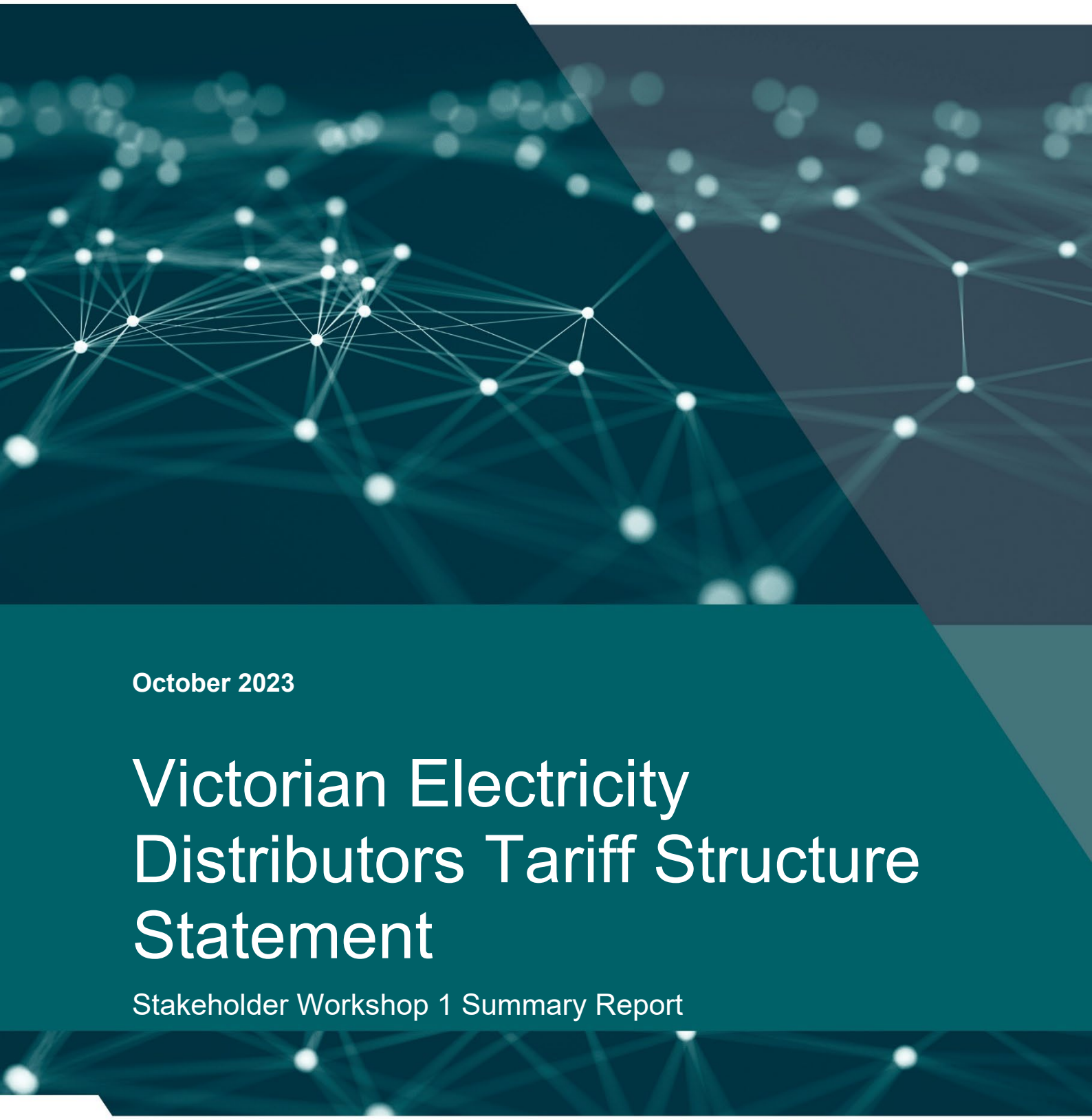
bd infrastructure



October 2023

Victorian Electricity Distributors Tariff Structure Statement

Stakeholder Workshop 1 Summary Report

Contents

1 Summary 4
1.1 Introduction 4
1.2 Background 4
1.3 Summary of key themes 5

2 Workshop process 6
2.1 Workshop details 6
2.2 Details of participants 6
2.3 Workshop structure 7
2.3.1 Welcome and introductions 7
2.3.2 Icebreaker 8
2.4 Group discussion 8
2.5 Participant feedback survey 9

3 Key findings 10
3.1 Topic 1: Enhancing our current tariffs 10
3.2 Topic 2: Maximising opportunity to integrate CER 12
3.3 Topic 3: Pricing objectives 14

4 Next steps 18

Appendix A - Victorian TSS Stakeholder Workshop 1 agenda 19

Appendix B - Victorian TSS Stakeholder Workshop 1 presentation slides 20

Appendix C – Workshop 1 worksheets 52

Appendix D – Workshop 1 participant feedback survey 55

Appendix E - Workshop 1 participant feedback findings summary 58

bd infrastructure Pty Ltd
ABN 84 161 384 596
www.bdinfrastructure.com

Quality control
Document: Victorian DNSPs Workshop 1 Summary Report
Version: V3.0
Date: 6 October 2023
File: Victorian DNSPs Workshop 1 Summary Report Final

List of tables

Table 1-1: Summary of key themes 5
Table 2-1: Workshop details 6
Table 2-2: Participating organisations 7
Table 2-3: Workshop 1 topics of discussion 8
Table 3-2: Enhancing our current tariffs 10
Table 3-3: Maximising opportunities to integrate CER key themes 12
Table 3-4: Current pricing objectives key themes 15

List of figures

Figure 1-1: Participant engagement at the workshop 4
Figure 2-1: Formal workshop welcome 7
Figure 2-2: Icebreaker introductions 8
Figure 3-1: The current pricing objectives of the Victorian DNSPs 15

Glossary

ACT	Australian Capital Territory
AER	Australian Energy Regulator
CER	Consumer Energy Resources
COVID-19	Coronavirus disease 2019
DEECA	Department of Energy, Environment and Climate Action
DER	Distributed Energy Resources
DNSP	Distribution Network Service Provider
EDPR	Electricity Distribution Price Review
EOI	Expression of Interest
EV	Electric vehicle
IT	Information technology
PV	Photovoltaic
TSS	Tariff Structure Statement
URL	Uniform Resource Locator
V2G	Vehicle-to-grid
VPP	Virtual Power Plant

1 Summary

1.1 Introduction

bd infrastructure was engaged in July 2023 by Victoria's five electricity Distribution Network Service Providers (DNSPs) – AusNet, CitiPower, Jemena, Powercor and United Energy – to design and facilitate two stakeholder workshops, and option of third, to facilitate the development of each DNSP's Tariff Structure Statement (TSS) that will be submitted to the Australian Energy Regulator (AER).

This report outlines the process undertaken for the first TSS workshop held on 10 August 2023 and the main themes that arose from the discussion. The second workshop is scheduled for 16 November 2023, and the option of a third workshop is proposed closer to the finalisation of the Statement.

1.2 Background

The DNSPs are required to submit a TSS to the AER as part of their Electricity Distribution Price Review (EDPR) process. The Victorian DNSPs must lodge their proposals with the AER by 31 January 2025 to cover the next five-year regulatory control period which commences on 1 July 2026.

Each network will develop their own pricing structures and will submit their own TSS to the AER for approval. However, as given the Victorian DNSPs all face the same regulatory requirements and similar challenges, and have the same small customer tariff structures today, they are jointly engaging in the development of their next round of TSS proposals for the next regulatory control period.

Figure 1-1: Participant engagement at the workshop

1.3 Summary of key themes

A wide ranging and energetic discussion resulted in the following high-level themes as shown in Table 1-1. These are unpacked further in Section 3.

Table 1-1: Summary of key themes

Theme	Key points
The challenges and opportunities of the energy transition	The electricity network has changed considerably in recent years and will continue to change over coming years as Victoria and Australia work to achieve legislated Net Zero targets and different technologies are used to generate and store renewable energy.
Integrating Consumer Energy Resources (CER)	CER technologies including electric vehicles, solar PV and batteries impact the way consumers generate and use electricity, driving the need to re-think tariff design.
Designing tariffs	Tariffs are complex to design, introduce and implement – and they may not be the only way to change electricity consumption behaviours.
Who should tariffs be designed for?	Should tariff design focus on retailers, customers or a mix of both? Key considerations include the level of risk, implications for both retailers and customers, and updates to IT and other systems and processes that might need to be made.
Shifting time of use behaviours	A mix of incentives and penalties can be considered to help change and level out when electricity is generated and used. Storage technologies and flexible loads can make it easier and/or more affordable to shift energy consumption.
Ongoing customer awareness and education	Customers need to become aware or more aware of how their electricity bills are calculated, what retail tariffs they're charged and any alternative options they could consider.
Support for vulnerable people/ communities	Stakeholders, distributors and retailers need to be aware of vulnerable customers and provide support to them where possible while also noting that the Victorian government and other organisations have an important role to play.

2 Workshop process

2.1 Workshop details

Table 2-1: Workshop details

Workshop details	
Date	**Thursday 10 August 2023**
Time	**10:00 – 13:00**
Location	**AusNet office** **Level 31** **2 Southbank Blvd** **Southbank** **Victoria 3006**
Facilitator	**Rachel Fox – Principal, Engagement and Social Impact, bd infrastructure**
Table facilitators	• Rachel Fox – bd infrastructure • Ken Fullerton – bd infrastructure • Eleanor Vince – bd infrastructure • Lachlan Nicholson – bd infrastructure • Darius Turner – bd infrastructure • Nell Breslin – bd infrastructure • Sonja Lekovic – Regulatory Pricing Manager, AusNet
Presenters	• Liz Ryan – EGM Strategy, Regulation & Corp Affairs, AusNet • Mark de Villiers – Head of Regulatory Finance, Modelling and Pricing, CitiPower, Powercor and United Energy • Sandeep Kumar – Head of Regulatory Analysis, Pricing and Strategy • Edwin Chan – Pricing Manager, AusNet
DNSP representatives	• Edwin Chan – Pricing Manager, AusNet • Sonja Lekovic – Regulatory Policy Manager, AusNet • Lucy Holder – Customer Engagement Manager, AusNet • Charlotte Eddy – General Manager Regulation and Policy (Distribution), AusNet • Renate Vogt – General Manager Regulation, CitiPower, Powercor and United Energy • Mark de Villiers – Head of Regulatory Finance, Modelling and Pricing, CitiPower, Powercor and United Energy • Kate Jdanova, Pricing Manager, CitiPower, Powercor and United Energy • Luisa Hall – Senior Pricing Analyst, Jemena • Sandeep Kumar – Group Manager Regulatory Analysis, Pricing and Strategy, Jemena
Attendees	**59 people attended the workshop.**

A copy of the workshop's agenda is provided in Appendix A and a copy of the workshop's PowerPoint presentation is provided in Appendix B.

