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RESEARCH & ENGAGEMENT

Customer and Stakeholder Engagement for the 2024-29 Regulatory Proposal – Phase 5

Summary research report prepared for
Essential Energy

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1. Executive Summary

This report summarises the findings from Phase 5 of Essential Energy's customer and stakeholder engagement program for the 2024-29 Regulatory Proposal (Proposal). Separate reports for each of the Phase 5 elements have also been provided.

The focus of the Phase 5 engagement was to gain feedback on potential revisions to the Proposal and Tariff Structure Statement and to re-test whether customers are still happy with the new investments they supported in Phases 3 and 4, considering the recent increases in base network bills and other cost pressures on customers.

Phase 5 included:

- Two deep dive meetings in Sydney with the Essential People's Panel (21 and 19 participants)
- A Zoom webinar and follow up survey to ascertain whether participants from Phase 4 still support inclusion of the new investments in the revised Proposal (252 participants)
- Eight in-depth interviews with potential Stand Alone Power Systems (SAPS) customers (8 participants)
- One forum with new technology providers (29 participants)
- Stakeholder Collaboration Collective (SCC) and Pricing Collaboration Collective (PCC) meetings

In total 260 individual customers took part in the Phase 5 engagement (residential and small to medium business customers) along with 29 new technology providers and the members of the SCC and PCC.

The topics covered in Phase 5 included:

- Revisions to the Sun Soaker Two-Way tariff and the transition - (Essential People's Panel, New Technology Providers, webinar, SCC/PCC)
    - Moving from a demand-based export price (kW) to an energy-based export price (kWh)
    - Two export pricing bands rather than three
    - New transition approach including removing the twelve-month delay for forced meter changes
- Present changes to the 'Ease' customer service measure within the proposed Customer Service Incentive Scheme (CSIS) - (Essential People's Panel, webinar, SCC/PCC)
- Legacy metering costs - (Essential People's Panel, SCC/PCC)
- Final check of new investments - (webinar and survey)
- Change in Bushfire Risk Prioritisation - (Essential People's Panel, SCC/PCC)
- NSW Energy Infrastructure Roadmap cost recovery - (Essential People's Panel)

- Flexible Connection Agreements - (New Technology Providers)
- Battery and Hybrid Tariffs - (New Technology Providers)
- SAPS thresholds - (SAPS customers, SCC/PCC)

1.1 Engagement Findings

1.1.1 Revisions to the Sun Soaker Two-Way and its transition

This topic was covered in the webinar, new technology providers forum and the Essential People's Panel. Customers in the webinar were informed about the changes to the Sun Soaker Two-Way tariff and those in the new technology providers forum and Essential People's Panel were asked for their feedback on the changes.

Moving to an energy-based export price (kWh)

In the January Proposal Essential Energy had proposed the export charge in the Sun Soaker Two-Way tariff be based on a demand based (kW) rather than an energy-based (kWh) charge. Following extensive consultation with retailers and feedback from the AER, the business is now proposing a kWh based charge.

The new technology providers and the Essential People's Panel supported this move as they believed that it would be easier for retailers to work with, easier to communicate to customers and for customers to understand. The SCC largely supported this too except for one member who voiced the opinion that a kW charge should remain, as it is targeting the network issues more directly.

New technology providers stressed that customers may struggle to understand the interaction between Flexible Connection Agreements and the Sun Soaker Two-Way tariff. Technology was seen as a strong enabler to assist with customer understanding in this space and it was suggested that Essential Energy should collaborate with other distributors (in particular SA and QLD) to ensure that its systems are compatible with inverters.

There were no concerns raised by new technology providers about retaining a demand-based export charge for large customers as it was thought that these customers are better informed and more able to manage their exports.

Two export pricing bands

Essential Energy is also proposing to revise the tariff so that there are two export pricing bands rather than three.

Across the engagement there was also general support for this change, as providing a simpler approach was valued, particularly as the price differential between bands two and three is small.

There was a suggestion by the SCC to keep three bands but make the price the same for the higher two bands, in order to future proof the tariff.

Transition to the Sun Soaker Two-Way

In the January Proposal the transition approach proposed by Essential Energy involved those with new connections or meter alterations before 2025 to transition to the Time of Use default tariff first and then to

the Sun Soaker Two-Way, so they would have to learn two different tariffs within a very short period of time. Due to retailer feedback that this approach may generate customer confusion, Essential Energy devised a new transition approach which involves implementing the Sun Soaker Two-Way from 2024 with zero rates against the export charge and rebate for the first year.

This new transition approach was supported during Phase 5 as it was felt to align better with the customer-developed pricing principles, in particular it was thought to be easier to understand and less likely to result in bill shock due to fewer tariff changes.

In 2022 a retailer suggested that there should be a 12-month delay to the introduction of the Sun Soaker following a forced meter change, before a customer's tariff is changed. Participants at the forums in 2022 were asked for their feedback on this proposition, and although positive, the support was not strong for this proposal. Subsequently Essential Energy has consulted with other retailers on this issue with less support shown. Therefore, the Essential People's Panel were asked whether they thought a 12-month delay should still be included in the Proposal.

Participants did not think a 12 month delay was necessary, however they did think that customers with forced meter changes should be educated to ensure they understand the new tariff and how they could benefit from it, e.g. a factsheet explaining the tariff, the time periods and examples of how to move usage to cheaper times of the day.

1.1.2 Customer Service Incentive Scheme

This topic was covered with customers in the Essential People's Panel and with stakeholders in the SCC. Customers in the webinar were informed about the changes to the CSIS too.

Essential Energy is considering replacing the current quarterly customer satisfaction survey with a shorter survey that will automatically be sent to a random selection of customers within 48 hours of a customer interaction (post-experience survey).

Overall, there was support from the Essential People's Panel for the introduction of a post experience survey to replace the quarterly survey, however, there are some concerns which will need to be managed by Essential Energy. These include keeping the length of the survey as short as possible, encouraging completion by consideration of the use of incentives and ensuring independence/privacy.

A minimum of six months was suggested for data collection for the new measure before setting the baseline, assuming there is not much fluctuation month by month. However, ultimately participants expected that Essential Energy should obtain expert guidance on how long data should be collected before the baseline is set and the incentive implemented.

Whilst data is being collected it was generally thought that the weightings should be kept the same – 20% for the customer ease portion, made up entirely by the Contact Centre measure.

The SCC agreed that forgoing the incentive for the post experience survey until there is enough data gathered was a good idea as it avoids a random baseline and allows time to gather sufficient data, especially to cater for seasonality. It was thought that it would be acceptable to introduce the metric during the regulatory period, perhaps after a year, once enough data is gathered.

1.1.3 Legacy Metering Costs

This topic was covered with the Essential People's Panel and with the SCC.

During the rollout of smart meters there will still be costs associated with the remaining legacy meters, until such a time when there is 100% penetration of smart meters. Essential Energy presented two options for the recovery of legacy meter costs during the smart meter rollout. Option 1 involved costs being spread across customers who have or have had a legacy meter whereas Option 2 involved costs being spread across all customers, regardless of whether they have or have had a legacy meter.

After some deliberation the majority of participants at the Essential People's Panel preferred Option 2, as they felt that the transition to smart meters benefits everyone and that customers generally had not chosen to stay on a legacy meter, so it is not their 'fault' that they still have one.

The second component of the smart metering section focused on the remediation or 'site ready' costs associated with the rollout of smart meters. Here, participants felt that everyone benefits from 100% smart meter penetration so any barriers to installation should be removed if possible.

The government was thought to be leading this push to smart meters which led onto some suggesting that the government should pay the costs or Essential Energy, and they should be smeared across all customers. However, others believed that individual customers needed to at least contribute to the costs in certain situations, as really it is their responsibility to ensure their house is up to the current electrical standards in terms of wiring.

It was hard for Essential People's Panel participants to state a blanket approach to cost recovery as they felt that there would be so many different situations. Participants ended up suggesting that individual homeowners shouldn't have to bear the full brunt of the remediation costs and neither should the government or Essential Energy, and that a combination of the following could be used depending individual circumstances:

- No or low interest government loans.
- Rebate scheme, e.g. first home buyers rebate.
- Direct funding in some cases, i.e. in such circumstances as life support customers or customers experiencing vulnerability, governments should cover the cost.
- Some remediation costs may be covered by Essential Energy and be smeared across all customers.

The SCC and PCC seemed supportive of moving metering to Standard Control based on feedback from the Essential People's Panel. They suggested that lessons should be learned from Victoria's roll out of smart meters and that Essential Energy shouldn't underestimate the extent of the remediation costs. Similar to the Essential People's Panel it was believed that there is a role for Government in this aspect.

1.1.4 Final Check of New Investments

This topic was included in the webinar and survey with Phase 4 participants.

Participants at the webinar were informed that Essential Energy's business-as-usual costs have increased since the submission of the Proposal, largely due to inflation and interest rate increases. The estimate was that a residential customer's average network bill during 2024-29 would be around $885 per year (including metering). It was explained that this includes the new expenditure on resilience and future network

investments that participants supported during the previous phases of customer engagement at a cost of approximately $10 per year.

Essential Energy wanted to find out if customers were still happy with these investments bearing in mind that the business-as-usual costs have increased. In the webinar and survey, participants were presented with a recap of the investments included in the Proposal in the following areas:

- Composite poles
- Undergrounding
- Standalone power systems (SAPS) and microgrids
- Community resilience
- Real time monitoring and dynamic assets for a smarter network
- Lowering Essential Energy's environmental impact
- Customer service

In the survey there was overwhelming support for the continued inclusion of these new investments (96%).

Reasons for support were mainly general, such as the need for improvements in the system (17%), a fair/well-reasoned/balanced solution (14%) and the costs being understandable/acceptable/reasonable (12%). There were also some specific investments mentioned such as those for composite poles (14%) and environmental benefits (12%). There were also some mentions of planning for the future and investing now to keep the costs down in the longer term.

1.1.5 Change in Bushfire Risk Prioritisation

This topic was covered in the Essential People's Panel meeting in June and with the SCC/PCC.

Essential Energy is proposing to update its current bushfire risk modelling, thus changing the way locations are classified (P1-P4). The consequences of areas being changed from a lower to a higher risk classification were outlined.

At the Essential People's Panel, participants were asked about their thoughts on the proposed change and what concerns the communities might have if moving from a higher to a lower risk, or from a lower to a higher risk classification, along with how Essential Energy could manage these concerns.

There was support for maintaining the existing corridor widths in areas that are changing from a higher to a lower priority level, due to the dynamic nature of risk modelling, assuming that costs for upkeep are reasonable. It was thought that direct communications to residents in these areas would not be required but that partnering with other organisations to manage risk will be important.

In areas that are moving from a lower to a higher priority level customers believe that direct communication is needed. It was suggested that a letter is sent to all impacted residents and businesses including a QR code to obtain further details. In any communications Essential Energy will have to try to manage the following possible concerns by local residents:

- Impacts on biodiversity – the flora and fauna that make up a local area,
- Respect for property when contractors are trimming vegetation, e.g. plants, driveways, tyre tracks,
- Biosecurity concerns from farmers, e.g. contractors introducing infectious disease agents, microorganisms or weeds to their properties, and
- Reassurance that the long-term vision to move towards a greater use of localised renewables and storage is being worked towards (thus negating the need for long power lines through vegetation).

Further engagement in these local areas, particularly with local Indigenous communities, as well as education on the most suitable vegetation to plant around powerlines, were thought to be key components of bushfire risk management.

The SCC had similar views to the Essential People's Panel – they stressed the need for strong communication from Essential Energy and thought that clearances should be maintained in downgraded areas.

1.1.6 NSW Energy Infrastructure Roadmap Cost Recovery

This topic was covered in the September Essential People's Panel meeting.

At the Essential People's Panel meeting the NSW Government presented information on the Roadmap and then Essential Energy explained to participants that the costs for the Roadmap would be recovered through electricity distribution charges through one or more of the following tariff components - the network access charge, consumption charge, demand charge and/or export charge.

Each table was asked to develop some 'principles' for the fair allocation of the recovery costs and these were presented back to the room. A summary of the principles developed is outlined below:

1. Everyone will benefit from the move to net zero, including future generations, so everyone should pay a proportion.
2. Those who consume more should pay more.
3. Those who profit from electricity consumption should pay relatively more than those who don't.
4. Any customer type having a much higher percentage bill increase than the others should be avoided (bill shock).
5. Customers experiencing vulnerability should be protected from big energy price increases.

After much discussion, the Essential People's Panel suggested that to ensure equity, the costs should be spread across more than one type of charge (excluding the export charge), so that it impacts the customer types relatively evenly.

Following this, four options for cost recovery were put to participants, although it was made clear that they could devise their own option if they did not support any of these:

- Option 1: Across all tariff components (a third each)
- Option 2: Consumption charges only

- Option 3: 75% from consumption charges and 25% from network access charges
- Option 4: 75% from network access charges and 25% from consumption charges

Examples were provided to participants for a cost recovery of $300M under each of the options to assist with their table discussions.

Of the four options presented, Option 1 was preferred as it was seen to meet more of the fairness principles that were developed above, however it was not seen as ideal. Participants criticised the fact that in Option 1 small businesses are disproportionately impacted, and that there is quite a large percentage difference between solar and non-solar households. There was also a desire to see more of the costs allocated to large businesses as they consume around 50% of the electricity generated and it was thought that the cost allocation should reflect this larger consumption.

There were some suggestions that the proportions between consumption, network access and demand should not be evenly distributed as they were in Option 1, and that perhaps consumption should be a larger proportion and network access a smaller proportion.

1.1.7 Flexible Connection Agreements

This topic was covered in the New Technology Providers forum.

There was generally positive feedback about the introduction of Flexible Connection Agreements, however there were questions about how they would interact with export tariffs and concerns about customers understanding the two different concepts and the rationale behind them.

1.1.8 Battery and Hybrid Tariffs

This topic was covered in the New Technology Providers forum and at the PCC.

The new technology providers indicated they were pleased to be having discussions about tariffs with Essential Energy and that some of their issues are being addressed. However, at this stage of the industry's development, there remains some areas of uncertainty and many questions from new technology providers about the application and impact of battery and hybrid tariffs, so further engagement would be welcomed on this issue.

The removal of the consumption component was positively received although there was concern about the removal of the rebate from the HV battery tariff.

1.1.9 SAPS Thresholds

In-depth interviews with eight potential SAPS customers were conducted to explore the size of system and thresholds that customers would feel comfortable with, should they adopt a system.

Expectations regarding the size of SAPS required for their needs were modest with most suggesting they would be comfortable with a system that could cater for their current usage plus 20-30% extra (unprompted). However, there was an expectation by some that the size of system for each customer would be reviewed by Essential Energy at regular intervals after installation (probably during maintenance), to ensure it continues to meet their needs.

For multiple use SAPS with a new customer wanting to join, most thought that the new customer should pay for the upgrades required for them to join the SAPS and the existing customers keep the thresholds agreed at the time of installation. They believed that the protocols should be similar for SAPS customers as for those on the network. Without much knowledge of the possible upgrade capacity required by joint use SAPS customers, participants assumed that the threshold should be the same for multiple use as single use.

The SCC suggested that the main factor for consideration is that SAPS customers should not be disadvantaged by moving to a SAPS.

1.2 Implications

The outtakes from this engagement include the following:

1.2.1 Revisions to the Sun Soaker Two-Way Tariff

- Generally participants supported Essential Energy's proposal to change the export price to a cents per kWh basis rather than per kW.

- A two band model was preferred to a three band model, as it was felt that three bands is unnecessary if the price difference is small, and two bands is less complex so easier for customers to understand.

1.2.2 Transition to the Sun Soaker Two-Way

- There is support for transitioning customers who are forced to move to a smart meter as a result of a faulty basic meter or a retailer led meter replacement program to a cost-reflective tariff at the date their meter is changed i.e. a 12 month delay between the meter change and the move to a cost-reflective tariff is not supported. This is on the assumption that education will be provided to the customer to ensure they understand the new tariff and how they could benefit from it, e.g. a factsheet explaining the tariff, the time periods and examples of how to move usage to cheaper times of the day.

- The new export tariff transition pathway is supported (i.e. implementing the Sun Soaker Two-Way from 2024 with zero rates against the export charge and rebate for the first year). It is felt to align better with the customer-developed pricing principles.

1.2.3 Customer Service Incentive Scheme (CSIS)

- Overall, there is support for the introduction of a post experience survey to replace the quarterly survey, ensuring that the survey is kept as short as possible, incentives are considered and reassuring customers about independence/privacy.

- A minimum of six months is suggested for data collection for the new measure before its inclusion as a CSIS measure, assuming there is not much fluctuation month by month, but ultimately expert guidance is advised.

- Whilst data is being collected the weightings should be kept the same – 20% for the customer ease portion, made up entirely by the Contact Centre measure.

1.2.4 Legacy Metering Costs

- Participants favoured legacy metering costs being spread across all Essential Energy customers regardless of whether or not they have or have ever had a legacy meter (approximately 900,000 customers) resulting in an additional charge of about $15 an annum per customer.

- It is thought that individual homeowners shouldn't have to bear the full brunt of the remediation costs and neither should the government or Essential Energy, and that a combination of approaches should be used, e.g. no or low interest government loans, a rebate scheme, direct funding by government in some cases and some covered by Essential Energy and smeared across all customers.

1.2.5 Final Check of New Investments

- There was overwhelming support for the continued inclusion of the new investments for composite poles, undergrounding, SAPS and microgrids, community resilience, lowering Essential Energy's environmental impact and customer service.

1.2.6 Change in Bushfire Risk Prioritisation

- For bushfire management there is support for maintaining the existing corridor widths in areas that are moving from a higher to a lower priority level, due to the dynamic nature of risk modelling. This is assuming that costs for upkeep are reasonable. Communications to residents in these areas would not be required but partnering with other organisations to manage risk is deemed important.

- In areas that are moving from a lower to a higher priority customers believe that communications are needed such as a letter to all impacted residents with a QR code to obtain further details.

- Further engagement in these local areas, particularly with Indigenous communities, as well as education on the most suitable vegetation to plant around powerlines is encouraged.

1.2.7 NSW Energy Infrastructure Roadmap Cost Recovery

- The recovery costs should be spread across more than one type of charge to ensure equity (excluding the export charge) and the following principles devised by the Essential People's Panel should be considered:

    1. Everyone will benefit from the move to net zero, including future generations, so everyone should pay a proportion.

    2. Those who consume more should pay more.

    3. Those who profit from electricity consumption should pay relatively more than those who don't.

    4. Any customer type having a much higher percentage bill increase than the others should be avoided (bill shock).

    5. Customers experiencing vulnerability should be protected from big energy price increases.

- There was a desire to see more costs allocated to large businesses than residential customers than in the options provided.

1.2.8 Flexible Connection Agreements

- There is support for the introduction of Flexible Connection Agreements by new technology providers, however there were questions and concerns about how they would interact with export tariffs and whether customers would understand the difference between them. Communication to customers will be required explaining the reasons for their introduction and how they work together and there is an opportunity to collaborate with solar installers on developing these communications.

1.2.9 Battery and Hybrid Tariffs

- There was much support for Essential Energy's approach of starting to address these issues and engage with new technology providers.

- Essential Energy should work with individual providers who are interested in sharing knowledge, data and modelling to assist in the further development of battery and hybrid tariffs, as well as keeping the broader group of new technology providers informed going forwards.

