

Our Draft Plan for 2024-29

For consultation



September 2022

Empowering communities
for a resilient, affordable
and net zero future

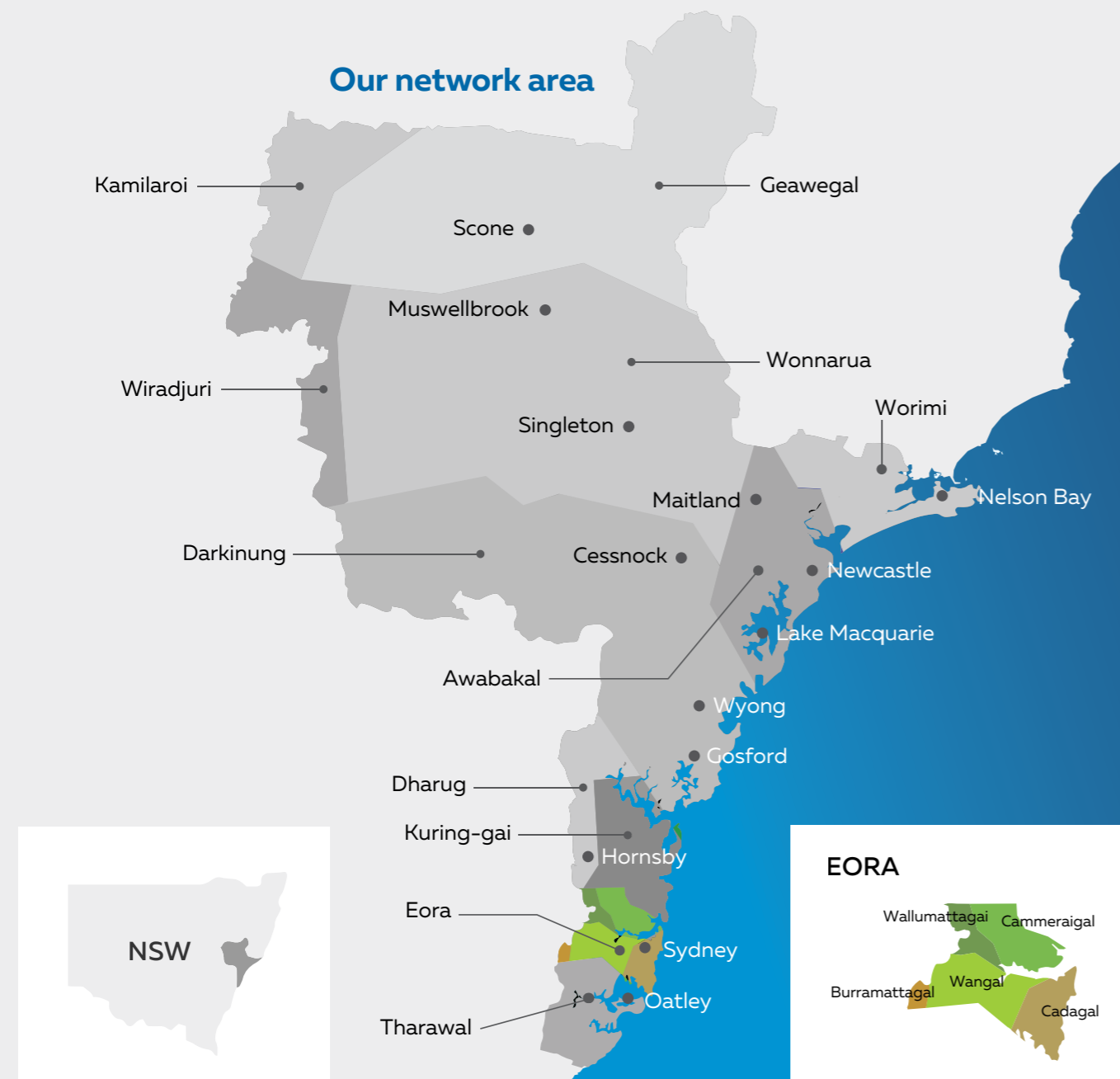


Acknowledgment of Country

We acknowledge the Traditional Custodians of the lands where the Ausgrid distribution network is located, and we pay our respects to the elders past, present and emerging.