2.2 Details of participants

Participants were selected through an online Expression of Interest (EOI) process distributed via email and LinkedIn; and confirmed participants were sent an agenda and pre-reading pack a week before the workshop.

A total of 59 stakeholders attended the workshop representing the organisations listed in Table 2-2.

Table 2-2: Participating organisations

Government representatives	Customer advocates and industry groups	Energy developer/ consultants	Retailers*
• Australian Energy Regulator • Department of Energy, Environment and Climate Action • Essential Services Commission of Victoria • Victorian Council of Social Services	• Anglicare • AusNet Tariffs Panel • Brotherhood of St Laurence • CitiPower, Powercor and United Energy Customer Advisory Panel • Clean Energy Council • Electric Vehicle Council • Energy Consumers Australia • Yarra Energy Foundation	• 1circle Pty Ltd • ACEnergy • Alinta • bp Australia • CGI • Consumer Wise • St Vincent de Paul	• Acacia Energy • AGL • Ampol • EnergyAustralia • Globird Energy • Momentum • Origin Energy • Ovo Energy • Red Energy

* Note: the attendance of Victorian electricity retailers was limited to a maximum two people per retailer due to venue's size and the number of tables available.

2.3 Workshop structure

2.3.1 Welcome and introductions

The introductions, Acknowledgement of Country address and housekeeping arrangements were made by the bd infrastructure facilitator, Rachel Fox. Liz Ryan, the EGM Strategy, Regulation & Corp Affairs of AusNet, then formally welcomed everyone to the workshop and thanked participants for their attendance and participation (Figure 2-1).

Figure 2-1: Formal workshop welcome

2.3.2 Icebreaker

The icebreaker activity involving picture cards was led by Darius Turner. Attendees were asked to stand up, move to the end of the room and over two rounds, meet and speak with people in the room they had not met before (Figure 2-2).

Figure 2-2: Icebreaker introductions

2.4 Group discussion

The workshop covered three main topics of discussion as outlined in Table 2-3 below.

Table 2-3: Workshop 1 topics of discussion

Topic #	Topic	Introduced by	Key considerations/ questions	Worksheet #
1	Enhancing our current tariffs	Mark de Villiers	Refer to slide 19 of Appendix B	1 (Appendix C)
2	Maximising opportunity to integrate CER	Sandeep Kumar	Refer to slide 25 of Appendix B	2 (Appendix C)
3	Pricing objectives	Edwin Chan	Refer to slide 29 of Appendix B	3 (Appendix C)

Each topic was introduced before being discussed in small groups. These groups were pre-assigned to ensure they comprised a mix of civil society, government, industry and retailer organisations. A Victorian DNSP member was also assigned to each table to observe and answer questions. The groups were reassigned between topics 2 and 3 to provide opportunity for people to hear from as many fellow participants as possible. A bd infrastructure table facilitator guided the discussion using pre-prepared worksheets (see Appendix C).

2.5 Participant feedback survey

Following the workshop, participants were emailed an online participant feedback survey (see Appendix D) and asked to complete it. A total of 15 participants completed the survey which focused on four key areas of feedback including:

- Venue and catering
- Communication
- Workshop coordination
- Final comments or questions.

Overall, the feedback was positive.

- 94 percent of respondents suggested the workshop venue was ‘Very comfortable’ (87 per cent) or ‘Somewhat comfortable’ (7 per cent).
- Over 90 per cent of respondents suggested the information provided in the pre-reading pack was ‘Great’ (40 per cent) or ‘Good’ (53 per cent).
- 91 per cent of respondents ‘Strongly agree’ (55 per cent) or ‘Agree’ (36 per cent) that they were satisfied with the way the workshop was facilitated.
- 100 per cent of respondents ‘Strongly agree’ (45 per cent) or ‘Agree’ (55 per cent) that they were satisfied that different insights and views were put forward by different stakeholders for consideration.

A summary of findings is presented in Appendix E.

3 Key findings

3.1 Topic 1: Enhancing our current tariffs

Participants were asked to provide feedback on how they believed existing DNSP tariffs could be changed or enhanced. The key categories and themes are summarised in Table 3-2.

Table 3-1: Enhancing our current tariffs

Theme	Summary points
The energy transition The energy transition is creating an ever-changing context for how energy is generated, used and priced. This includes how energy is generated and used through the electricity grid by both households and businesses.	• It is important to acknowledge and understand that Australia's energy system is changing rapidly, and individual behaviours will change as a result. • The number of households that are generating and/or storing their own electricity has grown rapidly in recent years and is projected to increase further during the upcoming Victorian DNSPs tariff period. • The transition is impacting people, households and/or businesses in different ways (both positively and negatively). • Customers are becoming 'prosumers' – both producers and consumers of energy – which has impacts for other stakeholders across the electricity supply chain. • The AER has an important role to play in managing the overall system and ensuring electricity network charges are aligned wherever possible.
Enhanced technology Improvements in technology are making it easier for electricity customers to accurately monitor their usage, control the operation of smart appliances and access relevant information.	• Digital apps can help people accurately measure their electricity usage in real time, better understand their peak and off-peak times and be aware of optional times to use or charge electrical appliances. • Digital apps can provide pricing information indicating the rebates, individuals and households will receive for feeding energy back into the electricity grid at particular times of the day or night. • Digital apps and online websites can provide information about alternative electricity retailers, their plans and their costs and make it simpler for customers to switch. • Smart meters, which have been almost universally rolled out across Victoria, allow for instant readings of electricity usage.
Electric Vehicles EVs present an opportunity to change energy use patterns as more individuals and businesses adopt this form of technology.	• Tariffs that encourage overnight and midday EV charging should be considered. • The amount of energy generated will need to increase as demand for electric appliances (including EVs) increases and as the transition away from gas use continues. • Increasing the efficiency of electrical/ smart appliances also has benefits in terms of the amount of electricity required for use. • Consider how increased numbers of EVs across Victoria (and Australia) will impact Vehicle-to-Grid (V2G) opportunities. • Consider export thresholds in the light of EV use.
Integrate CER Consumer Energy Resources (CER) are growing in overall frequency and importance and need to be considered when designing any future tariffs	• Tariffs need to recognise that not all CER customers are the same. Some have small systems with no batteries and others have a more developed suite and/or quantity of CER technologies. • Consider technology agnostic tariffs, that are adaptable to future CER investments. • Consider the need to encourage the installation and integration of community batteries into the overall network (although it was noted this is not the sole responsibility of DNSPs and retailers). • Consider the bi-directional properties of some CER technologies.

Theme	Summary points
How tariffs are designed, and for whom Consider whether tariffs should be designed to suit retailer needs and requirements or consumers (or both). Consider the changing ways in which people require and use electricity	• Design tariffs based on load to help change behaviour to reduce future network costs. • Time-of-use tariffs can penalise electricity users who would find it very difficult to make changes to when they use electrical appliances. • Active demand management should be taken into consideration when designing new tariffs or re-designing existing tariffs. • Design tariffs based on how people live (i.e., they should be customer focused).
Time of use tariffs Shifting use of electricity to the middle of the day should be encouraged to help flatten out peaks and troughs for usage of electricity across the system.	• Reduce midday tariff rates to encourage increased usage of electricity around this time of day. • Consider measures to encourage people to user other electrical appliances in the middle of the day when solar energy is more abundant. • COVID-19 and increased numbers of people working from home (either part- or full-time) have resulted in electricity usage changes amongst households. • Consider measures to discourage the exporting of excess energy around the middle of the day.
Incentives and penalties Customers should be incentivised to achieve the desired outcome(s) and penalties should be used carefully. Consideration needs to be given to whether customers can afford any new incentives and penalties. People and households that cannot afford, or are unable to install and use, solar systems, batteries and/or EVs should not be penalised.	• Both incentives and penalties are required (carrots and sticks) and have important roles to play. • Incentives can be implemented to encourage people to change tariffs, and change use / export behaviour. • Don't penalise people without EVs or solar, or those with small solar systems. • Full rollout of smart meters in Victoria enables price signals. • Better communication and more education are required so that electricity users better understand costs including incentives and penalties (see 'Customer education' theme below). • Time-of-use tariffs need to be financially attractive enough for electricity users to consider changing from flat tariffs. There will be both 'winners' and 'losers' with any changes to existing time-of-use tariffs.
Load control/ management Use load control / demand management as an alternative to tariffs.	• Tariffs should not be left to do all the work. • Load control has an important role to play moving forward. • Future tariffs could be designed to support and align with load control programs and strategies.
Customer education on tariffs Tariffs are complicated. Awareness, communication, and education activities are important and can help people and organisations make informed decisions.	• Customers require more education around tariffs and peak and off-peak times and their electricity costs including how their bills are calculated. • Additional government support/ information might be required to encourage electricity users to explore options and shop around. • Customers value simplicity and standardisation between electricity retailers and their plans. • Digital apps can help people accurately measure their electricity usage in real time, better understand their peak and off-peak times and be aware of optional times to use or charge electrical appliances. • Awareness levels of the bills that electricity users are paying (including tariffs) are likely to be rising as individuals and households face increasing cost of living pressures. • While customers can provide feedback and suggestions to the DNSPs, the DNSPs cannot control the prices that electricity retailers charge their customers.

Theme	Summary points
Behaviour change Many factors can influence changes in behaviour including, but not limited to, costs. The extent to which tariffs influence people to change their behaviours is not always clear.	• Need to consider that many electricity users often don't change their behaviours based on the tariffs they are charged. • An analysis of existing data may not clearly show if people change their behaviours because of electricity tariffs. • Need to consider what other factors might influence people to change their behaviours because of electricity tariffs. • Some people are simply unaware of their electricity tariffs, how much they are and when peak and off-peak periods might be.
Supporting vulnerable customers Customers in vulnerable circumstances need to be considered in the design of any new tariffs with protections built in to identify them and provide support where possible.	• It's important to consider vulnerable customers and their ability/ inability to make changes to the times when they use energy appliances (for example, when they require heating). • Vulnerable customers may not own EVs or be able to afford them in the near future. • A tariff or partial component of a tariff could be considered and charged to some electricity users who are not considered to be vulnerable to ensure that vulnerable customers can continue to access affordable electricity (wherever possible). • Electricity retailers should have in-house systems for identifying and supporting customers who are unable to or struggling to pay their electricity bills.

3.2 Topic 2: Maximising opportunity to integrate CER

Participants were asked about the best ways to maximise opportunities to integrate Consumer Energy Resources (CER), sometimes referred to as Distributed Energy Resources (DER), into the overall system as well as through existing and/or new tariffs. CER resources empower consumers to take a more active role in their energy consumption, contributing to the overall efficiency, reliability, and sustainability of the energy network. The key categories and themes that were discussed are summarised in Table 3-3.

