bd infrastructure

April 2024

Victorian Distribution Network Service Providers Tariff Workshop 3

Summary Report

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Quality control
Document: Victorian Distribution Network Service Providers Tariff Workshop 3
Version FINAL:
Date: 21 May 2024
File: Victorian DNSPs Workshop 3 Summary Report - Final_21052024

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Acronyms used in this report

AER	Australian Energy Regulator
AEMC	Australian Energy Market Commission
CER	Consumer Energy Resources
DNSPs	Distribution Network Service Providers
DUoS	Distribution Use of System
EV	Electric vehicle
ISP	Integrated System Plan
PV	Photovoltaic solar cell
TOU	Time of Use
TSS	Tariff Structure Statement
V2G	Vehicle to Grid
VDO	Victorian Default Offer

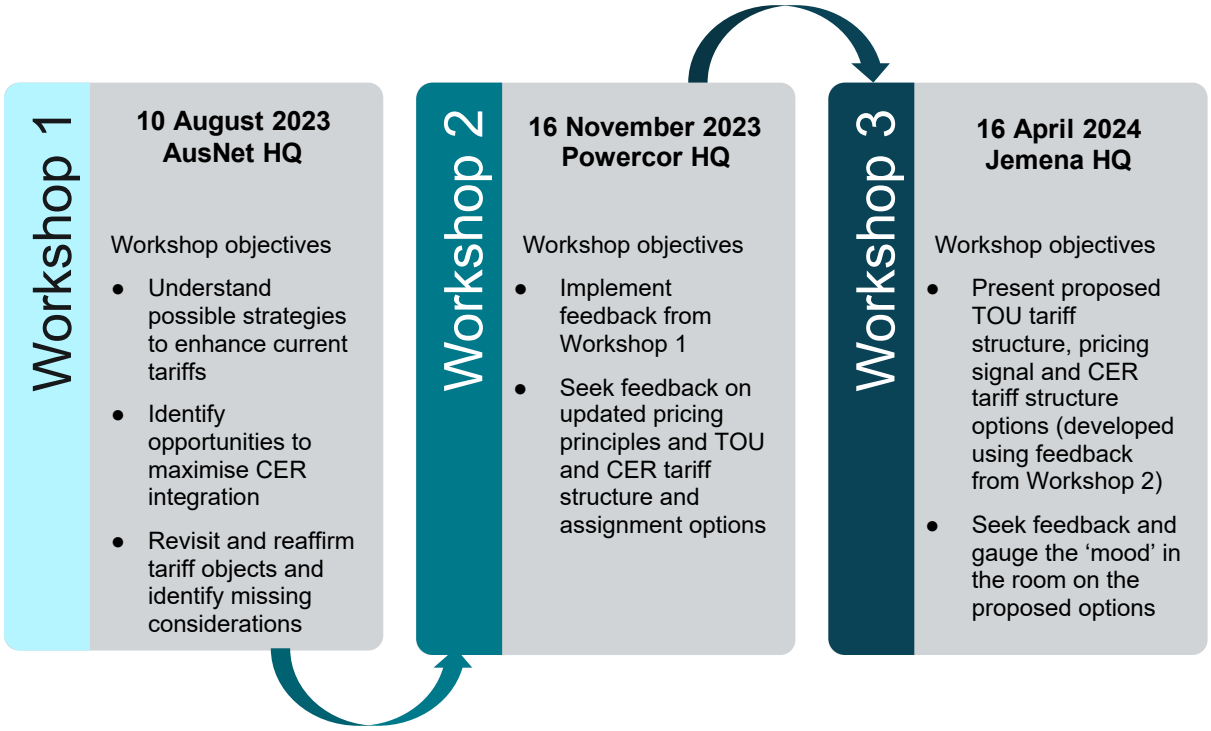
1 Summary

1.1 Background and recap of engagement journey

As part of their Electricity Distribution Price Review, Victoria's five electricity Distribution Network Service Providers (DNSP) – AusNet Services, CitiPower, Jemena, Powercor and United Energy – are each required to submit a Tariff Structure Statement (TSS) to the Australian Energy Regulator for the next five-year regulatory period.

As they are all subject to the same regulatory requirements and face similar challenges, the DNSPs have worked together to engage with stakeholders and inform their TSS. The DNSPs engaged bd infrastructure to design and facilitate a series of three workshops to unpack tariff sentiment and stakeholder issues and identify ways to improve their tariff structures and pricing signals in the next regulatory period.

Each workshop built on the feedback from the previous one and was designed to meet set objectives in the process.



1.2 What we heard in Workshop 3

As the final workshop in the process, it was important that the DNSPs were able to understand what stakeholders thought about the proposed tariff structures and assignment options and pricing signals and gain actionable insight to inform their TSS.

The key points of support and misalignment to what was proposed and presented, and areas for additional consideration are outlined in Table 1-1Table 1-1 below.

Table 1-1: Summary of key findings from Workshop 3

Points of support and misalignment	Areas for additional consideration
Time of Use tariff structure and assignment	
Support: • Updated proposed time of use tariff structure is easy for customers to understand and the revised off-peak and solar soak periods reflect customer feedback. • Keeping the tariff the same during the year, without introducing seasonal pricing. Any change to tariffs need to be supported by a comprehensive communication campaign and tools for customers to understand impacts. Misalignment: • Some stakeholders were concerned with the proposed mandatory assignment, particularly considering impacts to customers with vulnerabilities. • Some stakeholders were concerned the impact on customers with solar may reduce solar uptake in the future. • DNSPs need to be mindful of terminology used to describe changes to customer bill impacts.	• Clarify need for mandatory assignment if the tariff is a 'carrot' approach. • Better understand impact on customers with vulnerabilities and those who cannot change behaviour. Possibility of option for customers to opt-out of mandatory assignment, to provide choice. • Need to reflect solar exports and imports and cumulative use of network, rather than 'net' use of network. • For final tariff design, clear plan to transition customers and communicate the change. • Roles and responsibilities for customer education and communication need to be clearly defined and campaigns need to be coordinated.
Time of Use price signal	
Support: • There are marginal differences between the proposed weak and strong signals. • Weak signal provided minimal incentives for behavioural change. Misalignment: • Varying levels of support for medium and strong signals, with reasoning focused on minimising transition shock and impacts to vulnerable customers.	• Could the strong signal be stronger to demonstrate noticeable differences in impact and efficiency to the medium signal?
Community Energy Resource tariff	
Support: • Support for the opt-in two-way structure which targets retailers and aggregators of customers with home batteries and vehicle-to-grid. Misalignment: • Seasonality adds a level of complexity that seems at odds with pricing objectives. • Potential for a cross-subsidy to emerge between customers who have installed batteries and those who do not. • Tension between having location specific strong price signals vs weaker average price signals available everywhere.	• More information is needed for stakeholders to understand the trade-offs between strong location specific and weaker non-location specific CER tariffs. • Assurances are needed to demonstrate how this tariff will respond to network constraints and deliver investment savings. • Efforts should be made to understand the implications of future electrification of household gas usage and structures of future VDO regulated retail tariffs.

2 Workshop design

2.1 Workshop details

Table 2-1: Workshop details

Workshop details	
Date	Tuesday, 16 April 2024
Time	9:30am to 1pm
Venue	Jemena office, Level 16, 567 Collins Street, Melbourne
Facilitator	Rachel Fox – Principal, Engagement and Social Impact, bd infrastructure
Agenda	A copy of the workshop agenda is available in Appendix A A copy of the presentation is provided in Appendix B
Table facilitators	• Amina Cohodarevic – bd infrastructure • Bronte Rivers – bd infrastructure • Eleanor Vince – bd infrastructure • Jennifer Hardman – Jemena • Lachlan Nicholson – bd infrastructure • Michaela Jackson – AusNet Services • Rachel Fox – bd infrastructure • Sandeep Kumar - Jemena
Presenters	• Sonja Lekovic – Regulatory Policy Manager, AusNet Services • Sandeep Kumar – Group Manager, Regulatory Analysis and Strategy, Jemena • Mark de Villiers – Head of Regulatory Finance, Modelling and Pricing, Powercor, CitiPower, United Energy
DNSP Representatives	• Ana Dijanosic – General Manager, Regulation, Jemena • Chloe McCormak – Jemena • Edwin Chan – Pricing Manager, AusNet Services • Jennifer Hardman – Engagement Support and Comms Lead, Jemena • Jerrie Li – Regulatory Analysis Manager, Jemena • Kate Jdanova – Pricing Manager, CitiPower, Powercor and United Energy • May Maung – Strategy Lead, AusNet Services • Michaela Jackson – Engagement, AusNet Services • Sandeep Kumar – Group Manager, Regulatory Analysis and Strategy, Jemena • Sonja Lekovic – Regulatory Policy Manager, AusNet Services • Winona Bonne – Customer and Corporate Graduate – Regulation, Powercor
Attendees	36 stakeholders attended the workshop from the following organisations:

2.2 Participant details

Participants from Workshops 1 and 2 were invited to attend Workshop 3. All invited participants were sent an agenda and a pre-reading pack the week before the event. The pre-reading pack included a copy of the Workshop Presentation and Summary Reports from Workshops 1 and 2.

A total of 36 stakeholders participated in Workshop 3 representing the following organisations and advisory bodies listed in Table 2-2 below.

Table 2-2: Participating organisations

Government representatives	Customer advocacy groups and advisory panels	Energy consultant/ developers	Retailers
• Australian Energy Regulator • Department of Energy, Environment and Climate Action • Essential Services Commission	• Consumer Wise • Victorian Council of Social Services • Energy Consumers Australia • CitiPower, Powercor and United Energy Customer Advisory Panel • AusNet Tariffs Panel • Electric Vehicle Council • Consumer Challenge Panel • St Vincent de Paul	• CGI • ACEnergy • 1circle Pty Ltd	• EnergyAustralia • Momentum • Globird Energy • Red Energy • Origin Energy • AGL • Ampol

2.3 Workshop structure

2.3.1 Getting started: Welcome and Acknowledgement of Country

As the workshop facilitator, Rachel Fox from bd infrastructure welcomed everyone to the workshop and explained venue housekeeping before introducing the workshop agenda and presenters. Ana Dijanosic, General Manager – Regulation at Jemena then provided the Acknowledgement of Country and gave participants a summary of previous workshops and the objectives of this event.

