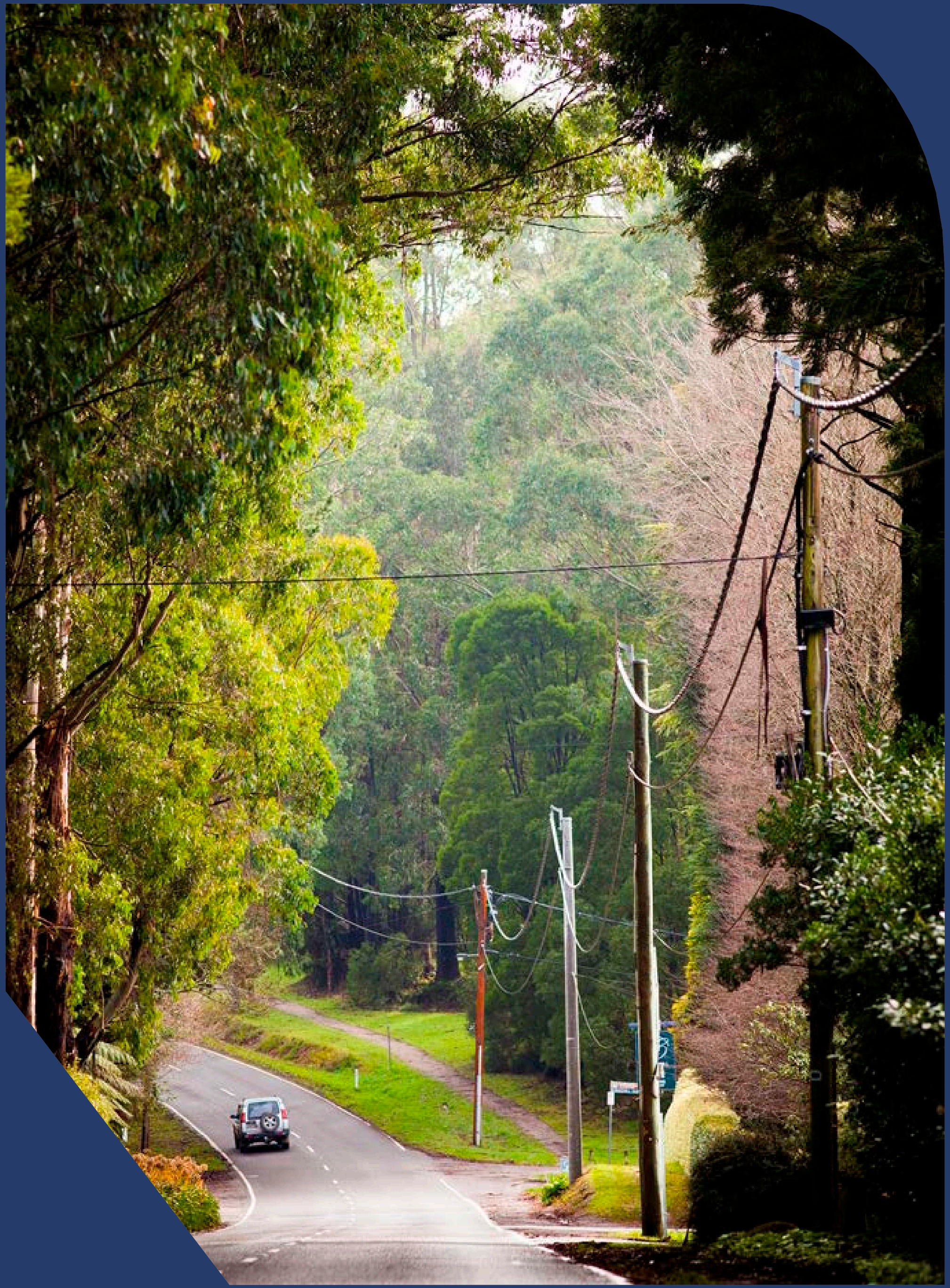
AusNet

EDPR 2026-31
Stakeholder Reference Group

Meeting #4

25 May 2023



Acknowledgement of Country

We acknowledge Aboriginal people as the Traditional Owners and Custodians of the land we live and work on, and we pay our respects to Elders past, present and emerging.

Meeting agenda

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Agenda item		Purpose	Lead/s	Indicative Timings
Welcome	**Agenda**	*For information*	**Charlotte**	**2pm |** *5 mins*
1. Standing Items	**Action Items** **Workstream Updates** | Reporting in on panels, joint DB work and policy updates ***Discussion***	*Updates for information and feedback*	**Charlotte**	**2.05pm |** *10 mins*
2. Process Review & Re-Design	**AusNet's Reflections on Process so Far** **Participants' feedback on the process** **How we propose to respond** ***Discussion***	*To share reflections on the process so far (from AusNet and panel members) and our proposed response to this feedback for discussion.*	**Liz & Charlotte**	**2.15pm |** *35 mins*
Time permitting **3. Focus Questions**	**Focus questions developed by panels, and next steps for them**	*To share the focus questions developed so far. We have put this at the consult level of engagement given the panels are taking the lead at the collaborate level.*	**Lucy**	**2.50pm |** *5 mins*
4. Administrative Matters & Close	**Any other matters** **Meeting close**	*Various*	**Charlotte**	**2.55pm |** *5 mins*

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01 Standing Items

Purpose: Updates for information and feedback

IAP2 Spectrum | Targeted level of influence

Inform	Consult	Involve	Collaborate	Empower

High Level Engagement & Reset Timeline

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Through 2022

- Exploratory customer research
- Exploratory conversations with key stakeholders

Oct to Dec 2022

- Engagement program developed
- SRG & sub-panel members recruited

Mar 2024

- SRG works on proposal case and draft plan, sub-panel work slows, further targeted engagement as-needed

Mid 2024

- Draft proposal published
- SRG writes Independent Report 1

Jul-Dec 2024

- SRG works to refine proposal for submission
- SRG writes Independent Report 2

Stage 1 | Understanding needs & defining focus areas
Jan 2022 to Dec 2022

Stage 2 | Exploring focus areas & developing plans to address them
Jan 2023 to Mar 2024

Stage 3 | Finalising proposal
Mar 2024 to Jan 2025

Post-lodgment engagement
Jan 2025 onwards

Feb 2023 to Mar 2024

- Stakeholder Reference Group and sub-panels begin work
- Sub-panels undertaken detailed design of proposal relevant to their terms of reference
- Stakeholder Reference Group focused on process governance and coordination
- Extensive *Targeted Engagement* underway, driven by Stakeholder Reference Group and its sub-panels

Key milestones in AER process following Revenue Proposal lodgement

31 Jan 2025:
Regulatory Proposal due to AER

30 Sep 2025:
AER Draft Decision

Dec 2025:
Revised Proposal due

30 April 2026:
AER Final Decision

1 July 2026:
New regulatory period begins

Actions [1/3]

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Action	Status
AusNet to share forecast information regarding its customer base	See appendix (expecting more to come as-needed through process)
AusNet to share results of Segmentation research with the group	Key findings and details for June webinar in appendix
AusNet provide advice/ explanation to SRG on technical limitations and constraints on its network and options to address these at future meetings	To be addressed at future meeting (with Future Networks panel and/or Coordination Group)
AusNet to provide further clarity on what stakeholders can influence in the revenue proposal	To be addressed through work with panels on Focus Questions
AusNet to look at levers it might have to influence biodiversity in the process (with a view to potentially incorporate this into QCV)	Underway with SRGQCVWG
AusNet to look at opportunities/innovations to reduce line losses and report back to this group on whether it could sit in the EDPR	Underway

Actions [2/3]

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Action	Status
Emma to share report by South Australian Council of Social Services (SACOSS) on sudden introduction of a new tariff with interested SRG members.	Complete
AusNet to look at and present cost allocations for tariffs and how those allocations have been reshaped as solar has been adopted	To be addressed at future meeting with Tariffs & Pricing panel if relevant
AusNet to update aspiration statement in light of feedback from SRG Meeting #3	Complete
AusNet to consider ways to maximise transparency of the joint forums, and monitor the need for SRG joint-DB meetings	Ongoing
AusNet prepare or share a one-page summary of the 'Good Grid' program with EDPR Engagement panel members	Suggest those interested check out our *Good Grid* webpage
AusNet to note panel members preference for Padlet rather than Miro as an online engagement tool.	Complete
AusNet agreed to clearer about the application and intent of engagement activities conducted during engagement panel meetings in future.	Complete (and noted ongoing)
AusNet to ensure panel members have the opportunity to observe community engagement workshops.	Est. July

