Meeting Snapshot

Electricity Availability Panel | Costed options deep dive

Tuesday 9 July 2024

Participants

Customer Experience Members

Peter Eben
Emma Birchall
Piang Lilian
Tricia Hiley
Mark Grenning
Jeff Nottle
Helen Bartley
Kieran Donoghue
Chris Harvey

Observers

Lynley Jorgensen, AER
Alex Burk, AER
Lan Nguyen, DEECA
Alex Burk, AER
Gavin Jackson, Energy Safe Victoria
Ryan Woolf, Energy Safe Victoria
Sam McGinty, AER
Sara Stark, AER
Alison Morris, Energy Safe Victoria
John Harbour, ESC
Reid Hutchins, ESC
Sharon Deano, ESC
Claire Preston, AER
Felix Karmel, AER

AusNet staff

Andrew Linnie, EGM Network Operations
Rod Jones, GM Network Strategy & Planning
Charlotte Eddy, GM Regulation and Policy (Distribution)
Lucy Holder, Customer Engagement Manager
Ryan Batchelor, Strategy Manager
Ana Erceg, Future Networks Planning Manager
Robert Ball, Price Review Manager
Angella Nhan, Senior Economist
Astro Sakalis, Regulatory Economist
Chloe Finn, Regulatory Economist
Fin Crantock, Resilience Project Engineer
May Maung, Strategy Lead
Brett Millsom, Stakeholder & Communications Lead
Lia Mavrias, Business Graduate

Apologies

Mark Henley, AER Consumer Challenge Panel
Robyn Robinson, AER Consumer Challenge Panel
David Prins, AER Consumer Challenge Panel

Note: not all AusNet staff and observers attended the entire meeting.

Key outcomes

Panel members shared their thoughts on costed options for key resilience projects regarding network solutions, SAPS, community hubs and ADMS. There were clear indications that most of the group was comfortable with AusNet implementing community hubs (if they partnered with communities and council to establish need and location) and SAPS roll-out. Investing in critical infrastructure resilience was supported it classified as an alternative control service. Additionally, there was some high level support for the ADMS upgrade and classifying ADMS as both operational technology & IT. There was less alignment on which option AusNet should proceed with for network hardening, therefore, three options will be taken to the upcoming offsite meeting to test further with bill impacts in mind. The group will discuss remaining sections of the pack at the upcoming Reliability Meeting on 25 July.

Key discussion points

Agenda item	Key discussion points
Welcome	AusNet's Charlotte Eddy opened the meeting with an Acknowledgement of Country highlighting NAIDOC week, welcomed participants then outlined the meeting purpose and agenda.
1. Past network resilience events & customer insights	AusNet's Lucy Holder spoke to the increased number and frequency of extreme weather events, noting the extensive research that has been completed over the last two years. She highlighted customers expect AusNet to invest in network resilience.
2. Our method and approach	*AusNet was encouraged to 'push the envelope' and invest in small communities that are worst served and utilise their qualitative data rather than focusing on purely cost-benefit analysis.* AusNet's Robert Ball referred to Padlet answers, highlighting the majority were comfortable with the high-level approach and method. There was discussion about the need for more clearly defined targets to achieve, and how the overarching strategy aligns with the EDPR approach. Panel members posed the following: • Clarification on defined roles between AusNet, the state government and telecommunications companies, especially for community hubs. – After recent discussions with some community members, a panel member noted that those customers felt they were ahead of AusNet in unplanned management, had invested in their own resilience and were therefore unwilling to invest in network hardening. Which emphasised the need to engage with communities on the various levels of support needed. – There was strong alignment that community hubs are helpful to customers, however, it would be more efficient if all key stakeholders are responsible to coordinate a singular hub that interacts across government, telecommunications and energy. AusNet should coordinate and/ or partner with local councils and/ or community groups to assess need for, and location of, community hubs. – Whether AusNet is looking to refine the traditional underpinning philosophy in which they propose work. As the cost-benefit method is likely to satisfy the AER

by favouring high density populations that benefit more customers, simultaneously it also neglects small towns of a standard service experience.

- Difficult to understand the bill impacts for customers, i.e. poles and wires hardening will be recovered for the next decades rather than 5 years
- The opportunity for benefit stacking for respective programs was raised, for example if the investments can address standard reliability. .
- Clarification sought how areas that have experienced extreme events are assessed for vulnerability if their vegetation has already been damaged – do they then become low risk. This led to discussion of CutlerMerz 's supporting analysis to thoroughly undertake the risk quantification model.
- Suggested AusNet establishes a feedback loop with Local Government Areas (LGA) in surrounding areas to ensure they are satisfied with investments made.

3. Our resilience proposal – network solutions

On balance panel members vouched for a range of options to be brought to the offsite, to better understand the impact of the various options on overall customer bills. The AusNet team will test the network hardening options of $75 million, $105 million and $300 million dollars at the offsite.