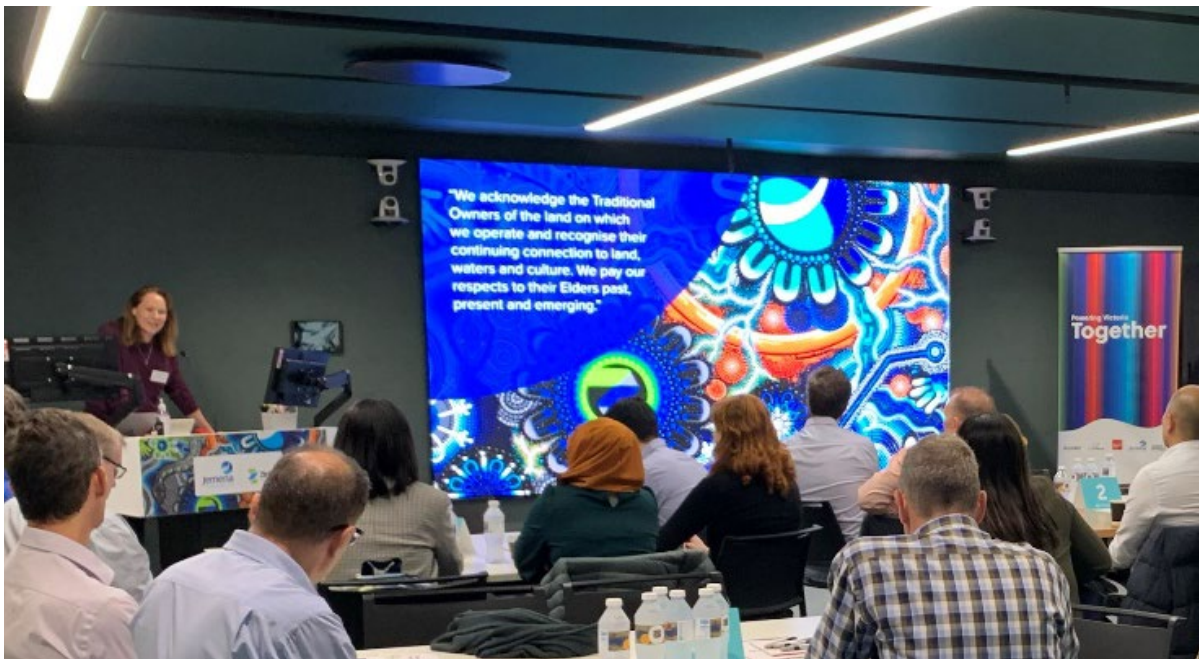


Figure 2-1: Acknowledgement of Country provided by Ana Dijanosic

2.3.2 Presentations and group discussions

The workshop covered three main topics with a presentation on each topic followed by a brief question and answer session and then participants were asked to discuss specific questions in small table groups and gauge the group's overarching 'mood' for each topic.

Participants were assigned to a different table for each topic and rotated after each presentation. Participants from the organisations listed in Table 2-3 above were assigned to table groups to ensure that the distribution of voices was as balanced as possible in each group.

A table facilitator and DNSP representative from the list in Table 2-1 were assigned to each table to guide the group discussion and provide subject matter expertise to inform with the group's responses. At the end of each group discussion, a nominated scribe from each table reported their group's key responses to the workshop cohort.

Table 2-3 below outlines the presentation topics and the group discussion questions included in the agenda.

Table 2-3: Presentation topics and group discussion questions

Topic	Presenter	Group discussion questions
Time of Use tariff structure and assignment	Sonja Lekovic	1. How comfortable are you with the assignment proposal? 2. How comfortable are you with the revised structure? 3. How can we manage any impacts on customers in vulnerable circumstances?
Time of Use price signal	Sandeep Kumar	4. Which signal (strong or moderate) best helps us meet our pricing objectives? 5. What can be done to encourage customers to change behaviour?
Community Energy Resource Tariff	Mark de Villiers	6. Have we targeted the right customer types for the CER tariff? 7. Is our proposed seasonal two-way CER tariff appropriate?

Figure 2-2: Group discussions on Time of Use tariff structure and assignment

2.3.3 Wrap up and close

To draw the workshop to a close, facilitator Rachel Fox from bd infrastructure recapped the topics discussed and summarised the key takeaways from group discussions. Ana Dijanosic, General Manager – Regulation at Jemena then formally thanked participants for their contributions in this workshop, and the two workshops held previously and outlined the next steps in preparing the Tariff Structure Statement.

Participants were also emailed a feedback survey following the workshop and asked to provide feedback on their experience. A copy of the survey is available in Appendix C.

Figure 2-3: Question and answer session on proposed Time of Use pricing signals

3 Key insights

3.1 Preliminary clarifications

At the start of workshop, clarification was sought as to whether the tariffs had been structured to conform with the current Victorian Tariff Order or are expected to be capable of acceptance in future Tariff Order revisions. It was suggested that, as there is no published policy statement from the Victorian Government stipulating what changes to the Tariff Order would or would not be capable of acceptance, consideration and consultation does not need to be constrained by these parameters.

3.2 Participant feedback on the proposed Time of Use tariff structure and assignment

Feedback from participants has been analysed to identify the overarching mood or sentiment towards the proposed updated tariff structure and mandatory assignment for all customers, and highlight common themes, key points and issues and overall sentiment. This analysis and selected verbatim quotes are presented in Table 3-1 below.

Table 3-1: Participant feedback on the proposed TOU tariff structure and assignment

Overall mood/participant sentiment:
Feedback indicated overall support and sense of optimism for the proposed tariff structure to reduce the cross subsidy between solar customers who export and non-solar / solar customers who do not export. Areas of support included the simplicity of the updated price structure and appropriateness of the longer off-peak period.

Theme	Key points/issues for consideration	Select verbatim quotes
Terms to explain the tariff structure need to consider the role of the retailer, and between whom cross-subsidies occur.	• The terms “better off” and “worse off” to describe customer impacts are unhelpful as the network charges may or may not be passed onto residential customers by retailers. It might be better to describe higher or lower DUoS charges from the network to the customer’s retailer. • Quoting changes in DUoS charges as “% of the bill” is perhaps misleading - context is needed to distinguish between bills provided to retailers by the network and bills provided to customers by retailers. • The terms “opt-in” and “opt-out” must be clarified as customers cannot opt in or out of network tariffs. Retail tariffs don’t always reflect network tariffs so this option might not be available to customers. • Be clear when referring to cross-subsidy. These relate only to solar customers who export, and not all solar customers.	Sentiment captured in verbal discussions during question and answer sessions.
Implications of mandatory assignment	• Reconsideration of the need for mandatory assignment of all customers to allow for informed consent. • The narrative around DNSPs and retailers “forcing” customers onto a new tariff can be a risk. • If mandatory assignment is non-negotiable, customers should have the opportunity to opt-out and change to a tariff that is more appropriate for their needs/usage behaviours. It	*General qualified support maybe for mandatory assignment (provided there is opt-out provision with adequate informed consent).* *How does informed consent work?* *If this tariff is a ‘carrot approach’, does assignment need to be mandatory?*

Theme	Key points/issues for consideration	Select verbatim quotes
	is acknowledged this would add complexity to the structure that would need to be carefully considered.	
Potential complexities / implications to be considered	• Possible opt-out provision as noted above would create complexity. • Changes in solar uptake rates as a result of the revised tariff should be monitored and assessed. Solar soak encourages load shifting towards renewables and it is important that the revised structure does not result in a decrease in solar uptake. • Consider the complexities of EV uptake on the network. How will EVs be detected on the network and what considerations can be given to personal circumstances, such as people who are assigned a fleet vehicle. • More regular forecasting to assess behaviours and adjust actual tariffs may assist in identifying impacts of tariff assignment policy and increasing network electrification.	*Need to forecast and assess behaviours and impact of tariffs and assignment policy throughout next period – more data and better tech.* *From Government and consultant perspective, we need more data on potential impacts to solar uptake to allay concerns.* *Concerned about impact of electrification.*
Working with retailers to transition customers to new tariff and minimise bill shock	• Participants acknowledged that retailers would play a pivotal role in transitioning customers onto the new tariff and be on the front line of customer experience. • Concerns were also acknowledged that mandatory assignment would result in complex price management for retailers and the associated major bill change may result in issues such as an increase in customer payment plans. • Working closely with retailers to implement a clear plan for tariff assignment was suggested as a measure to mitigate the flow of transition and bill shock to customers.	*Mandatory switch will cause trouble at the point of customer contract – retailers will have to help.* *Retailer behaviour matters in what will customers actually see in their bills.* *Retailer dependency on revised structures is high requiring mandatory customer communications/informed campaigns.* *Grandfathering of network single rate might make customers better off if retailers pass the signal through rather than change the single rate.*
Support for the simplicity of tariff structure, solar soak and longer off-peak, however consider revisions to respond to tariff durability	• There were high levels of support for the simplicity of the updated rate tariff structure, and that the revised times of use for solar soak and off-peak reflected stakeholder feedback. • While the absence of seasonality and demand were supported, it was noted that the structure may seem unfair for some customers due to an inability to shift behaviours and the durability of the updated tariff structure seemed unclear. • Clear communication of the expected 'life-span' of the tariff structure and the possibility of interim revisions in response to signal data were encouraged.	*Glad compromise on finish of peak at 9pm based on discussions from last workshops.* *Gives customers comfort re shifting load to after 9 (simplistic, easier than after 10)* *Important to have simplicity…. Good to be data driven revisions.* *Comfortable [with tariff structure] with re-openers – how long are the tariff structures durable?*
Anticipate and proactively manage potential impacts to vulnerable customers	• While many will benefit, some customers may be negatively impacted by the new tariff structure. It will be important to identify who these customers are and understand how negative impacts can be mitigated. • Victoria has strong consumer protections / concessions frameworks and DNSPs need to overlay these and other complimentary schemes and Government initiatives. • Take a holistic approach to supporting vulnerable customers, including financial concessions/rebates, and supporting customers to manage demand and energy efficiency.	*Management of vulnerable customers should be between Gov and retailer – not the network, should be policies in place.* *Overlay concessions framework with complimentary frameworks – other Gov initiatives. Protections in Reg frameworks, VDO* *Behaviour change is asking a lot – configure load – this is where help with motivation is great.*

