to be sourced.

DISPLAY ON SAME SCREEN AS PREVIOUS

Q7. Based on the information above, how important do you, as an electricity consumer, feel it is for APA to invest in the replacement of Basslink's 'super-computer' to maintain its ability to deliver reliable electricity?

Not at all important										Extremely important	Don't know
0	1	2	3	4	5	6	7	8	9	10	99

NEW SCREEN

The 'super-computer' will reach the end of its life by 2033 and will need replacing.

Currently, there is only one global supplier of these 'super-computers'. Demand for these computers is also expected to increase from 2030 onwards as other energy businesses seek to purchase new 'super-computers' for their own energy assets. This may result in a waiting list for any buyers after 2030, which represents a risk for APA in securing a new 'super-computer' in the future and ensuring reliable delivery of electricity.

APA estimates that this replacement 'super-computer' would cost:

- Around $57m if it is replaced between 2025/26 to 2029/30.
- Around $71m if it is replaced after 2029/30.

This means the timing of the replacement of the 'super-computer' needs to consider both reliability and cost considerations for Basslink, as outlined in the table below.

SHOW TASMANIAN PARTICIPANTS

Approaches	1. Paying sooner for the 'super-computer' (lower risk to Basslink's reliability)	2. Paying later for the 'super-computer' (higher risk to Basslink's reliability)
Annual bill impact[1, 2]	For the average Tasmanian: • Residential bill: $0.06 • Small business bill: $0.12 Per year from 2025/26	For the average Tasmanian: • Residential bill: $0.07 • Small business bill: $0.14 Per year from 2029/30
Reliability considerations	• 'Super-computer' will be replaced before the end of its life • Lower potential for an extended outage on Basslink • Lower risk to electricity reliability	• 'Super-computer' *may not* be replaced before the end of its life • Higher potential for an extended outage on Basslink • Higher risk to electricity reliability
Cost considerations	• Consumers pay for the replacement of the 'super-computer' sooner, from 2025/26.	• Consumers pay for the replacement of the 'super-computer' later, after 2029/30.

1 Bill impacts are based on a split of Basslink's costs between Tasmania and Victoria on a 10:90 basis.
2. Post 2030 bill impact adjusted for inflation, costs may also be higher due to demand for the super-computer.

SHOW VICTORIAN PARTICIPANTS

Approaches	1. Paying sooner for the 'super-computer' (lower risk to Basslink's reliability)	2. Paying later for the 'super-computer' (higher risk to Basslink's reliability)
Annual bill impact[1, 2]	For the average Victorian: • Residential bill: $0.09 • Small business bill: $0.28 Per year from 2025/26	For the average Victorian: • Residential bill: $0.10 • Small business bill: $0.31 Per year from 2029/30
Reliability considerations	• 'Super-computer' will be replaced before the end of its life • Lower potential for an extended outage on Basslink • Lower risk to electricity reliability	• 'Super-computer' *may not* be replaced before the end of its life • Higher potential for an extended outage on Basslink • Higher risk to electricity reliability
Cost considerations	• Consumers pay for the replacement of the 'super-computer' sooner, from 2025/26.	• Consumers pay for the replacement of the 'super-computer' later, after 2029/30.

1. Bill impacts are based on a split of Basslink's costs between Tasmania and Victoria on a 10:90 basis.
2. Post 2030 bill impact adjusted for inflation, costs may also be higher due to demand for the super-computer.

APA is seeking input on whether it should replace the 'super-computer' sooner, or whether it should delay investing in this replacement until later.

DISPLAY ON SAME SCREEN AS PREVIOUS

Q8. Thinking about the information you have just read, how much do you support each of the approaches to replacing the 'super-computer', in principle?

Note: It's okay if you support each approach to the same level, as we are seeking to understand how much you support each approach as a principle overall.

