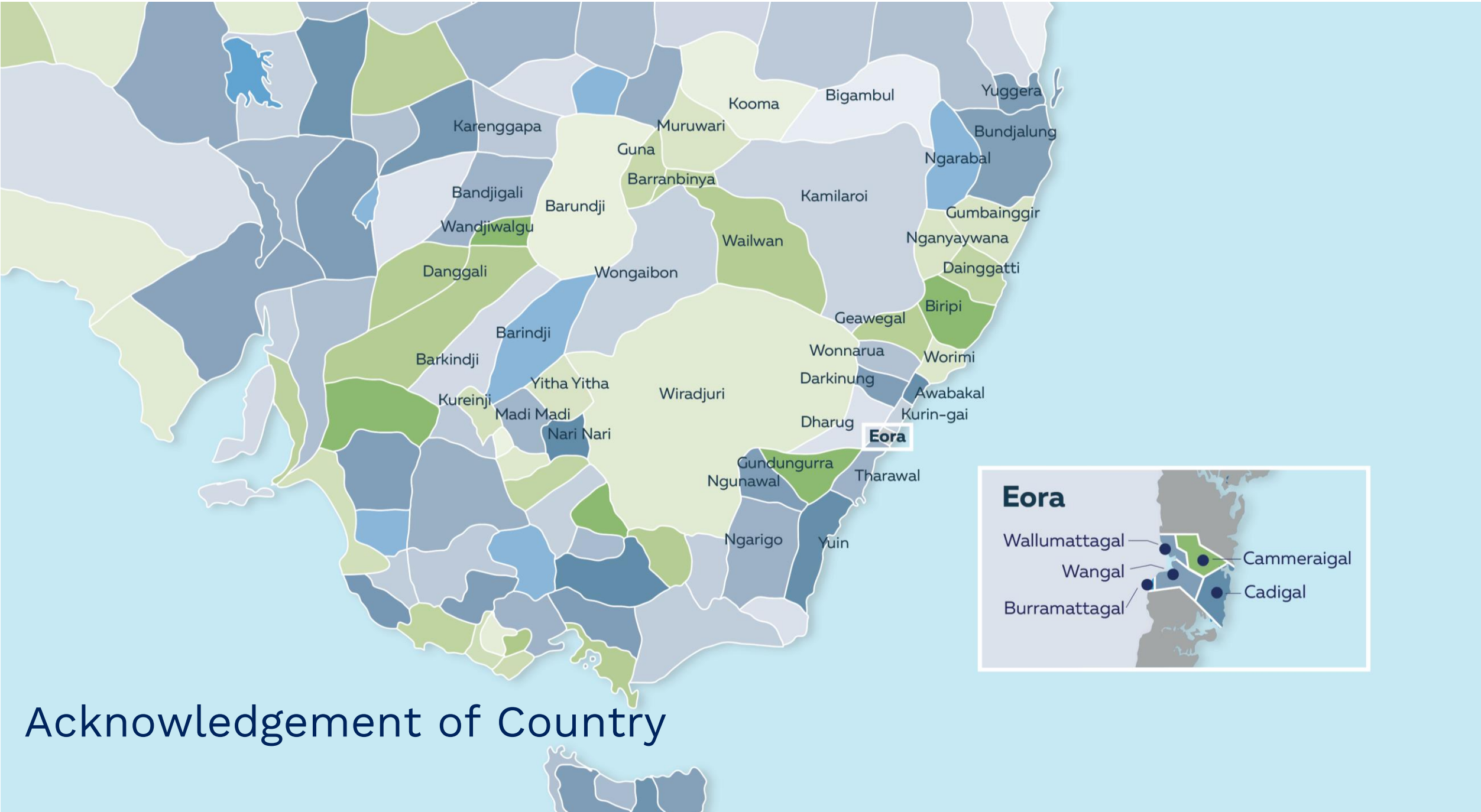




# Customer Consultative Committee Meeting

1 December 2021





# Acknowledgement of Country



Safety Share



# Member updates






All



# CEO Update

## Richard Gross

# Business update

Issue	Key messages
 <b>COVID impact</b>	<ul style="list-style-type: none"><li>• With lockdown lifted, residential consumption is now on par with 2019 (pre-covid). Business consumption remains low (down 6% Oct 21 vs Oct 20)</li><li>• <b>Planned outages</b> closely monitored to manage frustrations with working/schooling from home</li><li>• Continuing to manage <b>occasional cases</b> of COVID-19 within the workplace</li><li>• <b>Ongoing challenges:</b> vaccination mandates, return to office</li></ul>
 <b>Protected Industrial Action (PIA)</b>	<ul style="list-style-type: none"><li>• Bargaining since October 2020, with PIA for 16 weeks since July 2021</li><li>• Despite disruptions, progress on reform has been positive</li><li>• On 22 November 86% of eligible employees participated in the ballot with <b>84% voting yes in support of the Agreement</b></li></ul>
 <b>Innovation</b>	<ul style="list-style-type: none"><li>• Entered into a <b>Global Partnership</b> with SSEN, Enel Foundation and Oxford University to share learnings on Smart Grid opportunities to support and facilitate efficient decarbonisation</li><li>• Ausgrid received an <b>IAP2 Australasia's Core Value Award</b> - NIAC and Community Battery program</li><li>• <b>Project Edith</b> demonstration project will explore use of dynamic operating envelopes and dynamic pricing to enhance grid utilisation and lower customer bills</li></ul>
 <b>Ring-fencing waiver</b>	<ul style="list-style-type: none"><li>• Phase 1 of community battery trial (customer storage service) <b>underway</b> post COVID-related delays</li><li>• Phase 2 will test market benefits with market partner, commencing April 2022; ring-fencing <b>waiver application pending finalisation of Ring-fencing Guideline</b></li></ul>
 <b>NSW Energy Policy</b>	<ul style="list-style-type: none"><li>• NSW <b>Electricity Infrastructure Roadmap</b> – we have advocated for the AER's Better Bills Guideline consultation to require bill transparency for jurisdictional schemes</li><li>• NSW Hydrogen Strategy will also give <b>eligible electrolysers significant NUOS concessions</b></li></ul>



# Agenda Overview

Karthik Venkataraman

Head of Customer and Partner Experience

# Agenda

#	Session	Lead	Timing
	Welcome, Acknowledgement of Country, Safety Share	Rob Amphlett Lewis	09:30 - 09:40
	Member updates	All	09:40 - 09:50
	CEO update	Richard Gross	09:50 - 10:25
	Agenda overview	Karthik Venkataraman	10:25 - 10:30
<b>1</b>	<b>Customer Report</b>	Natasha Jordaan	10:30 - 11:00
	<b>Break</b>		<b>5 min</b>
	<b>Regulatory Reset update</b>	Alex McPherson	11:05 - 11:10
<b>2</b>	<ul style="list-style-type: none"> <li>Insights from engagement - CALD, Councils and RCP key emerging points under key program topics               <ul style="list-style-type: none"> <li>Value for Money</li> <li>Experience</li> <li>Sustainability</li> <li>Resilience</li> </ul> </li> <li>RCP Chair reflections</li> </ul>	Kate Hawke           Tony Robinson	11:10 - 11:15 11:15 - 11:35 11:35 - 12:00 12:00 - 12:20 12:20 - 12:40        12:40 - 12:50
	<b>Lunch</b>		<b>30 min</b>
<b>3</b>	<b>Pricing Working Group update</b>	Bill Nixey	13:20 - 13:50
<b>4</b>	<b>Strategy Refresh</b>	Jess Higgs Felix Keck	13:50 - 14:50
	Meeting close	Rob Amphlett Lewis	14:50 - 15:00





