

CUSTOMER VULNERABILITY WORKSHOP

Outcomes report



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REPORT

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Prepared for:

Victorian Energy Distributor Businesses

AusNet, Citipower, Jemena, Powercor, United Energy

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1 EXECUTIVE SUMMARY

This report provides an overview of the feedback provided to the Victorian electricity distribution businesses (VICDBs) from participants at the Customer Vulnerability Workshop, held on Tuesday 9 May 2023. The workshop started a conversation about how Victorian electricity distribution businesses can best support customers experiencing vulnerability.

This is the first time all five VICDBs, being AusNet, CitiPower, Jemena, Powercor and United Energy, have come together on this topic. They are doing this now because the rising cost of living is placing additional financial pressure on households, while at the same time the energy transition is transforming the electricity market. These factors are dramatically changing which electricity customers are at risk of experiencing vulnerability. It is critical the VICDBs understand these changes and consider what they can do to ensure no one is left behind.

At the same time, VICDBs are embarking on the 2026-31 Price Reset regulatory proposals process, when they will propose to the regulator the changes and investments they want to make during the upcoming regulatory period. This provides VICDBs with an opportunity to consider what their role should be in addressing vulnerability within the changing landscape.

Workshop participants contributed to facilitated activities and discussions and shared their insights on the key discussion areas identified by the VICDBs. There was a clear message from participants that they felt VICDBs should play a role in supporting people at risk of experiencing vulnerability. They expressed that this role needed to change and expand in response to the changes in the energy market, however there was consensus that in many cases a partnership approach (rather than providing direct support) would be required.

Overall, the participants identified the following themes as key areas across all topics:

- Identifying and putting the right people first.
- Applying an agency lens to the way we consider vulnerability.
- Taking a community focused, partnership approach.

There was significant discussion about how VICDBs can increase agency of customers experiencing vulnerability and empower those customers to be able to make their own decisions. Participants then applied this lens throughout the workshop across all topics.

It was noted that coming to these engagement sessions does not mean the participants and their organisations support the end outputs and outcomes. A participant highlighted their involvement in the gas reset community engagement, where the participating organisations did not support the end outcomes, and how that affected trust within the sector.

The findings of this report will be shared with VICDBs for their consideration and to inform their thinking about what they could do differently as they embark on the 2026-31 Price Reset regulatory proposals process.

2 WORKSHOP OVERVIEW

2.1 Overview

The Victorian distributors are developing their regulatory proposals, in which they will propose future plans on how to operate and maintain the electricity networks. The Australian Energy Regulatory (AER) will then assess these proposals and determine whether the distributors may include the investment required for those future plans in their network charges to customers.

This workshop is helping to inform the development of state-wide recommendations within the topic of customers experiencing vulnerability, for the upcoming regulatory proposals. This is important now because the rising cost of living, alongside electrification and shift to renewables are dramatically changing which customers are at risk of experiencing vulnerability.

It is now widely accepted that consumer vulnerability is an important issue for energy businesses and other sectors. There is now an international standard on how businesses should engage with people in vulnerable circumstances, and the AER has published a vulnerability strategy.

As vulnerability is about the interaction between a person's situation and the way markets and businesses work, the nature of the energy sector and what can be done to reduce customers experiencing vulnerability, VICDBs are starting to think about consumer vulnerability in a more strategic way, across everything the business does and through the lens of the changing energy market.

The regulatory proposals process provides an opportunity for VICDBs to put forward new ideas to the AER about what they could do to support vulnerable customers.

The VICDBs used this workshop to seek insights to inform and help shape their response to this important issue.

This is the first of two workshops in this series. The insights shared during this first workshop will be used to inform VICDBs thinking about what they could do differently. Later in the year, the same participants will be invited to another workshop when VICDBs will share how they have responded to participants ideas and to test those proposed responses with the group.