As set out in our Reconciliation Action Plan, it is important that this recognition leads to industry wide support and understanding of the knowledge, stories, languages and experiences of Aboriginal and Torres Strait Islander peoples, as our way of paying respect, and contributing to, some of the oldest continuous cultures of the world.

Our network and operations span the traditional country of 17 languages, tribal and nation groups in Sydney, the Central Coast and Hunter regions of New South Wales. We want to lead and foster a workforce, and approach to our operations, that embraces the learnings, voices, cultures and histories of these Traditional Owners into our own organisation.



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Our vision is for communities to have the power in a resilient, affordable, net zero future

Our role in the communities we serve

Ausgrid owns and operates the network of substations, powerlines, underground cables and power poles that deliver power to communities across large parts of Greater Sydney, the Central Coast and the Hunter.

Each day we build, operate and maintain this distribution network with a focus on providing a safe and reliable energy supply. The wide range of services we provide is illustrated on the **next page**.

We serve our 1.8 million households, small and large business customers, as well as all those who rely on and benefit from their energy supply.

In addition to these customers, our communities include our delivery partners such as energy retailers, local councils and accredited service providers (**ASPs**), as well as customer advocates and government agencies.





Purpose of this Draft Plan

Every 5 years, we submit a proposal to the Australian Energy Regulator (**AER**) setting out our plans for serving our communities in the 5 years ahead, including our planned expenditure and pricing.

The AER reviews our proposal to ensure it reflects the services our customers value at the lowest sustainable cost. It then determines how much revenue we can recover from our customers over the 5-year period. This process is known as a 'regulatory reset'.

Our next regulatory reset is approaching. We must develop a proposal for the period from 1 July 2024 to 30 June 2029 and submit it to the AER in January 2023.

We are currently engaging with our communities to inform this proposal. This Draft Plan outlines what we are hearing through this engagement, and our current thinking on how we might respond in our proposal.

This is the first time we are releasing a Draft Plan for consultation before developing our proposal for the AER. It marks a significant step forward in how we engage with our communities, and we are excited to share it with you.

Engaging early and often gives us the opportunity to deeply consider our communities' evolving ambitions for an affordable, fair, and more sustainable future, and what those ambitions mean for the services we provide.

This Draft Plan is based on our consultation to date. But our process is not over. We want our proposal to balance our communities' expectations of our services with their need for affordable services. This is not easy, and we need your help.