Actions

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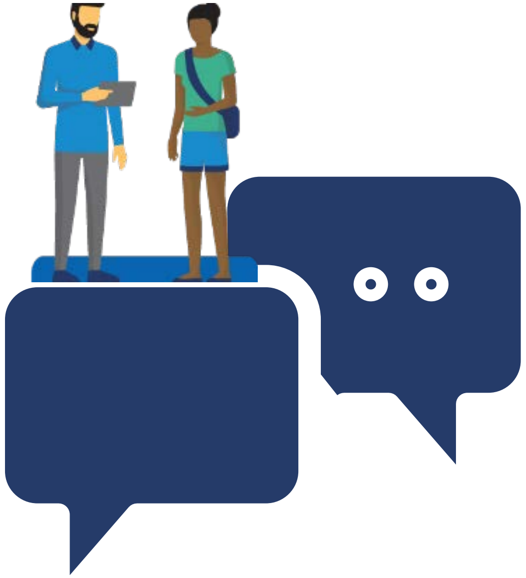
We propose removing the following actions as we don't think they are needed anymore.

Action	Status
SRG to discuss bridging the gap between the SRG and sub-panels' streams and come back to us with some suggestions	TBC
SRG to discuss and report back on (in form of note from Chair) a) an agreed approach to meeting summaries and b) out-of-session communication between members.	TBC



Discussion

Any questions/comments on the action items?

Workstream Updates | Reporting In

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Benchmarking #1

Last met 3rd May

KIERAN REPORTING

Electricity Availability #2

Last met May 2023

HELEN REPORTING

Future Networks #2

Last met May 2023

EMMA REPORTING

Customer Experience #2

Last met May 2023

MARK REPORTING

Joint Vic DB work

- **Vulnerability Update**
  - Gavin & Emma attended forum on 9 May

  EMMA REPORTING
- **Framework & Approach Update**
  - Tony, Lynne, Kieran & Mark attended forum on 18 May

  KIERAN REPORTING
- **Resilience Update**
  - All the Availability Sub-Panel members are invited to a session in July
- **Tariffs & Pricing Update**
  - Joint forum will be held in August (details TBC nearer the time)

Other Policy Changes

- **Vic Budget**
- **New Victorian climate targets announced** (80% reduction by 2035)

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02 Process Review & Re-Design

Purpose: To share reflections on the process so far (from AusNet and panel members) and our proposed response to this feedback for discussion.

IAP2 Spectrum | Targeted level of influence

Inform	Consult	Involve	Collaborate	Empower

Reflecting on our Engagement Process

AusNet's thoughts

- **Sub-panel engagement has been strong.** We have received mostly positive feedback on the engagement materials, the recent round of 'deep dives' and have received high quality input and feedback that is useful to inform our proposal. Developing focus questions has worked well and gives the process a clear focus going forward.
- **Diversity, incl. good representation from end-customers**, most of whom are participating in engagement for the first time. Invaluable to hear this feedback in these reset discussions.
- **All SRG members making valuable contributions.** However most of the 'work' to shape our proposal is happening within the sub-panels, with the role of the SRG less clear.
- **We will continue to consider value for money.** We will streamline/ change the process where efficient, with an eye on the 'end product' – ie a proposal reflecting customer views and a report to confirm this. The engagement needs to be purposeful – particularly as we are also investing heavily in research (qual and quant) to provide a broad evidence base to inform our proposal.
- We **want to keep as much as we can on the table** for engagement, given the number of key decisions being made through the energy transition. Acknowledge this means not everyone can be in all discussions so strong coordination is required.

We're now a few months in and have received a lot of feedback on the engagement process, which we are taking seriously and want to respond to.

Feedback from participants [1/3]

What's working well?

- **Sub-panel engagement is clear and focused**, and sub-panels are working well together on meaningful and interesting topics
- **Engagement is genuine** – we are listening
- AusNet is **opening up a lot of decisions** for the engagement program to meaningfully influence
- AusNet is **organised** with **high-quality packs** and **communication** now working well
- AusNet is **responsive to feedback** on the process (and has made a number of tweaks already)
- Starting engagement **early** is positive
- **Offer of additional funds and research staff time** is positive
- It's good to have **new faces** involved in the EDPR process which is keeping the process interesting and adding richness to discussions
- **"Deep dive"** methodology works well
- **Great discussions** are being had, and even many "seasoned" participants feel they are **learning new things**!

Feedback from participants [2/3]

Opportunities for improvement		How we're responding
Members interested in different issues – for example, some are keen to get into the technical detail of our proposal, others want to be more involved in designing and delivering research and engagement.	▶	Have **split out 'Research and Engagement'** into its own Sub-panel.
Potential for silos between sub-panels, as there are topics that overlap eg export services and pricing; planned outage comms and frequency.	▶	**Coordination group charged with understanding and resolving trade-offs/ conflicts between the sub-panels** (including potential joint meetings where value for money), with members having clear accountability for this.
Not clear where the detailed consideration of building blocks will occur and concern that they will not be adequately engaged on.	▶	**Re-focusing Coordination Group** on building blocks and authoring report on overall case. Added 'Opex' to scope of benchmarking sub-panel.
SRG too big for everyone to participate, and too difficult to coordinate report writing.	▶	Will streamline to **smaller Coordination Group** to improve efficiency.

Feedback from participants [3/3]

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Opportunities for improvement		How we're responding
Role of the SRG is not clear and interpreted differently by different members.	▶	Have **re-defined remit** to be more focused on the outputs required for the EDPR process.
Mixed response to use of technology e.g. Miro and Padlet.	▶	Will **retain Padlet** prior to meeting (it is optional - there is some strong support for this and it's really useful for us) and **focus more on discussion-based sessions** in Sub-Panels (with occasional use of technology as required!).
Sense that we are "moving too fast"	▶	We don't want to engage on less, but we intent to address through **better matching members to conversations aligned with their interests and expertise** via revised structure. Clearer remit and scope for panels (to come with focus questions). Stronger coordination.
No face-to-face time to build rapport	▶	Organising **face-to-face session in late July/ early August**.
The **process feels hierarchical** with the SRG at the top and it is **not clear how the panels' work will be incorporated** into the final proposal, and where the "power" lies	▶	**Disbanding SRG** and replacing with Coordination Group. **Removing "sub" from panels to clearly communicate the importance and standing** of panels and their outputs. Coordination group role is largely incorporating panel outputs into proposal case.

Summary of Changes

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6 panels

will deep dive into key topics of importance for customers and proposal*. Responsible for outcomes associated with focus questions.

Panels remain as is with 2 additions – opex added to Benchmarking remit, Research & Engagement added. Panels operating at various levels of the IAP2 spectrum. The majority of the work is currently happening here.

We propose to **assign a formal 'lead'** of each panel who will sit on the Coordination Group.

****Except research and engagement*** *which will oversee design and delivery of research and engagement program to support focus Q deliberations.*

Coordination Group

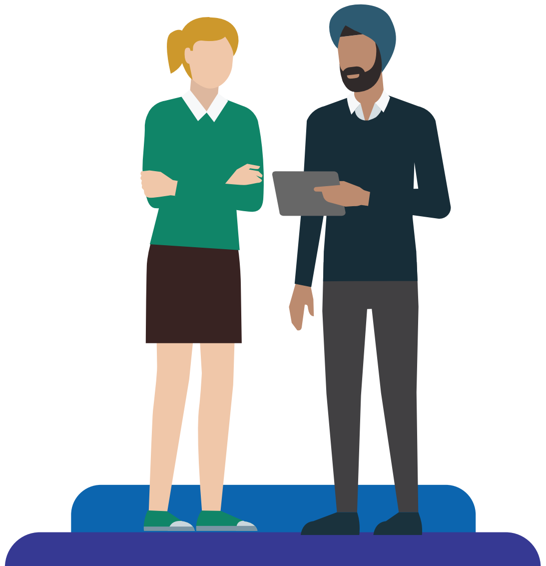
will be responsible for incorporating outcomes of panel process into proposal, retaining as much integrity over those outcomes as practical.

