

Minutes of the New Reg AusNet Trial Public Forum

13 June 2019

Attendees

Adelaide – Bill Jackson, Richard Sibly, Jessica Vonthethoff

Brisbane – Shannon Murphy, Gerard Reilly

Canberra – Gillian Symmans, Garth Crawford

Melbourne – Angela Bourke, Chris Pattas, Mark McLeish, Darryl Biggar, Clare Stark, Andrew Ley, Seamus O'Byrne-Inglis, Tyana Del Campo, Sandra Gamble, Tony Robinson, Di Rule, Chris Gilbert, Anthony Bell, Greg Hannan, Deirdre Rose, Sonja Lekovic, Jana Dore, Amanda Kennedy, Bev Hughson, David Prins, Ella Pybus, Rob McMillan

Sydney - Rachel Thomas, Alex McPherson, Scott Young, Oliver Derum, Brett Everett, Chris Ihm, Therese Grace, Dominic Adams, John Skinner, David Havyatt, Robert Ephraums

By Telephone – Kurt Stevens, Helen Gough, Karyn Looby, David Headberry, Mark Henley, Chantal Hopwood, Gavin Forrest, Mark de Laeter

AusNet Services Trial Update – Greg Hannan and Deirdre Rose

AusNet Services (AusNet) provided a brief overview of the process and outcomes of initial negotiations with the Customer Forum, noting distributed energy resources (DER) is still a work in progress. A high level outline was provided for each negotiated topic.

AusNet also stated the first phase of negotiations had focused on pain points identified through the Forum's grassroots engagement and provided managers with resources, impetus and authority to enact change. This has already contributed to lower costs and improved customer experiences. They have also negotiated a customer service incentive scheme which has been submitted to the AER.

In the next round of negotiations, AusNet will focus on providing more clarity on what has changed from the previous positions and how it has changed. This includes exploring how feedback from consumers was addressed. They will also ensure both parties are on the same page at the end of each meeting as to what has been negotiated and work to bring AusNet's Board closer to the process.

AusNet noted it will submit Regulatory Proposals six months later due to the change to regulatory periods from calendar to financial years in Victoria.

Discussions considered the following:

- The need to evidence and track whether desired outcomes had been achieved for consumers
 - AusNet noted that it will be publishing an annual report on this from the end of this year, the Forum is working with them on the structure of these reports
 - The Forum is preparing a case study on how the change in practice post-Healesville has impacted consumer experience in another community for its final report
- The need for clarity regarding language around scope
 - Farrierswier noted this had been a focus of the monitoring report

Second Monitoring Report – Robert McMillan

Farrierswier noted that the monitoring reports are a tool to provide a live record of this Trial against the process outlined in the New Reg Directions and Approach Papers. This means it does not get into the detail of negotiations but rather records behaviours observed against the intentions of the

framework, drawing on the Memorandum of Understanding (MoU), engagement plan, and outputs of each phase.

Farrierswier outlined the contents of the second monitoring report, focusing on the following points:

- There was confusion as to the language around scope. But all involved agreed the scope, broadly grouped as topics approved by AER under the MoU, topics AusNet and the Forum agreed to discuss, and topics commonly agreed to be out of scope, was appropriate
- All participants consider the Forum has been sufficiently independent in this phase, as required by the New Reg process, including initiating research and holding numerous meetings with consumers as outlined in the Interim Engagement Report
- There has been a dynamic conversation between AusNet and the Forum with an iteration of positions and both parties adding to the topics to be discussed. They have been able to resolve any tensions which arise through this process without needing to resort to formal measures like the reference committee
- The role of the AER has been appropriate with guidance notes providing a clear indication of the evidence base required to support the negotiated positions. It was noted that none of the participants questioned that the efficiency review should remain with the AER as required under the Rules
- The process was initially set up to focus on inputs to the regulatory proposal but as the conversation develops, attention is increasingly focused on the outputs consumers will observe

Discussions considered the following:

- Complications arising from long lead times and mandated consultation periods under the Rules, as well as the challenge of how the six month delay will be handled
- That the context in which this project was initiated – stakeholders not seeing proposals till submitted to the regulator – is no longer the case across the NEM
- It had been challenging for AusNet and the Forum to involve advocates in this process, partly due to resourcing and availability constraints
- The amount of consumer feedback received through the survey and the use of submissions in the next round of reports to obtain consumer views

Second Insights Report – Ella Pybus

CEPA noted that the Trial is very much alive so these insights represent a snapshot in time and may be updated and revised in the future. Insights from the next round will draw on submissions made to AusNet and the Forum. The formal evaluation (including costs) won't occur until the AER has reached its final decision on AusNet's proposal which is still being developed.

CEPA outlined the contents of the second insights report, focusing on the following points:

- The Forum appears to have made a positive impact, particularly by drawing attention to service issues of different consumers in different locations
- Perceptions of the Forum's independence have been reinforced by the transparency and scale of information available
- The skills of the Forum have been well suited to driving AusNet to consider consumer outcomes and to better demonstrate the benefits to customers from the proposed workplan
 - The skills, membership and scope of the Forum's work need to be considered together

- AER has provided technical input to the Forum so it can focus on outcomes rather than efficiency assessments
- Future trials could consider:
 - Phasing the negotiations as focusing on outputs and outcomes first, then look at the expenditure required to meet those outcomes
 - Joint statements from the Forum and distribution business to make it very clear what has (and has not) been agreed
 - Administrative support for the Forum to free up time to focus on negotiations

Discussions considered the following:

- Flexibility of negotiations needs to be within the boundaries set by the Rules, e.g. general innovation allowance proposed but proposal needs to be linked to expenditure objectives
- Phasing of the New Reg process given long lead times, exogenously determined inputs such as rate of return affecting final outcomes, handling of 6 month delay, etc.

Comments and Discussion – Sandra Gamble

Participants were invited to query points raised. This consultation focused on the following points:

- Why the pricing structure was out of scope when it appears an important area to gain consumer insight. It was noted there was a coordinated Victoria wide process progressing this topic concurrently.
- Tensions between different types of customers and the need to be aware of diversity in the customer base drawing on these services. For example, although both are agricultural customers, chicken farmers tend to be less affected by temporary outages than dairy farmers as they tend to have back-up generators and less sensitive technology.
 - Noted that AusNet staff could provide advice to dairy farmers on alternative technologies which would reduce the detriment from intermittent outcomes.
 - Noted that the Forum was able to pick up a wealth of information from their grassroots engagement with customers.
- Tensions between opening up topics to be explored, the skills and experience selected for the Forum, and the ability of the AER to provide meaningful guidance on topics.
 - Noted AusNet's Forum had a mix of people who worked well together and were curious to explore issues which has helped them progress things
 - Noted Forum offers skills, such as customer research, that AER does not have
 - Noted Forum's role is not about reaching expert view on technical elements but instead providing more definition on the demand side through consumer views
 - Noted AER can't delegate its obligations under the Rules so there may not be much merit in duplicating its technical review
- Question as to merit of survey when response rate low and what activity was taken to get response.
 - Noted that AusNet and Forum contacted everyone and followed up with reminder
 - Noted that Prof Littlechild warned there was a risk that too much observation could affect the Trial so parties have been hesitant to ask too much during the Trial
 - Noted Forum's advice that too many surveys can put people off engaging at all and there's a risk that you could stop people engaging in the process
- Discussion around next steps and final evaluation
 - Noted not just about dollars saved but consumer outcomes – quality of service
 - Noted future trials could take different approaches as New Reg framework flexible