Table 3-2: Maximising opportunities to integrate CER key themes

1. Theme	2. Key points
Energy storage and solar PV installations Household and grid-scale energy storage batteries are important. The increased installation and use of solar installations and energy storage batteries at the individual/ household, business and state level is shifting how electricity is generated and stored.	• Energy storage is important, and the increasing number of batteries (both household and grid scale) will have an important role to play in storing electricity and when it is used. • Batteries of all sizes – household, community and large scale – have an important role to play in enabling this storage and enabling the energy to be used when electricity prices are more expensive. • The increasing number of household batteries being installed could allow for innovative Virtual Power Plant (VPP)[1] trials to be developed, piloted and rolled out. • With the Victorian Government's decision to ban the use of gas from 2024 on new builds, energy storage will become increasingly important as people transition to electricity for cooking and heating. • Heritage requirements and legislation need to be considered for buildings that would like to add PV installations and/or batteries.

[1] Solar Victoria, *Virtual Power Plant (VPP) pilot program, https://www.solar.vic.gov.au/virtual-power-plant-pilot*

1. Theme	2. Key points
Electric Vehicles The increased uptake and use of EVs is changing the way people use, store and transfer the electricity they generate (both from existing and renewable sources of energy). Increased adoption will have further impacts on the existing electricity network and where and how electricity is generated, distributed and consumed.	• Consider the increased number of users who purchase EVs and projections for additional uptake in the future (they currently represent about 10 per cent of all new car sales while this figure is approx. 20 per cent in the ACT). • Consider the growing number of EVs that will be sold second hand as current EV owners make upgrades. • Consider the increased number of EVs that governments (local, state and Federal) are purchasing for their fleets. • EVs are considered as 'smart cars' as they have the ability to provide energy storage services through charging their batteries and potential V2G services. • Consider different EV manufacturer warranty requirements and conditions around their allowance of V2G services.
Incentivising customers to shift tariffs If financial incentives are attractive and large enough, and made known to customers, some may be willing to change the tariffs they are currently on. If not, sign up rates are likely to be low.	• Customers don't like surprises and are often willing to pay a little extra if they know that is going to be the standard cost they pay for a set period of time. • Financial savings have to be significant enough to encourage large numbers of customers to make changes (if the savings are relatively small then limited numbers of people might express interest in a particular tariff and be willing to sign up to it), • To make changes, customers want price signals and straightforward processes to follow. • Customers generally need to be able to understand how much they can save if they were to switch tariffs and how long they can expect to do so for. • Once customers make changes, they are unlikely to do so again in the short- to medium-term.
Tariff alignment Tariff alignment where possible would be appreciated by both retailers and customers. This includes both the tariffs charged by the different distributors and by the retailers.	• Consider allowing different DNSPs to have different tariff structures given different geographic areas of operation and different types of customers. • Align tariffs across regions where feasible.
Suggestions for new tariffs Specific suggestions for tariffs and different customer types were put forward for consideration. A specific tariff for 'prosumers' may need to be considered.	• A tariff for 'prosumers' (users who both consume electricity they have both produced themselves and purchased from the grid through a retailer) should be considered. • A booster time-of-use tariff to encourage people with small photovoltaic (PV) solar panels. • Any new tariffs can help identify areas for future planning and investment in the overall network. • The existing 160 mw/h threshold might need to change as usage patterns change and EV owners increasingly use public chargers.
Flexibility Victoria's electricity network is changing and the ways and times in which individuals and businesses are generating and using electricity are shifting from traditional peak and off-peak times.	• Well-designed tariff structures are required with more bands to meet the changing nature and time of electricity use. • Tariffs should be opt-in for customers but different options should be available to suit different types of customers and their needs.

1. Theme	2. Key points
Retailer requirements When setting tariffs, the capabilities and requirements (financial and non-financial) of the existing electricity retailers in Victoria should be considered.	• Retailers seek simplicity for themselves and their customers. • Retailers suggest that it is difficult to explain the concept of a demand tariff to residential customers. • If new tariffs and other products are likely to only attract a limited number of customers, retailers are unlikely to develop these products as they have their own design and maintenance costs. • Retailers are private organisations that want to make a profit. • If new tariffs are designed and introduced by retailers, they need to ensure they can be properly managed and monitored through their existing systems (e.g., IT and personnel).
Data Given rapid changes across Victoria's (and Australia's) electricity system in recent years and expected future changes, the need for accurate, reliable and real-time data is important when designing and implementing tariffs. Such data can also be used to better understand the needs of customers and how they can best be met.	• Need to capture and share data to really understand the customers being served, and how tariffs can support them. • Lessons can be learnt from recent smart charging reports (for example, the Origin EV Smart Charging Trial funded by the Australian Renewable Energy Agency (ARENA)[2]). • Victoria and Australia can learn from what has been done in the European Union and other countries that are transitioning towards Net Zero targets and increased use of renewable energy.
Communication Further communication is required by different stakeholders across the electricity supply chain to ensure that customers are able to understand the tariffs they are charged, how they are calculated on their bills and any recommended changes.	• Need to do more to help customers understand tariffs and how they are calculated and passed onto customers. • How effective are communications really? • Communities should be given further opportunities to put forward their own suggestions for encouraging additional investments in the electricity grid.
Consumer protections Consumer protections should be enforced to ensure appliances and products are of a high standard and protected by warranties. Redress and enforcement mechanisms should be in place for customers who use faulty products.	• When consumers purchase appliances and equipment, it is important for them to be aware of product lifespans, warranties and any specific/ limited conditions of use (for example, Tesla does not currently allow for V2G by its EVs). • Customers should have opportunities to get help from both retailers and government if they are struggling to understand and/or pay their electricity bills.
Vulnerable customers The ability of vulnerable customers to both afford electricity and make changes to their consumption patterns is likely to be limited.	• Consider a social tariff for vulnerable customers. • More direct programs to support vulnerable customers. • It is the government's responsibility to support vulnerable customers

3.3 Topic 3: Pricing objectives

Topic 3 focused on the pricing objectives established by the DNSPs as part of their Tariff Structure Statement (TSS) engagement process. These are outlined in Figure 3-1.

[2] ARENA, *Origin EV Smart Charging Trial Interim Report*, https://arena.gov.au/assets/2021/06/origin-ev-smart-charging-trial-interim-report.pdf

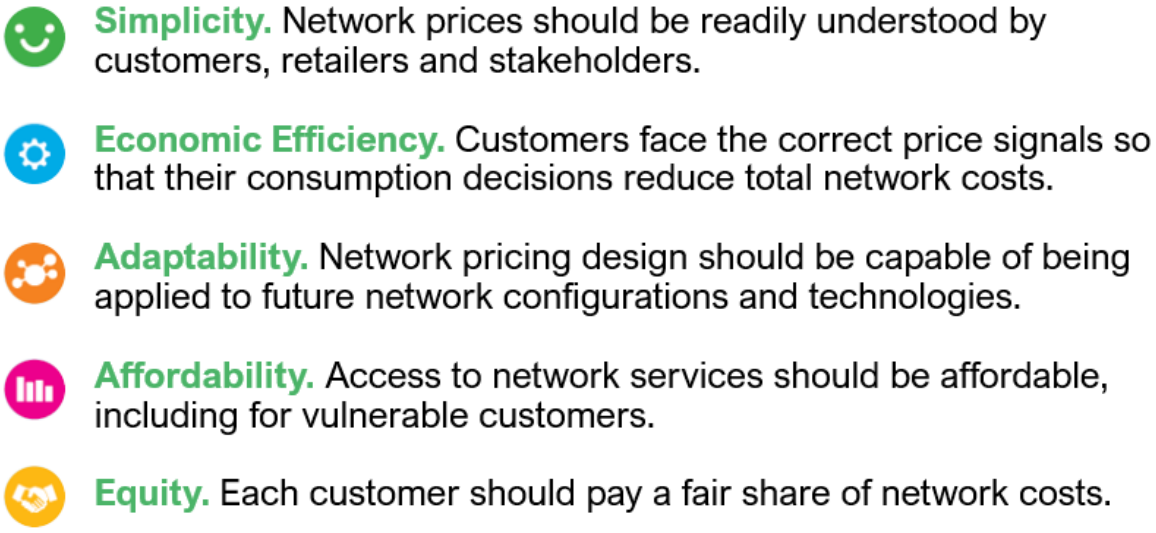


Figure 3-1: The current pricing objectives of the Victorian DNSPs

The key categories and themes that were discussed are summarised in Table 3-4. Suggested amendments are also provided.

Table 3-3: Current pricing objectives key themes

Category	Themes	Suggested amendments
Simplicity	• Retailers want simplicity when it comes to tariffs. • Consistency and standardisation are appreciated by both customers and retailers. • Tariffs need to be simple to the end customer even if they are complex in the back end for the retailer to administer. • There is a tension between simplicity and adaptability. • Retailers face their own administration and maintenance costs so for them to consider a new tariff there will need to be enough customers (a critical mass) who are likely to be interested in the tariff and will consider taking it up.	• The term 'Options' should be used instead of 'Network prices'
Economic Efficiency	• Economic efficiency is the primary objective. Get that right and affordability and equity should follow. • Tariffs need to carefully balance current costs to consumers and the ongoing need to invest in maintenance and development of the broader electricity network across Victoria (and Australia). • The projected increase in customers generating and storing their own electricity through solar panels and batteries could influence when peaks and troughs occur, how long they last for and the costs of providing electricity from the grid during this time to meet higher demand (or to have as a backup if required). • The objective needs to be described/ promoted in a way that can be easily understood by electricity consumers. • As an example, consider the ways in which Victorian gas and water retailers calculate and describe their tariffs which are different to the way electricity retailers do.	• The term 'export' should be included in the description to enable consumers to save/ make money by exporting energy to the electricity grid where applicable. Enabling customers to export energy directly into the grid could contribute to the potential design of two-way tariffs.

