



Tariffs & Pricing Panel

Meeting #4 | Summary Notes

Details	Members	AusNet Staff	External Observers
10am – 1pm, Monday 30 October 2023 Online (MS Teams) Chair: Charlotte Eddy Secretariat: AusNet	Gavin Duffy Kate Hansen Jeff Nottle Chris Harvey Nick Mason-Smith Dean Lombard Emma Chessell	Charlotte Eddy Edwin Chan Sonja Lekovic Lucy Holder Rebecca Love Observing: Michaela Jackson May Maung Camille Beloria	Ingrid Michel (AER) Bethanie Adams (AER) David Prins (AER Consumer Challenge Panel) Apologies: n/a

Focus Questions	Objectives of the meeting	Key outcomes	Next meeting objectives
FQ3 - How might we use tariffs to enable and facilitate an energy transition without unexpected downside impact, and reflect the value of CER in the energy system irrespective of their specific technologies? FQ4 - How might we build customers' agency on tariff choices, and smoothly support customers to transition to cost-reflective tariffs?	- Collaborate on downside risk from CER integration in the energy transition, and how tariff design can help mitigate those risks, based on experience from other jurisdictions and expected customer response to tariff design. - Consult on initial high-level feedback on CER integration from the joint DB forum. - Consult on the current take-up of cost reflective tariffs and any barriers that may exist to the take up. Collaborate on initiatives to improve customer understanding of tariffs, what devices can have their own tariffs & opportunities for using tariffs to reduce bills & optimise their energy use.	- The need for a broader communication strategy to educate the public about changes in the energy network, and how network tariffs contribute to the transition, including how customers can benefit by responding to pricing signals. - Support for conducting optional export tariff trials to explore their effectiveness and implications. - Support for technology-agnostic tariffs, acknowledging some tariffs may only be effective with specific technologies.	- Review and discuss draft responses to focus questions 1 – 5. - Follow-up on outstanding actions and items as required to address focus questions 1-5.

Item	Time	Topic	Lead/s
	10.00am	Welcome & agenda	Charlotte
1	10.05am	General Items: Action items, updates from other workstreams, update on NSW/ACT/TAS/NT draft decisions	Charlotte
2	10.25am	Deep dive: Accommodating CER and transition	Edwin
		<i>Break (5 mins)</i>	
3	11.15am	Deep dive: Tariff take-up	Edwin
4	12 noon	Next steps, actions and other matters: Answering the focus questions, actions, open floor	Charlotte
		Meeting close	Charlotte

Summary

Welcome

Charlotte Eddy, AusNet General Manager Regulation (Distribution) opened the meeting with an Acknowledgement of Country and introduced new AusNet staff and AER observers.

Part 1: General Items

Topics	Discussion points
Actions and updates	- Charlotte referred to the status of actions arising from past meetings and noted the focus of today's meeting on accommodating CER and enabling the energy transition (Focus Question 3) and the take-up of tariffs (Focus Question 4). Charlotte also flagged a summary of recent Future Networks panel meeting outcomes and noted relevant links to the Tariffs and Pricing panel. - Charlotte referred to the AER's draft decisions for NSW Distribution Businesses (DBs), highlighting one of the key takeaways is that export tariffs are going to be applied across NSW and the ACT.
	Discussion Discussion around the NSW DB's draft decisions covered a range of topics related to tariff design. Within this: - there was broad agreement that different tariff designs, whether demand or consumption-based, were influenced by community consultations and back-end billing machines - participants recognised the differences in reward levels and the duration of reward/charging windows due to different network characteristics, with considerations of impact of both solar and future technologies like electric vehicles - the conversation extended to differences between customers (e.g. residential and commercial, like electric bus operators) and their differences in preferences around charging window duration, and the fact export rewards are expected to fall over time for NSW networks.

