



Future Networks Panel

Meeting #6 | Summary Notes

Details	Members	AusNet Staff	Other Attendees
All day, Monday 13 November	Emma Chessell	Ana Erceg	David Prins (AER Observer)
Online	Dean	Annie Aldridge	
Chair: Charlotte Eddy	Chris	Anoop Nambiar	
Secretariat: AusNet	Darren McCubbin	Charlotte Eddy	
	Gavin Duffy	Eliza Cochrane	
	Kate Hansen	Lucy Holder	
	Linus Mayes	Sonja Lekovic	
	Nando	Emma Ferrie	

The focus of this session

Focus Question	Objective of the meeting	Key agreed positions	Next meeting objectives
	To collaborate on trade-offs of smart network investments, AusNet's ambition for the transition to the Distribution System Operator (DSO) and how these investments can optimise customer outcomes.	- Support for transition to DSO and networks playing a key role in enabling the energy transition through modernisation and smart network solutions. - Support for flexible and optional/layered services for customers, that build customer agency and reduce risk of cross-subsidies. - Successful transition to DSO and delivering customer benefits is contingent on effective communication on the broader energy transition, necessary for building customer agency.	AusNet to present draft answers to Focus Questions to the panel and expenditure proposals related to network modernisation.

Item	Time	Topic	Lead/s
Welcome	10:30am 5 mins	Agenda	Charlotte

01	10:35am 10 mins	General items	Charlotte
02	10:45am 15 mins	Background	Various
03	11:00am 60 mins	Deep Dive Transition to DSO	Sonja
04	12:15pm 30 mins	Deep Dive Approach to innovation in EDPR 2026-31	Ana
05	12:45pm 25 mins	Reflecting on the focus question	Charlotte
06	1:10pm 20mins	Other matters & close	Charlotte

Summary

Welcome & Introduction

Charlotte Eddy, AusNet General Manager Regulation (Distribution) opened the meeting with an Acknowledgement of Country and provided an overview of the agenda of the meeting.

01 General Items

Charlotte Eddy provided an update on the actions from previous meetings including:

- Flexible exports communications to the Tariffs & Pricing panel, which was discussed in the Tariffs & Pricing panel meeting on 30 October 2023.
- AusNet has taken onboard feedback that panel members provided on the Energy Sentiments Survey.
- AusNet has added in forward plans for proactive voltage expenditure to 2026 into the appendix of the slide pack shared.

Charlotte shared that the other actions will be addressed next year once AusNet produces more detailed modelling assumptions.

02 Background

Sonja Lekovic, AusNet Regulatory Policy Manager, provided a brief overview of the key takeaways from discussions that the Future Networks panel has had so far, learnings from other networks and highlights from AusNet's EDGE, Flexible Exports and EV trials

Topics	Discussion points
Discussions so far and learnings from other networks	A panel member raised that it would be worthwhile framing the takeaways from the consumers perspective. The panel member furthered that the goal as a network is to enhance and optimise household or business agency. One way to achieve this agency is through flexible exports. The panel member justified that this is important to ensure that AusNet creates platforms that enable people, rather than just doing things for people. The panel member highlighted the need for a thoughtful approach, as getting customers to do something all at the same time will just create new problems. The panel member raised that giving people options and providing solid foundations will help to ensure that no one is cross subsidising, and ensure agency is behind the meter in a distributed energy future. AusNet agreed with this and raised that they will highlight the need to reduce cross subsidies. AusNet raised that this need to reduce cross subsidies will be discussed further in the deep dive on modernising how they decide on investments, and deliver benefits to everyone, rather than just specific customers.

03 Network modernisation and transition to DSO

Sonja Lekovic from AusNet raised AusNet's ambition to transition to the Distribution System Operator (DSO) and the desire to gain a deeper understanding on how these investments can optimise customer outcomes. Sonja provided a high-level overview of AusNet's process when deciding to efficiently invest between network and non-network solutions, mentioning the panels high level of interest in this in the previous meeting.