Category	Themes	Suggested amendments
Adaptability	• Tariffs need to be well structured and technology-agnostic to allow them to be adaptable. • There is a tension between the Simplicity and Adaptability pricing objectives (if something is adaptable it is not necessarily simple to design or use). • Tariffs will increasingly need to reflect Victorian and Australian laws and regulations around Net Zero and climate emissions reductions. • While adaptability is important, the overall electricity network system needs to remain operational and efficient. • A long-term focus towards 2040 should be considered when considering how to design and promote tariffs.	• The term 'commercial model' should be included in the description. • The term 'reliability of networks' should be included in the description. • Sustainability needs should be incorporated into the description.
Affordability	• Affordability is a relative concept - it depends on individual circumstances and other cost of living factors. • Communications is key to enable people to make informed decisions. • When affordability is considered, should it be for now or trying to make it affordable in the future (e.g. 2030) • DNSPs can contribute to affordability by focusing on the economic efficiency of the overall electricity network. • Affordability and equity are linked. • Consider introducing a safety net to help protect customers who might be vulnerable or face other affordability challenges. • Consider how vulnerable customers categorised or defined and considered/ included when it comes to affordability. A safety net could be considered. • Consider that customers often select their retailers based on the affordability of the electricity plan they are offering rather than other behavioural factors/ influences.	• Consider adding 'especially for customers experiencing vulnerability' to the description.
Equity	• Equity is critical but hard to define and deliver. • Is it correct to use fair and equitable synonymously? What is equitable or fair will differ for different customers based on their own economic and other circumstances. • Need to collect, analyse and use relevant industry and consumer data to understand what's fair. • Consider the extent to which tariffs are able to cater for vulnerable customers. Direct programs and supports will still be needed. • Consider measures to make it easier for customers to understand what they are paying for and how their electricity bill is broken down to account for different electricity supply chain costs	• Consider whether the word 'fair' used in the description is the right word to use.
Other	• Consider who the objectives are aimed at – should it be customers or retailers? • Important to weigh and prioritise the objectives. • Simplicity, adaptability and economic efficiency are all linked. • Consider whether the objectives adequately account for the changed landscape around CER. • Consider all the pricing objectives in the context of the energy transition, the need to reduce emissions and rapidly changing state and Federal government policies. • Consider who is responsible for supporting customers if they fall behind on their electricity bill payments (it was questioned whether this should this be the retailers because of the direct relationship they have with their customers).	• Consider including words/ references to Net Zero and reduced carbon emissions in the objectives. • Consider including community batteries. • Consider introducing measures of success for each pricing objective to help determine the extent to which the objectives have been achieved.

Category	Themes	Suggested amendments
	• Consider introducing an electricity 'safety net' similar to the Medicare model. • Consider the rapidly changing role of technology in the energy landscape and how this can drive innovation through tariffs and influence pricing. • Consider sharing research, metrics and data to show market trends and behaviours.	

4 Next steps

Following the completion of Workshop 1, bd infrastructure and the Victorian DNSPs will work together to:

- Ensure workshop participants are sent the Workshop 1 Summary Report once finalised and invited to attend Workshop 2
- Ensure that additional feedback and suggestions from Victorian electricity retailers is collected through a separate retailer survey process and is analysed and used to help shape the key topics/ themes for discussion during Workshop 2 and any individual and/or groupwork activities.
- Cover the following topics in workshop 2 based on the feedback received in Workshop 1:
  - Propose updated pricing objectives and the distributor's role with vulnerable customers in designing network tariffs.
  - Present analysis of smart meter data, customer behaviour and important trial tariff findings. Discuss implications for tariff design in Victoria.
  - Present initial thinking on network tariffs that appropriately balances the updated pricing objectives, accommodates customers with and without CER, and that are integrated and balanced with other non-tariff demand management tools.

Workshop 2 will also be an in-person event and will occur on Thursday 16 November 2023 between 10:00 and 13:00 at Powercor's head office located at 40 Market Street, Melbourne, Victoria 3000.

Appendix A - Victorian TSS Stakeholder Workshop 1 agenda

Date	10 August 2023	**Time**	10:00-13:00
Venue	AusNet (Level 31, 2 Southbank Boulevard, Southbank, VIC 3006		
Facilitator	Rachel Fox, bd infrastructure		

Time	Item	Presenters
10:00	Welcome	Facilitator Liz Ryan, AusNet
10:10	Icebreaker	Facilitator
10:20	Topic 1 – Enhancing our current tariffs	Mark de Villiers, CitiPower/Powercor/United Energy
11:00	Topic 2 – Maximising opportunity to integrate CER	Sandeep Kumar, Jemena
11:45	Break	
12:00	Common themes and missing considerations	Facilitator
12:10	Topic 3 - Revisiting tariff objectives	Edwin Chan, AusNet
12:50	Final comments and next steps	Mark de Villiers, CitiPower/Powercor/United Energy
13:00	Close	

Appendix B - Victorian TSS Stakeholder Workshop 1 presentation slides

Victorian distributor network tariff forum

Powering Victoria Together

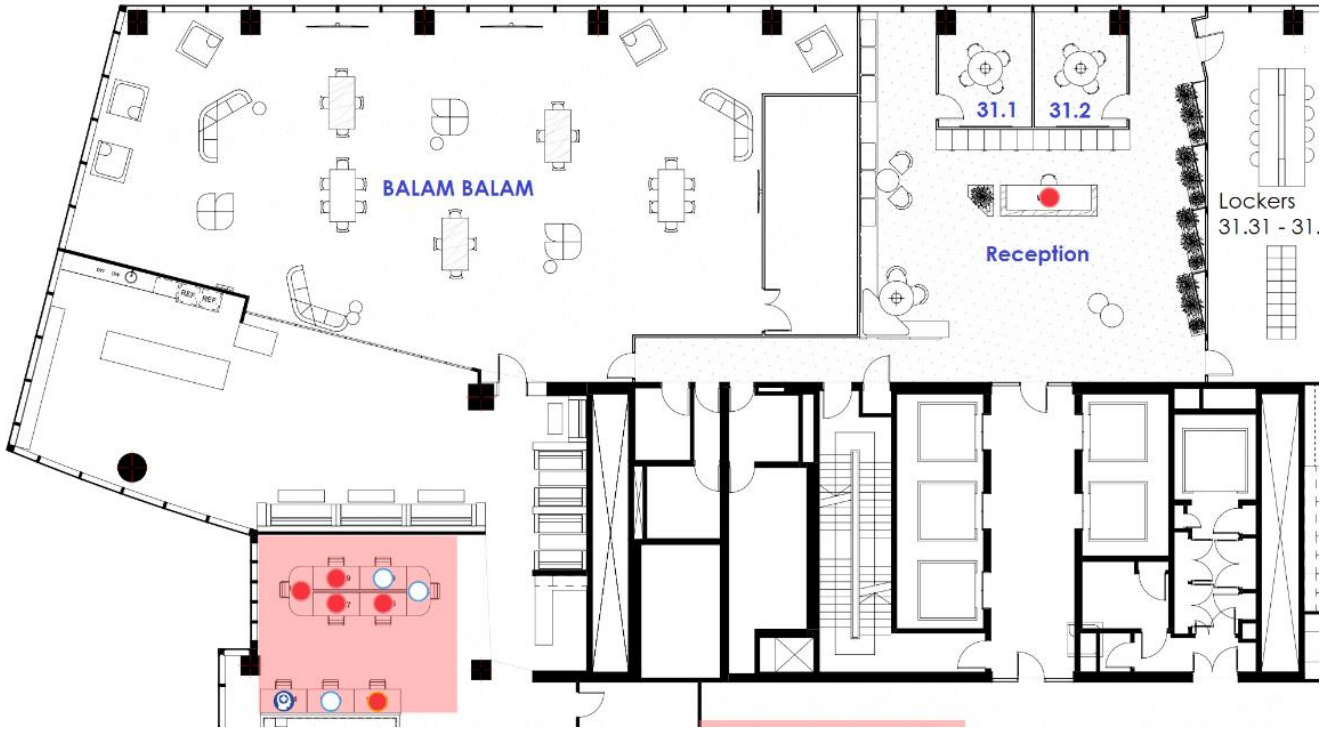
AusNet CITIPOWER Powercor AUSTRALIA Jemena bringing energy to life united energy


“We acknowledge the Traditional Owners of the land on which we operate and recognise their continuing connection to land, waters and culture. We pay our respects to their Elders past, present and emerging.”

Today's agenda

Time	Item	Presenters
10:00	Welcome	Facilitator Liz Ryan, AusNet
10:10	Icebreaker	Facilitator
10:20	Topic 1 – Enhancing our current tariffs	Mark de Villiers, CitiPower/Powercor/United Energy
11:00	Topic 2 – Maximising opportunities to integrate CER	Sandeep Kumar, Jemena
11:45	Break	
12:00	Common themes and missing consideration	Facilitator
12:10	Topic 3 – Revisiting tariff objectives	Edwin Chan, AusNet
12:50	Final comments and next steps	Mark de Villiers, CitiPower/Powercor/United Energy
13:00	Close	

Safety at Freshwater Place



Emergency Warning System

Alert Tone "BEEP... BEEP... BEEP"

1. Be aware there is a potential Emergency
2. Do not commence evacuation, unless it is unsafe in your area or directed by Wardens
3. Follow all instructions given by Wardens
4. Await "All Clear" message, OR
5. Should an Evacuation be required you will hear…

Evacuation Tone "WHOOP... WHOOP... WHOOP"

1. Evacuate via exit as directed by Wardens
2. Do NOT use the lifts
3. Proceed to the Assembly Area > Queensbridge Square
4. Follow all instructions given by wardens

Safety at Freshwater Place

5 things to do in an emergency:

1. Remain calm
Please remain calm in all emergency situations

2. Follow directions
Follow directions of the Emergency Wardens

3. Mobility impaired
If you have an injury or illness that means you cannot use the emergency stairs, please advise one of the Emergency Wardens

4. Assembly point
Make your way to the assembly point to receive further instructions from the Emergency Wardens

5. Re-entering the building
Only re-enter the building once the all clear has been given from an Emergency Warden

Housekeeping

- **Bathrooms located in corridor to reception**

- **You do not need a pass to enter/exit building or reception, but please advise an AusNet staff member if you need to leave**

- **Wi-fi available:**
  1. Select 'Guestnet' from available options
  2. Enter your name and email address, then click *confirm*
  3. Enter jade.park@ausnetservices.com.au in the 'sponsor email' field, then click *Request internet access*
  4. When your request is approved, you will be automatically connected to the guest network

- **Thank you for turning your phones to silent during the workshop**

Liz Ryan

EGM Strategy, Regulation & Corp Affairs

AusNet

Icebreaker


AusNet


CITIPOWER


Powercor
AUSTRALIA


Jemena
bringing energy to life


united
energy

Topic 1

Enhancing our current tariffs

AusNet CITIPOWER Powercor AUSTRALIA Jemena bringing energy to life united energy

Network tariffs

NUOS **Network use of system**

=

DUOS **Distribution use of system**

\+ Recovery of regulated revenue which reflects the cost of maintaining and operation our network and return on investment.

