

Policy and Regulatory Working Group Minutes

Date: Monday, 4 June 2020 1:00 pm to 3:00 pm.

Venue: held online via Skype for Business.

TasNetworks Representatives: Chantal Hopwood (Chair), Kirstan Wilding, Allison Winter, Don Woodrow, William (Billy) Godwin, Shannon Culic.

Attendees: Charles Scarafiotti (Nekon Pty Ltd); Georgia Smith (Hydro Tasmania); Jack Gilding (Tasmanian Renewable Energy Alliance); John Cooper (Hydro Tasmania); Kylie Donaghy (Tasmanian Farmers & Graziers Association); Marc White (Goanna Energy); Margie Law (Anglicare Tasmania); Mark White (University of Tasmania); Penny Cocker (Australian Electric Vehicle Association); Robert Mallett (Tasmanian Small Business Council); Stephen Durney (Tasmanian Council of Social Service); John Pauley (Council on the Aging Tasmania).

Apologies: Bruce Fyfe (Tassal); Chris Ferguson (Department of Education); Corina Woolford (Aurora Energy); Georgia Palmer (Local Government Association of Tasmania); Hayden Moore (Aurora Energy); Liam Foden (1st Energy); Martin Bullen (Department Health & Human Services); Michael Bailey (Tasmania Chamber of Commerce and Industry); Nick Steel (Tasmanian Farmers & Graziers Association); Sara Chettle (TasWater); Tom Kelleher (Aurora Energy); Sue Leitch (Council on the Aging Tasmania); Tom Kelleher (Aurora Energy).

1. Forum Purpose

The forum focussed on two key areas, customer engagement and pricing. The first half of the forum provided an overview of key customer engagement trends and TasNetworks' Revenue Reset engagement roadmap. The second half of the forum took a deep dive into TasNetworks' pricing principles. The forum concluded with an introduction on a new TasNetworks business initiative, the Customer Outage Review.

2. Forum Presentation

The presentation slide pack has been attached for your information.

2.1 Overview of the 2024-29 revenue determination timeline and milestones

Speaker: Don Woodrow, Program Leader Revenue Resets.

- Members were provided an overview of the upcoming milestones for the 2024-29 revenue determination process, as illustrated below.

Milestone	Approximate timing for 2024-29 Revenue Determination process
TasNetworks may request the Australian Energy Regulator to make or amend the Framework & Approach Paper	October 2021
Australian Energy Regulatory must amend or replace TasNetworks Framework & Approach Paper	December 2021
TasNetworks lodge Expenditure Forecasting Methodology	June 2022
TasNetworks submit Revenue and Regulatory Proposal	January 2023
Australian Energy Regulator publish Issues Paper and holds Public Forum	March / April 2023
Australian Energy Regulatory publish Draft Decision	September / October 2023
TasNetworks submit Revised Revenue and Regulatory Proposal	November / December 2023
Australian Energy Regulator publish Final Decision and Determination	May 2024

2.2 2024-29 revenue determination engagement roadmap

Speaker: Allison Winter, Team Leader Community and Stakeholder Engagement.

- This presentation introduced members to TasNetworks' engagement roadmap for the upcoming 2024-29 revenue determination and TasNetworks' plans to utilise the Policy and Regulatory Working Group as the main external advisory group for this proposal.
- Members were informed that forums will continue on a quarterly basis but the frequency and length of the workshops will be reviewed in consultation with the working group at a later date.

2.3 Industry engagement trends and best practice

Guest Speaker: Lynne Gallagher, CEO of Energy Consumers Australia

- Discussed the future consumer needs of the energy system and benefits this system can provide;
- Stated that it is not just the early adopters that should obtain these benefits, but allowing the whole community to be rewarded for managing a range of different services;
 - Discussed the need to understand *why* consumers are willing to behave in certain ways to benefit the energy system and community as a whole;
 - Importance of understanding broader consumer values that motivate people and why they might behave in this way.
- Highlighted the importance of hearing consumer voices and understanding consumer values;
- Stated that the future of Australia's energy system will be driven by these values;
- Discussed these values and provided an overview of five key values consumers have told Energy Consumers Australia they would like to see in Australia's energy system: cheaper, greener, simpler, and opportunity for consumers to have their say.

