

# AUSNET EDPR 2026-2031 COORDINATION GROUP MEETING #14 MINUTES

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Location: Microsoft Teams

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Date: June 11, 2024

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Time: 9:00 AM – 10:00 AM

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**Coordination Group (CG):**

- Peter Eben (Chair of CG, meeting Chair)
- Helen Bartley (Research and Engagement Panel Lead)
- Kieran Donoghue (Availability Panel Lead)
- Gavin Duffy (Tariffs and Pricing Panel Lead)
- Mark Grenning (Benchmarking and Opex Lead)
- Dean Lombard (Future Networks Panel Lead) (meeting Secretary)

- Attendees:
- AusNet:**
    - Rob Ball
    - Charlotte Eddy
    - Lucy Holder
    - Sonja Lekovic

- CCP:**
  - Mark Henley
  - Robyn Robinson

- AER:**
    - Gus Mandigora
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Apologies: David Prins (CCP) Emily Peel (Customer Experience Panel Lead) for the second half of the meeting

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## I. WELCOME AND CONFLICTS OF INTEREST

Minutes from the last meeting were accepted.

No conflicts of interest declared.

Action items:

- Offsite workshop is a standing action item, nothing further this meeting
- Letter to Vic Energy Minister urging a more proactive and nuanced approach on ToU tariff reassignment written and endorsed by several members of AusNet, Jemena and Citipower/Powercor/UE's advisory groups has been sent. AusNet (and the other networks) expressed support.

## II. PANEL LEAD UPDATE

### A. Future Networks and Tariffs & Pricing Costed Options Workshop 5 June 2024 [DL]

- i. DL attended the workshop; GD was unable to attend but contributed extensively prior to the workshop via the padlet.
- ii. Workshop focused on costed options for responding to electrification of buildings and transport, CER enablement, and smart meter replacement
- iii. On **electrification**, the key issue was forecasting net demand change. Because the scale of demand response is so uncertain (especially if mandatory reassignment to ToU tariffs is limited), if the forecast is too high there's a risk that costs are higher due to investment to encourage demand response, plus additional augex if it's not forthcoming.
  - a. The panels favoured conservative forecasts, with provision for targeted reopeners if the scale of demand response becomes more certain during the period.
  - b. Use of AusNet's QCV VCR (because based on more accurate data) and the AER's VER (because emissions reduction has been added to the NEO) was also supported, with the caveat that if doing so leads to material increases in costs, the impact on customers should be managed to avoid price shocks
  - c. **Q** (PE): does AusNet have forecasts for demand response? **A:** yes, that's the basis of the alternative option; but the level of confidence in the demand response assumptions is only moderate.
  - d. **Q** (GD): AusNet is a network with relatively high utilisation. What bearing does this have on the impact of variation in demand response? **A:** accounting for the high utilisation is a key factor in developing demand response forecasts. There's a lot of moving parts. This is all still under consideration.
- iv. On **CER enablement**, the key issue was investing in hosting capacity to enable CER exports. Customer surveys suggest a strong customer preference not to waste solar generation; in response to that AusNet aims to accommodate solar exports only where doing so delivers net benefits to all customers. With that as given, options were considered for different approaches to balance between augmentation, export management and behaviour response.

- a. The panels favoured **flexible exports** (i.e. time-variant and/or dynamic export limits) in conjunction with an **optional CER tariff** with mild incentives (i.e. time-variant export charges and rebates) available to all CER customers over stronger incentives targeted in areas of network constraint, mainly due to lower cost and more certainty of efficacy. It was expected that over time a CER tariff would develop dynamic elements.
- v. On **smart meter replacement** – necessary because AMI meters will start to reach end-of-life during the next reg period and faults are already beginning to occur – the panels considered commencing a 13-year replacement program at the beginning of the period versus postponing it until the next reg period and only replacing faulty meters. Benefits of earlier commencement are getting ahead of the expected increase in faults, and rolling out the newer tech sooner so it can reach critical mass sooner to support new network monitoring and customer access via apps. It also better enables metering costs to be smoothed rather than being lumpy across two periods.
  - a. The panels supported commencing the rollout during the next period but preferred AusNet identify the optimal time to begin (based on cost–benefit for avoiding ramp up in fault-related costs) rather than arbitrarily starting at the beginning of the period.
  - b. Concern was also expressed about privacy and security risks with app access into meters if not carefully managed; and about a potential backlash from some in the community – that DBs will need to be prepared to manage – about meters being replaced again, when the last rollout is still fairly fresh in memory.
  - c. **Q**(KP): is the actual life of the meters and the level of faults in line with the expected life at the time of the initial AMI rollout? **A**: meter life overall is longer, but timing and number of faults with batteries and controlled load contactors (the main faults that are occurring) are as predicted.
  - d. **Q** (GD): consider whether we will need a derogation from Vic Government for remedying faults at premises (e.g. meter board, electrical safety) discovered during meter replacement? **A**: yes, cognisant of this, under discussion with Vic Government. Because so many faults were remediated during the initial AMI rollout, the incidence is expected to be much lower this time around.
- vi. More generally, the panels emphasised that since this is all in service of a major transition over an extended period of time with a number of unknowns, it will be important to approach every new challenge with a clear view of the bigger picture and to strategise in a way that clearly identifies no-regrets options, and otherwise ensure there's flexibility to up- or down-scale projects as uncertainty dissipates and we get a clearer view of how close our forecasts are to reality.

