Policy and Regulatory Working Group Forum

June 2020

Agenda

Run time: 2 hours including break

Item	Time	Topic	Facilitator	Time
1	1.05pm	Agenda and housekeeping	Billy Godwin	5 min
2	1.10pm	Welcome	Chantal Hopwood	5 min
3	1.15pm	Industry Engagement Trends and Best Practice	Lynne Gallagher Energy Consumers Australia	20 min
4	1.35pm	Q&A	Lynne Gallagher Allison Winter	15 min
5	1.50pm	Revenue Determination 2024-29 • Timeline and milestones • Our approach to engagement	Don Woodrow Allison Winter	15 min
6	2.05pm	5 minute break		
7	2.10pm	Activity 1 – Pricing Principles • Principles overview and discussion	Chantal Hopwood	35 min
8	2.45pm	Business Update - Customer Outage Review	Chantal Hopwood	10 min
9	2.55pm	Forum Close • Evaluation survey - what do members want to hear more about at future forums?	Billy Godwin	5 min

Welcome

Presenter: Chantal Hopwood

Industry trends and best practice

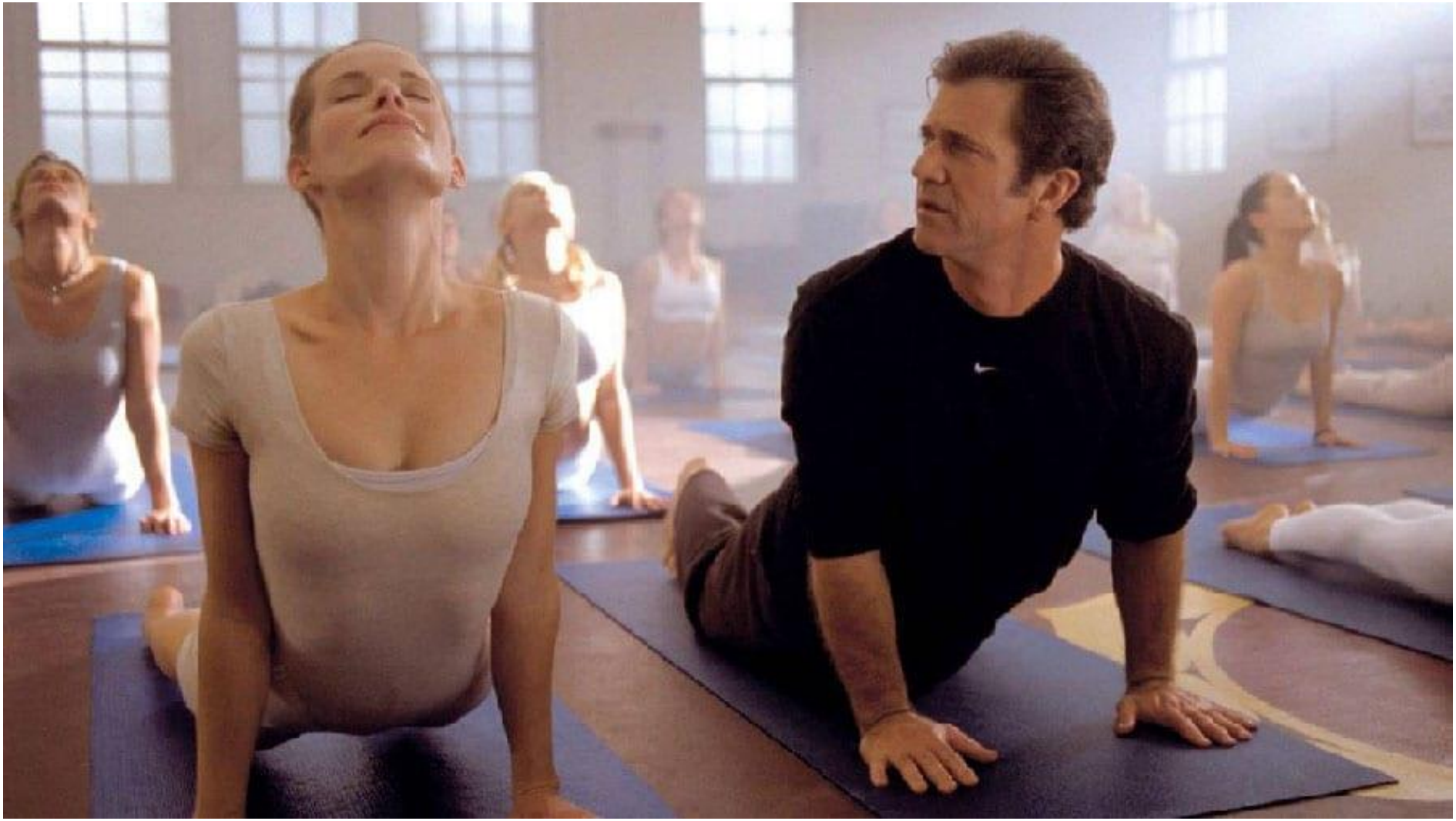
Guest Speaker: Lynne Gallagher – *Energy Consumers Australia*