Also responsible for technical engagement on regulatory building blocks and producing report for AER.

Stakeholder Reference Group

will be disbanded.

The SRG's role will be assumed by existing panels, the Coordination Group and the new *Research and Engagement Panel.*



Proposed Structure

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5 of the 6 panels
will deep dive into key topics of importance for customers and proposal*. Responsible for outcomes associated with focus questions.

Availability

Future Networks

Tariffs and Pricing

Customer Experience

Changed

Benchmarking & Opex

The Coordination Group
will be responsible for incorporating outcomes of panel process into proposal.

New

Coordination Group

Chair + up to 5 panel leads

Interacts with CCC
(AusNet BAU Engagement Forum)

AusNet Customer Consultative Committee (CCC)

New

Research and Engagement

\+ ****The 6th panel*** ***will oversee design and delivery of research and engagement program to support focus Q deliberations across all panels.***

New/Changed Remits

Panel Leads (Coordination Group)

- Raise and resolve overlaps between panels
- Get into detail on building blocks (incorporating panel inputs) and price path
- Author report required under AER's Early Signal Pathway covering effectiveness of the engagement process in identifying customer preferences and the extent to which these are reflected in the Revenue Proposal
- Representing customers' interests in technical considerations of the proposal with a clear line-of-sight from our research and engagement program
- Working with AusNet to understand and resolve trade-offs/ conflicts between the panels (including potential joint meetings where value for money), including when pulling together proposal and considering trade-offs
- Helping/challenging AusNet to prepare a high-quality proposal for AER review.

Expect:

- *Clear accountability for respecting and reporting sub-panel outputs and advocating for sub-panel's work in broader proposal (being a formal "lead" for 1 or more sub-panels)*
- *Collaboratively working with other members outside formal meetings to prepare for, write and edit the report to go to the AER*
- *Shorter (~1hr) and less structured meetings, approx. 1 per month. More next year (incl. significant out-of-session work for report-writing)*
- *Some out-of-session work to prepare for Coordination Group meetings.*

Benchmarking & Opex Panel

- Drivers of AusNet's benchmarking performance
- Interpreting the AER's Benchmarking results and comparisons with other networks
- Drivers of opex forecast over the next regulatory period

Expect:

- *More meetings (3-4 instead of 2 through process)*

**Natural extension of conversations of a technical nature already being had in sub-panel. Not anticipating change in membership.*

Research & Engagement Panel

- Helping ensure the panels need have the data and insights they need for deliberations on each focus question
- Constructively participate in the design of various research and engagement activities, including design of surveys and workshops, and providing advice on the appointment of suppliers, and the make-up of customers and stakeholders represented
- Help guide the prioritisation of resources and budget across sub-panels and the engagement program overall (with support from Coordination Group on overall balance)
- Governance of grass-roots engagement activities (supporting panel members' engagement with their communities)

Expect:

- *Requests for feedback (often via email, sometimes with tight turnaround) on engagement and research materials*
- *Shorter (~1-2hr) meetings, approx. 1 per month plus out-of-session document reviews with written feedback. Expect intensity to vary through process depending on activities underway.*
- *Support of AusNet's research team to help collect customer insights quickly and efficiently.*

Filling Vacancies [1/2]

Vacant roles | *Calling for EoIs*

- Availability
- Future Networks
- Tariffs and Pricing
- Customer Experience
- Changed: Benchmarking & Opex
- New: Research and Engagement

New: **Panel leads** to sit on coordination group

Indicative Time Commitment*

	2023				2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Research & Engagement Panel	N/A	1 day per month	1-2 days per month	1-2 days per month	¾ day per month	¼ day per month	1 day per month	¼ day per month
Coordination Group	N/A	½ day per month	¾ day per month	1 day per month	1-2 days per month	4 days per month	4 days per month	4 days per month
Other panels (average)	½ day per month	¾ day per month	¾ day per month	¾ day per month	¾ day per month	¼ day per month	½ day per month	¼ day per month

**May be adjusted depending on panels' needs and progress, and AER timeframes and requirements, and whether we proceed with the Early Signal Pathway (all TBC).*

Filling Vacancies [2/2]

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We are keen to keep all SRG members involved in the process *(if you wish to join us!)*, conscious that most of you are on Sub-Panels already.

WE INVITE EXPRESSIONS OF INTEREST FOR:

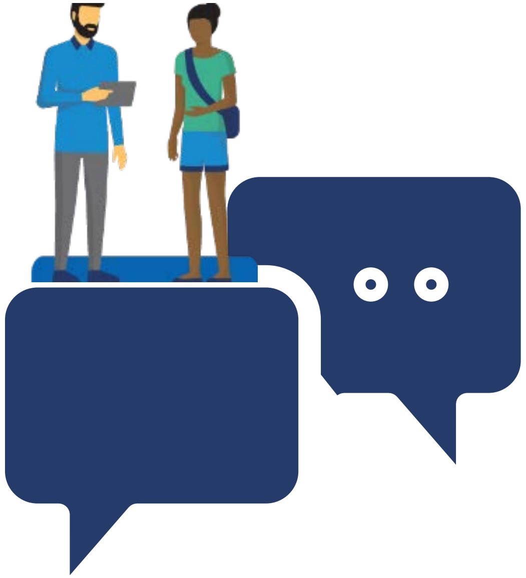
- **panel leads to sit on coordination group** (with your preferred panel/s to 'lead'),
- **joining the Research and Engagement panel**
- **reviewing the mix of panels you are on** (particularly those who are on none or one).

Members will be selected based on skill set and overall composition of group. The size of the groups are not pre-determined, will depend on interest and mix.

HOW TO REGISTER YOUR INTEREST:

- **Please send us EOIs by 2 June via email to engagement@ausnetservices.com.au**
- **We are intending to have finalised the structure by mid-June. We won't be doing formal interviews (given we have already done these and we know you all).**

PLEASE REACH OUT TO CHARLOTTE OR LUCY IF YOU WISH TO DISCUSS. VERY HAPPY TO CHAT TO YOU INDIVIDUALLY!



Discussion

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03 Focus Questions

Purpose: To share the focus questions developed so far. We have put this at the *consult* level of engagement given the panels are taking the lead at the *collaborate* level.

IAP2 Spectrum | Targeted level of influence

Inform	Consult	Involve	Collaborate	Empower

Benchmarking

BENCHMARKING

How might benchmarking be applied to give customers confidence they’re paying no more than necessary for an efficient service?

OPEX

+1 to be added on Opex

Availability

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WORST-SERVED CUSTOMERS

How might we efficiently improve reliability for our worst-served customers to a level that is considered value for money to all customers?

GENERAL RELIABILITY

How might we assess how customer characteristics and activities are influencing the value they place on reliability?

RESILIENCE

How might we work with customers and other stakeholders to identify resilience solutions that are most appropriate for customers?

POWER QUALITY

How might AusNet minimise adverse impacts of power quality and variability on customers?

PLANNED OUTAGES

How might AusNet best plan its works to minimise adverse impacts of planned outages on customers?

Customer Experience

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CSIS

How might we design a CSIS that delivers maximum benefit for customers?

PLANNED & UNPLANNED OUTAGE EXPERIENCE

How might we minimise the adverse impacts of outages on customers?

FIT-FOR-PURPOSE SUPPORT FOR CUSTOMERS WITH SPECIALISED SUPPORT NEEDS

[Needs refining] **How might we ensure fit-for-purpose service for individual customers with specialised support needs?**

CUSTOMER COMMUNICATIONS & EDUCATION CAMPAIGNS

How might we meet customers’ preferences on the form, content and frequency of communication, as well as educational material that improves customer experience?

CUSTOMER CONNECTIONS

How might we design connection processes that meet evolving customer expectations, across all our customers?

Future Networks

May be combined

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OPTIMISING CUSTOMER OUTCOMES

Beyond enabling exports, how might we support other DER value streams?

