



People's Panel May 2023 Outcomes

AER2429

PowerWater 

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1. Summary

Power and Water Corporation (Power and Water) is the essential service provider in the Northern Territory, providing electricity, gas, water and sewerage services to households and businesses.

Every 5 years, we submit plans to the Australian Energy Regulator (AER) for our 3 regulated electricity networks – Darwin-Katherine, Alice Springs and Tennant Creek – and the related services we provide to customers on those networks. Our expenditure and pricing plans for the 2024-2029 period were submitted to the AER in January 2023 in the form of our Regulatory Proposal. Our Regulatory Proposal identifies how we engaged with customers and stakeholders to develop our plans and forecasts while considering stakeholder views and preferences.

A cornerstone of our engagement has been a representative panel of residential customers in Darwin and Alice Springs – known as our People’s Panels. This consultative group was formed to test our future plans with a small group of residential customers and hear feedback on customer priorities, values and preferences. The Panels have been convened four times over 18 months as part of Power and Water’s engagement on its 2024-2029 Regulatory Proposal.

This document provides an overview of feedback and outcomes from the May 2023 People’s Panels (May Panels). We have published a series of reports on our previous People’s Panels on our [website](#).

The May Panels were in-person all-day sessions attended by approximately 6 participants at each Panel. The forum was also observed by members of the AER Consumer Challenge Panel, a consumer engagement challenge group, who provide advice to the AER on our engagement program.

The purpose of the May Panels was to:

- Obtain feedback on how customer preferences were reflected in our forecasts
- Deep dive into specific topics and programs including a single site consolidation project, proposed Information and Communications Technology (ICT) expenditure, the future network program, the proposed contingent projects and alternative control services
- Discuss and test future engagement opportunities.

The Darwin and Alice Springs Panels encouraged both group discussion and individual responses, which were captured through the live polling tool Mentimeter. The sessions were presented by Power and Water employees and executives and overseen by an independent facilitator to ensure all voices were heard and captured.

A fifth People’s Panel was held in August 2023 to provide an update on areas where stakeholders requested further information and to test customer preferences in light of changes to our plans. The composition of both Panels has expanded to include representation from Katherine and Tennant Creek at the Darwin and Alice Springs’ Panels respectively. The final People’s Panel for 2023 is scheduled for October 2023 following release of the AER Draft Decision which provides the AER’s formal feedback on our expenditure plans.

2. Structure of the day

2.1 How customer feedback influenced our Regulatory Proposal

At the 2022 People's Panels, Power and Water introduced a series of topics and issues to test and understand customers' priorities for investment in the 2024-2029 period. These were translated into 4 customer preferences in Power and Water's Draft Plan and, ultimately, our Regulatory Proposal.

