



# ENERGEX RECALL DAY

## CUSTOMER PANEL AND FOCUS GROUPS

What Was Said Report

October 2024



# TABLE OF CONTENTS

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<b>INTRODUCTION</b>	1
Overview	1
Session purpose	1
Participants	2
Workshop agenda	3
<b>WORKSHOP OUTPUTS</b>	4
Questions for context	4
Comments on AER's draft response	5
Topic 1	5
Topic 2	7
Topic 3	9
Reflections	10
<b>NEXT STEPS</b>	11

# INTRODUCTION

## OVERVIEW

Energex is the electricity distributor in South-East Queensland. The organisation is responsible for managing the poles, wires, and related infrastructure to deliver electricity to homes. As part of its engagement for the 2025-2030 regulatory proposal, Energex sought customer input on how to shape the future of energy services while maintaining affordability and meeting evolving community needs. This engagement began in 2023 with the formation of the Voice of the Customer Panel, concluding with a recall day in October 2023. Additionally, Energex hosted a series of Customer Focus Groups throughout 2023 and 2024, gathering diverse perspectives on key issues.

Energex recalled participants from both the Panel and the Focus Group, bringing both groups together for an information session on 31 July 2024 and a recall day on 4 August 2024.

The remit for both the Voice of the Customer Panel and the Customer Focus Groups was to provide insight into the following question:

*How should Energex plan for the new energy future, while providing affordable services that meet changing customer and community needs?*

This report outlines the session held on Sunday 13 October 2024, which focused on the Australian Energy Regulator's (AER) Draft Determination released in September 2024.

## SESSION PURPOSE

This session aimed to:

- ◆ Update participants on the AER's Draft Determination, released in September 2024, regarding Energex's 2025-2030 Regulatory Proposal.
- ◆ Focus on how the Draft Determination addressed issues raised by the Voice of the Customer Panel and Customer Focus Groups over the past 18 months.
- ◆ Invite participants to share their views on the Draft Determination.
- ◆ Assist Energex in refining its response and developing the Revised Regulatory Proposal, due for submission to the AER in November 2024.



# PARTICIPANTS

- ◆ The recall sessions were held online
- ◆ 25 participants were present on the day.
- ◆ Additionally, nine Energex employees were in attendance throughout the day, serving as presenters, subject matter experts, and observers. Three independent representatives were also present.

NAME	ORGANISATION	POSITION
<b>Paul Lucas</b>	Energy Queensland Board	Director
<b>Jason Hall</b>	Energex	A/ Chief Engineer
<b>Guy Mutasa</b>	Energex	A/ Manager, Economic Regulation
<b>Brent Sheriff</b>	Energex	Manager, Customer Operations
<b>Kenny Mizzi</b>	Energex	Manager, Customer Advocacy
<b>Benson Heng</b>	Energex	Manager, Network Investment Strategy
<b>Russ Christ</b>	Energex	Manager Distribution Planning
<b>Jimmy Patel</b>	Energex	Manager Sub-transmission Planning
<b>Brendon Crown</b>	Energex	Manager Network Pricing and Tariffs
<b>Neil Horrocks</b>	Reset Reference Group	Member
<b>Gavin Dufty</b>	Reset Reference Group	Member



