

# Final Minutes

## Customer Advisory Panel – Meeting 2: Impacts of COVID-19

Meeting	
Date	Monday 5 October 2020
Time	Meeting from 10.00am – 12.00pm
Location	Microsoft Teams
Facilitator	Adam Nason
Attendees	<p>CAP members: Gavin Dufty, Shelley Ashe, Dean Lombard, Tennant Reed, Nathan Crombie</p> <p>CCP17 members: David Prins, Mike Henley</p> <p>CPPALUE: Renate Vogt (General Manager Regulation), Joanne Pafumi (General Manager Corporate Affairs), Scott Russell (General Manager Strategy and Customer Group), Brent Cleeve (Head of Regulation), Adam Nason (Head of Customer Experience), Lovelyn Parker (Strategy Programs and Change Manager) Megan Willcox (Manager Regulatory Projects), Sonja Lekovic (Senior Regulatory Economist), Ellen Lukin (Regulatory Analyst)</p>
Apologies	N/A

Agenda items and actions			
Item	Who	Item	Actions
1	Adam Nason	<p><b>Welcome and safety moment</b></p> <ul style="list-style-type: none"> <li>Our safety moment today has a mental health focus given COVID-19 and lockdown restricts, which has changed the way many of us live</li> <li>Encourage everyone to look out for your mental health and to stay connected with family, friends, colleagues who may live alone</li> <li>Focusing on new work routines, for example separating work from life can be challenging. Encourage everyone to mark the end of the work day to help with the distinction</li> </ul>	No action required
2	Renate Vogt	<p><b>Australian Energy Regulator draft decision overview</b></p> <p>Following the AER's draft decision published on 30 September 2020, there was a brief overview of the draft decision pertaining to CitiPower, Powercor and United Energy.</p>	CitiPower, Powercor and United Energy to reach out to CAP members to provide an opportunity for one-on-one discussions on the AER's draft decision
3	Brent Cleeve	<p><b>Forecasting for COVID-19 impacts</b></p> <p>There was a summary of our forecasting approach for COVID-19 impacts including our original forecasts, the</p>	CitiPower, Powercor and United Energy to provide a response on

increased level of uncertainty given the potential impacts of COVID-19, and the issue of capturing these short and long term impacts in our revised forecasts.

**Key feedback**

- It was acknowledged there is a greater than usual amount of uncertainty around the key parameters that shape the forecasts
- Rather than attempting to identify the “most likely” scenario, there was a proposal to rely on the low scenario to demonstrate conservatism, and potentially seek contingent projects or a mechanism to increase funding based on some of these revealed macroeconomic factors. This could be done by flagging the areas of most consequential uncertainty to allow for a trigger for a contingent project i.e. population growth
- However, it was also highlighted that this approach could mean moving away from incentive-based regulation, and that we should be cautious about proposing changes to the established framework
- There was a suggestion that we should build in implications to each of the forecasted scenarios from the baseline to give stakeholders an understanding of the impacts of the uncertainty that can happen i.e. what does it mean if the ‘actuals’ are higher or lower than the forecasts?
- There was also a suggestion that there should be more granularity for each network, i.e. there is probably more certainty with Powercor than CitiPower so that should be reflected in the forecasts
- Structural changes in the economy (from government policy) will become more clear after the budget has been passed down, this will make the long term impacts of COVID-19 perhaps more clear
- There should be more consideration of what the parameters look like moving forward in terms of side constraints, glide paths and reallocations, and how do you mitigate those shocks going forward. This is particularly important for ensuring glide paths that minimise impacts to consumers
- There should be more work with customers and the community through this uncertainty. For example, propose lifting up complementary measures. If there is more change, there are a significant amount of complementary measures you can use to help customers deal with the change

how impacts of COVID will be captured in the revised proposal

		<ul style="list-style-type: none"> <li>• It was highlighted that while there is uncertainty now, it is becoming more certain that the negative effects on the community are going to be around for a long period and we should be taking that into consideration</li> <li>• There should also be more consideration of intrastate migration, shifts in demographics, likely downsizing by households, a shift to regional areas and similar.</li> </ul> <p><b>Key decision questions</b></p> <ol style="list-style-type: none"> <li><b>1. Do you agree with the scenario modelling approach to address uncertainty?</b></li> <li><b>2. Given the outdated nature of forecasts in a fast changing environment, and a very limited timeframe to develop a revised proposal, is it reasonable to use the most appropriate scenarios for the forecast?</b></li> <li><b>3. How should we assess the most likely scenario to be modelled for the revised proposal?</b></li> </ol> <p>Members of the CAP agreed that there was a higher level of uncertainty for forecasting the next regulatory period and there was support for adopting a conservative approach (i.e. low scenarios) with a potential for an earlier review by the AER.</p> <p>The CAP noted that this suggestion was not because it is the “most likely” scenario but rather it could perhaps maximise benefits for consumers.</p> <p>It was noted that trigger points/thresholds and metrics could be outlined in the proposal to add certainty to this model if adopted.</p> <p>However, it was also highlighted this is not in line with the incentive-based framework.</p>	
4	Sonja Lekovic	<p><b>Changing usage profiles</b></p> <p>There was a summary of usage profile changes due to COVID-19 and lockdown restrictions which included an increase in residential consumption use for all three networks and a decrease in commercial sector usage.</p> <p><b>Key feedback</b></p> <ul style="list-style-type: none"> <li>• The conversation was seen as passive rather than active, the question was raised if we are just doing assessments or doing something proactively</li> <li>• We should be working with our customers and communities more by providing more information on how customers can help themselves and the business. For example, build up the local government energy conversation and send instructions on better energy use</li> </ul>	<p>CitiPower, Powercor and United Energy to provide a response on how impacts of COVID will be captured in the revised proposal</p> <p>CitiPower, Powercor and United Energy to keep the CAP informed regarding summer planning, how we are managing it, and how we are</p>