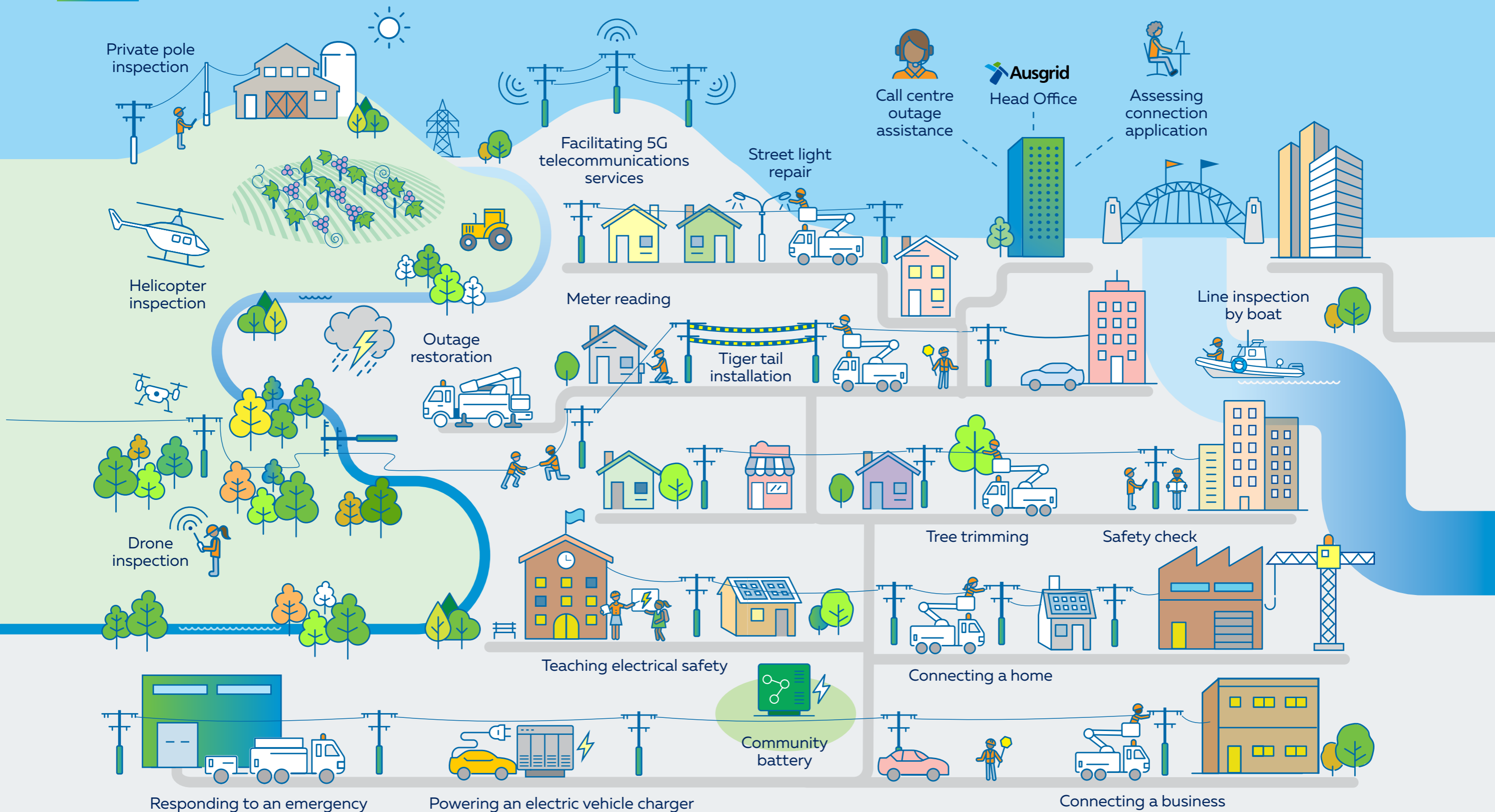
While certain aspects of our proposal will be impacted by economic circumstances beyond our control, there are also a range of significant decisions that you can influence.

We invite your feedback by 4 October 2022 via our [engagement website](#). See **Section 3.4** for information on how to share your feedback with us.

Note: All financial values presented in this Draft Plan are in real FY24 dollars, unless stated otherwise.¹

¹ See the Glossary for more information on real versus nominal numbers.

Our role in the community



Welcome from the Chairman and CEO

Five years ago, during consultation on our plan for 2019–24, we heard loud and clear that our business could do more to meet our communities’ expectations.

Our customers wanted us to be more innovative and take a leadership role in the energy transition. Our customer care was not where it needed to be. We were not easy to deal with, and customers asked us to invest more time understanding their experience with us. We also heard that we needed to reduce our costs and do more with less.

So, we took up the challenge.

In 2019 we committed to improving our customer and community engagement, and to make it central to our day-to-day operations. We implemented a Network Innovation Advisory Committee (**NIAC**), bringing customers and external experts into our decision-making to help us innovate in ways our communities valued. Our community battery trial is a great example of our collective achievements.

Our Pricing Working Group (**PWG**) has helped us continually think through how we can evolve our pricing to better facilitate a low-cost energy transition. We expanded our Customer Consultative Committee (**CCC**), and we seek their frank advice on how to become a better business for our customers.

We also established, and are continuing to build, an ‘always on’ Voice of Community program to tell us how our customers feel about the services we provide, and where we need to improve.

And, importantly, we took necessary but difficult steps to reduce our cost base, building on efforts that were already underway.

We are now the most improved network business in the National Electricity Market (**NEM**). Compared to 2015, our residential customers’ bills have reduced by \$241 or 30%.² Our service experience has improved vastly, we have less customer outages and we are a safer business.

Our successes to date are not only due to our hard work but also due to the support we have had from our customers and stakeholders.

We have seen the value of our growing customer focus and a new approach to collaboration, and this has encouraged us to take on an even greater challenge for this Draft Plan.

We are implementing an ambitious program of community engagement across households and businesses, including Indigenous and culturally and linguistically diverse (**CALD**) communities. We have been both humbled and exceptionally impressed by how our communities and their representatives are grappling with many of the same issues we do at the Board and Executive tables.