EFFICIENT INTEGRATION OF CER

[Needs refining] How might we lay the foundations for a low cost decarbonised future, where everybody can benefit?

USING SMART GRID TECHNOLOGY TO AVOID TRADITIONAL AUGMENTATION

How might we unlock more value for customers through an efficient mix of smart grid technology and new capacity that reduce unit costs, if customers are to willing to participate in the solutions and invest?

ELECTRIFICATION OF GAS & TRANSPORT

How might we best prepare for the anticipated electrification of gas and transport loads (and other fuels)?

COMMUNITY ENERGY SOLUTIONS

How might we support communities to realise their needs and energy aspirations?

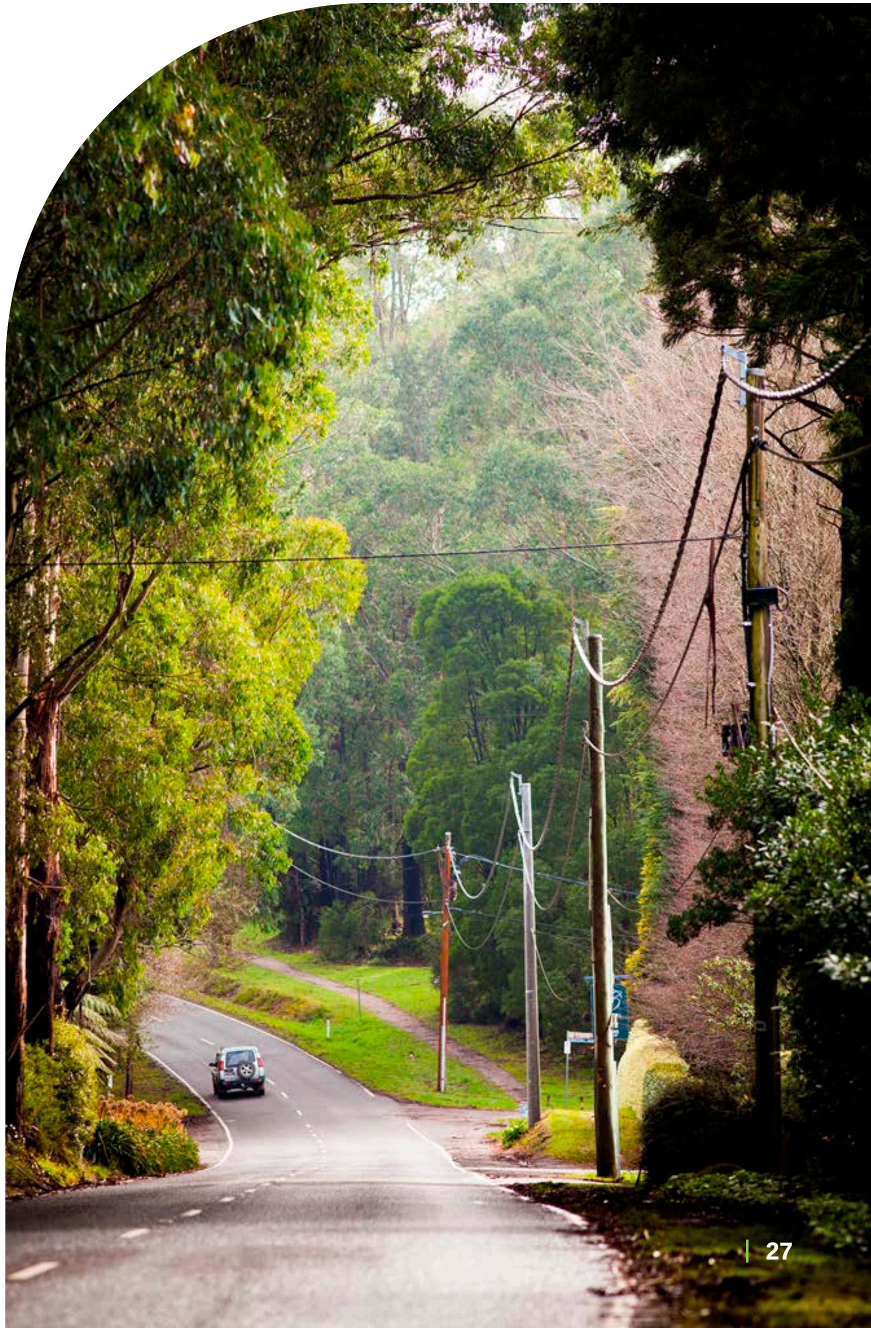
Still to come

Tariffs & Pricing

Coordination Group *(if applicable)*

Research & Engagement

Benchmarking & Opex *(for Opex only)*



Next Steps

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May/June

Complete outstanding focus questions (on previous slide)

+

Refine / confirm focus question wording with relevant panels.

June/July

AusNet to sit down and plan in detail how we propose to address each question, including building out the information needed to answer each question.

Validate with panels.

July onwards

Work with panels (through deep–dives where possible) to answer each focus question.

Supported by Research & Engagement panel to help fill relevant information gaps with robust and valid data and insights to inform panel deliberations.

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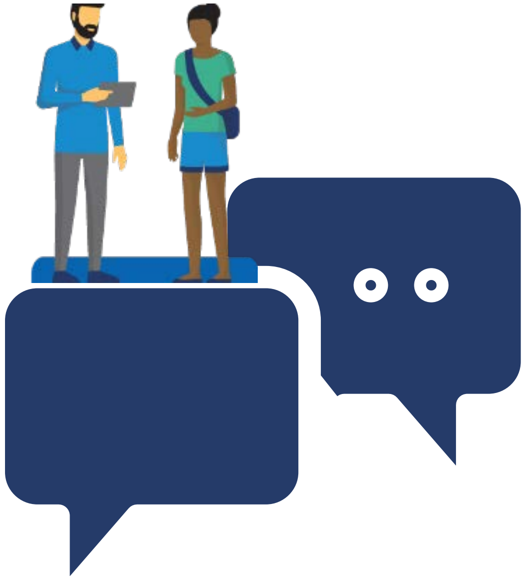

Discussion

04 Administrative Matters & Close

Administrative matters

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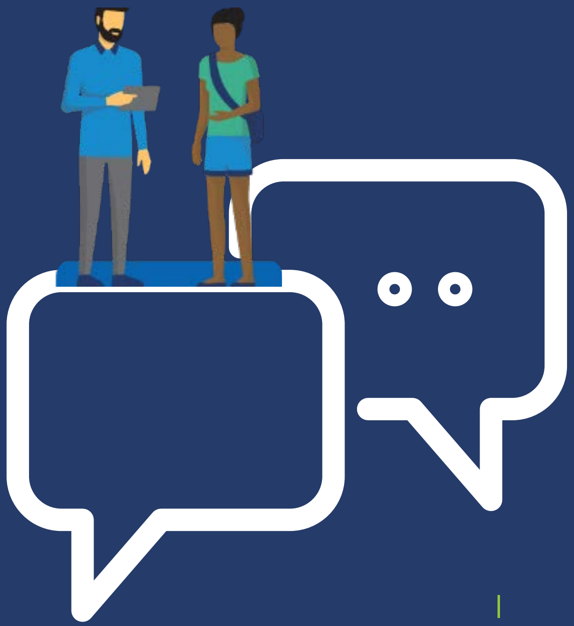
FOR NOTING

We're a little behind on meeting summaries!

Aiming to have summaries for all May meetings that have been held to date up on Community Hub by Friday.