Theme	Key points/issues for consideration	Select verbatim quotes
	• Make efforts to define the characteristics of customers where a tariff structure change will result in higher DUoS and identify how many such customers are impacted. • Government departments and retailers should have clear responsibility for managing vulnerable customers and retailers, rather than DNSPs. DNSPs should take responsibility for load configuration.	*Be mindful to not exacerbate vulnerability e.g. by people turning off heating.*
Customer education, transparent and ongoing communication is a priority	• Participants noted the importance of clear, coordinated and transparent communications in their group discussions. • Customer education and the provision of tools to easily manage their energy use, change behaviour where possible and understand their bills with multiple touch points and channels were deemed important. • Suggested tools included a cost calculator to understand bill impacts and education packs issued when tariff assignment implemented. • Similarly, participants noted that responsibilities for education and communications must be clearly defined and understood amongst retailers, DNSPs and Government. • Ultimately, customer communications were suggested to be the responsibility of retailers, however collaboration with DNSPs and Government is key.	*Customers can understand petrol prices and they need to be educated.* *Education important but needs to be realistic – looking at overall impact not just price periods.* *Retailer should have most responsibility in communication* *Comms is important – need collaboration between DNSP/retailer/Gov.* *Liaise better with community groups.*

3.3 Participant feedback on Time of Use price signal

Feedback from participants has been analysed to understand the overarching mood or sentiment towards a pricing signal strength that is simple, efficient and adaptable and how customers can be supported to respond. This analysis including common themes, key points and issues and select verbatim quotes are presented in Table 3-2 below.

Table 3-2: Participant feedback on the proposed Time of Use price signal

Overall mood/participant sentiment:
While support for a weak signal was minimal, participant feedback indicated mixed sentiment towards the proposed medium and strong signals suggesting that the differences in impact and efficiency of these options were either not distinct, or trade-offs were not clearly understood for all parties to reach consensus.

Theme	Key points/issues for consideration	Select verbatim quotes
Marginal differences between weak and strong signal	• Participants noted that the bill impacts and network charge between a strong and weak pricing signal were minimal, indicating a sentiment that the strong signal was not strong enough and could potentially go further. • It was noted that while a strong signal may initially be very efficient in recovering costs, it may not be impactful in incentivising sustained behaviour change.	*Difference in network charge between weak and strong is marginal.* *Weak vs strong – the $ difference is minor* *Efficient in cost recovery, but potentially not impactful in driving sustained behaviour change.*

Theme	Key points/issues for consideration	Select verbatim quotes
Mixed support for medium vs strong signal in achieving pricing objectives	• Participants who supported a strong signal noted that it provided the best incentive for customers to change behaviour and allowed them more control over bill impacts. • Support for a medium signal instead of strong indicated that this option best supported customer learning and provided flexibility to be moved as behaviours change.	*Overall mood is mixed… support for medium vs high, strong signal not strong enough* *Current PK/OP at 4:1 makes no sense lowering* *Stay at medium or strong*
Minimal support for a weak signal	• While support for a weak pricing signal was minimal, it was noted that retailers would have more flexibility to pass a weak signal on to customers.	*Weak would give retailers more flexibility based on the generation portfolio (2:1 is better to pass pricing signals to customers)*
Consideration of risks and impacts to vulnerable customers	• Potential for a strong signal to result in sharper solar soak and sharper peaks was noted as disadvantaging some customers. • The implementation of price signals matters for vulnerable customers - adopting a medium signal in a staged approach was suggested to smoothly transition vulnerable customers before introducing them to a stronger signal later on. • There was concern that customer immaturity to effectively change behaviour would result in over-correction and increased vulnerabilities.	*Risk of 'strong' signals resulting in disadvantage (e.g. sharper solar soak and sharper peak)* *Signal not strong enough but considering vulnerable customers, medium signal should be adopted (staged) – get them across the line and then introduce a stronger signal later* *Alternatively, some customers may be very sensitive to even small changes in price and may over-compensate e.g. not heating home*
Coordinated approach between retailers, regulators and DNSP needed to drive behaviour change.	• Customer education on efficient usage and consistent messaging to adopt new habits were identified as a long-term priority. • Changes to retailer regulations to set customer education as a requirement was suggested. • Retailers were also encouraged to design products that encourage behaviour change and make it easier for customers to understand their bill. • Staggered implementation of the TOU tariff and dynamic operation of the network were also suggested.	*Regulatory charge to require retailers to provide more information about Time of Use to customers (i.e. welcome packs/retailer portals)* *Better utilisation (longer-term)* *Education – manage usage in efficient way – be able to calculate own savings (tool or visualisation)*
DNSPs must clarify customer impact terminology and network usage comparisons	• When comparing network usage across customer profiles, it is helpful to consider the total of both import and export usage rather than just import usage or net import usage for customers who also export.	Sentiment captured in verbal discussions during question and answer sessions.

3.5 Community Energy Resource Tariff

Feedback from participants has been analysed to understand the overarching mood or sentiment towards the proposed seasonal two-way CER tariff and targeted customer profiles. This analysis including common themes, key points and issues and select verbatim quotes are presented in Table 3-3 below.

Table 3-3: Participant feedback on the proposed CER tariff

Overall mood/participant sentiment:
Participant feedback again indicated mixed levels of support for the CER tariff and that more information and consultation would be valuable. While the opt-in foundation was supported, concerns were raised about the seasonality undoing work to reduce cross-subsidies and simplify pricing structures, particularly for retailers.

Theme	Key points/issues for consideration	Select verbatim quotes
The need to target customers in locations where network investment savings are needed	• In general, participants supported the opt-in structure and suggested that locational pricing was necessary to implement the CER tariff. • Concerns were raised about the complexity that local targeting would create, however the opportunity to deliver benefits to the network through considerate tariff design were noted. • Participants also sought a better understanding of how this tariff would be implemented to target areas with constraints to save network investment.	*If it's designed in a way that it is not costing others and creating bigger network benefits* *Opt-in is good, should be locational* *Local targeting yes, but complexity?*
Appropriateness of targeting retailers	• Participants agreed that retailers and aggregators were the appropriate audience for the CER tariff rather than households, given the opt-in structure. • Participants also agreed that retailers and aggregators need to be responsible to package appropriate products to encourage CER customers to opt-in.	*As presented, households are not an appropriate target* *Positive that customers are not forced to respond, job of retailer/aggregator to package*
Understanding the trade-offs and consideration of incentives	• In general, participants indicated that given the marginal benefits to the network, more detail is needed to assess the trade-offs and understand what customers may be negatively impacted, and how. • It was acknowledged that strong price signals on this tariff would encourage V2G capabilities which would intern encourage an uptake in EVs. • Given the opt-in structure, participants indicated that customers would need to be presented with strong incentives to be assigned to the tariff.	*Need to be mindful of debt incurred by customers installing CER* *Fairness? Who loses?* *Is there a need for significant disincentive that greatly outweighs incentive?*
Introducing a cross-subsidy between customers with and without batteries	• Participants raised concerns about a potential cross-subsidy emerging between customers who have battery capabilities and those that don't. • It was suggested that this cross-subsidy was unavoidable and a move towards cost-reflectivity was needed to counteract. • Consideration should also be given to the costs to CER customers to install batteries and providing stronger price signals to incentivise and make this investment more cost effective.	*Cross-subsidy is unavoidable, more towards increased cost-reflectivity* *Almost a cross-subsidy for customers with batteries and able to give battery to UPB as AGL/Tesla able to use batteries while they aren't home.* *Customers without batteries will fund it* *Some smaller batteries and PV systems are currently almost cost effective, this tariff structure will improve their cost effectiveness.*

Theme	Key points/issues for consideration	Select verbatim quotes
Mixed support for two-way seasonality	• While some supported the move towards cost-reflectivity that introducing seasonality makes, others felt that the added complexity was misaligned with pricing signal objectives. • Seasonality was also noted to add complications for retailers who will carry responsibility for assigning customers to this tariff. • This complexity however was suggested to be appropriate given the opt-in structure and target audience of retailers.	*Does this meet the "efficient and simple" pricing objectives? We think it doesn't* *Move towards cost-reflectivity with seasonality* *Seasonal = overcomplicated, especially for retailers* *[Seasonality] May be appropriate to be complex given targeted to retails & opt-in*
Further consideration of the implications of electrification and other factors is needed	• Efforts should be made to define the characteristics of customers where a tariff structure change will result in higher DUoS, and identify how many such customers are impacted. • Further consideration is needed to understand and plan for the implications of electrification of household gas usage. • Further consideration is needed to understand the implications for the structures of future Victorian Default Offer (VDO) regulated retail tariffs. • DNSPs need to work with CSIRO and AER to ensure that feedback of tariff structure changes can be considered in their solar PV uptake and ISP work.	Sentiment captured in verbal discussions during question and answer sessions.

3.6 Participant feedback survey

Thirteen participants completed a feedback survey after the workshop. Of these, 77 per cent strongly agreed or agreed they were satisfied with the workshop facilitation. By comparison, Workshop 2 achieved a 92 percent satisfaction rating with facilitation. Sixty nine per cent of respondents strongly agreed or agreed they were satisfied with how the small group discussions were designed and facilitated.

Overall, 77 percent of respondents felt that discussion were robust and 69 percent felt that their previous feedback had been reflected in Workshop 3 and that different stakeholders presented varied insights and views which were listened to by facilitators and small groups. However, this item received a 100 per cent satisfaction rating in Workshop 2 suggesting a decreased sense of sufficient opportunity to share feedback. Qualitative feedback suggests that time constraints could have limited the opportunity for discussion.

> *This session felt very constrained. It didn't feel like there was enough time on this occasion to get into some of the detail, and to have robust discussion on the latter elements.*
>
> *Only comment is time - which I understand is difficult. It seemed rushed at the end - each topic is complex so having more time to discuss each could be helpful.*
>
> *Not sure the workshop format was suited to the decision making required. Attendees were rushed to align to a pre-determined decision that suited the networks.*
>
> *Unfortunately not enough facilitators for each table and scribe not fully briefed. Great thought sharing in open forum with opportunities to provide comments.*

In addition, feedback noted the constraints created by the context of Government Policy, and the need to do further work on the CER tariff.