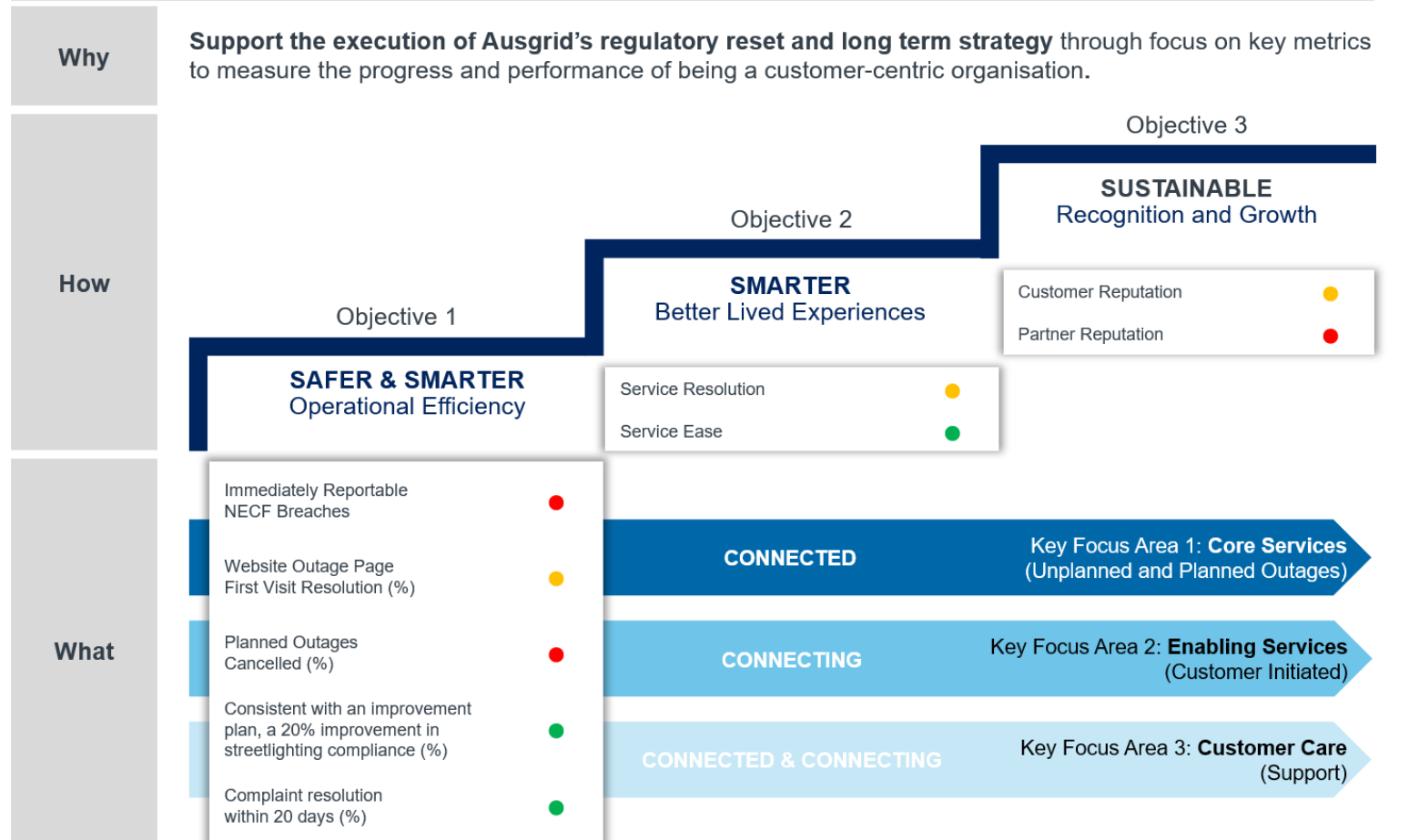
# Customer Report

Natasha Jordaan  
Customer Strategy Manager

# Customer Report

## Ausgrid's Customer Dashboard

OVERALL



### Top 3 Takeaways

- Planned outage cancellations were impacted by industrial action. Partner reputation also suffered during this period
- Streetlighting compliance remains a focus area post Live Work Pause
- Customers are acknowledging they are **expending less effort** to get things done with Ausgrid than they have needed to in the past

# Customer Report

## Key metrics – October 2021

Objective	Metric	FY22 Target	FYTD Oct Result	Comment	Comments
<b>SAFER &amp; SMARTER</b> 	<ul style="list-style-type: none"> <li>Immediately Reportable NECF Breaches</li> </ul>	0	1	1	<ol style="list-style-type: none"> <li>One immediately reportable NECF breach was reported on 1 September. One Life Support Customer experienced an outage lasting 56 minutes without prior notification. A welfare check was completed and no health and safety issues were noted.</li> <li>A website crash in July during a major unplanned outage is driving a lower FYTD performance. Normalising for this event results in a FYTD WOPFVR of 44%, a 13 percentage point (ppt) improvement compared to FY21.</li> <li>Protected Industrial Action (PIA) is the key driver of the result. At its peak in mid October, cancellation rate for customer work was over 80% and over 60% for network maintenance.</li> <li>The number of overdue repairs have dropped 40% since start of FY22 supported by elevated resourcing levels driving above target FYTD performance. There remains active engagement with IPART to endorse a plan to achieve practical full compliance.</li> <li>Complaint volumes decreased by 25% in October, corresponding with easing COVID-19 restrictions, supporting sustained above target FYTD performance.</li> </ol>
	<ul style="list-style-type: none"> <li>Website Outage Page First Visit Resolution (WOPFVR) (%)</li> </ul>	50	35	2	
	<ul style="list-style-type: none"> <li>Planned Outages Cancelled (%)</li> </ul>	9.9	21.2	3	
	<ul style="list-style-type: none"> <li>20% improvement in streetlighting compliance (%)</li> </ul>	20	22	4	
	<ul style="list-style-type: none"> <li>Complaint resolution within 20 days (%)</li> </ul>	79	87	5	
<b>SMARTER</b> 	Service Resolution (SRES) (%)	>74*	74	6	<ol style="list-style-type: none"> <li>FYTD SRES and SES performance have remained steady from prior month despite PIA disruption. A deep dive is provided in <b>Appendix 1</b>.</li> </ol>
	Service Ease (SES) (%)	>66*	69	6	
<b>SUSTAINABLE</b> 	<ul style="list-style-type: none"> <li>Customer Reputation Score<sup>^</sup></li> </ul>	-6	-21	7	<ol style="list-style-type: none"> <li>Customer Reputation Score dropped 2 points since September 2021.                             <ul style="list-style-type: none"> <li>Primarily driven by Small Medium Enterprise (SME) Customers expressing their affordability concerns could be better supported by the energy sector as a whole.</li> <li>Residential sentiment improved helped by fewer outages during PIA. With recent resumption of all planned outages there is expected to be an increase in dissatisfaction but partially muted due to the SMS service and end of lockdown.</li> </ul> </li> <li>Partner Reputation Score dropped 14 points since last measurement in May 2021.                             <ul style="list-style-type: none"> <li>PIA was the key driver, disrupting Council community projects, Retailer service orders and ASP design, inspection and construction work. There has been positive feedback from Partners and Large Businesses on Ausgrid's post PIA catchup efforts.</li> </ul> </li> </ol>
	<ul style="list-style-type: none"> <li>Partner Reputation Score<sup>^</sup></li> </ul>	-19	-38	8	

● Metric in Corporate Scorecard

WOPFVR: % of customers that responded 'yes' to resolution question in the website feedback survey "Were you able to achieve on the Ausgrid website what you needed today?"

SRES: Percentage of customers answering 'Yes' via a survey to the question "Did Ausgrid resolve your [ ] service request".

SES: Percentage of customers answering 'Strongly Agree' or 'Somewhat Agree' via a survey to the question "Dealing with Ausgrid for this service was easy".

<sup>^</sup>Reputation Score uses traditional NPS methodology of promoters minus detractors divided by total respondents.

\*FY21 result.

### Top 3 Takeaways

- Despite growing confidence from the AER following evidence of an elevated focus on Life Support Customer (LSC) experience, a breach occurred when human error failed to identify a LSC during a planned outage
- Website experience has improved by over 40% in effectiveness as a channel for interaction with Ausgrid but there is further to go
- Introduction of SMS outage advice resulted in a **75% reduction in complaints** about planned outage notifications

