mosaicLAB

ERGON ENERGY NETWORK
RECALL DAY

CUSTOMER PANEL AND FOCUS GROUPS

What Was Said Report

August 2024

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INTRODUCTION

OVERVIEW

Ergon Energy Network is the electricity distributor in regional Queensland and the Torres Strait. The organisation manages the poles and wires and other electricity infrastructure, delivering electricity to over 760,000 residential homes and commercial and industrial businesses across a growing population base of around 1.5 million people.

In 2023, Ergon Energy Network (EEN) embarked upon engagement for its regulatory proposal and tariff structure statement to seek customer input into their 2025-2030 submission to the Australian Energy Regulator (AER).

The Voice of the Customer Panel was assembled in May 2023 and finished with a recall day in October 2023. The Panel was tasked with the following remit:

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

EEN also held a series of Customer Focus Groups throughout 2023 that brought together a range of customers to particularly hear different perspectives on a range of topics.

Across the two different engagement processes, the following was captured:

Ergon Energy Network recalled both the Panel and the Focus Group to an information session on the 30 July 2024 and a recall day on 3 August 2024. The purpose of these sessions was to share with the customers how the Panel's recommendations have been reflected in the Regulatory Proposal, and to further test thinking on a number of topics.

This report outlines the process of the recall sessions and summarises 'what was said' by the customers from the Voice of Customer Panel and the Customer Focus Group.

SESSION PURPOSE

The purpose of the recall day was:

- To hear a detailed update from the Ergon Energy Network team and where they would like more advice and direction from customers
- To close the loop on the customer service performance measures conversation, given the panel's feedback they did not want a Customer Serve Incentive Scheme (CSIS). To confirm a set of customer service performance measures for inclusion in a public facing customer service performance scorecard.
- To discuss affordability of electricity and how Ergon Energy Network can provide better outcomes for customers.
- To discuss how Ergon Energy Network proposed to manage the issue with its ageing network asset infrastructure, and the proposed infrastructure replacements plans to keep the lights on across regional Queensland.

PARTICIPANTS

- The recall sessions were held online.
- Out of the 35 original Voice of the Customer panel members who participated in the initial five panel sessions, 20 were present for the recall day.
- Out of the Seventeen Customer Focus Group members who participated in the face-to-face engagement sessions held in 2023, nine participants joined the Voice of the Customer Panel members for this panel.
- Additionally, nine Ergon Energy Network employees were in attendance throughout the day, serving as presenters, subject matter experts, and observers. Three independent representatives were also present.

NAME	ORGANISATION	POSITION
Kevin Kehl	Ergon	Board Director
Trudy Fraser	Ergon	Acting Executive General Manager, Regulation
Paul Jordon	Ergon	Chief Operations Officer
Kenny Mizzi	Ergon	Manager, Customer Advocacy
Rachel Guest	Ergon	Manager Performance
Benson Heng	Ergon	Manager, Network Investment Strategy
Srini Chinnarajan	Ergon	Manager, Asset Strategy
Guy Mutasa	Ergon	Manager, Economic Regulation
Amanda Allan	Ergon	Principal Advisor, Stakeholder Engagement
Frank Edwards	Reset Reference Group	Member
Mark Greening	Reset Reference Group	Member
Mike Swanston	Customer Challenge Panel (Australian Energy Regulator)	Member

WORKSHOP AGENDA

INFORMATION SESSION – 30 JULY 2024

TIME	AGENDA
6:15PM	**Arrival**
6:30PM	**Welcome** Introduction Welcome - Michael Dart - Chief Customer Officer and Mark Algie, Board Director Explain agenda and purpose Connecting - Say hello, meet new participants and share what is on your mind coming into this evening
6:55PM	**Role of Ergon Network** Announce project team, explain difference in role.
7:00PM	**Ergon Network's Regulatory Proposal** Ergon Energy Network will provide an update on the Regulatory Proposal submitted to the Australian Energy Regulator (AER) in January 2024, and the next steps, including the new topics for discussion ahead of submitting the Revised Regulatory Proposal to the AER in December 2024. There will be an opportunity for small group discussions and a Q&A.
7:50PM	**Next steps and final words**
8:00PM	**Close**

