Electricity Availability

Status: Answered

FQ1 How might we efficiently improve reliability for our worst-served customers to a level that is considered value for money to all customers?

Key outcomes of engagement

- **Impacts of poor reliability are significant and wide ranging,** including interruptions to customers' daily routines and plans, physical discomfort, emotional distress, and financial losses. **This has been reinforced through customer research and direct experiences shared by Availability panel members**
- Worst-served feeders are identified using the AER's Inadequately Served Customer measure, adjusted to exclude major event days (MEDs)and reflect average performance over a 5-year period, with secondary criteria be applied qualitatively to assist with prioritisation of feeders.

Approach in Draft Proposal

- **We recognise our customers need a reliable supply, with minimal unplanned disruptions.** They have told us clearly this need is growing as reliance on electricity as a fuel source increases, due to factors including electrification of gas, transport and telecommunications, working from home trends, extreme temperatures and a rise in health issues.
- **We have explored opportunities to improve reliability for our worst served customers.** To inform this, we have an agreed criteria to establish 10 worst served feeders with the Availability Panel. Generally, reliability improvement projects at these locations have not passed standard economic tests due to the low number of beneficiaries relative to the (typically high) cost of the solution.
- **We have collected evidence on willingness to pay**; our Quantifying Customer Values (QCV) research showed improving service levels for worst served customers was the second highest priority for customers, and both direct and non-beneficiaries were willing-to-pay around $15 per year to uplift reliability for the worst served 10,000 to 20,000 customers.
- **Have undertaken technical and economic assessments** of potential network, non-network and operational solutions on these 10 feeders. These solutions would cost $37m**.** We received stakeholder support at the all-Panel offsite in August 2024.
- **We intend to propose a regional reliability fund** to address poor reliability where investment is not funded by the STPIS, outside the 10 worst served feeders. This funding is $63m and would be on a use it or lose it basis. We received stakeholder support at the all-Panel offsite in August 2024.
- **We have reviewed our existing research to better understand what 'acceptable' reliability across our network looks like**. Broadly, we have established a tipping point of around 5 hours of outages a year for customer satisfaction.
- **The Opex and Benchmarking Panel have alerted us to a potential opportunity to reduce opex for GSLs if we invest in worst served areas.** We are quantifying this trade-off and will reduce our opex forecast accordingly.

Electricity Availability

Status: Answered

FQ2 How might we assess how customer characteristics and activities are influencing the value they place on reliability and ensure our investment plans reflect this?

Key outcomes of engagement

- AusNet's approach to addressing this Focus Question should be **evidence-based**, **account for community concerns and involvement,** consider the **role of information and education**, and involve a **commitment to action.**
- **AusNet should support a review of the life support customer protection arrangements,** such as the work underway with the Energy Charter, rather than invest in back up power for all customers on the life support register.
- **A consistent approach to using either AusNet or AER VCRs across the proposal.** This should be consulted on further including the price impacts of the approach (a transition may be required).

Approach in Draft Proposal

- **Research confirms reliability is becoming more important to customers** as their reliance on and expectations of dependable supply increase. Reliable supply is also a key barrier to – and enabler of – electrification of transport and gas.
- **Through the Quantifying Customer Values (QCV) study we have further stress-tested customers' preferences and the value placed on reliability**. The QCV willingness to pay study is the largest of its kind in the NEM, involving over 3,000 customers. We are applying the QCV findings consistently across our proposal, as supported by our stakeholders.
- At the same time, our replacement expenditure (repex) needs are increasing in 2026-31, driven by an ageing and deteriorating asset base and increasing unit costs**. Repex accounts for around 30% of our total capex, and replacing deteriorating assets is critical for a reliable supply.** We have engaged with the Coordination Group on costed repex options, including customer price and reliability outcomes of different investment levels, and how applying the QCV findings influences efficient spend. We have also engaged the Coordination Group on the implications of this research for other investment programs that influence reliability outcomes, such as augmentation to address demand growth and improve network resilience.
- Equally, through Focus Questions 1 and 3, **we are maintaining focus on the needs of our worst served customers and those communities most vulnerable to extreme weather events** due to climate change.
- Similarly, through Future Networks Focus Question 2, and in response to mixed feedback on the role and services we should offer, **we are still exploring options in the community energy solutions** space and continuing to engage on this topic. Our preliminary opex forecast includes dedicated resources to better support communities looking to invest or partner in community energy solutions.
- **We recognise the important role of information and education** to empower and improve outcomes for customers. For example, building knowledge of how customers can configure CER/battery to operate in island mode and informing customers of when they should use energy to reduce their own bills and whole of system costs. We have included a placeholder amount for education in our preliminary forecast while we consider what role we might play.
- **We know communications can make a big difference** to how customers experience reliability and minimise their own safety and other risks during outages, which is being addressed via the Customer Experience Panel.

Electricity Availability

Status: Answered

FQ3 How might we work with customers and other stakeholders to identify and plan for resilience solutions that meet our customers' needs?

Key outcomes of engagement

- Joint engagement with the other Victorian Distribution businesses confirmed five key principles we should consider when developing our resilience plans. These are **site selection**, **long-term planning**, **partnerships**, **economic analysis** and **customer driven outcomes**
- Availability Panel members have highlighted:
  - the need to clearly articulate the benefits of investment, that are uncertain given the location and nature of future extreme events is uncertain;
  - the need to work with communities to identified tailored support – such as the location of community hubs; and
- Availability panel members have indicated that **interactions between our Worst Served Customer and Resilience programs should be identified** and managed, to avoid any overlaps and benefit from any synergies.