1.2.10 SAPS Thresholds

- The research suggests that SAPS customers will be comfortable with a 100% threshold, however many think this is much more than they will need.

- In relation to multiple use SAPS, there was support for any new customer that wants to join after installation to cover the costs for any upgrades required to the SAPS, in order for existing customers to keep their threshold.

2. Background and Objectives

2.1 Background

Essential Energy builds, operates and maintains one of Australia's largest electricity distribution networks, providing electricity to regional, rural and remote NSW, and parts of southern Queensland. It covers 95 percent of NSW that is 737,000 square kilometres with 183,612 km of powerlines.

The business is a government owned entity and is regulated by the Australian Energy Regulator (AER). Every five years it must submit a Proposal to the AER which outlines its investment plans, the costs to deliver those plans and the proposed prices that customers will pay. The Proposal for 2024-29 (from July 2024 to June 2029) was submitted to the Australian Energy Regulator (AER) for review in January 2023. The AER delivered its draft decision on Essential Energy's Proposal in September 2023, and Essential Energy will submit a Revised Proposal in response by 30 November 2023. The AER will then assess the Revised Proposal and make a final decision in April 2024, so that approved prices can be in place for 1 July 2024.

Essential Energy is committed to customers and stakeholders and has adopted a comprehensive engagement program to identify the ongoing needs and priorities.

Essential Energy's engagement for the previous Proposal (2019-24) received considerable praise from the AER and customer representative group, reinforced by winning the Energy Networks Australia and Energy Consumer Australia (ECA) 2018 award for consumer engagement. Essential Energy is striving to build on their achievements and improve for the next regulatory period.

Woolcott Research and Engagement, with the assistance of ERM (previously KJA) were commissioned to develop and conduct the customer and stakeholder engagement program for the 2024-29 proposal.

2.2 Engagement Program Objective and Goals

The objective of the engagement program is to ensure the views and expectations of Essential Energy's diverse customer base are accurately and meaningfully reflected in the business's 2024-29 Regulatory Proposal and Revised Proposal, to facilitate acceptance and approval by the AER.

The goals of the engagement program as a whole are:

- To identify and understand all issues that are important to customers
- To involve customers in decisions that affect them
- To understand their individual perspectives on matters relating to Essential Energy's business
- To distill technical concepts from the electricity industry in a way that can be more easily understood by the general public

Specifically, for Phase 5 the objectives were:

- To ascertain whether customers are still happy with the new investments they supported in Phases 3 and 4, considering the recent increases in base network bills and other cost pressures on customers.

- To obtain feedback on some of the possible revisions/additions to the proposal and Tariff Structure Statement including:
    - Revisions to the Sun Soaker Two-Way tariff and the transition - (Essential People's Panel, New Technology Providers, webinar, SCC/PCC)
        - Moving from a demand-based export price (kW) to an energy-based export price (kWh)
        - Two export pricing bands rather than three
        - New transition approach including removing the twelve-month delay for forced meter changes
    - Changes to the 'Ease' customer service measure within the proposed Customer Service Incentive Scheme (CSIS) - (Essential People's Panel, webinar, SCC/PCC)
    - Legacy metering costs - (Essential People's Panel, SCC/PCC)
    - Change in Bushfire Risk Prioritisation - (Essential People's Panel, SCC/PCC)
    - NSW Energy Infrastructure Roadmap cost recovery - (Essential People's Panel)
    - Flexible Connection Agreements – (New Technology Providers)
    - Battery and Hybrid Tariffs – (New Technology Providers)
    - SAPS thresholds – (SAPS customers, SCC/PCC)

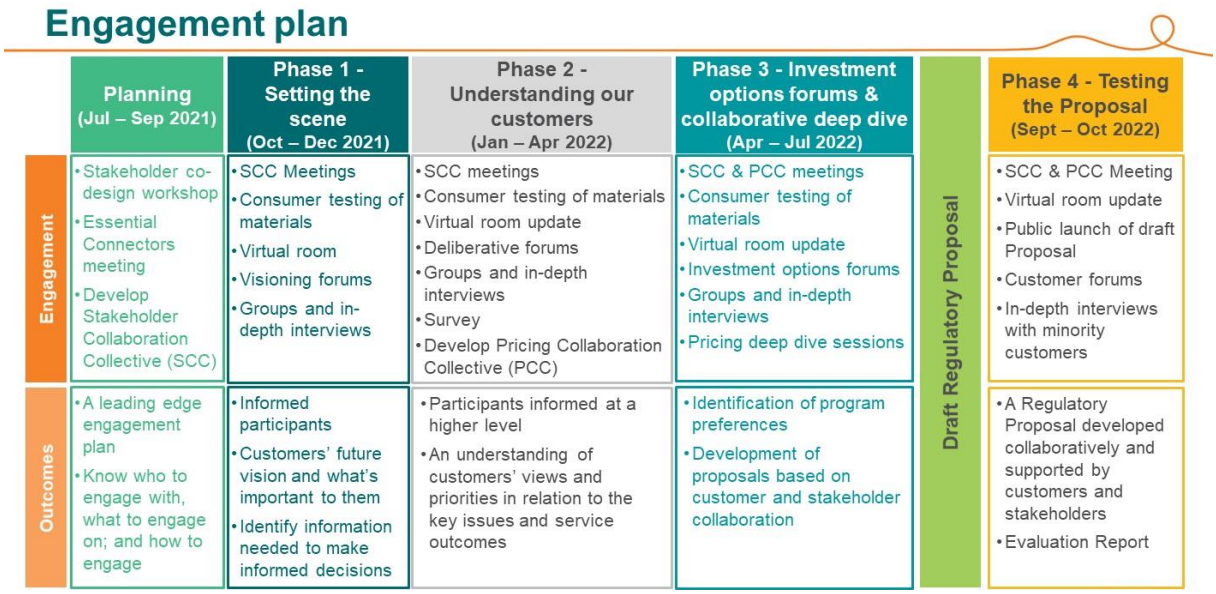
3. Engagement Program Design

3.1 Overview of the Engagement Program

The main engagement program to develop the Proposal that was submitted in January 2023 involved four phases with a range of connected customers, business partners and stakeholders and utilised a variety of methods across the IAP2 engagement spectrum. The work adhered to The Research Society and International Association of Public Participation (IAP2) Core Values and Codes of Ethics.

A summary of the main program is outlined below.

Figure 1: Engagement Program Outline



Phase 5 was added in 2023 to ensure that the content of the Revised Proposal still met customers' expectations.

3.2 Engagement for Phase 5

The engagement program for Phase 5 consisted of the following components:

3.2.1 Connected customers

- Two deep dive meetings in Sydney with the Essential People's Panel (21 and 19 participants)
- A Zoom webinar hosted by Essential Energy that involved a presentation on what has happened since Phase 4, what feedback the AER gave on the Proposal and some updates that the business is planning to include in the Revised Proposal (233 participants)
- A follow up survey to ascertain whether they still support inclusion of the new investments in the Revised Proposal (252 participants)
- Eight in-depth interviews with potential SAPS customers (8 participants)

3.2.2 Business partners and stakeholders

- One forum with new technology providers (29 participants)
- Stakeholder and Pricing Collaboration Collective meetings

The approach for each element is outlined below.

3.3 Connected Customers

3.3.1 Deep Dive with the Essential People's Panel – June

In 2022 Essential Energy decided to set up the Essential People's Panel to provide access to ongoing customer feedback on topics of interest in the regulatory area, but also to guide the business in its everyday operations.

The Essential People's Panel consists of 21 people from locations across the Essential Energy network area who were selected from the forums conducted in Phases 1-3. The panel members are tasked to represent their communities, and the diversity of people in that community, to provide input into business planning.

The objectives of this first meeting were to:

- Update participants about where Essential Energy is in the 2024-29 Regulatory Proposal process and the Panel's role going forward.
- Present more detailed bill impact analysis and retest customers appetite for applying a 12-month tariff delay for forced meter changes and the support for a revised export tariff transition strategy .
- Present proposed changes to the bushfire risk priority rating since Essential Energy submitted its Regulatory Proposal and obtain input into the development of communications for the local areas impacted.
- Present potential changes to the 'Ease' customer service measure within the CSIS and if/how/when it should be incorporated into the scheme.
- Provide information on The Energy Charter Principles and initiatives – gain ratings for Essential Energy from participants on each principle, before and after information provision. (Not included in this report)

The June session consisted of a whole day session held on Saturday 24 June from 9.30-4.00pm in the Sydney CBD. All participants were provided with travel to the forum, two nights' accommodation, and a meal allowance. They were also incentivised to participate.

The table overleaf shows the demographics of those who attended.

Table 1: Participant profile for the Essential People's Panel Session in June

	Total n=21
LOCATION	
Taree	3
Inverell	3
Ballina	2
Wagga Wagga	4
Bega	4
Broken Hill	2
Dubbo	3
AGE	
18-24	1
25-44	11
45-64	7
65+	2
GENDER	
Male	11
Female	10
SOLAR	
Yes	7
No	14
ATSI	
Yes	2
No	19
SMALL TO MEDIUM BUSINESS	
Yes	5
No	16
RURAL	
Yes	9
No	12
HOUSEHOLD INCOME	
$41,600 - $78,000 per year	3
$78,000 - $104,000 per year	8
$104,000 - $156,000 per year	7
More than $156,000 per year	2
Do not wish to answer	1
VULNERABLE	
Yes	2
No	19

Base: All respondents (n=21)

3.3.2 Deep Dive with the Essential People's Panel – September

The second meeting of the Essential People's Panel consisted of a whole day session held on Saturday 16 September from 9.30-4.00pm in the Sydney CBD. Nineteen people took part in the session. As before, all participants were provided with travel to the forum, two nights' accommodation, and a meal allowance. They were also incentivised to participate.

The objectives of this second meeting were to:

- Present an overview of the NSW Roadmap and identify their principles and preferences for cost recovery.
- Present the proposed changes to the life support customer definition, discuss the impacts this may have and what services should be provided in the future. (Not included in this report)
- Discuss the costs associated with the smart meter rollout within the Essential Energy network area and identify preferences for cost recovery.
- Provide an update on the findings from the tariff trials and finalise the Sun Soaker Two-Way tariff.
- Close the loop on the Customer Service Incentive Scheme (CSIS).
- Provide an update on The Energy Charter and invite participants to provide feedback on the disclosure statement during public exhibition.

The table overleaf shows the demographics of those who attended.

Table 2: Participant Profile for the Essential People's Panel Session in September

	Total n=19
LOCATION	
Taree	3
Inverell	2
Ballina	2
Wagga Wagga	3
Bega	4
Broken Hill	2
Dubbo	3
AGE	
18-24	1
25-44	10
45-64	6
65+	2
GENDER	
Male	10
Female	9
SOLAR	
Yes	5
No	14
ATSI	
Yes	1
No	18
SMALL TO MEDIUM BUSINESS	
Yes	4
No	15
RURAL	
Yes	8
No	11
HOUSEHOLD INCOME	
$41,600 - $78,000 per year	3
$78,000 - $104,000 per year	8
$104,000 - $156,000 per year	5
More than $156,000 per year	2
Do not wish to answer	1
VULNERABLE	
Yes	1
No	18

Base: All respondents (n=19)

3.3.3 Webinar and Survey

Essential Energy held a webinar on Wednesday 18 October 2023 from 6.00-7.00pm.

Essential Energy's Chief Operating Officer outlined information on the following topics:

- The AER's acceptance of most aspects of the Proposal in their draft decision
- Refinements to the Customer Service Incentive Scheme (CSIS)
- Introduction of flexible connection agreements
- Simplification of the Sun Soaker Two-Way tariff and amendments to its introduction
- The increase in network bills
- The transition to smart meters
- A recap of the new investments that customers supported in the last phases of the engagement

After the presentation there was a Q&A session whereby participants could type in their questions and Essential Energy responded to them.

Following the webinar participants were sent an email with a link to an online survey. The survey provided a summary of the new investments and asked for their level of support for retaining those investments in the Revised Proposal. A copy of the questionnaire is provided in the appendix.

A recording of the webinar, and a copy of the questions and answers was provided on the Essential Engagement website for participants to view if desired.

All the participants from Phase 4 were invited to attend the webinar and complete the survey, with no fresh participants recruited. Participants were offered $100 to attend the webinar and complete the survey.

The table below shows the demographics of those who watched the webinar and completed the survey.

Table 3: Participant Profile for Phase 5 Webinar and Survey

	Total (n=252) (%)	North Coast (n=66) (%)	Northern (n=96) (%)	Southern (n=90) (%)
AGE				
18-44	**34**	38	32	32
45-64	**42**	55	35	41
65+	**24**	**8**	32	27
GENDER				
Male	**48**	39	48	54
Female	**52**	61	52	46

	Total (n=252) (%)	North Coast (n=66) (%)	Northern (n=96) (%)	Southern (n=90) (%)
LANGUAGE OTHER THAN ENGLISH (CALD)				
Yes	3	0	1	7
No	97	100	99	93
ABORIGINAL OR TORRES STRAIT ISLANDER (ATSI)				
Yes	8	8	15	2
No	91	91	85	98
SMALL TO MEDIUM BUSINESSES (SMB)				
Yes	18	20	19	17
No	82	80	81	83
SOLAR				
Yes	33	26	52	18
No	67	74	48	82
FINANCIALLY VULNERABLE				
Yes	16	18	18	13
No	84	82	82	87

What age bracket do you fall into? / Do you speak a language other than English at home or with family members? / Are you of Aboriginal or Torres Strait Islander origin? / Are you the owner or a decision maker for a small or medium enterprise (less than 200 employees)?
Base: All respondents (n=252); North Coast (n=66), Northern (n=96), Southern (n=90)

Similar to previous phases, data was weighted during analysis to be representative of the Essential Energy network area on region, age, gender and solar penetration.

3.3.4 Interviews with SAPS Customers

The objectives of this research were:

- To identify the threshold customers would be comfortable with, regarding the size of SAPS.
- To ascertain what should happen if a new customer wants to join a multiple customer SAPS.

This engagement included 8 in-depth interviews with people who had been identified as potential SAPS customers by Essential Energy and had expressed an interest in the concept.

A list was supplied by Essential Energy. These people had also taken part in the previous research about SAPS conducted in 2022.

3.4 Business Partners and Stakeholders

3.4.1 New Technology Providers

A forum was held on Tuesday 31 October from 9am-10am via the Zoom platform.

A list of 75 solar installers and new technology providers was provided by Essential Energy for recruitment to the forum. Emails were sent to all contacts on the list by Woolcott Research and Engagement, inviting them to register. Follow up emails were sent to those providers where no one from that company had registered.

In total, thirty-nine people registered to attend the forum and there were 29 attendees on the day, excluding Essential Energy, farrierswier and Woolcott Research attendees.

Representatives from the following organisations attended (please note that in some cases more than one person attended from the same organisation):

- ACEnergy
- AGL
- AG-MURF AUSTRALIA PTY LTD
- Catch Power
- Combined Energy
- Constructive Energy
- Elgin Energy
- ESCO PACIFIC HOLDINGS PTY LTD
- Firm Power
- Gini Energy
- Jetcharge
- Kinelli Pty Ltd
- NEOEN
- Orana Energy Systems
- Redback Operations Pty Ltd
- Reposit Power
- Solar Wise
- Self Sufficiency Supplies
- SwitchDin
- Tesla
- Wauchope Solar

The forum included a mix of presentations by Essential Energy, Q&A sessions and small group discussions in breakout rooms to gain feedback.

Following an introduction by Essential Energy, the following topics were covered in Essential Energy's presentation:

- Flexible connection agreements
- Sun Soaker Two-Way tariff for small customers and the transition
- Battery and hybrid tariffs

After the Q&A sessions participants were placed into four breakout rooms of 7-8 people, each with a Woolcott Research facilitator. They were grouped according to their organisation's area of interest – all four groups focused on discussing flexible connection agreements then two groups discussed the Sun Soaker Two-Way small customer tariff and two groups discussed the battery and hybrid tariffs.

3.4.2 Stakeholder Collaboration Collective and Pricing Collaboration Collective

These advisory groups were formed during the planning phase of the engagement to engage and collaborate throughout the project. There were at least ten meetings between two groups in Phase 5 to provide input and feedback on the draft engagement information, key questions and materials. They also provided their own feedback on the topics throughout the engagement program. The sessions were conducted via Zoom and included the following stakeholders:

- Energy Users Association of Australia
- Council of Small Business of Australia
- Australian Energy Council
- St Vincent de Paul
- Public Interest Advocacy Centre
- Cotton Australia
- Energesis
- Energy Australia
- Tesla
- Reposit Power
- Office of Energy and Climate Change
- Distributed Energy Services
- Australian Energy Regulator

3.5 Interpreting the Findings in this Report

3.5.1 Percentages and averages

Percentages are rounded to whole numbers and as a result, for some closed-ended questions (where a total of 100 per cent may be expected), total percentages may not add to exactly 100 per cent due to rounding. In addition, the open-ended (or free response) questions permit the respondent to provide as much detail as they like in explaining their response. As a result, a single response often contains more than one idea, theme or concept, and where this occurs the single response has been coded into multiple categories (or response codes) to separate these out and represent each part of their response. Because results are reported on a

respondent basis, it follows that the sum of the percentages for each open-ended question generally exceeds 100 per cent.

Mean scores have also been calculated for scale questions and have been rounded to one decimal place.

3.5.2 Test of statistical significance

Tests for statistical significance have been conducted to indicate differences in results that are considered significant at the 95% confidence interval. This means that where there is a statistically significant result, we can be confident that this has not occurred by chance.

Where results have been found to be significantly higher, they are indicated in green, and where they have been found to be significantly lower, they have been indicated in red.

4. Revisions to the Sun Soaker Two-Way

Within the Phase 5 engagement Essential Energy outlined the outcomes of the recent tariff trials, feedback from retailers and the AER, and posed questions regarding how the export charge should be structured (that is, based on a maximum export charge (c/kW) or a total export charge (c/kWh)) each month. Participants were also asked to consider whether the export tariff charged should have 3 or 2 bands.

4.1 Moving from a demand-based price (kW) to an energy-based price (KWh)

4.1.1 Essential People's Panel (September)

Reactions to Option 1: Maximum amount export charge (kW)

Overall this was the least preferred of the two options.

Calculating the tariff on the basis of the maximum amount exported in the month was generally not felt to be fair as solar customers could be penalised for potentially only exporting a large number of kilowatts once, during the month, simply because they were not home that day.

In this respect it was also felt to further disadvantage those who had invested in solar and particularly those who had been sold large capacity solar systems in the past, and invested a great deal of money, and did not realise export tariffs would be introduced in the future.

> *"There will be some people who can work it out but others who got the biggest system they will be penalised. If you go away for a few days you get smashed."*

Another disadvantage of Option 1 (a peak export amount) was that it potentially did not encourage solar customers to change their behaviour. It was proposed that in the months where exporters had exceeded the designated free level and reached their maximum point, people may not care or attempt to reduce their energy exports during the day, for the remainder of the month. This scenario was not felt to be encouraging self consumption amongst solar users.

