AusNet



EDPR 2026-31

Availability Panel Meeting #11

Details	Members	AusNet Staff
12.00pm – 1.30pm Thursday 7 November 2024 **Online (MS Teams)** **Chair:** Charlotte Eddy **Secretariat:** AusNet **Observers:** Felix Karmel, AER Gus Mandigora, AER Michelle Shi, AER Adam Petersen, AER Claire Preston, AER	Helen Bartley Chris Harvey Piang Lilian Kieran Donoghue Tricia Hiley Mark Grenning Emma Birchall **Apologies:** Jeff Nottle	**AusNet Staff:** Charlotte Eddy, General Manager Strategy and Regulation (Distribution) Lucy Holder, Customer Engagement Manager Rob Ball, Manager Regulation Angella Nhan, Senior Economist Astro Sakalis, Regulatory Economist Nadia Kettle, Senior Engagement Specialist Lia Mavrias, Business Graduate

Agenda

Welcome & Agenda

1. **What we've heard engaging on the draft proposal** | Summarising feedback from Panels (via Coordination Group), submissions, customer workshops & other sources
2. **Summary of Availability inclusions in Proposal**
    - Recapping the impact the Electricity Availability Panel has had on the proposal
    - Summarising proposal inclusions that are being changed from draft to final
3. **Addressing outstanding issues**
    - Regional reliability fund criteria | *Collaborate*
    - Final resilience forecast & interactions with government policy | *Inform*
    - Hazard tree opex | *Consult*
    - STPIS/ GSL adjustments | *Consult*

Close | Next steps

Key outcomes

In this final meeting of the Electricity Availability Panel, AusNet closed the loop on the Electricity Availability inclusions going into the Proposal to be submitted to the AER in January 2025, and engaged on some outstanding issues.

On the **Regional Reliability Allowance**, AusNet will include an $80m allowance in the proposal, underpinned by the criteria in the pack plus add an extra layer of detail down that is open for evolution through the regulatory period but provides clearer direction. AusNet will also clearly stipulate the Customer Consultative Committee will be engaged at the *Collaborate* level.

On **hazard tree opex**, AusNet will complete the business case and more detailed assessment of opex vs capex prior to finalising this business case, noting feedback from Panel members on the importance of getting this balance right.

AusNet to proceed with the proposed approach to **calculating STPIS and GSL impacts of the resilience proposal.**

Key discussion points

Agenda item	Key discussion points
Welcome	AusNet's Charlotte opened the meeting with an Acknowledgement of Country, welcomed participants then outlined the meeting purpose and agenda.
1. What we've heard engaging on the draft proposal	AusNet's Lucy discussed the draft proposal engagement, highlighting around a million people have been reached with our promotion. Lucy encouraged all interested Panel members to provide their own submissions and promote to their networks, and thanked Chris and Piang for the work they've done on submissions and engaging their communities. Lucy noted the consultants' draft report on the Round 4 customer workshops was received yesterday, and spoke through some of the key relevant takeaways for the Availability Panel. Lucy said the full report will be shared when finalised. **Discussion included:** o Kieran noted AusNet had misrepresented the Coordination Group's report, and that the Coordination Group stated they would not comment on the robustness of AusNet's calculated VCR numbers and defer this decision to the AER. Another Coordination Group member added that they think AusNet should use the VNR calculated with the same methodology if it uses the VCR derived from AusNet's Quantifying Customer Values study, but Kieran clarified the Coordination Group's view is that the choice model results for outages >12 hours were surprisingly low and the important thing is that AusNet uses a consistent value of customer reliability for outages <12 hours. AusNet: – Said it will amend the slide – Noted the extensive engagement that has taken place to collaborate on the design of the VCR study and also to decide if/how the values were applied in the proposal.

  - Confirmed the approach it took for the draft proposal and will be taking in the Proposal are consistent with what it understood has been agreed. This includes it being previously agreed that the VCR methodology for outages <12hours was not suitable for outages >12hours
  - Agreed to make what values have been used in the proposal very clear.
- AusNet confirmed submissions on its Draft Proposal will be published following the close date.
- Noted the recently published report from Erne Energy funded by Energy Consumers Australia, which presents some inconsistent findings to AusNet's research and engagement on this topic. A link is in the *Action Items.*

2. Summary of availability inclusions and noting changes from draft versus proposal

Inform

AusNet's Rob provided a summary of the key aspects of the Proposal shaped by the Availability Panel – in particular the novel areas of worst-served customers and resilience.

Rob and Charlotte then spoke through the changes between the draft proposal and the Proposal that will be submitted to the AER in January. The downwards revision in stand-alone power system (SAPS) spending was specifically called out, noting that some panel members will likely be disappointed to see this.

Rob noted economic efficiency, affordability and deliverability considerations informed the revisions.

Discussion included:

- How the Victorian Government's Network Outage Review might influence the Revised Proposal, e.g. through a changed licence condition mandating minimum reliability standards.
- Being clear and realistic as to why changes are being made (noting the affordability benefits for excluding or deferring some projects are small)
- Confirming many of the worst-served customer projects are economic, based on further modelling and inclusion of unserved energy. AusNet took an action to confirm which projects are economic, and confirmed this information would be in the proposal.
- Why numbers are changing so much, and how much confidence Panel members can have in AusNet's modelling. AusNet said it has used some high level estimates for engagement but costs can move around at this stage in the process as detailed technical assessments are completed.