TUOS **Transmission use of system**

\+ Recovery of transmission services and connections costs. i.e. AEMO TUOS charges, avoided TUOS payments, transmission connection charges

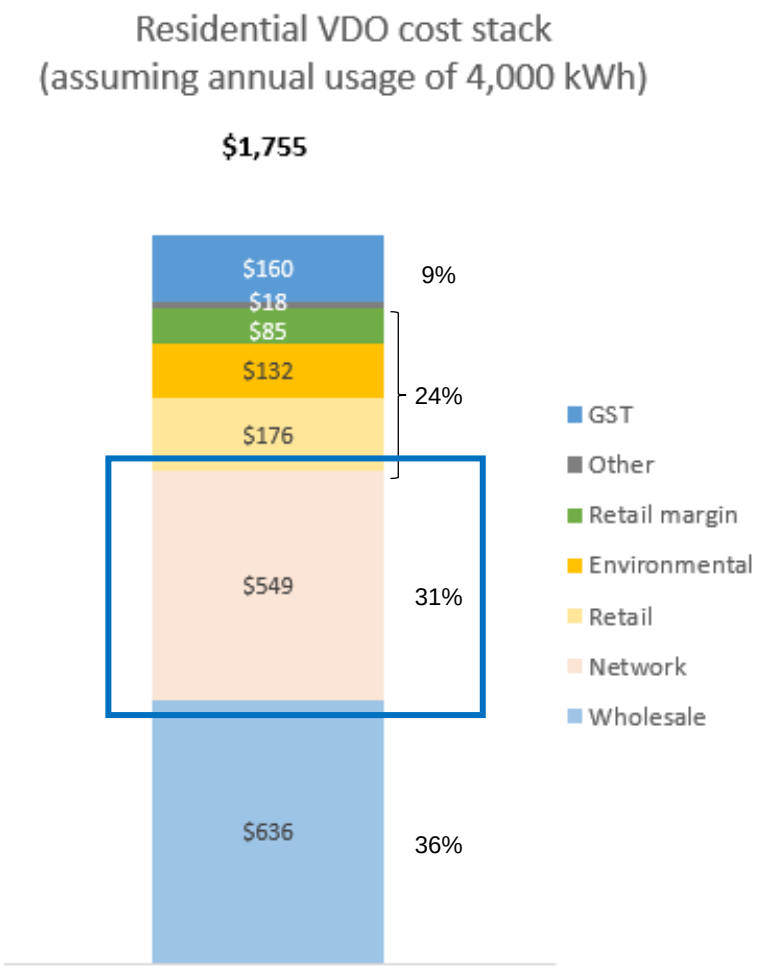
JUOS **Jurisdictional scheme amounts**

Recovery of solar payments made to solar customers on Premium Feed in Tariff scheme and ESV levies

We are focusing on **network tariffs for small customers**

Small customer network tariffs in context

- Network charges comprise roughly one third of a residential retail electricity bill.
  - Network tariffs are charged to retailers who then make retail offers to customers.
  - Retailers choose the network tariff subject to our reassignment policies.
  - Retail offers don't need to match network tariffs although most currently do.
  - Some retailers offer tariff structures that do not mirror the network tariff at present, e.g. a free charging window between 12-2pm.
- Every year Victorian Default Offer (VDO) rates are calculated by the Essential Services Commission which serve as a reference point for retail offers.



Different types of network tariffs

Single rate tariffs

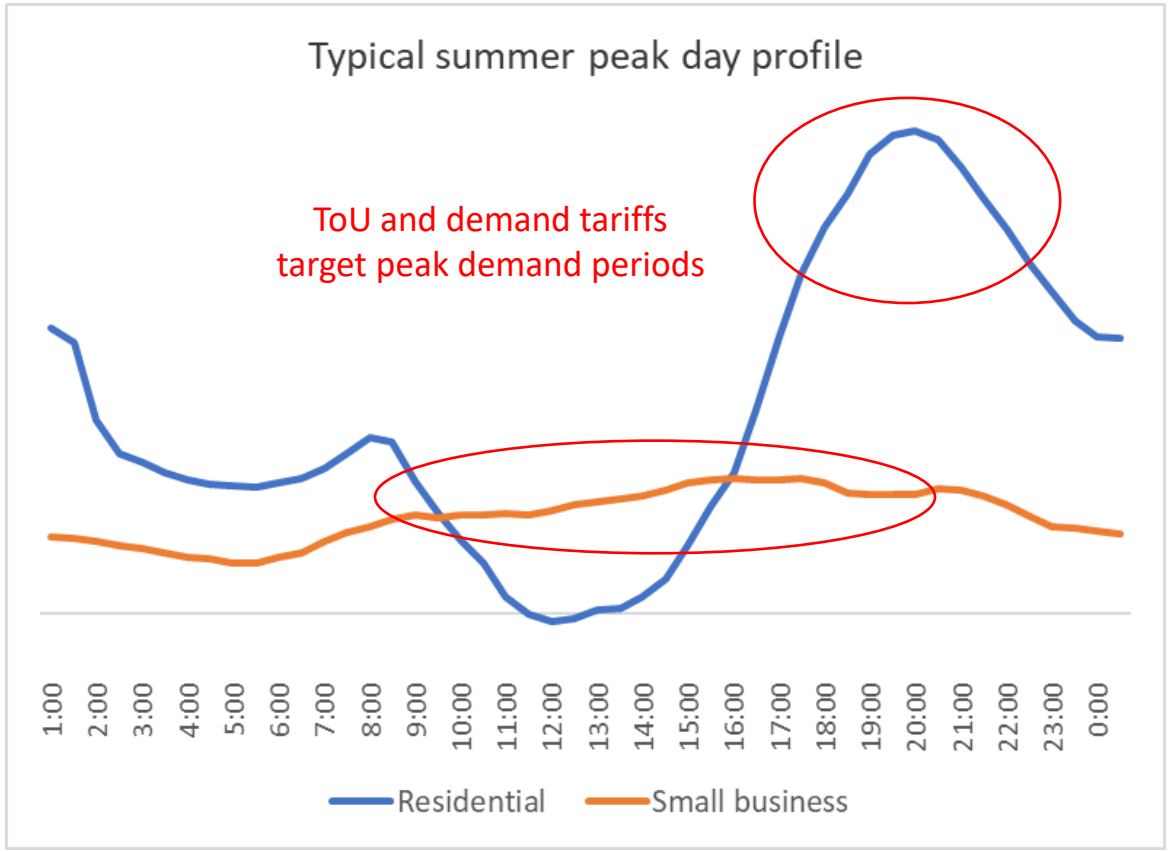
- The same usage rate applies throughout the day.

Time of Use (ToU) tariffs

- Different charge/rate applies for different times of the day. Customers can save money by shifting their consumption from peak to off-peak periods. Off-peak charges are lower than the single rate tariff.

Demand tariffs

- Apart from the fixed and variable charges, customers also pay an additional charge, determined by their highest 30 minute consumption placed on the network during a particular time window in the day. The variable charges are lower than the single rate tariff.



Summary of our network tariff journey so far

Prior to 2017

Most small customers were on a **single rate** network tariff with other small customers on a variety of time of use (TOU) network tariffs.

2017-2020 period

In 2017 an opt-in **demand** network tariff for small customers was introduced. Very few customers took it up.

2021-2026 period

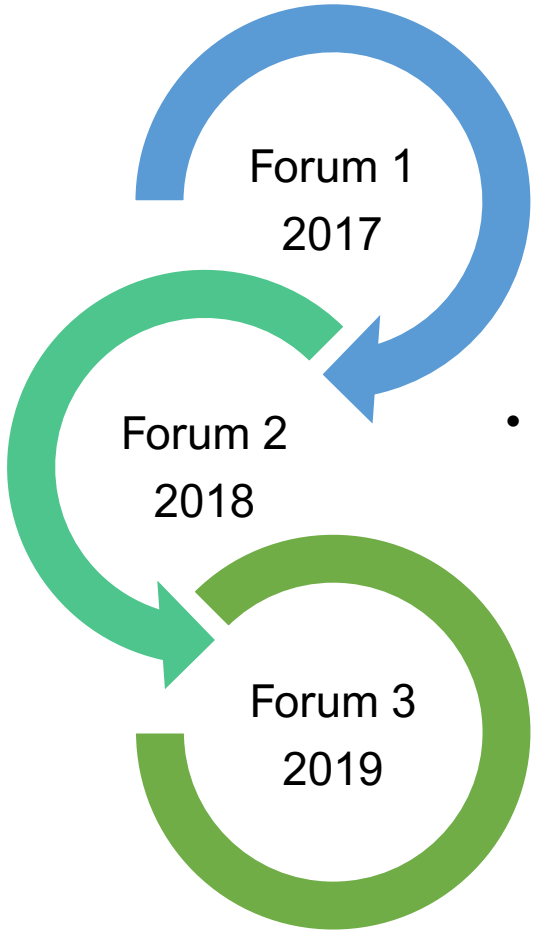
A simple **two-rate TOU** network tariff was introduced following joint Vic DB consultation.

Customers put on TOU:

- customers on a legacy time-of-use tariff
- new connections and new solar connections
- three -phase upgrades
- households with a fast EV charger.

Any customer can opt-out of the TOU tariff to a single rate tariff except customers with fast EV chargers. Any customer can opt-in to the TOU tariff.

We listened to stakeholders in designing 2021-26 network tariffs



- Pricing objectives (*discussed later today*)

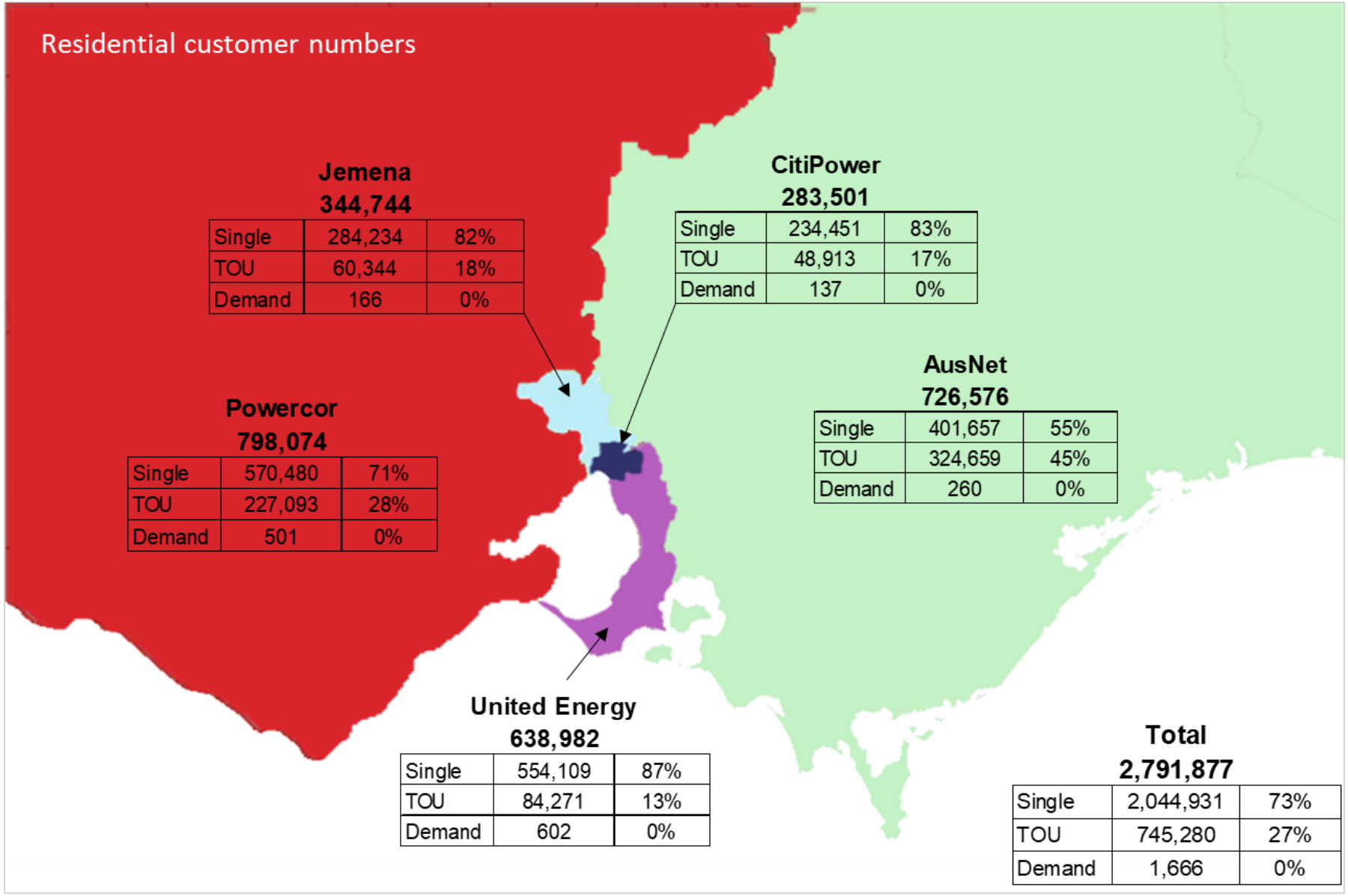
- Tariff options and whether we were pricing for retailers or end-customers
  - Distributors' proposal to move all small customers onto a new simple two-part TOU tariff. Included analysis of the cost impacts on all customers and on vulnerable customers.