RANDOMISE STATEMENTS, SINGLE RESPONSE FOR EACH STATEMENT	Don't support at all										Completely support	Don't know
	0	1	2	3	4	5	6	7	8	9	10	99

A. Paying sooner for the 'super-computer' (lower risk to Basslink's reliability)												
B. Paying later for the 'super-computer' (higher risk to Basslink's reliability)												

NEW SCREEN

Q9. And if you had to pick one approach, which one do you support most in principle?
RANDOMISE OPTIONS 1-2

1. Paying sooner for the 'super-computer' (lower risk to Basslink's reliability)
2. Paying later for the 'super-computer' (higher risk to Basslink's reliability)
3. A different approach (Please specify: _____)
4. Don't know / Not sure

Q10. And why would you prefer paying sooner for the 'super-computer'?
ASK IF Q9=1
MULTIPLE RESPONSE
RANDOMISE OPTIONS 1-6

1. It has a lower risk of electricity outages
2. It is cheaper in the long run
3. It could allow Basslink to operate better / more efficiently
4. I would rather pay for it sooner / could save money by paying sooner
5. I would be worried about the current 'super-computer' failing
6. I would be worried that we won't be able to get a new 'super-computer' after 2030
98. Other (Please specify: _____)
99. Don't know

Q11. And why would you prefer paying later for the 'super-computer'?
ASK IF Q9=2
MULTIPLE RESPONSE
RANDOMISE OPTIONS 1-6

1. I don't want to pay for it too soon / before I have to
2. I am willing to take the risk of the 'super-computer' failing before 2030
3. Technology could be better in the future
4. Technology could be cheaper in the future
5. There may be more global suppliers in the future
6. We should make the most of the current 'super-computer' before the end of its life
98. Other (Please specify: _____)
99. Don't know

Topic set 2: Insurance

This topic is about future insurance cover for Basslink.

Basslink requires insurance to ensure funding is available to repair Basslink if it is damaged.

Based on industry data, the risk of any damage occurring is estimated to be around a 1 in 10 chance per year. Some of the types of events that could cause significant damage to Basslink include:

- A boat anchor dragging Basslink's undersea cable and damaging it (estimated repair cost of $77m)
- Key equipment catching fire, such as Basslink's control room (estimated repair cost of $33m)

If damage was caused to Basslink, APA would work to repair this damage as quickly as possible to minimise the impact on consumers, such as having an electricity outage. **However, insurance is needed to ensure there is funding available to cover the costs of repair - just like how you might have home or car insurance for damage.**

The Australian Energy Regulator will make the final decision on how much of the costs of insurance cover for Basslink's undersea cable, and any costs of repair if the undersea cable is damaged, can be passed on to consumer electricity bills.

DISPLAY ON SAME SCREEN AS PREVIOUS

Q12. Based on the information above, how important do you, as an electricity consumer, feel it is for APA to have an adequate level of insurance for Basslink's undersea cable to help cover the costs of repair if it is damaged?

Not at all important										Extremely important	Don't know
0	1	2	3	4	5	6	7	8	9	10	99

There are two main components to the insurance package that will affect customers:

The cost of the insurance cover – Customers would pay the annual insurance premium for Basslink in their electricity retail bill, as this would form part of the regulated prices paid for Basslink's services set by the Australian Energy Regulator.

Passing on costs of repairs not covered by the insurance cover – If Basslink is damaged and there are costs associated with this damage which are not fully covered by insurance arrangements, consumers would be required to pay these additional costs to fund Basslink's repair.

If damage is caused, the Australian Energy Regulator would assess how much consumers would be required to pay in additional costs to fund the repairs.

APA is considering how to approach these two components for its future insurance cover for Basslink, as outlined in the table below.

Questionnaire.