# WORKSHOP AGENDA



TIME	AGENDA
9:00AM	<p><b>Welcome &amp; connecting</b></p> <p>Acknowledgement of Country, outline of agenda, and connecting conversations.</p>
9:25AM	<p><b>The Regulatory Determination process - update</b></p> <p>Energex will provide an update of where we are in the regulatory determination process, including key milestones and both the timeline and process for working towards submitting a Revised Regulatory Proposal to the Australian Energy Regulatory (AER).</p>
9:45AM	<p><b>The AER Draft Determination and issues for further consideration</b></p> <p>A chance to share the AER's Draft Determination that was published on 26 September 2024 and outline the issues for further consideration and engagement with the Panel:</p> <ul style="list-style-type: none"> <li>◆ Overview of the AER's Draft Determination.</li> <li>◆ Reminder of the issues the Voice of the Customer Panel and Customer Focus Group were engaged on over the past near 18-months: <ul style="list-style-type: none"> <li>➢ Topic 1: Affordability &amp; Pricing (Network tariffs)</li> <li>➢ Topic 2: Capital Expenditure – Managing an Ageing Network</li> <li>➢ Topic 3: Customer Service Incentive Scheme / Customer Service Performance Measures</li> </ul> </li> <li>◆ Outline how we will explore the topics outlined above over the day to obtain participants' insights that will assist Energex in developing its response to the AER's Draft Determination through the Revised Regulatory Proposal it will submit to the AER in late November 2024.</li> </ul>
10:30AM	<p><b>Morning tea - 30 mins</b></p>
11:00AM	<p><b>Topic 1: Affordability and pricing (Network tariffs)</b></p>
12:00PM	<p><b>Topic 2: Capital expenditure (Capex) - Managing growth</b></p>
1:00PM	<p><b>Lunch time - 45 mins</b></p>
1:45PM	<p><b>Topic 3: Customer Service Incentive Scheme / Customer Service Performance Measures</b></p>
2:30PM	<p><b>Final reflections</b></p> <p>Based on everything we have heard throughout the day; participants will have a chance to discuss their reflections and provide their final thoughts to Energex for consideration as part of not only the Revised Regulatory Proposal but also into the future as their distribution network service provider.</p>
3:00PM	<p><b>Next steps</b></p> <p>A moment to hear final reflections from Energex and next steps.</p>
	<p><b>CLOSE</b></p>

# WORKSHOP OUTPUTS

## QUESTIONS FOR CONTEXT

After each presentation on the AER's draft decision—covering Network Tariffs (Topic 1), Managing Growth (Topic 2), and the Customer Service Incentive Scheme/Customer Service Performance Measures (Topic 3)—participants had the opportunity to ask questions for further clarity and context before moving into small group discussions on each topic.

The questions made by participants for each topic are captured in the table below. No questions were made by participants for topics 1 and 2.



### AER'S DRAFT DECISION

Are Smart meters really going to be beneficial for customers, or will the retailers take advantage of the information to make more money out of us

Does Energex operate at commercial rates of interest knowing you are a standalone operator?

Does the AER have the final decision? Or is there a two and from here before the final decision?

How are interest rate impacts managed? Given that it is likely to plateau or decrease will Energex be able to cope with the reduction in capex?

How did AER determine that this was too much?

How did they come to their sums and figures? Does it mean that later on it will be more expensive later on.

How much debt does Energex have?

What are the implications of AER not accepting the 610mn capital expenditure

How will the spend reduction impact delivery of Energex services to SEQ and potentially respond to issues and emergencies.

I feel like there may be confusion regarding AER's rejection of the capital expenditure - They haven't told EGX "you CAN'T spend any money on capital" - they have said "We think you are asking for too much money for the work you are proposing to do! - you need to review your estimates and lower your capital ask"

If the spend is decreased, where will the money be taken from? Will it result in reliability issues?

Is there wiggle room with interest rates and inflation to allow Energex to absorb the capex reduction?

What is "Capitalised Overheads"?

What is the solution for not providing research and education. As the older generation will find it harder to navigate the internet and unable to find the correct information. There should be a central source on Energex website.

Why being a govt owned company is it not treated like the health and education department and not funded by the taxpayer? Would this not save money from not having to borrow?



### TOPIC 3 - CUSTOMER SERVICE INCENTIVE SCHEME / CUSTOMER SERVICE PERFORMANCE MEASURES

How does Energex get rewarded or penalised in relation to the customer service delivery?

What is the reward? is it monetary?

Who is behind not scrapping the incentive scheme

# COMMENTS ON AER'S DRAFT RESPONSE

After questions for context were answered for each of the three topics, participants were put into small groups where they discussed AER's Draft Determination and Energex's position on the topic.

## TOPIC 1

For Topic 1, Network Tariffs, participants were asked to reflect on key points from Brendon Crown's presentation and provide feedback on what Energex should consider when responding to the AER's Draft Determination.