Part 2: Deep dive | Accommodating CER and transition

Topics	Discussion points
Customer insights & usage profiles	AusNet's Pricing Manager, Edwin Chan, discussed different electricity usage profiles among customers and the relationship between their energy use and tariffs. He presented average annual customer usage patterns by different type of tariff and highlighted that customers without solar have an almost identical evening peak regardless of whether they are on a time of use (TOU) or single rate tariff. Edwin highlighted the differences in revenue recovery from solar and non-solar customers based on factors like high export rates and time of use tariffs. Discussion Overall, participants acknowledged the challenges and nuances associated with tariff frameworks. They emphasised the need for a balanced and equitable approach to ensure fair distribution of costs and benefits. Discussion related to customer research and usage profiles included: - gaps in energy literacy and that some customers may be unwilling to change their usage based on their circumstances. Challenges of managing electric vehicle (EV) charging were raised, including a tension between controlling charging for network benefits and accommodating customer preferences. - There was acknowledgment that the research shows the customer behaviour we would expect to see (not many people changing behaviour in response to tariffs), and much of it stems from people lacking knowledge about how the energy sector works. Not everyone will want to be educated but it is important to accommodate for those that want to. - It was noted that even when customers wanted to find out what tariffs they are on, it may be difficult (particularly for business) to do so. Retail bills are still lacking, in that they still don't include what peak and off-peak hours are) but the <i>Beter Bills Guideline</i> may fix that. It was highlighted a key tension of cost-reflective tariffs is that while they should reduce inequalities, not everyone is better off and that makes it difficult to progress. Overall, it was perceived the biggest success in changing behaviour will come from automated appliances (like controlled hot water), rather than expecting customers to turn things on and off when they should. Government should play a bigger role in updating appliances for vulnerable customers so their usage can be more automated. This is the best way to approach the tension between cost reflective prices and customer behaviour not changing. Electric Vehicle (EV) customers may be the exception, as they may be more flexible with their usage, like drivers of petrol cars can be. - It was acknowledged different parts of the community may need different pathways – some are engaged and some less engaged or responsive. More thinking should be done on how we plan for these differences in customers and communities. The comment was noted AusNet's tariff structures are not easy to find on the AusNet website. Customer agency is also important to consider. Solar customers have more agency as they can shift usage to absorb more solar generation and reduce bills. However, with communications, even people without solar can have more agency, to move usage to times when electricity is cheaper (like to be middle of the day in the future). The participants delved into the issue of addressing current and future cross-subsidies through tariffs, particularly examining variations in network charges between high exporters and non-solar customers.

- There was a question on whether changes to the supply charge are being considered, and AusNet mentioned there is interest to consider any possible avenues. There was also a question around the proportion of supply charge compared to usage. AusNet will progress work on this and present to the panel on decision around changes to the supply charge, including further explanations on how the supply charge is determined.
- There was a question around 'whether analysis around how much solar customers pay in network charges versus customers without solar' includes solar customers on legacy time of use tariffs. AusNet is to provide a response.
- There was support expressed for solar sponge tariffs as they will benefit solar and non-solar customers.
- There was a question around the logic of block single rate tariffs. AusNet explained it's a legacy from accumulation meters and that we are winding back the differences in block tariffs over this regulatory period.
- A comment was made that cost-reflective tariffs should be based on factors that actually drive costs for networks, which would move us towards demand tariffs (not usage), but those are difficult for customers to understand. For this discussion it is also relevant when the peaks occur, whether in the early afternoon or evening.
- There's a need to focus on what appliances or devices are coming down the line, like electric hot water and EVs, and plan for tariffs for those. There was some concern that new load will resolve the minimum system load risk with tariffs, and that the investment for that capability may not be all that used.

Challenges, options and opportunities

Continuing Deep Dive 1, Edwin asked panel members to consider and discuss any challenges, options and opportunities, in addition to those outlined in the slide pack.

Discussion

- While panel member's opinions varied, there was overall agreement on the idea of conducting export tariff trials to explore their effectiveness and implications.
 - There was a question around if they are introduced, (as unclear how much costs exports are driving on the network), whether they should be demand based. The AER explained that while demand drives costs, they approved usage-based export tariffs as easier for people to understand.
 - Other members also supported the trial, but one member proposed the trial not include export charge component. There was also a question of whether the export charge and reward resolve the cost transfer issue, which has been the driver of discussions around export tariffs for years. The export charge should also not be seen as a justification for export-related investment, as the reduction in the feed-in tariffs reflects that exports are losing value and therefore there is less reason to invest in integrating them. The concern is that introducing export charges may justify more investment in exports.
 - There was more support for the trial but concern that export charges will be too low to discourage charging, particularly if the feed in tariff is still higher than the export charge. The AER clarified export charges might be low because they can only be used to recover future incremental costs that are export-related.