		<ul style="list-style-type: none"> <li>• It is still unclear what our new normal is going to look like. The experience of companies having their workforce work from home is very mixed. It's unlikely things will return to pre-pandemic levels soon but it's also unclear where we will land</li> <li>• There are examples of other jurisdictions that they have already developed their summer plans. There are learnings in place there, around working with the department on some messaging that can be applied—there should be more targeted communications to people who can do things to help during the summer season to assist the network in dealing with it</li> <li>• Propose early conversations with electric vehicle (EV) sellers to ensure a line of sight on uptake and build up a relationship at the beginning instead of when the problem arises</li> <li>• An example was given of St Vincent de Paul's climate action accreditation. As part of getting accreditation there is a product disclosure statement (PDS) on plans to reduce carbon but it is not always shared with distributors. There should be more alignment of plans between different industry and stakeholder groups.</li> </ul> <p><b>Key decision questions</b></p> <ul style="list-style-type: none"> <li>• <b>What behaviour changes will stick, versus which ones will be for the length of the pandemic only?</b></li> <li>• <b>How should we assess the most likely consumption pattern to 2026?</b></li> </ul> <p>There is a lot of uncertainty around the short versus longer term impacts of COVID-19 but it was broadly agreed there would be a middle ground where we will not go back to where we were pre-pandemic but overall behaviour will not continue as it has been in lockdown. There is more work to be done to properly capture trends in forward planning and demonstrate assumptions behind forecasts. The panel focused more on the tools we can provide to our customers and communities to equip them to respond to changes.</p>	<p>working with industry on common messaging</p>
		<p><b>Break</b></p>	
<p>5</p>	<p>Lovelyn Parker</p>	<p><b>Our businesses' response to COVID-19</b></p> <p>There was a summary of how our businesses' responded to the impacts to COVID-19 including our works package, network relief package, contingency planning, and our approach to monitoring the impacts.</p> <p><b>Key feedback</b></p>	<p>CitiPower, Powercor and United Energy to provide a response to the key feedback before the final CAP meeting</p>

- Moving forward it would be helpful to look at total load profile. You have the discrete profiles for C&I, residents etc. It would be good to see consideration of how one customer group savings are offsetting the impact to other customer classes
- There was a question around overall impact of COVID-19 on the cost of our operations, as there are positive and negative impacts at play. Overall, it was concluded there is not a significant visible change in either direction at the moment
- Relief packages could target more particular industries. For example, we should target businesses we know have been impacted harder by COVID-19, e.g hairdressers. This will speak to customers and community more. Limiting these packages to types of business will limit the propping up of “zombie businesses”
- The uniqueness of each of your networks should be more evident through our response
- It depends on the type of customer for whether relief packages should come through networks or retailers. For example, dairy farmers and other large customers should go direct to the network business
- The network relief package has been a great initiative for Victoria network businesses. The whole issue of role and responsibility for network verse retailers in customer hardships has really come out in the pandemic. It was seen as possible groundwork for more collaborative work between networks and retailers going forward and as a potential for more strategic partnerships
- Breaking planned outages into smaller programs (shorter, sharper) to suit customers working from home was seen as a very positive initiative. This approach would be useful especially if combined with stronger communication and collaboration with customers on when the planned outages are most suited
- It was proposed all positive hardship initiatives should be packaged together for a message to the industry and the communities
- The ECA shared its own experience with research on assistance for customers facing hardship during COVID-19, including a summary of the type of assistance being offered across different industries
- There was interest in understanding better what the take up of deferrals was, but also acknowledgment that those numbers do not tell the full story and hardship is likely more widely spread

		<p>As such, it was suggested we do a scan of customers who are not getting support and see if there is more we can do for them. This will become even more important as certain industries are unlikely to recover for a long time</p> <p><b>Key discussion questions</b></p> <ul style="list-style-type: none"> <li>• <b>Should we be doing more for our customers? If so, where should we prioritise our customers?</b></li> <li>• <b>How should default risk be spread between distributors and retailers?</b></li> </ul> <p>There was overall consensus that our package met with its original aims and that we could now have a more targeted, nuanced approach to identifying, assisting and adding valuing to our hardship customers.</p>	
6	Adam Nason	<p><b>Actions and next steps</b></p> <ul style="list-style-type: none"> <li>• meeting minutes will be circulated soon</li> <li>• an updated proposal for Customer Enablement will be circulated soon for comment.</li> </ul>	
7	Adam Nason	<b>Meeting close at 12.00pm</b>	No action required