3. Addressing outstanding issues

AusNet's Rob and Angella provided an overview of the following outstanding issues:

a. Regional Reliability Allowance criteria and amount | *Collaborate*

Rob spoke through AusNet's proposal to lift the Regional Reliability Allowance to $80m, adjusting for the cost reductions for worst-served feeder upgrades and maintaining the $100m total agreed at the August Offsite.

Discussion included:

- Giving customers confidence the funding for communications isn't something AusNet should have already paid for. AusNet said this is being engaged on via the Customer Experience Panel and was also discussed at the August Offsite.
- How the Customer Consultative Committee governance model would work. AusNet confirmed this will be decided at a later date. The Panel member who raised this suggested AusNet will need to make sure the CCC members have appropriate expertise to help assess proposals. AusNet agreed and confirmed this will be addressed in the selection of new CCC participants, which is being refreshed in late 2024). AusNet also noted it wants to include criteria in the Proposal but not be too prescriptive to allow for some flexibility out to 2031.

  - Two Panel members explicitly agreed flexibility is important, and suggested AusNet could include a start point on how criteria might be interpreted but leave it open for evolution within the regulatory period.
  - A Panel member said making the level of influence the CCC will have on the IAP2 spectrum will be key. AusNet confirmed via the chat it will be *Collaborate*.
- Panel members raised no issues with the draft criteria in the pack, noting they had been developed based on previous conversations. AusNet took an action to include a layer of detail down on what the criteria mean in the Proposal.
- One Panel member said they think it's important to think about maximising the likelihood of the AER accepting the expenditure and while there's some precedent for flexible funds, e.g. innovation, this is a bigger fund and would be spent on projects that don't pass cost benefit tests. They suggested proposing a smaller fund to maximise the chances of the AER approving it. AusNet confirmed it's speaking to the AER about their expectations on level of detail and rules requirements. We noted other Panel members have suggested we shouldn't be limited by what the AER might think, but present what our customers think especially for novel proposals, so not to feel limited by precedent.
- One Panel member noted they don't support a flexible fund and asked AusNet to refer to it as majority support.
- 2 Panel members shared explicit support for the increase to the Regional Reliability Allowance and maintaining the $100m cap and the others abstained (noting the 1 Panel member who doesn't support the fund). AusNet will proceed on this basis.

b. Final resilience forecast & interactions with government policy | *Inform*

Angella spoke through the final resilience forecast, highlighting what has changed. Angella noted implications from the Network Outage Review will be included in the Revised Proposal, and any overlaps with the proposed program removed at that stage.

Discussion included:

- Clarifying the number of SAPS units being proposed.
- Interactions between the Network Outage Review for minimum standards and worst-served feeder upgrades

c. Hazard tree opex | *Consult*

Angella spoke through the proposed expansion to the hazard tree program, noting more work is needed on a full cost-benefit analysis. Angella asked – assuming it is economically justified – whether the Panel supports a more expanded program ($8m vs $15m).

Discussion included:

- Clarifying that it is a step change
- A Panel member said if it's economically justified, the only reason the Panel would say no is on the basis of affordability.
- 2 Panel members said they were very surprised the hazard tree step change is not higher given how heavily vegetated AusNet's network is.
- A Panel members said they'd like AusNet to do more analysis on opex vs capex expenditure.
- AusNet confirmed it will complete the business case and more detailed assessment of opex vs capex prior to finalising this business case.

d. STPIS/ GSL adjustments | *Consult*

Angella spoke through AusNet's proposed approach to calculating STPIS adjustments and GSLs for resilience undergrounding.

Discussion included:

- A Panel member said they can't think of a better way to calculate it, but noted it is very difficult to do the calculations as there's no guarantee that a storm will occur where undergrounding has, so AusNet also has to calculate the likelihood of an event occurring. AusNet agreed and said it's also looking at benefits in normal operating conditions.
- Another Panel member noted they're pleased to see AusNet acknowledging resilience spending has general reliability benefits, but thinks there may be more AusNet hasn't calculated.

Close and Next Steps

AusNet's Charlotte outlined the next steps for the EDPR draft proposal, noting this was the last Electricity Availability Panel meeting. Charlotte encouraged panel members to reach out if they have any further questions, and committed to AusNet to notifying Panel members when expressions of interest for AusNet's Customer Consultative Committee open. Panel members were thanked for all their support over the last 2 years.

Action items

Action	Assigned to	Status	Due date
AusNet to proceed with finalising its proposal based on the key outcomes recorded in the meeting.	AusNet	In progress	Jan 2025
AusNet to share customer workshop report when final version received from consultants	AusNet	Not yet started	Est mid-Nov
AusNet to share customer workshop report when final version received from consultants	AusNet	Not yet started	Est mid Nov
Share link to Energy Consumers Australia-funded resilience report by Erne Energy	AusNet	**Link here:** https://energyconsumersaustralia.com.au/wp-content/uploads/report-consumer-electricity-resilience-jill-cainey.pdf	
AusNet to notify Panel members when expressions of interest for AusNet's Customer Consultative Committee open	AusNet	Not yet started	Est. late Nov 2024
Panel members to provide submissions on the Draft Proposal	Panel members (Optional)	In progress	17 November