Facilitator: Allison Winter

ENERGY CONSUMERS AUSTRALIA

What consumers value

ENA Consumer Engagement Workshop
Lynne Gallagher
Interim CEO



Social Science

Phillipa Watson[1] (contact author), Heather Lovell[1], Hedda Ransan-Cooper[2], Veryan Hann[1], Andrew Harwood[1]

[1]University of Tasmania and [2]The Australian National University

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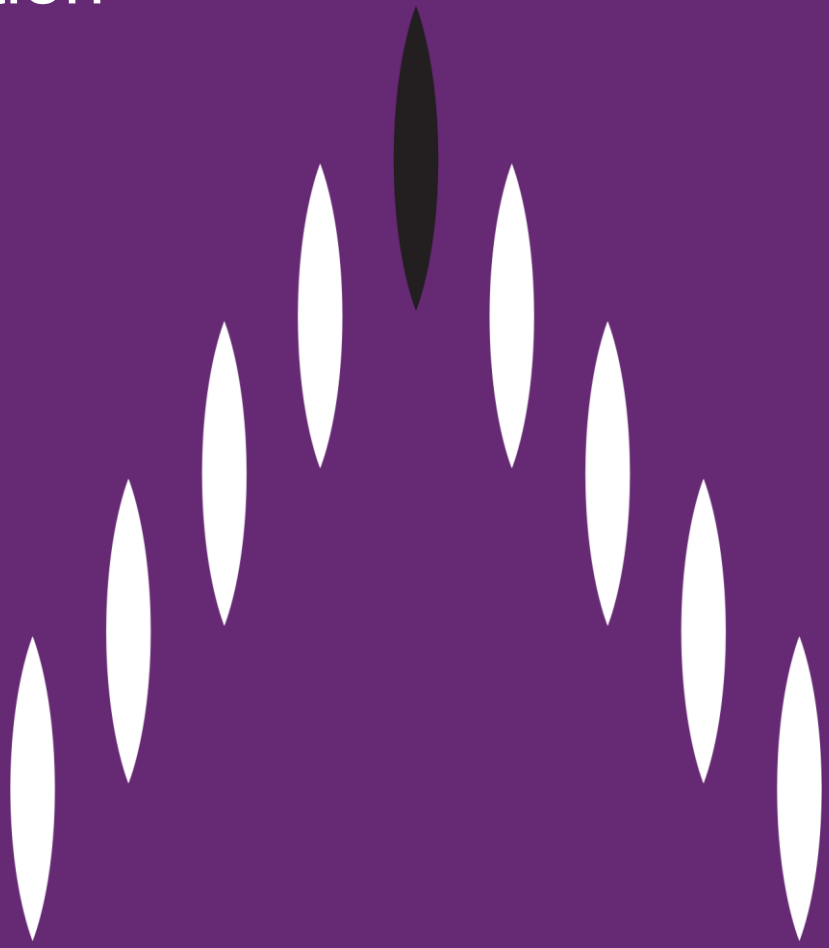
April 2019