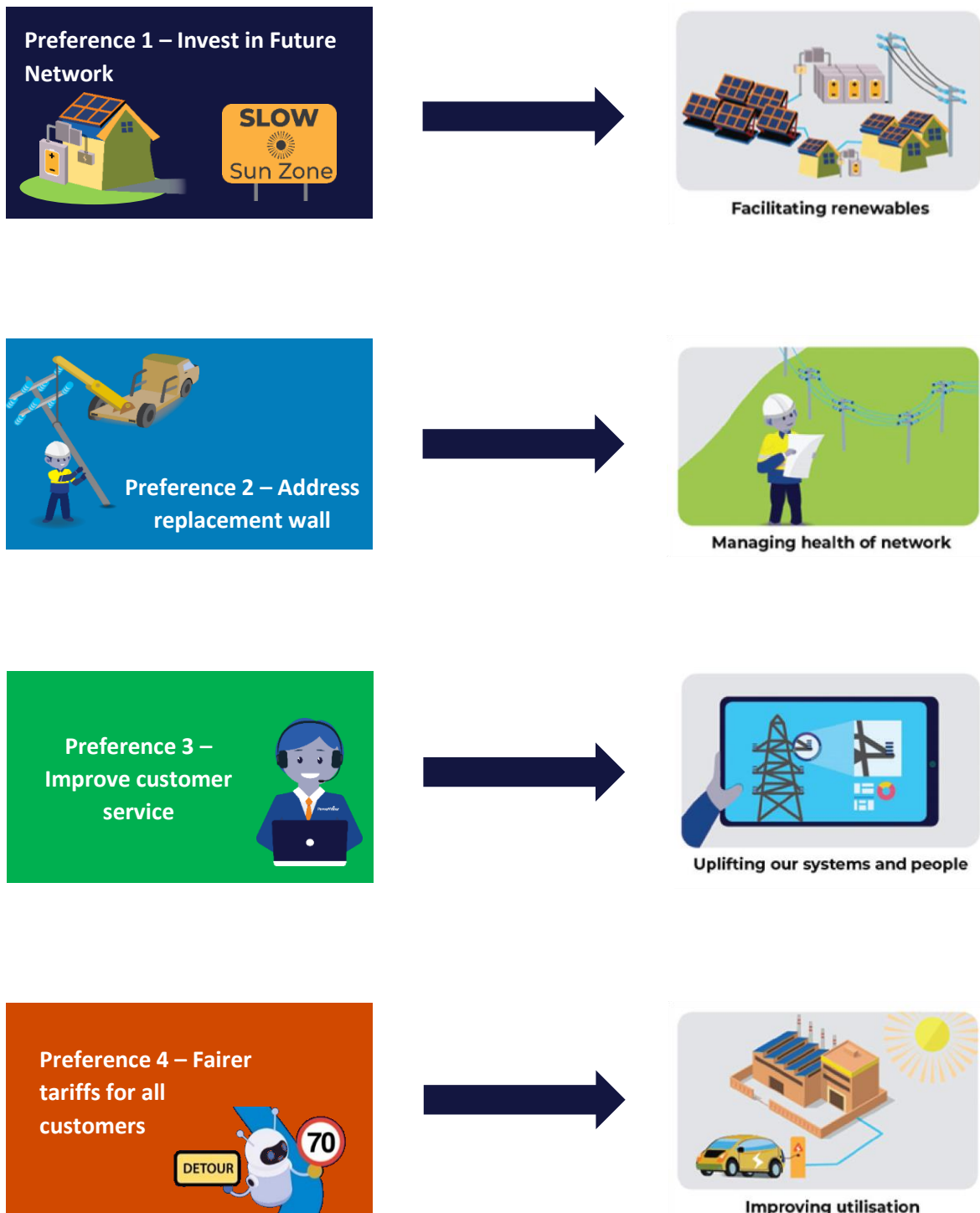
- **Preference 1: Invest in future network** relating to Power and Water's investment in renewable and other future technologies.
- **Preference 2: Address replacement wall** relating to Power and Water's response to the growing proportion of the asset base that is reaching end of life and needs to be replaced.
- **Preference 3: Improve customer service** relating to how Power and Water responds to customer complaints and provides face-to-face service to customers.
- **Preference 4: Fairer tariffs for all customers** relating to ensuring Power and Water's tariffs are reflective of the cost to serve and do not disadvantage any customer cohorts.

During the first session of the May Panels, customers were guided through how their preferences had been reflected into Power and Water's 4 strategic priorities for the 2024-2029 Regulatory Proposal. Panellists were also presented with a summary of the key proposed projects across the 3 regulated networks and asked to provide feedback on how we had applied their preferences into our proposed expenditure. In providing this feedback, customers were encouraged to consider the trade-offs of investing for the future now with the shorter-term impact on customer bills.

There were mixed views provided at both Panels about this balance, with some panellists suggesting that 'customers would be happy to pay more to get cheaper rates in the future from renewables i.e. 'sacrifice now for a cheaper future', while others explained that 'for low-income families, [the increases in prices from implementing these initiatives] could really impact them.' Power and Water will continue to consult with customers to identify the most cost-efficient methods for investment.

Figure 1 shows the relationship between the customer preferences and strategic priorities.

Figure 1 People's Panel preferences reflected into four strategic priorities



2.1.1 Facilitating renewables

In previous People's Panels, customers had expressed a desire for Power and Water to play a role in facilitating renewables in the Northern Territory. The Panels had supported Power and Water's plan for the 2024-2029 period to unlock rooftop solar through a low scale automation solution and by piloting community batteries to facilitate growth in renewable technologies in the regulated networks. In the May 2023 Panel, Power and Water introduced **Strategic Priority 1: Facilitating renewables** which reflects this feedback to propose:

- Establishing systems and technologies such as dynamic operating envelopes to improve network visibility and protect network security
- Conducting a series of distributed energy resource system studies to understand the transmission network and the optimal locations for connecting new generation
- Pursuing investment in infrastructure for new renewable energy hubs and augmentation of the Darwin-Katherine transmission line through the contingent project provisions under the Northern Territory Electricity Rules.