# Customer Report

## FYTD Oct deep dive into service resolution and service ease

Core Services						Comments
<b>SMARTER:</b> 		SRES	Δ v FY21	SES	Δ v FY21	<b>1</b> SMS notifications for planned outages progressively commenced from June and has helped improve SES despite COVID-19 lockdown and PIA disruptions. <ul style="list-style-type: none"> <li>The volume of complaints related to not receiving prior notification has reduced by 75% over the last 3 months.</li> </ul>
	Unplanned Outage Restoration	88%	+0.9	90%	+2.3	
	Planned Outage Management*	n/a	n/a	63%	+4.4	
	AVERAGE	88%	+0.9	76%	+3.3	
	* customers do not get surveyed if the planned outage was cancelled.					
Enabling Services						Comments
<b>SMARTER:</b> 		SRES	Δ v FY21	SES	Δ v FY21	<b>2</b> Decline in hazard remediation SRES is primarily due to lack of status updates back to customers as the service is not managed through a customer facing system. Enabling status updates is being investigated as part of future system enhancements.  <b>3</b> Individually agreed customer service level agreements (SLA) were met 58-67% of the time in the past 3 months contributing to sustained low Tiger Tail SES performance. <ul style="list-style-type: none"> <li>Business improvements are ongoing to address low performing SRES and SES areas.</li> </ul>
	Hazards Remediation	76%	-4.9	96%	-1.0	
	Connections Processing	n/a	n/a	81%	+9.7	
	Public Lighting Repair (Council initiated)	56%	-22.8	100%	+18.2	
	Public Lighting Repair (Resident initiated)	84%	+4.6	95%	+0.6	
	Tiger Tail Installation	85%	+8.5	47%	+0.5	
	Poles & Wires Maintenance	43%	+2.6	84%	-1.5	
	Veg Management (Resident initiated)	38%	-9.7	90%	-5.4	
	Graffiti Removal	92%	+2.9	92%	-8.0	
	AVERAGE	68%	-2.7	86%	+1.6	
Customer Care						Comments
<b>SMARTER:</b> 		SRES	Δ v FY21	SES	Δ v FY21	<b>4</b> Despite challenges of COVID-19 and PIA, all customer care services are delivering better customer outcomes than they were in FY21.  <b>5</b> Grade of Service (GoS - calls answered within 30 seconds) is being sustained above target (86.5%) at 89% and supporting above target Contact Center SRES.
	Contact Centre Resolution (FCR) <sup>^</sup>	93%	+2.6	n/a	n/a	
	Complaints Handling	n/a	n/a	41%	+7.3	
	Claims Handling	n/a	n/a	52%	+5.5	
	Website Resolution (FVR) <sup>^</sup>	42%	+3.2	n/a	n/a	
<b>4</b> AVERAGE	67%	+2.9	47%	+6.4		
<sup>^</sup> FCR – First Contact Resolution, FVR – First Visit Resolution						

### Top 3 Takeaways

- Most services deliver better customer outcomes now compared to a year ago, based on customer feedback
- Next year field staff will be provided with real-time access to Planned Outage customer feedback to bring a greater localised focus to lifting service ease
- A customer-centric connection experience is critical for the energy transition. Ease scores continue to improve with a focussed suite of improvements

# Customer Report

## Breakdown of customer and partner reputation

Customer Reputation			Comments	
<b>SUSTAINABLE</b> 	Reputation Score <sup>▲</sup>	Passive Adjusted Score <sup>▲</sup>	<p><b>Customer Reputation</b></p> <ul style="list-style-type: none"> <li>Residential Customer RS increased 5 points since the last report driven by fewer planned outages due to PIA and expansion of the SMS initiative for planned outages.                             <ul style="list-style-type: none"> <li>Residential Customer sentiment has shown slow steady improvement of 4 RS points (to -18) and increased resilience with an improvement of 10 PAS points in the last 18 months.</li> <li>Solar export and future affordability concerns are sustaining a poor and worsening sentiment for DER and CALD Customers, respectively.</li> </ul> </li> <li>Business Customer RS dropped 9 points since the last report driven by PIA disruption to Large Business projects and 'last minute' planned outages cancellations for SMEs.                             <ul style="list-style-type: none"> <li>Business sentiment has lifted from a low point 18 months ago with a RS improvement of 48 points (to -23) and achieving high levels of reputational resilience with a PAS improvement of 82 Points (to +31).</li> </ul> </li> </ul> <p><b>Partner Reputation</b></p> <ul style="list-style-type: none"> <li>Service disruption due to PIA drove a RS decline for all Partners since the last report with ASPs and Councils dropping by 20 points.                             <ul style="list-style-type: none"> <li>Retailer and Council sentiment had most progress over the last 18 months with RS improving by +39 and +17 points respectively accompanied by a PAS improvement of +71 and +30 points respectively, indicating a significant rebuilding of trust.</li> <li>ASP sentiment has moved positively but far less and slower over the last 18 months.</li> </ul> </li> </ul>	
	<b>Residential</b>	-18		+9
	LSC	+6		+35
	DER	-36		-8
	CALD	-25		-3
	<b>Business</b>	-23		+31
	SME	-46		-26
Large Business	-5	+43		
<span style="color: orange;">■</span> At/Above FY22 Target <span style="color: green;">■</span> At/Above Long-Term Target >0				
Partner Reputation				
<b>SUSTAINABLE</b> 	Reputation Score <sup>▲</sup>	Passive Adjusted Score <sup>▲</sup>		
	<b>ASPs</b>	-40	-21	
	<b>Councils</b>	-44	-8	
	<b>Retailers</b>	-31	+23	
<span style="color: orange;">■</span> At/Above FY22 Target <span style="color: green;">■</span> At/Above Long-Term Target >0				

### Top 3 Takeaways

- Despite setbacks, reputation scores have continued to improve for customers:
  - Notable increase in Passive Adjusted Score highlights a milestone for rebuilding trust as detractors have become neutral or promoters
- Retailer sentiment is improving and Ausgrid is seeking to work with promoters on initiatives such as tariff trials
- Much work to be done with Councils on systemic issues with these partners a key focus for the regulatory reset engagement

# Recurring customer feedback from Voice of Community (VoC)

## Affordability

- Lower prices and provide discounts
  - Inflexible metering policy
  - Subsidise batteries

## Sustainability

- Deliver renewable energy supply
  - Invest in community batteries
- Make it easy for solar to feed to grid

## Reliability and Resilience

- Reduce planned outage frequency and duration
  - Meet planned outage timeframes
  - Consider weather when planning outages
    - Put cables underground
- Improve infrastructure to support transition

## Customer Communication

- Proactive digital comms during outages
- Provide cause of interruptions and repair timeframes
  - Advice on switching to solar with battery backup
    - Improve website navigation

## Service Excellence

- Simplify connection process
- Shorten tiger tail timeframes
  - Veg management quality
    - Adequate staffing

## Corporate Responsibility

- Resource maintenance work
  - Improve infrastructure
- Invest in solar / wind technology

### Information source – VoC survey

- Reputation Score
- Service Resolution Score (SRES)
- Service Ease Score (SES)

A close-up photograph of a person's hand gripping a black, textured handle of a power tool. The background is dark and out of focus, featuring a prominent teal-colored ring of light. The word "BREAK" is overlaid in white, bold, sans-serif capital letters in the center of the image.