http://brunybatterytrial.org

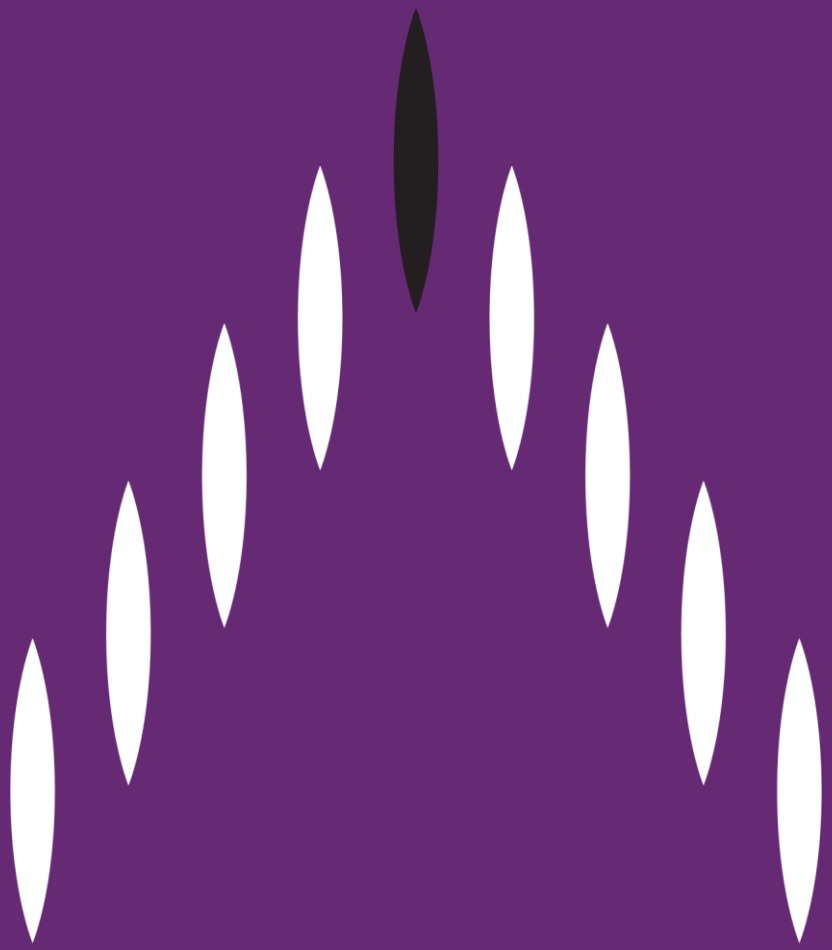
CONSORT: "Consumer Energy Systems Providing Cost-Effective Grid Support" is a collaboration between The Australian National University, The University of Sydney, University

