

# How has ElectraNet incorporated feedback on the draft Consumer Engagement Plan?

Consumer Advisory Panel  
Meeting #3

Simon Appleby  
Senior Manager Regulation and Land Management

# Purpose

- > Outline how the Panel's feedback has been incorporated into the Consumer Engagement Plan
  - Who: stakeholder groups
  - How: engagement methods
  - When: engagement timetable
- > Share the key learnings from other businesses that have been incorporated into the Plan
- > Table the final draft Plan for consideration by the Panel

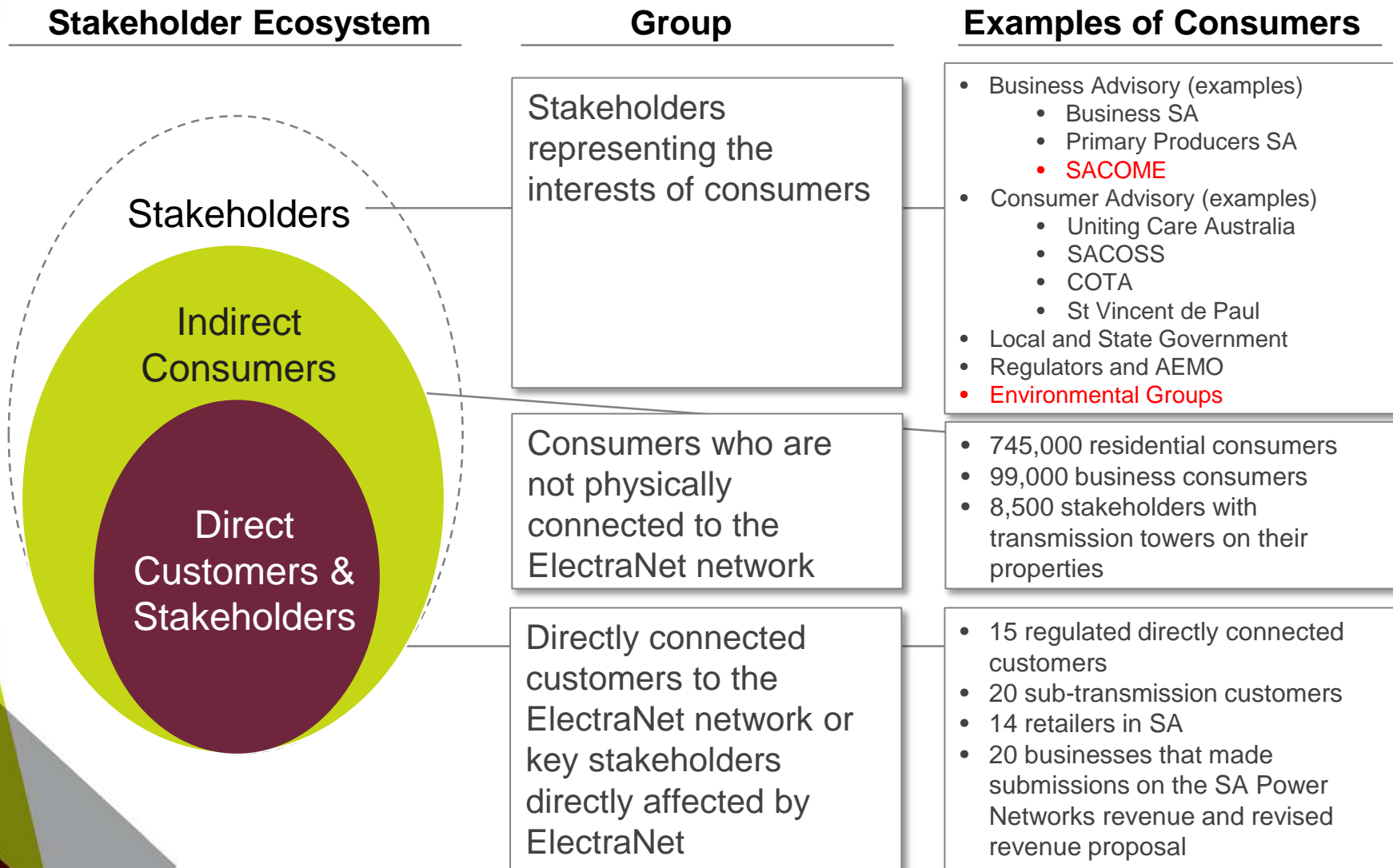
# Panel feedback on Engagement Plan (1)

Panel Feedback	Response
No need to engage directly with households and small business (i.e. focus on representative organisations)	Agreed
Support engagement with large distribution customers	Agreed
Need to include potential customers (e.g. mining developments)	Agreed. Include either directly or through suitable representative organisations (e.g. SACOME). Contingent Projects address large, uncertain investments.
Consider large proposed generators	Agreed. The implications of new generation developments will be considered