Each groups responses are captured below

	What is standing out from Brendon's presentation today?	What should Energex keep in mind in responding to the current AER response?
<b>GROUP 1</b>	<p>Assumption that the customers will understand the complexity of the tariffs</p> <p>How accurate Energex or the Retailer in capturing the usage within the allocated time frame and billing it accordingly?</p>	<p>That there will be an increase in population implies increase in demand and costing.</p>
<b>GROUP 2</b>	<p>Retailers set the price.</p> <p>Who regulates the retailers?</p> <p>Solar 2-way tariff implementation put off until 2030.</p>	<p>Energex makes it clear to AER that they are responding to customer feedback.</p>
<b>GROUP 3</b>	<p>Implementing any form of change, whilst simple on face-value, is actually a very complex and time-consuming exercise.</p>	<p>Consumer bills need to be presented in a simple format to allow a better understanding of what you are paying for and what you consume as a household.</p>
<b>GROUP 4</b>	<p>During this whole process, we haven't heard anything from retailers, yet they sit between Energex and us as consumers.</p> <p>AER wants to wait until 2030 before introducing two-way tariffs.</p>	<p>Education for consumers is critical - can Energex push back on AER not funding education.</p> <p>Either Energex or the retailer needs to take responsibility for explaining complex pricing to consumers.</p>

...continued overleaf






	<b>What is standing out from Brendon's presentation today?</b>	<b>What should Energex keep in mind in responding to the current AER response?</b>
<b>GROUP 5</b>	<p>People without options e.g. solar, batteries and so forth, are left to accept the tariffs in the windows they operate. For some that can take advantage of off peak there are some financial benefits but those without solar or batteries and work full time cannot. In saying that, we understand that complexity will deliver lower costs and that retailers will need to accept the 'pain' to pass on the savings.</p>	<ul style="list-style-type: none"> <li>• People who work and have responsibilities for children may not always be able to take advantage of off peak tariff windows.</li> <li>• Could be perceived as biased toward those with solar and batteries or have the capacity to use electricity during the day.</li> <li>• While off peak advantages some sectors of the population (i.e. pensioners/retirees/unemployed) it may be difficult for those without smart appliances or batteries to effectively monetise the tariff structure.</li> <li>• Income freedom (ability) to invest in appliances, solar and batteries, which would maximize financial potential from tariffs, is dependent on circumstance and not always an option with increasing costs of living and inflation .</li> <li>• While these issues are front and centre for this group it is understood that complexity in tariffs is likely to deliver lower costs overall and would benefit consumers in the circumstances described above.</li> <li>• Build up pace will allow future invest decisions for those without options in the current environment.</li> </ul>
<b>GROUP 6</b>	<p>That Energex was going to wait until 2030 to implement 2 way tariffs. This is far to long, It can unfairly share the burden of solar systems on to non-solar users.</p> <p>That the retailers and customers are finding tariffs too complex.</p>	<p>Need to keep in mind that two way tariffs are good way to share the responsibility of cost to the network for solar users. We believe Energex needs to implement a 2 way tariff as soon as possible but keep it optional as an opt-in option. This will give Energex quite a few years to iron out any bugs. The default tariff should be the simple tariff.</p>
<b>GROUP 7</b>	<p>Visibility around Retailers not passing on the benefits of the rebates.</p>	<p>Complexity of the proposed tariff option should be considered as it might cause confusion among the customers to understand billing.</p> <p>Energex has a focus on pricing on changing behavior, but there are other ways to do so, like educating the customer.</p>





## TOPIC 2

For Topics 2 and 3—Managing Growth and the Customer Service Incentive Scheme/Customer Service Performance Measures—participants were also divided into small groups. In these discussions, they first rated their comfort with the AER’s Draft Determination on a scale from ‘Love it’ to ‘Loathe it,’ or indicated if they were unable to agree on how they felt as a group. They were then asked to offer specific suggestions on what changes they would like to see in the AER’s Final Determination to improve their level of comfort.