Topics	Discussion points
Managing new challenges on the network and determining an efficient mix of traditional and non-network solutions	• A panel asked how AusNet is thinking of factoring in the economic assessment of the Net Present Value (NPV) calculation, given the inclusion of emissions objective in the National Energy Objective (NEO). AusNet responded by saying that they consider that being apart of the benefits case. AusNet furthered by saying if by investing in something to reduce emissions would form part of a future benefits case, which AusNet will include in their updated modelling. The panel member asked how AusNet will value the benefits, and if that would be price per emission. AusNet responded by saying they would use the typical value, but they are waiting for the AER to announce an interim value towards the end of the year. AusNet noted that there is an extensive process that the AER and other decision makers go through to determine the value, which might take years to finalise. • A panel member asked if the AER will provide guidance on other value streams that are not network related, such as NEM value. AusNet responded by saying that they don't think the AER will provide guidance on non-network related value streams, but noted that the AER is going to provide guidance on emission reductions, which AusNet can incorporate along with wholesale market benefits, to determine value.
Key considerations for EV modelling	• AusNet raised that a big question they are currently working on is the orchestration of flexible loads for EVs in the future, and if that communication will be able to occur in the same way as inverters. AusNet furthered by stating that a lot would need to play out in order for them to be able to orchestrate or send signals to EVs, including customers protections being put in place and customers wanting to accept this sort of behaviour. AusNet shared that this is something they are testing through their customer research and are getting very mixed results on, with some customers viewing orchestration quite negatively and wanting to be able to charge their EVs whenever. • A panel member raised that incentivising customers to charge EVs in certain times of the day through tariffs will only work for all customers, as some won't want to give up their controllability. The panel member suggested AusNet implement a layered approach to tariffs, that would allow customers to opt in or opt out based in their preferences and provide more value overall. AusNet responded by saying that they are hearing from stakeholders that tariff response should be enough, saying that is something they will take into account when considering whether there is a need for orchestration. • A panel member raised the importance of informing people about the network cost implications of providing varying levels of kilowatts (7, 11, 22) on demand for people to charge their electric vehicles. The panel member raised concern about the installation of high-capacity charges (50 to 400 kilowatts) in businesses and shopping centres, and the implications this might have on the network. AusNet responded by saying that this is something they are exploring, particularly around getting the best estimate on cost high-capacity charges and what impact will have on the network. AusNet added that they will provide more information on this. • A panel member highlighted the importance of distinguishing between orchestration and control in the context of flexible loads for electric vehicle charging. The panel member noted that using incentives can encourage people to follow certain behaviours but acknowledged that it is challenging to navigate the fine line between AusNet telling customers that 'we are working together' rather than 'we are taking over'.

Transitioning to a Distribution System Operator (DSO)

- AusNet raised that a large piece of work that they are looking at is the type of investment they would need to become the Distribution System Operator (DSO). AusNet asked for panel members to share their thoughts on the DSO transition and whether they see AusNet playing a role there.
- A panel member emphasised the importance of flexibility in meeting consumer needs in the DSO transition. The panel member raised that they believe consumers will look to the distribution network to bridge gaps during the transition. The panel member encouraged AusNet to take a more aspirational approach with the ability to speed up and slow down quickly. The panel member suggested AusNet use available tools such as advancing tariffs. AusNet thanked the panel member for their feedback and shared that they will be building a foundational communications platform with the emergency backstop mechanism, which will allow them to bring forward flexible exports in a way that wouldn't have imagined a year ago.
- A panel member suggested that the middle to fast path would be the best option. The panel member emphasised the importance of customer value and the to look at that in the medium term, rather than just the short term. The panel member acknowledged the rapid pace of change, which is being driven by things such as the backstop mechanism and the increase in need for flexible exports.
- A panel member clarified that AusNet are using the term Distribution System Operator as a descriptive term, rather than as a separate proposal. AusNet agreed with this and added that there was some discussion internally who would be the Distribution System Operator, and ultimately it was decided that it's just an extension of what the distribution network does today.
- A panel member raised that building out the narrative is really important for DSO transition, as it will give AusNet the social license to move quickly. The panel member recommended for AusNet to build on its strengths. There was broad agreement with this amongst panel members.
- A panel member emphasised that AusNet needs to have a clear narrative around home energy generation and electric vehicles to gain public support. The panel member furthered by warning that sudden changes may be met with resistance and confusion from the public. AusNet asked the panel member how they thought the networks compared with each other regarding having a clear narrative and gaining public support. The panel member responded praising Essential Energy's long-standing presence and the informal networks they have built in their community engagement. The panel member also mentioned Ausgrid's great education efforts on tariff offerings for smart meters. The panel member encouraged proactive measures, such as engaging with tradies and preparing the network for the future to avoid potential issues.
- A panel member highlighted the perception among some customers that any limitations on solar energy are interpreted as the network or retailers being against solar. The panel member suggested that AusNet should emphasise in their communications that they do value having solar in their network, in order to help address this misconception.