2
Accelerating energy transition



Our vision for the market

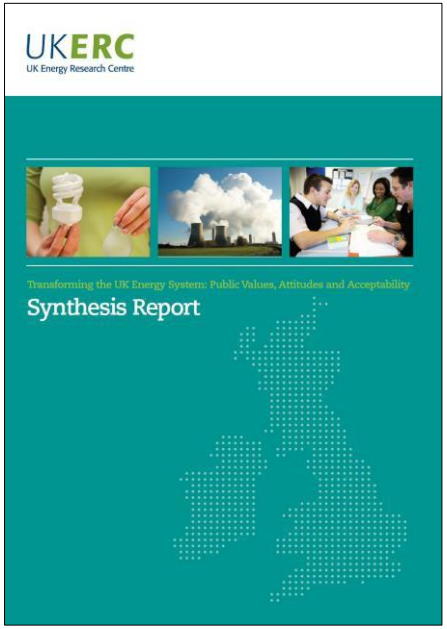
3
Digging into values



Can you tap into ensuring … ‘values’ for transition …

Table 1. Summary of core public values pertaining to energy system change

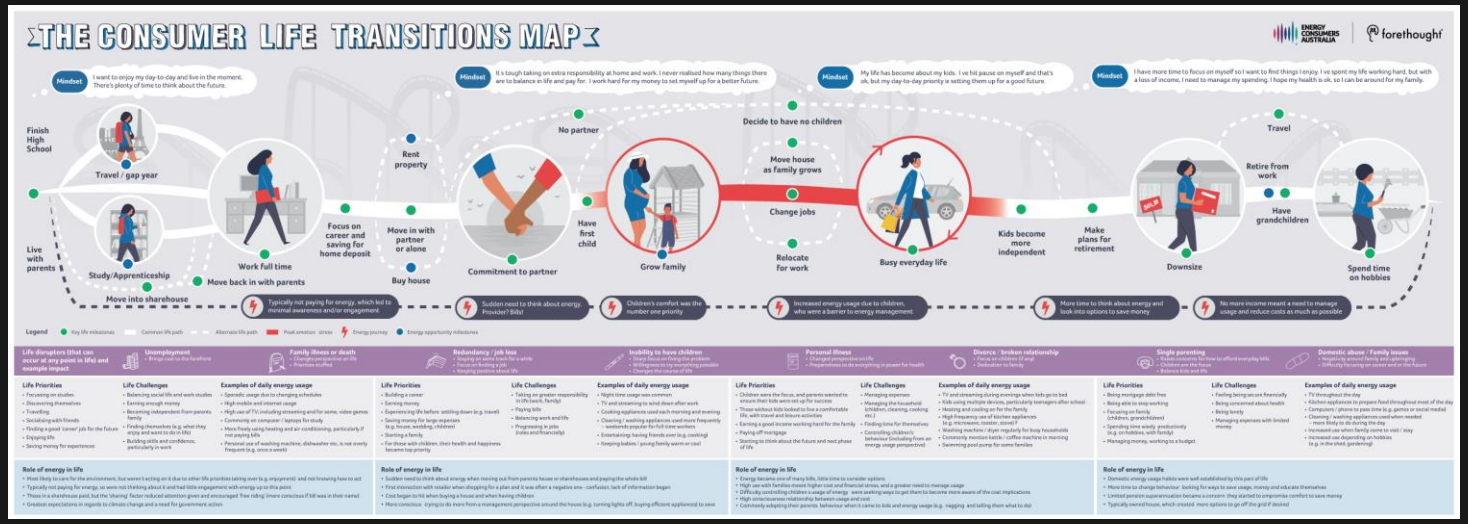
Principle /Value		Description
Reduced energy *use* overall Reduced use of *finite* resources		Reducing overall energy usage while simultaneously reducing the use of finite resources (as compared to the current state) will have positive consequences in terms of attaining the values outlined below.
Efficient and not wasteful	Avoiding Waste Efficiency Capturing opportunities	A system that does not involve wasting and/or produces waste products and that is efficient. A system that does not waste opportunities arising from energy system change, and capitalises on the resources and capacities of the UK.
Environment and nature	Environmental protection Nature and naturalness	A system that uses and produces energy in an environmentally conscious way and does not unnecessarily interfere with or harm nature.
Secure and stable	Availability and affordability Reliability Safety	A system that ensures access to energy services both in terms of availability and affordability. A system that is reliable and safe both in the production and delivery of energy services.
Autonomy and power	Autonomy and freedom Choice and control	A system that is developed in ways that do not overly threaten autonomy, infringe upon freedoms, or significantly compromise abilities to control personal aspects of life.
Just and fair	Social justice Fairness, honesty and transparency	A system that is developed in ways which are mindful of implications for people’s abilities to live healthy lives. A system that is fair and inclusive and where all actors are honest and transparent about their actions.
Process and change	Long-term trajectories Interconnected Improvement and quality	A system that is developed with a focus on the long-term trajectories being created; that takes into account system interconnections and interdependencies; and represents improvement both in terms of socio-technological advances and quality of life.



INTRODUCING THE...

THE CONSUMER LIFE TRANSITIONS MAP

A ZOOMED OUT VIEW:



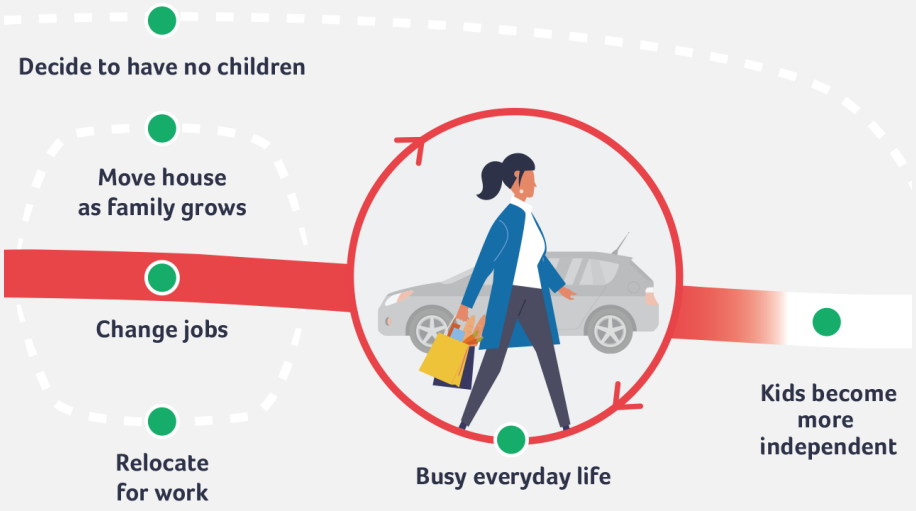
READING THE MAP….