- There was a comment that we should be having richer conversations around how export charges fit with dynamic connection agreements (EQ given as an example). EQ is using controlled load to move usage to middle of the day, as part of its connection agreements. There is support for similar arrangements in Victoria, particularly given the smart meter fleet.
- Concurrent discussion via the chat primarily focused on the potential impact of a tariff trial, including a reward component, on the cost transfer between solar and non-solar customers. The conversation touched on the social value of feed in tariffs for the NEM and concerns about resolving conflicting elements in promoting rooftop solar.

During the break panel members watched an excerpt of a video about the "[Future Home Demand Report](#)", a joint initiative between CitiPower, Powercor, United Energy, and Monash University's Emerging Technologies Research Lab.

Part 3: DEEP DIVE | Tariff take-up

Topics	Discussion points
Cost-reflective tariffs	Edwin explained the purpose of the second deep-dive was to consult on the current adoption of cost-reflective tariffs and identify any barriers to uptake. Discussion • There was agreement on the need for a broader communication strategy to educate the public about changes in the energy network, focusing on peak/off-peak times and the transition to sustainable energy. However, it was acknowledged this may be difficult as customers may not have retail tariffs that reflect network tariffs. Communications should be around retail tariffs as well as network tariffs. - There was some discussion around who is best placed to lead this communication campaign, whether government or networks. No clear consensus was reached on this. - Networks should be engaging with retailers more on how they develop their pricing structures, to better understand how tariff designs might be passed on, and if there is value in aggregate pricing to retailers. Networks should design tariffs that encourage retailers to respond. A panel member offered to think about this and get back to AusNet with some ideas on how to work together better. • There should be broader narrative to customers and communities around the energy transition, how the network has changed, and how customers and communities can adapt to this change as well. The tariff is and should be secondary in that discussion. The water sector was cited as a good example (simply focusing on water pipes would not have resonated with communities). This will help build a knowledge foundation to discuss other factors like the transition to Distribution System Operators (DSO) etc. - Others mentioned this might help with the narrative around the EV transition and 'range anxiety', advocating for EV charging in tourist destinations, and the challenge of changing perceptions about energy use. - It was raised a communication campaign may not be simple as tariffs are not simple and vary across networks/customers etc.

Instead there should be a big carrot to get people interested in their bills, from where they can do their own research.

- There may be an opportunity to use the requirement to send out AusNet's Charter every few years, as a platform for education and tariff education.

Edwin shared that there is a low uptake of demand tariffs among residential and small business customers. He offered the suggestion of running a survey to understand the reasons behind this and gather insights for future decisions. The survey would focus on customers' knowledge and awareness of demand tariffs, their response to pricing signals, and their interest in such tariffs.

Discussion

- Overall, participants actively discussed challenges and considerations related to demand tariffs, indicating a desire to gather comprehensive insights before making decisions.
 - Participants were interested to understand how demand prices are set and over how many months, to better understand whether they make an impact on customer behaviour. It was noted they would be unlikely to work unless made mandatory, so that customers have to manage usage within demand windows.
 - Edwin clarified that demand tariffs are based on the maximum monthly demand, not average demand, and this approach is specific to small customers. AusNet also has a critical price demand (CPD) tariff for commercial customers, which will be discussed at the upcoming large customer forum.
 - A comment was made that it is not correct to categorised mandatory tariff assignments as creating no losers. It was noted language on these things matters when preparing the EDPR.
 - There was a discussion around the need for technology agnostic tariffs, but it was acknowledged that can be challenging when load control is involved, as that is typically linked to a specific technology.

Part 4: Next steps, actions and other matters:

Topics	Discussion points
Actions	Charlotte provided a summary of actions arising from the meeting including that AusNet committed to making their annual pricing proposal documents more user friendly, looking at how AusNet's tariff structures flow through to how green scheme charges are recovered, and continuing to think about the role of messaging around the energy transition. In addition to the actions listed in the table below, longer-term actions included: • making annual pricing proposal documents more user friendly • analysing how AusNet tariff structures flow through to impact green scheme charges and the impact of building in solar sponge periods on solar and non-solar customers.
Other matters	A panel member asked the AER about appliance storage tariffs in NSW and if there was a tension with the National Energy Rules, specifically Rule 6, 18.4. The AER responded that they are open to various technologies providing similar capabilities but may have specific conditions at the connection point.

They emphasised the goal of encouraging charging and discharging at times that benefit the network.