Both May Panels were generally satisfied with how their feedback from previous consultation had influenced the Regulatory Proposal. The Darwin Panel was interested in learning more about how Power and Water would be piloting community batteries. This included more information about how long the useful life will be, how the performance will be managed, and how we may trial them in remote communities.

2.1.2 Managing the health of our network

In previous People's Panels, customers were presented with the issue of the approaching proportion of network assets that will soon be reaching the end of their useful life and require replacement. Customers had preferred investing in the long-term and avoiding spikes in replacement capital expenditure and prices by managing our ageing network proactively. The Panels had suggested bringing forward replacement into the 2024-2029 period as well as implementing a 'saving for a rainy-day fund' where a small amount of revenue would be put aside in the 2024-2029 period to use for future replacement. These suggestions had been included as Power and Water's solution to asset replacement in its Draft Plan.

At the May Panels, Power and Water explained that we had evolved our investment priorities since the Draft Plan to instead manage the replacement of assets by improving internal planning and visibility capabilities. We presented to panellists how this was addressed under **Strategic Priority 2: Managing the health of our network** which focuses on:

- Upgrading the asset management systems to extend the life where safe and prudent to do so
- Identifying opportunities to use new technology to retire outdated assets
- Adopting a risk-based approach to better manage the replacement of assets.

The May Panels understood this change in focus and showed interest in being kept informed and updated of future developments in this area of expenditure.

2.1.3 Uplifting our systems and people

Reliable and strong customer service is an important pillar of how Power and Water operates. After panellists expressed a desire for enhanced customer service during previous People's Panels, we recognised that we must invest in our internal systems and people to deliver better service to our customers. We presented to panellists how this was reflected in **Strategic Priority 3: Uplifting our systems and people** which includes:

- Continuing to deliver our Operating Model program which is an existing initiative that has focused on upgrading outdated ICT such as the billing, call centre and metering systems. In 2024-2029, the program will focus on upgrading asset and financial management systems to manage networks more efficiently and provide improved outcomes for our customers.
- Developing an enhanced customer experience strategy that focuses on adopting a more customer-centric approach in our operations. This is not included in our Regulatory Proposal and is being pursued as a separate project.

The May Panels reinforced their earlier preference for convenient access to Power and Water customer service staff in person. Power and Water noted that cost effective options for greater face to face contact are being evaluated for Power and Water's new customer experience strategy, which will also investigate how to provide greater support for customers through partnerships with other energy stakeholders or Northern Territory Government associated companies. Additionally, there was a strong push for Power and Water to pursue partnerships with Non-Government Organisations and improve the community's electricity literacy through education on topics such as investing in rooftop solar and maximising the value of solar.

2.1.4 Improving utilisation

At our previous consultations, our People's Panels were led through an interactive activity to show how price signals could help manage future network demand. Customers supported us pursuing more efficient electricity prices (or tariffs) that impact all customers but which are introduced gradually over time and protect vulnerable customers.