> *"Option 1 doesn't encourage that behaviour change, it's not fair that if just one day you've gone away, and it goes over."*

Option 1 was also thought to be quite difficult to understand, with greater potential for confusion amongst customers, particularly trying to understand the difference between kilowatts (kW) and kilowatt hours (kWh). Solar customers noted that kWh was the term that they were more familiar with as the feed in tariffs are calculated according to cents per kWh.

Reactions to Option 2: Total amount export charge (kWh)

Overall there was greater support for Option 2.

The main advantage of this approach was that it seemed fairer as solar customers would not be penalised for 'one off' exports. It would also be more likely to encourage solar users to consume their solar during the day as much as possible, to avoid the export tariff. This option was also considered easier to understand, although there remained confusion between the difference between kilowatts and kilowatt hours, with the latter being the more familiar term, as mentioned.

However, on the downside, some participants could also see that Option 2 did not help tackle the network problem as directly as Option 1, as it was not discouraging peaks in negative demand, and Essential Energy would still need to maintain the network at the maximum export amount.

> *"Option 2 is still pushing people in to using power in the most appropriate time"*

> *"Option 2 would be a fairer way of doing it. My solar is pumping out and I am not at home except two cats… overall usage is going to encourage self-consumption, so Option 2."*

> *"It's difficult because I understand why option 1 is an option but I still prefer Option 2."*

It is interesting to note that many participants raised the concept of microgrids in this discussion and felt that a third option of selling energy to neighbours would be a better idea, that should be considered.

> *"If I don't want to pay either, and I want to sell my product to my neighbour, then there should be some program in which I can do that. I think that might be a better option."*

Furthermore, there remained participants who were uncomfortable paying an export charge at all, but could see the reasons behind the decision.

> *"Do we want to cop the charges now so we can improve the grid? Or not cop the charges and move towards improving the grid but ultimately it will take more time."*

Preferred option

Individual preferences were recorded on table activity sheets, and as shown in the table below, across all three tables there was unanimous support for Option 2 – that is, for the tariff calculation to be based on total amount over time (kWh).

Table 4: Preferred export tariff option – summary of table activity sheets

	Option 1: Maximum amount at any one time (kW)	Option 2: Total amount over time (kWh)
Table 1	0	6
Table 2	0	6
Table 3	0	7
Total	**0**	**19**

4.1.2 New Technology Providers

New technology providers were positive to the proposal to move to an energy-based price, given the explanation provided, as they believed that it would be easier for retailers to work with, communicate to customers and for customers to understand.

> *"I think this is fairer to everybody. It is easy to explain to those who maybe aren't as familiar with their usage."*

> *"I would like to say the move to KWh will be good, people understand that better. Makes it easier to explain. I think the last session there was some conversations around the expected charge being a few*

cents, as long as it's not too costly that would be fine and they would change their behaviour as much as they can."

There was support for harmonisation across the DNSPs for export charges as this would make it easier for the retailers to roll it out, and therefore easier for customers.

"One of the challenges is there are that many different retailers and they all have a different pricing system and that confuses consumers."

Following the discussion about the small customer tariff, facilitators explained in the breakout rooms that Essential Energy is thinking of retaining a demand-based export charge (kW) for large customers (LV customer >160 MWh pa and HV customers).

Participants had positive feedback about this and there were no concerns. It was thought that these customers are better informed and more able to manage the pace of their exports.

"I think it would be better for larger projects. You can sort of pump it in when the sun shines with not a big penalty. It may be an advantage in that case".

4.1.3 SCC/PCC

There was a concern raised by one member about moving from a demand-based export charge to a volumetric charge as it was mentioned that tariffs should address a network issue, and it is not apparent which network issue would be addressed with the volumetric export price.

Another member reiterated that retailers shouldn't determine what DNSPs do. There was also a suggestion made to consider an average demand charge rather than a highest demand charge as the problem is not the action of individual customers but the aggregated impact of all the customers, which is variable everyday. An average demand charge would mean that if a customer had one really high export a month it might affect their charge a little bit but wouldn't override all the other days. This reflects the network issue, not penalising customers for one or two days.

Another mentioned that the decision should be made based on which model will make a material difference. They stressed that the energy-based charge is easier for consumers to understand so there should be a better consumer response. It was thought that the decision should be made based on which tariff structure gives the better overall social benefit through utilisation and it was suggested that the energy-based one will do that.

4.2 Two bands rather than three for the export charge

4.2.1 Essential People's Panel (September)

Reactions to Option 1: Two bands

The concept of having two export charge bands was generally well understood and felt to be fair. Many participants felt that a two-band model was a better idea, than three, mainly because it was simpler to understand, and two at least provided some differentiation between those who export a little and a lot.

"Two bands just to be simple. I think it relates to their point on ensuring customers understand the charges."

"More information is going to be more confusing, having two bands is definitely simpler."

"The feed in credit is in two bands, so make the export in two bands as well."

Participants noted that there was not a great deal of difference in the tariff charges proposed, and therefore felt that two rates would be sufficient.

"If it was substantially different pricing then maybe split them but there wasn't – it was only five cents difference, it's so close together."

"But if they are only talking about a small difference in price, just two levels is fine."

Reactions to Option 2: Three bands

While many indicated that two bands is simpler to understand and communicate than three, and the pricing difference was minimal anyway, there were a minority of participants who were in favour of having three bands.

The main advantage of three bands was perceived that it was considered more reflective of the network costs, and provided greater motivation for solar users to consume more solar themselves during the day. It was also felt to be a 'softer' approach, that didn't penalise solar exporters as severely, especially if they were exporting only slightly over the free band.

"I think three band option just because it is more reflective of how much people are exporting. It gives more flexibility and more encouragement and is more reflective of people trying to decrease their export amount."

"It's not fair that you've just crept over the limit, and you get punished. Three tiers would be a softer approach that you could start with and dial up and down the prices in each tier accordingly – so there'd be much greater flexibility with this option."

Some also disagreed with the notion of it being simpler, suggesting that it wasn't particularly difficult to understand as they are used to it with their current Time of Use tariff and or it didn't matter if it was more complex as they didn't see bills itemised in this way anyway.

Again, the small difference in the prices proposed for the bands appeared to influence opinions with some indicating that it was less important because the price difference was insignificant.

"From a simplicity point of view and understanding the bill, who cares – nobody looks at the bill!"

"I don't understand why they can't understand the three band system, it depends on what your electricity bill looks like. I have time of day, total peak, total off peak, total shoulder. My usage is in three bands, and understanding two bands is not much different to understanding three."

Preferred option

At the end of this discussion session participants were asked to indicate their preference for either two or three bands and this was recorded in a Table Activity Sheet. As shown in the table below, the majority of participants preferred Option 1, two bands.

Table 5: Preferred export tariff option – summary of table activity sheets

	Option 1: Two bands	Option 2: Three bands
Table 1	6	0
Table 2	3	3
Table 3	6	1
Total	**15**	**4**

4.2.2 New Technology Providers

There wasn't much feedback provided at the new technology providers forum on this aspect. It seemed that participants did not have any concerns with Essential Energy included two pricing bands (including the free band) rather than three.

> *"It's simpler. It's not quite capturing the reality but it does help to simplify things."*

4.2.3 SCC/PCC

There was a suggestion by the SCC to future proof tariff structures in the billing system by keeping the three bands but setting the top two at the same price. This means that options can be realised as required in the future.

There was also a suggestion to engage with AEMO because negative demand in the future will need to be managed (as it is being in South Australia).

4.3 Transition to the Sun Soaker Two-Way

4.3.1 Essential People's Panel (June)

Essential Energy presented the export tariff transition timeline that was proposed during Phase 4 of the Regulatory Proposal engagement program which allowed customers to opt-in to the new tariff from 1 July 2024, new connections or meter alterations from 2025 and then existing smart meter customers from 2028.

However, since the last round of engagement Essential Energy has conducted extensive engagement with retailers and they highlighted that customers who connect or have a meter change in the first year of the period would actually end up having to transition to two tariffs – firstly the existing Time of Use tariff (as that is the default until 2025, when export pricing can be introduced) and then the Sun Soaker Two-Way. It was thought that this could result in confusion and a poor customer experience.

Therefore, Essential Energy devised a new transition approach, which was tested with the Essential People's Panel following strong support from both the Stakeholder Collaboration Collective and the Pricing Collaboration Collective. The new approach involves implementing the Sun Soaker Two-Way from 2024 with zero rates against the export charge and rebate for the first year. Every customer who opts into this tariff in the first year, as well as any new customer that connects to the network and any customer who has their meter changed or connection altered in this first year, will move to this tariff. From 1 July 2025, Essential Energy would then apply the export price, so they would experience the full Sun Soaker Two-Way tariff.

Panel members were encouraged to evaluate the two transition approaches against the pricing principles that were developed by customers in previous engagement and underlie the Tariff Structure Statement:

- Avoid bill shock – tariffs minimise the risk of bill shock for customers (especially vulnerable customers),
- Easy to understand – tariffs are relatively simple to interpret,
- Fair – customers pay their fair share of network costs (cost-reflective),
- Integrate renewables and new technologies – tariffs accommodate changing technology, energy flows and greener customer choices, and
- Effective – tariffs do the job – they solve network issues and don't create new ones.

The new pathway was preferred by participants as it was thought to be better aligned with the pricing principles.

It was suggested that customers would only have to learn to adjust to one price in this time period rather than two making it easier to understand and less likely to result in bill shock due to fewer tariff changes.

> *"I like the simplicity of the new approach."*

It was recognised that more customers would experience the new tariff earlier, in that those who install solar, get a meter replaced or connect to the network in the first year will move to the Sun Soaker Two-Way three years earlier than they would otherwise have done. It was believed that this would help to solve the network issues quicker.

Both transition approaches were thought to be fair and hopefully effective (although this will have to wait to be determined).

There was also a concern about the administrative burden for Essential Energy and the retailers if people transition to the Time of Use tariff before being put on the Sun Soaker Two-Way, as this would require two changes rather than one.

> *"It would be quite a big admin burden if you had the ToU in the middle of the transition."*

Regardless of the transition pathway, participants suggested that there needs to be a shift in the mindset of people with solar or considering solar. Instead of aiming to make money through selling electricity back to the grid it was thought people should focus on saving money through the self-consumption aspect.

> *"The day of putting solar on your roof to make money has gone. Now it is about saving money. So not having the export charge is not a big issue."*

4.4 12-month delay for forced meter changes

4.4.1 Essential People's Panel (June)

In 2022 an energy retailer suggested that there should be a 12-month delay following a forced meter change, before a customer's network tariff is changed. Participants at the Phase 4 forums in 2022 were asked for their feedback on this proposition. Although positive, the support was not strong for this proposal.

Subsequently Essential Energy has consulted with other retailers on this issue with less support. Therefore, the Essential People's Panel were asked whether they thought there should still be a 12-month delay in light of mixed support and the more detailed bill impacts presented.

Generally, participants did not think a delay was necessary as it was thought that it would confuse customers to have a waiting period before the change. Given the bill impact information provided to participants showed that most people would benefit from the move to the Sun Soaker Two-Way, the sentiment was 'why would we wait?'

> *"Having a 12 month delay could confuse customers and lose their trust."*

However, in order for customers to benefit it was believed that education is a must, e.g. a factsheet on the new tariff when the customer is put onto the new meter and before it starts. Ideally on bills they would also be able to see their usage mapped against the different pricing windows in the tariff.

> *"Whether it is 2 months or 6 months or no months they need education. Education is the key component."*

> *"I prefer they go straight to Sun Soaker – it is better but it just needs education. If they waited 12 months the customer might forget why there is a change when it happens. That could be more confusing for customers if you wait."*

> *"They need to be informed before they move."*

As before, tariff choice was emphasised as being important to customers and some participants were mindful of whether particular types of customers would lose out.

> *"It should be about the consumer having the choice, not being forced."*

> *"I don't think you need the delay but I am concerned about older people not on solar. They may not understand. Who are the demographic that are getting the bill increases? The pink dots in the chart. Are they a specific demographic? We need to make sure that they are educated in particular."*

5. Customer Service Incentive Scheme (CSIS)

5.1 Essential People's Panel

For this section Essential Energy explained that there has been a new initiative introduced that has changed what they proposed in the Regulatory Proposal slightly and that they would like to hear customers' views on how to proceed.

A recap was provided on how incentive schemes work and what the current measure is for the CSIS. At the forums last year the following three new CSIS measures were agreed by customers:

- Providing an estimated time to restore unplanned outages
- Average time to resolve customer complaints
- Being easy to deal with, reported by customers, including:
    - A Contact Centre post interaction survey which measures how easy Essential Energy is to do business with
    - A quarterly survey which measures how much effort customers have to put into this interaction

This year Essential Energy is planning to replace the quarterly survey with a shorter survey that will automatically be sent to a random selection of customers within 48 hours of a customer interaction and participants were asked for feedback on this new approach.

Before getting into the discussion about the replacement of the quarterly survey by a post interaction survey, some participants voiced their concerns about an incentive scheme per se as they struggled with the very idea of an incentive scheme.

> *"Why should the customer pay more for them to do better? Calling it a reward seems wrong. They shouldn't be rewarded – customer service should be a given."*

In the main discussion, the attendees at the session appreciated that there would be benefits to the change to a post interaction survey in terms of cost savings and post interaction timing. They agreed that customers should be able to remember their interaction more accurately if they are asked about it straightaway afterwards. However, it was thought that there needs to be some allowance made for those who haven't had their issue or query resolved within that timeframe.

> *"I prefer that it is within 48 hours than 12 months. It seems like it could be a positive change."*

> *"You have to hope that their issue has been resolved within 48 hours if you are sending it out within that time!"*

Although there was support overall, there were a number of concerns from participants about the new approach such as:

- A possible low response rate and post-interaction survey fatigue – some wondered whether an incentive would be considered or a summary of the findings of the survey.

  "People get sick of the surveys that get sent after every interaction. Who actually does them?"

  "Probably more likely to only get the unhappy and happy people filling in a post interaction survey."

  "Personally I get a bit sick of surveys through email. There should be some sort of an incentive."

  "People who fill it in should be sent something afterwards about the results and what is being done. If after you were sent the survey you got some feedback it would be good – what changes have been made."

- Although substantially shorter than the quarterly survey, some thought that 10 questions will still be too many for a short post interaction survey.

  "I think 10 questions seems like a lot of questions still. Maybe shorten it further."

  "Do you think you can get the questions down to 3? Telstra has a 30 second survey. You need something like that. You will get more responses with 3 questions than 10 so make it as short as possible."

- There was a concern that many people won't understand Essential Energy's role and place in the supply chain, so could answer the survey about non-Essential Energy related issues, e.g., retail price rises.

  "Essential Energy will need to explain what people are being surveyed on and what their role is. A lot of people don't know who Essential Energy is, so may give inaccurate feedback. It will need to be very clear what the interaction was that they are asking them about otherwise they will start to give feedback on other things."

- Some voiced concerns about independence and response bias now that Essential Energy is going to conduct the survey to evaluate its own performance.

  "It was independent but now it's in the hands of Essential Energy so it could be handled incorrectly and some bias might come into it. Perhaps the independence could be kept."

  "Because they don't have the competition we need to keep it honest and transparent, and as independent as possible."

  "Would people be concerned about Essential Energy sending it rather than an independent research company. Would people worry that their service will be negatively impacted? It isn't confidential or anonymous. Personally, I don't care but I know people who would care. It should be private."

5.1.1 Setting a baseline and weightings

Following this Essential Energy explained how the incentive scheme works, in that they set a baseline for each customer service metric, generally based on the historical average (3 years in most cases), at which point the business received no reward or penalty. They explained that a maximum level is set where they obtain the maximum reward and a symmetrical lower level for the maximum penalty.

Because there is no data yet for the new post-interaction survey, participants were asked to consider how much data they thought is required to inform the baseline, when the measure should be introduced, whether it should have the same weighting as the quarterly survey and what should happen to the weightings in the meantime whilst data is collected.

Participants found it hard to provide feedback on the timeframe required for data collection before a baseline can be set. Most wanted to defer this decision to 'the experts' but there was some feeling that a 6 month timeframe would be the minimum length of time required. It was also suggested to track it over time to see if it is steady month to month or if it is fluctuating. If it is steady then it was felt that the baseline could be set earlier than if the data is fluctuating. They had no concerns about bringing it in mid-way through the next regulatory period, rather than waiting until the next period.

> *"Ask the experts that question. How much data is ok? We need experts to decide how much data is needed."*
>
> *"It's the target to aim for – bring it in halfway through the next reg period. It's really a KPI."*
>
> *"6 months to have it running is long enough."*
>
> *"Leave it until they have sufficient data to put into the target – however long it takes."*

When asked what the interim weightings should be whilst the data is being collected, overall most thought they should be kept as they are, i.e. give the customer interaction survey a 20% interim weighting.

> *"Just use the contact centre measure for the whole customer ease – 20% until we can get some data."*
>
> *"Keep them as they are. If you start reallocating to the outage or complaint one, then it will become messy when you do introduce the new measure. It is 'cleaner' to just keep the 20% in the ease metric."*

5.2 SCC/PCC

One of the SCC members suggested the inclusion of a dead band may help cover the uncertainty, i.e. the reward is applied above a 'band' and the penalty below a 'band' rather than just a baseline. The reward/penalty is then much greater if you achieve it. It was thought that this approach would help mitigate the customer concern that businesses should be improving customer service as a given, not always for a reward.

One of the members from the AER outlined that a few months of data would be challenging from an AER perspective and that other DNSPs are facing a similar dilemma. It was suggested that a paper trial would be preferred in this instance.

The SCC agreed that forgoing the incentive for the post experience survey until there is enough data gathered was a good idea as it avoids a random baseline and allows time to gather sufficient data, especially to cater for seasonality.

It was thought that it would be acceptable to introduce the metric during the regulatory period, perhaps after a year, once enough data is gathered.

6. Legacy Metering Costs

6.1 Essential People's Panel

Essential Energy provided a short history on metering and details of the Australian Energy Market Commission's (AEMC) objective to accelerate the replacement rate of legacy meters to smart meters. The key question for deliberation for this session was who should pay for the costs associated with the remaining legacy meters whilst the rollout takes place? Until all customers are on smart meters, there will be some legacy costs to be shared.

There were two options outlined here:

1. All costs spread across customers who have or have had a legacy meter (approximately 800,000 customers) resulting in an additional estimated charge of about $21 per annum.

2. All costs spread across all Essential Energy customers regardless of whether they have or have ever had a legacy meter (approximately 900,000 customers) resulting in an additional estimated charge of about $15 per annum.

6.1.1 Reactions to Option 1: Costs spread across customers who have or have had a legacy meter

There was a lot of debate about which of the options was fairest as participants could see that both options were fair in a different way.

Those in favour of Option 1 believed that households who have never had a legacy meter should not have to pay the residual legacy meter costs. They expected that the customer had already had to pay to transition to a smart meter.

> *"If you are living in a house that has never had a legacy meter you have paid all this money to change it over and then you still get charged. That's not fair."*

6.1.2 Reactions to Option 2: Costs spread across all customers

Many participants felt Option 2 was more equitable as most people have not made a conscious choice to keep a legacy meter and there has been no publicity promoting the change to a smart meter.

> *"The people who haven't sorted themselves out it is not their fault. There has been no publicity about this."*

> *"A lot of people have a legacy meter not by their choice so really, it's not their fault. Why should they be paying $21 when it's not their fault and something they don't have control over?"*

In addition, it was thought that transitioning customers to smart meters will benefit everyone, aligning with the value of 'collective benefit' developed by customers during the engagement program, so they thought it was fairer if everyone pays.