2.2 Workshop objectives

The objectives of the workshop were to:

- To develop a mutual understanding of what vulnerability means now in the context of energy and how Victorian distribution businesses impact it.
- Understand the challenges and impacts that customers experiencing vulnerability could encounter in the future as the electricity system changes.
- Consider what support the Victorian distribution businesses could directly provide (or facilitate) to support these customers.
- Capture informed insight that can be used to develop tangible recommendations in 2026-31 proposals, working together to identify ways to ensure no customer is left behind or faces energy poverty or disadvantage where it is preventable.

2.3 Workshop Participants

The VICDB's identified participants from key organisations with relevant insight into the types of people most likely to experience vulnerability and the challenges they face. Participants were chosen based on their demonstrated understanding of the lived experience of people experiencing vulnerability and firsthand knowledge of how they interface with the energy system. Participants came from organisations that have deep expertise and experience with these issues. The following participants attended the workshop:

| Name | Organisation |
|------------------|---|
| James Lazzaro | Anglicare |
| Emma Chessell | Brotherhood of St Laurence |
| Philip Cullum | Board of Consumer Action and Consumers Federation Australia |
| Luke Lovall | Consumer Action Law Centre |
| David Prins | Customer Challenge Panel |
| Gwyneth Morrison | Department of Families, Fairness & Housing (DFFH) |
| Zoe Pilven | Department of Energy Environment Climate Action |
| Gavin Duffy | St Vincent de Paul |
| Matt Cairns | Uniting Victoria/Tasmania |
| Jarrod Lenne | Victorian Council of Social Services |
| Abdikadir Osoble | Ethnic Communities Council Vic (ECCV) |

Observers

| | |
|--------------|-----------------------------|
| Mark Feather | Australian Energy Regulator |
|--------------|-----------------------------|

VICBD representatives

| | |
|------------------|--------------------|
| Fran Duiker | AusNet |
| John Coggan | AusNet |
| Lucy Holder | AusNet |
| Brent Cleeve | CitiPower PowerCor |
| Jildau Schotanus | CitiPower PowerCor |
| Kaitlin Pisani | CitiPower PowerCor |
| Matthew Serpell | Jemena |
| Sandeep Kumar | Jemena |

2.4 Workshop process

Timing: 1:30pm to 4:30pm

Venue: AusNet, Balam Balam Room, Level 31, 2 Southbank Boulevard; Southbank VIC 3006

Facilitator: Rikki Butler, Director – Communications and engagement, RPS

Support facilitator: Elly Baker, Consultant – Communications and engagement, RPS

To ensure the most effective use of participants' time during the workshop, all participants were given a pre-read pack to provide context and information about the topics being discussed. The workshop involved a series of short presentations about each topic under consideration, followed by small group discussions. To support the active involvement of all participants during small group discussions, representatives from the VICBDs were allocated to each of the two table groups to facilitate conversation and activities, and to hear participant insights firsthand. At the end of each small group discussion, outcomes were shared with the plenary group. The outcomes of these workshop discussions follow.

3 DISCUSSION POINTS

3.1 Developing a shared understating of vulnerability

Table groups worked together to consider all of the different elements of vulnerability. Each element was written on a post-it note. Groups then shared ideas and engaged in a plenary discussion to cluster ideas together in related themes.

3.1.1 The group agreed on four key themes:

1. Situational
2. Kinship and Community
3. Individual
4. Structural

The group noted that the elements could also be categorised as temporary or permanent within each theme.

3.1.2 Elements categorised within each theme:

| 1. Situational | 2. Kinship and Community |
|---|---|
| <ul style="list-style-type: none"> • Rural • Access to communication - internet, phone • Digital capability/access • Digital access to accessible information • Lack of information on pricing • Access to transport • Experiencing family violence • Financial stress • Loss of income • Low income • Language barriers | <ul style="list-style-type: none"> • Indigenous groups • Cultural barriers • Newly arrived migrants |
| 3. Individual | 4. Structural |
| <ul style="list-style-type: none"> • Language • Non-English speaking • Literacy, numeracy skills • Age - older Victorians • Physical health difficulties • Mental health difficulties • Disability • Lack of access to supports • Ability to navigate the energy market to safely get positive outcome • Carer • Gender - Female account holders more likely to contact • Fear of the unknown | <ul style="list-style-type: none"> • Increasing cost of living • Increasing energy prices • Renter or tenant - situational • Lack of agency and choice e.g., renters • High energy needs - poor housing infrastructure, health, large households (share houses) • Intersection between businesses and consumers (businesses where it is also a home e.g., Airbnb's, small farms etc) • Inadequate employment opportunities • Poor quality housing • Lack of housing • Relying on old and inefficient appliances |

3.1.3 Additional discussion points

After the group identified elements within the four categories, they made the following points during plenary discussion:

- These categories can also be divided to temporary vs permanent.
- Household doesn't necessarily refer to the customer and vice versa.