> *It's difficult because the dead hand of the vic government and its policy Also the tie back to the individual DB's TSS would be good - how the threads follow back to the individual networks.*
>
> *Further work is required on the CER tariff as was evident based on the discussion during the workshop. Encourage DNSPs to continue to engage with stakeholders to make sure tariffs take into account stakeholder feedback.*

4 Next steps

As Workshop 3 was the final stakeholder workshop to support the DNSPs in preparing a joint TSS for the 2026-2031 regulatory period, it is important to close the loop with participants and key stakeholders and keep them informed of the progress of the TSS.

bd infrastructure will work with AusNet, CitiPower, Jemena, Powercor and United Energy to ensure workshop participants are sent a copy of this report and other information to understand what next steps the DNSPs will take to prepare and submit the TSS.

Appendix A: Participant feedback survey findings

An online feedback survey was developed on Survey Monkey and distributed to all participants via email on Thursday 18 April 2024. A reminder email was sent to all participants on Wednesday 24 April 2024 and the survey was closed on Sunday 28 April 2024 for analysis and reporting. Prior to distribution, bd infrastructure completed a test response of the survey. This response has been excluded from this analysis. A total of 13 workshop participants completed the survey and all responses were anonymous, representing approximately 36 per cent of the total participants who attended Workshop 3.

Survey findings

Comfort and convenience of venue

All 13 respondents provided feedback when asked to describe the comfort level of the workshop venue. Overall, all survey respondents described the venue as 'Very comfortable' or 'Somewhat comfortable' and "Very easy to get to" or "Easy to get to" as shown below.

Response option	Number of responses	Percentage of responses*
Very comfortable	10	70%
Somewhat comfortable	3	30%
Okay	0	0%
Uncomfortable	0	0%
Very uncomfortable	0	0%
Total	**13**	**100%**

Response option	Number of responses	Percentage of responses*
Very easy to get to	9	69%
Easy to get to	4	31%
Neither easy nor hard to get to	0	0%
Hard to get to	0	0%
Very hard to get to	0	0%
Total	**13**	**100%**

Although participant response rates vary across the participant surveys for Workshop 1 (held at AusNet HQ), Workshop 2 (held at Powercor HQ) and Workshop 3, the percentage of responses describing the venues as "Very comfortable" or "Somewhat comfortable" were consistent. No respondents described the Workshop 3 venue as "Okay" or "Neither easy nor hard to get to" compared to 7per cent for each for Worksop 1 and 6 per cent for each for Workshop 2. No respondents described any venue as "Uncomfortable" or "Very uncomfortable", or "Hard to get to" or "Very hard to get to".

Morning tea catering

All 13 respondents provided feedback on their experience of the morning tea catering at the venue. Overall, the catering was described as either “Very appetising” or “Appetising”. The highest number of respondents suggested it was “Very appetising” (54 per cent) followed by “Appetising” (38 per cent) as shown below.

Response option	Number of responses	Percentage of responses
Very appetising	7	54%
Appetising	5	38%
Okay	1	8%
Unappetising	0	0%
Very unappetising	0	0%
Total	**13**	**100%**

The description of catering as “Very appetising” has improved consistently across each workshop, with 33 per cent of responses from Workshop 2 compared to none for Workshop 1. This improvement is also noticed in the respondents rating catering as “Okay” decreasing from 73per cent at Workshop 1, to 28per cent at Workshop 2 and 8 per cent at Workshop 3.

Pre-workshop communication

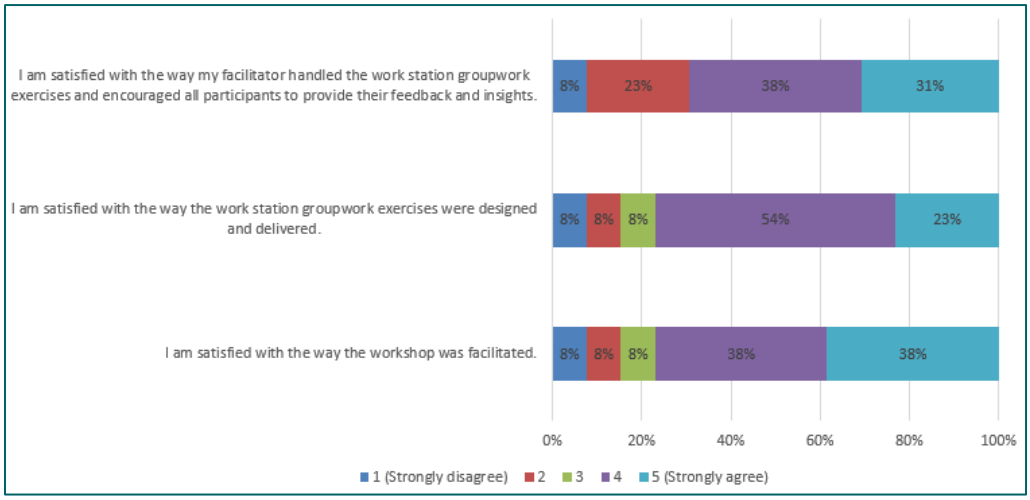
All 13 respondents indicated that the communication ahead of Workshop 3 had been ‘Very clear’ or ‘clear‘.

Response option	Number of responses	Percentage of responses
Yes, very clearly	9	69%
Yes, clearly	4	31%
It was okay	0	0%
No, not very clearly	0	0%
No, not clearly at all	0	0%
Total	**13**	**100%**

This feedback is consistent with the 72 per cent of respondents who described communications ahead of Workshop 2 as “Very clear” and 28 percent who described it as “Clear”. This feedback is a significant improvement on feedback from Workshop 1.

Satisfaction with workshop facilitation and group discussions

Overall, respondents indicated a high level of satisfaction with how the workshop and group discussions were facilitated, as shown below.



When asked to indicate their satisfaction with the way the workshop was facilitated overall, 77 per cent of respondents either 'Strongly agree' (38 per cent) or 'Agree' (38 per cent) that they were satisfied with the way the workshop was facilitated. This represents a decrease from the feedback on Workshop 2 feedback where 67 per cent 'Strongly agreed' and 25 per cent 'Agreed'. For Workshop 3, 8 per cent of respondents indicated they 'Strongly disagreed' while 8 per cent 'Strongly disagreed' and 8 per cent remained neutral.

Indicated levels of satisfaction for how the small group discussions were designed and facilitated were very similar to that of the overall workshop satisfaction with 77 per cent of respondents either 'Strongly agree' (23 per cent) or 'Agree' (54 per cent) that they were satisfied.

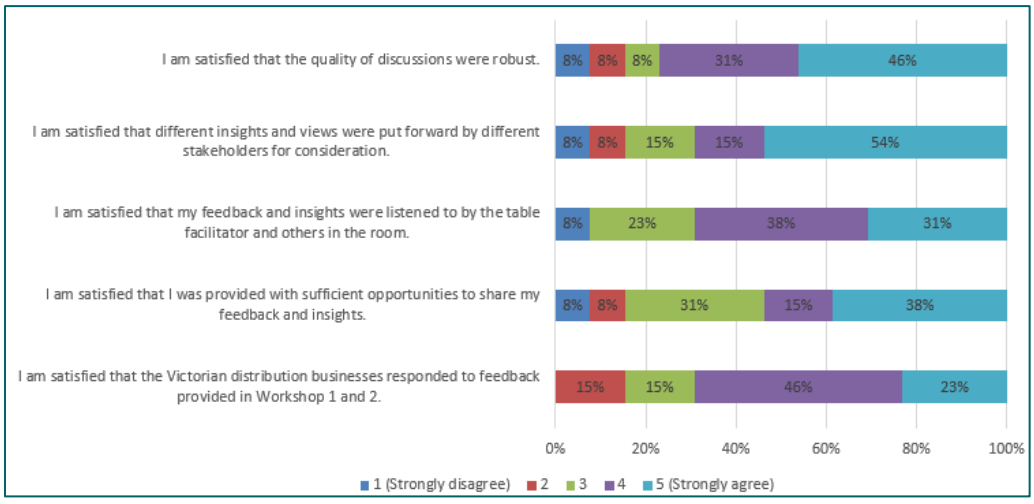
In relation to the way table facilitators handled the workstation groupwork exercises and encouraged all participants to provide their feedback and insights, 69 per cent of respondents suggested they 'Strongly agree' (31 per cent) or 'Agree' (38 per cent) that they were satisfied. The remaining 31 per cent either 'Strongly disagreed' or 'Disagreed', indicating a decrease in satisfaction from Workshop 2.

Feedback received in the open response suggested that the number of table facilitators may have had an impact on participant experience:

> *Unfortunately not enough facilitators for each table and scribe not fully briefed. Great thought sharing in open forum with opportunities to provide comments*

Satisfaction with opportunities to provide feedback and have robust discussions

Participants who attended Workshop 3 were asked the same questions relating to their experience of feedback opportunities and robust discussions during the workshop that were asked of participants from Workshop 2. Overall, 77 percent of respondents felt that discussion were robust and 69 percent felt that their feedback from Workshop 1 and Workshop 2 were reflected in Workshop 3 and that different stakeholders presented varied insights and views which were listened to by facilitators and small groups. *This is show below.*



In comparing responses from Workshop 3 participants with those from Workshop 2 participants, there is a slight decrease in responses ‘Strongly agreeing’ or ‘Agreeing’ which is mirrored in a slight increase in neutral responses or participants ‘Disagreeing’ or ‘Strongly disagreeing’.