DAY 1 – 3 AUGUST 2024

TIME	AGENDA
8:45AM	**Arrival**
9:00AM	**Welcome** Introduction Welcome - Paul Jordon, Chief Operating Officer and Kevin Kehl, Board Member Connecting again - what are you still curious about?
9:30AM	**Energy Network's Regulatory Proposal 2025-30** Detailed update, including the Regulatory Proposal, small group discussions and a Q&A ◊ The key focus of this update is to go deeper into understanding the key drivers for the Regulatory Proposal and to look at how affordability for the customer is considered.
10:20AM	**Affordability** This is about being explicit with the bill impact. Small group discussions on affordability and how Ergon Energy Network is considering this in their Revised Regulatory Proposal going forward. This will provide an opportunity for participants to react to what Ergon Energy Network is proposing, and actions and to think about the best advice we can provide to take this forward into the Revised Regulatory Proposal.
11:00AM	**Morning tea**
11:30AM	**Customer Service Performance Measures** Given the feedback from the Voice of the Customer Panel in 2023, that there should be no CSIS, we held small group discussions to explore what potential customer service performance measures are important to customers, for inclusion in a public facing customer service performance scorecard, and how this is considered in the proposal going forward and business as usual. Presentation by Rachel Guest, Manager Performance.
12:20PM	**Lunch**

...continued overleaf

DAY 1 – 3 AUGUST 2024 ...CONTINUED

TIME	AGENDA
1:30PM	**Managing an ageing network** Presentation of the plans for the proposed replacement expenditure required in the 2025-30 period to to address the ageing network and ensure a safe and secure electricity distribution network. Presentation by Benson Heng - Manager Network Investment Strategy Speakers: ◊ Tim Hart, General Manager of Asset Maintenance ◊ Srini Chinnarajan, Manager of Asset Strategy ◊ Mark Greening, Reset Reference Group.
2:45PM	**Afternoon tea**
3:00PM	**Ageing network – feedback** Small group discussions on how Ergon Energy Network is to manage the ageing infrastructure and investment in the electricity network. We will consider any concerns you may have, questions it might raise for you and what else should Ergon Energy Network be thinking about.
3:50PM	**Next steps and final words** Hear a few final reflections from the participants and Ergon Energy Network
4:00PM	**Close**

INFORMATION SESSION OUTPUTS

REFLECTIONS

After the presentation at the information session, participants were invited to reflect individually and provide feedback on two key questions: “What top 2 things are standing out?” and “What 1 core question do you have?” The questions were responded to in the session and a Q&A response document was shared with the participants ahead of the full recall day.

The reflections that stood out to the participants are captured below:

RECALL DAY OUTPUTS

ONE CORE QUESTION

Acting Executive General Manager, Regulation, Trudy Fraser, presented an update on Ergon Energy Network's overall regulatory proposal at the information session and again at the beginning of day 1.

Participants shared one key question that they had after Trudy's presentation.

In 2030 will it need to continue?

Is the 5% increase compounding?

Instead of spending $121 million self-funded for overspend in ICT, why not pay off some loans (on infrastructure) rather than save $3/household.

Can you use more of the profit revenue that goes back to the government to help the abnormal infrastructure upgrade costs?

Even with credits its temp relief- we need to incentivise and educate and change customer behaviours, appliances, batteries. How are we allowing for this variability in customer base?

As more decentralised generation occurs is there are chance decrease poles and wires?

Why isn't the percentage increase to customers not equitable for retail and businesses?

Uncontrollable (Inflation/Interest/ etc.) accounts for $49/year which is 7% - Higher than CPI? Also, will it decrease next year if CPI/ Interest comes down?

How much have we borrowed to have such a high interest bill?

Educating customers.

Will micro-renewable power stations be considered within the life of the poles and lines being replaced now?

Cost to Customer is a base cost + additional purchase price of Goods & Services will also increase to reflect suppliers additional service costs - Why aren't businesses and consumers paying the same?