Key decision during the engagement

- Due to the concerns that some **vulnerable customers** could be worse off on the TOU tariff, assignment policy to TOU was only targeted at customer groups less likely to be vulnerable, like new customers and solar customers.
- **Simplicity** was very important as it was decided networks should price for retailers whilst keeping the customers in mind.
  - Residential TOU tariff has the same 3-9pm peak period every day of the year for simplicity.
  - Also, seasonal prices not included to keep TOU tariff simple (peak residential demand can occur in summer or winter).
  - Small business TOU tariff peak period is 9am-9pm workdays only, with no seasonal pricing.
- TOU tariff priced **slightly favourable on average** relative to single rate tariff to encourage uptake.

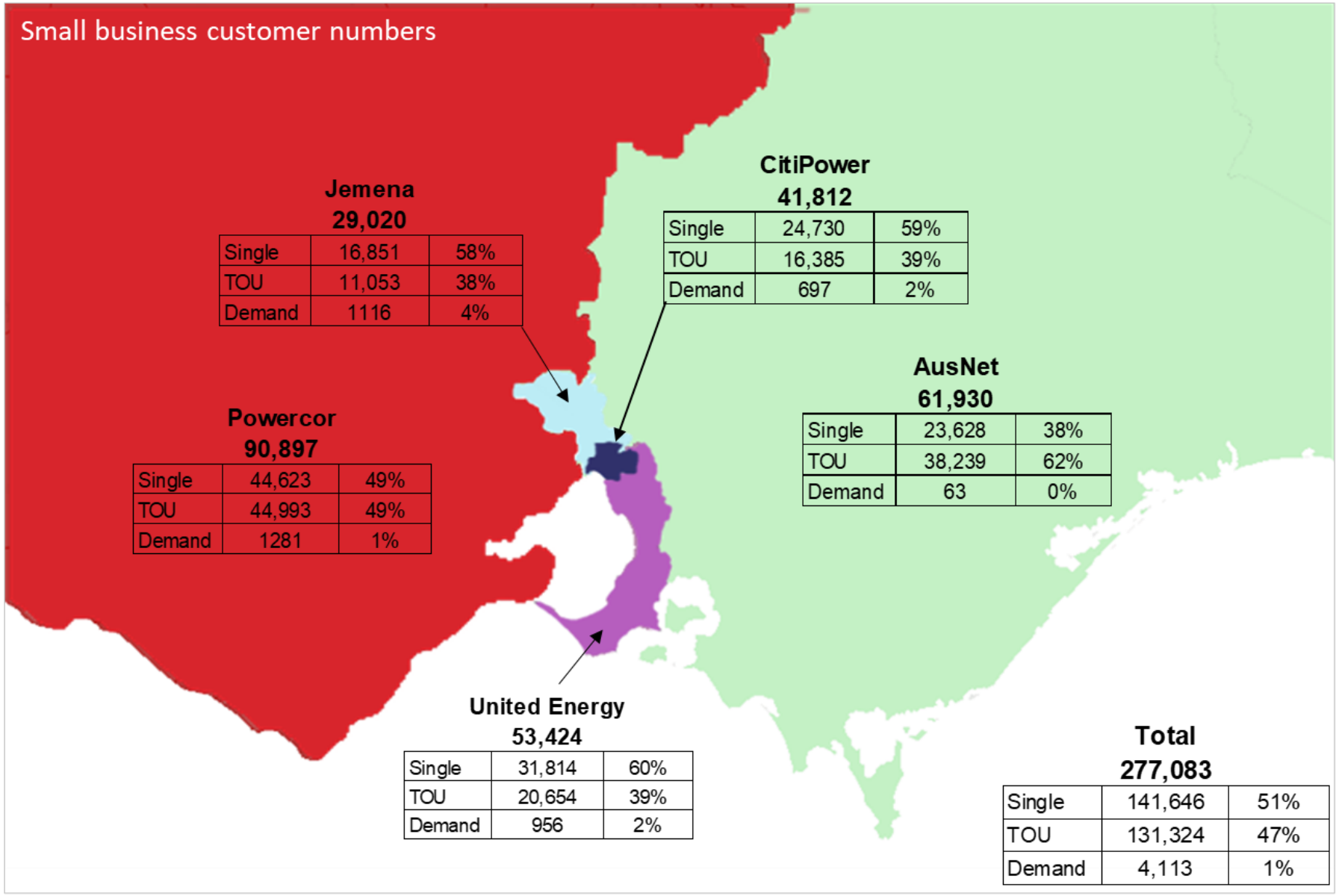
Residential observations

- About three quarters of residential customers are still on a single rate network tariff
- After 6 years very few customers have opted into a network demand tariff



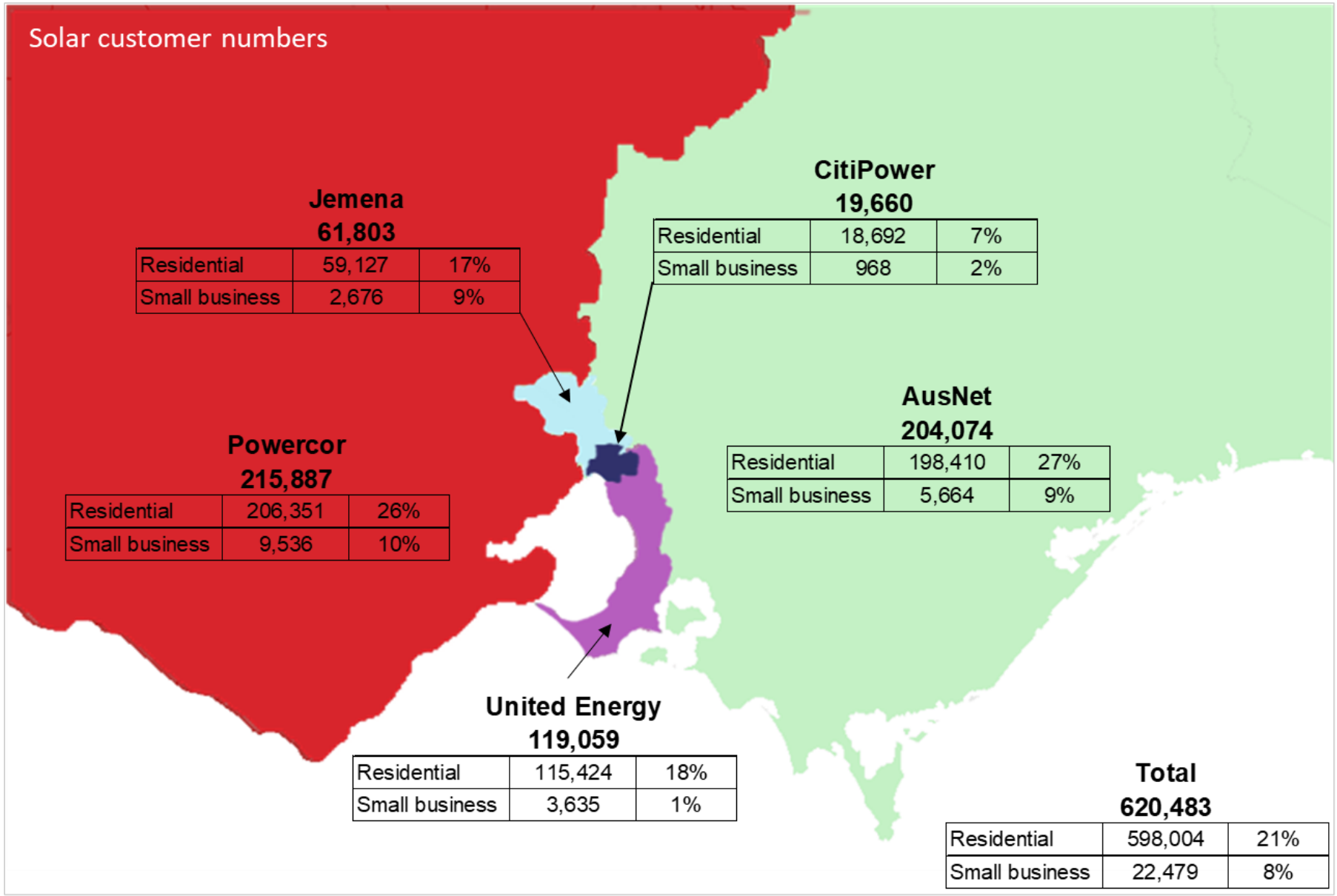
Small business observations

- About half of small business customers are still on a single rate network tariff
- After 6 years 1% of small business customers have opted into a network demand tariff

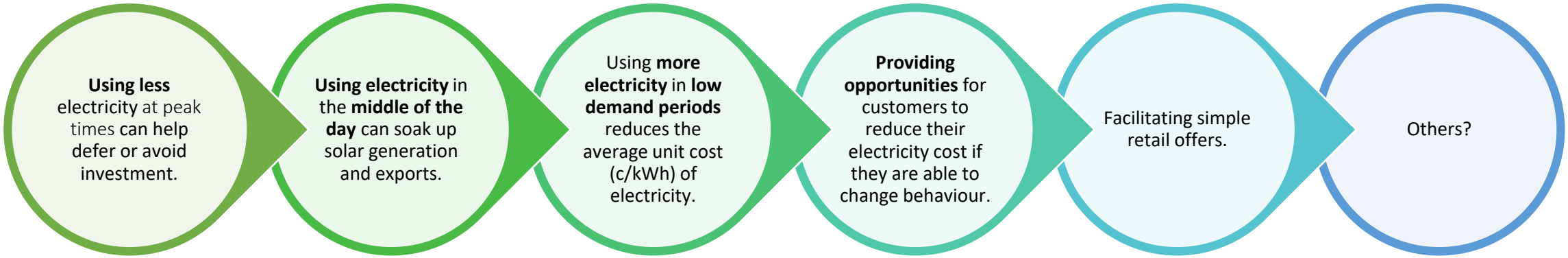


Solar observations

- 21% of residential customers now have solar
- 8% of small business customers now have solar
- Solar uptake varies materially between the five networks



Opportunities to
enhance current tariffs



CER integration is dealt with in the second topic today.