2.4 Q&A with Lynne Gallagher

Facilitator: Allison Winter, Team Leader Community and Stakeholder Engagement.

Question 1. *Is there any research to demonstrate the difference between what consumers say they want and what they actually want / do?*

- Agreed with the question and noted some key points to consider when asking people to change their behaviour:
 - Make it easy, social, attractive, timely and fun; and
 - Demonstrate how it is in the consumer's self-interest.
- Explained that the above points need to be considered in depth prior to expecting or asking for behaviour change from consumers.

Question 2. *Many consumers have a 'set and forget' mindset, how can these consumers be engaged?*

- Emphasised that there is not a 'one-size-fits-all' approach to consumer engagement and shared the research undertaken by CitySmart and Queensland University of Technology (QUT) regarding consumer personas and animal archetypes. The research aimed to better understand customers and how energy service providers can respond to the different needs of their customers.
- The study applied 'design thinking' and a consumer-centric approach, to develop consumer personas based on observed character traits in quantitative and qualitative research.
- [A summary report](#) has been attached for those interested in reading further.
- TasNetworks partnered with CitySmart and QUT on this research and the findings were influential on the design of TasNetworks emPOWERing You Trial.

Question 3. *Does Energy Consumers Australia have plans to do anything specifically regarding the relationship between energy and rental properties?*

- Shared that Energy Consumers Australia is currently completing a body of work regarding rental properties, in collaboration with various external representatives;
- This work involves raising the minimum energy efficiency of rental properties and to address issues relating to tenants occupying houses they cannot afford to heat / cool.

Question 4. *Electricity has long been recognised as an essential service, but do you think we should be recognising it as a human right?*

- Shared that there has been two eras of electricity. The first era saw publically owned utilities focussed on maintaining the expansion of the network affordable, as customers outside of the city started to connect to the main grid.
- As the decades went on, electricity dropped in price further and it was perceived that public utilities were 'inefficient'. This signalled the start of the second era of electricity where previously publically owned utilities were privatised and electricity prices began to rise.

Question 5. *Who is leading the way with consumer engagement?*

- Shared that those who are leading the way with consumer engagement are those who bring people in early and have a wide range of diverse representatives.
- In addition, where they may be limited choices / outcomes, it is important for consumers to be brought into this decision making and understand why there might be limited choices, rather than making the decision without consulting / informing consumers.
- Further shared that the most authentic engagement happens when those people who are directly involved in the problem and decision making, are the ones engaging with the customer.

2.5 Pricing principles discussion

Speaker: Chantal Hopwood, Leader Regulation.

- Ms. Hopwood led a discussion on TasNetworks draft pricing principles and sought stakeholder feedback.
- These principles act as a guiding framework to help refine TasNetworks pricing strategy.

TasNetworks heard the following feedback:

- Members shared that the principles do not discuss equity. The 'fair' principle outlines the idea that everyone who uses the system for their share of the system, whereas in regards to equity, some people have very little control over how they use electricity.
- Confusion regarding the 'renewable' principle and whether this includes both centralised renewable energy as well as distributed energy resources.
- A member expressed that 'renewable' to them relates to facilitating trading and shared that people tend to think that the electricity network is like the internet, where it's simple to send and receive electricity;
 - Another member shared that the renewable principle is about facilitating the transition to renewable energy.
- We heard feedback that there is scope for the Tasmanian Government to review the electricity concessional arrangements in light of changing consumer needs.
- Scope for making the whole energy system a lot simpler.
- A member raised concern regarding how the second interconnector may impact on the cost of electricity to Tasmanians.
 - TasNetworks shared that the pricing arrangements for interconnectors is an issue that the Council of Australian Governments (COAG) Energy Council has asked the Energy Security Board (ESB) to review. An appropriate customer pricing outcome is required for the project to proceed. We continue to support our Shareholder Ministers in working through pricing considerations to resolve this issue and achieve a fair outcome for customers.
- Pricing is becoming more complex. Retailers are starting to charge customers access to tools that help them better understand their energy use. Aurora Energy charges 11c a day for someone who wants to actively manage their account.