Next steps

Charlotte advised that there are no further Tariffs and Pricing panel meeting scheduled at this stage, but there is the Joint Victorian Distribution Business Tariffs and Pricing Forum is taking place on 16 November at PowerCor. There is also another in-person meeting scheduled for February 2023 that will show AusNet's draft numbers for the first time. The numbers will also inform our draft tariff structures.

Meeting close

After recapping key actions (see below) and advising panel members of upcoming joint meetings, , Charlotte Eddy thanked members for attending then closed the meeting.

Action items

Action	Assigned to	Status	Due date
AusNet to engage further with industry on tariffs and pricing as part of EDPR process.	Research & Engagement Team	In progress	11 December 2023 (Major Customer Forum)
AusNet to consider changes to the supply charge in the tariff structure to address cross-subsidies between non-solar and solar customer, including explanation of how the supply charge is determined	Regulation Team	To start	Panel meeting #5
AusNet to clarify whether analysis of network charges recovered from solar customers include legacy time of use tariffs	Regulation Team	To start	Panel meeting #5
Investigate and or consider how retailers can work more closely with networks, such as AusNet, on design of tariffs that work for retailers and customers	Nick Mason-Smith	To start	Panel meeting #5
AusNet to provide an explanation on how use of export charges and rewards address cross subsidies and cost transfers, and deliver over benefits to all consumers	Regulation Team	To start	Panel meeting #5
AusNet to share draft numbers (expenditure proposal) at next in-person meeting in early 2024	Regulation Team	In progress	5-6 March 2024

Tariffs & Pricing | Meeting #4 - Monday 30 October

Add a comment under the respective question by clicking and then typing. To assign your name to a comment, please register for a Padlet account. Use the 'heart' button to vote.

Section 2 - Accommodating CER and enabling the energy transition

↻ ENGAGEMENT28 10/26/23 2:16AM

Are there any more customer insights we should be capturing to inform tariff design?

♡ 0 4

chrisharvey11 10/26/23 11:32PM

Key takeaway for me is that we have such a long way to go to get energy literacy to the point where customers can analysis their own situation and make informed decisions. Until this happens, the impact of tariff design will not fully achieve the desired outcomes eg. 'time surfers'.

nottle 10/28/23 11:24PM

How willing are customers to switch between tariffs to suit their current circumstances?

Dean Lombard 10/29/23 7:21AM

We need to work with customers where they are. if they don't understand something, sure, try to explain it but ultimately we need to design for the world in which customers don't understand the thing.

engagement28 11/21/23 5:14AM

On behalf of Kate H - *How do we address the current and future cross subsidies with tariff structures?*

I think it is a bigger picture than just tariff structure here – there is the education part of moving load to the “solar soak” period; but what about community batteries (or storage in general) as alternate options to minimise the exporting issues.

I understand that those exporting are causing a larger issues within the network; but this transition will be the cheapest when the public are paying for the renewable generation. Can we come up with alternate solutions instead of penalising those exporting.

Should we consider export tariffs for these trials and are there any other trials that we should consider next year?

Yes, as noted by others in the Padlet, think export trials would be worthwhile

↻ ENGAGEMENT28 10/26/23 2:16AM

How do we address the current and future cross subsidies with tariff structures?

♡ 0 4

chrisharvey11 10/26/23 11:38PM

Is it worth exploring if moving the 'user pays' (c/KWh) vs 'everybody pays' (\$/day) philosophy (balance point) is an option to address cross subsidies?

Anonymous 10/28/23 1:52AM

Morning forward have framwork that dosent bake them in

Dean Lombard 10/29/23 7:26AM

Is capacity used the most accurate measure of the cost a customer drives in the network? If so, tariffs need to change to be based on that.

engagement28 11/21/23 5:14AM

On behalf of Kate H - I think it is a bigger picture than just tariff structure here – there is the education part of moving load to the “solar soak” period; but what about community batteries (or

storage in general) as alternate options to minimise the exporting issues.

I understand that those exporting are causing a larger issues within the network; but this transition will be the cheapest when the public are paying for the renewable generation. Can we come up with alternate solutions instead of penalising those exporting.

ENGAGEMENT28 10/26/23 2:18AM

What other opportunities to address identified challenges should we be considering?