The greatest difference between feedback from Workshop 2 and Workshop 3 shows a decrease in the sense of sufficient opportunities to share feedback. 100 per cent of Workshop 2 respondents either ‘Strongly agreed’ or ‘Agreed’ compared to 54 per cent from Workshop 3 respondents. 31 per cent of Workshop 3 participants remained neutral in answering this question, while 16 per cent ‘Strongly disagreed’ or ‘Disagreed’

Feedback received in the open response question at the end of the survey may provide context to the decrease in positive feedback in this section. Participants reported experiencing time constraints when discussing the complex topics in a great level of detail, suggesting that discussions were not as robust as they could have been or opportunities for participants to provide full explanation of their feedback were limited:

> *This session felt very constrained. It didn't feel like there was enough time on this occasion to get into some of the detail, and to have robust discussion on the latter elements.*
>
> *Only comment is time - which I understand is difficult. It seemed rushed at the end - each topic is complex so having more time to discuss each could be helpful.*

Final comments or questions

A total of eight qualitative responses were provided to the open response question at the end of the survey. Five can be attributed to workshop design and facilitation, including responses noted above, and three indicated challenges and topics for further discussion.

Workshop design and facilitation:

> *Only comment is time - which I understand is difficult. It seemed rushed at the end - each topic is complex so having more time to discuss each could be helpful.*
>
> *This session felt very constrained. It didn't feel like there was enough time on this occasion to get into some of the detail, and to have robust discussion on the latter elements.*
>
> *Not sure the workshop format was suited to the decision making required. Attendees were rushed to align to a pre-determined decision that suited the networks.*
>
> *Unfortunately not enough facilitators for each table and scribe not fully briefed. Great thought sharing in open forum with opportunities to provide comments*

Challenges and topics for further discussion:

> *its difficult because the dead hand of the vic government and its policy Also the tie back the the individual Dbs TSS would be good - how the threads follow back to the individual networks*
>
> *Further work is required on the CER tariff as was evident based on the discussion during the workshop. Encourage DNSPs to continue to engage with stakeholders to make sure tariffs take into account stakeholder feedback.*
>
> *With market changes in flight, there are still question that need some further discussion - but the discussion at the workshops was very interesting and I think valuable for both attendees and the Victorian DBs*

Appendix B – Victorian Energy Distributers Tariff Workshop 3 agenda

Powering Victoria Together

AusNet CitiPower Powercor Jemena united energy

Agenda

Victorian Energy Distributers Tariff Workshop 3 – V2

Date	16 April 2024	**Time**	09:30-13:00
Venue	Jemena, Level 16, 567 Collins Street, Melbourne		

Time	Item
10:00	**Getting started** Welcome Introductions Session overview
10:15	**Time of Use tariff structure and assignment** Presentation and group discussion
11:30	**Break**
11:45	**Time of Use price signal** Presentation and group discussion
12:20	**Community Energy Resource Tariff** Presentation and group discussion
12:55	**Final reflections**
13:00	**Workshop ends**

Appendix C – Victorian distributor network tariff third forum presentation

Opening remarks and acknowledgement

Ana Dijanosic, General Manager Regulation, Jemena


"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
10:30	Getting started	Rachel Fox
10:45	Time of Use tariff structure and assignment Presentation and group discussions	Sonja Lekovic, Ausnet
11:30	Break	
11:45	Time of Use tariff price signal Presentation and group discussions	Sandeep Kumar, Jemena
12:20	Community Energy Resource tariff	Mark De Villiers, Powercor, Citipower, United Energy
12:55	Wrap up and close	

Safety and Housekeeping

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

Topic 1

Time of Use tariff structure and assignment

Sonja Lekovic, Regulatory Policy Manager, Ausnet

We have heard you support a move to TOU tariffs with a new low-cost solar soak period

Time of use (TOU) tariff design

Supportive of:

- Inclusion of a solar soak period.
- shorter peak period that finishes at 9pm
- keeping tariffs the same throughout the year

Less supportive of:

- midday export charges

TOU tariff assignment

Supportive of:

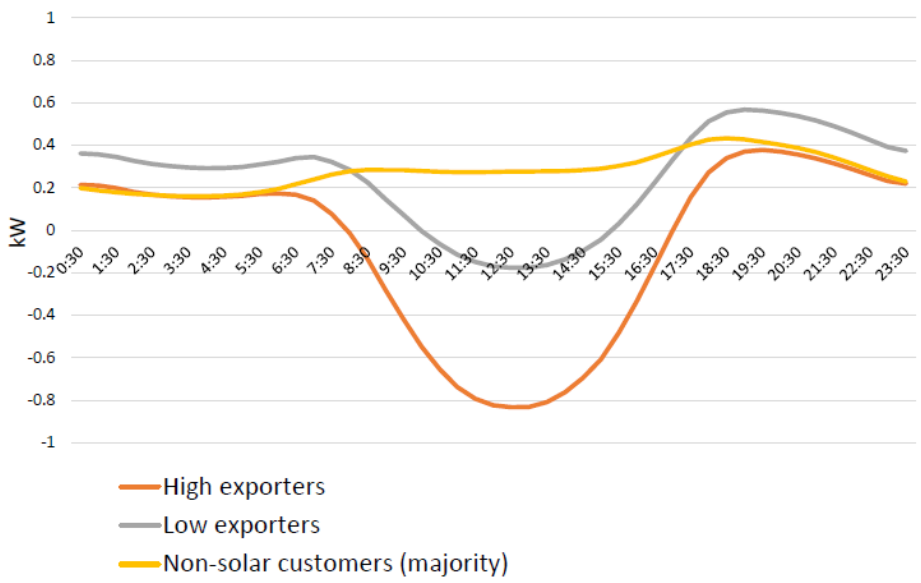
- assigning and reassigning everyone on the TOU on one date

For approach to succeed:

- Education and warning/messaging seen as crucial

Refresher: solar is changing the way customers interact with the network, resulting in unintended cross subsidies between customers with and without solar

Figure: Average daily usage / exports for some customers with and without solar, per half hour



Key finding

- The cost to serve customers with solar is the same as other customers, yet they **pay less in network charges** (no variable charge when exporting)
- Non-solar customers **make up the shortfall,** in some cases that could pay twice as much as solar customers
- **Both solar and non-solar customers continue to have highest usage in the evening,** requiring networks to manage both evening peaks and mid-day export peaks

Note: Solar customers contribute to the reduction of wholesale prices for which they are rewarded through mandated retail feed in tariffs. Our focus is on network infrastructure costs only.

As the energy transition progresses, 'doing nothing' without tariff reform has the potential to amplify cross subsidies and increase network costs

As more customers install solar, without tariff reform those customers will pay less in network charges, with non-solar customers cross-subsidising the cost to serve

As the penetration of solar increases from ~**25% today to 33%**, **the average customer without solar may be paying $75 more per annum**

While solar customers pay less, the cost to serve them remains the same, or increasing in some cases

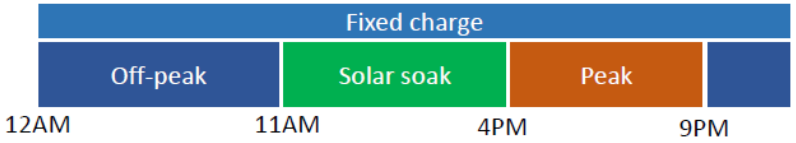
As households electrify their gas heating, hot water and cooking, and switch to electric vehicles, continuing to use electricity in the evening has the potential to increase network cost

While network costs may rise, **households that electrify will likely pay a higher share of the cost** through higher usage

There are opportunities to reduce that cost through load shifting

Our proposal reduces cross subsidies and encourages households to save by moving usage to middle of the day

We are proposing a new Time of Use (TOU) tariff structure



Key attributes of the new TOU tariff:

- The solar soak period will be either free or very low cost (1-2c)
- The evening peak is shorter by 1h, and finishes at 9pm as preferred by stakeholders
- By applying a low cost solar soak period, the shortfall has to be recovered through higher peak or off-peak rates
- **Our draft proposal is mandatory move of all customers on this new TOU**

Key finding

- Applying a **low-cost solar soak period immediately reduces cross subsidies**, as all customers will pay less in network tariffs from 11am to 4pm.
- As cross subsidies reduce, **solar customers would pay more in network tariffs** (while still having smaller bills from solar generation and self-consumption).
- Introducing a **solar soak period is a 'carrot' approach**, rather than a 'stick' approach – non-solar customers will be able to save on electricity bills by moving usage to middle of day.
- As customers electrify and invest in technologies that can be automated (EVs, heat pumps etc.), the **opportunity to save becomes more accessible**

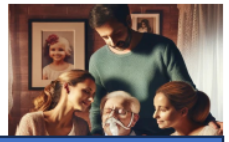
What does this mean for Victorian households? To explore customer impacts, we have developed customer personas

Retired couple

Dan and Martha are a pensioner couple who have recently retired to a suburb in regional Victoria. They tend to be at home all day, they are aware of their energy usage but are not sure how to do more to save energy.

Young family

Amy and Sean are a young couple with 3 children, aged 2, 5 and 7 in a house they rent in suburbs. Amy stays at home with their 2-year-old child. This, combined with Amy working from home, means they consume more energy than the standard house.



Life support customer

Gerald is in his 80s on life support. While he lives alone, he spends much of his time at home with visiting family. His energy needs are high, and he's worried about his life support being cut off if he needs it.

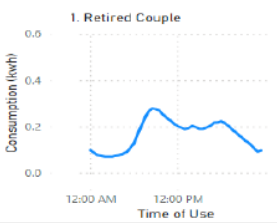
School age family

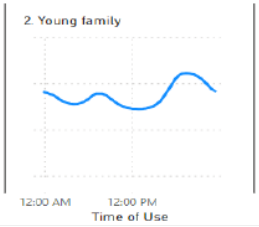
Neha and Oman both work full time in the office and live with their 2 children, aged 13 and 10 in a house they rent in Victoria. Their home is not very energy efficient and because they are mostly not at home, they have limited opportunity to change energy usage.

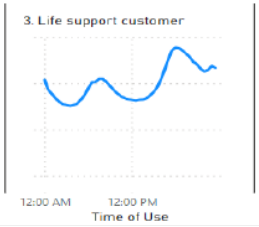
Solar home owners

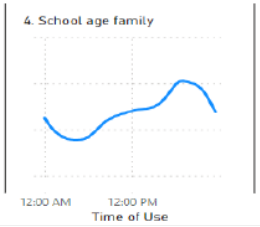
Carl and Helene are professionals in metro Melbourne who are into new energy trends. They installed solar when they bought their new home and are currently considering buying an EV.