Open floor

- ***Anything you'd like to raise?***



Next Steps

NEXT MEETING

Expecting first Coordination Group meeting in July

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Thank You

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REFERENCE MATERIALS

Engagement Objectives

Objectives | What we are trying to achieve	How we will achieve it | The principles and strategies we will use to achieve the objective
Be evidence-based	We will use customer, stakeholder and industry research, and independent forecasts to ensure our understanding of customer needs, concerns, preferences and sentiments are accurate and aligned with those of our broader customer base.
Focus on the "right" topics and be flexible	We will focus on themes and issues that are important to our customers and stakeholders and where they can influence outcomes, and be flexible and responsive to changes in customer sentiments and our external environment, maintaining the option to re-visit topics if circumstances change.
Welcome open, honest and challenging conversations	We will welcome difficult conversations and different perspectives, without shying away from complexities, trade-offs and areas of poor performance. We will seek to build on our reputation for genuine and engagement and tough conversations.
Allow for both broad and deep engagement	We will reach many people (breadth) and going into sufficient detail on important topics (depth) and deliver an engagement framework that allows this to be achieved.
Involve the right people in the right conversations and make it easy and practical for interested parties to engage	We will achieve this by: • having a strong governance process for the engagement program, and working with customers and stakeholders on the design of engagement activities • providing multiple channels for interested parties to interact and provide feedback • engaging efficiently – not demanding more of stakeholders' time than is needed • advertising for key panels widely, and appointing members based on a competitive process, with diversity of membership a key objective • clearly communicating the purpose of each activity, and how it fits into our planning process • using plain English wherever possible • adapting engagement program and materials to suit the audience • use joint engagement with the other Victorian distributors as appropriate to streamline engagement • providing opportunities to engage with our executive team, where appropriate.
Clearly demonstrate how customer and stakeholder input has shaped our plans and customer outcomes.	We will provide a feedback loop to engagement plan participants, the general public and our regulators on how the engagement program has influenced and shaped our plans. We will maintain the Community Hub site as a central repository for key materials related to this engagement program, such as meeting summaries and materials, customer research findings and workshop outputs.
Help build participants' capacity to influence	We will achieve this by: • recruiting participants to panels with diverse backgrounds, domain expertise, and unique perspectives and experiences. We will encourage them learn from each other and help facilitate these discussions • facilitate continuity between other regulatory reset and business-as-usual engagement activities to reduce duplication in conversations and help facilitate continuity • provide participants with materials and evidence to help them develop informed views and lines of questioning • encouraging participants to speak up when they don't feel like they have the knowledge, materials, access to expert advice, or evidence they need to effectively participate • providing clear agendas and giving participants time to prepare as-needed.

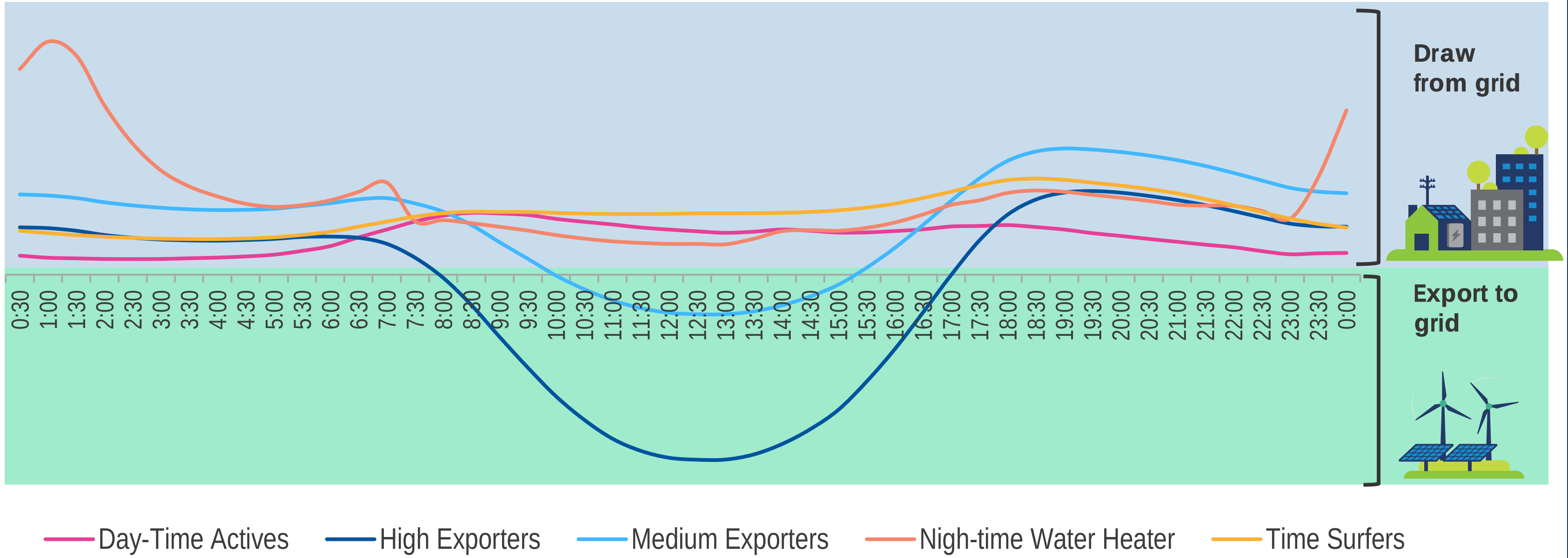
IMPORTANT | If, at any time, you feel we are not meeting these objectives, please let us know.

RESPONDING TO ACTION ITEMS

a) Segmentation Research

Segmentation approach

A behavioural segmentation, using smart meter data, discovered five customer segments, each with distinguished consumption pattern



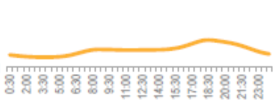
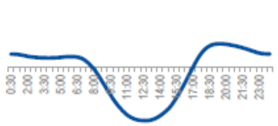
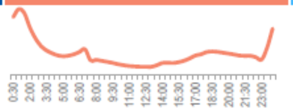
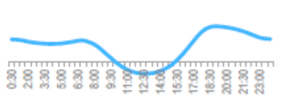
AusNet undertook a segmentation of our own residential customers using smart meter data. This aims to give AusNet the ability to understand different usage patterns at a household or connection level

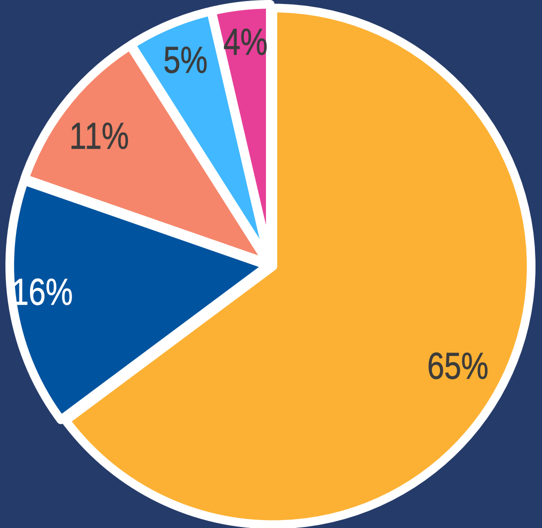
Usage data is recorded at 30-minute interval, from Oct 2021-Sep 2022, for each residential connection in our network.

A consultant (Painted Dog Research) assisted in profiling these segments, via a large-scale online survey and a follow-up qualitative research. Profiling enriched our in-house segmentation work and turned it into meaningful & actionable customer personas.

Our approach to customer segmentation is unique, made possible by the availability of behavioural data from smart meters.