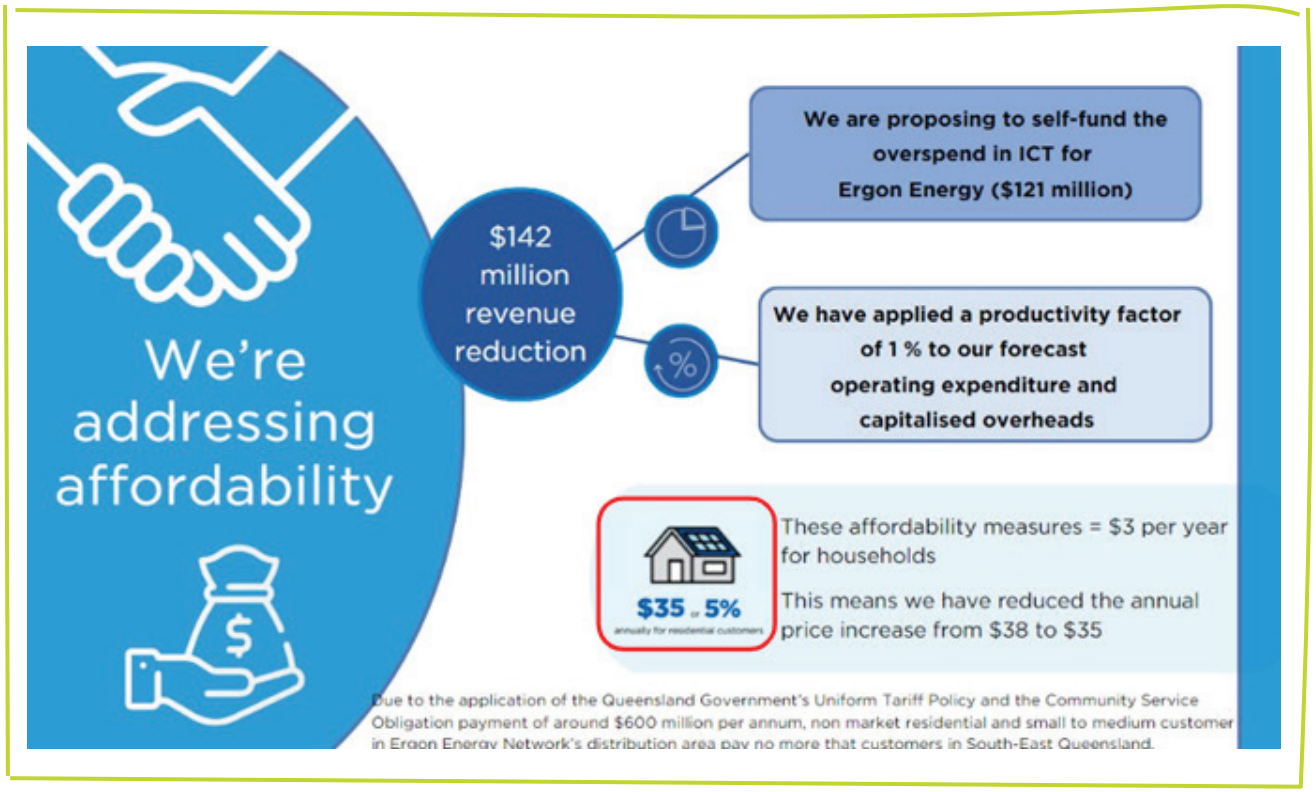
If claimed depreciation on previous, why has this not been used for future expenditure?

How can we spread the pain/ cost across a broader base and timeline?

FEEDBACK ON THE OPPORTUNITIES TO SUPPORT AFFORDABILITY

Participants engaged in small group discussions to provide feedback on how Ergon Energy Network is addressing affordability in its proposal. The session focused on customer reactions—what made them feel hopeful, surprised, or concerned—and gathered advice for informing the Revised Regulatory Proposal. A brief plenary followed to highlight key takeaways.

Participants shared one key question that they had after Trudy's presentation.



The participants' responses are captured below:

What are you hopeful about?

Asset management strategies and lifecycles of Poles and Wires are better managed, to avoid current cost overload of replacement.

Can we buy cheap power through the day, store it on a battery, and use it in the evening. No solar panels involved.

That the cost of our bill will come.

The budget proposed for the next five years, will actually do what they want to do.

Upgrade of infrastructure and affordability.

We are hopeful that there will some flexibility coming and that the cost will be smooth.

We hope that EEN can subsidise battery purchases for households.

We hope you get it right that we meet the demand that we cannot see.