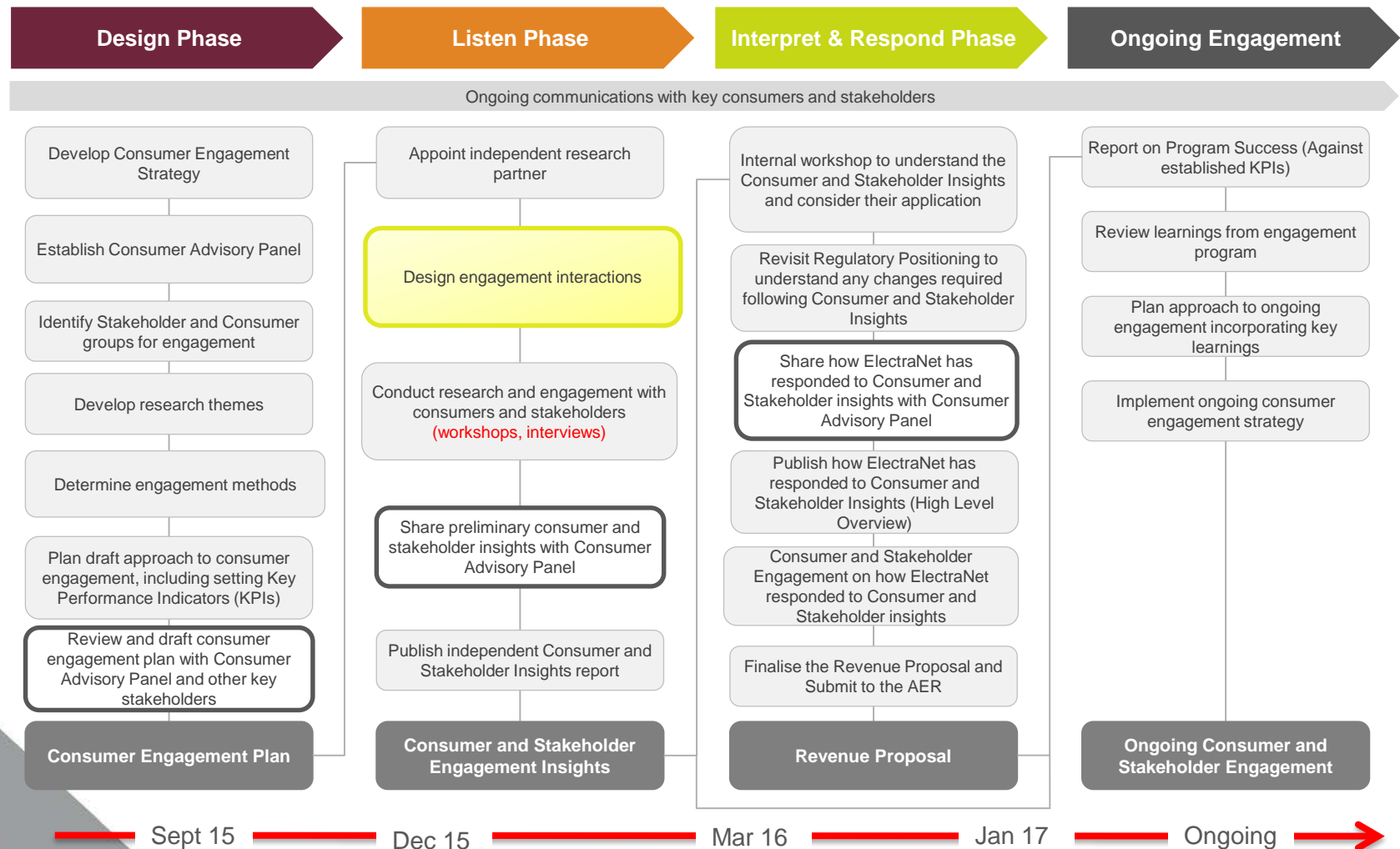
# Panel feedback on Engagement Plan (2)

Panel Feedback	Response
Research phase needs to be confined and targeted for transmission	Agreed: <ul style="list-style-type: none"> <li>• Remove reference to Willingness to Pay Studies</li> <li>• Focus engagement on 1-1 interviews and targeted workshops</li> <li>• Agree no need for wider research (e.g. external surveys, studies etc.)</li> </ul>
Include consumer and environmental groups on the stakeholder map	Agreed. Added to stakeholder map
Leverage off previous work	Agreed. Learnings to be shared with Panel.
Consumer engagement is ongoing	Agreed. Engagement process flow diagram updated to reflect this intent

# Who will we be talking to?



# ElectraNet Consumer Engagement Plan



# Learnings from other businesses - SAPN

Element	ElectraNet Response
<p>Customers were asked to make choices in a Willingness to Pay study without adequate information of the consequences. Customers were not given options to elect bill reductions to avoid additional spending</p>	<p>ElectraNet will not be conducting a WTP survey, and is seeking to engage with the Panel and wider stakeholders on its proposals transparently, including price, our Network Vision and short and long term obligations.</p>
<p>Involve consumers and stakeholders directly in upfront design of engagement processes</p>	<p>The Consumer Advisory Panel and other stakeholders have been involved developing the key inputs to the Consumer Engagement Plan</p>
<p>Formalise a documented stakeholder identification and mapping process</p>	<p>Conducted the stakeholder mapping in accordance with the relevant standard (AA1000SES)</p>