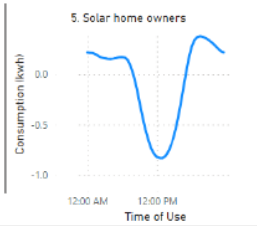
	Retired couple	Young family	Life support customer	School age family	Solar home owners
Annual Consumption (kwh)	2,918	6,100	7,007	4,791	-1,219











Looking after households with vulnerabilities

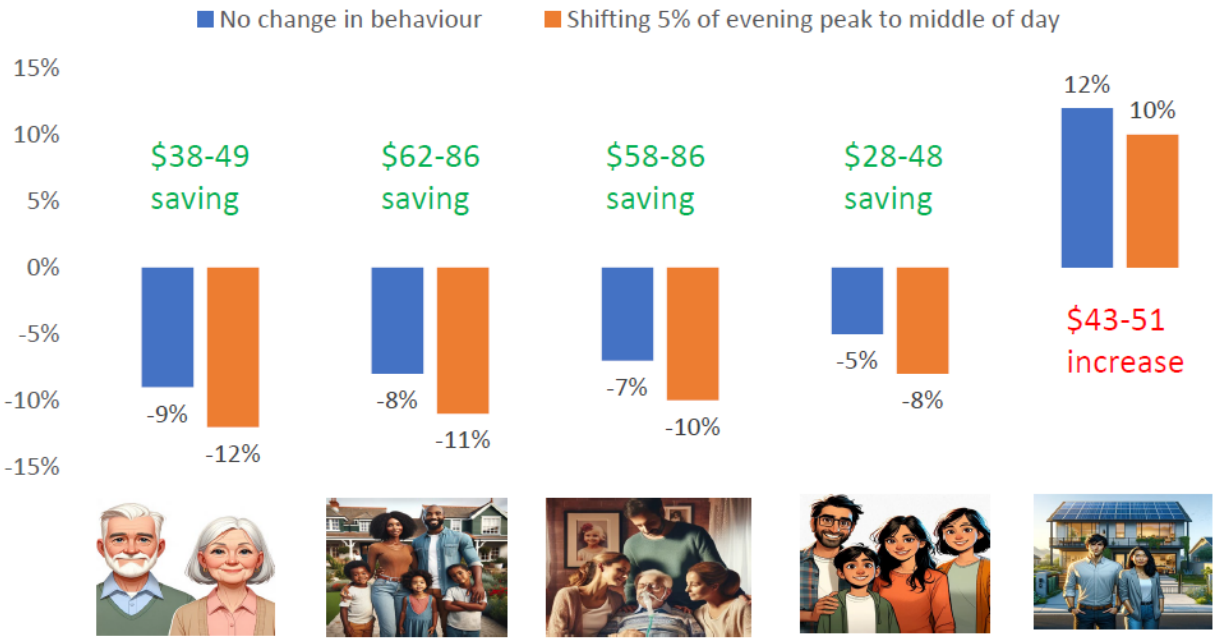
Vulnerability and hardship come in many forms and can impact anyone at any time in their lives. In considering impacts on our personas, we consider all persons include households with some potential vulnerabilities, and this should be taken into account in decision making.

What tariffs are these customers on?

There is a **high likelihood** all households are on **single rate** tariffs today, unless they built a home or installed solar since 2021. Solar home owners are mostly likely on TOU tariff.

This is what happens if we compare current single rate tariff to our proposed new TOU tariff

Bill impact analysis



Key findings

- **All non-solar customers are better off on new TOU compared to a single rate tariff, including customers with vulnerabilities and hardship.**
- **Solar-home owners are worse off because our new TOU reduces cross subsidies from non-solar to solar households.**
- Despite paying more in network tariffs, **solar customers will still have lower bills** compared to non-solar customers, through self consumption and feed in tariffs.

Specifics of the analysis to be provided on the day.

Questions

- How comfortable are you with the assignment proposal?
- How comfortable are you with the revised structure?
- How can we manage any impacts on customers in vulnerable circumstances?

Topic 2

Time of Use price signal

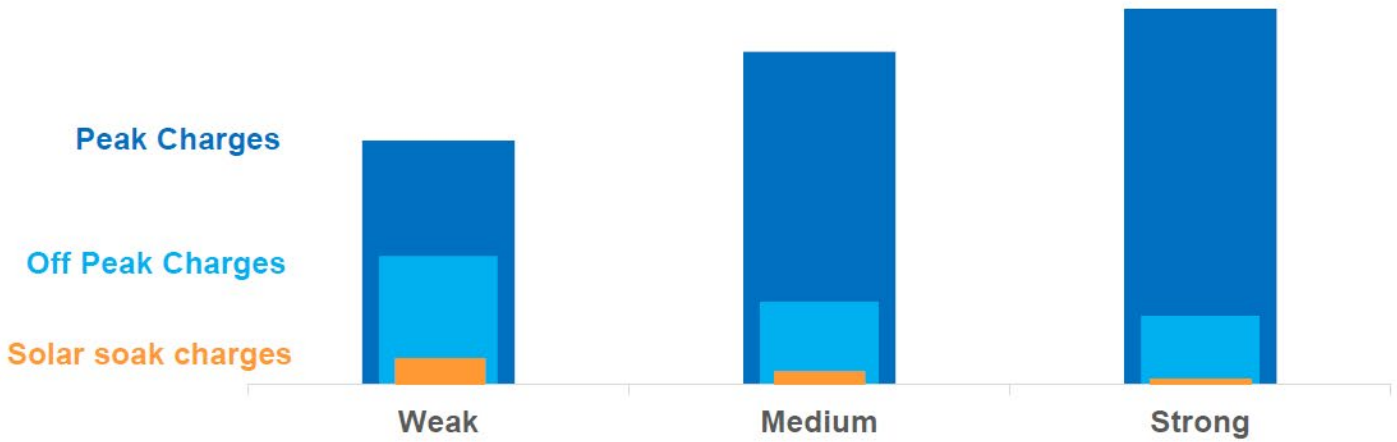
Sandeep Kumar, Group Manager Regulatory Analysis

Pricing and Strategy, Jemena

Pricing signal strength

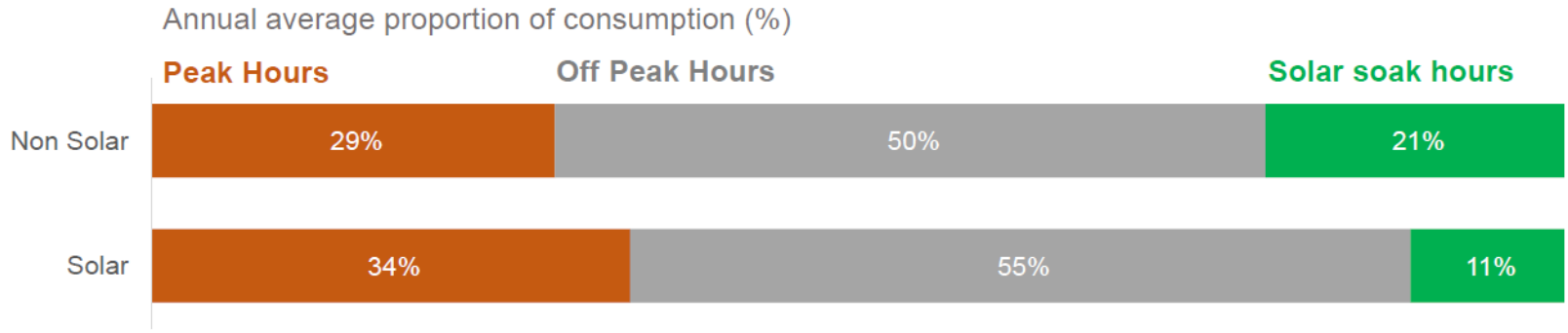
Exploring options on the strength of pricing signals

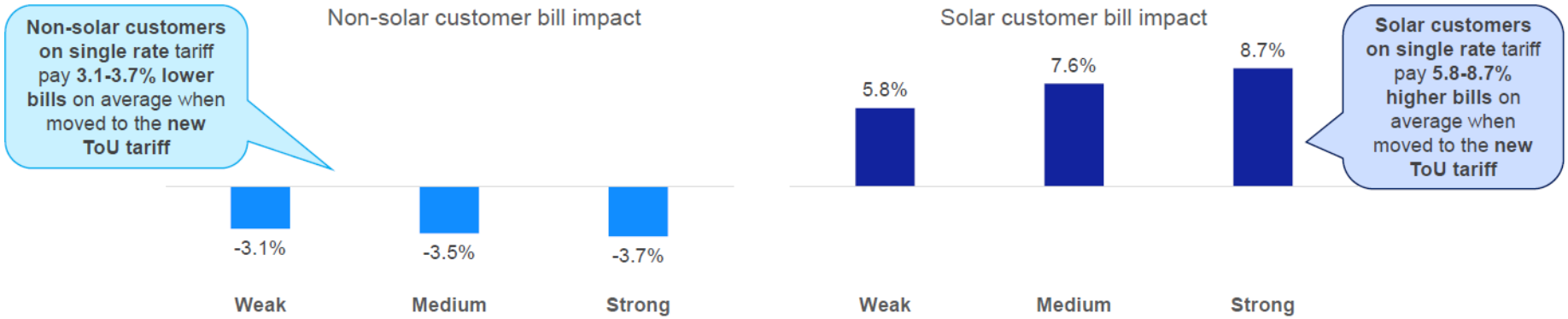
Signal strength	Weak	Medium	Strong
Solar soak charge (c/kWh)	2	1	0
Peak to off-peak charge ratio	2:1	4:1	5:1