We hope you have learnt from your current situation of old infrastructure and a lack of funds.

What are you surprised by?

If been making a profit over the past years, why do we need such high loans?

Increases of uncontrollable expenses higher than CPI, yet not going to decrease in the future if they decrease.

Surprised that there is no revenue going back to the stake holders.

That it has taken this long to start the upgrade?

That the depreciation values, have not been put aside for future capital replacement.

The 5% and $35 average increase, based off a $700 annual bill... which is small and how it increases each year? What if the bill is higher than $700/year?

Why are we upgrading the lines when smaller solar/etc. is occurring?

Why aren't we paying off loans and proposing paying customers $3/household?

Why hasn't this been addressed earlier?

Why was the upgrade left to the eleventh hour?

What are you concerned about?

Are we investing in the best approach for replacing existing infrastructure? e.g. fibreglass poles or underground?

Coal is not included in the fuel planning - What happens is "Green Energy" takes longer.

Concerned about interest rates increasing.

Concerns about EV risks. Uptake pace and safety concerns.

Green Energy will not be possible to be built in the timeline.

Grid still needs to be maintained while Green Energy is being developed.

Regional infrastructure always seems to be left behind.

Is the compounding amount based of the entire bill and is this the only increase or will there be the usual power increases over time on top of this.

Not looking at potential internal savings from productivity, other options - simply this is the cost, and you will be charged.

Reliable energy supply.

The price will continue to grow and grow - much higher than CPI.

What happens if "Green Energy" does not eventuate at the rates predicted?

What happens if we cannot keep up with the poles and wires replacements before they die?

What is the big picture here, what is the long-term picture after the infrastructure is updated?

Why is this based on a percentage of use, and not a fixed rate? Consumption aside, the grid is equally important to everyone.

Will the cost keep increasing into the future?

Will the upgrade take into consideration the potential for higher cost to replacing pole and wires?

Wiring not good enough for the increased solar input.

Anything else to add?

Are there cheaper alternatives to current materials used for the pole and wires?

How are we going to take advantage of technology changes and adjust accordingly.

How is asset management done with the current poles and wires? Is there some software in place to track, analyse and get insights?

In the future moving forward why not go underground.

Incentivise battery backups to minimise the need for the larger poles/wire infrastructure.

Look more at more self-generating towns to minimise need for larger infrastructure.

Need more education on solar panels with outages about isolators being a risk

Out of $142 M revenue reduction translate to % reduction in avg annual bill? Considering the $700 ($35 is 5%) is a low bill.

Remote Australia - It is not all little towns with nothing in between. There are also people who live along the way and who would be disadvantaged if we only supplied towns.

Why don't you decrease the number of power poles and use that money to build up decentralised networks in communities?

Why in north Queensland are they not considering underground? To prevent power outages in bad weather conditions.

Why not encourage/subsidise more developers to put in underground power.

CUSTOMER SERVICE PERFORMANCE MEASURES REFLECTIONS

Given the feedback from the Voice of the Customer Panel in 2023, that there should be no CSIS, participants reviewed how Ergon Energy Network has incorporated their feedback, and discussed what customer service performance measures are important to customers for inclusion in a publicly available customer service performance scorecard. Following a presentation by Rachel Guest, Manager, Performance, small group discussions were held to evaluate the identified measures, how these should be reported, and any gaps or new ideas.