# Learnings from other businesses - SAPN

Element	ElectraNet Response
<p>Conduct an enhanced materiality process to identify the issues to engage stakeholders on, drawing on a wide range of stakeholder groups and information sources</p>	<p>The Consumer Advisory Panel and internal stakeholders have been involved in identifying issues and prioritising the issues</p>
<p>Establish indicators to measurable objectives at the onset of engagement planning</p>	<p>Success measures will be developed under the Consumer Engagement Plan in consultation with the Consumer Advisory Panel</p>
<p>Establish evaluation and review mechanisms to inform ongoing engagement processes</p>	<p>Evaluation and review measures are built into the Plan as part of the Ongoing Engagement phase</p>

Sourced from Banarra Final Gap Analysis of SAPN Stakeholder Engagement Assessment



# Learnings from other businesses

TNSP	Consumer Engagement Approach
TransGrid (NSW)	<ul style="list-style-type: none"> <li>Engaged independent expert</li> <li>Established retail group, Large User Roundtable</li> <li>Stakeholder forums and surveys, Dedicated consumer website                             <ul style="list-style-type: none"> <li><b>AER was critical of the extent and expense for the Consumer Engagement Plan</b></li> <li><b>AER indicated Transmission businesses should not engage directly with residential consumers</b></li> </ul> </li> </ul>
TasNetworks (Tas)	<ul style="list-style-type: none"> <li>Focused on direct connect customers and broadening their engagement activities to include sub transmission consumers</li> <li>Briefings to stakeholders and interested parties</li> <li>Customers provided opportunities for their needs and priorities to be reflected in expenditure plans                             <ul style="list-style-type: none"> <li><b>AER was positive that this was a good starting point for Consumer Engagement</b></li> </ul> </li> </ul>
AusNet (Vic)	<ul style="list-style-type: none"> <li>Run three workshops for direct connect customers and consumer representatives</li> <li>Project specific community engagement</li> </ul>
Powerlink (Qld)	<ul style="list-style-type: none"> <li>Participates in Qld Household Energy Survey &amp; market research</li> <li>Established a Consumer Advisory Panel</li> </ul>

*Build up plans with consumers rather than 'tell' them*

# Questions?

# Thank you

Simon Appleby

Senior Manager Regulation and Land Management

8 December 2015



# Network Vision Discussion Paper

Consumer Advisory Panel

Rainer Korte  
Executive Manager Asset Management

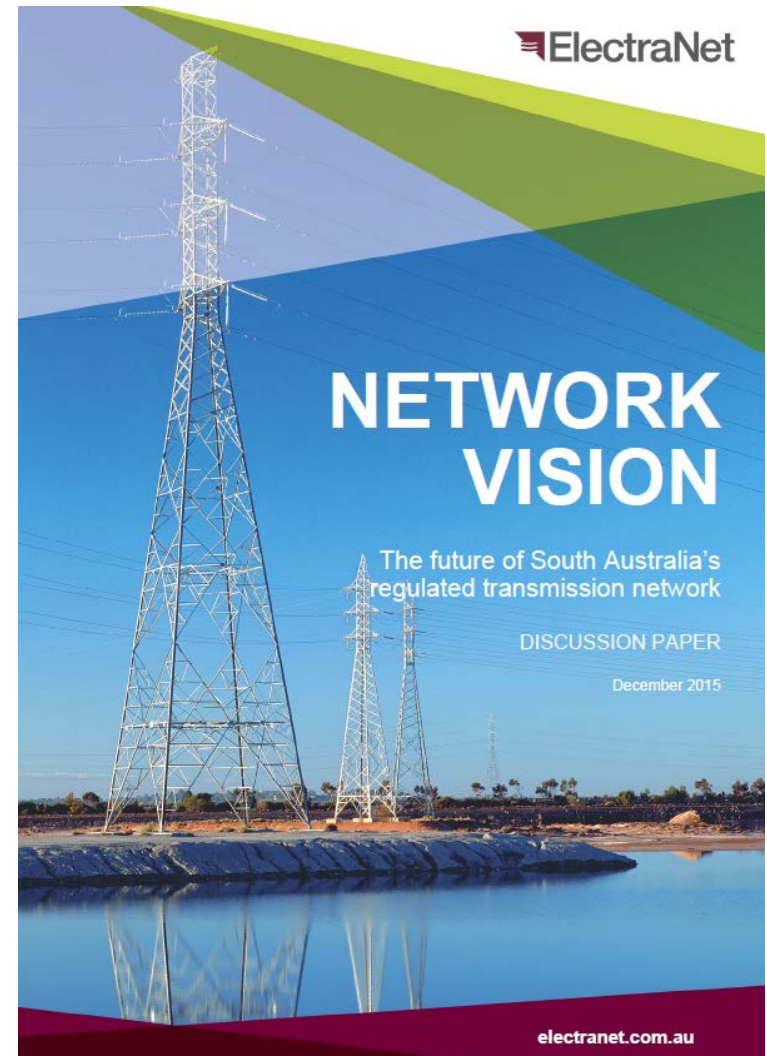
# Presentation Purpose

- > To begin a conversation about...
  - What's changing in the electricity industry
  - What customers and consumers value
  - The future role of the transmission network
  - What are the proposed directions and priorities for the next five years?
- Develop shared understanding