Key segments

	Time Surfers	High Exporters	Night-time Water Warmers	Medium Exporters	Day-Time Actives
% of Customers	65%	16%	11%	5%	4%
# of Customers	424,912 accounts	101,726 accounts	69,957 accounts	35,132 accounts	23,872 accounts
Consumption Pattern					
Who we are	Lowest no. adults aged 65 + More tenants High no. of workers and gamers	High no. of Empty Nesters and 65+ Lowest number living in the property Nearly all owners	Highest number of Empty Nesters and high no. of 65+ Higher regional locations	Highest no. of families and teens Bigger houses, more people Nearly all owners High pools and spas High no. of workers and gamers	Highest no. of single or couple with no children Newer properties High pools and spas Highest regional locations
Our unique energy sources and appliances	❑ Highest level of Mains Gas usage ❑ Lowest Solar & Home battery	❑ Highest level of Solar and Home Battery usage ❑ Highest Evaporative Aircon	❑ Highest level of Bottled Gas usage ❑ Lowest level of Mains Gas usage and gas appliances ❑ Highest Electric Hot Water	❑ High level of Solar and Home Battery usage (after High Exporters) ❑ Highest for Pools & Spas	❑ Highest level of Mains Grid usage only ❑ Highest for Solar Hot Water System
Our unique energy behaviours	❑ Less likely to undertake many energy conscious behaviours, including reducing use during peak periods ❑ More likely to adjust heating and cooling to reduce costs	❑ More likely to undertake many energy conscious behaviours ❑ Most likely to purchase electricity-efficient appliances, use electricity when the sun is shining, cut down use in peak periods and look for info on how to reduce their energy use	❑ More likely to adjust heating and cooling to reduce costs	❑ Average in their energy conscious behaviours	❑ More likely to undertake many energy conscious behaviours ❑ More likely to turn appliances off at the wall, cut down use in peak periods, and look for info on how to reduce energy use
Future Intentions	❑ Highest potential uptake of Solar	❑ Highest potential uptake of EVs/PHEVs & home batteries ❑ High interest in 3rd Party Mgmt of Solar	❑ Lower to average interest in adopting solar, home batteries, or any of the propositions	❑ Higher potential uptake of EVs / Part EVs, home batteries ❑ Highest interest in Flexible Exports ❑ High interest in 3rd Party Mgmt of Solar	❑ More likely to be interested in Time of Use Tariffs and Flexible Exports
Unique attitudes and literacy levels	❑ Less likely to pay attention to usage or feel the environment is a priority ❑ Most likely to feel they could be doing more to reduce use ❑ Lower energy literacy	❑ Most likely to want to be independent from the grid ❑ Least likely to feel they could be doing more to save energy in the household ❑ Highest energy literacy	❑ More likely to find it difficult to reduce their usage ❑ Average energy literacy	❑ More likely to want to be independent from the grid ❑ Higher energy literacy	❑ Most likely to care about the aesthetics of the home rather than saving energy ❑ Average energy literacy
Unique Motivators and Barriers to Reduce Use	❑ Most likely to be motivated by cost and have cost as a barrier	❑ Most likely to feel they are doing as much as they can / not sure how to do more	❑ Above average in feeling like they are already doing as much as they can	❑ More likely to feel they are doing enough / not sure how to do more	❑ Above average in feeling like they are already doing as much as they can



Percentage of customers in each segment

Time Surfers	65%
High Exporters	16%
Night-time Water Warmers	11%
Medium Exporters	5%
Day-Time Actives	4%

Key segments | Main characteristics

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High Exporters

- Smaller households compared to other segments which may explain why solar exports are so high.
- There are also larger homes, probably with larger solar setups. The segment shows **good engagement with the energy sector**
- **Older/retiree composition** allows them to take advantage of peak generation.
- **Environment is top of mind**, but commitment is not always 100%

Medium Exporters

- **Larger households, higher incomes, more appliances** and features including pools and spas.
- These families have very energy conscious and literate, with our solar panels impacting behaviours. However, they might sometimes **not fully commit to being energy conscious** all the time

Night time Water Heaters

- Usage peaks at night.
- **Least likely to have mains gas, relying on electric hot water systems** – possibly the key reason for their unique usage patterns.
- We tend to be **older and live in regional areas**.

Time Surfers

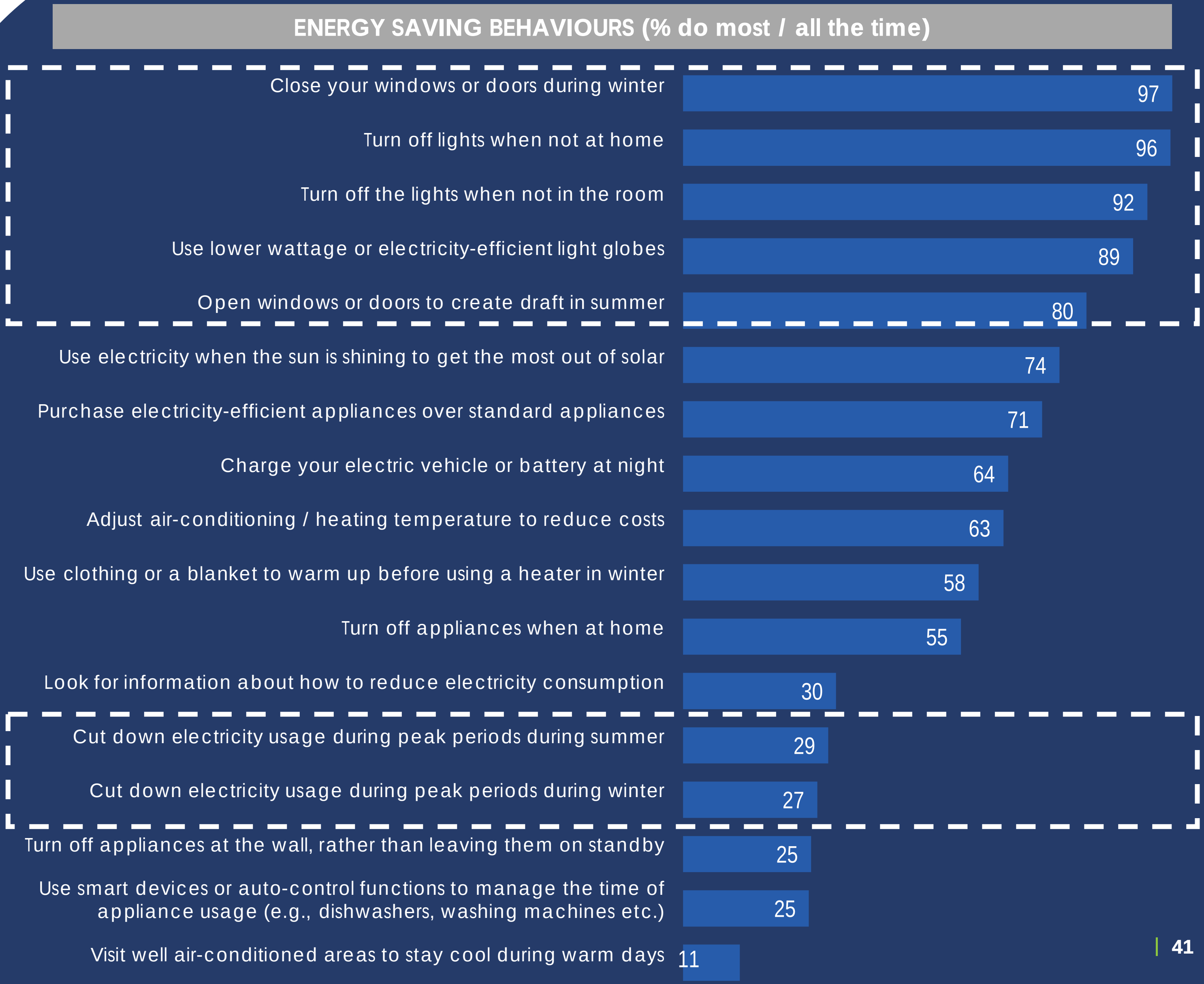
- More likely to be **family households, with school age children** and full-time workers.
- We are **less engaged** with the energy / utility category and **aren't as conscious of our energy usage**.
- The increasing cost of living is a little more important to us.

Day-time Actives

- **Smaller and newer homes,** with **older residents and more retirees.**
- Highest usage is during the day.
- More likely to have pools and spas

Energy saving behaviours

Many are willing to undertake simple behaviours to save energy while under a third are cutting down usage in peak times to some degree



Base: Residential Electricity Customer Segmentation – Quantitative (n=3,263)

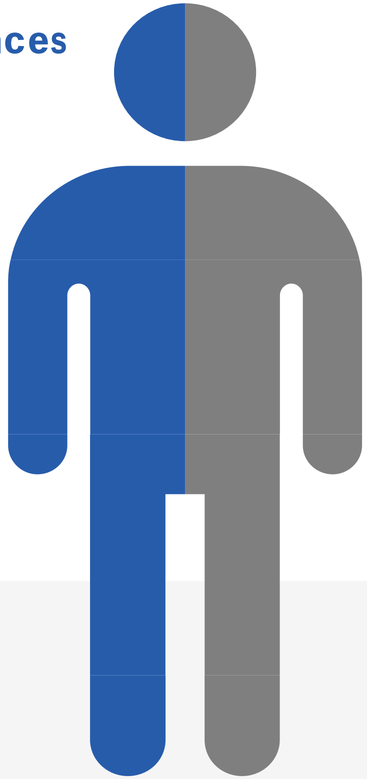
AusNet

Buying energy-efficient appliances

7 in 10 are swapping standard appliances with energy-efficient ones when they can *(see previous slide)*. When appliance needs to be replaced, price / value for money and reliability are often the key criteria guiding purchase decision.