**BREAK**

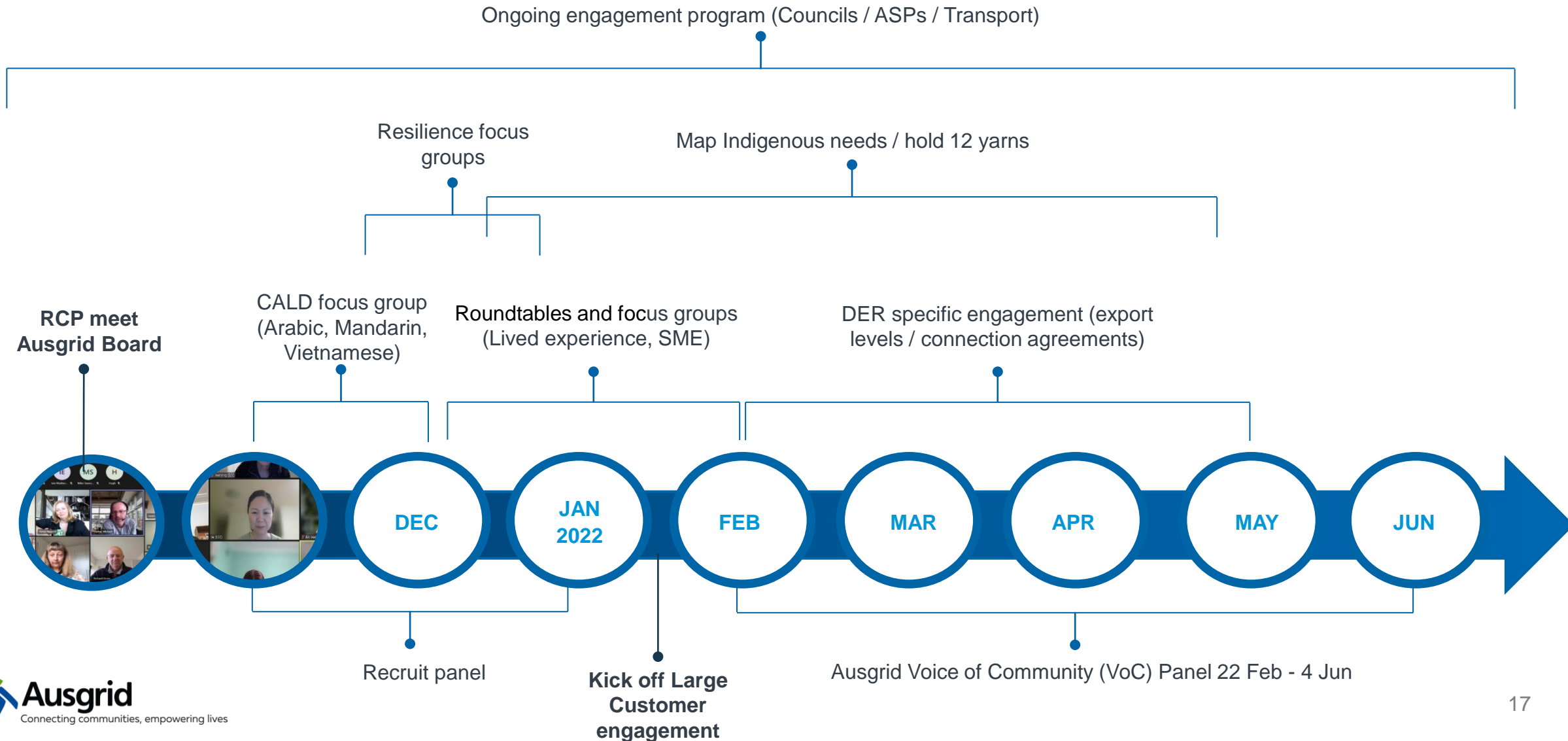


# Regulatory Reset Engagement - what we have heard

Alex McPherson / Kate Hawke



# Regulatory Reset Engagement Framework – overview of key activities



# Reset Customer Panel workstream focus

Workstream	Scope	RCP Members
1	<b>Value for money</b> <ul style="list-style-type: none"> <li>• Opex strategy and benchmarking</li> <li>• Productivity</li> <li>• Fleet and property investment strategy</li> <li>• Financeability</li> <li>• CESS and EBSS</li> <li>• Depreciation</li> </ul>	Louise Benjamin Anna Livsey Mike Swanston Mark Grenning
2	<b>Ausgrid experience</b> <ul style="list-style-type: none"> <li>• Moments that Matter and Pain Points</li> <li>• Digital strategy</li> <li>• Customer transformation</li> <li>• Technology (including ICT Capex)</li> <li>• Consumer protections</li> <li>• Customer Service Incentive Scheme (CSIS)</li> </ul>	Iain Maitland Gavin Dufty Mike Swanston (Tony Robinson)
3	<b>Sustainability and Future Grid</b> <ul style="list-style-type: none"> <li>• DER integration strategy</li> <li>• Tariff reform including export tariffs (with PWG)</li> <li>• Connection policy</li> <li>• Innovation program (with NIAC)</li> <li>• Service classification</li> <li>• DSO</li> </ul>	Louise Benjamin Mark Grenning Iain Maitland Gavin Dufty Anna Livsey
4	<b>Network Investment</b> <ul style="list-style-type: none"> <li>• Resilience</li> <li>• Network investment strategy</li> <li>• Insurance and risk management</li> <li>• Cost pass through</li> <li>• Cyber risk management strategy</li> <li>• STPIS</li> </ul>	Tony Robinson Anna Livsey Mark Grenning Louise Benjamin

# Snapshot - Key points and emerging insights – Value for Money

## CALD

- Cost is the most important issue - participants link this to the rising cost of living and limitations of their income, making power bills one of the most important things to think about
- 5 of 6 Arabic, 4 of 6 Mandarin and 4 of 10 Vietnamese participants choose price as their first priority
- Together with the reliability, low cost will bring satisfaction to the customers - Vietnamese

## RCP

- Customers continue to place a high value on affordability
- Ausgrid has achieved significant opex efficiencies which should be recognised
- Subject to further work on some step changes, we expect opex (and depreciation) assessment to be relatively straightforward

## Council

- Councils want more collaboration and co-ordination on vegetation management, including co-funding for engineering solutions that minimise the need for pruning
- Believe that off-peak pricing should not be increased when EVs are being charged
- Councils are happy that the full savings from the recent LED tender are being passed through to them in the proposals for upgrading lights on main roads

## Ausgrid Insights

- Energy affordability is the most pressing concern for residential customers (who are frustrated by the complexity of the energy market)
- Almost 50% of residential customers are more concerned about their ability to pay their energy bills since before the COVID-19 pandemic

# Snapshot- Key points and emerging insights – Ausgrid Experience

## CALD

- Good customer service must be linked to companies' compliance with Australian Consumer Protection Act - Arabic
- Organisation must treat its clients ethically and should have clear policies every customer can understand - Arabic
- Customer service should have a 'real-do' attitude and not be for the sake of glorious good looks - Mandarin
- Help customers to understand and manage their electricity consumption and costs through education and data - Vietnamese

## RCP

- What service improvements for customer safety, storm response etc should Ausgrid prioritise?
- Ausgrid consider replacing call answering times (STPIS) with CSIS measures that are meaningful and valued by its customers
- Understanding how Ausgrid supports and can better support customers through advance warning of storms or other events drives both resilience and customer experience outcomes
- Consider extending service improvements beyond Ausgrid to the value it provides to other parts of the supply chain

## Council

- Community is more concerned about extreme heat and educated about the importance of urban canopy - they expect better vegetation management outcomes than they are getting
- Councils appreciate the increased communication but want more and better works co-ordination for capital works projects
- Councils want smart city devices integrated into streetlighting where possible as it minimises urban clutter

## Ausgrid Insights

- All customers interacting with Ausgrid seek consistency, personalisation, empathy, innovation and ease in their experience
- Some large customers (data centres, developers and generators seeking connection) want accelerated delivery of growth capacity
- Local councils, and state government want the enablement of accelerated sustainability / net zero targets

# Snap shot - Key points and emerging insights – Sustainability / Future Network

## CALD

- Net zero is everyone's business, and everyone should do their bit. Big companies must act responsibly and do all the heavy lifting to be able to achieve that target - Arabic
- Don't think that they will be able to contribute more (than LED bulbs and using less energy) unless they get some incentives to help them utilise the new technologies - Arabic
- Unsure about the pathway to zero carbon emissions - how it can happen and what needs to be done - Vietnamese

## RCP

- How do we ensure an equitable transition, noting impact of Govt policy and currently expensive new technology (eg EVs)
- EV uptake is highly uncertain - we need to work together to understand how to assess this for the reset
- Tariffs have an important role to play - there is support for Ausgrid's tariff objectives, recognising the role of Pricing Working Group to progress tariff reform

## Council

- Most Councils have clear emissions reduction targets and plans
- Many are deploying EV strategies to prepare for / encourage adoption. Access to EV charging is front of mind for them
- They are expecting electrification of appliances, load shifting and major shifts to EVs to meet their targets
- Looking for Ausgrid to facilitate NSW Government Strategies and AEMO's Integrated Systems Plan
- Also for Ausgrid to support the transition to net zero - more support for EV charging, communities batteries, peer-to-peer energy trading, accelerating the LED streetlight rollout

## Ausgrid Insights

- Customers support use of renewable energy, however, DER customers are not satisfied with solar supply and tariff issues
- Energy consumption is expected to rise as people age and become reliant on health management technologies (eg mobility devices)
- Complexity and uncertainty make it harder to predict and quantify the impact of an event and increase the likelihood that responsibility for action is will be shared

# Snap shot - Key points and emerging insights – Network Investment

## CALD

- Recognise we're more prone to extreme heat, bushfires, droughts, floods and longer fire seasons because of climate change - Arabic
- Help the most vulnerable customers and provide them with alternatives to keep their power 24/7 - Arabic
- Concern about notified planned outages that don't proceed - Mandarin
- Reimbursement programs for customers if they have appliances broken or food spoilage due to the electricity outage without appropriate communication from Ausgrid - Vietnamese

## RCP

- Complex issue will need to work closely to work on a definition, network community and customer resilience
- Need to define resilience, from an industry, regulatory and customer perspective
- Engaging customers on this is important and the Nous work is a good start