# Network Vision Discussion Paper

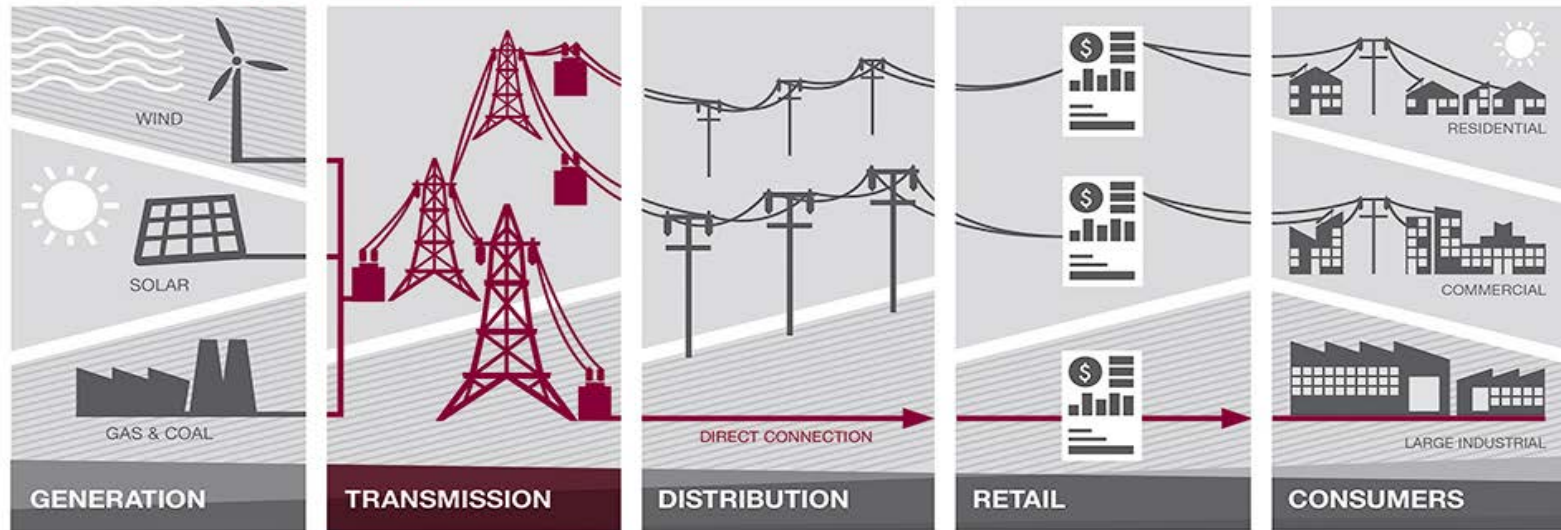
1. Introduction
2. What do consumers value?
3. Role of the transmission network
4. Change drivers
5. Planning for the future
6. Future scenario implications
7. Network Vision
8. Directions and priorities