### III. AUSNET ITEMS (NO SLIDES PROVIDED)

- A. Storm PIR update and implications [CE]
  - i. Reports are being finalised over the next few weeks. AusNet has entered into an undertaking with the ESC regarding the response to report recommendations. All of

the technical recommendations from the KPMG report are enforceable, and some of the customer communications recommendations from the Nous report are also enforceable.

- ii. Key aspects of that response are:
  - Developing interactive voice response and webchat to communicate with customers
  - Strengthening outage response and resolution comms with customers – always a trade-off between the accuracy of the comms, and the flexibility for repowering as many customers as possible as quickly as possible (target date: end of June 2025)
  - Work with ESC to increase the number of accurate customer contact details on hand (currently, only has around 60% of customers' mobile numbers)
- iii. The forthcoming IT deep dive will consider investment in systems to support some of these
- iv. Overall, AusNet is managing customer and government expectations regarding resilience and recovery, and some uplift is likely to be required to meet them.
- v. **Q** (MG): Will customers end up paying twice – once in what they've already paid, and once again for the additional strengthening of the outage response systems? Because even if there's no cost passthrough, isn't there an opportunity cost of spending resources on this instead of something else? **A:** Good question, AusNet will get back to us.

## IV. OTHER BUSINESS

### A. Consumer engagement status update [HB]

- i. Update provided to broader group in the Weekly Bulletin
- ii. Online interview with Manna Gum Community House (Foster) manager Bec Matthews and Gippsland Network manager Toni Halloran-Lavelle, attended by HB, DL and KD. Lucy invited to observe. Focus was on resilience and support for customers in vulnerable situations. Write-up pending.
- iii. Talking to Tony and Tricia, about a further round of interviews, NE Vic and E Gippsland. After chatting to Lucy, agreed greatest benefit is business and business representatives focusing on broad response to focus questions and their alignment with customer needs related to the EDPR.
- iv. There's a Research & Engagement panel meeting with AusNet next Monday to shape next phase of engagement
- v. Next lot of customer interviews commencing soon.
- vi. In interviews, when people are commenting and asking for things, AusNet response has often been that it's BAU – i.e. currently planned or in train; but it's not clear what is and what isn't. To help manage these situations, HB has asked AusNet for a top line response to Customer commitments from the current EDPR, so when we engage with customers we can be clear on what has been implemented or is planned for the remainder of this reg period.

B. AER update [GM]

- i. Mark Henley and Robyn Robinson have joined David Prins on the CCP
- ii. AER is in discussions with Rob Ball about how best to look at business cases coming through, putting next steps in motion. This includes consideration of how (if at all) AusNet's QCV VCR value might be used.

C. CCP representative update [MH & RR]

- i. Brief update from MH and RR, mainly to welcome aboard and to note that they are still in learning mode and getting across the detail and context and working out how to allocate tasks among the three members, since they are joining the process partway through.

D. Open discussion

- i. DL noted that letter to Vic Energy Minister on reassignment to residential ToU tariffs was sent mid last week with eight signatories from AusNet, CPPALUE, and Jemena advisory groups. No response as of yet.
- ii. CE noted that the AER's draft determination on Value of Customer Reliability (VCR) was released late last week and invited members to comment or ask questions. MG and HB have provided some response to AusNet; and also with regard to the Value of Emissions Reduction (VER).
- iii. There was some discussion about the potential impacts on customer bills of changes to key metrics (VCR, VNR (Value of Network Resilience)) and introduction of another (VER) because they are foundational in determining cost-effectiveness of proposed investments and thus total revenue requirement. Members want to see expected customer impacts of using higher VCR/VNR values, and talked about the importance of managing price shocks to customers if impacts are material.

## **V. ACTIONS AND NEXT STEPS**

### **Action items**

- i. CE to report back on risk of customers 'paying twice' for strengthening outage response (I.A.v)
- ii. DL to report back on any response to tariff reassignment letter (IV.d.i)

**Next meeting – 25 June 9AM eastern time**