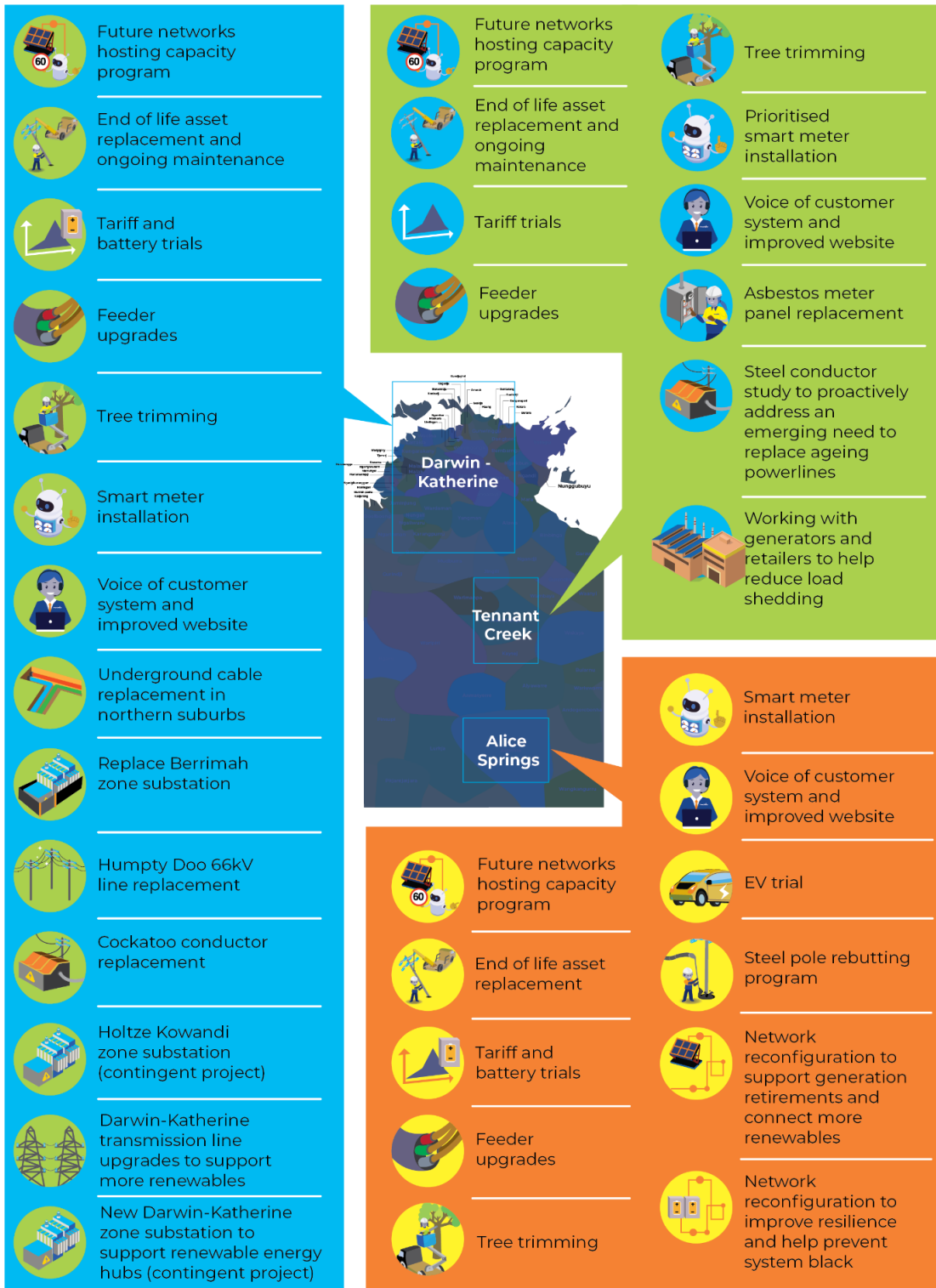
We presented to panellists on how we had translated this preference into **Strategic Priority 4: Fairer tariffs for all customers** which includes:

- Introducing price signals to encourage customers to shift energy usage to cheaper off-peak periods
- Testing complex charging mechanisms through trials
- Supporting load growth and attracting larger users to the Territory by introducing a new tariff that is a simplified two-part structure.

The May Panels generally understood how their preference had translated into this strategic priority and reinforced the preference to ensure any tariff changes do not disadvantage vulnerable customers. It was re-emphasised that most customers are protected from cost signals by the Northern Territory Pricing Order which applies to customers consuming less than 750 MWh per annum.

We also presented the different projects we are seeking to implement across the three regulated networks. Figure 2 provides a summary of these projects.

Figure 2 Our proposed projects across the three regulated networks



2.2 Single Site Consolidation

Since the last People's Panels in August 2022, Power and Water had developed and submitted a business case to co-locate some Darwin staff into one Power and Water owned location at our existing Ben Hammond complex. This investment is known as the 'single site consolidation' project and aims to generate benefits both for Power and Water and customers in terms of efficiencies, productivity and savings in costs.

It additionally links to **Strategic Priority 3: Uplifting our systems and people** which aims to uplift systems and people to work more efficiently. We recognised that we needed to ensure our customers understood and were supportive of this investment as it could have an impact on electricity prices.

To explain the need for this project in the 2024-2029 period, the May Panels were presented with and asked to analyse two visuals:

- A poster showing Power and Water and the energy landscape in 1980, at present and in the future. This showed how Power and Water has changed over time with less manual labour and the introduction of two-way flows of electricity which require more sophisticated facilities.
- An animation showing 'A Day in the life' of a Power and Water employee who needs to visit different locations to fulfil their tasks for the day. The intention of this animation was to show how the consolidation of staff would improve productivity, collaboration between teams and provide other indirect benefits.