Details yet to be finalised

- Details of the Victorian Government's implementation of the Network Resilience Review
- Network Outage Review Expert Panel final recommendations

Approach in Draft Proposal

- **Improving the network's ability to withstand extreme weather events has become a high priority for AusNet customers and communities** as the frequency and severity of these events, and reliance on electricity, increase. We have heard this sentiment consistently from customers across variously BAU research programs and our Customer Workshop findings *("Customers expect investment in reliable supply and quick restoration. Many think these improvements should be built into AusNet's regular maintenance programs").*
- **We have developed a resilience investment program to manage increasing climate risk.** This involves:
  - **Forecasting network risk due to climate change**, with a focus on **bushfire a**nd **extreme windstorm** risks (the 2 highest risk climate hazards for our network and customers), based on weather projections and simulations from climate risk experts
  - **Economic modelling** of the costs and benefits of solutions to address these risks, having regard to the AER's Value of Network Resilience (VNR) outcomes, and other evidence on the benefits of investing in resilience
  - **Addressing the AER's guidance note** on network resilience, particularly providing evidence of a causal relationship between the proposed resilience expenditure and the expected increase in extreme weather events.
- Deep Dive with the Availability Panel in July 2024 – while we did not receive firm guidance for network hardening solutions (see next dot point), we received clear guidance for the following investments:
  - To invest in Standalone Power Systems and community hubs; but not back up for critical infrastructure customers as the cost should be borne by the critical infrastructure customers
  - To invest in digital solutions to facilitate an improved operational response to more extreme events
  - To purchase more mobile generators and emergency response vehicles.
  - More work is need to demonstrate the benefits of an expanded hazard tree vegetation management program
- The all-Panel Members offsite in August 2024 debated the appropriate level of network hardening investments (hardened poles, undergrounding, covered conductors and switches). Panel Members supported delivering all of this investment during the 2026-31 period (rather than staggered across several periods), given the preference for prevention over reactive response and the relatively minor bill impacts due to the cost of these investments being recovered over a long period of time.

FQ4 How might AusNet minimise adverse impacts of power quality and variability on customers?

Key outcomes of engagement

- **Customer complaints may not be the only/best indicator of impact of voltage variations on customers**, and AusNet should continue to understand possible impacts on small and large customers.
- **There is support for continuing to improve voltage performance** based on economically efficient outcomes.
- **AusNet should explore whether customers see value in more voltage data sharing**, for individual use and for community projects.

Status: Answered

Approach in Draft Proposal

- **We have heard from our customers that power quality is important, particularly for our large industrial customers** where even small voltage disturbances (or other power quality issues) can cause disruptions to equipment.
- **The negative impacts of voltage disturbances are often 'invisible' to residential and some larger customers,** such as appliance degradation, increased usage and curtailed solar generation. This makes it hard for customers to detect and understand voltage problems and initiate complaints. The panel therefore expressed that there may be value in making voltage data more accessible to all customers (not provided today), particularly those in areas of higher-than-average voltage disturbances. This will be considered through part of our DSO proposal to increase data sharing.
- **Our proposal for 2026-31 is to continue to improve power quality across our network where the benefit of doing so outweighs the cost.** Benefits includes the value of export capacity unlocked through voltage management (based on the AER's approved Customer Export Curtailment Value (CECV)), as well as savings on customers' bills through lower voltages and lower consumption. By taking this approach, we anticipate AusNet will reach an industry benchmark voltage performance of 97-98% of customers within the allowed voltage band 99% of the time.
- While our voltage performance will continue to improve over time, **we will need to continue to undertake localised voltage management upgrades in response to customer complaints.** However, we anticipate complaints will decline with overall voltage performance improvements. To achieve this, our draft proposal includes **funds for both proactive and reactive** voltage management.
- We are not proposing a targeted investment program for our industrial customers but **will continue engaging on their power quality issues and options for improvement** (which may be on the customer side).

Electricity Availability

FQ5 How might AusNet best plan its works to minimise adverse impacts of planned outages on customers?

Key outcomes of engagement

Acknowledgement of:

- **the importance of continuing to improving customer satisfaction and communication during planned outages.** This includes providing clear and informative messaging to customers and offering a variety of ways for receiving notifications.
- **considering the impact of outages on businesses (especially in smaller towns)** and ensuring the reliability of power supply for community events. Analysis to determine the optimal level of planned maintenance would be valuable.
- **the need to minimise disruptions caused by planned outages** while ensuring safety and compliance with regulatory requirements.

Status: Answered

Approach in Draft Proposal

- **We received feedback from all panel members that customer experience around planned outages is a key priority** we should continue to focus on in the next regulatory period. Specifically, we heard support for improvements to planned outage communications and further considerations around understanding the best weekdays and times of planned outages.
- **We anticipate that an increase in planned outages may be necessary in 2026-31** as we deliver the essential network upgrades needed to support the energy transition. Given this, we will remain focused on improving the planned outage experience.
- For that reason**, we propose to keep the C-SAT - Planned outages in our CSIS to ensure we maintain and continue to seek to improve service levels beyond our current period**. The CSIS will continue to incentivise us to dedicate effort and resources to minimising the impact of the approximately 7,000 planned outages we take each year. As the CSIS will drive improvements, we have not included any funding for improvements to the planned outage process in the upcoming period.
- We have engaged on customer experience, including planned and unplanned outages, with our customers through the round 3 customer workshops.
- **We are considering the following commitments to our customers,** which were discussed with the Customer Experience panel, to compliment measures under the CSIS:
  - **Continue to improve accuracy of information** shared with customers (e.g. estimated start and finish times of planned outages).
  - **Make communications clearer** and more reliable in message, language and delivery, in line with customer expectations.
- In June 2024 Customer Experience panel members indicated they wanted to keep all elements of CSIS and all experience elements; there was some support for increasing CSIS to 1% and comfort in removing overlap to ensure making sure customers don't pay twice.