HOW COMFORTABLE ARE YOU WITH AER’S RESPONSE TO THIS TOPIC?							What, if any, <b>specific comments</b> would you like to make to AER that would <b>improve your level of comfort</b> ?
Please place an X in the column that matches your group’s <b>overall level of comfort</b> with AER’s response							
	LOVE IT	LIKE IT	LIVE WITH IT	LAMENT IT	LOATHE IT	CAN’T AGREE	
1							What is the reason for rejection from AER? How can Energex provide reliability and cost controls if the infrastructure is left as it is?
2							It is not AER’s role to determine what network service quality should be. AER is telling Energex to drop its standards but Energex is the one who has to explain that to the consumer.  How does Energex explain the reduced AER network expectations impacting on consumers reliability of supply.
3							We have trouble definitively answering this, as the AER’s response to why they rejected the proposal has not been made clear. \$361M was rejected, with \$202M approved, yet the summary shows only ~\$27M of spending.
4							It is not clear on how AER choose one specific region over another.
5							AER needs to recognise the growth of the SEQ region currently occurring and the anticipated future demand associated with this growth.  Potentially reduced costs in the short-term in relation to infrastructure upgrades may result in long-term operational / maintenance costs where the quality of the infrastructure falls behind as a result of this reduced investment.








...continued overleaf

## HOW COMFORTABLE ARE YOU WITH AER'S RESPONSE TO THIS TOPIC?

Please place an X in the column that matches your group's <b>overall level of comfort</b> with AER's response							What, if any, <b>specific comments</b> would you like to make to AER that would <b>improve your level of comfort</b> ?
	LOVE IT	LIKE IT	LIVE WITH IT	LAMENT IT	LOATHE IT	CAN'T AGREE	
6					☹️		We would like the AER to consider some of the projects in growing areas as a realistic approach to the number of users in Queensland. Consider possible complaints and the user experience. The cost of these projects would be well spent and would prevent further issues in the future.
7					☹️		Find it difficult to understand how AER is undermining reliability by rejecting project investment and setting lower standards for restoration of power in the face of rapidly expanding population in SEQ. SEQ is in a major storm and flood corridor that requires significant reliability. An aspirational goal of zero customers affected after 8 hours is commendable and should be supported.  Are we really saving money in the long term by rejecting these investments now? Alternative power supply options in lieu of these investments will potentially cost us now and the long term investment of these projects will occur anyway.  Sounds like Fed Govt wants to say 'we reduced power prices'. Short term gain for longer term pain!
=	0	0	0	0	6	1	<b>TOTAL</b>



## TOPIC 3

HOW COMFORTABLE ARE YOU WITH AER'S RESPONSE TO THIS TOPIC?							
Please place an X in the column that matches your group's <b>overall level of comfort</b> with AER's response						What, if any, <b>specific comments</b> would you like to make to AER that would <b>improve your level of comfort</b> ?	
	LOVE IT	LIKE IT	LIVE WITH IT	LAMENT IT	LOATHE IT		CAN'T AGREE
1							Do not agree with the stick and carrot process, providing access to revenue, that AER are imposing. If it is internally managed the AER could set the benchmark (80%) regarding telephony and that continuous improvement be undertaken to ensure Energex remain above the set benchmark as an internal management process.
2							Ok that AER wants to continue with STPIS. Happy that Energex is continuing to develop and implement its own customer service performance scorecard.
3							We like that CSIS has not been implemented. We think though that public education is an important and overlooked factor that should be considered when looking at customer service.
4							As they are retaining an existing service, it neither improves or diminishes their level of service. Therefore, we can live with it.
5							Not in favour of STPIS scheme continuing. Answering emergency calls should be mandatory to be answered in 30 seconds. The volume of actual interactions with the customer should be on the scoreboard and itemised in terms of what the interaction was about.
6							If they are to keep the Telephone call answering portion of the STPIS. Energex should also implement the customer service performance measures they were looking to do as well.
7							We agreed with the idea that Customer service should not be incentivised and it was agreed on by the AER. Agree Energex is sharing the reporting they are doing to increase transparency.
=	0	3	3	0	1	0	<b>TOTAL</b>

# REFLECTIONS

Participants were asked to individually respond to the statement: "The value of investing in processes like this is..." Their reflections on the value of such engagement processes are captured below:



# NEXT STEPS

These notes will be finalised as a reference point and then a draft strategy will be prepared for the board to refine and finalise in the coming month.





**PLEASE NOTE:** This report has been prepared by MosaicLab on behalf of and for the exclusive use of Energex. The sole purpose of this report is to provide Energex with materials produced at the forum.

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**REPORT PREPARED BY:**

**mosaicLAB**

[www.mosaiclab.com.au](http://www.mosaiclab.com.au)