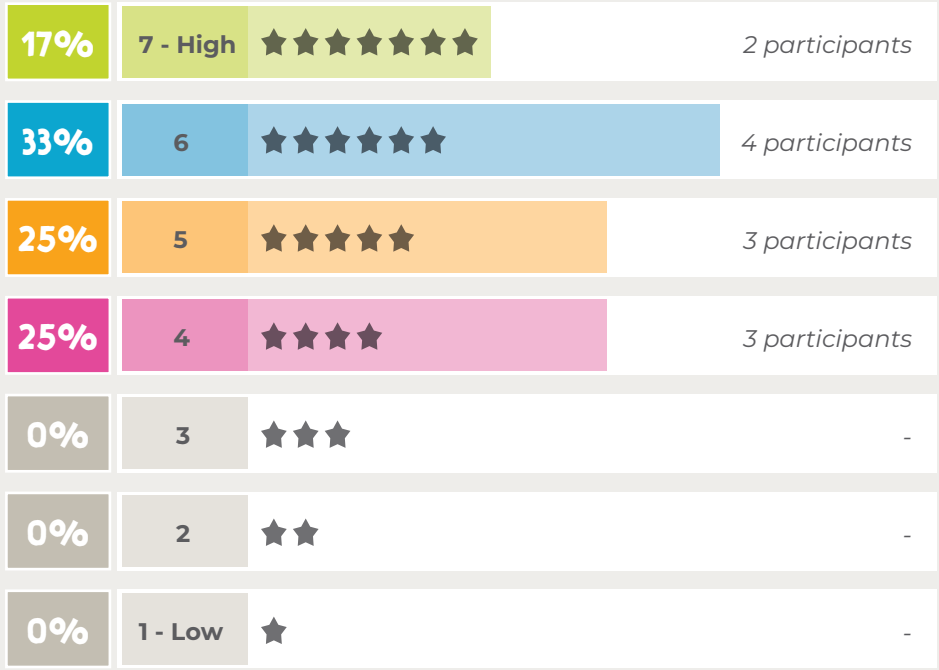
The group's reflections and suggestions are shown below:

Q1

WHAT DO YOU THINK OF THE SERVICES IDENTIFIED TO REPORT ON?

Low to High

Average 5.42 from 12 participants



WHAT WOULD KEEP YOU AT, OR MOVE YOU TOWARDS 7 STARS?

- More communication on how to get notifications/updates.
- More options when you ring Customer Service - the sections you want to talk to, aren't there.
- More regular prompt updates.
- Emergency text messages.
- For connections, chose a more targeted customer group to comment.
- Increase portals.
- Maybe extra if they communicate about changes more clearly.
- Unsure.
- Better notification of restoration time.
- More personalisation and interaction sure as a personalised and customisable app for smart meter users. Perfection is the death of improvement.
- There is always room for improvement.

The participants were then asked, ***How would you like this reported and shared with you?*** The responses are below in no particular order:

When not from personal complaint, annual report to customers on customer service goals. Target those customers who haven't accessed anything online, to send it via snail mail.

Annual report added to bill.

Text update at the time you ring. Send out with the bill.

Internet, Website, SMS.

Text message or notification on phones.

Planned outages - text and letter.

EEN customer support statistics - online reporting on EEN website. Include previous years statistics.

Post on web and notified to customer through the bill

Showing it on their public websites to be visibly accountable and upfront. Want to be shared via text is ideal, but good to have contingencies for those who aren't as able or don't have this as an option.

By email/ text.

SMS, Emails.

Utilise technology more for those with the ability to use and access it.

Email.

The final question asked of the participants was to ***share if they felt anything was missing from Ergon Energy Network's intentions to support customer service performance***. The responses below were captured:

More information available to customers on website regarding changes/options /help etc. An option for Call Centre staff to send a customer a printed copy of helpful info when they call about it if they don't have computer/internet.

Encouragement for customers to sign up to receive SMS and perhaps social media notification of planned outages.

Planned & Unplanned Outages are often slow to be updated and with today's technology should be much quicker on website/SMS.

Offer choices for preference in notification (mail, text, email etc).

Visibility from upfront costs, and not getting surprised with extra costs.

After-call rating to check on service.

Text messages for planed or unplanned outages.

More grace for late payments.

It is worth noting that several people captured that there was nothing further to add.

AGEING INFRASTRUCTURE

Participants explored how Ergon Energy Network is planning for future investment in the regional Queensland's ageing infrastructure. Following a presentation by Benson Heng, Manager of Network Investment Strategy, participants broke into three small groups for a series of in-depth discussions with EEN subject matter experts and an independent subject matter expert from the Reset Reference Group. Each group engaged in three 15-minute rounds of questions and answers and dialogue. Speakers were moved on to each group of participants at the end of their 15 minutes. The guests subject matter experts were:

- Tim Hart, General Manager of Asset Maintenance
- Srini Chinnarajan, Manager of Asset Strategy
- Mark Greening, Reset Reference Group.

After these discussions, participants were asked to reflect on their likes, wishes, and wonderings regarding Ergon Energy Network's plans to manage the ageing network.

I LIKE THIS ASPECT...