0 1

Dean Lombard 10/29/23 7:43AM

Focus on weighting penalty-reward balance toward reward, and provide tools or incentives for automation or control

ENGAGEMENT28 10/26/23 2:20AM

Should we consider export tariffs for these trials and are there any other trials that we should consider next year?

0 5

chrisharvey11 10/26/23 11:40PM

Yes, getting some data from trials on the impact of export tariffs would be really beneficial.

chrisharvey11 10/26/23 11:45PM

What about a study targeting 'time surfers' to seek to understand at a case study level what mechanisms are most effective in changing their energy behaviours (incl. take up of automated technology) and the magnitude (kWh & \$) of the impact. These cases could then be used in energy literacy activities compelling 'real' examples.

nottle 10/28/23 11:34PM

Yes export tariffs should be part of trials and should be based on reducing impact on grid.

Dean Lombard 10/29/23 7:48AM

Export tariffs should be levied to pay for enabling exports beyond the level at which they create a net benefit to all customers via network charges over the medium term. It will then be up to exporting customers whether they export to earn difference between charge and FiT, or curtail, or offset charge with export payment in the evening peak

engagement28 11/21/23 5:15AM

On behalf of Kate H - Yes, as noted by others in the Padlet, think export trials would be worthwhile

ANONYMOUS 10/27/23 9:33PM

Thought bubbles #1 apologies if grammatical errors

For me in the narrative, I would focus on opportunities for load, (this is for all households simple use now -) particularly in the middle of the day. If you have the right pricing structures there the more we can encourage people to consume their the better . Also mitigated Other problems as new technologies are all in. secondly, you talk about 65%, not motivated. I would note that that's at that particular time of their life and over their life course they are likely to move into caring this leaves to 35% which do matter who do care and can shift load or want to shift load that significant as such an education program. Here would slowly change everybody's use, so there's a short game and a long game.

Would be really good to have on slide 22 a stacked line chart, i.e. single rate controlled load and Time of use lift up the various changes in demand profiles

Slide 24. I find that incredibly interesting, and that is a wonderful conversation to take to policy makers. Look at the capacity use by the people and the cost allocations overtime in the inequities this leads to how do you support, vulnerable disadvantage household fix that problem that's the best way to support them, not throwing more cross subsidies around

With regards to should we look at Two way pricing for other trials. Yes I think you should honestly believe that we will be having reopenings during regular reset periods as new technologies come along so we can respond quickly so the more information and understanding you have the better position you are to respond

No, I also think you need a technology, neutral universal CER tariff plug and play. If you like that would help mitigate challenges with electric vehicles which are Mobile and drive around all over the place

Also, some other tariff options or trials. I think you might want to look at some nodal or zonal pricing options, particularly where you both have constraints in the network for load and injections. I think the the load one where you've got too much load. I think could be a sop to the Victorian government as sort of like renewable energy zones in the distribution network where you can start to build it out with no impact.

You talking to slide pack about concessions I strongly don't like this I think the best way to support poor people and vulnerable people is to make users pay i.e. Solar household and getting the right tariffs to improve utilisation. This reduces unit cost for everybody and let the issue concessions, and those who need subsidies to be dealt with by government policy. by lifting up the concessions question what you're doing is actually providing a reason not to deal with the structural problems that we have so inadvertently you could be making the problem worse.

Slide 49. I think you might want an overall public education conversation about the changing nature of Solar and the use of the network and the cost allocations. I come back to that lovely capacity table that you had on slide 24

You talk about on slide 50 that there are no losers for option that is absolute waffle

There are losers by that option you just cost shifting to other people that shouldn't be paying. You can't have language like that. It just makes more losers and more winners. And imply that Odin creates only winners everywhere is misleading. Sorry, we can do better with that language.

With the demand, her question, I'm reflecting on that there's a big conversation going on Queensland on that one the challenge with it is it becomes a variable fixed charge for lots of people it depends on the nature of the demand. Is it monthly maximum demand or once you hit maximum demand five times per month then it applies the design really matters in this one.

There's also I think a question that's not being explored the overlay of the regulatory framework on retailers and how whatever you do May put pressure on them or craft a different outcome. this is the unintended consequences question.

We've got to remember that network tariffs are not the biggest portion of the bill, particularly for domestics, and even less so for Solar people so as you start to increase your cost to particular groups how much does it really matter to them? That's why I think you can start allocating cost to people and they probably wouldn't even know it.