> *"Option 2 is better – it is fair and equitable. It will benefit all of us to get everyone on smart meters. It is a community change."*

It was also pointed out that everyone will probably have had a legacy meter at some point in the past, even if they have built their own house they probably had one in their previous house. They may have paid for a smart meter in their new build but those who transition over the coming years will also have to pay for a meter at some point.

6.1.3 Preferred option

There was a lot of discussion on the tables but ultimately 15 out of the 19 participants present supported Option 2. The results are shown in the table below.

Table 6: Metering costs – summary of table activity sheet 1

	Option 1: Only those who have ever had a legacy meter ($21)	Option 2: All customers ($15)
Table 1	2	4
Table 2	2	5
Table 3	0	6
Total	**4**	**15**

However, many people's opinions did not seem too strong as it was mentioned that the charge will hopefully only last until 2030 when everyone has transitioned and it is only a difference of $6 per annum between the two options.

> *"By 2030 it should be gone! We are fighting over $6! It is nothing really."*

> *"We are splitting hairs – looking at $21 or $15 per year, so very small!"*

6.1.4 Site remediation

The second component of the smart metering section focused on the remediation or 'site ready' costs associated with the rollout of smart meters. Essential Energy mentioned that smart meters can't be installed until sites are made ready and that there are either simple or complex installations. The more complex issues can be in relation to old wiring or asbestos or the fact that meters can even be located on Essential Energy power poles.

During this presentation, Essential Energy stressed that the more customers who have smart meters, the greater the benefits will be for households, communities and networks, e.g.

- Customer benefits: access to better pricing structures, information about usage
- Community benefits: Future network – new services/ trading, community batteries
- Network benefits: Better information, faster fault response and lower prices

The Essential People's Panel were asked to discuss the concept of fairness in relation to the remediation costs - who should pay the site ready costs and whether this should differ for different sites/problems or levels of cost. They were also asked to consider life support customers or financially vulnerable customers and what should happen in these circumstances.

The main themes in the discussions were around the fact that everyone benefits from 100% smart meter penetration so any barriers to installation should endeavour to be removed. The government was thought to be leading this push to smart meters which led onto some suggesting that the government should pay the costs or Essential Energy, and they should be smeared across all customers.

> *"It should not be on the individual to get the site ready. I think it should be the burden of government. They should be supporting getting smart meters rolled out."*

> *"Share the cost of repairs across the whole network – same principle applies that we've discussed in all the sessions, everybody should pay."*

> *"The government should be involved. Smart meters are being forced on you so the government should help."*

However, others believed that individual customers needed to at least contribute as really it is their responsibility to ensure their house is up to the current electrical standards in terms of wiring. Although others pointed out that most people don't even know if their wiring is up to current standards.

> *"My mother is very good at home maintenance -should she pay for those who are not good at keeping up to date? This is the key point – people who don't take care of their houses would be paying for those who don't. That is not fair."*

> *"But how many people do maintenance on the wiring in their house? Nobody. Your board might need to be updated but you just don't know."*

It was also thought that substandard wiring and asbestos would generally affect older houses, and so might disproportionately impact older customers and those who are financially vulnerable. Overall, almost all believed that there are certain groups of customers who may find it difficult to cover the costs to transition, such as first home buyers and the financially vulnerable, and they suggested support should be provided to help them transition if the onus is put onto the individual to pay. It was also suggested that renters shouldn't have to cover any of the costs.

> *"We want everyone to go to smart meters so we need to make it possible for everyone to do so. We need to help young people who are maybe not wealthy enough to pay for it themselves."*

> *"We need to look after those who are vulnerable - older homeowners and young people as they are carrying the burden already."*

It was hard for participants to state a blanket approach to cost recovery as they felt that there would be so many different situations.

> *"It's hard to make a generalisation as there are lots of factors on each individual site."*

> *"It needs to be done on a case-by-case basis."*

Many ended up suggesting that as a principle individual homeowners shouldn't have to bear the full brunt of the remediation costs and neither should the government or Essential Energy, and that a combination of the following could be used depending on individual circumstances:

- No or low interest government loans.

- Rebate scheme, e.g. first home buyers rebate.
- Direct funding in some cases, i.e. in such circumstances as life support customers or customers experiencing vulnerability, governments should cover the cost.
- Some remediation costs may be covered by Essential Energy and be smeared across all customers.

  "I think it is a shared responsibility and there should be payment plans."

6.2 SCC/PCC

Following a presentation by Essential Energy on metering costs, the discussion by the SCC focused on understanding the benefits of moving to 100% smart meters, for example making the system more efficient, cost effective etc. It was suggested that a cost benefit analysis would quantify the benefits and is an action to look into.

The SCC and PCC seemed supportive of moving metering to Standard Control based on feedback from the Essential People's Panel, (i.e. costs being spread across all customers). However, it was highlighted that the question had not been asked about whether customers specifically supported accelerating depreciation which is being proposed by the AER.

On the topic of site remediation costs for smart meters, the panels suggested that lessons should be learned from the roll out in Victoria. They reflected on not underestimating remediation costs as there will be many dwellings that require compliance works.

One participant suggested that there had been an issue with rental properties in Victoria and that Essential Energy should not give landlords the ability to opt in, only to opt out as this will enable the rollout to happen in a more effective way.

It was recommended that Essential Energy talk to the NSW Government about a targeted approach to vulnerable households. They agreed that there a role for Government in the funding of some of the remediation costs.

At a subsequent meeting, Essential Energy presented their plans for the revised proposal including the following approach:

- In alignment with the EPP position, recover metering costs across a larger base of customers in standard control
- Apply costs as a same proportional increase on the access charge, rather than a flat dollar amount (example figures were included for each option)
- Apply the same annual charge over the 5-year period from year 1, i.e. no bill smoothing (example figures were included same amount per year and increasing amount per year)

The SCC was asked for feedback on the above points.

The group supported the proportional increase for cost recovery. In terms of applying the annual charge they thought that it depends on the overall glidepath. It was thought that the rationale for providing a lower start price then increasing the amount per year could be that the cost of living issues are very prominent at the moment and may ease over time. However, they also suggested making the glidepath as smooth as possible

and that consideration should be given to modelling the Roadmap costs to take those into account when making the decision.

The issue of the rationale for accelerated depreciation was raised again and the potential impacts on customers of this, considering the current cost of living and roadmap costs. A request was made for Essential Energy to model the cost of not applying accelerated depreciation and to question the AER on this decision.

If accelerated depreciation is adopted then it was thought that communicating the benefits of a quicker smart meter rollout to customers will be important, such as faster access to real time data and tariffs that encourage more consumer control over energy use (for savings).

7. New Investments

7.1 Webinar and survey

Participants at the webinar were informed that Essential Energy's business-as-usual costs have increased since the submission of the Proposal, largely due to inflation and interest rate increases. The estimate was that a customer's average network bill during 2024-29 would be around $885 per year (including metering). It was explained that this includes the new expenditure on resilience and future network investments that participants supported during the customer engagement at a cost of approximately $10 per year.

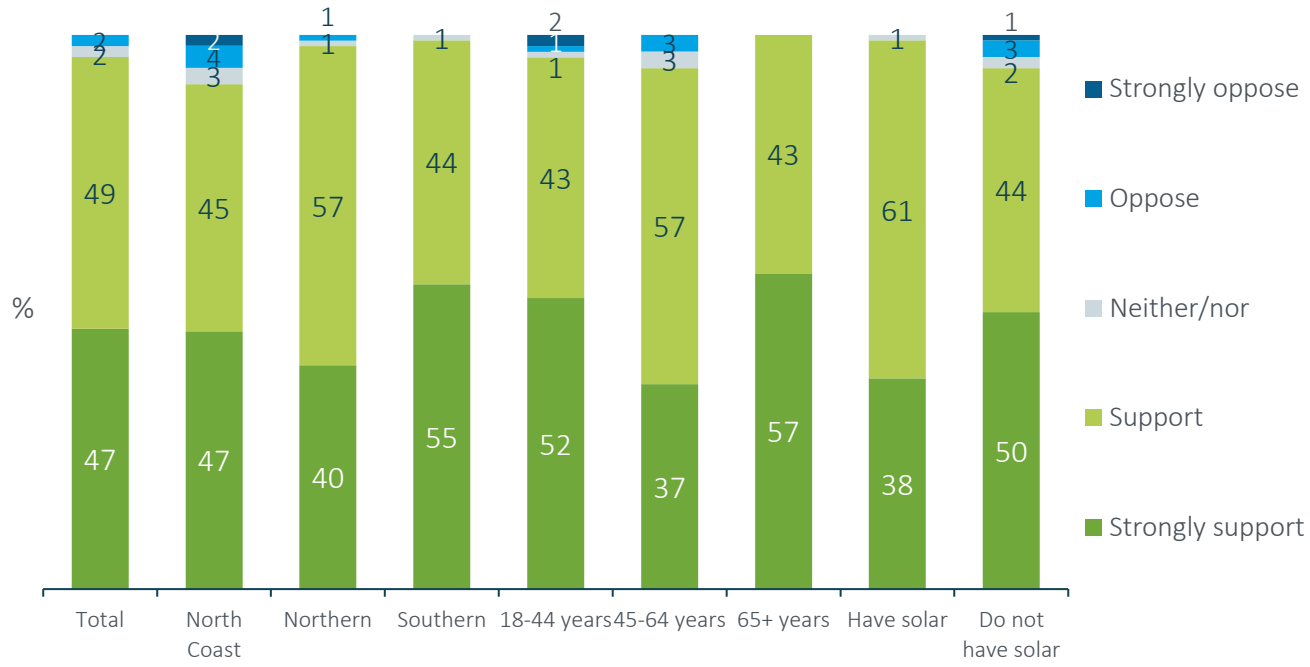
Essential Energy wanted to find out if customers were still happy with these investments bearing in mind that the business-as-usual costs have increased. The costs for the new investments are still about the same cost as in Phase 4 ($10 in total).

Participants were presented with a recap of the investments included in the Proposal:

Composite poles • Broadly using composite poles when we need to do pole replacements • Proactively installing 11,000 composite poles in high-risk areas over 2024-29
Undergrounding • Undergrounding sections of poor condition network in very high-risk areas
Stand alone power systems (SAPS) and microgrids • Up to 400 SAPS and 7 microgrids
Community resilience • Continuing recovery assistance • Employing 3 new community resilience staff • 1,000 new domestic generators • 20 portable SAPS • 50 large generators • 50 portable solar streetlights • Portable community hub and depot
Real time monitoring and dynamic assets for a smarter network • Fully integrated data management system • Data investment across the broader network • Moderate investment in dynamic assets to manage power quality
Lowering our environmental impact • Invest in solar panels at the top 20 depots (based on solar returns) • Move ~850 light vehicles (70%) and 104 of our heavy vehicles (30%) to electric by 30 June 2029
Customer service • New system to record and manage interactions in the one place • Introduce an online customer portal

In the survey they were asked whether they still supported inclusion of these investments in the Revised Proposal. An overwhelming majority stated that they supported them (96%), with 47% strongly supporting.

Figure 2 Support for proposed investments



Q1. To what extent do you still support these proposed investments?
Base: All respondents (n=252), North Coast (n=66), Northern (n=96), Southern (n=90), 18-44 years (n=85), 45-64 years (n=107), 65+ years (n=60), have solar (n=83), do not have solar (n=169)

They were asked to provide their reasoning for their answer in open text format. The answers were then coded into themes, as shown in the table below. The most commonly stated reasons were general such as it is needed/simply has to be done (17%), seems to be fair/well reasoned/balanced (14%) or that the costs are reasonable/acceptable (12%). There were also specific investments mentioned such as composite poles being the right way to go (14%) or moving more towards sustainability/environmental benefits which was supported (12%). There were also some mentions of planning for the future and investing now keeping the costs down in the longer term.

Table 7 Reasons for extent of support

Reasons	Total (n=252) %	Region			Age			Solar Panels	
		North Coast (n=66) %	Northern (n=96) %	Southern (n=90) %	18-44 (n=85) %	45-64 (n=107) %	65+ (n=60) %	Have Solar (n=83) %	Do Not Have Solar (n=169) %
There is definitely a need for improvement in the system/it has to be done	17	18	21	11	11	18	26	16	18
Composite poles are the right way to go/reduce costs in the long run	14	21	9	14	14	9	23	12	15
This seems to be fair/well reasoned/balanced/a solution for all	14	7	16	18	19	12	11	17	12
We understand/accept that costs have increased/the costs are reasonable	12	8	16	11	12	16	6	12	12
Its moving more towards sustainability/ environmental benefits	12	11	9	19	14	10	13	11	13
It is what we asked for/a reflection/a good balance of what we wanted	9	11	10	6	5	13	8	9	9
Its on the right track/beneficial/the best way	9	5	12	8	9	10	7	14	6
Customer service will improve/the community will see the benefits	8	2	6	16	8	8	7	6	8
Hopefully this will keep prices down in the future	7	5	6	10	7	7	7	8	7
Its planning ahead/a sensible approach	7	8	4	11	8	6	8	6	8
As much undergrounding as possible would be beneficial	7	4	7	11	5	8	8	6	7
The extra that we are paying will help EE pay for the upgrade to the service/take it into the future	7	2	7	13	8	7	7	11	5
Please try very hard to be efficient/keep costs down	7	13	2	7	5	3	15	3	8

Making the investment now for long term benefits makes sense/consumers should be happy to pay small increase	6	5	3	12	13	3	3	7	6
The micro grids/SAPs will benefit many people/be good assets	5	2	8	6	6	6	3	4	6
Energy systems need to respond to climate change challenges	5	2	2	13	4	5	5	6	4
They will progress the aims of EE/their commitment	5	8	4	3	1	3	13	1	6
Community resilience will be enhanced	5	5	4	6	5	4	5	5	5
Reliability will be improved	4	1	8	3	3	5	6	5	4
It seems like good value for money/a good investment/makes economic sense	4	4	4	6	3	6	3	6	3
This is an enhancement of the safety of the grid	4	4	4	4	4	3	6	2	5
I am not in favour of the fast conversion of the fleet to EVs/need to be hybrid/batteries have problems	4	4	5	2	5	4	3	5	3
I support solar incentives for the customer/increased solar uptake	3	2	4	3	2	5	1	5	2
I like EE's efforts to reduce its own corporate usage e.g. EVs	3	1	4	3	2	4	2	5	2
I support some/most of the proposals, but have hesitation about other items	2	2	3	1	1	4	0	5	1
I like the idea of real time monitoring	1	0	2	1	3	0	0	0	1
I am concerned about the costs	0	0	0	1	1	0	0	0	0

Other	7	12	7	2	2	9	10	5	8

Q2. Please provide reasons for your answer. Please provide as much detail as you can.
Base: All respondents (n-252)

> *"This Proposal seems to strike a good balance of incremental improvement and maintaining costs."*
>
> *"The cost per consumer is quite small when the long-term benefits are considered. It is hard to put a value on the social benefits of the proposed improvements but these will be major."*
>
> *"The proposed investment covers a broad range of improvements to the existing network."*
>
> *"At our face to face seminars we all felt that change needed to happen fairly quickly to help keep costs as low as possible for our aging population and to keep operating costs down for power providers."*
>
> *"I think the proposals are a balanced and sensible way to work towards providing sustainable and reliable energy, without compromising service or having to drastically increase bills. I think the mix is right and Essential Energy have been honest and transparent around what is important to them and what they are able to achieve in the timeframe."*
>
> *"I support anything that will help everyone in the long run. Even if that means paying a few dollars more."*
>
> *"It is important to look to the future, to do this I believe that you have to invest. I understand that costs for BAU are increasing, but to progress and move forward and minimise ongoing charges investing in composite poles, SAPs, education, looking out for the environment etc are all really important and need to be paid for."*
>
> *"The investment is very small in comparison to other parts of the bill. $10 is not a lot and Essential Energy are going to achieve so much with it!"*
>
> *"Budget increases are getting tough but I support the direction of these changes"*

For the minority of participants who did not support, the main reasons provided were that they supported some but not all of the investments. The investments that they questioned were varied, including electric vehicles, the online customer service portal, undergrounding and composite poles. Others just commented generally that they wanted to see a reduction in costs not an increase.

8. Change in Bushfire Risk Prioritisation

8.1 Essential People's Panel

At the Essential People's Panel meeting, Essential Energy outlined the proposal to update its current bushfire risk modelling, thus changing the way locations are classified (P1-P4) which determines required vegetation clearance levels.

A map was provided showing the proposed change in risk categorisations across the network area, with more P1 areas now expected to be on the mid north coast of NSW, compared to around the ACT in the current model. Essential Energy outlined that there are large upfront costs associated with widening vegetation corridors and there are additional requirements around annual inspections and maintenance for P1 (high bushfire risk) areas. The consequences of areas being changed from a lower to a higher risk classification were outlined. Participants were asked their thoughts on the proposed changes and what concerns they thought the communities might have if moving from a higher to a lower risk, or from a lower to a higher risk classification, along with how Essential Energy could manage these concerns.

In general participants were supportive of the revised risk modelling as it was deemed important that it is kept up to date and it seemed to match their expectations about where bushfires generally occur.

> *"We've known for a long time that the mid north coast is a high risk area."*

> *"Bushfires cost people their lives and livelihoods – we need to do risk mitigations."*

8.1.1 Areas changing from higher risk to lower risk prioritisation

In locations that will be moving from a higher risk prioritisation to a lower one, participants thought that community concerns would be focused on whether the change is justified and the actual risk of bushfire starts is lower. Therefore, it was suggested that providing too much information, and drawing attention to the change may cause unreasonable levels of anxiety and concern. Indeed, customers may not even notice the changes to vegetation clearance or if they do, they may actually be positive about it.

> *"Giving people information can create an issue. People may not notice unless they are told."*

> *"There wouldn't be as much complaining in those areas. The way they cut the trees is terrible at the moment. There are lots of misshapen gum trees."*

Instead, it was recommended that adopting a staged approach would be beneficial along with closely monitoring the outcomes of the changes. If an increase in bushfire ignitions is observed then action would need to be taken by Essential Energy to move the area back to a higher risk allocation. This iterative process would ensure that appropriate measures are implemented based on the current fire situation.

> *"Neglect may increase fire risk. They should go from P1 to P2 not straight to P3. And we need a monitoring program and to keep checking the data."*

Collaborating with other agencies was thought to be crucial in this process, particularly around sharing data about fire prevention measures and fire starts.

> *"Is there any consultation with RFS? There should be. They would need to share the data."*

"There are 5 diff agencies within our area that are involved in hazard reduction practices – Crown Land, National Parks, RFS, SES and Essential Energy. It falls through the cracks as there are so many agencies involved. Everyone says it is someone else's job. We need to make sure they are collaborating."

Participants were also asked whether in fact Essential Energy should maintain the width of existing corridors where the risk of bushfire is now considered to be lower, particularly as the cost to maintain the corridors is not substantial compared to the cost of creating the corridors in the first place. The feedback provided was that because the modelling associated with bushfire risk will likely change again in the future, existing corridor widths should largely be maintained if possible. By preserving adequate space, the low risk of bushfire is maintained and there is the flexibility to adapt and respond to evolving fire conditions effectively.