Note: TasNetworks appreciates the feedback received and we are in the process of reviewing our pricing principles. Once all feedback has been collated we will refine our pricing principles and share the final version with forum members.

Members raised the following questions:

Question 6: *What does TasNetworks think about its role in making the energy system more equitable, in regards to some people not being able to afford the same price as others for their use of the network?*

We shared that TasNetworks has the opportunity to assist people in regards to price relief, by making network pricing both affordable and sustainable. TasNetworks recognises our role in advocating the Tasmanian Government in considering changes to concessional arrangements and will continue to do so in light of changing consumer needs.

Question 7: *Simple pricing is needed, customers regularly share that pricing is complicated and hard to understand. How will TasNetworks make pricing more simple?*

- TasNetworks discussed how we are working with the Policy & Regulatory Working Group on how improve and streamline tariff options, as well as utilising advocacy measures and encouraging retailers to have conversations with their customers to understand their options.
- TasNetworks also has a role to play in explaining network pricing without confusing the customer further, it is important to strike a balance. We have the opportunity to influence the pricing structures we propose and the language we use in talking to customers.

Question 8: A member questioned whether the ‘renewable’ principle is encouraging decarbonisation and whether TasNetworks should be actively be encouraging decarbonisation.

- TasNetworks shared that by nature we remain neutral to generation technologies. Renewable and distributed energy resources are distinct and this needs to be better articulated in the principles.

2.6 Customer Outage Review – Overview

Speaker: Chantal Hopwood, Leader Regulation.

- This presentation provided an overview of a current TasNetworks business initiative, the Customer Outage Review.
- TasNetworks is required to give customers at least four days’ notice of any planned outage affecting their power supply.
- TasNetworks takes our compliance obligations seriously, but more importantly we feel that we are not currently meeting customer expectations regarding planned outages.
- To address these issues, TasNetworks has started an end to end review of our customer outage processes, known as the Customer Outage Review.
- **The project aims to:**
 - Improve customer outcomes through having access to more up to date customer information;
 - Ensure we meet obligations under the AER Court Enforceable Undertaking about life support customers; and
 - Develop an improved robust process for planned outages.
- The Customer Outage Review is one of TasNetworks’ top strategic priorities for 2020-21.

3. Further reading

- Attached is TasNetworks Pricing Principles [Consultation Paper](#). Members are encouraged to share this paper and make a submission. By making a submission, you are ensuring that our pricing strategy continues to reflect the needs and drivers of the Tasmanian community now, and into the future.

- Energy Consumers Australia have recently released the Powershift final report, which includes important information on housing and energy efficiency <https://energyconsumersaustralia.com.au/projects/power-shift>
- The following research discussed the impact on tariff structure changes on energy vulnerable households and a trial undertaken by Horizon Power <https://bcec.edu.au/projects/impact-tariff-structure-changes-energy-vulnerable-households/>
 - The findings on this trial was also influential on TasNetworks design of the emPOWERing You Trial.

4. Summary of Actions

The table below provides a summary of the actions captured during the meeting that have since been completed.

Action	Due date	Status
• Circulate forum minutes and actions to PRWG members	26 June 2020	Complete
• Share information on Horizon Power Trial	26 June 2020	Complete
• Share QuT and CitySmart consumer personas research	26 June 2020	Complete
• Share information regarding Energy Consumers Australia housing coalition	26 June 2020	In progress

Meeting closed at 2.45pm.

Next meeting: To be determined.