Motivators for energy efficient appliances

- Less expensive to run – especially for things running all the time such as fridges and lights / entertainment devices
- Better for the environment – using less energy means using less resources / creating less pollution
- More cost-effective in the long run / you'll get your 'money back'



Barriers to energy efficient appliances

- The upfront cost of purchasing can sometimes be higher
- *'If it ain't broke, don't fix it'* mentality – won't replace if old one isn't broken
- Sometimes newer / more efficient appliances are less reliable / robust
- A feeling that an appliance which is 5-10 years old, is not significantly less efficient than the latest and greatest – there isn't a point to change it

"We're willing to pay premium for efficiency because over the lifetime I feel that I'm saving more money using them with less energy."
- Time Surfer

"If I was replacing an appliance, I would consider energy efficiency but otherwise I wouldn't do anything that is going to cost me."
- Time Surfer

Base: Residential Electricity Customer Segmentation – Qualitative (n=25)

Consumers are also open to shift behaviours that use significant amount of energy

Some energy-intensive behaviours are easy to shift than others, with washing (both dishes and clothes) the easiest and heating and cooling also susceptible to change

Low shifting likelihood — **POTENTIAL TO SHIFT BEHAVIOUR FROM PEAK TIME USAGE** — *Strong shifting likelihood*

Cooking & Food Prep

- Unless already pre-preparing, dinner meal prep in peak time is immovable for most
- Some acknowledge the potential to move unnecessary drink or snack prep but question and confusion around the benefits of doing so

EV Charging

- For those with an EV who use it during the day, the only time they can charge sometimes is within peak, in order to get it fully charged

Pool Heater

- One household acknowledge the potential to move heating of pool to different time of day

Health & Wellness Equipment

- Non-essential / time-dependent health equipment were among items respondents consider moving to a different time – things like massage machines, foot spas etc.

Heating & Cooling

- Households identify heating and cooling as something they could go without at times (non extremities) – commitment to do so appears harder with many defaulting to 'using it when they want' but an openness exists.

Entertainment

- Being non-essential, entertainment and leisure (TV, gaming etc.) is another area that households identify as potential to forgo during peak times, but in most cases, following through on this appears unlikely, particularly in family households.

Washing

- Washing appliances (washing machine, dryer, dishwasher) are things that can be moved without too much trouble and identified by many households as the potential for change.
- Both going without (dishwasher and dryer) and using at a different time (all three).
- Most identify as easy to move to next day but current default habit. Some busy households are different and may need to use these appliances within peaks.
- Openness to use timers and delay functions available with these appliances.

Base: Residential Electricity Customer Segmentation – Qualitative (n=25)

Customer homes lack energy efficient features

86% are living in older (pre-2000s) homes, with many without glazed windows and wall insulations

AGE OF HOME	Overall	Time Surfers	Day-time Actives	Night-time Water Warmers	Medium Exporters	High Exporters
Earlier than 1960	**12%**	13%	16%	13%	11%	7%
1960 – 1969	**10%**	10%	10%	12%	13%	5%
1970 – 1979	**25%**	25%	16%	25%	29%	23%
1980 – 1989	**29%**	29%	20%	26%	32%	33%
1990 – 1999	**10%**	9%	11%	12%	7%	13%
2000 – 2009	**9%**	8%	13%	8%	6%	17%
2010 – 2019	**1%**	0%	3%	2%	1%	1%
2020+	**0%**	0%	7%	0%	0%	0%
I don't know	**4%**	4%	4%	2%	2%	2%

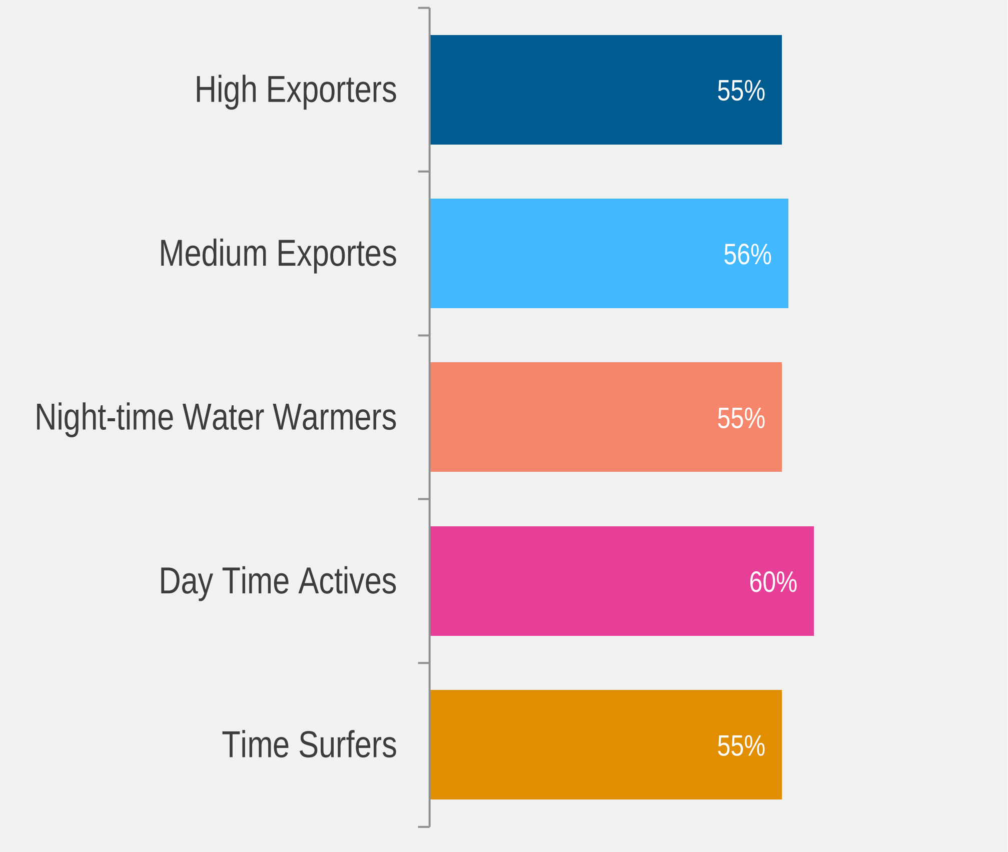
PROPERTY FEATURE	Overall	Time Surfers	Day-time Actives	Night-time Water Warmers	Medium Exporters	High Exporters
Glazed windows	**32%**	28%	41%	37%	41%	37%
Wall insulation	**41%**	40%	48%	40%	45%	42%
Roof insulation	**82%**	79%	81%	83%	92%	90%

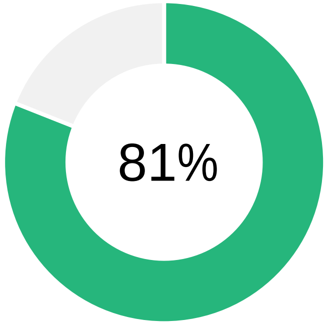
Base: Residential Electricity Customer Segmentation – Quantitative (n=3,263)

Time of Use (ToU) tariffs

are seen as easy to understand and trigger relatively high level of adoption interest

Current Adoption Interest of TOU





Considering ToU tariffs easy to understand, *after reading a generic description of these tariffs*

Qualitative Insights

ToU tariffs mostly garner a positive reaction – households feel the approach is beneficial to reducing the usage during peak times.