- People live in communities, not silos, for example: one person is the account holder and 'customer' for an entire family/household.
- Household level rather than customer.
- Anyone can be vulnerable.
- Not one thing that indicates a person experiencing vulnerability.
- Vulnerability doesn't just refer to financial.
- Trust and social license are key.
- Energy transition is not the only driver of change.

3.2 The AER's definition of vulnerability

The facilitator then explained the role of the AER and shared the AER's definition of vulnerability with the group. Participants then discussed what they thought of the definition and test the clustered identified earlier against the AER definition.

"Consumers experiencing vulnerability' refers to circumstances that mean a person may be less able to protect or represent their interests, engage effectively and/or are more likely to suffer detriment. This includes having insufficient capacity to pay for energy use."

3.2.1 Key discussion points:

- There is a balance to be achieved when considering people as vulnerable, vs. how can we increase someone's agency?
- The distributors seem to throw programs to vulnerable groups to help solve a problem, instead of thinking how we can increase their agency.
- We should allow people to make their own choices, rather than telling people what they should do. It was mentioned that this may not be the answer for distributors.
- There is crossover between individuals and businesses. When we refer to a person - we may be referring to a business, and it's difficult to differentiate between small businesses and residential, especially in the case of say small farms or BnB's operating as a business - where it is also a residential home to many people.

3.3 How the energy system is changing and VICDBs role in this change

Renee Vogt, General Manager Regulation, Powercor, presented on the distributed energy future, explaining what is changing and why. The group had the opportunity to ask questions to deepen their knowledge and understanding on the topic.

The participants were asked to consider what role they think VICDBs should play.

3.3.1 Key discussion points:

- It's about putting the right people first and working with the system.
- There is an opportunity to shape the energy transition and design an energy system for everyone.

3.4 How might this change who is at risk of experiencing vulnerability and how they experience it?

The following areas of focus were shared to participants and in their groups, they were asked to consider if they agree with the three categories identified by the VICDBs, or if any others should be added:

1. Vulnerability during a loss of supply.

2. Being in, or at risk of energy poverty or disadvantage.
3. The risk of being left behind by the energy system transition to renewables and electrification.

The overall sentiment of the participants was they mostly agreed with points one and three, but felt point two needed clarification because participants felt Australia does not currently have a shared understanding of what is meant by 'energy poverty'. The groups also agreed the three points should be reframed to be a more effective 'lens' for consideration of customer vulnerability.

3.4.1 Key discussion points:

Vulnerability during a loss of supply:

- What is loss of supply - temporary outage or full-on disconnection?
- This is a serious issue, how do we prioritise who and putting the right people first.

Being in, or at risk of energy poverty or disadvantage:

- Participants felt Australia does not currently have a shared understanding of what is meant by 'energy poverty'.
- What is the referred level of poverty? Is it absolute or relative poverty within the scope of energy poverty?
- This statement as is, leans more towards absolute poverty/disadvantage.

The risk of being left behind by the energy system transition to renewables and electrification:

- This statement refers a lot more to gas, and especially renters.
- Is this a choice to leave people behind?
- How expensive will energy get?
- How can we focus on how people experiencing vulnerability are not going to be left behind, reframe the question to a positive, and address how we can fix it.
- This statement leans more towards relative poverty/disadvantage.

3.4.2 Revised areas of focus

The participants came up with the following revised focus areas:

1. Reducing vulnerability during a loss of supply
2. Being in, or at risk of the ability to access essential energy services / Increasing access to energy services (absolute).
3. Ensuring no one is left behind by the energy system transition to renewables and electrification.