## Council

- Over half of the councils in Greater Sydney have developed, or are developing, a resilience plan
- Definition of resilience goes beyond climate and looks at other shocks (pandemic, oil shock) and stressors (housing affordability, mental health)
- Increasing electrification decreases some strategic risks but increases the impacts of others
- Increasing urban canopy to tackle rising urban heat is a top resilience priority

## Ausgrid Insights

- All customers want to be confident that their energy will continue to be secure as Australia experiences an increase in extreme weather events (e.g. heatwaves, bushfires, floods)
- Older and vulnerable customers place the same importance on resilience as they do on price
- Ausgrid should invite a diverse range of customers to join the conversation on community resilience to ensure that network solutions strengthen the resilience of communities

## Comment from Reset Customer Panel Chair

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*The RCP has been up and running for four months, ably resourced by Ausgrid.*

*It is apparent that the business is thoroughly invested in having an independent overview of its revenue submission. This is seen through the support continuously offered to us and our work, and to the many Ausgrid staff we have had contact with. Our input has been welcomed to the customer engagement design and has already led to significant changes.*

*The selection of panel members is critical to ensure that the group can work productively throughout its engagement, and I can report that we are all working together well. The skill sets within the Panel are extensive and there is a wealth of experience of different distribution businesses and how they have approached resets over recent years. We are putting that knowledge to good use and being constructively curious at every opportunity.*

*There are challenges ahead. These include time management, an issue when the 2022 demands of the reset impact on members' diaries, particularly those involved in multiple reset proposals. We have also signalled early that we will be looking closely at resilience, bringing our minds to consider how a popular theme can play a meaningful role in a rule constrained reset process. They are good challenges to have and we are looking forward to the work.*

A close-up photograph of a person's hand gripping a black, textured handle of a power tool. The background is dark and out of focus, featuring a blue circular logo with the letters 'LB' in white. The overall image has a dark, moody aesthetic with a semi-transparent dark overlay.

LUNCH BREAK





# Pricing Working Group Update

Bill Nixey

# Starting principles for our 2024-29 Tariff Structure Statement

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The PWG expressed general comfort with the principles as proposed



## Efficient

- signals efficient utilisation of the network – cost-reflective, benefits are rewarded
- reflective of the depth of the network used – e.g. potential Local Use of System (LUOS) pricing options



## Flexible

- support customer choice
- facilitate retailer/aggregator innovation
- win-win outcomes across customers segments



## Fair

- technology-agnostic
- customer impacts are taken into account
- change is supported by complementary measures

# Tariff trial update

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## **Ausgrid intends to carry out tariff trials for the July 2022 to June 2024 period in order to**

- prepare for an increase in distributed energy resources, including batteries, rooftop PV and electric vehicles
- assess customer behavioural responses to new price structures
- assess the ability of retailers to pass through new price structures
- test the capabilities of existing billing processes and the needs of future systems
- understand the trade-offs of two-way pricing and the potential revenue impacts from reward-based prices

## **We have three main trial tariffs to implement**

- two-way tariffs for residential and business customers
- EV charging with flexible load
- community batteries

## **Retailer recruitment is underway**

- we will reference retailer reputation insights to support choice of retailer to participate in these trials

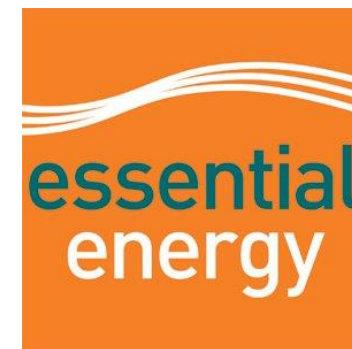
# Pricing – key dates ahead

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- **17 December 2021** Pricing Working Group
- **19 January 2022** AER publishes draft guidelines on export tariffs
- **28 February 2022** Ausgrid Tariff Trial Submission to AER

Pricing Working Group meetings will continue in 2022 on a monthly basis.

Joint consultation meetings with Endeavour Energy and Essential Energy will be held every six weeks.



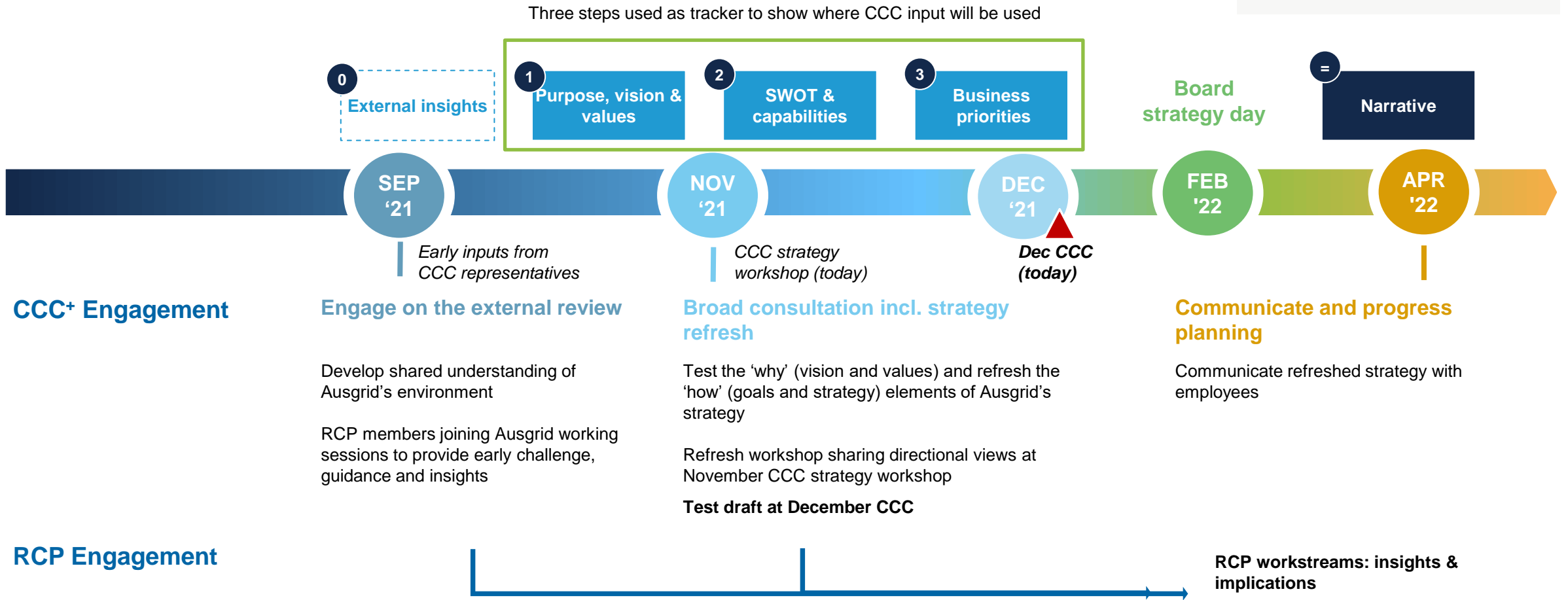


# Strategy Refresh

Jess Higgs

# Strategy Refresh – CCC & RCP touchpoints

**Note:** We propose to add a separate touchpoint before the board strategy day to test business priorities



# Step 1: Customer advocate workshop inputs: Models of transition: The Ausgrid 2030 Story (1/2)

## Story 1

- Ausgrid played a leading role **pushing the boundaries** of what the **role of a distributor** was to achieve a distributed energy system and climate goals.
- Ausgrid enabled the renewable energy boom through **behind the meter connection agreements** and effective use of **distributed energy resources** for both consumer benefit and grid supply whilst maintaining safety.
- The pushing of the boundaries really began with offering customers community batteries. From then on Ausgrid really **started playing a leadership role** as the largest distributor in the largest city. It was in the right place to not only **lead the change for the regulatory framework, but to lead the implementation** of what that regulatory framework means in terms of its customers.
- **Leading in productivity** was another ambition for Ausgrid. This in return led to better brand recognition by customers seeing Ausgrid leading the transformation in their own patch as well as nationally around standards for example.

## Story 2

- Early in the transition Ausgrid shifted focus from customers to **people and communities** – this decision enabled **individual agency** as well as collective strength while reducing inequality. Ausgrid not only ensured that new things were equal but actually unpicked and reduced pre-existing inequality.
- The key success for Ausgrid was to find the right **timing & balance** of investments – they **found a pathway** between peoples' concerns about rushing and being too slow. This balance was struck by a focus on **pushing the boundaries** in some areas but not every area.
- Ausgrid succeeded in **taking the community along** the transition. This occurred by acknowledging its **role as facilitator** in the transition and by showing what the future could look like **allowing people to make plans** for use of their energy.