Before commencing the deep dive, a panel member noted that in many cases AusNet is accounting for long durations rather than the typical short duration outlined in the VCR figures, therefore there is uncertainty in the assumptions that predict values in any program outlined.

AusNet's Angella Nhan spoke about the network hardening modelled risk and the program of works identified. Discussion ensued:

- Clarification was needed on the calculation of the baseline risk in terms of year and geographical dispersion.
- The option to deliver of only 25% of the program was investigated and the calculations based on those figures. It was suggested that the percentage of the program delivered should be calculated using a bottom-up approach to tailor a more customer-oriented solution.
- A panel member questioned if the results were quite volatile to assumptions as each investment differs in the location and type of output. AusNet will investigate whether the aforementioned is true through testing varied inputs.
- It was asked how the discussed figures would translate into the monthly bills that customers will face. AusNet shared that at the upcoming August off-site they will present analysis of options agreed by different panels and present the bill impact holistically so the customer panels could decide whether reprioritisation may be needed.
- Panel members debated the cost of the options provided. From the customer perspective, they felt that the minimal charges that would be added for each program would go unnoticed and urged to continue the program. Some felt that the total cost to AusNet was difficult to decipher, as they were unclear whether the spending would be prudent and efficient. AusNet clarified prudency and efficiency would be assessed by the AER. It was agreed that the impact of the individual program elements needs to be known, and AusNet subsequently shared expected outcomes.

4. Our resilience proposal – Stand Alone Power Systems (SAPS), Community Hubs and Critical Customer infrastructure

It was clear that community hubs provide great benefits for customers. AusNet should work with local councils and community groups to identify suitable locations before implementation. Additionally, there was support for the 148 SAPS (high) case. The panel members suggested critical infrastructure resilience, should be provided as an alternative control service so that AusNet's customer base doesn't have to pay. AusNet will check compliance with F&A.

AusNet's Fin Crantock explained SAPS, the methodology applied to identify suitable locations and the benefits they provide.

- A DEECA observer also questioned whether the calculation of emission reduction benefit has been completed and the representation of greater net economic benefit in AusNet's EDPR.
- In the case that SAPS fails, it was queried how a customer would contact AusNet outside of business hours and as it is powered by 5% diesel and 95% solar, how staff maintain the diesel fuel.
- Panel members suggested that in the implementation of SAPS they should connect with LGA to ensure customers become more familiar with SAPS utilisation, especially near end-of-line locations.
- An additional suggestion was made to work with the AER and create an incentive-based approach based on reducing unserved energy. This was thought to also ensure AusNet has the means to implement more SAPS in the future where they see fit.

Padlet answers that favoured the highest investment option were noted.

Focus was shifted to community hubs, from previous Padlet answers it was highlighted that panel members wanted more implementation and their locations to be spread.

- A panel member suggested that when AusNet is to decide the location of future community hubs, it would be crucial to go beyond "worst served" customers from a network perspective and consider communities with less capacity to manage without power i.e. aged populations.
- It was noted that community hubs have large benefits and are a fantastic opportunity for AusNet to win back customers through loyalty and trust.
- The group affirmed prior conversations that the community hubs should be developed in conjunction with local councils

Critical customer resilience solutions were then discussed.

- AusNet shared their approach to engaging communities utilising information they have gained through implemented trials; Panel members shared their thoughts on the approach and there was general support for the strategy.
- It is important to collaborate with telecommunication and water service providers to ensure that customers do not end up paying for resilience work through multiple channels.
- In terms of payment for community hubs, a panel member suggested a third option that was not listed, which was that AusNet should provide community hubs as an alternative control service and the full charge lies with the water or telecommunications utility.

5. Our resilience proposal – Digital	*The panel members were generally supportive of ADMS, as it will realise process efficiencies and better customer experiences. There was support to lengthen the assumed life of ADMS across network control & IT and urged AusNet to specify how it will contribute to Opex savings.* AusNet's Chloe Finn introduced Advanced Distribution Management Systems (ADMS), noting AusNet's usage of it to date and the numerous ways it would streamline current processes and increase control through greater visibility. • Panel members warned from previous experience it is typical for ADMS projects to go beyond budget and scope. • A panel member emphasised the importance of avoiding customers paying for previously promised digital deliverables • The ADMS provides immense opportunity and the benefits for customers should be marketed.
6. Close, actions and next steps	Charlotte Eddy thanked the group for their contributions and feedback. As the entire slide pack was not covered, the remainder of discussions will be held in a Costed Options Deep Dive for Reliability on 25 of July. She noted that agreed actions would be circulated following the meeting.

Action items			
Action	**Assigned to**	**Status**	**Due date**
AusNet to share more metrics and data on the current level of service customers are experiencing	AusNet Reg Team	Open	15 August
AusNet to investigate whether changing location or type of output will vary baseline risk for network solutions	AusNet Reg Team	Open	15 August