"Should be maintained to P1 without the planes. It seems that it would be silly to let it grow and then three years later if the P2 changed back to P1 you have to spend the money to cut back everything again."

8.1.2 Areas changing from lower risk to higher risk prioritisation

In areas moving from a lower risk to a higher risk prioritisation it was thought that communications are going to be key, as these communities will notice changes in vegetation clearances within the existing corridors.

A number of possible concerns were raised on behalf of these communities. One of the main concerns voiced by participants was about the loss of forests and vegetation in the wider corridors, from an environmental perspective. This could cause biodiversity concerns such as loss of habitat for species such as koalas.

"Bound to get the greenies complaining about the trees being knocked down. There will be bad press out of that. Destroying the forest won't be well received."

"I am concerned about massive corridors through the forest. We shouldn't have so many powerlines running through the forest. There must be better options in the future."

It was thought that Essential Energy should have the longer-term vision in mind in order to avoid powerlines running through vegetation in the first place, for example implementing microgrids, community batteries and standalone power systems as much as possible. The long term plan would need to be emphasised to communities in any communications by Essential Energy so that there is reassurance that other options are being considered.

"More storage in towns - have batteries in the towns. Decentralise the system."

There was also some concern about vegetation clearance actually causing a greater fire hazard by decreasing the canopy coverage, drying out the ground and causing trees to die.

"The impact that that has on a forest is huge. The fire risk will increase if the canopy is taken away. It increases the temperature of the forest and dries the soil out. It also puts the trees in distress which means they are more likely to die and become fuel for fires."

Some brought up the aesthetics as a concern, in that if there is going to be harsher trimming then there will be trees that don't look as good as they did before.

"This will be quite a shock for people aesthetically. – the visual impact may be noticed."

Local landowners will have Essential Energy contractors coming onto their property whereas they may not have done before. It was thought that this could cause some concern, particularly in relation to disrespecting property and biosecurity risks such as weed introduction from tyres. A suggested solution was that the contractors could wash their tyres before going to the next property.

Ultimately though it was thought that safety comes first. If widening the corridor is going to protect lives, then there was going to be support for doing it.

> *"My kids' safety is most important to me. Fallen trees is the biggest cause of powerlines coming down. That wouldn't happen if they clear the area around the lines more."*

> *"People will be happy for Essential Energy to do what they need to do to keep us safe."*

It was suggested that a letter box drop or mailout would be ideal in these areas, with use of a QR code to Essential Energy's website for people to obtain more information if they want it. Local radio announcements about the aerial inspections were also suggested.

In general it was felt that further engagement in the local areas that have an increased prioritisation level is necessary, possibly running some community forums and also some specific First Nations engagement to learn methods for managing bushfire risk.

> *"Have similar forums with the communities in the new P1 areas to hear their concerns and look at possible solutions. Have more face-to-face forums in all these communities. Ask them what they think."*

> *"Need to talk to First Nations people to help us manage the land with regard to bushfires"*

Also, providing further education to customers about what suitable vegetation to plant under powerlines was thought to be a key component of managing bushfire risk in higher risk areas.

8.2 SCC/PCC

It was thought that customer communication will be key for any changes that Essential Energy makes to bushfire risk prioritisation. Within this communication the following information was suggested:

- Reasons for the change in prioritisation and any benefits provided (reduces likelihood of …. by….)
- When it is going to occur
- Link to other information they are aware of, or even partner with other organisations e.g. RFS burning off
- What will happen to the vegetation that is removed – mulch for local community?
- Where there is sensitive flora and fauna and what protections will be in place for that? Will there be any regeneration areas to compensate for the ones lost?
- How First Nations peoples have been consulted and how any of their methods are being used (Ausgrid did this)

It was also thought that clearances should be maintained in downgraded areas.

It was recommended that the same thing should be done year on year in terms of approach, as consistency is very important. Essential Energy should try and make messaging clear, following a similar model to the RFS as there is a high level of acceptance in the community regarding bushfire preparedness. Apparently Powercor in Victoria works closely with the CFA and those CFA volunteers go back and sell the Powercor message to their communities. It was suggested that a similar close working relationship could be developed in NSW between Essential Energy and the RFS.

9. NSW Energy Infrastructure Roadmap cost recovery

9.1 Essential People's Panel

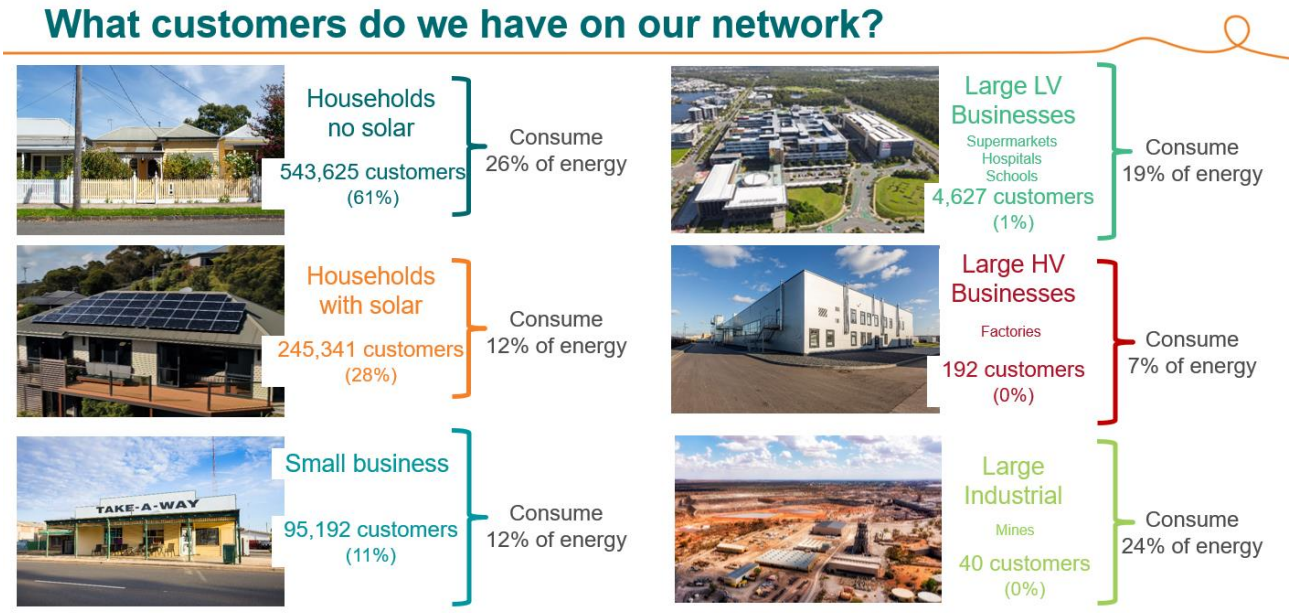
Presenters from the NSW Office of Energy and Climate Change outlined the government's plans including what the Roadmap is, how it works and what the benefits will be. They also presented information about The Electricity Supply and Reliability Check Up.

The government presenters explained that the costs for building the new network infrastructure and putting in place the Long-Term Energy Service Agreements will be recovered through electricity distribution charges, so anyone currently paying a distribution charge will pay an additional amount to cover the costs for the Roadmap.

This presentation was followed by Essential Energy outlining the ways that the costs could be recovered, through the different components in distribution charges and what this would mean for customers. She explained that the costs could be recovered via:

- The network access charge – all customers would pay the same for the Roadmap according to their connection type.
- Consumption charge – customers who consume more would pay more of the Roadmap costs.
- Demand charge – customers who consume more energy at once will pay more of the Roadmap costs.
- Export price – customers who export more will pay more of the Roadmap costs.

The different types of customers on the Essential Energy network were identified along with the proportion they make up and their consumption profiles.



9.1.1 Principles for Roadmap cost recovery

Subsequently, during the discussion session participants were asked to consider what a 'fair' cost allocation would look like and what principles should be taken into account when deciding this.

Participants could see the 'fairness' of recovering the costs through every type of charge listed above, except for the export charge. A summary of the discussion for the allocation of costs onto each charge is provided below.

Network Access Charge

Most participants thought it would be fair to recover some of the costs through the network access charge as everyone will benefit in the future from the Roadmap, not just those who consume more. It was thought that we are implementing the Roadmap to help future generations and that it is a 'community-wide' responsibility to move towards renewables.

> *"Everyone needs the Roadmap infrastructure – everyone will benefit from it, not just us today but future generations, so I think having part of it being a network access charge is good."*

However, on the other hand putting too much on the network access charge did not seem fair as it doesn't distinguish between levels of usage, size of household and could even encourage people to go off grid in the longer term.

Consumption Charge

Participants thought that it would be fair to put some of the costs of the Roadmap onto the consumption charge as those who use more should pay more as they will be benefiting the most from the Roadmap and the creating of the Renewable Energy Zones.

> *"People who use less shouldn't pay as much. My initial thought is that it should be based on consumption as this is all about how we use energy. No, it is actually about how we generate energy. We are a family of 5 and we use a lot of energy. I believe that I should be charged more than a single person."*

However, again most participants could see a negative side to allocating too much to the consumption charge. It was thought that putting too much on the consumption charge would be unfair as those who can't afford to get solar panels or can't get solar, e.g. renters, will be paying more.

> *"It shouldn't just be based on consumption, since non-solar will be more affected then."*

> *"If you just base it on consumption then you are going to be unfair because everyone is connected to the network. Solar people will pay less then and not everyone has the option to get solar. That's not fair. People who rent aren't able to have solar. I can't get the landlord to put solar on. My electricity bill just keeps going up and up and up."*

Demand Charge

When discussing whether the Roadmap costs should be recovered through the demand charge participants thought it could be fair as demand charges only really apply to businesses, and large businesses/industrial customers should pay more as they are using more electricity and profiting from their energy consumption.

"If we went with a network access charge then the large businesses don't pay much at all. They don't pay much with consumption charge either so it should have a demand element."

"It should always come down to the biggest users – those larger industrial companies should be the primary way to get back the costs. It should be based on profit."

"Big industrial customers should pay more. It's like when you register your car, a big truck pays more because they do more damage to the road. It should be the same in this case."

However, some cited concerns that putting too much cost recovery onto industrial customers would lead to increased costs for products and materials, which would flow through to increased costs for consumer goods. There were also concerns about the longer-term impact of this.

"But if we do that then won't they just charge us more? Or shut down?"

"I wonder what will be the long-term impact of that in the future – if we charge them too much!"

There was also some discussion about whether essential services should be exempt from the cost recovery.

"We have hospitals and schools over there too though (in the large customer category). We shouldn't hit hospitals and schools at all. And if you hit supermarkets they will just pass the costs on anyway."

Export Charge

Most participants believed that the Roadmap costs should not be recovered through the export charge as the Roadmap is about creating more renewable energy generation for communities, and not related to energy exports. It was thought that solar customers are already going to be charged for exporting so they shouldn't have to pay more for the Roadmap too.

"They are already being hit for exporting."

"Those who are exporting are not putting extra demand on the system in terms of usage so why should they be paying for it?"

"The Sun Soaker is going to be the export charge. I don't think we should add this roadmap cost to the export charge as it would be penalising solar customers. A double whammy."

General Principles

In the end, it was decided by the Essential People's Panel that everyone should contribute to the costs since everyone will benefit from the move to net zero. Therefore, to ensure equity, the recovery costs should be spread across more than one type of charge (excluding the export charge), so that it impacts the customer types more evenly.

"There's something about every option which is a little bit unfair. It can't be just one."

"The best way of making it fair is that everyone pays a bit, no one type of customer pays too much. By doing it one way then it adversely affects one type of customer. Balancing everything out is best."

"Need to make it affordable across the board."

Additionally, every table thought that financially vulnerable customers should be supported and it was believed that the government should bear some of this responsibility, by the existing energy rebate scheme delivering higher rebates.

> *"There should always be a safety net for the most vulnerable customers. It's not equitable."*
>
> *"The fairest way is to put it on the network access charge and then the government ups the rebates to people on low incomes."*

During the discussions, each table was asked to develop some 'principles' for the fair allocation of the recovery costs and these were presented back to the room. A summary of the principles that were developed is provided below:

1. Everyone will benefit from the move to net zero, including future generations, so everyone should pay a proportion.
2. Those who consume more should pay more.
3. Those who profit from electricity consumption should pay relatively more than those who don't.
4. Avoid any customer type having a much higher percentage bill increase than the others (bill shock).
1. Customers experiencing vulnerability should be protected from big energy price increases.

9.1.2 Options for Roadmap cost recovery

Following the general discussion about the principles of fairness, participants were presented with four possible options for cost recovery. It was explained that these options had been put together to help with discussions about fairness, but that a new option could be developed based on their feedback that is not one of these four.

- Option 1: Across all tariff components
- Option 2: Consumption charges only
- Option 3: 75% from consumption charges and 25% from network access charges
- Option 4: 75% from network access charges and 25% from consumption charges

Examples were provided to participants for a cost recovery of $300M under each of the options to assist with their table discussions.

Option 1: Across all tariff components

Under this option, Roadmap costs would be applied as a blanket increase across consumption, network access and demand (a third each). This results in businesses paying higher amounts while solar customers paying the least.

Participants liked this option as seemed to align with their principle of fairness that the cost allocation should impact larger consumers (large businesses) relatively more than smaller consumers, as they profit from electricity consumption, and this option including a demand charge, was the only one of the four that does that.

However, they felt that the impacts were too great on small businesses in comparison to larger businesses. Small businesses are typically seen as 'doing it tough' and so there was a feeling that they should be more protected from cost recovery hikes.

> *"There is too much on small businesses but it's the only option that gets the large businesses."*
>
> *"It is unfair as small business are paying more than everyone else. They get hit the hardest."*
>
> *"The 8% difference between small business and large business isn't fair."*

There were also some who felt that the percentage gap between non-solar and solar was too large, as solar customers still use the network, and in fact from the customer profile information provided, seem to consume almost as much electricity per customer.

> *"I like this option but I want there to be a less than a 7% difference between solar and non-solar households. Solar customers still use the grid and they will still benefit."*

Participants wanted to amend the proportions allocated to the three tariff components, in order to correct the shortcomings of this option. There were some suggestions that the proportions between consumption, network access and demand should not be evenly distributed, and that perhaps consumption should be a larger proportion and network access a smaller proportion than in this option.

Option 2: Consumption charges only

This option was not viewed positively by many participants as it was felt to unfairly benefit large businesses. Questions were asked about why the large businesses pay proportionally less in this option when their consumption is higher, so it wasn't felt to be a fair reflection of consumption. It also seemed to unfairly impact the small businesses disproportionately.

> *"Based on the fact that large businesses consume 50% of the power this is not fair at all."*
>
> *"It ignores the little guy (businesses) and people who don't have solar. It really just benefits big business."*
>
> *"Large industrial don't get charged enough – the gap between household and businesses is too large. Small businesses are hit harder in option 2."*

Option 3: 75% from consumption charges and 25% from network access charges

This option was seen to be fairer than option 4 for example, because the percentage increases are more even across the different customer types, with most of them are being impacted by between 20-25%. The impact on small businesses is less in this option than Options 1 and 2, which was liked, although it was still questioned as to why they should be impacted proportionally more than larger businesses.

> *"It is a more even spread, the proportions seem closest together in this option."*

"The impact on small businesses gets better here. They suffer most in the other options. Big businesses are still hurt which is good."

"It is fairer than some of the others but doesn't hit the large industrial enough. Add a piece of pie for a demand charge."

"Large industrial is smaller than households and that is not fair."

"The better they make it for small businesses the healthier regional towns will be. No more empty storefronts."

They also liked the fact that households without solar were not as impacted as in some of the other options, and that solar customers pay a relatively larger proportion than in some of the other options.

"It's not too great of an increase for non-solar households."

Option 4: 75% from network access charges and 25% from consumption charges

This option was thought to be highly undesirable due to the large proportion of the cost recovery being put onto households and smaller proportion onto businesses. It did not align with the principles that participants had developed in the first discussion session. It also had a larger allocation being put onto solar customers than non-solar which did not seem fair. The only positive about this option was that it is not placing a huge burden on small businesses like the other options.

"Don't even talk about it – it is not fair at all!"

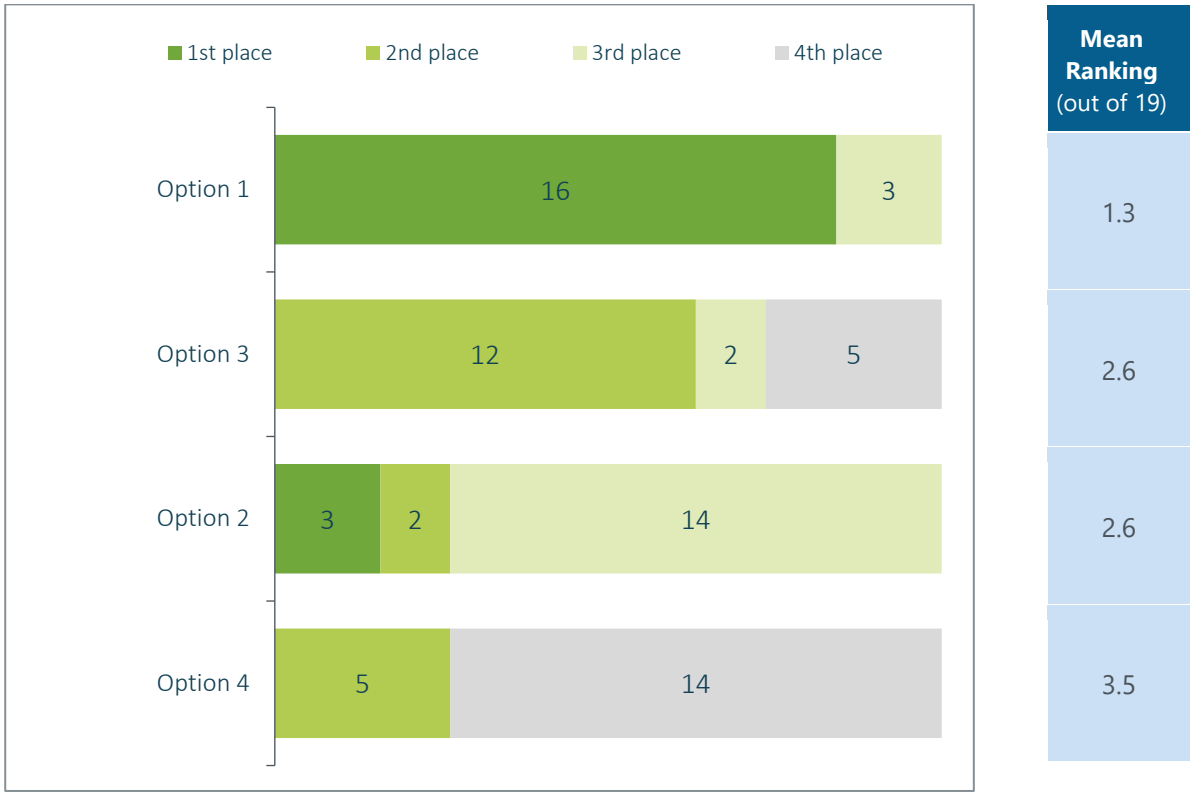
"Benefits small business which is good but they're a small proportion of the consumer base. Better for everybody except the actual households! There is a big discrepancy between large businesses and households. It's just not fair."