Any further comments from CCC ?

Used for:

Refining strategic direction, language/verbatim

## Step 1: Customer advocate workshop inputs: Models of transition: The Ausgrid 2030 Story (2/2)

### Story 3

- Inspired by COP26, Ausgrid signalled an **ambition to achieve 100% renewable** by 2030. Ausgrid did acknowledge their **facilitator role** and that it **will transform** the grid, the assets, customer relationships as well as connections and services offered.
- Ausgrid accepted its central role as a **facilitator** as well as an **educator** in a '**decade on the move**'. Ausgrid succeeded in explaining to all customers transparently what was happening in the transformation and what the **new possibilities** were opening up for customers. For example, new ways of consumption were enabled including sharing and trading of energy.
- Another key for Ausgrid was great **communication** with the community and **inclusiveness** – despite a fast pace of change 'no one was left behind' and more vulnerable people were carefully considered.
- In achieving 2030 targets, Ausgrid recognised the importance of the 2024-2029 regulatory reset period to establish the **framework and environment**.

### Key messages from the three stories

- The three stories raise priorities including pushing the regulatory boundaries, finding a well timed & balanced pathway and facilitating a decade on the move.
- All stories have the facilitation of a pathway in common. This pathway effectively enables individual agency as a platform to allow everyone to be as fast as they want to be. Ausgrid is taking a leading role to put the framework in place quickly and then enable others to make decisions.
- Another key commonality across the three are the high ambitions to reduce inequality and promote inclusiveness among people along the transition to 2030

Any further comments from CCC ?

Used for:

Refining strategic direction, language/verbatim



# Step 1: Customer advocate workshop inputs: Key themes on the journey to 2030

➔ Positive reinforcement

## Key themes from workshop discussion on Ausgrid's transition to 2030

### Leading transition as a facilitator



- **Ausgrid as a facilitator** of the energy transition which is dependent on others outside of its control.
- Even if invisible at times and not known by all – without Ausgrid nothing will work.
- Ausgrid playing a key role in facilitating a **pathway for all**.
- Importance of Ausgrid to take a leading role to put the right **framework** in place quickly.
- Step back and allow customers and others to make their decisions.



### Giving individuals agency



- Importance of Ausgrid **providing agency for customers** – the more agency it gives the more trust it will have.
- Once Ausgrid has facilitated the framework and shown a pathway, people will move as fast as they want to. Ausgrid will effectively act as a **platform to allow everyone** to adopt new technologies / services as they are ready.
- Ausgrid will **gain trust** by giving people agency and build role as a leader.



### Responsibility to reduce inequality



- Ausgrid has an obligation and responsibility to promote **inclusiveness** and not embed **inequality**. This will be a challenge with different expectations from individual stakeholders across the sector.
- Ensure the **most vulnerable benefit** from the transition and not just those who can afford it – ensure no one is left behind.
- Addressing inequality will facilitate agency of individuals, which again will give Ausgrid agency as a leading facilitator.



### Key corresponding questions

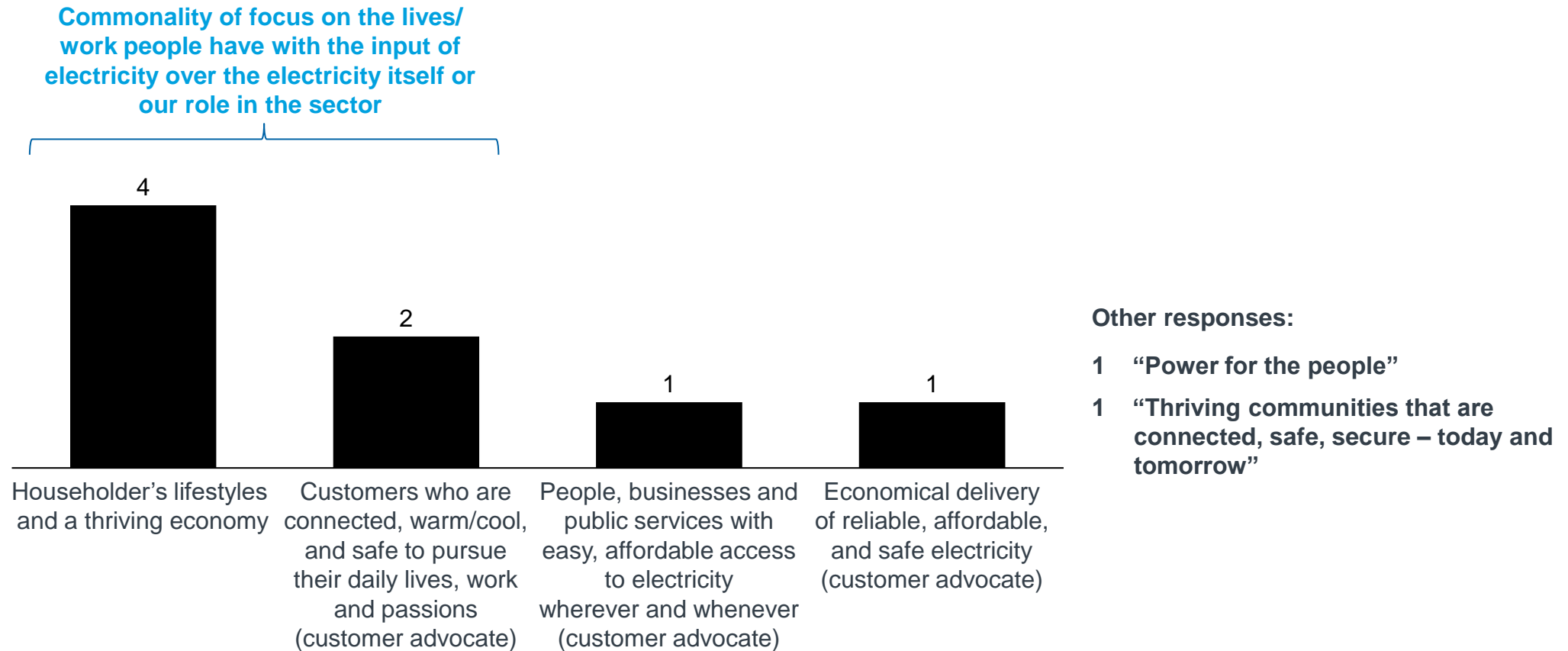
- What does **agency** mean exactly? (What does it require of Ausgrid experience and what does it mean for customers?)
- Which **inequality** are we looking to reduce?