SECNewgate Research

SHOW TASMANIAN PARTICIPANTS

Approaches	1. Paying less upfront insurance cover (higher risk of paying more for uncovered repairs later)	2. Paying more upfront insurance cover (lower risk of paying more for uncovered repairs later)
Total annual insurance premium for Basslink undersea cable	$5 million	$8 million
Bill impact due to annual insurance premium[1]	For the average annual Tasmanian: • Residential bill: $0.65 • Small business bill: $1.26 Per year from 2025/26	For the average annual Tasmanian: • Residential bill: $0.90 • Small business bill: $1.77 Per year from 2025/26
Bill impact for repairs, if $15m of damage was caused to Basslink[1]	For the average annual Tasmanian: • Residential bill: $0.24 • Small business bill: $0.46 For the next five years – on top of the annual insurance premium	For the average annual Tasmanian: • Residential bill: $0.09 • Small business bill: $0.18 For the next five years – on top of the annual insurance premium
Upfront insurance cover considerations	• Lower annual cost for insurance cover to be paid upfront	• Higher annual cost for insurance cover to be paid upfront
Later repair cover considerations	• If damage occurs, higher risk of increased costs for any repair not covered by the insurance cover	• If damage occurs, lower risk of increased costs for any repair not covered by the insurance cover

1. Bill impacts are based on a split of Basslink's costs between Tasmania and Victoria on a 10:90 basis.

SHOW VICTORIAN PARTICIPANTS

Approaches	1. Paying less upfront insurance cover (higher risk of paying more for uncovered repairs later)	2. Paying more upfront insurance cover (lower risk of paying more for uncovered repairs later)
Total annual insurance premium for Basslink undersea cable	$5 million	$8 million
Bill impact due to annual insurance premium[1]	For the average annual Victorian: • Residential bill: $0.91 • Small business bill: $2.89 Per year from 2025/26	For the average annual Victorian: • Residential bill: $1.27 • Small business bill: $4.04 Per year from 2025/26
Bill impact for repairs, if $15m of damage was caused to Basslink[1]	For the average annual Victorian: • Residential bill: $0.33 • Small business bill: $1.06 For the next five years – on top of the annual insurance premium	For the average annual Victorian: • Residential bill: $0.13 • Small business bill: $0.41 For the next five years – on top of the annual insurance premium
Upfront insurance cover considerations	• Lower annual cost for insurance cover to be paid upfront	• Higher annual cost for insurance cover to be paid upfront
Later repair cover considerations	• If damage occurs, higher risk of increased costs for any repair not covered by the insurance cover	• If damage occurs, lower risk of increased costs for any repair not covered by the insurance cover

1. Bill impacts are based on a split of Basslink's costs between Tasmania and Victoria on a 10:90 basis.

DISPLAY ON SAME SCREEN AS PREVIOUS

Q13. Thinking about the information you have just read, how much do you support each of the approaches for future insurance cover for Basslink, in principle?

Note: It's okay if you support each approach to the same level, as we are seeking to understand how much you support each approach as a principle overall.

RANDOMISE STATEMENTS, SINGLE RESPONSE FOR EACH STATEMENT	Don't support at all										Completely support	Don't know
	0	1	2	3	4	5	6	7	8	9	10	99
A. Paying less upfront insurance cover, (higher risk of paying more for uncovered repairs later)												
B. Paying more upfront insurance cover (lower risk of paying more for uncovered repairs later)												

NEW SCREEN

Q14. And if you had to pick one approach, which one do you support most in principle?
RANDOMISE OPTIONS 1-2

1. Paying less upfront insurance cover, (higher risk of paying more for uncovered repairs later)
2. Paying more upfront insurance cover (lower risk of paying more for uncovered repairs later)
3. A different approach (Please specify: _____)
4. Don't know / Not sure

Q15. And why would you prefer to pay less upfront for insurance cover, and have higher risk of paying more for uncovered repair costs later?
ASK IF Q14=1
MULTIPLE RESPONSE
RANDOMISE OPTIONS 1-5

1. It is cheaper
2. I don't think the risk of damage would be as high as a 1 in 10 chance per year
3. I am willing to take the risk of damage
4. I don't mind paying more if damage occurs later
5. I don't like paying for insurance
98. Other (Please specify: _____)
99. Don't know

Q16. And why would you prefer to pay more upfront for insurance cover, and have lower risk of paying more for uncovered repair costs later?
ASK IF Q14=2
MULTIPLE RESPONSE
RANDOMISE OPTIONS 1-6

1. I prefer less risk / don't want to take the risk of damage to Basslink
2. For peace of mind to ensure a more reliable energy supply

Questionnaire.