- Key life milestones
- Common life path
- Alternate life path
- Peak emotion / stress
- Energy journey
- Energy opportunity milestones

ENERGY CONSUMERS AUSTRALIA | forethought

Midlife: Finances and life became more stressful. For those with a family, children became the priority

Common Life Transition #3: Midlife



Mindset

"My life has become about my kids. I've hit pause on myself and that's OK, but my day-to-day priority is setting them up for a good future."

Priorities

- Ensuring kids were happy and healthy (for those with kids)
- Live a comfortable life (for those without kids)
- Earning a good income
- Paying off the mortgage
- Thinking about next life phase.

Challenges

- Managing household and family expenses
- Managing the household
- Finding time for themselves
- Controlling children's behaviour (including for energy use).

The changing role of energy across life stages

Role of energy: Leaving the Nest

Consumers were typically not paying for energy which led to minimal awareness and engagement

- Those in a sharehouse paid but the 'sharing' factor reduced attention paid and encouraged 'free riding'
- Most likely to care for the environment, but weren't acting on it due to other life priorities taking over (e.g. enjoyment) and not knowing how to act

Typical energy usage

Sporadic usage based on changing work, study and social schedules, high mobile and internet usage, including TV and streaming.

Role of energy: Early Adulthood

Consumers had a sudden need to think about energy when they had moved out of the family home or share houses

- Cost begins to hit when buying a house and having children
- Commonly the first interaction with a retailer when buying a house or getting bill shock, and it was often negative (confusing, lack of information).

Typical energy usage

Night-time usage was common, TV and streaming to wind down, cooking morning and night, cleaning appliances more frequent – weekends popular for workers, keeping babies / young family warm or cool.

Role of energy: Midlife

Increasing energy usage and children became a barrier to energy management

- Energy became one of many bills and there was little time to consider options
- Higher use with family meant higher financial stress
- Difficulty controlling children's energy usage
- Higher consciousness of the relationship between usage and cost
- Greater need to manage usage

Typical energy usage

TV and streaming at night time, children using multiple devices, heating and cooling on (particularly for kids), cleaning appliances regularly, high frequency of use of kitchen appliances, swimming pool pumps for some families.