**Feedback by 15 January 2016**



# What is ElectraNet's role?

## How electricity gets to you

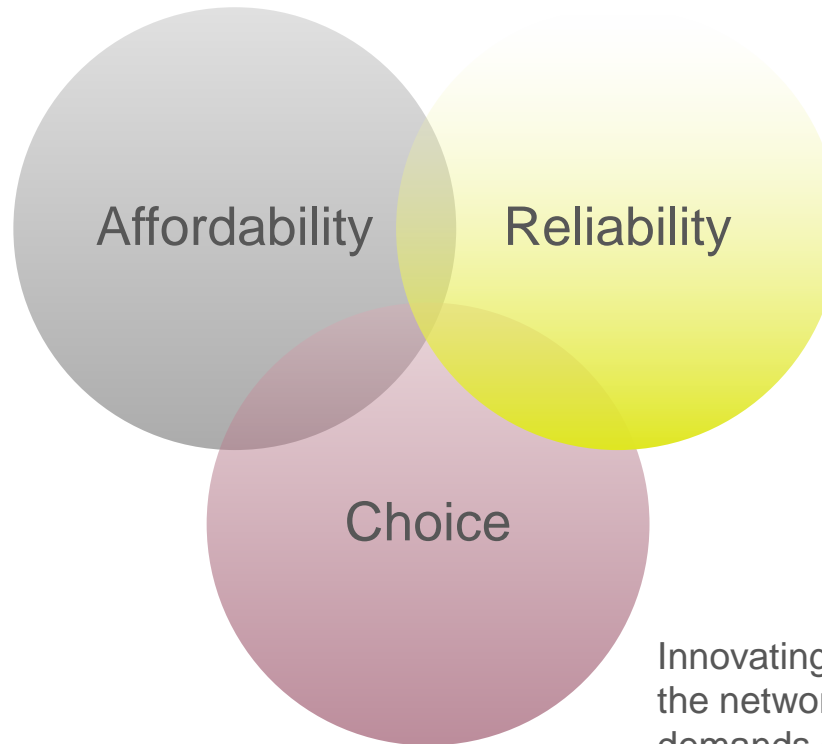


### ElectraNet

- > Our transmission network safely moves electricity across South Australia. It is made up of:
  - over 5,600 circuit kilometres of 275 kV, 132 kV and 66 kV transmission lines
  - approximately 30kms of underground 275 kV cable
  - 89 High-Voltage substations

# What do consumers value?

Keeping prices low and sustainable by focussing on lowest long-run cost outcomes



Safe, secure and dependable operation of the network to support a reliable supply of electricity

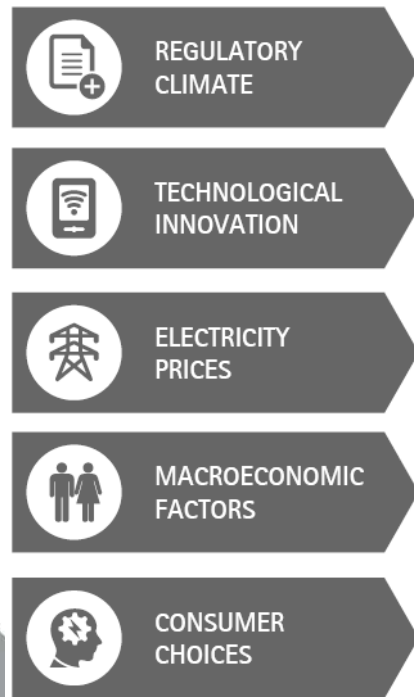
Innovating and transforming the network to meet the demands of new technology and changing needs of customers and consumers



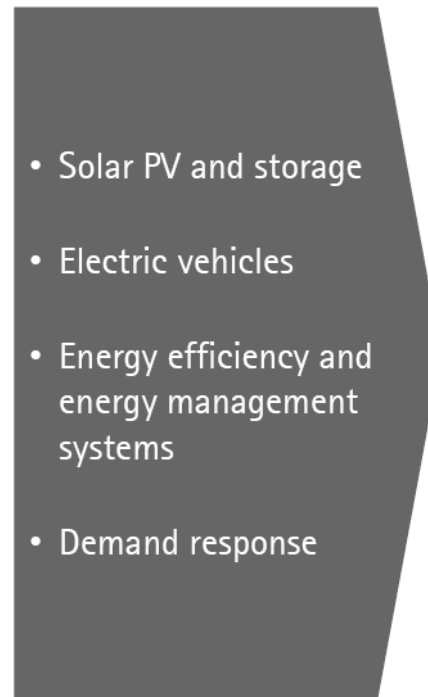
# What's changing?

Electricity industry is undergoing fundamental changes and the pace of change is increasing