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3. The cost is worth having greater insurance coverage / less risk
4. The cost is not that much higher than the low premium insurance option
5. Basslink is a critical piece of infrastructure and should be insured as much as possible
6. I'd rather know what I'm paying up front and not have any surprises later
98. Other (Please specify: _____)
99. Don't know

Topic set 3: Cost sharing

This topic is about sharing the costs of Basslink between Tasmanian and Victorian electricity consumers.

As part of regulating Basslink, the Australian Energy Regulator (AER) will make a decision on what prices can be charged to consumers so all of the costs of Basslink can be recovered.

Under the current regulatory framework, **all of the costs to run Basslink need to be recovered from Tasmanian and Victorian energy consumers.**

The AER will consider not only how Basslink is being used by consumers, but also a range of other factors, including stakeholder and consumer views, in deciding how costs to run Basslink safely and reliably should be split between Tasmanian and Victorian energy consumers.

APA will need to make a recommendation in its proposal to the AER on how it thinks the costs of Basslink should be split between Tasmanian and Victorian energy consumers.

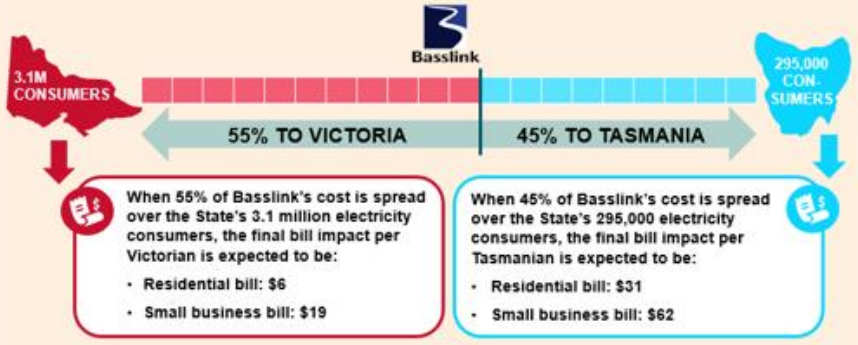
APA is considering three different approaches for splitting the costs of running Basslink, as outlined below.

SPLITTING THE COST OF BASSLINK: GEOGRAPHY APPROACH

Costs are allocated **based on the value of the Basslink equipment on either side of the mid-way point between the Victorian and Tasmanian coasts.**

Currently, the value of the Basslink equipment is slightly higher on the Victorian side than on the Tasmanian side.

This means the split of the total costs of Basslink would be 45% to Tasmania and 55% to Victoria.



Questionnaire.

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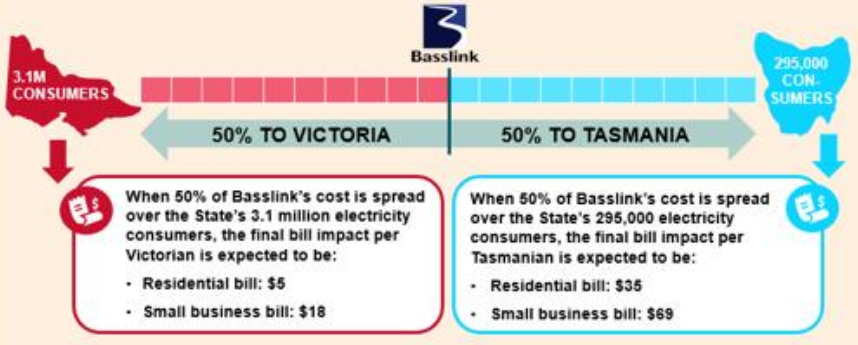
SPLITTING THE COST OF BASSLINK: ENERGY FLOWS APPROACH