Purpose of the first session is to discuss enhancing current tariffs

Some considerations

- Should we encourage residential customers to use less electricity in the early evening?
- Should we encourage small residential customers to use more electricity around midday?
- Should we encourage small customers to export less electricity around midday?
- What changes should be made to tariff assignment, opt-in and opt-out?
- How should tariff design be taken into account for cost-of-living pressures?
- How should the TOU tariff be priced relative to the single rate tariff?
- Should alignment of small customer tariff structures across distributors remain a priority?

You will get the opportunity to discuss CER integration in the second topic today.

Topic 2

Maximising opportunities to integrate CER

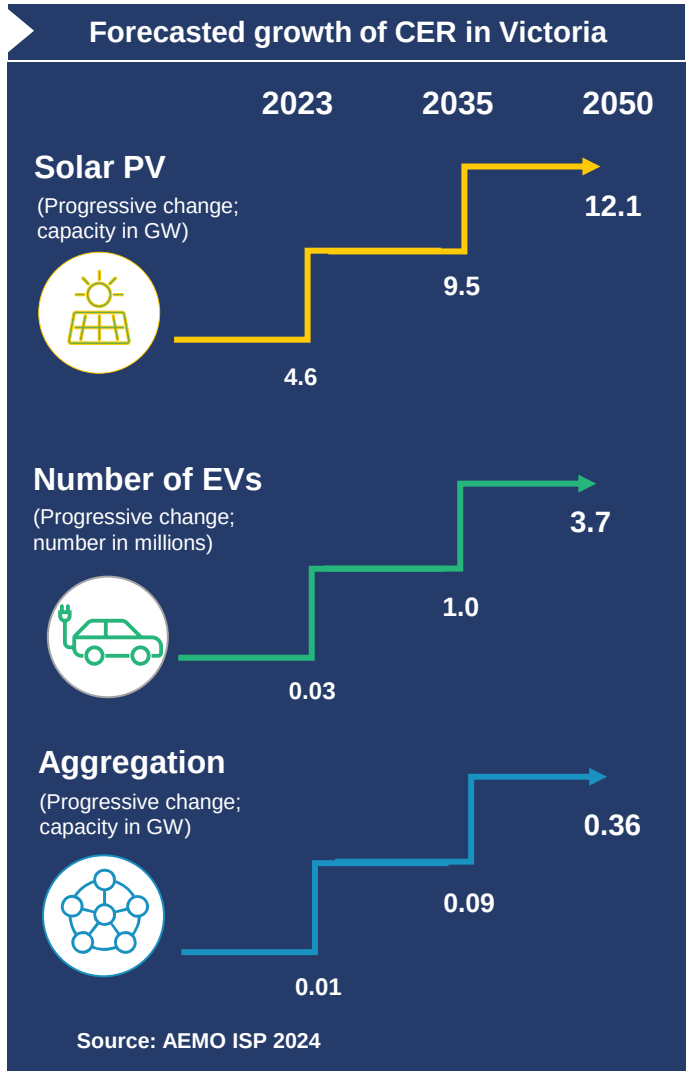
AusNet CITIPOWER Powercor AUSTRALIA Jemena bringing energy to life united energy

Consumer Energy Resources (CER)

- CER are assets such as rooftop solar photovoltaic (PV), electric vehicles (EV) and home batteries, owned and managed by consumers and communities.
- Ability to generate, consume, store and export energy.
- Help reduce the overall emissions intensity of the NEM, by displacing other more emissions-intensive generation

Empowering consumers

- Consumer demand, technological development and government policies support the growth in CER uptake.
- Consumers who install CER units will be able to reduce the price they pay for electricity or may obtain improved reliability outcomes.
- Consumers who can’t install CER units may still be able benefit by paying less for electricity generated and stored by customers with CER.



However, there are also CER challenges

Minimum demand

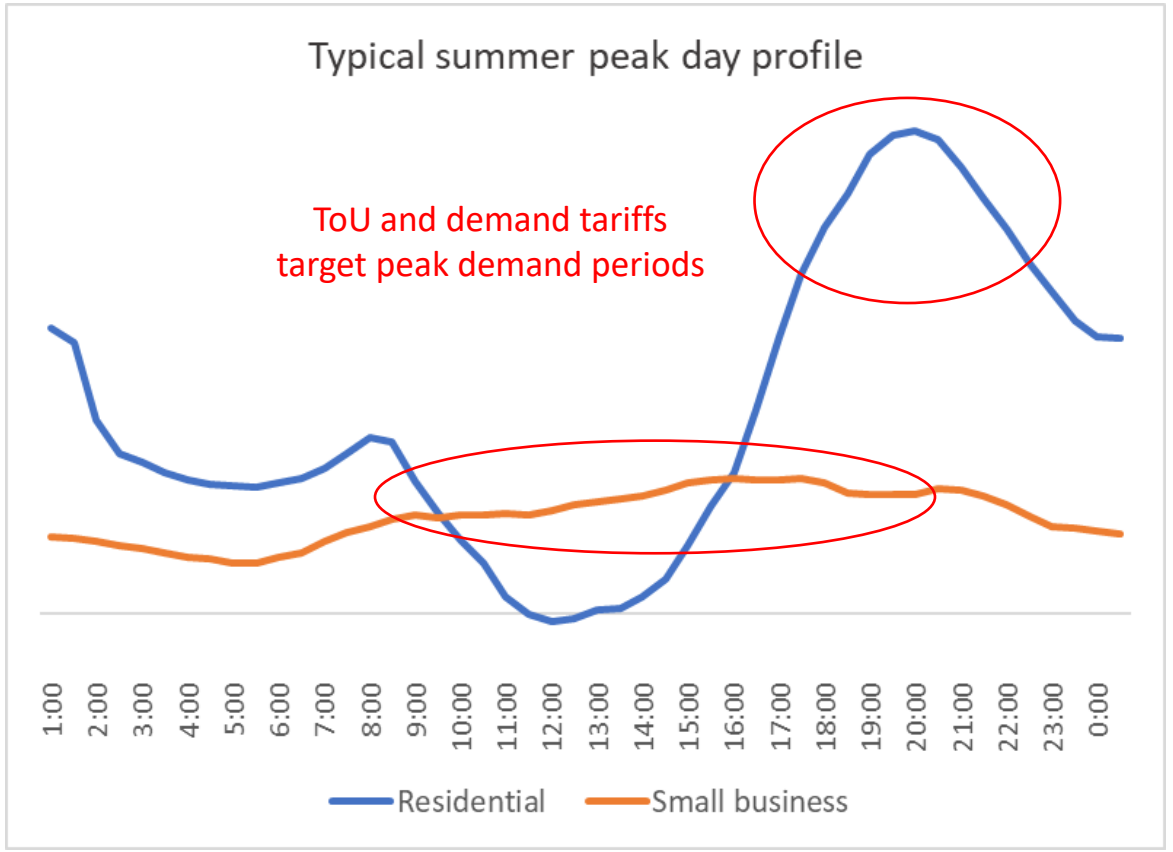
- Growth in rooftop solar PV
- Reverse flow thermal constraints
- Voltage issues

Peak demand

- New connections, EVs, batteries, gas substitution
- Load levels exceed rated capacity of network and equipment failure

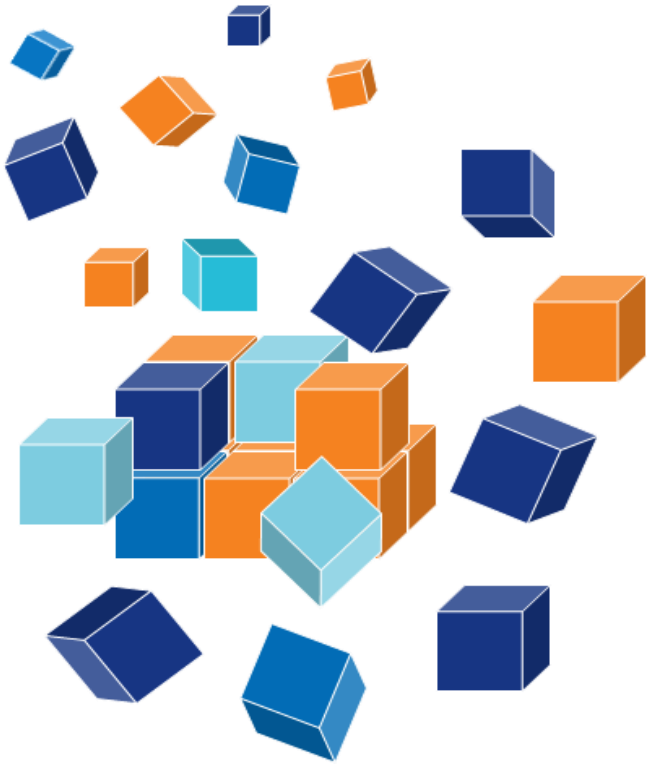
CER Integration

- Creating right incentives to integrate CER
- Not leaving non-CER and vulnerable consumers behind
- Taking consumers on the journey