Positives

- Can help to save money
- Means that the infrastructure upgrading costs might be lower

Negatives

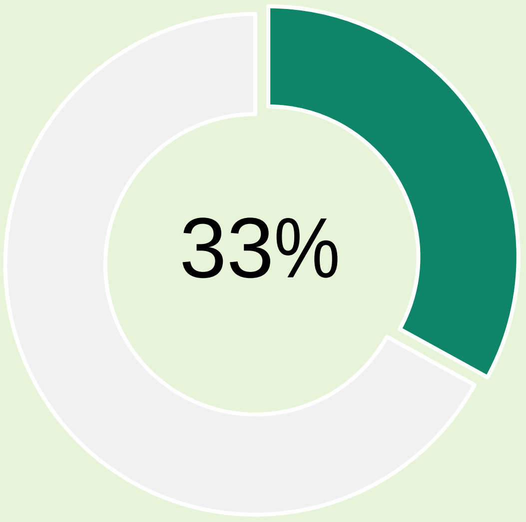
- Unequal impact / not fair for all
- Confusing / convoluted
- More effective initiatives to make this happen are available
- Scepticism / distrust of the approach

Base: Residential Electricity Customer Segmentation – Quantitative (n=3,263) & Qualitative (n=25)

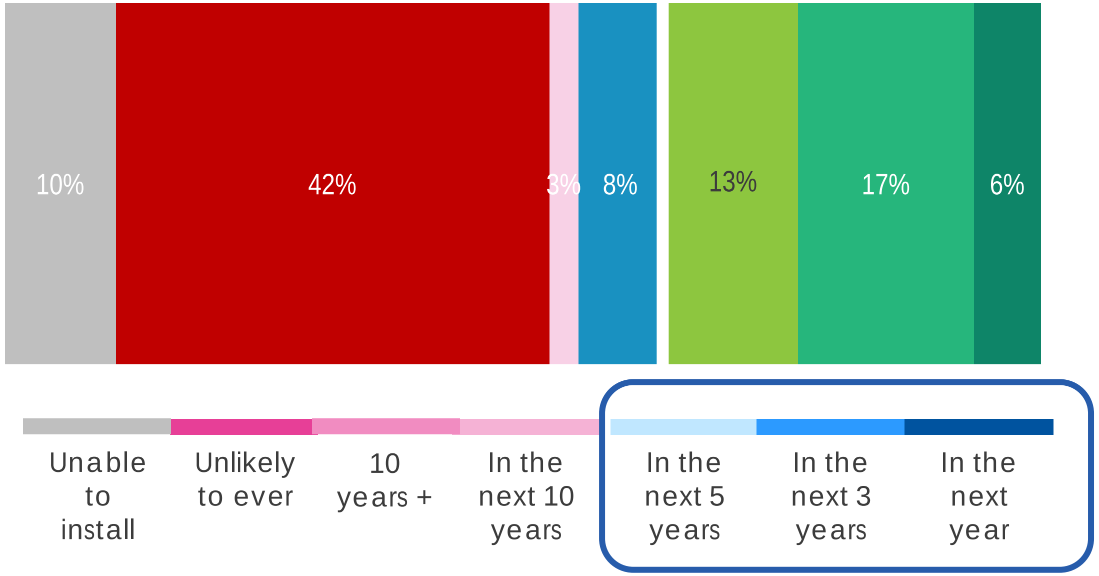
Solar ownership expected to rise

One in three currently have solar panels and among those who do not, 37% are planning to install solar panels in the next 5 years.

Current ownership (stated)

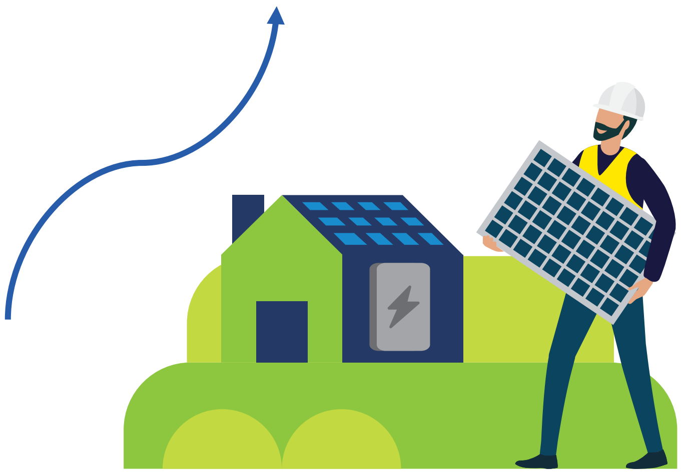


Purchasing intention (homeowners without solar)



NET LIKELY TO INSTALL IN NEXT 5 YEARS

37%



Base: Residential Electricity Customer Segmentation – Quantitative (n=3,263)

Home batteries and EVs

High Exporters show strongest intent to purchase EVs and home batteries in the next 3 years. Scepticism around value for money and technologies would need to be overcome if adoption of batteries was to increase.

PURCHASE INTENTION *(Next 3 Years)*	Overall	Time Surfers	Day Time Actives	Night Time Water Warmers	Medium Exporters	High Exporters
Home Battery	**16%**	14%	10%	11%	**22%** ▲	**27%** ▲
EV/PHEV	**8%**	7%	8%	8%	**10%**	**13%** ▲

Qualitative Insights

Thoughts of those without batteries currently

Positives about batteries

Can help store power generated by solar during the day

- Reduce energy bills
- Reduces their reliance on the grid
- Avoid the need to sell excess energy in the day only to have to buy it back at night for a higher price

Negatives about batteries

The value for money

- Those who are in the know about the specifics of battery have 'run the numbers' and not feeling convinced
- Those haven't researched more into the benefits long term regarding finances also feel it is currently too expensive

Technology is getting better

- Perception that batteries will become *much more affordable* and be *much better* in the future – now is not the time
- The presumed longer lifespans of future batteries may make them more attractive

It is the more savvy Exporters who feel the most sceptical about batteries. As they already have solar, they are more knowledgeable about the costs/benefits, having likely already researched.

Less knowledgeable Time Surfers feel more positive about batteries, suggesting that while the concept of batteries is popular, views on whether they are suitable for a household may change as they do more research.

▼▲ Significantly higher/lower than overall

Base: Residential Electricity Customer Segmentation – Quantitative (n=3,263) & Qualitative (n=25)

Upcoming webinar on Customer Segmentation

7 June 2023, 12-1pm

We will be holding a webinar on the Customer Segmentation research in, where we will present the key findings from this project and showcase its potential applications in several areas across AusNet

Look forward to seeing you there!

b) Forecast information regarding its customer base

The population is expected to increase across all age groups in AusNet electricity network areas.

AusNet

- Overall, it is expected that the increase in the elderly population aged 70 and over will be significant. The largest increase is expected in the 85 or over age group with the number increasing by around 96% in the AusNet areas.
- The population growth rate for children under 9 years old is predicted to be lower than the overall average growth rate, at around 15%.

Age Profile & Prediction (N)

Year	Total	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85 and over
2021	**2,586,259**	164,519	168,786	161,812	152,446	164,732	185,642	191,947	188,652	165,667	163,042	159,414	151,028	143,796	124,322	110,595	80,065	55,252	54,540
2026	**2,816,753**	179,362	175,385	178,811	176,215	167,608	181,517	207,260	209,243	198,165	170,992	165,234	159,819	150,545	140,751	119,202	102,213	68,856	65,577
2031	**3,045,988**	185,061	190,425	185,491	193,549	191,550	184,895	203,630	225,312	218,974	203,431	173,273	165,925	159,297	147,707	135,552	111,009	88,606	82,301
2036	**3,263,788**	188,483	196,051	200,183	200,015	208,554	208,652	207,253	221,783	234,729	223,715	205,130	173,496	165,296	156,532	142,584	127,018	97,380	106,934
Increase Rate (2021 to 2036)	26%	15%	16%	24%	31%	27%	12%	8%	18%	42%	37%	29%	15%	15%	26%	29%	59%	76%	96%

Source: Victoria in Future 2019 (data: VIF2019 population_5y_ages_VIFSA_LGA_2036)
* Note: Population projections are estimates of the future size, distribution and composition of the population. They are developed using mathematical models and expert knowledge, relying on trend analysis and assumptions about future change. They should not be interpreted as exact predictions or forecasts of the future.
Uncertainty about the future increases over longer projection horizons and with smaller geographic areas. Different policy settings and changes in the economy could result in changes to the expected size, distribution and composition of the population.