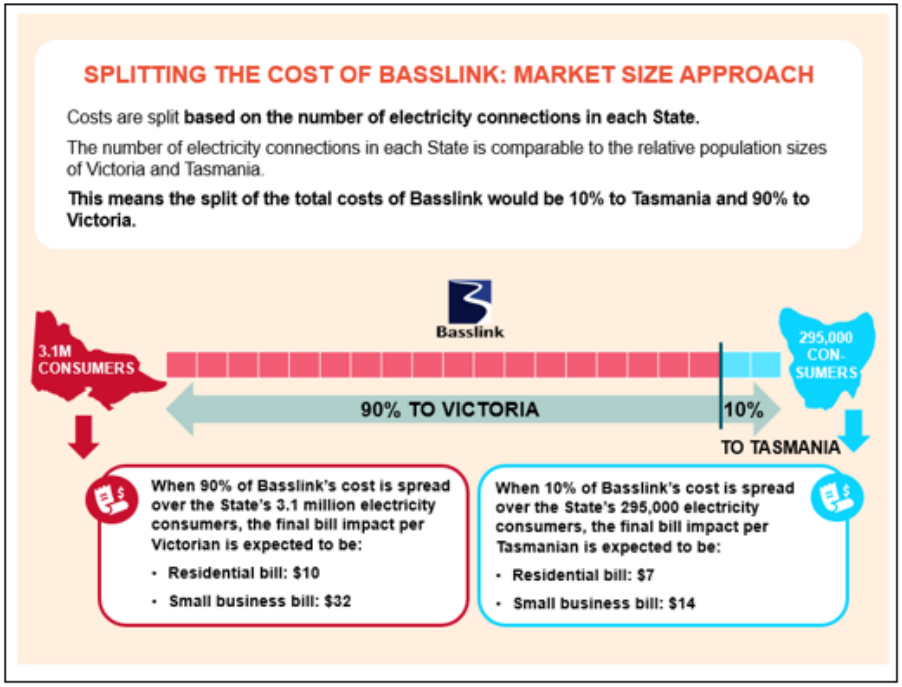
Costs are allocated **based on the volume of energy flowing in each direction on Basslink**:

- Victorian consumers cover the proportion of energy flows from Tasmania to Victoria.
- Tasmanian consumers cover the proportion of energy flows from Victoria to Tasmania.

Currently, the average volume of energy flowing between Tasmania and Victoria is 50 / 50.

This means the split of the total costs of Basslink would be 50% to Tasmania and 50% to Victoria.





DISPLAY ON SAME SCREEN AS PREVIOUS

Q17. Thinking about the information you have just read, how much do you support each of the approaches for sharing the costs of Basslink between Tasmanian and Victorian electricity consumers, in principle?

Note: It's okay if you support each approach to the same level, as we are seeking to understand how much you support each approach as a principle overall.

RANDOMISE STATEMENTS, SINGLE RESPONSE FOR EACH STATEMENT	**Don't support at all** 0	1	2	3	4	5	6	7	8	9	**Completely support** 10	**Don't know** 99
A. Geography, which is based on the mid-way point between Tasmania and Victoria (45% to Tasmania, 55% to Victoria)												
B. Energy flows, which is based on the volume of energy flowing in each direction on Basslink (50% to Tasmania, 50% to Victoria)												
C. Market size, which is based on the number of electricity connections per State (10% to Tasmania, 90% to Victoria)												

NEW SCREEN

Q18. And if you had to pick one approach, which one do you support most in principle?
RANDOMISE OPTIONS 1-3