Customer bill impact – no behavioural change

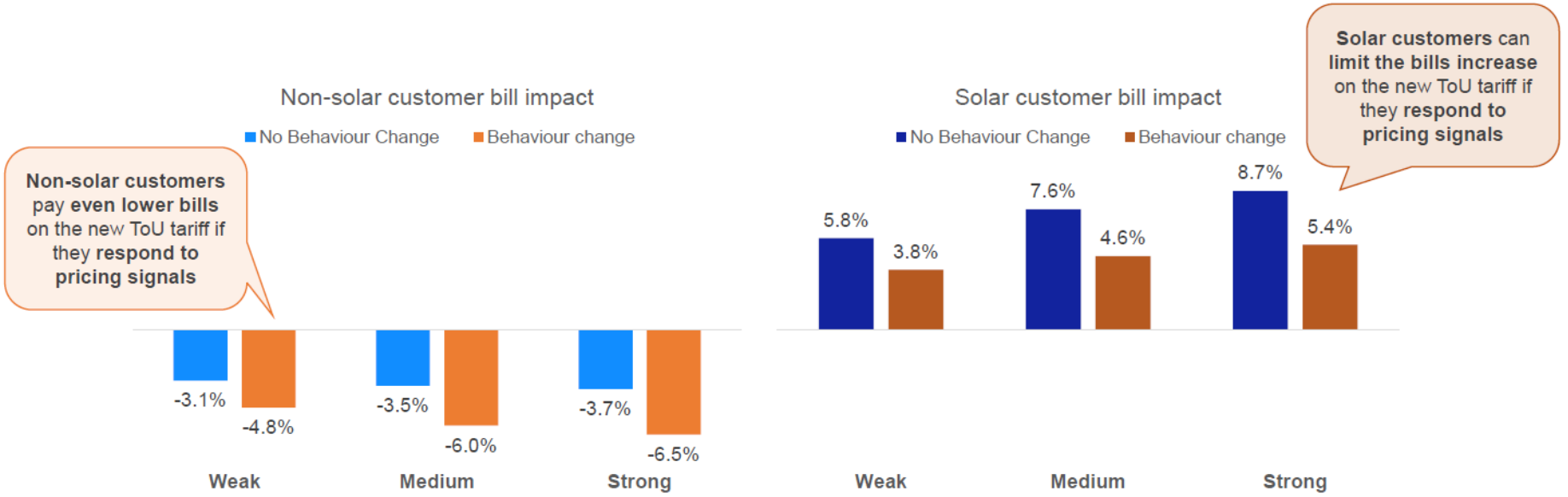
Non-solar customers pay lower bills, whereas solar customers pay higher bills





Customer bill impact – 5% behavioural change

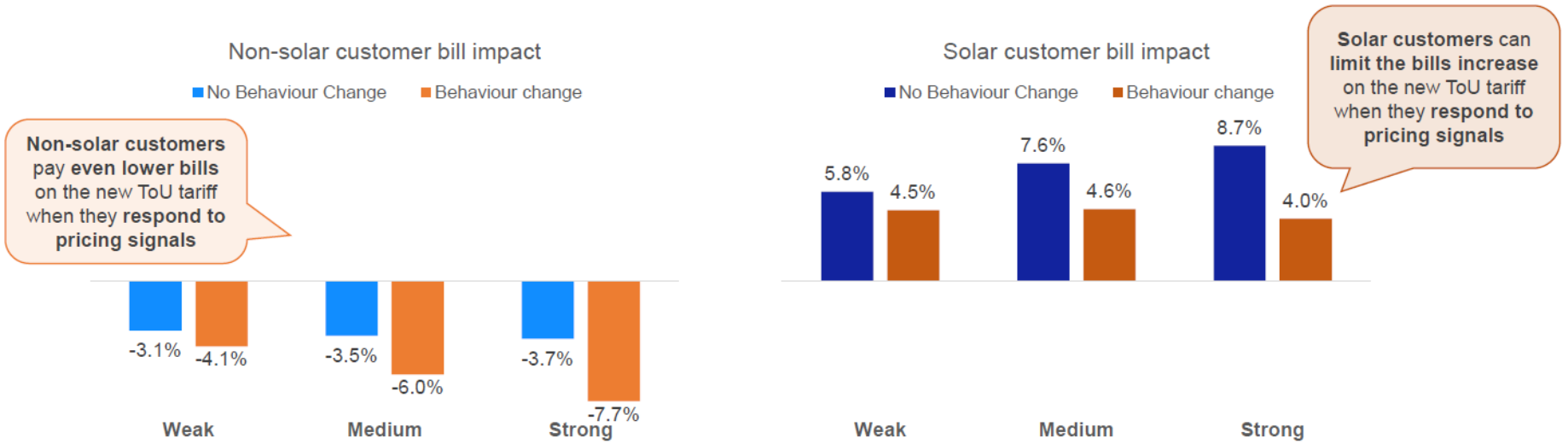
Customers benefit from moving consumptions from the peak period to solar soak period



Customer bill impact – varied behavioural change

Customers are likely to respond more when pricing signals are stronger

Behavioural change	Weak	Medium	Strong
Consumption moved from peak period to solar soak (%)	3%	5%	7%

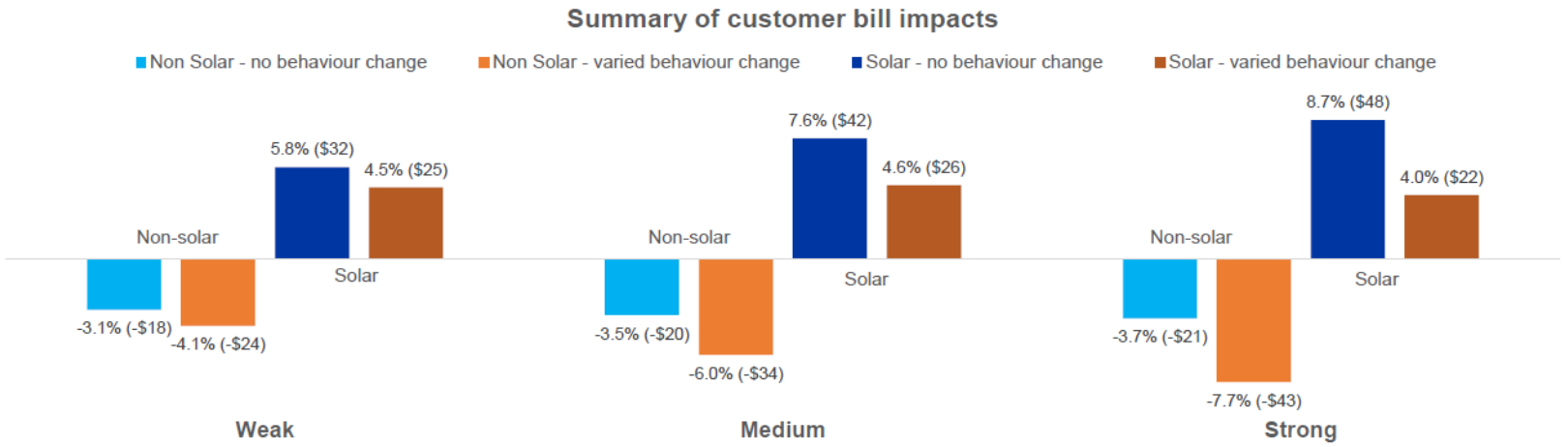


Your feedback on pricing signal strength

Feedback and suggestions

- Which option meets our pricing objectives better?
- How can we support customers in responding to pricing signals?

Pricing Objectives
- Simple
- Efficient
- Adaptable



Questions

- Which signal (strong or moderate) best helps us meet our pricing objectives?
- What can be done to encourage customers to change behaviour?

Topic 3

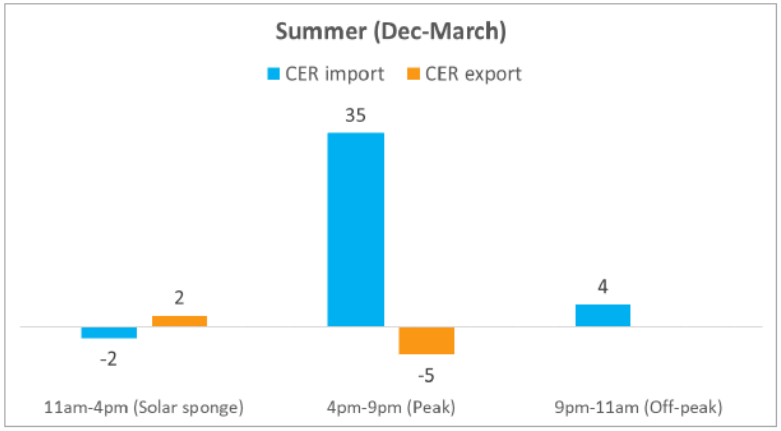
Customer Energy Resource (CER) Tariff

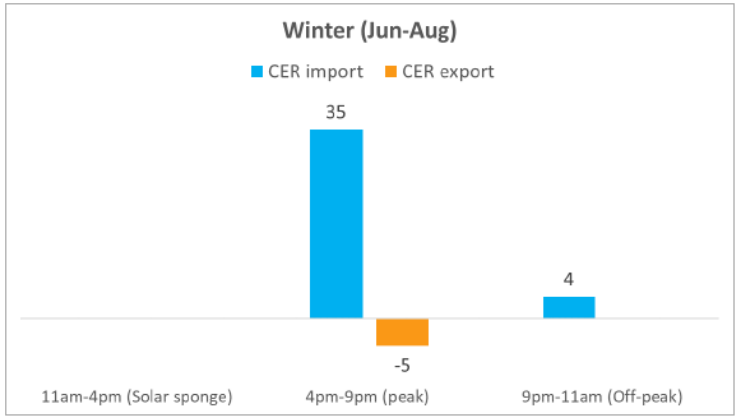
Mark De Villiers, CitiPower, Powercor, United Energy

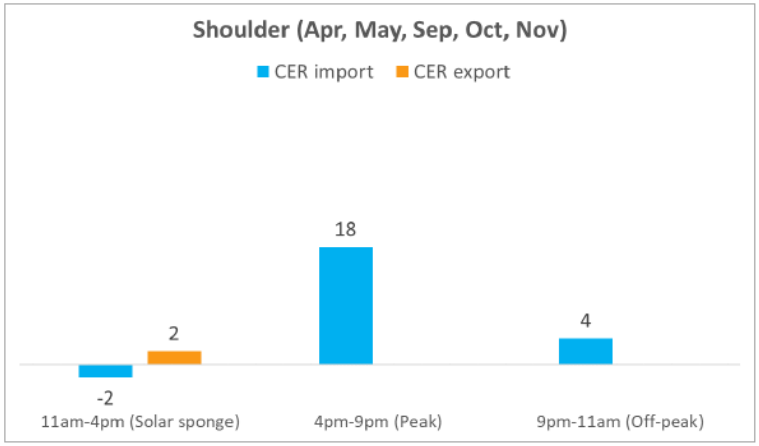
Designing an opt-in two-way CER tariff

What we are trying to achieve	Target Market
Design a CER tariff so that households (or their retailers) with flexible imports and exports have an incentive to opt into the CER tariff and respond to the price signals	Likely to be retailers opting in customers participating in Virtual Power Plants (VPPs) e.g. where retailer has control over a home battery or EV with vehicle to home/grid capability
Households without flexible imports and exports should not have an incentive to opt into the CER tariff	Retailers may not reflect the tariff structure in a retail offer structure