Panellists were also shown how the costs and benefits of this investment need to be balanced to ensure it provides a positive return for the business and customers. The May Panels recognised that the electricity networks have had significant changes over time and that the poster showing the future demonstrates that Power and Water will need to expand to manage the scale of the future energy market.

The Alice Springs Panel supported the efficiency benefits of locating staff at a single location and expressed a strong preference for Power and Water to own their own premises rather than lease. Similarly, the Darwin Panel understood the benefits of consolidation but needed further information before supporting the project. This included being presented with the comparison in cost between leasing and buying over the longer term and how Power and Water planned to communicate the project and its costs to the public. Power and Water emphasised that the project needs to show a positive return in its modelling before it can be pursued and that this project would be further discussed at the August People's Panels.

2.3 Our ICT expenditure

Most of our ICT systems are reaching the end of their useful life and are no longer supported or fit-for-purpose. They are not only more outdated than other network businesses but also sometimes in comparison to other essential services. We recognise that as the energy landscape transitions and more cyber threats emerge, we need equipped and up to date systems.

This session focused on demonstrating how technology has evolved over time and why Power and Water needs to invest to upgrade our systems. Panellists undertook an exercise of 'designing' a 2000 versus 2020 house by allocating a series of technologies to the relevant periods. Posters showing the changing IT world were also used to demonstrate how the current technology capabilities will not be fit for the future and need to be upgraded to improve operations. Panellists were presented with the three key areas of capability that Power and Water is looking to upgrade, including:

- **Cyber security** to protect customer data and prevent the network being compromised by any cyber attacks
- **Information Technology** relating to corporate and administrative systems which help support business practices and align with relevant regulations
- **Operating Technology systems** relating to network operations to allow visibility of the network and appropriate asset management.

The May Panels considered ICT to be critically important for a business to operate efficiently and agreed that Power and Water should be investing to keep systems up to date. Following discussion on these investments, panellists were asked to vote on which option to pursue and indicate which projects should be prioritised if this expenditure had to be reduced following AER feedback.

Option 1:
Continue with
current pace of
investment in
ICT in 2024-
2029

Option 2:
Prioritise some
investments in
ICT in 2024-
2029

Option 3:
Invest in all ICT
projects in
2024-2029

Most panellists were largely supportive of Option 2 to prioritise some of the projects or Option 3 to fast-track investment now to improve future service delivery and reduce potential issues and costs. Most Panel members struggled to prioritise one investment over another, expressing the view that all 3 investments are equally important. They also suggested that greater investment now could be attractive to industry and customers when considering whether to invest in the Northern Territory compared to other states if the costs are more reasonable than eastern networks. Alternatively, one of the Panel members explained that we could wait a bit longer for technology that is still in development before fully investing.

Figure 3 Darwin Panel allocating different ICT technologies to 2000 versus 2020



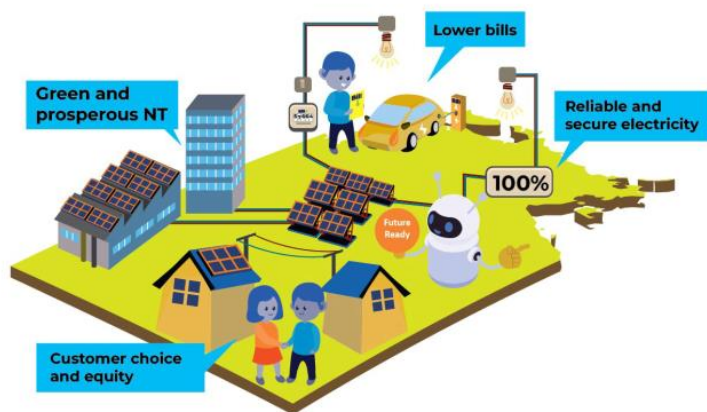
2.4 The future networks

This session focused on demonstrating how Power and Water had responded to customers' feedback to invest in renewable technologies in the 2024-2029 period. At previous People's Panels, customers had shown a strong preference for Power and Water to facilitate enablement of renewables while also ensuring that those who cannot afford these technologies are not left behind in the transition.