Finally, I think there's a question about agency. The more technologies you have. You could argue the more agency you have, in the Energy system not all households have the same option and I would argue that load. Only households have less optional because they have less appliances so I think we need to start a conversation around that as well.

♡ 0 🗨 0

Section 2 Discussion Questions

⇌ **ENGAGEMENT28** 10/25/23 12:23PM

How should we prioritise / consider the presented opportunities in our tariff design for 2026-2031?

♡ 2 🗨 3

chrisharvey11 10/26/23 11:53PM

Export tariffs, solar soak (incl. EV charging) & incentives to adopt automation technology are my suggested priorities.

Dean Lombard 10/29/23 8:00AM

- 1) solar soak (as part of broader ToU)
- 2) Export pricing (charge and rebate)

engagement28 11/21/23 5:15AM

On behalf of Kate H - Solar soak including EV charging
Agree with Chris' point around adoption of automation technology

ENGAGEMENT28 10/25/23 12:23PM

What (other) ideas do you have about how tariff design might help mitigate downside risks from CER integration and the energy transition?

0 1

Dean Lombard 10/29/23 8:01AM

Really need to move tariffs toward cost-reflectivity – this neutralises the cross-subsidy issue

ENGAGEMENT28 10/25/23 12:23PM

What examples from other jurisdictions might work/ be worth considering?

0 4

Anonymous 10/27/23 10:16PM

Essential did an are doing an education tariff

Anonymous 10/28/23 1:55AM

Ian would also consider and reward / reduction tariff (direct consumer) for direct control - could link this to an incentive with the big red button and the wifi connections that will be required may was well build in this build on this (smart future house)

Dean Lombard 10/29/23 8:02AM

Essential and EQ have both talked about trialling aggregate tariffs to retailers. This is worth a try.

engagement28 11/21/23 5:16AM

On behalf of Kate H - EQ and their controlled load OhmConnect in USA is an interesting case study as a third party

Section 3 - Take-up of tariffs

ENGAGEMENT28 10/26/23 2:32AM

Do you support the measures outlined on slide 48? Are there any others we should consider?

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chrisharvey11 10/26/23 11:55PM

Yes

nottle 10/28/23 11:49PM

Yes, particularly sharing smart meter data analysis to inform policy makers in the electricity sector and beyond

Dean Lombard 10/29/23 10:29PM

I think these are not quite there.

The first one is complicated because it's really the retail tariff that determines the price outcome. Showing customers the network portion of their costs on various tariffs has limited usefulness. The most useful thing with his type of approach is to help the customer understand the different price periods of their network tariff in order to help them choose a retail tariff that best fits – this could be a ToU one if they will benefit from the network tariff, but a flat one if they will not.

engagement28 11/21/23 5:16AM

On behalf of Kate H - Yes, particularly sharing smart meter data – however, it needs to be done in a way that is easily understood. I'd also note, as Dean alluded to here, that tariffs are only part of the costing that someone pays. There needs to be access to this information; but not everyone wants to understand it

ENGAGEMENT28 10/26/23 2:33AM

Are there any approaches we should consider to educate our customers on tariffs?

♡ 0 6

chrisharvey11 10/26/23 11:58PM

Given that AusNet has the Smartmeter data and the analysis could be automated, how about providing a 'best network tariff' analysis to all customers?

Anonymous 10/27/23 10:18PM

I think it's a two part question firstly education about the changing nature energy market and impacts and what doing nothing means now and in the future - then ALL the tools you are proposing for a 21 century network and tariff are just one and they are better than red button etc - in short had to be in a package - see nsw draft determinations and ausgrid education

Anonymous 10/28/23 1:59AM

Have you thought about gamefying tariffs like a game be the distribution operator - can you manage the transition - they get to select various option tariffs target at high school kids (did this in water a long time ago) yes this is a bit out there but so much interest in energy I think it would work

Dean Lombard 10/29/23 10:36PM

Re 02 and 03 on slide 49: calculating estimated bills and notifying 'best time' to use energy needs to know the customers retail tariff otherwise it could be at best inaccurate and at worst misleading

Dean Lombard 10/29/23 10:37PM

But generally, information on tariff types and structures is useful, so long as customers are also taught to know the difference between retail and network tariffs and can use the one to inform their choice of the other.

engagement28 11/21/23 5:17AM

On behalf of Kate H - All the info in Slide 49 is helpful - but as noted above, a tariff is only part of the price a customer pays. Suggest also working with retailers, and other third parties (solar installers, electricians etc) who can provide accurate information

⇐ **ENGAGEMENT28** 10/26/23 2:33AM

Do you think it is a good idea to survey residential and small business customers on demand tariffs? If yes, what kind of questions should we ask in the survey?