1. Geography, which is based on the mid-way point between Tasmania and Victoria (45% to Tasmania, 55% to Victoria)
2. Energy flows, which is based on the volume of energy flowing in each direction on Basslink (50% to Tasmania, 50% to Victoria)
3. Market size, which is based on the number of electricity connections per State (10% to Tasmania, 90% to Victoria)
4. A different approach (Please specify: _____)
5. Don't know / Not sure

Q19. And why do you prefer the cost sharing option, **<INSERT RESPONSE FROM Q18>**?
ASK IF Q18=1-3
MULTIPLE RESPONSE
RANDOMISE OPTIONS 1-6

1. It is the fairest / most equal option
2. It is the most equitable option
3. It is the option that best fits the idea of 'user pays'
4. It is the most stable option
5. It is the simplest / easiest / most efficient option for calculating the split of costs
6. It is the option that best suits my household or business
7. This option has the better outcome for my State
8. This option best aligns with the benefits each State receives from Basslink

98. Other (Please specify: _____)
99. Don't know

Section 4: Final reflections (1 min)

Q20. We know that sometimes after people read or hear more information about something, their views on that thing can change.

Thinking about everything you have read in this survey, how would you say you feel now about Basslink?
MAINTAIN SAME SCALE AS AT Q5

1. Very positive
2. Somewhat positive
3. Neither positive nor negative
4. Somewhat negative
5. Very negative

99. Don't know

Q21. Do you have any final comments or words of advice to APA to consider in developing their proposal for Basslink? *Please be as specific as possible so we can fully understand your comments.*
OPEN-ENDED RESPONSE - CODED

Demographics (1 min)

Just some final questions now about you and your household, which are for analysis purposes only. Please be assured that your responses will be treated in complete confidence. This is a confidential survey and none of your responses will be linked to you in any way.

D1. Does your home have any of the following?

SINGLE RESPONSE FOR EACH OPTION. RANDOMISE.	**Yes**	**No**	**Prefer not to say**	**Don't know**
A. Natural gas, i.e. mains connected gas or bottled gas	1	2	3	99
B. A source of heating that is not electricity or gas - e.g. wood	1	2	3	99
C. Rooftop solar panels	1	2	3	99
D. Solar hot water system	1	2	3	99
E. A battery system for storing electricity	1	2	3	99

D2. Are you currently…?
ALLOW MULTIPLE RESPONSE EXCEPT 4, 6 AND 8

1. Working full time
2. Working part time
3. Working casually
4. Retired
5. Self-employed
6. Unemployed
7. Full time student
8. Full time home / parent duties
96. Other (please specify)_____

SME PROFILING QUESTIONS

D3. Do you own a business or manage the accounts and/or for a business?

1. Yes, I own a business
2. Yes, I manage the accounts and/or bills for a business
3. No <**SKIP TO D8>**

D4. Does your business have a separate electricity account?

1. Yes **<TAG AS SME>**
2. No **<SKIP TO D8>**
3. Don't know < **SKIP TO D8>**

D5. What is the postcode of your main business premises? If you have more than one business location, please think about the main location where most of your employees are based.
AUTOCODE LOCATION

____ ENTER POSTCODE

D6. Which of the following industries would you say is your primary area of business?

1. Agriculture, Forestry & Fishing
2. Mining
3. Manufacturing
4. Electricity, Gas, Water and Waste Services
5. Construction
6. Wholesale Trade
7. Retail Trade
8. Accommodation and Food Services
9. Transport, Postal and Warehousing
10. Information Media and Telecommunications
11. Financial and Insurance Services
12. Rental, Hiring and Real Estate Services
13. Professional, Scientific and Technical Services
14. Administrative and Support Services
15. Public Administration and Safety
16. Education and Training
17. Health Care and Social Assistance
18. Arts and Recreation Services
19. Other Services

D7. Including yourself, how many people are employed overall at your business?
ALLOW FIVE DIGIT RESPONSE. DO NOT ALLOW 0 FOR EMPLOYED OVERALL.

__ employed overall

ASK ALL

D8. What sort of home do you currently live in?

