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Electricity Availability Panel

Meeting #3 | Summary Notes

Details	Members	AusNet Staff	External Observers
1.00-4.00pm Wednesday 16 August 2023 **Online (MS Teams)** **Chair:** Charlotte Eddy **Secretariat:** AusNet	Jeff Nottle Mark Grenning Helen Bartley Chris Harvey Kieran Donoghue Tricia Hiley Piang Lilian	Robert Ball Charlotte Eddy Jade Park Astro Sakalis Emma Ferrie	Matthew Morrison (AER)

Focus Question	Objective of the meeting	Key agreed positions	Next meeting objectives
FQ1: *How might we efficiently improve reliability for our worst-served customers to a level that is considered value for money to all customers?*	Collaborate and agree on the criteria that will be used to identify worst served feeders, for further investigation and assessment. Outline and seek feedback on our proposed approaches to addressing other considerations relevant to this Focus Question.	It was decided that worst-served feeders be calculated using the Inadequately Served Customer measure, adjusted to exclude major event days (MEDs)and reflect average performance over a 5-year timescale, with the secondary criteria be applied qualitatively to assist with prioritisation of feeders. AusNet is to undertake further scoping and assessment of potential solutions on this basis. AusNet to progress with further customer research/engagement on reliability and cost trade-offs and keep Panel in loop on outcomes.	In March 2024: Collaborate on preferred option/s prepared by AusNet based on agreed approach. *Note the focus of collaboration will be on outcomes (i.e. balancing reliability improvements and overall costs), not inputs (i.e. detailed costings).*

Item	Time	Topic	Lead/s
	1:00pm	Welcome and Introductions	Charlotte
01	1:05pm	Standing Items	Rob
02	1:10pm	General Items	Rob
03	1:20pm	Primary and secondary criteria for worst-served	Chirag, Rob

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		customers	
	3:00	*Break (5 mins)*	
04	3:05pm	Other considerations	Rob
	3:45pm	Meeting close and next steps	Charlotte

Summary

Welcome

Key points

When opening the session AusNet gave the panel various updates including:

- all actions from the previous two meetings have been addressed
- progress on the Quantifying Customer Values (QCV) project – AusNet noted it's appointing a research supplier and liaising with the AER on the methodology and scope, particularly as it relates to the VCR review which the AER is required to do every 5 years. A panel member asked what the broader purpose of why this is happening and where it is going - in particular if there will be some regulation change coming through, or if the AER will be changing the dial in terms of the spending test for customers. AusNet responded by saying that while the AER will be aware of the changes that are happening from the customer perspective (e.g., electrification, working from home trends), the primary reason the AER is conducting the VCR review is to meet its obligations that one be carried out every 5 years.
- that an invite will be coming out shortly for a joint DB resilience workshop, which will be held in late September or early October.

Part 1: General Items

Topics	Discussion points
Forward plan	• Rob from AusNet thanked the group for providing their feedback on the forward plan, and sharing their personal experiences around reliability and resilience before at the in-person meeting. • A panel member asked for feedback and recognition on their point made on the Padlet around approaching the forward plan with a flexible mind frame, which AusNet responded in support of. • A panel expressed that they are supportive of the proposed forward plan, and believes it incorporates panel members comments well.
Revisiting the last session from the in-person meeting	• AusNet reported back on where the Availability Panel's dots landed on others' focus questions (and vice versa) and how AusNet proposes to address the areas of real/potential overlap, which was accepted by the Panel. Another panel member raised that it is worth acknowledging that when they put the dots on the respective focus questions, and how they ranked them as low, medium, high priority, was at a specific point in time, which is subject to change, and asked that the dynamic nature of this is acknowledged. AusNet and said the exercise was intended as a guide to help break down silos and have panels and AusNet thinking about where overlap exists. Panels are very welcome to raise changing priorities over time through engagement.

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Part 3: Primary and secondary criteria for worst served customers

Topics	Discussion points

Primary Criteria	• There was an initial discussion that clarified:
	  • the definition of worst-served customers (i.e. the assessment criteria) is being collaborated on
	  • that reliability for worst-served customers is a topic of importance to customers
	  • that the approach to worst-served customers in AusNet's proposal is TBC (pending outcomes of these discussions) but that AusNet is approaching it with an open mind, and value-for-money will be important to demonstrate to the AER given its economic tests.
	• A panel member asked what customers are doing to make themselves more resilient, and suggested this be considered when looking at worst served customers' needs and definitions. AusNet agreed that these were good points and noted that when major event days (MEDs) are included in the primary criteria, "worst served" is more likely to pick up locations that have historically been vulnerable to extreme weather events
	• A panel member furthered this discussion by saying that they believe the customer voice could be more prevalent in this conversation. It was noted that this is particularly important around different areas as groups of customers might have different views and different priorities on cost vs resilience. AusNet agreed and said that the value to customers will definitely need to be tested through the process.
	• Panel members questioned what outcomes could be achieved through the EDPR 2026-31, including the limitations of the current regulatory framework (and how much it could be "stretched") and what options AusNet has if a capex proposal is knocked back. E.g. could AusNet ask for some smaller items that improve outcomes for worst-served customers? AusNet suggested that limitations of regulatory frameworks and approaches be parked today and returned to in a later meeting/s when specific options will be presented to the panel.
	The Panel deliberated on whether MEDs should be included or excluded from the assessment of worst-served feeders, achieving broad consensus that MEDs should be excluded, though the customers and locations vulnerable to extreme weather events should be considered via the resilience program. Key discussion points included:
	• Broad agreement that MEDs are best addressed through the resilience program and tracked separately to persistent poor reliability … acknowledging that outages caused by extreme weather events may become "the new normal" (further blurring the reliability/resilience definition), and that definitions and approaches will need to evolve over time
	• That AusNet does and will continue to undertake post-event reviews following major events to understand the impact MEDs have on customers and identify opportunities for improved resilience/network response, which it does not do following non-MED outages
	• That persistently poor reliability and resilience stories can get mixed up by customers and that customers' view of availability may not distinguish between these two terms
	• Whether it would be pragmatic to use the AER's existing definitions and metrics for Inadequately Served Customers (including MEDs, 3 year average). AusNet responded by saying that the AER's decision to approve funding for upgrades to worst served feeders is going to be based more around the economics of the proposal rather then sticking to the existing definitions. The AER responded by saying that if the difference between the measures and the chosen metric can be