These updated focus areas were then used throughout the remainder of the workshop to guide and focus discussions.

3.5 How should VICDBs support customers through this change?

In their two groups, participants identified possible impacts and opportunities for each of the three focus areas.

1. Reducing vulnerability during a loss of supply

| Opportunities | Impacts |
|--|--|
| <ul style="list-style-type: none"> Developing and leveraging existing partnerships i.e., local government, communities. Activating local communities "community helping themselves". Distributed generation closer to demand may be opportunity. Community individual battery. Batteries especially communities, can reduce loss of supply. Access to loan generators/energy supply (batteries). Community hubs. Build back better. Better information so communities can plan. | <ul style="list-style-type: none"> Single fuel households more susceptible to electricity outage. Work from home requires daytime power. |

2. Being in, or at risk of the ability to access essential energy services / Increasing access to energy services (absolute)

| Opportunities | Impacts |
|---|--|
| <ul style="list-style-type: none"> Social tariffs for low-income households. Rooftop solar electrification can be used to address energy poverty. POE/DSO. | <ul style="list-style-type: none"> More customers will be in a post-disaster situation. Renters increasingly disadvantaged. Inability/lack of flexibility to avoid peak pricing or max demand charges. Work from home requirements may highlight vulnerability. If transition not planned well then more customers could face energy stress due to high prices. |

3. Ensuring no one is left behind by the energy system transition to renewables and electrification.

| Opportunities | Impacts |
|---|---|
| <ul style="list-style-type: none"> Supports for households with low agency. Essential that renters are electrified and get solar. Need to admit electrification is happening, commit to it and make a plan to minimise impact - to avoid. Load to complement injections, network utilisation. POE/DSO. Need to recognise that for a lot of the population, particularly these audiences, there is limited understanding of what is meant by 'energy transition' or even that it is happening – need for greater education. Innovation = complexity - How do we help disadvantaged audiences engage with the new products? Or even simply understand them in the first place? | <ul style="list-style-type: none"> Lack of EV charging accessibility. Availability of capital for consumer investments. How do you manage people paying for legacy electricity system (e.g., Those still using gas who don't have the agency, like renters, or able to afford making the shift to new technologies). EV requirement for employment - effect on household bills. Gas vs electricity costs and availability and transition costs. Climate change is an issue that sits across all three buckets. It will require more energy to manage at a household level and is increasing the impact on essential services. E.g., When there are floods and fire a loss of electricity also means a loss of telecommunications etc. |

3.5.1 Key discussion points:

- It's not just about how the energy transition will impact those who are already experiencing vulnerability, but what are the opportunities we have to shape the transition.
- Have we considered CALD audiences?
- Communities are keen to transition - however are a little more hesitant in comparison to how they were a year ago with the rising rate of living and interest rates etc.
- The government has told the public that the energy transition will lower their bills, but attendee's felt that is not necessarily true. They highlighted that if the energy transition results in higher bills, trust from the community in the energy sector will fade.
 - How do electricity distributors, continue to maintain and build trust from the community?
 - How do they make themselves more known in the community?
- In regard to the energy transition: it's not necessarily that we should ensure no one is left behind, it's also about who is going to pay for what. For example, a customer who is not able to access solar panels or electric vehicles, should they pay for those who do have access?
- Coming to these engagement sessions doesn't mean the participants and their organisations support the end outputs and outcomes. A participant highlighted their involvement in the gas reset community engagement, where the organisations did not support the end outcomes.

3.6 What should VICDBs objective be for supporting groups experiencing vulnerability in these categories?

Participants were asked to identify what they thought the VICDBs objective be for supporting groups experiencing vulnerability in these categories should be.

1. Reducing vulnerability during a loss of supply

Objectives

- Understand our communities more.
- Restoration becomes different.
- Being more targeted, putting the right people first.
- Community is individual approach.
- Keep working on the best most efficient, fastest way to deploy batteries.
- Keep prices low.