1. A large house (e.g. with a garden and/or swimming pool)
2. A smaller house (e.g. terraces, townhouses, semi-detached)
3. An apartment or unit
96. Other (please specify)_____

D9. Do you own or rent the home you live in?

1. Renting your home
2. Paying off a mortgage
3. Own your home outright
4. Living rent-free (e.g. with parents)
96. Other (please specify)_____

D10. Which of the following best describes your current living arrangements?

1. I live alone
2. I live with my partner only
3. I live with my partner and children/other family members in the household
4. I am single with children/other family members in the household
5. I live in a share house (i.e. with friends/housemates)
96. Other (please specify) _____

D11. Which of the following is your highest level of education?

1. Postgraduate degree
2. Graduate diploma / certificate
3. Bachelor degree
4. Advanced diploma / diploma
5. Technical certificate
6. High school
7. Primary school
8. Other

D12. Which of the following applies to you?

SINGLE RESPONSE FOR EACH OPTION. RANDOMISE.	**Yes**	**No**	**Prefer not to say**
A. I identify as Aboriginal or Torres Strait Islander	1	2	3
B. I prefer to speak a language other than English at home or with close family members	1	2	3
C. I have a Centrelink Healthcare card	1	2	3
D. I have a Pensioner Concession card	1	2	3

E. I receive personal government allowance or benefits (e.g. JobSeeker, Newstart, Youth allowance, Carer payments, Widow allowance)	1	2	3
F. I have a disability	1	2	3
G. I am an unpaid carer	1	2	3

D13. And which language(s) do you prefer to speak at home or with close family members?
ASK IF D13B = 1. MULTIPLE RESPONSE

1. Afrikaans
2. Arabic
3. Bengali
4. Cantonese
5. Croatian
6. Dutch
7. French
8. German
9. Greek
10. Hindi
11. Italian
12. Mandarin
13. Punjabi
14. Sinhalese
15. Urdu
16. Vietnamese
96. Other (please specify) _____

D14. And what is the **combined annual income of everyone in your household**, from all sources before tax or other deductions? Please include income from all sources, including wages, investments, government pensions and benefits etc. Your best estimate is fine.

1. Negative or zero income
2. $1 - $9,999 ($1- $189 per week)
3. $10,000 - $19,999 ($190 - $379 per week)
4. $20,000 - $29,999 ($380 - $579 per week)
5. $30,000 - $39,999 ($580 - $769 per week)
6. $40,000 - $49,999 ($770 - $959 per week)
7. $50,000 - $59,999 ($960 - $1,149 per week)
8. $60,000 - $79,999 ($1,150 - $1,529 per week)
9. $80,000 - $99,999 ($1,530 - $1,919 per week)
10. $100,000 - $124,999 ($1,920 - $2,399 per week)
11. $125,000 - $149,999 ($2,400 - $2,879 per week)
12. $150,000 - $199,999 ($2,880 - $3,839 per week)
13. $200,000 - $249,999 ($3,840 - $4,807 per week)
14. $250,000 or more ($4,808 or more per week)
15. I'd prefer not to say
16. I am not sure

D15. In describing your current financial situation would you say you are…
1. Doing well and feeling comfortable 2. Doing OK and making ends meet 3. Having some difficulty but just making ends meet 4. Having a lot of difficulty making ends meet