Indicative CER structure and rates (c/kWh)







Daily TOU period aligns with proposed TOU tariff:

- 11am to 4pm solar sponge
- 4pm-9pm peak
- 9pm to 11am off-peak

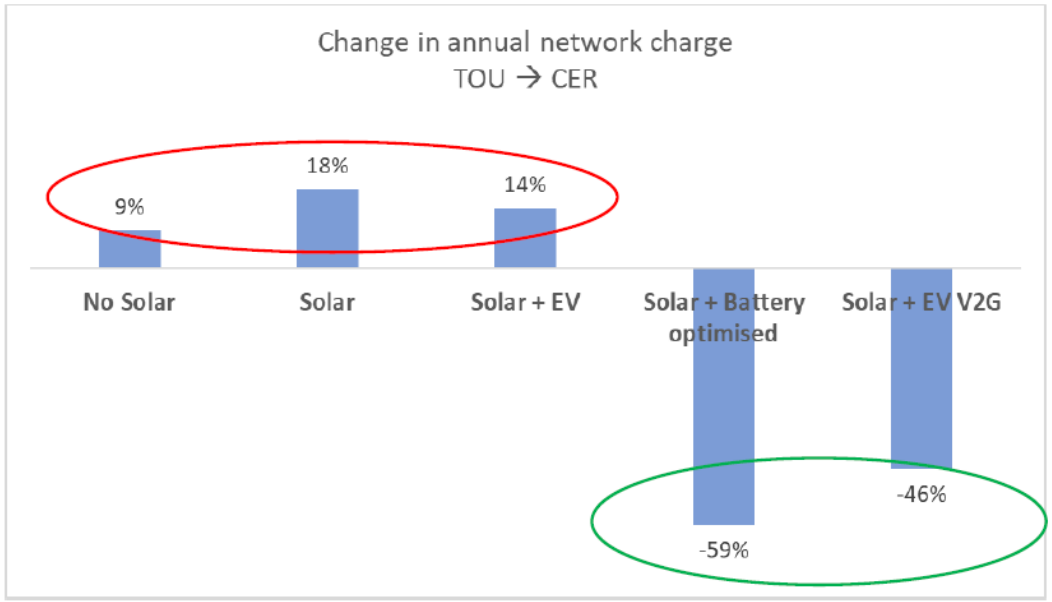
Pricing differs by season to align with network demand:

- summer months
- Winter months
- Shoulder months

Low solar sponge charge / rebate reflects lower LRMC

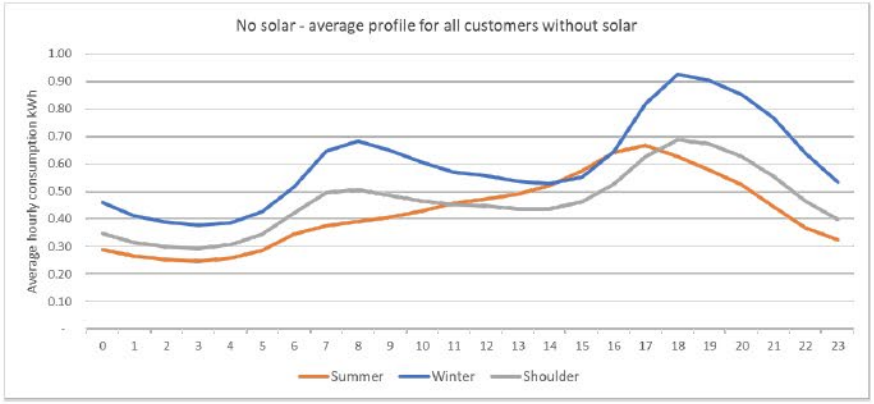
Indicative CER tariff achieves our objective

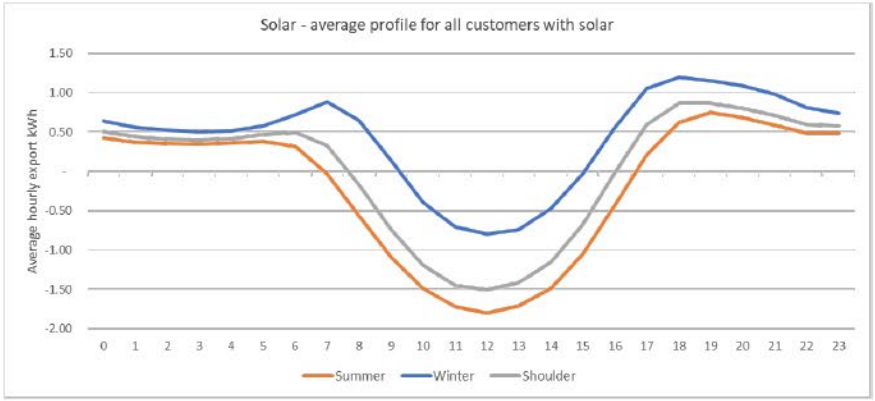
have no incentive to move onto the CER tariff

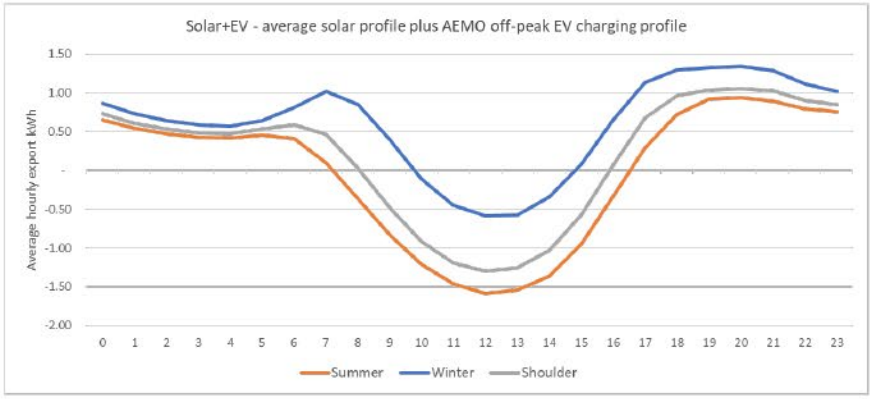


have a strong incentive to move onto the CER tariff

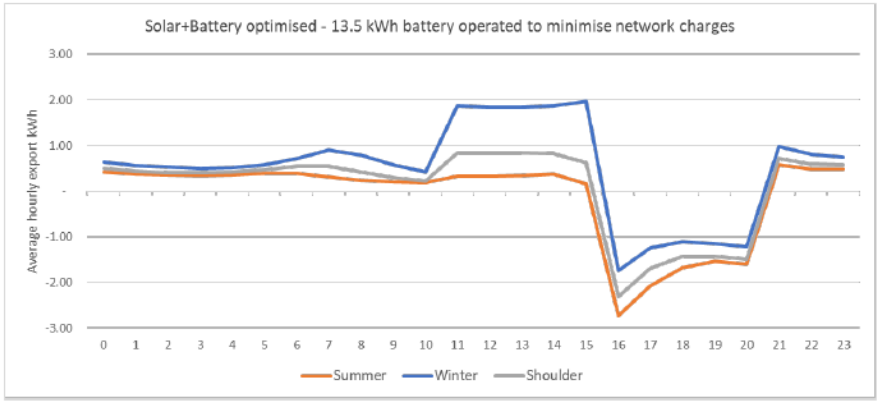
Higher cost-to-serve less flexible profiles used in our analysis



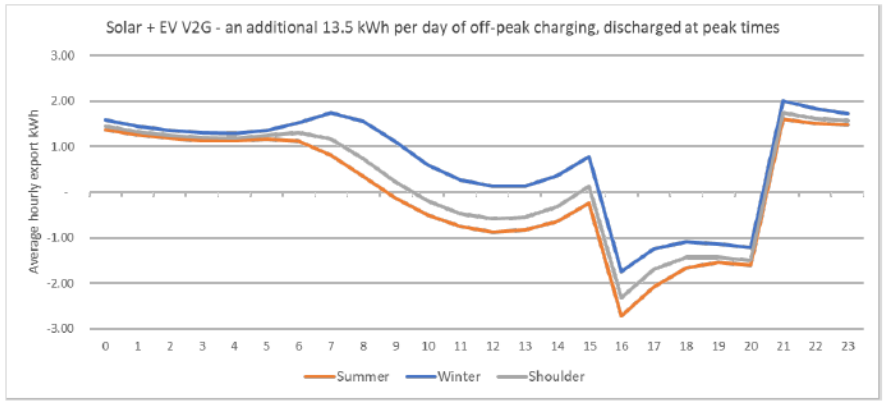




Lower cost-to-serve more flexible profiles used in our analysis



- Assume that battery charges in solar soak period and discharges in peak period every day of the year



- Assume that every day the EV imports an additional amount of electricity at non-peak times, and it discharges this energy in the peak period
- The discharged energy is first used in the home and the remainder is exported

Questions

- Have we targeted the right customer types for the CER tariff?
- Is our proposed seasonal two-way CER tariff appropriate?

Appendix D – Workshop 3 Participant Feedback Survey

Welcome

Thank you for taking the time to provide feedback on the second Victorian Electricity Distributors Tariff Structure Statement (TSS) workshop held at Jemena's head office in Melbourne on Tuesday 16 April 2024.

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

Workshop coordination

5. 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 workstation groupwork exercises were designed and delivered
   - I am satisfied with the way my table facilitator handled the workstation groupwork exercises and encouraged all participants to provide their feedback and insights
6. 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 the Victorian distribution businesses responded to feedback provided in Workshop 1 and 2.
   - 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

7. 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.