Role of energy: Mature

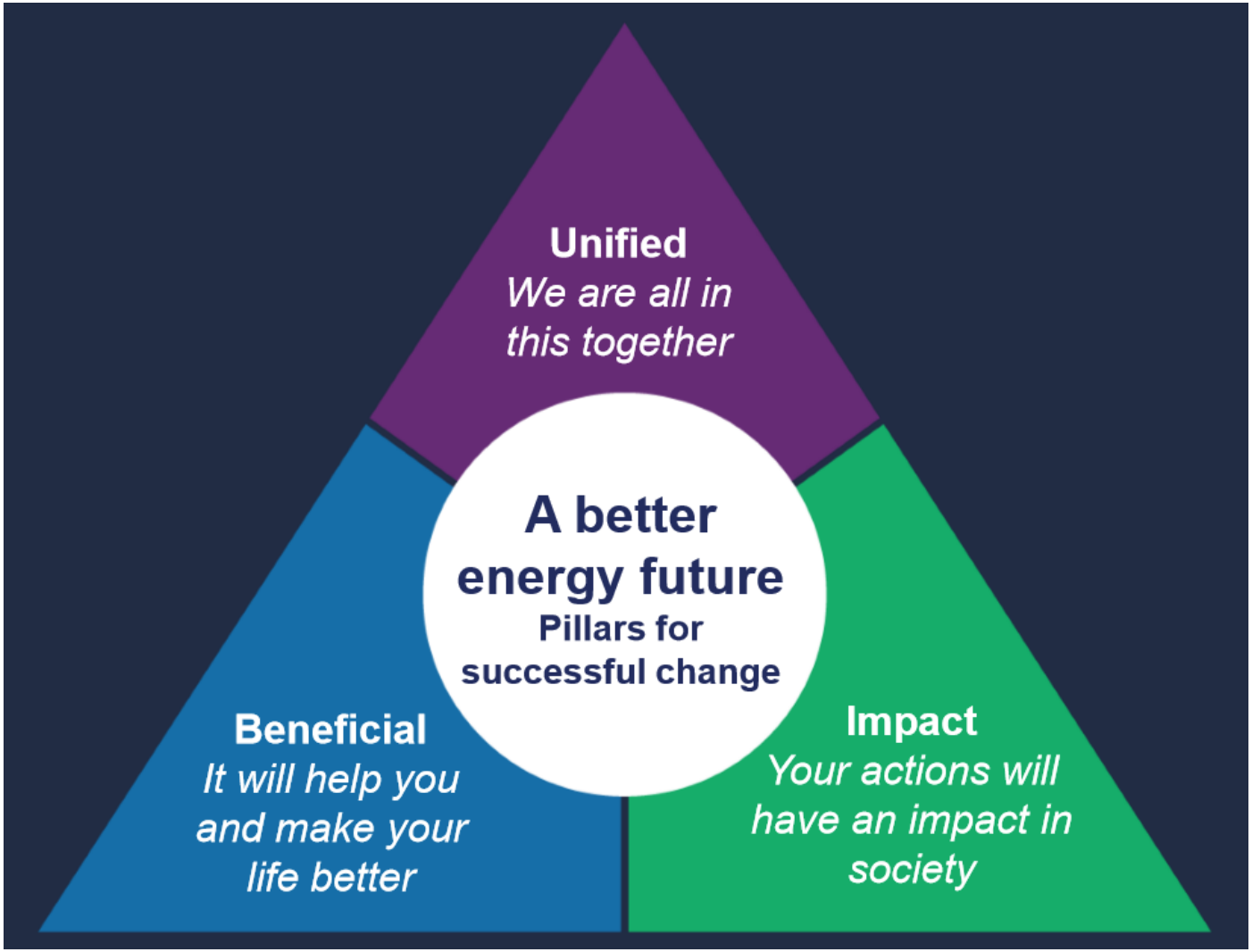
Consumers had more time to think about energy and how to save…

- Domestic energy usage habits were well-established by this point
- More time to change behaviour and look for ways to save on usage
- Limited pension / super became a concern; they started to compromise comfort to save money
- Typically owned a house so more options to go off the grid if desired

Typical energy usage

TV and streaming throughout the day, kitchen appliances all day, computers and phones to pass time (e.g. playing games), cleaning when needed – more likely to do in the day than night, increased usage when family come to visit.

ENERGY CONSUMERS AUSTRALIA | forethought


Unified
We are all in this together
A better energy future
Pillars for successful change
Beneficial
It will help you and make your life better
Impact
Your actions will have an impact in society


DANGER
MORAL HAZARD

"But Kantar, a consultancy, told me that a mere 3 per cent of shoppers had bought "extraordinary amounts" of pasta. Most of us were merely adjusting our habits to life spent away from restaurants, sandwich bars and offices with their own loo paper. We all went shopping a bit more often, and when we did, spent a little more. No cause for collective shame, but it was enough to strain supermarket supply chains."

Energy use reduction campaigns

Most consumers are prepared to reduce energy use during periods of very high demand.

- Over half of households in the ACT and Queensland would be prepared to reduce their energy usage without incentive.
- 52% of small businesses would be prepared to take action without an incentive.
- About one in four household consumers would require an incentive to reduce their energy use during periods of very high demand.