Preferred option

Once the participants had discussed the four options presented, they were asked to identify their preferred option, and then devise their ideal option.

The preferred option of the four presented was Option 1: Across all tariff components, followed by Option 3, then Option 2 and least preferred being Option 4. Sixteen of the nineteen participants selected Option 1 as their preferred choice.

Figure 3: Individual activity sheet results - ranking of the 4 Options



Please rank the options 1 to 4 according to preference (1 = most preferred, 4 = least preferred)
Base: All participants; Total (n=19)

Ideal option

It was clear from all tables that although Option 1 was preferred, it was not felt to be the ideal option. None of the four options presented reflected the principles and preferences that participants had voiced during the first discussion session.

The outline of the different consumer classes and their energy use helped to inform the discussion about the ideal allocation of costs, as participants believed that compared to their usage, small users carried a disproportionate amount of Roadmap costs in the options provided and they wanted to see the costs shift onto larger users. Some voiced the opinion that the allocation of the costs of the Roadmap should closer reflect the proportion of energy consumed by that customer type.

Since society as a whole will benefit from the Roadmap, and according to the figures provided, households with or without solar actually use pretty much the same amount of electricity from the network, participants thought that there should be a much smaller difference between the cost percentages allocated to solar and non-solar customers. They still thought that the percentage increase for non-solar should be more than for solar customers but the difference shouldn't be as great.

A prevailing view was that small businesses should not be 'hit as hard' by the Roadmap costs allocated to them as they are in most of the options, as their usage proportion is only 12% compared to 50% for large businesses.

> *"Bring down the small business percentage. They are trying to make a go of it!"*

Since 50% of the consumption is by large businesses, it was thought that ideally a much larger proportion of the Roadmap costs should be recovered from those large business customers than in the options provided. However, without seeing the impact of this on those customers (in terms of the % increase in bills) it was hard for participants to judge whether this would be too much of an increase on those customers' bills, thus causing bill shock.

They also felt that businesses were making a profit on their consumption of electricity so should pay more of the Roadmap costs. However, there was a concern that they would pass on any additional costs to consumers anyway. There was also an assumption that businesses might be able to offset anything they are charged against their tax.

> *"There should be something tied to the profit – small and large industry are making a profit from their energy consumption but residents aren't."*

Overall, participants suggested that the Roadmap allocation of costs should be a slightly different pattern to the four options presented – a mix of Option 1 and Option 3. One of the tables suggested that it would have been great to be able to 'play' with the allocations so they could see what happened to the percentage bill increases when they increased or decreased each tariff component.

> *"It would have been cool if we could mess around with percentages and watch what happens!"*

> *"I'd like to add a demand charge to Option 3!"*

10. Flexible Connection Agreements

10.1 New Technology Providers Forum

Essential Energy's Future Networks Manager outlined the business's plans to introduce Flexible Connection Agreements for new connections or upgrades, as a way of dealing with power quality issues stemming from the growing number of exports on the network. Currently, Essential Energy places automatic limits on exports of 5kW in urban areas and 3kW in rural areas, with permission required from Essential Energy to exceed these limits per connection. It was explained that even with these limits in place, the network will quickly run out of capacity due to the growth in exports.

Flexible Connection Agreements would allow Essential Energy to reduce customers' exports for the few hours on the handful of days where the network is reaching its limits. For most days of the year customers would be able to export more than they would be able to under fixed limits.

Essential Energy is currently developing trials for Flexible Connection Agreements with customers and are aiming to have the Agreements in place before 2027.

Generally, there was positive feedback from participants about the introduction of these Agreements and one comment that they would like them to be brought in sooner than 2027.

> *"It is encouraging to see progress in this area. Could they start sooner than 2027? There is already a need in this space for grid scale batteries and grid scale generators where this approach can provide much needed network security and controllability of the asset at a lower cost than requiring scaler based control."*

Most of the discussion in the breakout rooms focussed on whether there is a need for both flexible connection agreements and export charges, and how the interaction between them would work.

> *"I'm trying to understand the rationale for the combination of export charges and dynamic operating envelopes as one seems to control the issue with an engineer and the other through pricing. Just wondering with export charges is that intended to nudge consumer behaviour or is it just cost recovery?"*

Following a brief explanation by Essential Energy, one participant summarised it as the tariff trying to "*nudge behaviour and dynamic envelopes are the guardrails if the behavioural nudge doesn't work"*. Even so, it was thought that customers might find it difficult to understand the difference between the two concepts and how they interact, and that this may result in misunderstandings and confusion amongst customers.

> *"I think it is tricky – there are two signals being sent. What we see as a retailer is that a lot of customers are not engaged with the energy performance of their solar system. If there are scenarios where export is allowed and then they cop a charge, then that is challenging for the consumer to operate in this envelope. The majority of customers are not there yet."*

> *"It is only going to work with customers who have say a tesla battery app that shows the charging cycle or who have a retailer that takes control. The customers in the middle will not understand."*

> *"I think they will think that Essential is going to control my exports, but what they won't understand is I am going to cop a charge when they let me export."*

There was a suggestion that new technology/software will help customers manage this interaction in the future but that it is not commonplace yet.

There was much interest in seeing the findings from the trials once they are available and there was also some interest in collaborating and sharing data with Essential Energy in this area to help develop the parameters for these Agreements.

11. Battery and Hybrid Tariffs

11.1 New Technology Providers Forum

Lastly, Essential Energy outlined the components of the LV and HV two-way grid-scale battery tariffs that were included in the Tariff Structure Statement submitted to the AER in January 2023. These were based on the default consumption tariff with a free consumption window between 10am-3pm and the same kW 10am-3pm export charge, and kWh 5-8pm export rebate approach as the original sun soaker. The battery tariff was only going to be eligible to standalone batteries, while large hybrid customers (with generation and batteries) were only going to be eligible for the default consumption tariff.

Following feedback from proponents and the AER, Essential Energy is considering amendments to the proposals. The following changes were presented for feedback:

- Having three tariffs with same structure - HV grid scale battery, LV grid scale battery and LV small scale battery tariff
- Removing energy charges and only keeping existing demand charges
- Treating hybrids (generation and batteries) the same as batteries
- Removing the evening peak rebate for HV which has less peak constraint than LV
- Reducing the HV export tariff to only reflect HV export long-run marginal costs (LRMCs) by removing LV and Sub-Trans export LRMCs

Essential Energy indicated they are setting up trial battery tariffs for LV, HV and ST, but only one LV battery proponent has subscribed so far.

Participants were asked for feedback on these proposals in the breakout discussions.

Overall, the fact that Essential Energy is starting to address these issues and have these discussions was seen very positively.

> *"It is great that the innovation is happening, we are really pleased about that. Even just the certainty is helpful. The fact that you are signalling these directions, we will take that on board whilst we consider what our customers might need solved and what other opportunities might exist as these technologies emerge."*

There was strong support for the removal of the consumption component of the battery tariffs as it was thought that it would help to progress some of the projects they are trying to move forward with.

> *"Removal of some of the energy charges would be broadly welcomed. It is quite a challenge when you are stacking multiple charges on top of multiple charges. So removal of some of these charges will help to justify some of these projects we are trying to push forward and connect to EE's network."*

Although there were some concerns about the level of export charges and what impact this would have on their businesses, they flagged they would be interested in working together to undertake further analysis.

"It is still not entirely clear to me what this is going to look like in dollar terms which makes it very difficult to have an intelligent conversation about any of this. So I think really what we need is data, we need to see the numbers, how is this really going to affect our business?"

"It is a case of trying to digest and comprehend the moving parts here really. If we seem a little like we are sitting on our hands it is because we are in an information gathering phase not decision making phase."

One area of contention was the removal of the rebate for the HV battery tariff and there was surprise and concern about this from participants. The feedback provided from the group was that taking away the rebate does not give a clear indication of when Essential Energy would like battery providers to discharge and that there did not appear to be an acknowledgement that batteries are going to help solve the issues on the network. It also appeared to some of the participants that Essential Energy may be over recovering costs through the demand and network access charges, without a rebate to balance them.

"You have a daily charge for a customer who have zero negative impact on the network and who actually has a positive impact. With a daily access charge of $21 a day, you would potentially be over-recovering on the average cost. There is no marginal cost on these connections. With respect to meeting the pricing principles the rebate would somewhat balance that, which we saw as positive, even though it was very small. We were hoping it would be increased. But now we are a little taken aback by the removal of the rebate and maintaining the daily access charge of $21 a day."

"It is a bit of a head scratcher when you go from the draft TSS saying 12c a kWh to we are going to get rid of it altogether. Has there been any discussion with AER on this or are you just saying the value is not there to justify it?"

"You are effectively giving us no signal on when you want us to discharge, you are just saying please charge on the solar peak and discharge whenever you want, when it sounds like there could be substantial benefit between 5-8 and 7-10 for discharging because if you don't want us to import then, then you probably want us to discharge then."

"You still have substantial demand charges on the other side. It still seems that you can make it worse but you can't make it better is the perspective that Essential is taking. If it is immaterial in terms of it's benefit or cost on the system then those demand points should be pretty low or non-existent in the same way the rebate is not doing anything."

Essential Energy explained that removing the rebate from the HV battery tariff also reflected the expectation that the scale of energy arbitrage opportunities in the evening peak for HV customers will likely be sufficient to drive desired battery cycling behaviours without our other customers needed to subsidise those behaviours.

On the other issue of whether hybrid providers should be included in the tariff, most conveyed broad agreement that hybrids should be included in the battery tariffs.

"I don't particularly see any reason why they shouldn't apply to hybrid sites."

However, one participant stated that including hybrids would be problematic as their batteries would not be able to store all the electricity generated between 10am-3pm, which means that the hybrids will be subject to export charges, which could ruin their business case. He stated that he has modelled data that he could share with Essential Energy to show this.

> *"The amount of storage that you would need to store the complete generation through that amount of that time would not be economically viable for a developer. Standalone batteries are highly controllable so it is ok. It is that passive solar generation when the sun is out. It is not economically viable."*

There was a question from a participant about whether there is the opportunity to provide network support services by entering into an agreement with Essential Energy on an individual basis. Essential Energy explained that they would be happy to have discussions with providers on a case by case basis where the localised benefit warrants it. This was welcomed by those present, pending further details.

> *"We know Essential Energy's planners would like to see these solar and storage facilities supporting the network, and we are capable of delivering these services, but there is a great deal of uncertainty about how that proceeds."*

Another aspect raised by facilitators for feedback in the small group discussions was Essential Energy's proposal to introduce a small-scale commercial battery tariff to support pole top batteries. However, none of the participants present stated that they are considering pole top batteries currently so did not feel they could comment this.

Overall, there was much interest in finding out more about the battery tariff trials and any modelling Essential Energy has done to inform the tariff trials.

Some participants were also interested in working collaboratively with Essential Energy by providing their own data and modelling to help inform development of the tariffs and weigh up the inclusion of hybrid providers.

11.2 SCC/PCC

The proposed battery tariff was presented to the PCC participants for feedback.

One member raised that there is no benefit in allocating the LRMC across both a peak demand charge and a TOU charge, but it could make sense to recover some residual costs in one of these. It was felt that having time variant energy charges and a peak demand charge is hard for customers to understand and causes confusion. Therefore it can be surmised that there would be support in removing the consumption charge (as proposed by Essential Energy).

12. SAPS Thresholds

12.1 SAPS customers

Most of the potential SAPS customers interviewed were still interested in the idea of SAPS, albeit they wanted to discuss the details further.

Financial aspects were top of mind, particularly in the current climate of rising energy costs and costs of living generally and they assumed that having a SAPS could save them money. This was a key driver and will need to be tackled, particularly as there were questions as to why they would leave the network with the opportunities that exist for selling excess electricity back to the system. Reliability/having enough supply was a key driver for a minority.

There were no plans to increase usage in the short to medium term but it was hard for participants to predict their longer-term usage with the expected increase in electrification.

Expectations regarding the size of SAPS required for their needs were modest with most suggesting they would be comfortable with an extra 20-30% (unprompted). However, there was an expectation by some that the size of system for each customer would be reviewed by Essential Energy at regular intervals after installation (probably during maintenance), to ensure it continues to meet their needs.

The research suggest that customers will be comfortable with a 100% threshold, however many thought that this was actually a lot more than they would require.

Information on helping customers to understand their energy use and advice on how a change in consumption might impact a SAPS performance were seen as particularly useful.

For multiple use SAPS with a new customer wanting to join, most thought that the new customer should pay for the upgrades required for them to join the SAPS and the existing customers keep the thresholds agreed at the beginning.

They believed that the process should be similar for SAPS customers as for those on the network.

Without much knowledge of the possible upgrade capacity required by joint use SAPS customers, participants assumed that the threshold should be the same for multiple use as single use.

12.2 SCC/PCC

After a presentation from Essential Energy about SAPS program and the engagement occurring on this, the SCC were asked for their feedback. The following points were made:

- Essential Energy needs to consider:
    - The social impact – to make sure customers are at the centre of decisions being made;
    - Technical – to ensure the solution is technically appropriate for the connection;
    - Economic – savings from installing the SAPS is a cost saving for Essential Energy which flows onto all Essential Energy customers.

- A Balance of sharing risk between Essential Energy and the customer is required while complying with the AER legislation that says customers should be no worse off by having a SAPS.
- Growth/economic considerations include the cost incurred by the customer if they are still connected to the grid and wish to increase their demand usage considerably and there is a need to augment the network.
- DNSPs, SAPS suppliers and stakeholders sharing knowledge, such as at a recent AER forum.
- Feedback and insights gained from future engagement with a diversity of potential SAPS customers to understand risk profiles will be shared with SCC. Including potential for new customers to make a new connection to the SAPS in future.
- A framework to be developed, which includes consumption thresholds for SAPS customers, and to be included in Essential Energy's Connection Policy.

13. Implications

From Phase 5 the following conclusions can be drawn:

13.1 Revisions to the Sun Soaker Two-Way Tariff

- The vast majority of feedback received was in support of Essential Energy's proposal to change the export price to a cents per kWh basis rather than per kW.
- A two band model was preferred to a three band model, as it was felt that three bands is unnecessary if the price difference is small, and two bands is less complex so easier for customers to understand.

13.2 Transition to the Sun Soaker Two-Way

- There is support for moving customers who are forced to change to a smart meter as a result of a faulty basic meter or a retailer led meter replacement program onto a cost-reflective tariff at the date their meter is changed i.e. a 12 month delay between the meter change and the move to a cost-reflective tariff is not supported. This is on the assumption that education will be provided to the customer to ensure they understand the new tariff and how they could benefit from it, e.g. a factsheet explaining the tariff, the time periods and examples of how to move usage to cheaper times of the day.
- The new export tariff transition pathway is supported (i.e. implementing the Sun Soaker Two-Way from 2024 with zero rates against the export charge and rebate for the first year). It is felt to align better with the customer-developed pricing principles.

13.2 Customer Service Incentive Scheme

- Overall, there is support for the introduction of a post experience survey to replace the quarterly survey, however there are some concerns which will need to be managed by Essential Energy including:
    - keeping the length of the survey as short as possible,
    - encouraging completion by considering the use of incentives, and
    - reassuring customers about independence/privacy.
- A minimum of six months is suggested for data collection for the new measure, assuming there is not much fluctuation month by month, but ultimately expert guidance is advised.
- Whilst data is being collected the weightings should be kept the same – 20% for the customer ease portion, made up entirely by the Contact Centre measure.

13.3 Legacy Metering Costs

- Participants from the Essential People's Panel preferred that legacy metering costs should be spread across all Essential Energy customers regardless of whether or not they have or have ever had a legacy meter

(approximately 900,000 customers) resulting in an additional charge (estimated at the time to be about $15 an annum) per customer.

- Participants from the Essential People's Panel ended up suggesting that individual homeowners shouldn't have to bear the full brunt of the remediation costs and neither should the government or Essential Energy, and that a combination of the following could be used depending individual circumstances:
    - No or low interest government loans.
    - Rebate scheme, e.g. first home buyers rebate.
    - Direct funding in some cases, i.e. in such circumstances as life support customers or customers experiencing vulnerability, governments should cover the cost.
- Some remediation costs may be covered by Essential Energy and smeared across all customers.

13.4 Final Check of New Investments

There was overwhelming support for the continued inclusion of the new investments for composite poles, undergrounding, SAPS and microgrids, community resilience, lowering Essential Energy's environmental impact and customer service.

13.5 Change in Bushfire Risk Prioritisation

- For bushfire management there is support for maintaining the existing corridor widths in areas that are moving from a higher to a lower priority level, due to the dynamic nature of risk modelling. This is assuming that costs for upkeep are reasonable. Communications to residents in these areas would not be required but partnering with other organisations to manage risk will be important.
- In areas that are moving from a lower to a higher priority customers believe that communications are needed. It was suggested that a letter be sent to all impacted residents with a QR code to obtain further details. Essential Energy will need to try to manage the following possible concerns by local residents:
    - Impacts on biodiversity - the flora and fauna that make up a local area,
    - Respect for property when contractors are trimming vegetation, e.g. plants, driveways, tyre tracks,
    - Biosecurity concerns from farmers, e.g. contractors introducing infectious disease agents, microorganisms or weeds to their properties, and
    - Reassurance that the long-term vision to move towards a greater use of localised renewables and storage is being worked towards (thus potentially negating the need for long powerlines running through vegetation).
- Further engagement in these local areas, particularly with Indigenous communities, as well as education on the most suitable vegetation to plant around powerlines is encouraged.

13.6 NSW Energy Infrastructure Roadmap Cost Recovery

The recovery costs should be spread across more than one type of charge to ensure equity (excluding the export charge) and the following principles devised by the Essential People's Panel should be considered:

1. Everyone will benefit from the move to net zero, including future generations, so everyone should pay a proportion.
2. Those who consume more should pay more.
3. Those who profit from electricity consumption should pay relatively more than those who don't.
4. Any customer type having a much higher percentage bill increase than the others should be avoided (bill shock).
5. Customers experiencing vulnerability should be protected from big energy price increases.

There was a desire to see more costs allocated to large businesses than residential customers than in the options provided.

13.7 Flexible Connection Agreements

- There is support for the introduction of Flexible Connection Agreements by new technology providers, however there were questions and concerns about how they would interact with export tariffs and whether customers would understand the difference between them. Therefore, communication to customers will be required explaining the reasons for their introduction and how they work together. There could be an opportunity to collaborate with solar installers on developing these communications.

13.8 Battery and Hybrid Tariffs

- There was much support for Essential Energy's approach of starting to address these issues and engage with new technology providers.
- Essential Energy should work with individual providers who are interested in sharing knowledge, data and modelling to assist in the further development of battery and hybrid tariffs, as well as keeping the broader group of new technology providers informed going forwards.

13.9 SAPS Thresholds

- The research suggests that SAPS customers will be comfortable with a 100% threshold, however many think this is much more than they will need.
- In relation to multiple use SAPS, there was support for any new customer that wants to join after installation to cover the costs for any upgrades required to the SAPS, in order for existing customers to keep their threshold.