### Used for:

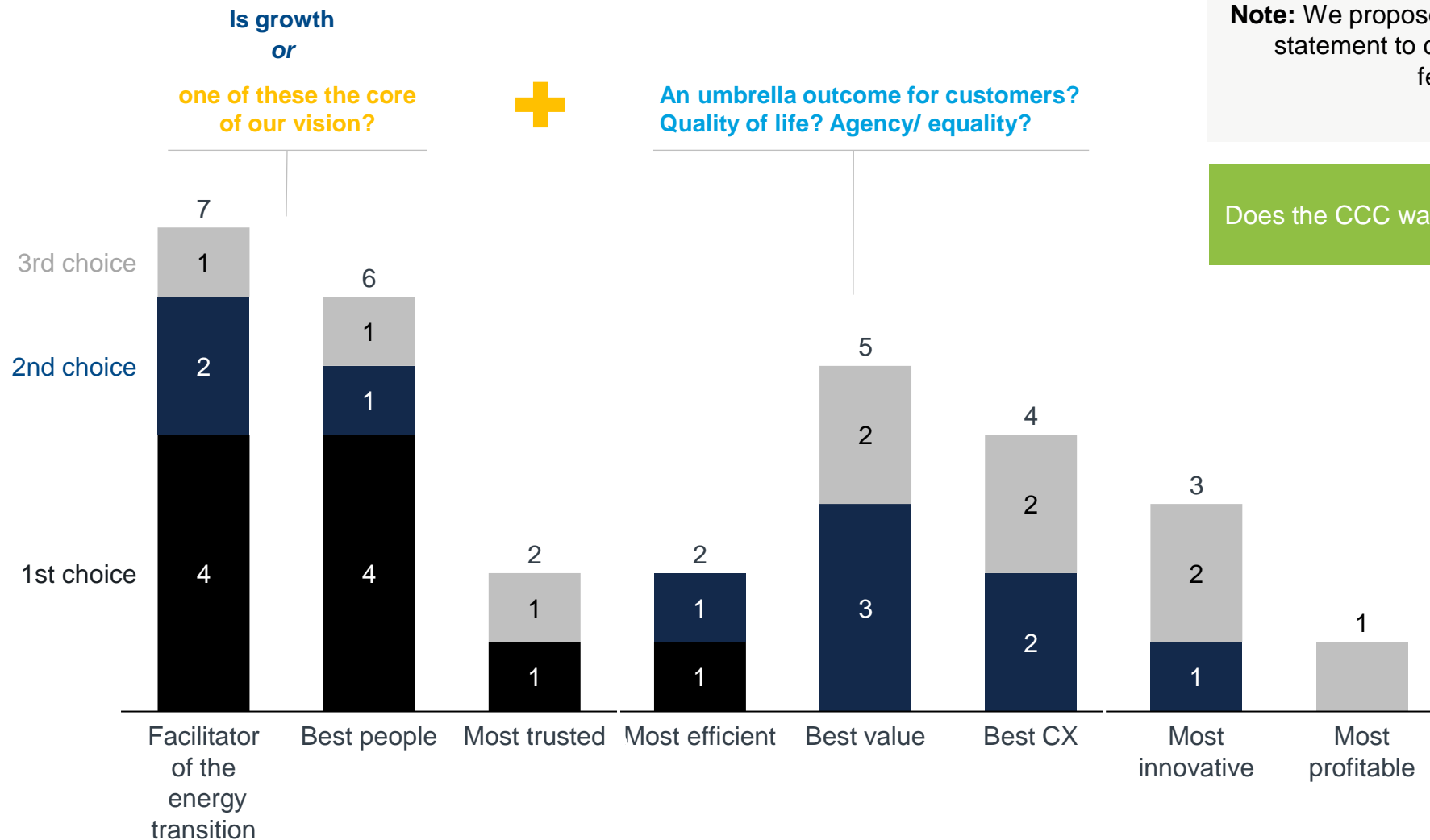


Refining strategic direction, language/verbatim & ELT decision on business priorities

## Step 1: ELT survey results: Ausgrid operates assets to transport electricity, but our output is:



# Step 1: ELT survey results: What will make use unique?

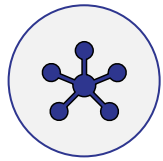


**Note:** We propose to share the draft vision statement to collect comments and feedback.

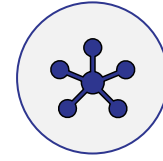
Does the CCC want to provide feedback?

**Other response:**  
 “Electricity for work and play that doesn’t cost the earth”

## Step 2: Ausgrid capability assessment: Potential to use reinforcing strengths as platforms for growth



**Platform 1: Ausgrid expertise, assets and influence** position us well to take advantage of the energy transition



**Platform 2: Ausgrid location, assets and Plus ES's asset knowledge** position us well for shared asset revenue and partnering

Individual strengths

<p><i>Technical depth &amp; expertise</i></p>	<p><i>Most cost reflective tariffs</i></p>	<p><i>Collaborative governance leadership</i></p>	<p><i>Strategically positioned infrastructure</i></p>	<p><i>Plus ES's asset knowledge</i></p>	<p><i>Customer base size</i></p>
<p><i>Network capacity (meshed LV network)</i></p>	<p><i>Completeness of our LV network model</i></p>	<p><i>Big data platform for meter &amp; asset failure data</i></p>	<p><i>Thought leadership credibility</i></p>		
<p><i>Thought leadership credibility</i></p>					

Used for:

ELT decision on business priorities

## Step 2: Ausgrid capability assessment: Potential uplift areas to focus on



Several individual weaknesses have reinforcing effects and were grouped in three uplift areas

**Note:** These areas for uplift are from an internal diagnostic and need to be considered together with customer and shareholder interests and business priorities.

**Uplift area 1: Unlock productivity through *data, system integration & digitisation* investment**

**Uplift area 2: Improve collaboration and ability to change through a *culture shift***

**Uplift area 3: Uplift *customer experience capability* by unlocking our ability to tailor services**

Individual weaknesses

Poor knowledge management	Low system integration	Risk aversion & perfectionisms	Low engagement and morale	Regulatory limitation on access to data	Lack of automation
Data inaccuracy	Lack of standardisation	Organisational siloes	Legacy mentality of state-owned organisation	Tactical retailer relationships	Challenge building insights
Low system automation	Heavy front-line data capture	Bureaucracy across the business		Low customer-centricity	Missing tailored services

Used for:

ELT decision on business priorities

### Step 3: Prioritised implications: Possible actions for Ausgrid (1/3)

Votes	Theme	Ausgrid implications	Action group ( # total votes)
4	Sustainable choices (net zero)	Plan for the phase out of household gas	Identify the key functions DNSPs have to contribute to net zero & invest to build (e.g. unlock load flexibility, efficient DER integration, provision of system services) 23
4	Sustainable choices (net zero)	<b>[NEW] Test customers willingness to pay for alternative paths to achieve the energy</b>	
	Climate change & net zero	<b>[NEW] How will Ausgrid justify the necessary investment in infrastructure to support the future grid vision for 2030-50 electrification?</b>	
3	Climate change & net zero	Outcompete household gas as the best solution for heating and cooking	
2	Climate change & net zero	Plan a pathway to decarbonisation our own operations, 50% by 2030, net zero by 2050 at the latest	
	Value for money	Starting with affordability constrains thinking and leads to a do nothing different approach	Increase collaboration & influencing activities 16
	Changing grid & technology inequality	<b>[REFINED] Loss of political will to support tariff reform - the grid's transition to greater hosting of renewables and hence the pathway to decarbonisation relies on tariff reform (e.g. cost reflective tariffs &amp; price signals)</b>	
2	Changing grid & technology inequality	<b>[REFINED] Design of the "new NEM" takes network control away from DNSPs (i.e. government &amp; regulator policies) but leaves them with the risk (i.e. need to recover cost for others' decisions)</b>	
	Collaboration & trust	Disparate activity by policy makers and energy sector participants leads to a high cost transition (e.g. flexible household load isn't unlocked)	[on next page]
1	Changing grid & technology	Government interference can cloud strategic influencing and signaling to customers	
5	Sustainable choices (net zero)	Customers take-up technologies before efficient and simple solutions are in place leading to poor financial outcomes (e.g. EV charging at peak, oversized PV systems)	

As part of the Strategy Refresh we will address **how/where we plan to take advantage of opportunities with higher votes**

- Do you agree with the proposed grouping?
- Do you agree with the framing of the action groups?
- Is there anything else the ELT should consider during the assessment of business priorities?

Used for: ELT decision on business priorities

### Step 3: Prioritised implications: Possible actions for Ausgrid (2/3)

Votes	Theme	Ausgrid implications	Action group ( # total votes)	
5	Sustainable choices (net zero)	Customers take-up technologies before efficient and simple solutions are in place leading to poor financial outcomes (e.g. EV charging at peak, oversized PV systems)	Build DSO tools & capability to use them	[on previous page]
	Climate change & net zero	Poor integration of new load (e.g. high levels of EVs charging at peak) drives system costs (i.e. distribution, transmission, ...)		
1	Value for money	<b>[NEW] Develop capability to manage back to back contracts to deliver services through or with other</b>	20	Invest in new solutions first (over old: build capacity) & encourage electrification
5	Sustainable choices (net zero)	Provide new user pays opt-in services (e.g. export) and develop DSO capability to efficiently accommodate new load		
5	Changing grid & technology	Develop DSO capability to maximise utility of traditional poles and wires	21	
1	Sustainable choices (net zero)	Have a strategic view of enabling a low carbon economy - focus on efficiency, prudence, balanced risk		
7	Value for money	<b>[NEW] Use the transition to increase grid utilisation and reduce cost</b>	10	3
3	Value for money	Help customers save money on their total energy bill through electrification		
2	Genuine purpose & customer power	Customer expectations continue to increase but Ausgrid is unable to overcome legacy systems/ processes/ culture to	Digitise & improve data quality & sharing to improve customer experience	Modernise systems
1	Customer experience	<b>[REFINED] Digitise customer experience to remove customer and employee pain points, focus freed up employee time on higher touch customers</b>		
2	Digitisation of work & cyber threats	<b>[NEW] Assist customers with timely relevant information on network development</b>	10	
1	Collaboration & trust	Household decarbonisation is accelerated through ease (e.g. complex tariffs turned into simple retail offers with easy to use technology)		
1	Value for money	<b>[NEW] Better show customers how Ausgrid is offering safety &amp; resilience to increase perceived value for</b>		