- $7 / year for replacement/fix seems quite reasonable.
- Combo inspections i.e. poles, wires & cross arms concurrently for efficiency.
- Community involvement at pole sites.
- Failure rate has been decreasing.
- Future planning e.g. sizing for future higher peak load. Pain now for future gain.
- High workforce training & retention.
- Like use of composite materials and trial of them.
- Recognition of a problem is being actioned.
- Staff retention, Skilling and local procurement.
- The pole plantations that Ergon have established.
- The speakers that were present were knowledgeable in their fields and at the task at hand.
- We like the transparency that EQ are providing.

I WISH THAT YOU WOULD DO...

- Better forward planning.
- Consider a world where your focus was to decrease number of poles but keep reliability. This would enforce some new ideas outside of, growing population people requires more poles.
- Customers are informed about the benefits not just the costs.
- Education Programs. Inform the general public better with regards to change. e.g. Public perception of Smart Meters.
- Embrace future fuels for plant & equipment.
- EEN was proactive not reactive.
- I wish my electricity bill was cheaper :-)
- Investigate alternative pole styles.
- More foresight in accounting principles, specifically depreciation.
- In the AER report the safety risk is imbedded in the investment calculation/ rating, and would like to see the safety risks (high impact or common) spelt out as well.
- Increase the feed in.
- Introduce competition in order to allow for natural selection to get better organisations to build the best solution for the population.
- Source more Australian manufactured parts.
- We wish that EQ would be a little more proactive before this was a pressing issue.

I'M STILL WONDERING ABOUT...

Are we getting Virtual Flow Metering (VFM)?

Are we looking at life cycles of the 'green' assets?

Carbon emissions created from manufacturing new equipment and infrastructure.

Cost between hard wood pole and other options? Compared to longevity.

Do we need to investigate changing state legislation to support Ergon to be able to install renewable energy equipment in remote areas?

Does the new technology help to reduce carbon footprint.

Environmental impact of manufacturing poles/ wires.

How can I get a $1000 credit on my electricity account, and we are talking about chipping an extra $35/year to try and cover costs. Why not just get the government body giving us this credit to check with you if we can spend this money better (than crediting the residents).

How do you identify redundant infrastructure.

How long left to finish replacing the original poles?

How we will have the resources to achieve the growing needs including Green Energy Infrastructure.

How will AER's 2nd review of Ergon ($60 estimated to $120 actual) affect their new acceptance of the new plan?

If there is diversity in employment opportunities especially, are all-abilities employed.

Indigenous procurement & employment programs & successes.

Is it a hard-sell to increase to such an extent?

It seems the plan is to just get more people to fix poles, which won't change in 50 years. How are we taking advantage of new technologies and power sources that are available now to help solve this problem?

Methodology of replacement of poles.

Was a fund ever set up in preparation for this major upgrade of power poles previously (over the past 50yrs).

What is the future of Energy going to look like with rapid advances of technology?

What is the strategy to solving this problem? Is there any plans to improve the coordination and understand the poles (e.g. assets) relative to one another? As opposed to just throwing money at the problem to get more tradies going around to fix the poles?

Why has this issue taken so long to rectify, Solar power has been around for a long time. Why is the lack of infrastructure only apparent now.

Will the bill be passed on to consumers should the estimated cost be undervalued?

Will the failure rate continue to decrease with the aging network under the consistent pole replacement rate?

THE BIG SHIFTS

In the final session of the day, participants were asked to reflect on something that had impacted their thinking or learning during the discussions. This reflection aimed to capture any significant shifts in perspective or understanding as a result of the day's activities.

NEXT STEPS

The notes and feedback collected from this session will be reviewed and further integrated into Ergon Energy Network's Revised Regulatory Proposal. Participants will be invited back for a recall day on Saturday 12 October 2024.

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

This report has been prepared in accordance with the scope of services set out by the Ergon In preparing this report, MosaicLab has relied upon the information provided by the participants at the forum. Ergon Energy Network can choose to share and distribute this report as they see fit. MosaicLab accepts no liability or responsibility whatsoever for or in respect of any use of or reliance upon this report by any third party.

MosaicLab is a Victorian-based consultancy that specialises in community and stakeholder engagement, facilitation, negotiation, strategic planning. and coaching.

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