Appendices

Appendix A: Essential People's Panel Agenda - June

Time	Session details	Responsibility	Materials
Before 9.30am	**Pre-forum** • Registration • Provide participants with filming/photography permission forms	WR	Filming/photography form
9.30-9.35am (5 mins)	**Welcome and Introduction to the Session** • Welcome • Introduce WR and EE staff • Location of toilets and evacuation in emergency • Explain parking lot board – this is for any topics you would like EE to provide information on/to discuss at future forums that are not part of the agenda today. You can write something on a post it note and stick it to the board. If you see something else that's important to you on the board then stick a sticky dot on it to show it is important to you too. Do this at any time today. • Introduce speaker	WR Lead Facilitator	Parking lot board, post it notes, sticky dots

9.35-9.45am
 	
(5 mins)
	Introduction by Essential Energy Executive
	• Acknowledgement of Country
	• The panellists' role
	• What has happened since we last saw you
	• What is planned to happen next/by the end of the year
	• Our proposal revisited
	• Brief overview of agenda - what we want to talk about today
	  ○ Changing price structures
	  ○ New bushfire risk approach and what that means for customers and communities
	  ○ Approach to measuring customer service
	  ○ Commitment to the Energy Charter and how we are tracking
		EE	PPT slides

9.45-10.00am (15 mins)	**Table discussion: Introduction and Development of Guidelines/House Rules** • Introductions on tables – ask each person to introduce themselves, where they are from and something that they enjoyed about the EE engagement last year. • Development of guidelines by participants on table:	WR Table Facilitators	Flipchart (ideally stick this up somewhere they can see the guidelines for the

	○ What rules do we want to have on our table for the discussions/activities. We normally give them some guidelines but we'd like to hear from them about what guidelines they would like, e.g. mobiles off, respectful and listening to each other, speak one at a time etc. (flipchart) Ask a spokesperson to write the rules on the flipchart (this will not be fed back to the room)		duration of the forum)
10.00-10.10am (10 mins)	**Presentation 1: Network Tariff Bill Impact Analysis and 12 Month Delay** • ToU - EE's existing default tariff – recap • Sun Soaker two-way tariff – recap • Bill impacts analysis • 12 month delay in introduction of Sun Soaker Two-Way for those with meter changes (was called 'grace period')	EE	PPT slides
10.10-10.20am (10 mins)	**Table Discussion: Feedback on Bill Impact Analysis** Give out handout 1 • If a customer has had to have a meter change, what do you think the pros and cons are of having a 12 month delay in the introduction of the Sun Soaker Two-Way (grace period)? • Do you think there should be a period of 12 months before they are put on the Sun Soaker Two Way or should they be moved onto it when their meter is changed? • Do you have any concerns with not having a delay (grace period)? • (if time) Responses to bill impact analysis? Any questions? There are also A3 table handouts of these if needed • (If time) Any further thoughts on tariffs following the deep dive last year– any further views on the move to the Sun Soaker Two-Way? Ask a spokesperson to write the main points from your table discussions on a flipchart: i.e. Whether there should be a 12 month delay in the introduction of Sun Soaker Two-Way for forced meter changes (yes,no)	WR Facilitators	Handout 1
10.20-10.25am (5 mins)	**Presentation 2: Transition to Export Pricing** • Show the previous suggested transition from the last forum • Show the new suggestion for transition • Remind them of pricing principles	EE	PPT slides

10.25-10.45am (20 mins)	**Table Discussion: Transition to Export Pricing** Give out handout 2 and 3 • What are the pros and cons of the previous and new suggested transition approaches? • How do they measure up against the pricing principles? Using activity sheet 1 - *Go through the pricing principles and assess which transition approach (previous and new) aligns best with each principle. Put a sticky dot on the sheet under the transition approach that aligns best.* • Which transition is preferable? • What, if any, are your concerns about the preferred option? Ask a spokesperson to write the main points from your table discussion on a flipchart ready for the next session: Which transition is preferred (previous or new) and why	WR Facilitators	Handout 2 and 3 Activity sheet 1 (A3)
10.45 – 10.55am (10 mins)	**Table Feedback** • Ask each table to present a **summary of their views on the 12 month delay for meter changes (yes, no) and the new transition approach**.	WR Lead Facilitator	
10.55-11.15am (20 mins)	MORNING TEA		
11.15-11.25am (10 mins)	**Presentation 3: Bushfire Risk** • Vegetation is a primary cause of fire starts • Current categorisation for bushfire risk • Proposed new categorisation – new modelling • Reason for change - what the improvements are in the modelling, benefits to communities, reduced likelihood of … by … • Show vegetation clearance distances at each level • Timing for change • What does this mean for customers and EE's proposal? Reason we are asking them about this – there will be consequences for changing e.g. cost implications, more outages whilst clearing, removing bushland/environmental impacts	EE	PPT slides

	• What EE can do to mitigate risks to changing categorisation • We understand that communication to communities will be key.		

11.25-12.10pm
 	
(45 mins)
	Table Discussion: Bushfire Risk
	
	Give out handout 4 – maps of areas
	There are also A3 table handouts of P1, P2, P3, P4
	
	• What do you think of the proposal to change the allocation of Bushfire Risk areas? Pros and cons of changing?
	• Should Essential Energy maintain the width of existing corridors where the risk of bushfire is now considered to be lower?
	• What do you think landholder and community concerns, if any, will be with this change? *Flipchart key concerns.* Specifically if:
	  ○ Their area is changing from a higher to lower priority area? FLIPCHART 1
	  ○ Their area is changing from a lower to a higher priority area? FLIPCHART 2
	• How can EE manage the likely community and landholder concerns from this change? What will communities want from EE?
	  ○ *Flipchart what EE could do to manage these concerns at the bottom of each flipchart page.*
	
	• What do you think the main communications messages should be to try to alleviate any concerns?
	• How should these be communicated to impacted communities?
	  ○ *Flipchart key messages and channels. FLIPCHART 3*
	
	Ask a spokesperson to feedback the main concerns and what EE could do to manage them in the next session, along with any communications messaging.
		WR Facilitators	Handout 4
			Table handouts
			
			Flipchart

12.10 – 12.20pm (10 mins)	**Table Feedback** • Ask each table to feedback **main concerns and what EE could do to manage them, along with any communications messaging.**	WR Lead Facilitator	

12.20-1.05pm (45 mins)	**LUNCH** Ian to remind them to put any topics they want to discuss in the future on the parking lot board. WR to work with EE to summarise the main themes that came up in the first two sessions.		
1.05-1.15pm (10 mins)	**What we have heard so far…** • EE to present back the common themes from the morning session – what are we hearing/taking away from today. • Check that participants are in agreement with the main insights we are taking away. • Ask for any questions/further comments.		
1.15-1.30pm (15 mins)	**Presentation 4: Measuring Customer Service** • Recap on how the proposed CSIS measures were arrived at. • Proposed change to measures – dropping the quarterly survey and replacing with the expanded post interaction survey. • The key question is whether this new measure should be included in the incentive scheme and when. • In order to include it in the scheme there needs to be a target set. • Explain how targets are developed. • Explain that if the new measure is included in the CSIS then because there is no baseline data we need to decide what to do whilst data is being collected. • Need to revisit weightings.	EE	PPT
1.30-1.55pm (25 mins)	**Table Discussion: CSIS** Give out handout 5 • What do you think of changing the quarterly survey to a post interaction survey for the 'ease' metric? • Do you have any concerns about this proposed change? If so, how could they be alleviated? • EE will only begin to collect data for this measure from September this year. Given EE won't have the data needed to set a target for the new measure, what approach should they take whilst gathering data? E.g.	WR Facilitators	Handout 5 Table activity sheet 2 (A3)

	○ Dropping the new measure entirely until the next regulatory period (in 5 years) OR ○ Adding it part way through the regulatory period, when they have enough data to establish a baseline and target? • If adding it part way through, how many months of data do you think they should collect to establish the target? • Since EE are unable to introduce the new measure until a later date what weightings should be applied to the other measures in the meantime? I.e. ○ Should the 20% for customer ease be made up entirely of the contact centre post interaction survey? OR ○ Should customer ease be reduced from 20% and the weighting allocated elsewhere? • Table to come to an agreement on weightings and rationale for decision. *Write weightings on table activity sheet 2 – clip to flipchart* Ask a spokesperson to feedback on the main points of the discussion and weightings in the next session.		
1.55 – 2.05pm (10 mins)	**Table Feedback** • Ask each table to **feedback on CSIS**	WR Lead Facilitator	
2.05-2.15pm (10 mins)	**Presentation 4: Energy Charter** • What 'The Energy Charter' is and the principles – explain each of the principles. • Explain that EE has to give itself a rating out of 5 against each principle. • Explain the rating scale (but do not give ratings that EE has given itself).	EE	PPT slides
2.15-2.35pm (20 mins)	**Table Discussion: Energy Charter** Give out handout 6 • What does each principle mean to you? • How important do you think each principle is – rate out of 10. *Write this on the table activity sheet – column 1.*	WR Facilitators	Handout 6

	• Show the table activity sheet with the 5 point scale at the bottom - where do you think EE should be aiming for each principle? • Based on what you know so far about EE, how would you rate their performance on each principle? You will have a chance to change this as you learn more about the initiatives EE has undertaken for each principle. • *Table to discuss and fill in the table activity sheet column 2 (providing a rating for each principle in the 'before info' column).*		Table activity sheet 3 (A3)
2.35-2.55pm (20 mins)	AFTERNOON TEA		
2.55-3.05pm (10 mins)	**Presentation 5: Energy Charter Evidence – first 3** • Present separate slides on the first three principles, providing evidence for meeting each, i.e. these are all the things that EE is doing to meet this principle…	EE	PPT slides
3.05-3.20pm (15 mins)	**Table Discussion: Energy Charter Evidence – first 3** Put the A3 table handouts of principles on table *Go through first three principles:* • How would you rate EE on these three principles after hearing the initiatives? Why? ○ *Do this as a table activity first – **put a rating in column 3 of the table activity sheet** (after info).* • ***Then ask them to get up and put their individual sticky dots on the ratings sheets around the room – 1 dot for each principle.*** • What else could EE do to meet these principles - any learnings from other organisations/other sectors?	WR Facilitators	Table handouts Table activity sheet Room level ratings sheets on the wall Sticky dots
3.20-3.25pm (5 mins)	**Presentation 6: Energy Charter Evidence – last 2** • Present separate slides on first three principles, providing evidence for meeting each, i.e. these are all the things that EE is doing to improve …..	EE	PPT slides

3.25-3.35pm (10 mins)	**Table Discussion: Energy Charter Evidence – last 2** Put the A3 table handouts of principles on table *Go through last 2 principles:* • How would you rate EE on these last principles after hearing the initiatives? Why? ○ *Do this as a table activity first – **put a rating in column 3 of the table activity sheet** (after info).* • ***Then ask them to get up and put their individual sticky dots on the ratings sheets around the room – 1 for each principle.*** • What else could EE do to meet these principles - any learnings from other organisations/other sectors?	WR Facilitators	Table handouts Table activity sheet Room level ratings sheets on the wall Sticky dots
3.35 – 3.45pm (10 mins)	**Table Feedback** • Lead facilitator to summarise the number of sticky dots on each principle (at the room level). • (if there is time) Spokesperson from each table highlights where the table thought EE could improve – and any ideas for further initiatives.	WR Lead Facilitator	
3.45-3.55pm (10 mins)	**What we have heard today** • EE to present back the common themes from the last two feedback sessions – what are we hearing/taking away from today. • Check that participants are in agreement with the main insights we are taking away.	EE	

3.55-4.00pm
 	
(5 mins)
	Summing Up and Thanks
	• Closing remarks – what EE will take from today and confirmation of next steps.
	• *Woolcott Research Lead Facilitator – thanks and reminder to fill in end of session questionnaire on tables.*
	• Give out end of session survey and incentive.
	• **At the end make sure you collect:**
	  ○ **End of session surveys**
	  ○ **Activity sheets**
		EE
		
		WR Lead
		
		WR Table facs
			End of session questionnaire
			
			Inventive and signing sheet

	○ Sign in sheet (check everyone has signed it) ○ Filming permission forms		
CLOSE			

Appendix B: Essential People's Panel Agenda - September

Time	Session details	Responsibility	Materials
Before 9.30am	**Pre-forum** • Registration • Provide participants with filming/photography permission forms	WR	Filming/photography form
9.30-9.40am (10 mins)	**Welcome and Introduction to the Session** • Welcome • Introduce WR and EE staff and others in the room e.g. NSW Govt, St Vincent de Paul/PIAC • Run through of guidelines developed from last time • Explain parking lot board – this is for any topics you would like EE to provide information on/to discuss at future forums that are not part of the agenda today. You can write something on a post it note and stick it to the board. If you see something else that's important to you on the board then stick a sticky dot on it to show it is important to you too. Do this at any time today. • Location of toilets and evacuation in emergency • Introduce speaker	WR Lead Facilitator	Parking lot board, post it notes, sticky dots Guidelines developed last time
9.40-9.50am (10 mins)	**Introduction by Essential Energy Executive** • Acknowledgement of Country • Welcome and introduction • Brief overview of agenda - what we want to talk about today • Handover to talk about what we heard last meeting for CSIS and what has happened since • What we heard on The Energy Charter and next steps	EE	PPT slides
9.50-10.05am (15 mins)	**Presentation 1a: NSW Roadmap** • Explain what the NSW Roadmap is. • 5 renewable energy zones in EE network area. • Why it has come about and what the objectives of the initiative are. • Who it will benefit from it and how. • Lower wholesale costs in the future.	NSW Govt –	PPT slides

	• The fact that the costs have to be recouped through the Distribution component of electricity bills. Explain why this is.		
10.05 – 10.15am (10 mins)	**Q&A on the roadmap** • Questions for the NSW Govt from the participants.	WR Lead Facilitator	
10.15-10.25am (10 mins)	**Presentation 1b: How should we recover the costs?** • We want to talk about what you think the fairest way of allocating these charges is. • We have to charge through network tariffs, which are made up of these components - what goes into a network tariff? • Where we put the cost will have different impacts on different types of customers e.g. residents v businesses, large v small users, solar v non-solar. • It matters because these costs will get bigger over time, then the bigger the impacts will become on customers. • Outline the types of customers and energy users in the network and the proportions of each. • This is an intergenerational issue – who should pay now when the benefits are derived years later?	EE	
10.25-10.50am (25 mins)	**Table Discussion: NSW Roadmap Recovery of Costs** *Introductions around tables: Ask participants to introduce themselves and say what they would be doing if they weren't here today.* **Give out individual handout 1 and put table handout 1 on the table.** *In this discussion we want to talk about how you think this decision about cost allocation should be made. What the important principles/considerations should be in this decision.* • What are the criteria/considerations that you think should be taken into account when Essential Energy makes this decision? ○ Who do you think benefits the most from the NSW Roadmap and how/why? (Do high users benefit more	WR Facilitators	Individual Handout 1 and Table handout 1 Flipchart

	then low users or does everyone benefit?) ○ When do the benefits come into being? • Different customers might think different cost allocations are 'fair'. Every type of 'fair' has implications and trade-offs, there is no 'perfect' solution. What does fairness look like to you in the allocation of charges? • Who should pay proportionally more or less than others and why? E.g. businesses v residents, high consumers v low consumers, solar v non-solar? • Ask the table to come up with a list of considerations or principles in relation to making the decision about what is a fair cost allocation. • *We are talking here at a principles level but will provide some options/examples and go into detail in the next session.* **Ask a spokesperson to flipchart the list of considerations or principles in relation to making the decision about what is a fair cost allocation and feedback in the next session.**		
10.50 – 11.00am (10 mins)	**Table Feedback** • Ask each table to present their **list of considerations or principles** regarding how costs should be allocated.	WR Lead Facilitator	
11.00-11.20am (20 mins)	**MORNING TEA**		
11.20-11.35am (15 mins)	**Presentation 2: Options for the allocation of costs for the roadmap** • Why these 4 options reached the shortlist. • Outline each of the options and what each would mean for different customer types. • Any questions?	EE	PPT slides
11.35-12.05pm (30 mins)	**Table Discussion: Allocation of roadmap costs** ***Give out Handout 2 and put the table activity sheet 1 on the table.***	WR Facilitators	Handout 2

	Ensure your tables considerations/principles are on the flipchart and ask the group to have those in mind as they discuss the options in this section.
	
	• Go through each of the 4 options and discuss the implications, and why each might be a fair or unfair way of allocating the costs:
	  ○ What makes this option fair?
	  ○ What makes this option unfair?
	• Which is the preferred option and why?
	• Do you think your preferred option needs tweaking at all (there is room to change these options)? How?
	• Has seeing these examples changed your views from the first discussion session at all? How/why?
	• Are there any other options you can think of that are not considered here?
	Give out individual activity sheet 1: ranking the options.
	• Ask participants to fill in their individual activity sheets – hand to table facilitator.
	Add them up and fill in table sheet 1 – lowest score is the preferred option. Clip to the flipchart.
	
	Ask a spokesperson to feedback the table activity sheet in the next session.
			Individual activity sheet 1
			
			Table activity sheet 1

12.05 – 12.15pm (10 mins)	**Table Feedback** • Ask each table to feedback **on their preferred option**	WR Lead Facilitator	
12.15-12.25pm (10 mins)	**Presentation 3: Life support** • Change of focus here (it does relate to the next topic after lunch) • Definition of life support, implementing changes, customer services expected, etc	EE	
12.25-12.45pm (20 mins)	**Table discussion: Life support** *As EE mentioned, the proposed changes to the definition of a life support customer will likely result in a move from around 30,000 LS customers to <3,000 LS*	Table Facilitators	Handout 3 Flipchart

	customers. We want to discuss how you think EE should manage this transition. • What do you think the key considerations should be in managing this change? • What might customers' concerns be and how might they be managed? ***Give out Handout 3 of current services provided by EE*** • What types of services should EE provide the remaining LS support customers? **Ask a spokesperson to flipchart the main points and feedback in the next session.**		
12.45 – 12.55pm (10 mins)	**Table Feedback** • Ask each table to feedback their main points.	WR Lead Facilitator	
12.55-1.35pm (40 mins)	**LUNCH** Ian to remind them to put any topics they want to discuss in the future on the parking lot board. WR to work with EE to summarise the main themes that came up in the morning sessions.		
1.35-1.45pm (10 mins)	**What we have heard so far…** • EE to present back the common themes from the morning session – what are we hearing/taking away from today. • Check that participants are in agreement with the main insights we are taking away. • Ask for any questions/further comments.	EE	
1.45 – 1.55pm (10 mins)	Pub Quiz: Smart meters Lead facilitator reads out some questions on smart meters (wake people up after lunch!). Facilitators ask table to agree on answers and record on answer sheet. Q1: Who is responsible for the installation of smart meters? A: Distributors B: Retailers (correct answer) C: Generators	WR Lead Facilitator	PPT and answer sheets for tables Chocolates

	D: Customers E: Government Q2: Currently, what type of meter do most people have on the EE network? A: Accumulation meter (correct answer) B: Type 5 meter C: Smart meter Q3: What proportion of EE's customers currently have a smart meter? A: 7% B: 17% C: 28% D: 37% (correct answer) E: 42% Q4: What can smart meters do? *Select all that apply:* A: Track real time energy usage (correct answer) B: Show the electricity usage for individual appliances (wrong) C: Help Essential Energy to detect faults and outages quicker (correct answer) D: Send usage data to the retailer over the internet (wrong) E: Only need reading by a meter reader every year (wrong) F: Help to reduce energy theft (correct answer) Q5: How many states have had a mandatory rollout of smart meters? A: 1 (correct answer) B: 2 C: 3 D: 4 E: 5 Q6: In which year does the Federal Govt rule maker (AEMC) want 100% of Essential Energy's customers on smart meters? A: 2030 (correct answer) B: 2035 C: 2040 D: 2045 E: 2050 Lead Fac to go through answers and give out prize to winning table (chocolates). If it is a draw share chocolates!		