## DRIVERS OF ADOPTION



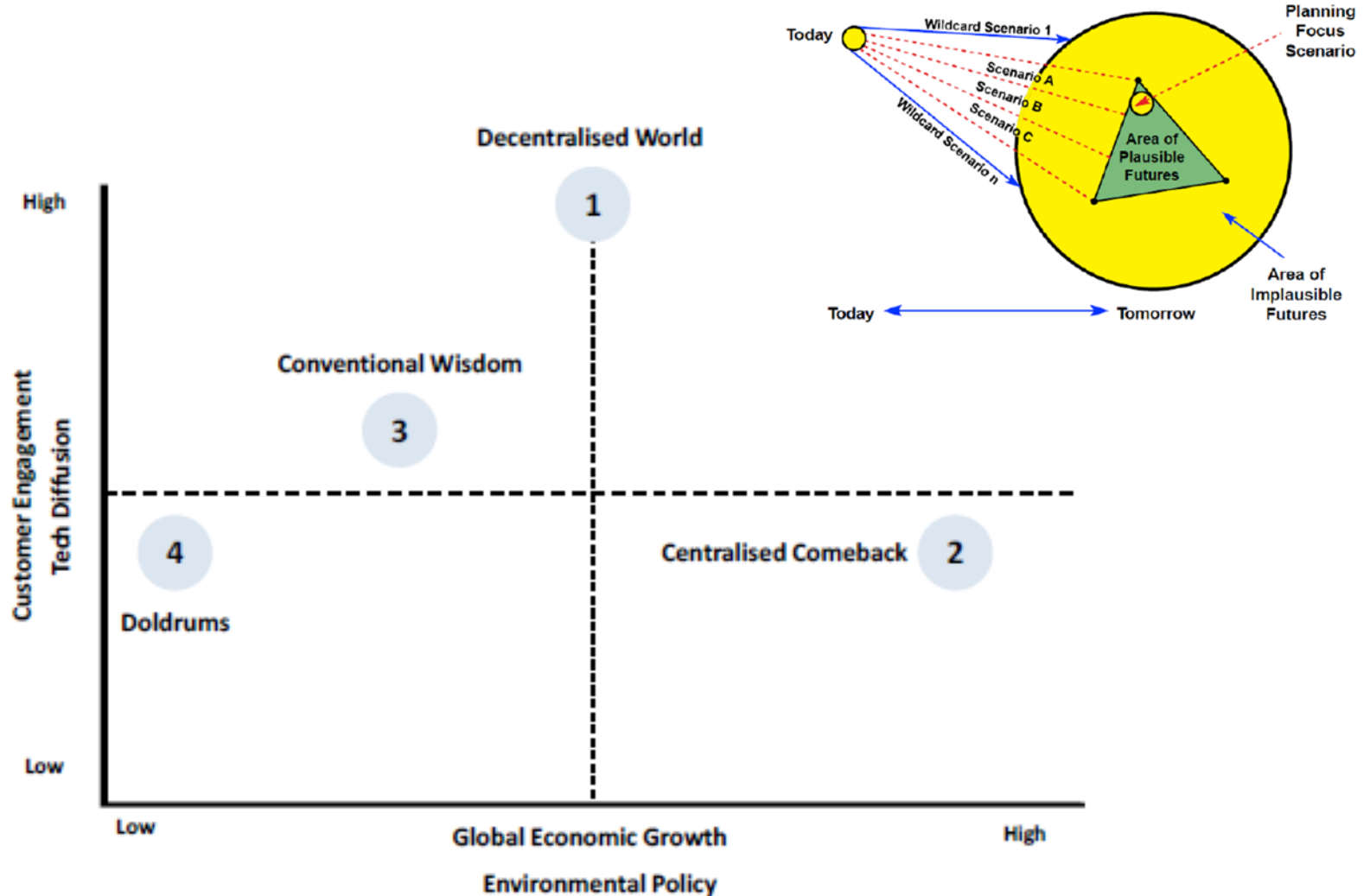
## EMERGING TECHNOLOGIES



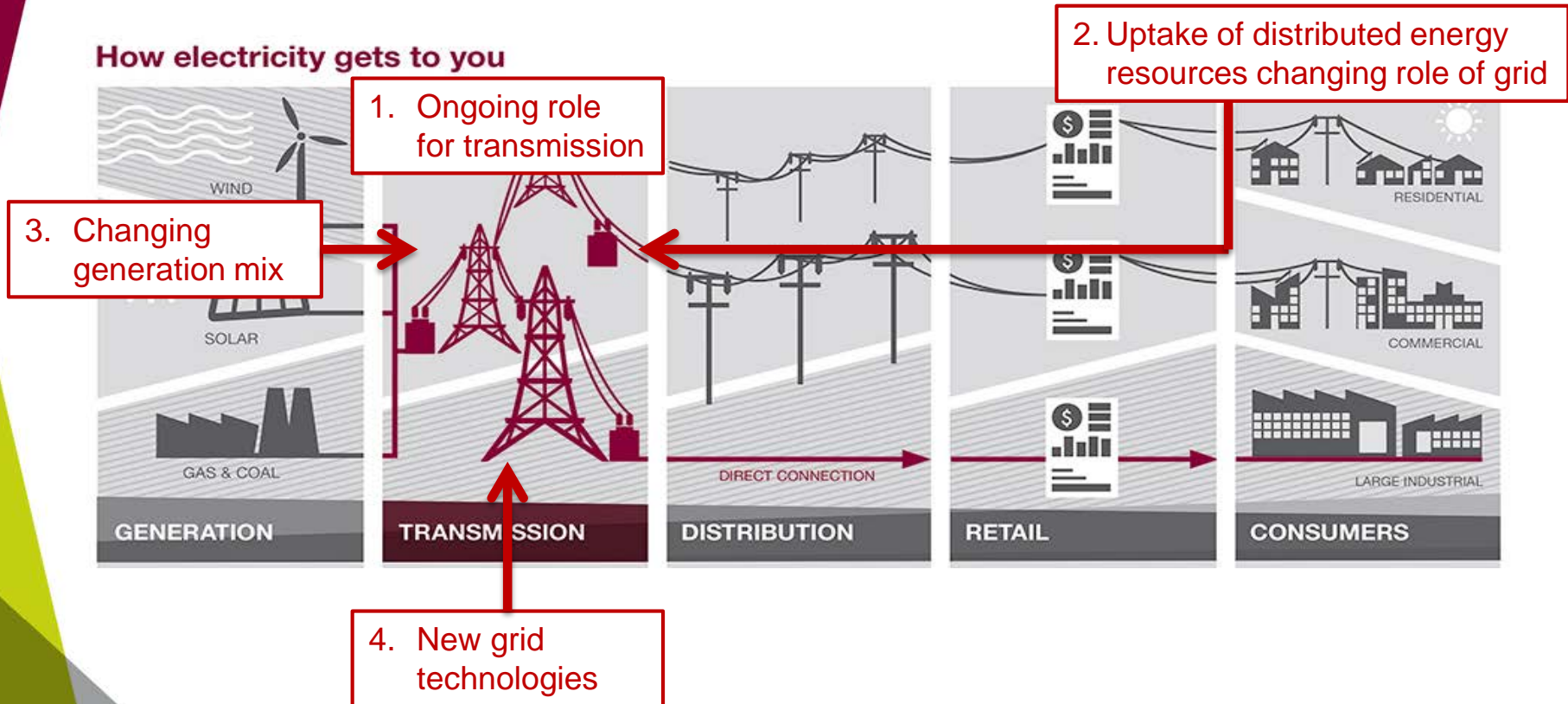
## Current state of play:

- Electricity demand – flat in aggregate
- Electricity prices – easing
- Gas prices – rising but not as much as predicted by some
- Solar PV – steady growth
- Climate policy – investment under RET increasingly challenging
- Tariff reform – early stages
- Renewable energy integration – SA is a world leader relative to demand

# What might the future look like?



# Emerging Directions and Priorities



# Emerging Directions and Priorities (1)

## Theme 1: The network will continue to play an important role

EMERGING DIRECTIONS	PROPOSED PRIORITIES
<ul style="list-style-type: none"> <li>• Grid maximum demand remains steady</li> <li>• Grid supplied energy remains flat or declining</li> <li>• The existing grid needs to be maintained efficiently and safely</li> <li>• Maximum demand driven investment is expected to be minimal</li> <li>• Network utilisation will continue to fall, placing ongoing pressure on unit costs</li> <li>• The age and condition of the network will be an increasing challenge to manage</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on efficiently prolonging asset life wherever possible and deferring major replacement</li> <li>• Continue to maintain the existing network as safely and efficiently as possible through reliability centred maintenance</li> <li>• Retire assets unlikely to be needed in the future where economic to do so</li> <li>• Consider options to recover past and future investment in the most timely manner to protect future consumers</li> <li>• Explore more efficient pricing arrangements to promote clarity, stability and fairness</li> <li>• Manage any major mining triggered developments as contingent projects within the regulatory framework</li> </ul>

# Emerging Directions and Priorities (2)

**Theme 2: The uptake of distributed energy by consumers is changing the role of the grid**

<b>EMERGING DIRECTIONS</b>	<b>PROPOSED PRIORITIES</b>
<ul style="list-style-type: none"><li>• Further significant installation of rooftop solar PV capacity is expected, with periods of zero grid level demand expected within a decade</li><li>• The impact of energy storage at a consumer level is likely to have limited impact on the grid over the planning horizon</li><li>• The uptake of electric vehicles by consumers is expected to be modest</li><li>• Distributed energy growth rates are uncertain and will be driven by consumer preferences, technology costs and policy support</li><li>• Forecasting technology uptake is therefore challenging and scenario planning is important to consider a range of possible futures</li></ul>	<ul style="list-style-type: none"><li>• Actively monitor trends and developments to ensure the grid is ready to integrate distributed energy technology</li><li>• Plan for emerging technologies in order to maintain safe, reliable and secure supply under foreseeable operating conditions</li></ul>

# Emerging Directions and Priorities (3)

**Theme 3: The generation mix is changing, creating new challenges for operation of the grid**

EMERGING DIRECTIONS	PROPOSED PRIORITIES
<ul style="list-style-type: none"><li>• The withdrawal of conventional generators is placing greater reliance on wind generators and interconnectors</li><li>• The operation of the network is becoming more complex and challenging</li><li>• The potential consequences of State-wide outages after rare interconnector separation events is increasing</li></ul>	<ul style="list-style-type: none"><li>• Pursue efficient options to address more complex network operation with less conventional generation</li><li>• Investigate further interconnector upgrade opportunities where in the consumer interest (with any major investments to be pursued as contingent projects)</li></ul>

# Emerging Directions and Priorities (4)

**Theme 4: New technologies are changing the way network services are delivered**

EMERGING DIRECTIONS	PROPOSED PRIORITIES
<ul style="list-style-type: none"> <li>Storage technology is likely to become economic in the medium term at a grid scale, offering a new potential option to efficiently deliver network and ancillary services</li> <li>In a flat demand environment, non-network solutions and new technologies such as storage can offer more economic alternatives to traditional network options</li> <li>Ongoing advances in information technology and network control systems provides access to a wealth of 'big data' to inform network decision making</li> </ul>	<ul style="list-style-type: none"> <li>Continue to investigate application of grid scale storage where economic and seek to gain experience in the deployment and operation of this emerging technology</li> <li>Actively pursue demand side solutions and other innovations in the deployment of non-network solutions and new technology</li> <li>Develop analytical capability to manage 'big data' to improve decision making in asset management and network operation</li> </ul>