04 Innovation

Ana Erceg, AusNet Future Networks Programs Manager discussed AusNet's approach to innovation, noting that in the previous EDPR, they had \$7.5 million in innovation expenditure approved. The Innovation Advisory Committee (IAC) was formed to incorporate customer perspectives in shaping project design and priorities. Ana highlighted an example where collaboration with the IAC led to an electrification project called "Electri-

fair-cation", with AusNet investing \$1.5 million in the trial to explore how vulnerable households can benefit from electrification.

For the next period, AusNet proposes to continue innovation, presenting three options:

1. Do nothing.
2. Maintain the same pace with \$7.5 million supported by the IAC.
3. Increase innovation to \$15 million for larger, more transformational trials.

AusNet invited the panel members to share their thoughts on the presented options.

Topics	Discussion points
Options for approaching innovation in EDPR 2026-31	- A panel member expressed that the current model of having networks determine their own programs with regulated funding might not be the optimal approach for innovation in networks. The panel member acknowledged the positive outcomes from AusNet's innovation expenditure but suggested that all networks could coordinate their innovation efforts which could be administrated be an external body. - A panel member agreed that having an independent input, as demonstrated by the Innovation Advisory Committee (IAC) is crucial for transparency and governance. The panel member emphasised the importance of clear and transparent work on the risk-reward ratio for innovation projects, stating that some projects may not yield the expected results, but transparency in decision-making is crucial. The panel member expressed support for the approach AusNet has taken and indicated that some rejected projects from other networks may not have appeared genuinely innovative. The panel member appreciated the projects AusNet discussed in this presentation as having the potential for positive innovation. - A panel member raised that they like to see that there's a program that warrant the investment, and suggested AusNet decide what they want to innovate on and work from there. AusNet responded by saying they will give this some thought and get back to the group. AusNet noted that the innovation allowances operate under a 'use it or loose it' scheme, clarifying that AusNet doesn't benefit through the incentive scheme. - A panel member suggested that AusNet should talk to other Victorian networks for further insights and emphasised the importance of sharing innovation strategies among networks while ensuring diversity in approaches. The panel member highlighted the importance of demonstrating tangible benefits that directly relate to consumers, as funding often hinges on the perceived value derived by consumers. AusNet agreed with this saying that there does need to be a clear link on what the money will be used for, and agreed that they would touch base with the other Victorian distributors around innovation.
Smart meters	- AusNet raised under the topic of innovation, the potential to explore the need for a proactive replacement program for the smart meter fleet, and the possibilities offered by next-generation smart meters. AusNet noted that the considerations also extend to how these decisions align with the future Distribution System Operator (DSO) investment and broader network smart investments. A panel member shared that they are currently working with Volta Rocks, which provides comprehensive data compared to traditional smart meters. The panel member suggested that AusNet explore existing independent operators in the market before investing in improving smart meters, as there may already be viable alternatives catering to similar needs. - Panel members raised the potential for leveraging existing functionalities like Zigbe for communications with meters. AusNet responded by saying that Zigbe's aren't as commonly used anymore.

- A panel member raised the question of whether changes are needed in meters or if the focus is on connection agreements and related processes. The panel member suggested that AusNet should determine which option gives them the most flexibility. The panel member raised operationalisation may extend beyond meters to other methods, such as behind the meter solutions or alternative approaches.
- A panel member asked if it might be more cost-effective to have a meter that has an output when customers are exporting whilst informing them of their load. AusNet responded by saying that every customer is entitled to free access to that data. AusNet furthered by saying that a number of retailers offer an app where customers can view their data.
- The AER commented that they believe that smart meter is a misnomer, and that meters should only collect basic information such as half hourly data, voltage, frequency etc. The AER furthered by saying that some functionalities of smart meters, such as smart disconnect, were never allowed in Victoria, so they encouraged AusNet to look at other mechanisms to achieve what they want. The AER raised the question of what extra functionality AusNet has in mind for meters. The AER raised that there are parties around that think anything that could be competitive should be competitive. The AER said that they didn't have a view either way, but raised that there might be pushback on putting extra things into the meter as it could be seen as DB only non-competitive territory, making it something that's available for all parties to potentially be able to use and maximise customer benefits through competition. AusNet responded by saying that additional smart meter functionality would be supporting the types of services that they already offer such as more accurate data sharing, rather than introducing a new service.
- A panel members raised a different perspective to the AERs, referring to examples where other organisations have used services such as VoltaRocks to provide better communications and information to customers. The panel member suggested that for AusNet, increasing functionality of smart meters is not just about data, but would help people either electrify their house or become more energy efficient.