1.55-2.05pm (10 mins)	**Presentation 4: Legacy metering costs** • Other information not provided in the quiz on the smart meter rollout • Metering costs explained (incl remediation) and impacts for the future	EE	PPT
2.05 – 2.10pm (5 mins)	**Q&A on smart meters** • Any questions for on smart meters from the participants.	WR Lead Facilitator	

2.10-2.35pm
 	
(25 mins)
	Table discussion: Legacy metering costs
	
	Give out Handout 4
	
	• Go through each of the options and discuss why each might be a fair or unfair way of allocating the costs:
	  ○ What makes this option fair?
	  ○ What makes this option unfair?
	• So what is your preferred way of allocating metering costs going forward - who should bear the costs? Ask for a show of hands
	  ○ Option 1: Only those who have ever had a legacy meter?
	  ○ Option 2: All customers
	• ***Fill in table activity sheet 2 - write down the number who voted for each option***
	• Is there a different way you can think of that the costs should be allocated?
	
	Making sites ready – spend more time on this
	• How should the site ready costs be paid for? Who should pay them?
	  ○ Is there a role for govt?
	  ○ All EE customers? Or
	  ○ Individual EE customers (user pays)?
	• If we had to prioritise, who?
	• Do your views differ for different sites/problems/amounts of money required? How?
	• What about life support customers or financially vulnerable customers? Should it be different for them?
		WR Table Facilitators	Handout 4
			
			Table activity sheet 2
			
			Flipchart

	• Is there a set of principles that should guide us for this? **Ask a spokesperson to flipchart the principles from the 'site ready' discussion and feedback in the next session.**		
2.35 – 2.45pm (10 mins)	**Table Feedback** • Ask each table to feedback **on allocation of legacy metering costs and site ready costs**	WR Lead Facilitator	
2.45-3.00pm (15 mins)	**AFTERNOON TEA**		

3.00-3.15pm
 	
(15 mins)
	Presentation 5: Finalising our tariffs
	
	• Outcomes of tariff trials.
	• Outline decisions still to be made…
	  ○ Pricing per kWh or kW - – outline what this would mean for customers and the network.
	  ○ 2 bands or 3 – outline what this would mean for customers and the network.
		EE	

3.15-3.35pm (20 mins)	**Table discussion: Finalising Tariffs** ***Give out handout 5*** **Maximum amount export charge (kW) v total amount export charge (kWh)** • What are the pros and cons of each option for export charges, i.e. maximum amount (kW) v total amount (kWh)? • Which option do you think customers would find easier to understand? • Which option is fairer? • Which option is most likely to result in lower exports/more consumption during the middle of the day? • Which is your preferred option and why? *Go around table and get a show of hands.* ***Fill in table activity sheet 3 with number who voted for each option***	WR Table Facilitators	Handout 5 Table activity sheet 3

	2 or 3 bands • What are the pros and cons for having 2 or 3 bands? • Which option do you think customers would find easier to understand? • Which option is fairer? • Which option is most likely to result in lower exports/more consumption during the middle of the day? • Which is your preferred option? *Go around table and get a show of hands.* ***Fill in table activity sheet 3 with number who voted for each option*** • Any other final thoughts on tariffs? **Ask a spokesperson to feedback the activity sheet in the next session**		
3.35-3.45pm (10 mins)	**Table Feedback** • Ask each table to feedback **on tariffs**		
3.45-3.55pm (10 mins)	**What we have heard today** • EE to present back the common themes from the afternoon sessions – what are we hearing/taking away from today. • Check that participants are in agreement with the main insights we are taking away.	EE	
3.55-4.00pm (5 mins)	Summing Up and Thanks • Closing remarks – what EE will take from today and confirmation of next steps – webinar and survey. • *Woolcott Research Lead Facilitator – thanks and reminder to fill in end of session questionnaire on tables.* • Give out end of session survey and incentive.	EE WR Lead WR Table facs	End of session questionnaire Inventive and signing sheet

	• At the end make sure you collect: ○ End of session surveys ○ Activity sheets ○ Sign in sheet (check everyone has signed it) ○ Filming permission forms		
CLOSE			

Appendix C: Survey

INTRODUCTION

Thank you for taking part in the Essential Energy customer engagement for the 2024-29 Regulatory Proposal.

To complete this survey, you need to have viewed the Essential Energy Webinar that was broadcast on Wednesday 18 October 2023 at 6pm. If you were not able to attend the webinar a recording will be made available the morning after the webinar here: https://engage.essentialenergy.com.au/regulatory-proposal-2024-29-customer-webinar

Once you have completed the survey you will be paid $100 giftpay.

Thank you for your continued participation in this project.

OPTIONAL INVESTMENTS

The Australian Energy Regulator (AER) has largely approved the investments that Essential Energy put forward in its proposal.

However, as mentioned in the Webinar, Essential Energy's business as usual costs have increased since the submission of the draft proposal largely due to inflation and interest rate increases. Our current estimate is that your average network bill during 2024-29 will be $885 per year. This includes the new expenditure on resilience and future network investments you supported during the customer engagement at a cost of approximately $10 per year.

Bearing in mind that the business as usual costs have increased, Essential Energy wants to find out if you are still happy with these investments that you supported previously. These investments are still about the same cost as when we last spoke to you ($10 in total).

As a reminder, the investments are:

Composite poles • Broadly using composite poles when we need to do pole replacements • Proactively installing 11,000 composite poles in high-risk areas over 2024-29
Undergrounding • Undergrounding sections of poor condition network in very high-risk areas
Stand alone power systems (SAPS) and microgrids • Up to 400 SAPS and 7 microgrids •
Community resilience • Continuing recovery assistance • Employing 3 new community resilience staff • 1,000 new domestic generators • 20 portable SAPS • 50 large generators • 50 portable solar streetlights • Portable community hub and depot
Real time monitoring and dynamic assets for a smarter network • Fully integrated data management system • Data investment across the broader network • Moderate investment in dynamic assets to manage power quality
Lowering our environmental impact • Invest in solar panels at the top 20 depots (based on solar returns) • Move ~850 light vehicles (70%) and 104 of our heavy vehicles (30%) to electric by 30 June 2029
Customer service • New system to record and manage interactions in the one place • Introduce an online customer portal

Q1. To what extent do you still support these proposed investments?

Strongly support	1
Support	2
Neither support or oppose	3
Oppose	

Strongly oppose	4
Don't know	5

Q2. Please provide reasons for your answer. *Please provide as much detail as you can.*

_____
_____
_____
_____

ADDITIONAL FEEDBACK ON THE INVESTMENTS

Q3. Do you have any other comments about these proposed investments for Essential Energy to consider when finalising their proposal to the Australian Energy Regulator?

_____
_____
_____
_____

WEBINAR FEEDBACK

We would be grateful if you could please provide some feedback on the webinar.

Q4. Overall, how did you find the webinar experience (even if you just watched the recording)?

Excellent	1
Good	2
Satisfactory	3
Poor	4
Very poor	5

Q5. What did you like about the webinar?

_____
_____
_____
_____
____

Q6. What do you think could have improved the webinar?

_____
_____
_____

_____

DETAILS

Q7 Lastly, could you please provide your contact details for payment:

FIRST NAME:
SURNAME:
EMAIL ADDRESS:
PREFERRED PHONE NUMBER:

Thanks again for the time you have given us during this engagement. Your feedback has been invaluable.

Appendix D: SAPS Discussion Guide

INTRODUCTION

Thank you for agreeing to take part in this interview.

- We work for an independent research company WR and we are doing this research on behalf of Essential Energy.
- As you may know, they are the electricity distributor in your area – they look after the poles and wires that bring electricity into people's homes and businesses.
- Essential Energy are regulated by the Australian Energy Regulator (AER) and have to put in a proposal every 5 years that shows what their plans are and how much it will cost. They need customer input into those plans.
- We understand that you took part in an in-depth interview for EE about the concept of stand alone power systems (or SAPS) a year or so ago
- We'd like to ask you a few more questions that will help EE to develop this idea further and clarify questions that have been asked by the Australian Energy Regulator.
- Our role is to report back to EE on your feedback however your responses are confidential and anonymous. We report on an overall basis only and do not mention specific names, etc.
- Check ok to record the discussion.

SAPS

From the previous research that you were involved in there was some interest amongst customers in finding out more about these systems, with just under half interested (43%) and a further 32% open to the idea.

There was no real 'winner' in terms of the name for this system so I will just refer to it as a SAPS for now.

I'll give you a brief reminder about what SAPs are:

- *A SAPS consists of solar panels, a battery and a diesel generator. The solar panels generate electricity during daylight hours with any excess energy used to charge the battery. The battery then provides power at night or when the weather is overcast for long periods of time. A diesel generator provides back up when, on occasion, energy use is higher than what the solar panels and battery can supply.*
- *This system would be offered to people whose properties are currently connected to the electricity network by long powerlines that only service a small number of properties, and where reliable power is an issue.*
- *The majority of customers who this may be suitable for are farming or rural small holdings*
- *Each system will predominantly supply only 1 customer.*
- *Their adoption is entirely voluntary – the customer will choose whether or not they want one of these systems as opposed to being on the network.*
- *Essential Energy works with potential SAPS customers to provide them with the information they need to enable them to make this decision.*
- *The program is due to start in FY24*

- (Briefly) What is your current feeling towards the concept of SAPS? Has this changed since you were last asked about this idea?
- Do you think many people would be interested in this concept?
- Is it something you would be interested in/open to personally or not? Why/why not?

USAGE

Essential Energy are now trying to work out what size systems customers would be comfortable with if they did go ahead and choose to have a SAPS. This impacts the cost of the roll out of the program and is the focus of this interview.

- Do you know what your current level of usage is? *(If they don't know just ask if they think they are a low, medium or high user compared to other people who live in the area.*
- If they don't know - Roughly how much is your electricity bill per quarter? *(Note that average annual consumption is 4,600 kWh which equates to an annual bill of $2,500)*
- **What are your future plans for electricity usage – do you think your usage will go up or down over the next 5 years? Why is that?**
- **Do you have any plans that may affect your usage, e.g. business expansion, more people living in the household, more electrification of equipment/electric vehicles etc?**
- How certain are those plans?
- **What impact would those plans have on electricity usage? If you think your usage would go up, by how much roughly (%)? Over what timeframe?**

  Provide an example here if needed…

  Additional person in household - For each additional person in the household usage tends to go up by 2-4kWh so moving from a 3 person household to 4 person would increase average daily energy use from approx. 15 to 17kwh.

  Purchasing an electric vehicle (EV) - the average energy use of a modern EV such as a Tesla Y is around 15kWh per 100km of driving. A person driving 10000km a year would use 1500kWh of energy, which could be supplied from roof top solar panels or from a SAPS.

  A sheering shed – Shearing sheds can have highly variable loads for very short periods of time. If a shearing shed uses an average 2.4kw for 12 hours per day over 2 weeks, this equates to 400kwh of energy consumption.

CUSTOMER THRESHOLDS

Now I'd like to talk about the size of SAPS.

- So what level of SAPS do you think customers would be comfortable with in general, in order to cover their future electricity usage needs? I.e. the same level as current consumption, 20% higher, 50% higher, 100% higher (double) or more?
- If you were to get a SAPS in the future, what level of system would you be comfortable with? Would you want it to cover the level of usage at the time of the switchover or more, in order to cover any potential increase in usage in the future?
- How much more do you think you would need in the future to cater for any future plans/needs as discussed above?
- **Do you think customers would be happy with a 100% threshold**, i.e. from when the system was put in customers would be able to double their usage? E.g. if a customer uses 5,000kWh when the SAPS is put in then they would get a system that would enable them to use up to 10,000kWh.
- **If no, what threshold do you think customers would be happy with?**
- Say 100% is the future threshold, for customers who use more than this (so more than double), they may have to contribute to upsizing the system in the future*. Do you think this is fair?
- As some background information, the same thing happens for customers connected to the grid if they reach a certain maximum demand. Contributions to increase the maximum demand required (i.e. the size of the fuse suppling your premise) will be required for both grid connected customers and SAPS customers and these thresholds will be consistent across both types of connections. (However, note that the discussion in this research is around consumption and this is where SAPS customers can be seen to be worse off because the amount of generation in the grid is unlimited, but for a SAPS customer it is limited by the amount of solar)
- Shifting usage to different times of the day, e.g. when the solar is generating, might also be an option for SAPS customers (and others), rather than having to upsize the system. If you had a SAPS how easy do you think it would be to shift your usage more into the daytime?

***FAQs IF NEEDED:**

Q: How much would it cost to augment the SAPS: A contribution to more solar panels to increase generation would be $2,000 per kW, and batteries at $1,000 per kWh of storage.

Q What is the life span of a SAPS? The SAPS components have life spans ranging from 15 years (batteries), 20 years (generator) and 25 years (Solar). EE would cover the replacement cost just like for a pole. When components are replaced, we would expect that the new ones would be more efficient. The capacity of the system would be reviewed at that time, but never decreased.

SHARED USE THRESHOLDS

On a different note, SAPS can be used by multiple customers or for mobile phone towers in rural areas, as having a standalone power system can help to keep the lines of communication open at times when the power is down, e.g. in storms, floods, bushfires.

- There are often 5-6 telecommunications customers such as Telstra, Optus etc. on a single SAPS, or a system could provide power to 2 or 3 separate connections on a large farm.
- **Essential Energy are trying to work out how to share the cost of more customers joining a SAPS if it has to be upgraded to cater for new customers.**
    - As an example: A SAPS is installed to supply a telecommunication site with 3 customers. The current consumption of all 3 customers at the time of installation is 12,000kwh per year. The SAPS is capable of supplying 25,000kwh (i.e. slightly more than 100% or double the threshold). If a connection request from a 4th customer is received and their connection adds 10,000kwh a year of consumption to the site, this leaves the SAPS with only 3,000kwh of capacity for the customers to expand their consumption into the future.
    - What do you think should happen in this scenario? Is it fair to leave only 3,000kwh of capacity for the existing customers? If not, how much capacity should be available for the customers to expand their consumption in the future (i.e. what should the threshold be – 100%*)?
    - Should EE follow the same protocol as for the single use SAPS, i.e. if a 100% threshold is decided for single use SAPS then shared use should be 100% per existing customer too?
    - Who do you think should pay for any upsizing that is required for a new customer to join the SAPS? Do you think it is appropriate if the new customer requires more than 50% of the spare capacity, then they will have to pay for additional costs to ensure there is capacity for existing customers to grow their usage over time?
    - If no, then what is fair?

*FAQs IF NEEDED:

Q: How much spare capacity are Telco's likely to need in the future? Telcos generally have very stable loads, however things like changing from 3G to 4G does increase their loads a little bit as they install new equipment for the change over. This could be around a 20% increase they have when they update the mobile system.

CLOSING

- Do you think there is a role for EE in supporting SAPS customers once the systems are installed? E.g
    - helping customers to monitor or understand their energy use,
    - advice on shifting usage to daytime consumption or
    - advising customers of how a change in consumption would affect a SAPS performance (such as buying an EV etc)

- Any final comments? Thank and close, explain GiftPay

Appendix E: New Technology Providers Agenda

Project:	Essential Energy – Regulatory Proposal 2024-29				
Event:	Phase 5 New Tech forum				
Details:					
Dates and location:	Tuesday 31st October - Zoom	**Time:**	9.00am-10.00am	**Duration:**	1 hour
Forum objectives:	• To provide an update, answer questions and gain feedback on: o The introduction of Dynamic Connection Agreements o The introduction of export charges – including the revisions to the Sun Soaker Two-Way tariff and its transition. o The development of battery and hybrid tariffs at LV, HV and sub-transmission levels.				

Time	Session details	Responsibility
9.00-9.05am (5 mins)	**Welcome and guidelines for the session** • Introduce self and WR • Structure of the session – presentations from EE, Q&As and breakout session • Explain recording	WR Lead Facilitator
9.05-9.10am (5 mins)	**Introduction by Essential Energy** • Acknowledgement of Country • Where we are up to in the engagement program • Topics we will be covering today	EE
9.10-9.17am (7 mins)	**Presentation 1: Flexible Connection Agreements** • Outline EE's plans for Flexible Connection Agreements • Ask for any questions from the participants	EE
9.17-9.25am (8 mins)	**Presentation 2: Revised Sun-Soaker Two-Way** • Recap of SS Two Way Tariff • Retailer feedback, trial results and AER feedback • Revised tariff • Ask for any questions from the participants	EE
9.25-9.33am	**Presentation 3: Battery and Hybrid Tariffs**	EE

(8 mins)	• What was proposed in January and what we are proposing now • Feedback obtained • Ways to make it more competitive • Changing the approach to make it cheaper • Rebate for HV • Now opening up hybrids to this tariff. • Ask for questions from the participants before going into breakout rooms	
9.33 - 9.58am (25 mins)	**Breakout Discussion** *Participants will be split into breakout rooms of approx. 8 people based on the type of stakeholder they are. Some rooms will be more interested in the Sun Soaker Two-Way whereas others will be more interested in the battery and hybrid tariff. Do the topic they are most interested in first.* *Each participant to introduce themselves.* ***Flexible Connection Agreements*** • Do you have any feedback on the move to flexible connection agreements? • Do you have any concerns about this? How could these concerns be alleviated? ***Sun Soaker Two Way (groups 1,2)*** • Do you have any feedback on the proposal to charge small customers (residential and small business) using energy-based export prices (kWh) instead of demand-based export prices (kW)? • Do you think this tariff will be capable of being understood and responded to by these small customers? • Do you have any feedback on the change from 3 bands to 2 bands? • Do you have any concerns about either of these changes? • How could these be alleviated? • For larger customers*, EE is thinking of retaining a demand-based export charge (kW) as it is the maximum level of exports that drives network costs. It is also thought that these customers are better informed to manage the pace of their exports whilst having the flexibility to export as much energy as they want. Do you have any feedback on this? • Do you have any concerns about this? How could these concerns be alleviated? ***large customers are defined as LV customer >160 MWh pa and HV customers*** ***Battery and Hybrid Tariffs (groups 3,4)***	WR Facilitators Slides for sharing if needed

	• Do you support grid-scale battery tariffs being made available to hybrid connections who have generation and storage? This is instead of those customers only having access to EE's default consumption tariffs. Why/why not? • Any concerns? • How could these concerns be alleviated? • What are your thoughts on the battery and hybrid tariff structure? What are the pros and cons? ○ Do you support removing energy charges from these tariffs? • Do you have any feedback on Essential Energy's proposal to introduce a small-scale commercial battery tariff to support pole top batteries? • Are any of you considering doing small scale batteries? • Do you have any other feedback?	
9.58-10.00am (2 mins)	**Summing up and thanks** • Closing remarks – what EE will take from today and confirmation of next steps.	WR and EE
CLOSE		

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Engagement for Essential Energy's 24-29 Regulatory Proposal – Phase 5

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