♡ 0 5

chrisharvey11 10/26/23 11:59PM

Yes.
Have you heard about....?
Do you understand how they work.....?
Do you understand their advantages?
etc.

nottle 10/28/23 11:51PM

Yes as it will increase awareness.

nottle 10/28/23 11:54PM

Do you understand you can opt for a different tariff? Would you change your usage pattern to save money or to enhance the grid?

Dean Lombard 10/29/23 10:51PM

Customers might be interested in demand tariffs if they (a) understood how they work; and (b) can see the impact they would have on them, and that impact is positive.
But basically, customers won't want to switch to something that (a) they can see will cost them more; or (b) they don't understand and it's thus more risky than the evil they know (current tariff).
But design must take into account the possibility of perverse outcomes. E.g., demand calculation based on a single or a handful of peaks can unfairly punish customers while not reflecting that it's aggregate demand on a feeder - not individual demand - that pushes network limits. Would a demand tariff based on average demand in the demand peak period work?
And the whole point of tariff reform is to reallocate costs - so some will pay more and others will pay less. It only works if

everyone is on the new tariffs. Allowing only those who benefit to go to new tariffs increases, rather than decreases, inequities. Instead, design good transition to new tariffs and engage with government around how targeted programs can help vulnerable customers who may be significantly worse off.

engagement28 11/21/23 5:17AM

On behalf of Kate H - Yes, increasing awareness - but generally people don't like change; let alone if it is something they don't understand.

↩ **DEAN LOMBARD** 10/29/23 10:44PM

Opt-in vs opt-out

♡ 0 🗨 0

Section 3 - Discussion Questions

↩ **ENGAGEMENT28** 10/25/23 12:26PM

What feedback or ideas do you have for enhancing the take-up of cost-reflective tariffs? E.g., opt-in versus opt-out, education.

♡ 0 🗨 4

Anonymous 10/27/23 10:20PM

Mandatory and opt in - is not all winners !! It can just make things worse

nottle 10/29/23 10:24PM

Option 02 on slide 49 would provide data for take up of cost effective tariffs

Dean Lombard 10/30/23 1:26AM

Opt in

How do customers opt in? By signing up with a retailer? They probably don't even know. It's really opt in for retailers.

Opt out

BENEFIT: With scale, retailers tend to adopt costs reflective tariffs and will more than like develop retail products and offer it to customers

Great! This is what we want

RISK: Will have winners but also losers where customers are unaware of the opportunity to benefit from the tariff / cannot change behaviour to benefit from the tariff.

This already happens and is a retail tariff issue. If customer has a bad tariff they can look for another retailer with a better tariff. Tariff Tracker shows that the range of prices available from worst to best offer is far more \$ than the likely impact of a different network tariff

engagement28 11/21/23 5:17AM

On behalf of Kate H - Agree with Dean - it is more related to retailers for opting in - suggest customers wouldn't even know

↩ **ENGAGEMENT28** 10/25/23 12:27PM

What trials used in other jurisdictions might we investigate or learn from?

♡ 0 🗨 1

Dean Lombard 10/29/23 11:01PM

EQ and Essential both did trials with retailers - though retailer cooperation was a bit weak
EQ also had extensive tariff impact modelling by UNSW do advise tariff design and allocation.

Section 3 - Discussion Questions -Specific types of tariffs

ENGAGEMENT28 10/25/23 12:29PM

Did we capture the key benefits and risks of opt-in and opt-out tariffs? Were there others you'd add?

0 3

Anonymous 10/27/23 10:21PM

No I don't think op in there are no looser there are

Dean Lombard 10/30/23 1:26AM

Opt in

How do customers opt in? By signing up with a retailer? They probably don't even know. It's really opt in for retailers.

Opt out

BENEFIT: With scale, retailers tend to adopt costs reflective tariffs and will more than like develop retail products and offer it to customers

Great! This is what we want

RISK: Will have winners but also losers where customers are unaware of the opportunity to benefit from the tariff / cannot change behaviour to benefit from the tariff.