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is shown to have an impact, then it would be fairly logical to follow that, however, would need more information to make a definitive answer.

The Panel then deliberated on whether a 5-year or a 3-year average should be used for reliability assessments in the calculation of "worst served feeders". The Panel indicated a broad preference for 5 years primarily because using a longer time period limits the distortionary effects of one-off events, and takes account of pre-COVID and 2019/20 bushfires (as discussed at meeting #3)

Secondary Criteria

The Panel then discussed the application of secondary criteria. Key discussion points included:

- How the secondary criteria should be applied and weighted, with broad consensus that secondary criteria should be looked at holistically, considering "the bigger picture" rather than variables in isolation, which AusNet supported
- After seeing the analysis, the IRSD approach to measuring vulnerability is appropriate (which was suggested by the Panel in Meeting #2), and that it's good to use an objective, recognised measure
- A suggestion that if remoteness data – which has statistical underpinning that makes it quantitative – could be used to create an index with some of the secondary data, and presented alongside USAIDI (reliability) data for feeders, enabling AusNet to rank feeders based on secondary criteria. AusNet agreed but there is a limitation in cost-benefit analyses to justify upgrades, being that the benefit to remote/vulnerable customers would need to be quantified which is very difficult to do.
- The even spread of life support customers, and the importance of looking after life support customers regardless of how well-performing their feeders are. AusNet added that networks' obligations do not cover reliability for life support customers (though we prioritise their restoration where possible during unplanned outages) but inclusion of life support customers as a secondary criteria would embed it as a reliability consideration in network planning. A panel member suggested it would be better to target upgrades specifically for life support customers (rather than at the network or feeder level), then two other panel members noted there would be difficult questions on how/who by this would be paid for and what these solutions might look like.

Discussion on next steps

- Based on the discussions above, it was agreed that AusNet will progress with further analysis of the feeders classified as worst-served calculated using the 5-year average, excl. MEDs.
- When asked whether the feeder list would be updated to account for future performance data, AusNet confirmed that as new data (FY24) will not become available until August 2024, it will need to move forward with the current data for the draft proposal and share updates with the Panel at a future meeting if/as the list changes.

Part 4: Other considerations

Topics	Discussion points
Understanding the value worst served customers place on reliable supply & assessing willingness to pay for upgrades	• AusNet provided an overview of its current understanding of the value worst served customers place on reliable supply, and highlighted that it will be testing this further, incl. willingness to pay for upgrades, via the upcoming Quantifying Customer Values (QCV) study and customer workshops. • Discussion included:

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- How VCR responses might be affected by income levels, and how to take into account lower socio-economic areas, and other areas that place low value on reliability? AusNet said the QCV research will help us understand the variety of factors influencing people's willingness to pay for reliability.
- Clarifying the Research & Engagement Panel are collaborating with AusNet and the research supplier on the QCV study methodology.
- Panel members didn't suggest any changes to the further research/engagement approach AusNet proposed, but did flag it's important for AusNet to ensure findings are passed back to the Availability panel.
- A panel member highlighted that it's important to be mindful about what is happening with gas when considering electrification and reliability.

Cost benefit assessment framework

Discussion on whether the current regulatory and economic assessment frameworks are fit-for-purpose re: upgrading reliability for worst-served customers included:

- Clarifying that the cost of upgrades would be spread across all customers
- That we will need to wait and see what impact rising energy costs have on customers' priorities and willingness to pay for reliability, and that this will need to continue being tested in the lead-up to AusNet submitting its proposal.
- Clarifying the QCV research will test willingness to pay for service improvements, maintaining current service levels, or trade savings for diminished services
- When to expect further details on the Victorian Government's approach to resilience, to which AusNet responded it understands from discussions with Government that this announcement is expected shortly.
- The importance of being innovative and out of the box in AusNet's thinking given the panel is planned 8 years out from now, which might involve a real reframe of current thinking. AusNet agreed and said it is very open to exploring innovative solutions to improving reliability for worst served customers further through the Panel's work.

Close & Next Steps

In the "open floor", suggestions were made that the panel should meet in-person.

Charlotte thanked everyone for their time, provided a summary of actions arising from the meeting, and closed the meeting.

Action items

Action	Assigned to	Status	Due date
AusNet to proceed with further analysis of worst-served feeders and options to address reliability for further deliberation	Network Planning	Underway	2024
AusNet to consider arrangements for an in-person meeting of the panel	Research & Engagement Team	Underway	TBC

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