Tariffs can play an important role

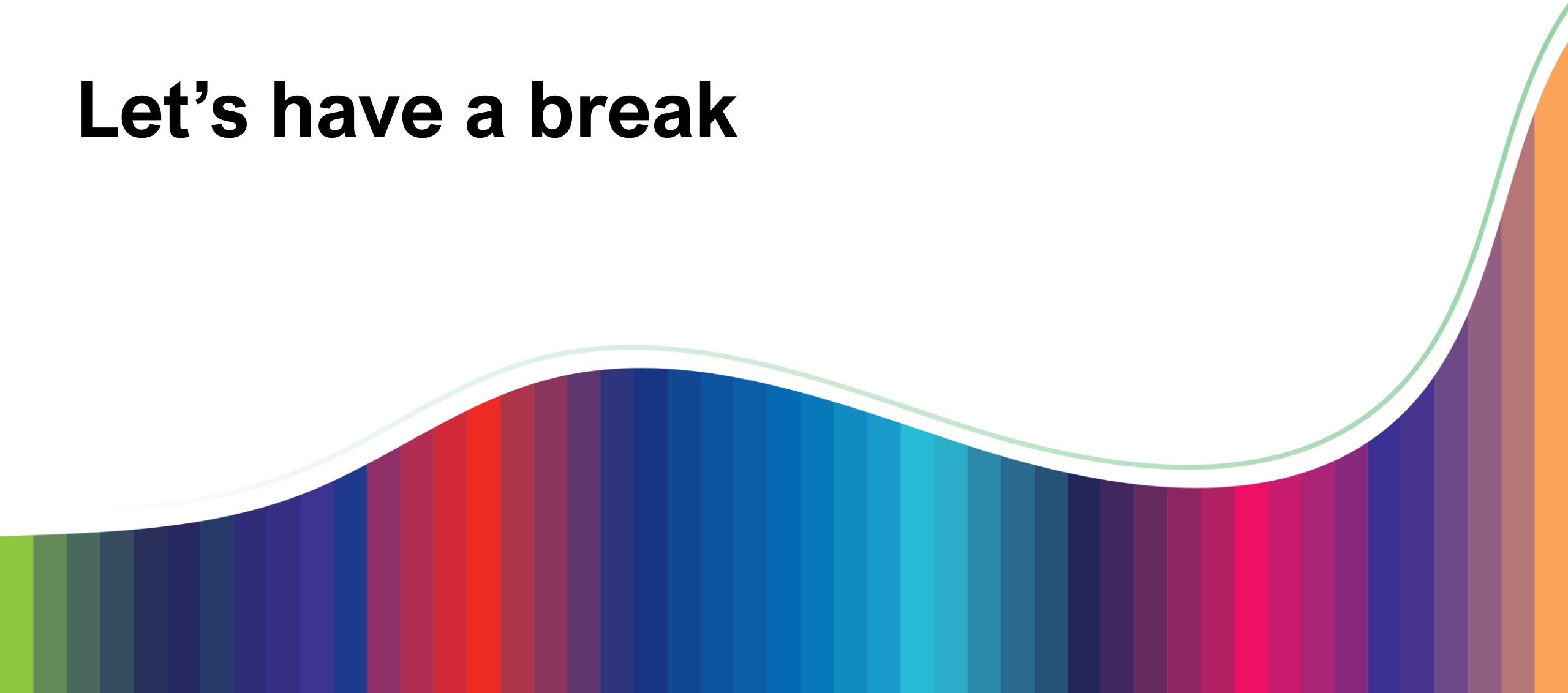
- Influence uptake and usage of CER
- Encourage consumption during off peak times to soak up solar exports
- Reduce energy consumption during peak times, helping reduce energy prices
- Automate response so consumers can set and forget
- Over time defer traditional network augmentation in some areas, resulting in lower network costs for all consumers
- Encourage sharing of energy resources among community and also help reduce emissions



Tell us what
you think about

- Creating network tariff incentives for uptake/integration of CER
- Designing tariffs to influence EV and battery charging behaviour
- Catering for non-CER consumers to benefit from energy exports from CER owners
- The transition arrangements that might be needed
- The impacts and who may be affected by it

Let’s have a break



Discussion

Common themes and missing considerations

AusNet CITIPOWER Powercor AUSTRALIA Jemena bringing energy to life united energy

Topic 3

Revisiting pricing objectives

AusNet CITIPOWER Powercor AUSTRALIA Jemena bringing energy to life united energy

Current pricing objectives

Simplicity. Network prices should be readily understood by customers, retailers and stakeholders.

Economic Efficiency. Customers face the correct price signals so that their consumption decisions reduce total network costs.

Adaptability. Network pricing design should be capable of being applied to future network configurations and technologies.

Affordability. Access to network services should be affordable, including for vulnerable customers.

Equity. Each customer should pay a fair share of network costs.

Final comments

and next steps

Appendix C – Workshop 1 worksheets

Worksheet 1: Enhancing the current tariffs

Enhancement to the current tariffs	Affected customer (eg residential or small business)	Likely benefits and impacts	Transition arrangements
1.			
2.			
3.			
4.			
5.			

Worksheet 2: Maximising CER opportunities

Tariff suggestions	Affected customer (eg residential or small business)	Likely benefits and impacts	Transition arrangements
1.			
2.			
3.			
4.			
5.			

Worksheet 3: Objectives

Objectives	In what ways are these objectives still relevant?	What key changes (if any) would you suggest?
Simplicity. Network prices should be readily understood by customers, retailers and stakeholders. **Economic Efficiency.** Customers face the correct price signals to that their consumption decisions reduce total network costs. **Adaptability.** Network pricing design should be capable of being applied to future network configurations and technologies. **Affordability.** Access to network services should be affordable, including for vulnerable customers. **Equity.** Each customer should pay a fair share of network costs.		

Appendix D – Workshop 1 participant feedback survey

Victorian Tariffs Structure Statement Workshop 1 Feedback Survey

Thank you for taking the time to provide feedback on the first Victorian Electricity Distributors Tariff Structure Statement (TSS) workshop held at AusNet's head office in Melbourne on Thursday 10 August 2023.

We appreciate you taking up to **5 minutes** to provide your feedback and suggestions for improvement.

If you have any questions, please email Engagement@bdinfrastructure.com.

Venue and catering

1. How would you describe the workshop venue?
   - Very comfortable
   - Somewhat comfortable
   - Okay
   - Uncomfortable
   - Very uncomfortable
2. Please indicate how easy or difficult it was for you to get the workshop venue?
   - - Very easy to get to
   - - Easy to get to
   - - Neither easy nor hard to get to

- - Hard to get to
- - Very hard to get to

3. How did you find the morning tea catering to be at the workshop venue?
   - Very appetising
   - Appetising
   - Okay
   - Unappetising
   - Very unappetising

Communication

4. Did we communicate with you clearly in the lead up to the event?
   - Yes, very clearly
   - Yes, clearly
   - It was okay
   - No, not very clearly
   - No, not clearly at all
5. How did you find the clarity of the pre-reading pack sent to you via email?
   - The information was great
   - The information was good
   - The information was okay
   - The information wasn't great
   - The information was really bad
6. Are there any communication improvements you would suggest ahead of the second workshop on Thursday 16 November?

   (Open text – up to 50/100 words)

Workshop coordination

7. To what extent, did you engage with the pre-reading pack that was distributed to you via email in advance of the workshop?
   - I read it in full
   - I read most of it (approx. more than 50%)
   - I read bits of it in full
   - I flicked over it briefly
   - I didn't read any of it
8. On a scale of 1 to 5, where 1 is 'Strongly disagree' and 5 is 'Strongly agree' to what extent do you agree or disagree with the following statements?
   - I am satisfied with the way the workshop was facilitated
   - I am satisfied with the way the small table groupwork exercises were designed and delivered
   - I am satisfied with the way my table facilitator handled the groupwork exercises and encouraged all participants to provide their feedback and insights

9. On a scale of 1 to 5, where 1 is ‘Strongly disagree’ and 5 is ‘Strongly agree’ to what extent do you agree or disagree with the following statements?
   - I am satisfied that I was provided with sufficient opportunities to share my feedback and insights
   - I am satisfied that my feedback and insights were listened to by the table facilitator and others in the room
   - I am satisfied that different insights and views were put forward by different stakeholders for consideration
   - I am satisfied that the quality of discussions were robust

Final comments

10. Do you have any final comments or questions about the workshop and how it was delivered?

    (Open text – up to 50/100 words)

Thank you

Thank you for taking the time to provide your feedback and comments. If you have any further questions, please email Engagement@bdinfrastructure.com.

We look forward to seeing you again in person at the second workshop on Thursday 16 November. Additional information, including venue details, will be emailed to you shortly and the workshop calendar invite will be updated.

Appendix E - Workshop 1 participant feedback findings summary

Venue and catering

- 94 percent of respondents suggested the workshop venue was 'Very comfortable' (87 per cent) or 'Somewhat comfortable' (7 per cent).
- 94 per cent of respondents suggested the workshop venue was 'Very easy to get to' (47 per cent) or 'Easy to get to (47 per cent).
- Almost three quarters of respondents suggested the morning tea was 'Okay' (73 per cent) while the remainder (27 per cent) suggested it was 'Appetising.'

Communication

- Over 90 per cent of respondents suggested the information provided in the pre-reading pack was 'Great' (40 per cent) or 'Good' (53 per cent).
- Suggested qualitative enhancements provided by respondents include the need for ongoing communication including the sharing of feedback and insights from Workshop 1 and key themes or questions to be considered as part of Workshop 2 and a request for the list of attendees for networking purposes.

Workshop coordination

- Over 90 per cent of respondents suggested they read the pre-reading pack 'in full (73 per cent) or read most of it (more than 50 per cent) (18 per cent).
- In terms of satisfaction with the facilitators and the groupwork exercises:
  - 91 per cent of respondents 'Strongly agree' (55 per cent) or 'Agree' (36 per cent) that they were satisfied with the way the workshop was facilitated.
  - 91 per cent of respondents either 'Strongly agree' (27 per cent) or 'Agree' (64 per cent) that they were satisfied with the way the small table groupwork exercises were designed and delivered.
  - 63 per cent either 'Strongly agree' (27 per cent) or 'Agree' (36 per cent) that they were satisfied with the way their table facilitator handled the groupwork exercises and encouraged all participants to provide feedback and insights.
- In terms of satisfaction with their opportunities to provide feedback and have robust discussions:
  - 100 per cent of respondents 'Strongly agree' (45 per cent) or 'Agree' (55 per cent) that they were satisfied that different insights and views were put forward by different stakeholders for consideration.
  - 91 per cent of respondents 'Strongly agree' (55 per cent) or 'Agree (36 per cent) that they were satisfied that their feedback and insights were listed to by the table facilitator and others in the room.
  - 90 per cent of respondents 'Strongly agree' (55 per cent) or 'Agree' (45 per cent) that they were satisfied that they were provided sufficient opportunities to share their feedback and insights.
  - 82 per cent of respondents 'Strongly agree' (55 per cent) or 'Agree' (27 per cent) that the quality of discussions were robust

Final comments or questions

- Final comments focused on:
- Offering praise for the facilitation approach adopted

  It was organised well, easy to reach venue. I received a very professional and warm welcome. Nicely scheduled - neither too long nor too short. The engagement reflected the diverse thinking around the tariff structures. I felt the network business are open to different ideas and options. It might be useful to keep snacks with morning tea in the morning itself. [Workshop 1 participant]

- Suggesting changes to the proposed table facilitation approach used during Workshop 1

  Not a great fan of the table butcher paper approach as it wastes time with table presentations. Prefer more open all discussions. [Workshop 1 participant]

- Suggesting other potential topics of discussion.

  It would be good to discuss whether distribution business requirements should overrule retailer requirements. [Workshop 1 participant]