This already happens and is a retail tariff issue. If customer has a bad tariff they can look for another retailer with a better tariff.

Tariff Tracker shows that the range of prices available from worst to best offer is far more \$ than the likely impact of a different network tariff

engagement28 11/21/23 5:18AM

On behalf of Kate H - I think opt out would move things faster - understand this would mean certain customers would be "losers" - however there must be ways to advise of this information. This would be occurring now - customers just wouldn't be aware of it.

ENGAGEMENT28 10/25/23 12:30PM

What devices, if any, should have their own tariffs?

0 4

chrisharvey11 10/27/23 12:04AM

Significant loads where we want to provide an incentive to shift the load to off-peak.

Anonymous 10/27/23 10:22PM

I think this is more a DSO offering for controllable loads - may wanna focus on some appliances but this I see as foundations to a DSO

Dean Lombard 10/29/23 11:07PM

We really need to build a signalling system that can interface with anything controllable. standards for aircons, inverters, and probably other stuff are already requiring ability to accept functional commands (e.g. throttle, stop, start energy demand or injection)

engagement28 11/21/23 5:18AM

On behalf of Kate H - Agree with comments about controllable load

Section 3 - Discussion Questions - Customer agency

ENGAGEMENT28 10/25/23 12:31PM

What suggestions do you have for AusNet to enhance the agency of customers about their tariff choices? ('out of the box' ideas welcome!)

0 2

Anonymous 10/27/23 10:23PM

As I said before I think the pre appliances you have the more agency you have and optionality - so I would focus on those with the least agency

engagement28 11/21/23 5:19AM

On behalf of Kate H - There is a lot here - as noted earlier - customer 'touch points' including electricians, solar installers etc Obviously also local and state govt, third parties, retailers etc.

ENGAGEMENT28 10/25/23 12:31PM

Which other organisations could AusNet work with to build customer agency about their tariff choices?

0 3

chrisharvey11 10/27/23 12:09AM

State & local gov'ts.
Local community groups & community houses.
Local newspapers.
Local media outlets.

Anonymous 10/27/23 10:25PM

This is a long conversation I think also a peice here about educating gate keepers - the press - local government councillors - would talk to places like the committee for Geelong / committee for Melbourne lord mayor's - focus on decision makers seems to be a group everyone is missing

Nick Mason-Smith 10/29/23 10:52PM

'Better Bills' will help:
<https://www.aer.gov.au/system/files/AER%20-%20Better%20Bills%20-%20Illustrative%20example%20bills%20-%20Explanatory%20information.pdf>

ENGAGEMENT28 10/25/23 12:31PM

Research has confirmed many customers don't know what network tariff they are on. Should we be looking to overcome this barrier? If so, what can we do that would make a difference to our EDPR 2-26-31 proposal?

0 6

chrisharvey11 10/27/23 12:07AM

As per previous comments.

Anonymous 10/27/23 10:28PM

Why do we care - is this the right question - customers being in the best overall tariff - not sure why need to know what network tariff ? Would like to hear your thinking on this question - is it best network tariff for their profile

Anonymous 10/27/23 10:54PM

Or is this about who is making the choice of network tariff ie retailers doing reassignments - if that s rhe question is it about what arnt retailers reassigning

Anonymous 10/27/23 10:57PM

With this network tariffs and customer agency maybe there is a question here about should networks bill directly - if you think into the future with DSO DOE home, batteries vehicle to grids lots of solar on the system you could almost argue. Do you really need a retailer any more and therefore is the question should networks have a direct billing relationship with households? In this scenario, the network platform is billed directly or it could be to a third-party who then does the orchestration I don't know just an idea this in fact could be really interesting trial direct billing of network to build out a DSO DOE

Dean Lombard 10/29/23 11:10PM

Network tariffs should be invisible to retail customers. It's the retail tariff that matters

engagement28 11/21/23 5:19AM

On behalf of Kate H - The information should be there for those who want it - but don't think its overly necessary for everyone to know this information. If there are ways to reduce their cost - perhaps then it is more worthwhile; but otherwise, would suggest most don't know or care.

Open floor

ENGAGEMENT28 10/25/23 12:32PM

Is there anything else you'd like to raise?

0 1

Anonymous 10/27/23 10:28PM
See ramble at the start

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