05 Reflecting on the focus questions

Topics	Discussion points
	Charlotte Eddy from AusNet asked panel members to share their high-level observations of how focus question 4 (How might we unlock more value for customers and reduce unit costs through an efficient mix of smart grid technology and new capacity?) and focus question 5 (Beyond enabling exports, how might we support customers in unlocking other CER value streams?) might be answered. • A panel member advocated for a flexible and adaptable approach. This will help to address the diverse issues faced by rural areas in the rapidly changing energy market. The panel member furthered by highlighting the need to address pockets of inequality and solutions for electrification in remote communities. The panel member raised that bespoke solutions will be crucial for rural customers, particularly in situations such as crossing title boundaries on farming properties. • Another panel member raised the importance of staying updated on technology advancements. The panel member supported the need for flexibility in allocating innovation funds, and emphasised the importance of providing customers with data about their energy usage to help them make informed decisions. • Another panel member emphasised the importance of effective communication and shaping a compelling narrative in the context of energy initiatives. The panel member suggested that AusNet should proactively engage with the public, contractors, and stakeholder to convey a clear message about the future they

are creating. They panel member also suggested AusNet using grassroots approaches, such as involving contractors and sparkies to spread key messages, and creating education kits for schools to help create conversations in households.

- Another panel member raised the challenge of creating a business case in an environment characterised by uncertainty and rapid change, particularly in response to focus question 4: 'How might we unlock more value for customers and reduce unit costs through an efficient mix of smart grid technology and new capacity?'. They emphasised the importance of understanding how the network will evolve over the next 30, 40 or 50 years, in order to properly assess the worthiness of an investment. The member acknowledged the inevitability of the energy transition and suggested AusNet forecast backward from the end of an asset's life to better understand and justify the investment.
- Another panel member emphasised the importance of recognising the value of Distributed Energy Resources (DER) in the system, which will be crucial for achieving cost efficiency. This is because once people comprehend the benefits and value of DER, it becomes easier to share those benefits and build a case for orchestration, where customers receive the value. The panel member also raised the importance of value signalling in guiding customers to make investments that benefit themselves and the overall electricity grid.
- Another panel member echoed the importance of education and emphasised the critical role of automation and orchestration, especially with the rise of electric vehicles (EVs). The member suggested potential quick wins could include controlling load and addressing larger issues such as EVs. The panel member supported the need for AusNet to adapt quickly to future changes.

Close & Next Steps

Charlotte Eddy thanked everyone for their participation and closed the meeting.

Action items

Action	Assigned to	Status	Due date
AusNet to provide more information on the impacts that high-capacity EV charges (50 to 400 kilowatts) will have on the network (if and once available).	Network planning	Not yet started	TBC
AusNet to update the modelling of CER enablement to assess the value of emissions reductions	Network planning	Not yet started	Meeting #7, 2024
AusNet to undertake scenario-based forecasting and looking at what different scenarios mean for network investment	Network planning	In progress	2024
AusNet to explore options for regulatory and forecasting triggers to include in the regulatory proposal	Network planning	In progress	2024
AusNet to progress modelling and consider how best to model all-electric homes and EV load	Network planning	In progress	2024

AusNet to share more details of how segmentation data is evolved to include future usage profiles, and how it's used in demand forecasting	Network planning	In progress	2024
AusNet to look at available capacity on the network and look at options for encouraging use of it	Network planning	In progress	2024
AusNet to progress modelling of flows between customer load profile segments over time, and peak demand days vs average peak	Network planning	In progress	2024
AusNet to consider how low cost or free energy can be captured in the benefits assessment for the average customer, with and without CER	Network planning	In progress	2024
AusNet to update the modelling of CER enablement to assess the value of emissions reductions	Network planning	In progress	2024
AusNet to develop potential ESIS metrics and measures based on investigate pain points, to discuss with the panel further	Network planning	In progress	2024
Follow up solar checks/reminders provided by other networks	Network planning	In progress	2024
AusNet to provide more data and information on the impacts of the gas connections moratorium, once data and insights are available	Network planning	In progress	2024
AusNet to investigate non-network solutions that benefit the network, such as subsidising insulation of houses	Network planning	In progress	2024
Follow up solar checks/reminders provided by other networks	Regulation	Not yet started	Meeting #7, 2024

Padlet Board

Nil for this meeting