As you may be aware, sometimes there are campaigns asking people to reduce their energy use during periods of very high demand (e.g. when everyone is using their air conditioning during very hot periods). Such campaigns are often backed by government agencies or respected community groups. If there was such a campaign asking that people reduce their energy use during a very hot period, which of the following would you be most likely to do? (%)

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ENERGY CONSUMERS AUSTRALIA

Questions and Answers

Guest Speaker: Lynne Gallagher – *Energy Consumers Australia*

Facilitator: Allison Winter

Revenue Determination 2024-29

Milestones and approach to engagement

Presenter: Don Woodrow and Allison Winter

2024-29 Revenue and Regulatory Proposal Milestones

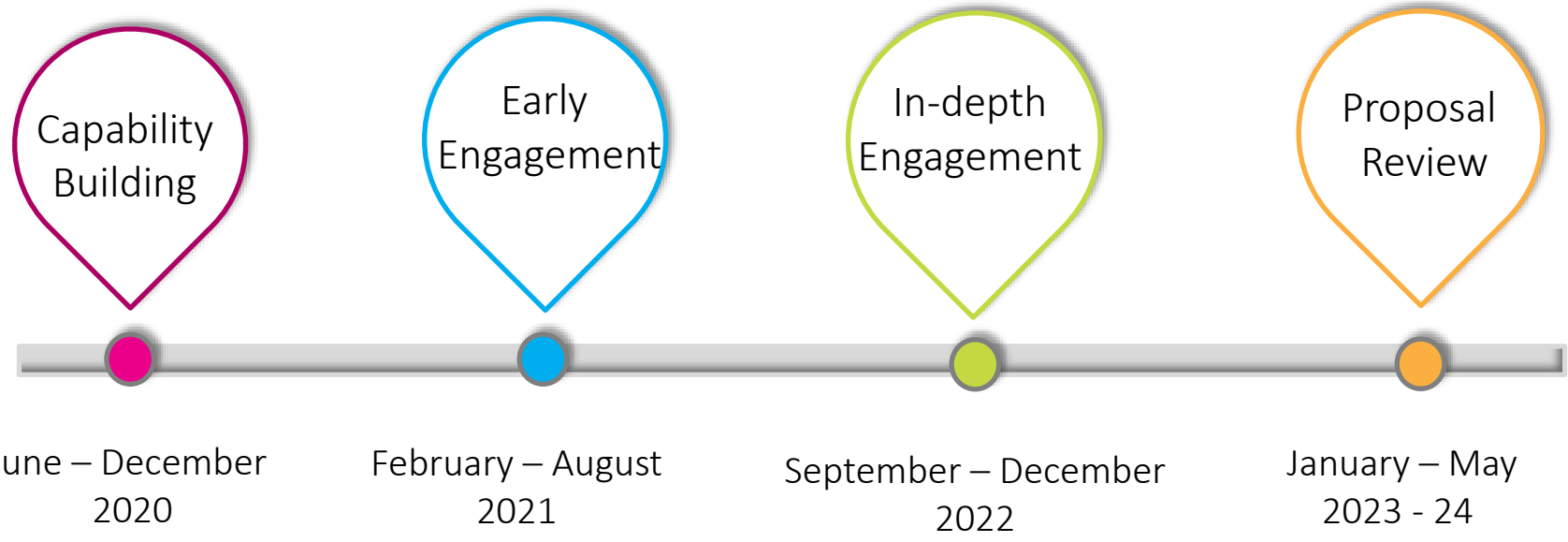
Milestone	Approximate timing for 2024-29 Revenue Determination process
TasNetworks may request the Australian Energy Regulator to make or amend the Framework & Approach Paper	October 2021
Australian Energy Regulatory must amend or replace TasNetworks Framework & Approach Paper	December 2021
TasNetworks 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

Engagement Roadmap

We want to design our engagement approach together.

Proposal

- Policy & Regulatory Working Group to become TasNetworks' key advisory group for the 2024-29 regulatory and revenue proposal.
- Forums will continue on a quarterly basis but we will review the frequency and length of workshops from the 'in-depth engagement' phase.



Break

Pricing Principles

Principles that guide TasNetworks pricing strategy

Facilitator: Chantal Hopwood

Pricing Principles

- Pricing principles shape TasNetworks' pricing strategy.
- We recognise that a successful pricing strategy requires a shared vision, and cooperation and collaboration between us and the Tasmanian community.
- We are asking for your feedback on these principles which will guide the direction of our pricing strategy into the next regulatory period (2024-29).
- We have released a Consultation Paper to encourage our wider customer and stakeholder group to also contribute to this process.

Our commitment: to develop our pricing strategy in collaboration with our customers and stakeholders.

Pricing principles 2024-2029

Affordable. Electricity is essential and we will ensure that customers, particularly vulnerable customers, will not be exposed to hardship as a result of our pricing or network tariff reforms.