# Key Themes from the Forum

- > There is a future role for the transmission network
- > Low income customers who are a large proportion will remain reliant on the grid
- > Price is the main issue for many - customers want real price reductions
- > Real concern regarding the integration of renewable energy and the recent rise in wholesale electricity costs. Also the recent interconnector outages and the impact of very high cost of frequency control ancillary services (FCAS)
- > The future grid may be quite different so ElectraNet should approach asset replacement holistically
- > Stakeholders want more transparency and an ongoing conversation
- > Stakeholders want to be able to trust networks and other market participants
- > Stakeholders want more collaboration between regulatory & policy frameworks
- > Concerns regarding any accelerated depreciation options



# Other Forum Feedback

- > All the participants that completed the feedback form are willing to attend a further forum in the future
- > Positive things people found at the forum included:
  - Time provided to give feedback
  - Good information on challenges and plans – honest and upfront approach.
  - Interesting, educational, good opportunity for discussion
- > What could be improved for next time?
  - Not having to move tables
  - Don't use acronyms and have bigger font on handouts
  - More on revenue proposal
- > Overall the satisfaction ratings were 'agree' and 'strongly agree'

# Table Discussions

# 1. What is the future role of the transmission network?

- > Modelling, analysis and feedback to date indicates a strong ongoing role for the transmission network to:
  - Deliver a safe, reliable and affordable power to large industrial customers and the distribution network
  - Enable a competitive market by transporting electricity across interconnected regions and allowing the cheapest energy to be used to meet consumers needs
  - Support continued connection and integration of wholesale renewable generation to help reduce SA's greenhouse footprint
  - Provide backup, start up power, balancing and power quality services and enable ongoing growth in distributed energy resources

**Q1: What do you see as the future role of South Australia's transmission network to deliver on consumers' expectations?**

## 2. What are the priorities to deliver on this?

- > Key priorities proposed to deliver on the future role of the network include:
  - Maintain the existing network as safely and efficiently as possible
  - Efficiently prolong asset life wherever possible, and retire assets where needed
  - Explore options for more timely recovery of past and future investment
  - Explore more efficient pricing arrangements to promote clarity, stability & fairness
  - Ensure the grid is ready to integrate distributed energy technologies
  - Pursue efficient options to address more complex network operation with less conventional generation
  - Investigate further interconnector upgrade opportunities where economic
  - Pursue grid scale storage, demand-side options, other innovative solutions and new technology, and develop capability to manage ‘big data’

**Q2: To what extent do you agree with these priorities?  
Which are most important? Is there anything missing?**

### 3. What are we missing?

**Q3: Are there any other issues we should be considering or taking into account?**

# Thank you

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# What is the Listening Phase of the Consumer Engagement Plan?

Consumer Advisory Panel Meeting #3

Simon Appleby  
Senior Manager Regulation and Land Management

# Purpose

- > Outline the 'Listen' phase of the Consumer Engagement Plan
- > Share the key themes for engagement and draft interview questions



# Consumer Engagement Plan – Listen Phase



Deloitte appointed to work with ElectraNet

Currently developing questions for interviews and workshops

Currently scheduling interviews for December and January

# Who are we planning to talk to and how?

		Interviews	Workshop
Stakeholders	Regulators	3	
	AEMO	1	
	Consumer Advisory Panel members	11	
	Representative Groups	7	
	Government	1	
Direct Customers	Direct Connect Customers	8	
Direct Stakeholders	Sub-transmission customers		1
	Potential Customers	2	
	Retailer/generators		1
	Businesses that submitted on the SA Power Networks Revenue Proposal		1
<b>Total</b>		<b>33</b>	<b>3</b>

Draft to be confirmed

# What are we planning to talk about?

Key Themes	Context
Customer experience*	Understanding how our customers experience us helps us improve our level of service
Role of the Grid	Responding to the changes impacting on the energy sector is key to meet the ongoing needs and expectations of consumers
New technology	Battery storage technology has the potential to transform the electricity supply industry, help "flatten" demand profile
Reliability	The reliability standards set by ESCOSA drive the level to which the network is designed and operated. Transmission outages can cause wide-spread disruption to supply.
Transmission pricing*	Transmission charges are calculated in accordance with the National Electricity Rules and our Pricing Methodology. This is an opportunity to discuss the tariff structure with customers.
Revenue recovery	The AER approves the revenue and allowances required to maintain a safe, reliable and efficient transmission network. This is an opportunity to test the overall revenue and price outlook.

\* Targeted at direct connect customers

# Questions?

# Thank you

Simon Appleby

Senior Manager Regulation and Land Management