Participants were presented with how their feedback had been incorporated into our [Future Network Strategy](#), including highlighting the 4 focus areas and key objectives of the strategy, and the 3 key areas of investment included in the Regulatory Proposal:

- Investment in dynamic operating envelopes to improve visibility of renewables and manage the export of solar into the grid
- Uplifting internal capabilities to better assess and manage the network
- Piloting battery storage in the Alice Springs and Darwin-Katherine networks to understand how to use and make community batteries more cost effective.

Figure 4 Objectives of Power and Water's Future Network Strategy



Both May Panels expressed strong support for the proposed program with a consideration that Power and Water has an important role to facilitate and encourage the connection of renewable technologies, particularly as a government owned corporation. This was elaborated by suggesting that Power and Water should be investing in the infrastructure itself rather than leaving it to private entities, to build self-reliance and resilience. Some panellists also showed interest in understanding how they can be involved through their own micro-grids or solar installations.

Given this is a topic of particular interest to the People's Panels, Power and Water will continue to revisit and test the investment priorities of this program through future People's Panels to ensure it aligns with customers' preferences.

2.5 Our proposed contingent projects

In this session, panellists were introduced to the 5 projects in our 2024-2029 Regulatory Proposal known as contingent projects. These are investments where there is uncertainty about what is required to initiate or undertake the project, the timing and funding arrangements. They are only pursued once a trigger event arises such as Government direction, connection application, or where the expected demand in an area of the network is more than the supplied capacity. The approximate location of these potential projects and proposed capital expenditure (capex) is shown in Figure 5.

Figure 5 Approximate location of potential contingent projects



While the approximate costs and impacts of these projects are largely unclear, it is expected they could materially increase prices if they were to occur. Therefore, the May Panels were asked to provide any initial feedback. The Alice Springs Panel did not consider themselves well-placed to provide feedback given the projects were all located in Darwin-Katherine. Similarly, the Darwin Panel generally understood the concept but provided no further comments on support for or questioning of the investment.

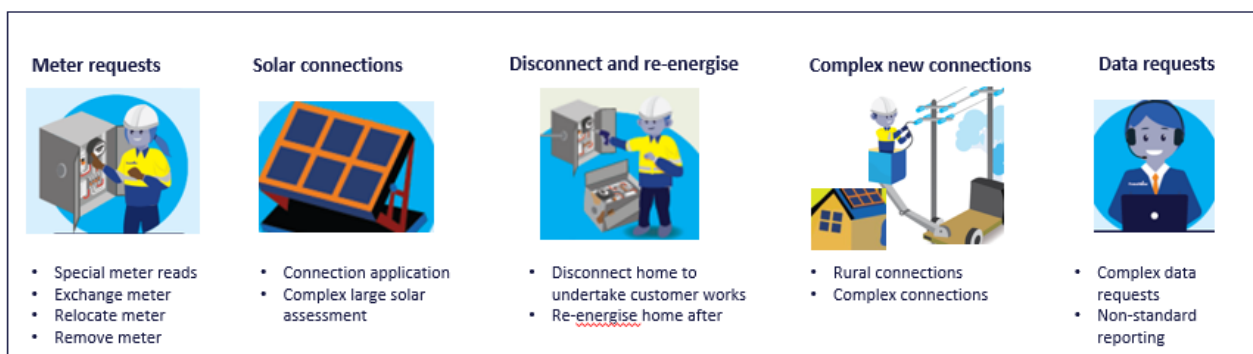
Power and Water will revisit the projects at subsequent People's Panels once further information is available following discussions with the AER.

2.6 Alternative customer services

At previous People’s Panels, customers have supported Power and Water ensuring price signals are reflective of the cost of providing network services in the Northern Territory.

In this session, the May Panels were introduced to the 2 types of services provided by Power and Water: Standard Control Services and Alternative Control Services. Standard Control Services are common activities undertaken by Power and Water including basic connection, disconnection, network maintenance and asset management. Alternative Control Services are where customers may seek a specific service that is only used by a select group of customers or provide benefit to specific customer groups such as complex connection services and metering services. The AER instructs us to charge the customer directly for Alternative Control Services, rather than have all customers share the costs of these services. The AER also regulates these fees to determine whether they are reasonable.