2. Being in, or at risk of the ability to access essential energy services / Increasing access to energy services (absolute)

Objectives

- Energy poverty what does that mean? How do we define those likely to experience vulnerability regarding energy.
- Electrification vs energy services.
- Need for energy - the energy transition increases electricity demand, more appliances become dependent on one energy source. It also leads to electricity being used in different ways than before. For example, telephones are now dependent on electricity.
- Do third parties have access to smart meter data and is that data the right data?

3. Ensuring no one is left behind by the energy system transition to renewables and electrification.

Objectives

- Embedding it into VICDB organisational culture.
- How much vulnerability is caused by industry not aware of or understanding it, so workplace is not designing for it (point about engineers building infrastructure without end users in mind)?
- Need stable regulatory foundation to provide a base to work from.
- Commit to electrification and stop spending \$ to grow the gas network.
- Vulnerable customers can't access new energy.
- Legacy gas.

3.7 Other discussion points:

3.7.1 Education

- Provide education on what's available and ensure all customers understand new products and the energy transition.
- Helps lift agency.

3.7.2 Customer service

- How do the distributors become more community focused organisations?
- From a DB perspective - a challenge for them is systems are designed by electrical engineers, who have a focus on system security, not necessarily accessibility and or how it will work for the community.
- Incentivising and rewarding customers for changing behaviours.
- A PSR register may not work. VICDBs should explore how they can leverage existing data and have strong partnerships with those organisations that have access to information about our customers.

3.7.3 Medical equipment

A story was shared about a retailer who kept to the script, asking if a customer had medical equipment in their house, without providing the customer with context why they needed to know and what implications the customer's answer had (being addressed as life support customer). Rather than sticking to the script, the customer service centre should explain why they are asking these questions and should make sure that the customer knows what it is about and what implications their answer will have.

- Outcomes focused, not tick in the box.
- Role of the parties in the supply chain.
- Those left behind left with retailers.

3.7.4 Advice and support

- Network role growing.
- Ongoing relationship.
- In crisis but also ongoing.
- Whether regulatory regime is fit for purpose and whether the change in framework is moving fast enough to facilitate and equitable transition.

3.7.5 Energy Transition

- There is a link between electricity and gas distribution in phasing out gas. As more people electrify their appliances, more gas assets will become stranded and those who are not able to pay for the switch to electricity will be left with high gas network tariffs.
- In addition, the electricity grid will become more expensive as more customers will become more self-sufficient by solar PV. People who don't have access to solar can't reduce their bills, where people with solar can. Those who don't have access to solar get further and further behind.
- Solar PV can be used as an opportunity to address energy access. When people have access to solar, it will allow them to reduce their energy bills.

3.7.6 Partnership

- To increase agency.
- Joined op approach (partnerships) to manage vulnerability.
- Currently have partnerships but not increasing agency.
- Government should allocate funding to support the vulnerable.
- What do you know about customer/community to be able to help?

3.7.7 Outages

- Prioritisation: there's a role for distributors to link customers without power to those who still have access to power in the event of an outage.
- Distributors should be aware of who in the community has still access to power (for example where batteries or generators are) in an outage and should connect them to those who don't have access to power.
- Prioritisation of restoration may change as a result from the energy transition. Currently there is a focus on number of customers, this may need to shift to number of customers that are not self-sufficient or do not have access to solar/batteries.

3.7.8 Data

- In Victoria distribution networks have access to smart meter data. How can this data support organisations supporting people experiencing vulnerability, so that everyone can benefit from the energy transition?
- VICBDs noted that there are a number of organisations coming to VICDBs asking for data is huge, and there's a lot of interest in it.

4 NEXT STEPS

Findings of this report will be shared with VICDBs for their consideration and to inform their thinking about what they could do differently as they embark on the 2026-31 Price Reset regulatory proposals process.

RPS will hold an internal workshop with VICDBs to understand their thinking about how they would like to take this forward. The outputs of that discussion will be used to inform the design of the second workshop in this series.

Later in the year, the same participants will be invited to another workshop when VICDBs will share their proposed responses to better supporting customers experiencing vulnerability, and test and refine those proposals.



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