Fair. Each customer should pay a fair amount for their use of the shared network, which reflects the demands they place on the network and the value of their connection to it.

Simple. Our network pricing will be both cost reflective and easy for our customers to understand.

Consistent. We will avoid creating price shocks for customers and minimise upward pressure on the delivered cost of electricity.

Innovative. We will respond quickly through our pricing to the changing needs of our customers and changes in technology.

Renewable. Our pricing will help customers who invest in distributed energy resources, such as solar generation and battery storage, to meet their energy needs and the needs of others.

Pricing principles feedback

Let's discuss

Topics of discussion

- Question One: Do these principles represent the key inputs required to shape TasNetworks' pricing strategy?
- Question Two: Are there any principles we have missed that should be there?
- Question Three: Are the pricing principle definitions clear and easily understood?
- Question Four: Do you think these pricing principles should be ranked in order of importance, or do you think they strike a balance between each other?
- Question Five: If you think the pricing principles should be ranked in order of importance, what do you see as the most important objective and why?

Affordable

Fair

Simple

Consistent

Innovative

Renewable

We encourage to make a submission on our Consultation Paper.
By providing a submission, you are ensuring our pricing strategy continues to reflect the needs and drivers of the Tasmanian community now, and into the future.

Customer Outage Review Project

Facilitator: Chantal Hopwood

Process for planned outages

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 (COR).

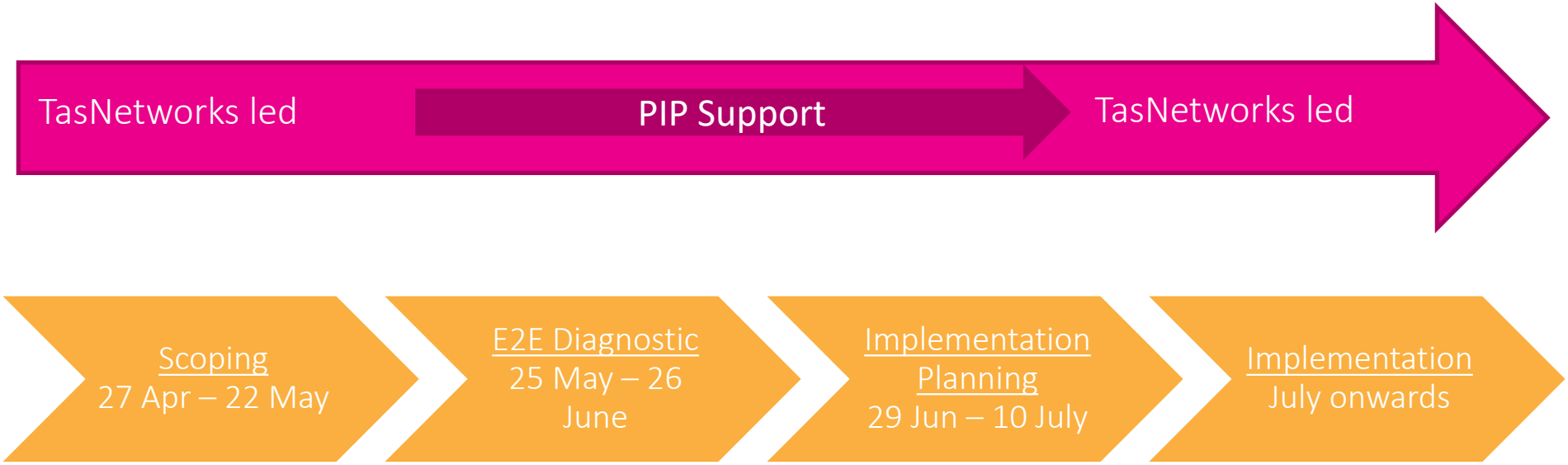
The COR project aims to:

- 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
- Develop an improved robust process for planned outages

The COR initiative is one of TasNetworks' top strategic priorities for 2020-21.

Customer Outage Review Project Timeline

Indicative Timeline of Customer Outage Review



Next steps

Internal and external engagement is critical to the success of this project and regular updates will be provided as we progress through the following milestones:

- Finalise diagnostic phase to confirm route causes
- Begin ideas formation to improve processes
- Develop implementation roadmap

Forum Close

Evaluation and survey

Facilitator: Billy Godwin

TasNetworks
Delivering your power

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