Figure 6 Examples of Alternative Control Services



In the current period, our analysis shows we have been under-charging for some services. Therefore, we are proposing increases in our costs for these services to incorporate labour costs, overheads and other associated costs to fully reflect the cost of providing the service to the customer. This means that some services will lead to an increase in price but has allowed us to marginally reduce our costs for our Standard Control Services provided to all customers.

Table 1 Example categories with increases in fees

Category	FY23/24 charge	Proposed FY24/25 charge
Standard temporary builder’s connection	\$779.34	\$1,121.92
Solar installation	\$103.32	\$207.07
Wasted site visit	\$181.72	\$349.69

We asked panellists to provide their feedback on this change and preference on how these fees should be recovered. Both May Panels generally considered that customers who request extra services should pay for them themselves and that application of cost reflective pricing was a fair basis for charging for these services. The Alice Springs Panel noted that vulnerable customers should be protected from high service fees and that large businesses should pay higher fees for the unique services they request.

2.7 The future of engagement

In the final session of the May Panels, panellists were encouraged to reflect on their experience throughout the process. We presented them the following questions from an AER document called the Issues Paper, released in March 2023 which highlighted some of the key elements of Power and Water’s proposal, to provide their feedback:

1. To what extent do you consider you were able to influence the topics engaged on by us?
2. Do the key themes from our engagement resonate with your own preferences?
3. Are there additional issues you would like to see influence our Regulatory Proposal and the AER’s assessment?
4. Do you think Power and Water has engaged meaningfully with consumers on all key elements of the Regulatory Proposal?
5. Are there any key elements that require further engagement?

Some of the feedback from panellists included:

- Pursue public surveys, shows, pop-ups at shopping centres or schools to educate Territorians on topics relevant to them
- Consider innovative ideas to encourage usage of the network at certain periods of the day such as magnets or flyers
- Engage customers and prospective panellists through means other than social media such as mail drops, phone, and in-person
- Partner with local councils and universities to hold information sessions, distribute flyers or send emails educating youth and future customers.

Panellists were also asked how they want to be engaged in future through the regulatory determination process and business-as-usual consultation. This included what customers wanted to talk about, how often, whether they prefer in-person or online sessions and with which people. Suggestions have been grouped based on the theme of feedback:

Table 2 Summary of feedback from customers about the People’s Panels

Theme	Stakeholder feedback
Frequency and format of People’s Panels	<ul style="list-style-type: none"> • Fairly supportive of the frequency of engagement with People’s Panels occurring every 6-12 months • People’s Panels should be in-person wherever possible • One-day People’s Panels are generally appropriate. The 2-day sessions were appropriate when the People’s Panels were first being brought on the journey.
Design of People’s Panels	<ul style="list-style-type: none"> • A clear agenda with the objectives of the meeting and a report on the progress on preferences from the previous People’s Panel should be provided • Engage on targeted issues and refrain from sending long, technical reports to the People’s Panel

Theme	Stakeholder feedback
	<ul style="list-style-type: none"> • More information is required for some topics before panellists can provide their preference or support • Maintain the attendance of Power and Water Executives at the People's Panels.
Composition of People's Panel	<ul style="list-style-type: none"> • The group should be widened to include fresh members who are representative of their communities, including the Katherine and Tennant Creek areas.

2.8 Feedback on the event and next steps

At the end of each People's Panel, we encourage panellists to reflect and provide feedback by answering a standard set of questions. We use this to measure any changes in panellist satisfaction with the engagement process and how we are reflecting their needs. The results show that customers are supportive of our engagement approach across the following three questions (on a scale of 1 being strongly disagree and 5 being strongly agree):

- **I feel that Power and Water is listening to what we have to say:** Darwin averaged a score of 5; Alice Springs averaged a score of 4
- **I think Power and Water thinks customers are important:** Darwin averaged a score of 5; Alice Springs averaged a score of 4
- **I think Power and Water is genuinely engaging on the future of energy in the NT:** Darwin averaged a score of 5; Alice Springs averaged a score of 4.3.

Some panellists in Alice Springs suggested combining the People's Panels for a joint session in the middle of 2023. We trialled a combined online session in early August 2023 to provide an update on the progress of our plans and will reconvene the People's Panels in October 2023 following the release of the AER's Draft Decision on our Regulatory Proposal. Four new members from Katherine, Alice Springs and Tennant Creek have been recruited to join these sessions to diversify the perspectives of the group.

Figure 7 Alice Springs May Panel



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