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Used for: ELT decision on business priorities

### Step 3: Prioritised implications: Possible actions for Ausgrid (3/3)

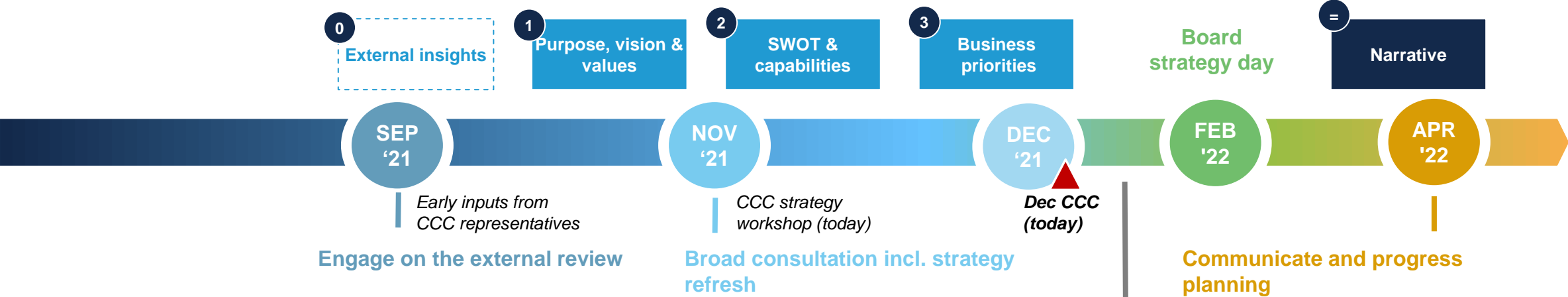
Votes	Theme	Ausgrid implications	Action group ( # total votes)	
2	Changing grid & technology	[NEW] Focus on understanding energy inequity and hardship as change unfolds	Reduce inequality	5
2	Changing grid & technology inequality	[NEW] Find new opportunities for vulnerable communities to "share" common assets or sources of energy at a minimal cost		
1	Customer experience	Cross subsidisation between low and high needs customers who all pay the same price/ tariffs	Build & offer new services	6
2	Changing grid & technology	Find ways to leverage assets for new system services needed for a decarbonised grid		
1	Climate change & net zero	Use the resilience lens to offer new services, potentially at lower long-term cost to users	Cost effectively invest in resilience	4
2	Climate change & net zero	Strike the right balance between cost effective pre-event investments and post event recovery (cost pass through vs. risk based approach)		
1	Network resilience	Cost of network resilience is unacceptable to customers - flow on impacts to reputation and reactive regulation		
4	Genuine purpose & customer power	Lift connection of employees to vision and purpose or risk not being able to compete for talent	Invest in our people	5
1	Digitisation of work & cyber threats	Inability to evolve the capabilities of the existing workforce	Increase & evolve cyber security	3
2	Digitisation of work & cyber threats	Targeted digitisation to outperform customer and regulator expectations, remove employee pain points and make work		
1	Digitisation of work & cyber threats	Cyber attacks continue to become more sophisticated over time with flow on implications for costs		

As part of the Strategy Refresh we will address **how/where we plan to take advantage of opportunities with higher votes**

- Do you agree with the proposed grouping?
- Do you agree with the framing of the action groups?
- Is there anything else the ELT should consider during the assessment of business priorities?



# Next steps



1. Share draft Ausgrid vision statement to seek feedback & guidance
2. Share 'business priorities' ahead of Board strategy day. Additional touchpoint required – offline or meeting?

# Strategy Refresh and Regulatory Reset Interrelationship

## External review

### High level

#### Customer & community aspirations (Nous)

Vision & aspirations for the future of energy. A simple evaluation of what customers & stakeholders have already told us

#### Global market scan (KPMG)

Understand global trends – to challenge our thinking and make sure no 'new idea' has been left off the table

### Deeper dives

Climate resilience (KPMG & Risk Frontiers) review/ further engagement

Net Zero (Committee for Sydney partnership, Internat. Community for Local Smart Grids)

Other areas as materialise from external review/ further engagement

## Projects

### Regulatory reset

- Provide input into the reg reset which is more informed by stakeholders future needs & risks
- Inform long-term priorities, options and trade-offs

### Strategy refresh

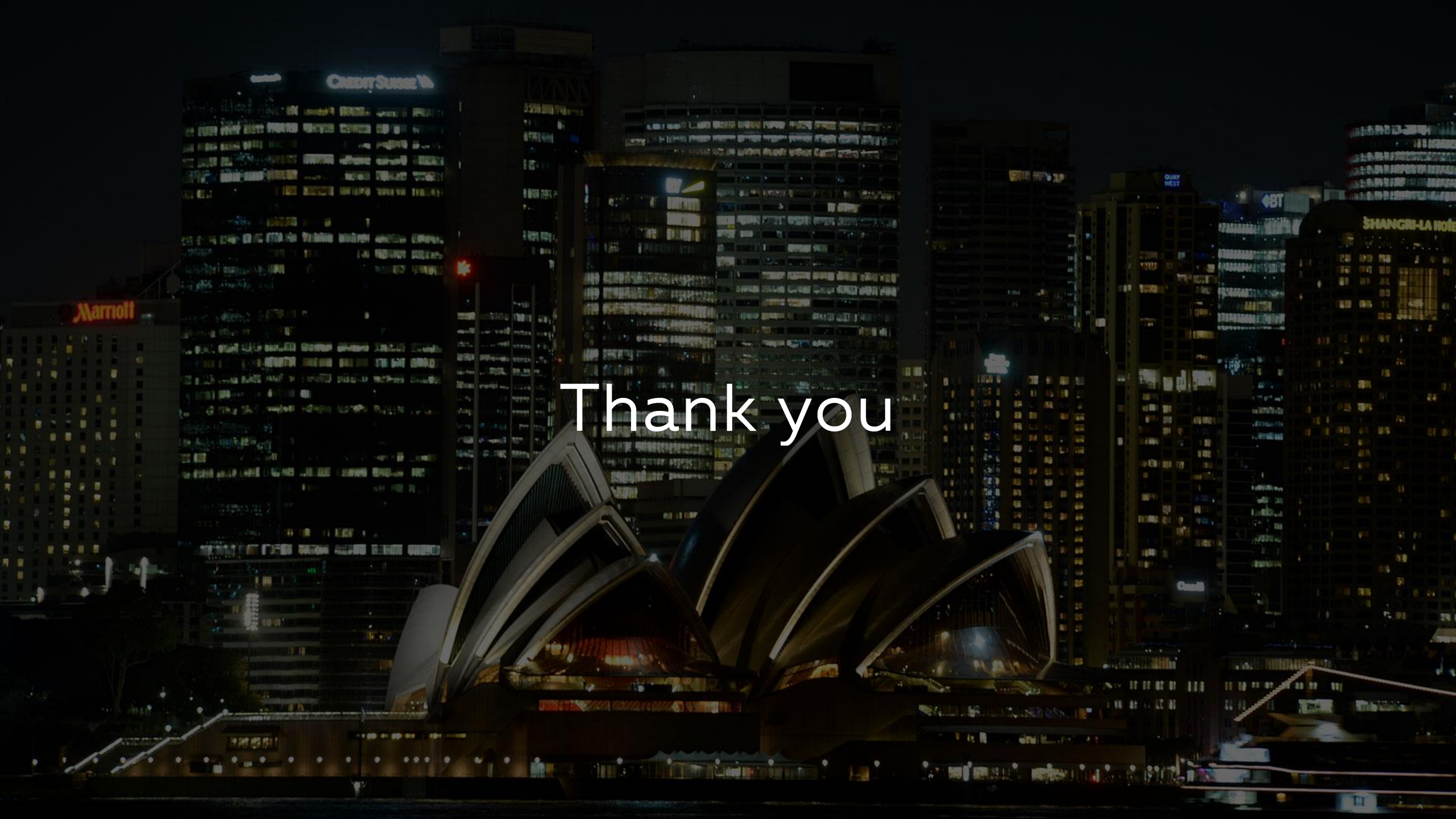
## Strategy refresh engagement

### Employees (Treacle)

Aim: increase employee confidence, show Ausgrid employees a brighter future & deliver a strategy that provides employees a sense of purpose

### Customer Advocates

Aim: ensure our strategy is developed with a strong customer lens, and that it takes Ausgrid in a direction advocates are supportive of



Thank you