Closing

<IF FILTERED OUT AT SCREENERS>

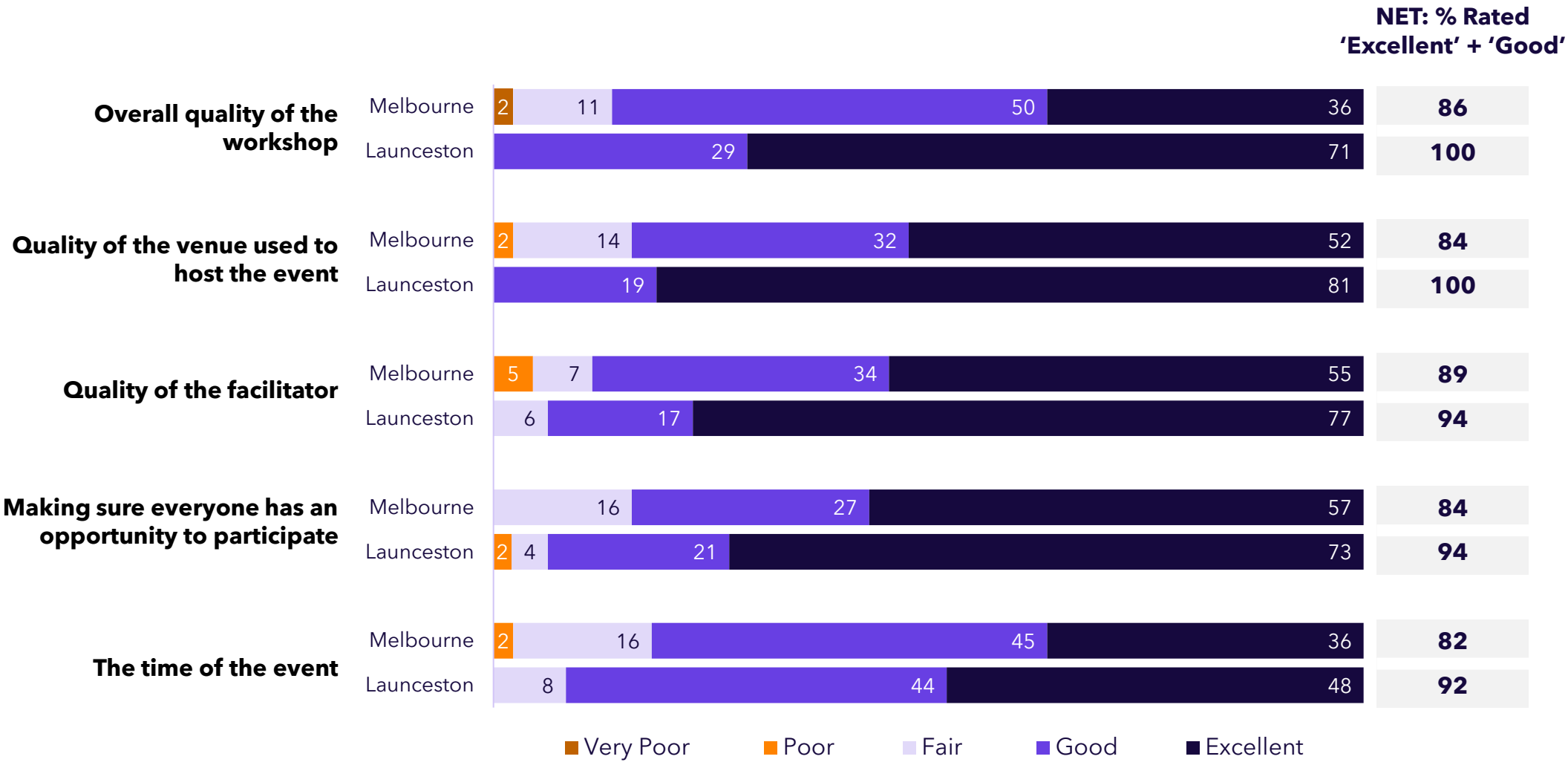
Thank you for your time today. We have already surveyed enough people with your characteristics, so that is all of my questions. I hope you can participate in another survey in future. If you wish to contact us for any reason, please call **<FIELD AGENCY TO PROVIDE>.**

<UPON COMPLETION OF SURVEY>

Thank you for participating in this important study which has been conducted on behalf of APA. We really appreciate your time and contribution.

Additional breakdown of consumer post-workshop evaluation

Workshop evaluation: Comparisons by location (Top 5 results)



Workshop evaluation: Comparisons by location (Bottom 5 results)