Through this engagement our communities are telling us they expect an affordable, resilient and net zero future. This Draft Plan outlines a range of potential responses we are considering, including:

- Building network and community resilience in response to more severe weather and more sophisticated cyber threats;
- Ready the grid for further customer uptake of technology such as rooftop solar, batteries and electric vehicles (**EVs**), and supporting a fair transition to net zero; and
- Transforming our business’ core Information Communications and Technologies (**ICT**) platforms to deliver simpler, faster and more efficient services into the future.

We would value your feedback on the responses we are considering – particularly the impact on customer bills in light of the unprecedented investment required in the electricity transmission and generation sectors, which will put upward pressure on our customers’ total electricity bills.

We have no doubt the initiatives included in this Draft Plan and our accompanying [Pricing Directions Paper](#) can be even better with your input. We welcome your feedback on how they can be improved.

Thank you for continuing to engage with us.

Yours sincerely,



Dr Helen Nugent AC
Chairman, Ausgrid



Richard Gross
CEO, Ausgrid

² Nominal. Bill reductions are due to a combination of factors including AER rate of return decisions and lower interest rates as well as Ausgrid becoming more efficient.



1

Our communities want us to do more than continue to deliver safe, reliable and affordable energy services. They also want a more resilient grid that supports the transition to net zero



1 Summary of our Draft Plan

Over the past decade, Ausgrid has taken difficult steps to transform our business and better meet our customers' expectations. This has included reducing our costs, delivering more affordable services, and working to better understand and respond to our customers' expectations.

Taking bold steps forward, with support from our customers, has prepared us to meet the challenges of our changing climate and the transition to a low carbon economy (**Figure 1.1**).

Figure 1.1: Our recent achievements

	1. Industry-leading safety	<ul style="list-style-type: none"> Since 2015, we have reduced our total recordable injury frequency rate by 71%. It is now at an industry-leading level
	2. Reducing our costs	<ul style="list-style-type: none"> Since 2015, we have reduced our operating costs by \$400 million (50%) and our share of household bills by \$241
	3. Voice of Community	<ul style="list-style-type: none"> Launched our business-as-usual (BAU) Voice of the Community program to better understand our performance across 25 different services, channels and market segments
	4. Emissions reductions	<ul style="list-style-type: none"> Our emissions target is an 8% reduction by 2023-24, and Net Zero by 2050. So far we are ahead of our plan with a 13% reduction achieved
	5. Supporting EV charging	<ul style="list-style-type: none"> Established our partnership with JOLT to provide electric vehicle charging from our electric kiosks. We now have 15 connected to our network
	6. Community battery trial	<ul style="list-style-type: none"> Began trialling 3 community batteries, saving participating customers up to \$200 a year by enabling them to use more rooftop solar

1.1 Challenges and opportunities for our Draft Plan

As we look ahead to the 2024–29 period, the challenges and opportunities for Ausgrid and the communities we serve have never been greater:

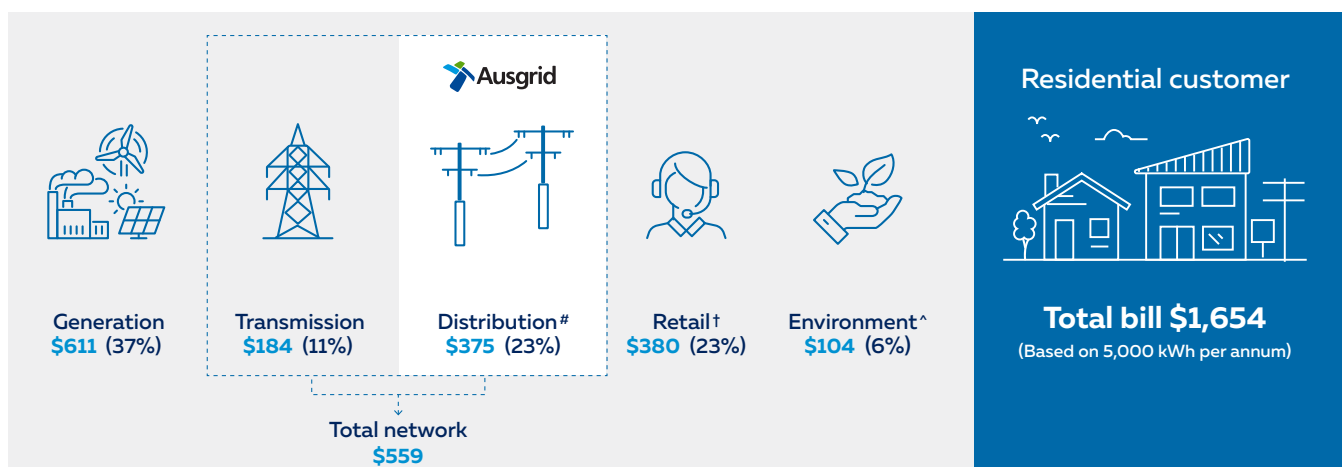
- **Climate change** means our poles, wires and other assets must be able to withstand more frequent and extreme weather conditions. At the same time, **cyber attacks** are becoming more frequent and sophisticated. Both of these challenges present growing risks to the reliability of our network services. Without greater network resilience, we could see more frequent and prolonged power outages, with significant impacts on lives, livelihoods and safety across our communities.
- The **transition to a low carbon economy** is being spurred on by government commitments to net zero by 2050 and our customers' increased uptake of Distributed Energy Resources (**DER**) – such as rooftop solar, household and community batteries, and electric vehicles. Electricity networks like us are an essential platform for the transition to net zero. We need to be able to accommodate the growing uptake of DER and manage the increasingly complex energy flows this will create. This is both a significant challenge, and an exciting opportunity.
- The **continuing evolution of digital technologies** is expanding opportunities to improve our service delivery, provide innovative service offerings, increase our efficiency in resolving customer concerns, and make it simpler and easier for customers to interact with us.
- **Economic conditions are worsening.** Inflation is at its highest level for more than 20 years. Interest rates are rising and are expected to continue rising over the coming years. This will increase our borrowing costs, and place financial strains on our communities.

We are also consulting on our Draft Plan at a time when costs in other parts of the electricity supply chain (see **Figure 1.1.1**) are expected to increase. For example, significant investment in transmission infrastructure to connect large-scale renewable generation to the grid will add costs to the system. Generation costs are expected to increase, as could environmental scheme costs under the NSW Government's [Electricity Infrastructure Roadmap](#) (see **Section 2.4**).

In this context, it is vital to ensure our investments reflect the priorities and expectations of our communities.



Figure 1.1.1 Breakdown of a typical residential customer bill (FY23)



Notes:

Distribution includes NSW Climate Change Fund.

† Retail includes Metering charges.

^ Government environmental schemes.

1. Amounts exclude GST.

2. Ausgrid total network charges include distribution plus pass through of transmission costs and the NSW Climate Change Fund. In FY24 our estimate of total network charges is \$580.

1.2 Delivering value for money

In recent years our communities have felt the worst impacts of bushfires, floods and severe storms. They are telling us they are frustrated about the lack of co-ordinated action on climate change, and are demanding more from governments and businesses alike. At the same time, the impact of the global pandemic has been exacerbated in recent months by sharp increases in the cost of living.

As a result, our communities are telling us they want Ausgrid to do more than continue to deliver safe and reliable energy services. They also want a more resilient grid that delivers better value and supports the transition to net zero.

Our Draft Plan, summarised on the **next page**, reflects how we could deliver our customers' evolving priorities. If implemented, our Draft Plan would result in our component of bills (the poles and wires) increasing in price by 4.7% for households, 5.9% for small businesses, and 6.9% for large businesses, on average each year over the 2024–29 period (nominal). This is in addition to the external factors impacting cost of living and energy bills outlined in **Section 2.4**.

In **Figure 1.2.1** we depict our price change for households (as an example) in the context of significant reductions since 2014. It shows that a 4.7% per annum increase is equivalent to our share of the household bill rising from \$580 in 2023–24 to \$729 by 2028–29.

Of this \$149 increase:

- \$111 is caused by external factors predominantly **outside of our control**, like rising interest rates and insurance premiums. While we are doing what we can to reduce their impact, these factors will still cause bills to rise (see **Section 2.4**); and
- The remaining increase of \$38 over the period is driven by investment in areas such as climate resilience, cyber security, delivering net zero and digitisation – reflecting the priorities being communicated to us by our customers.

The challenge in front of us is that the economic environment is putting pressure on our costs, even before we start talking about investing more to deliver the community's future vision.

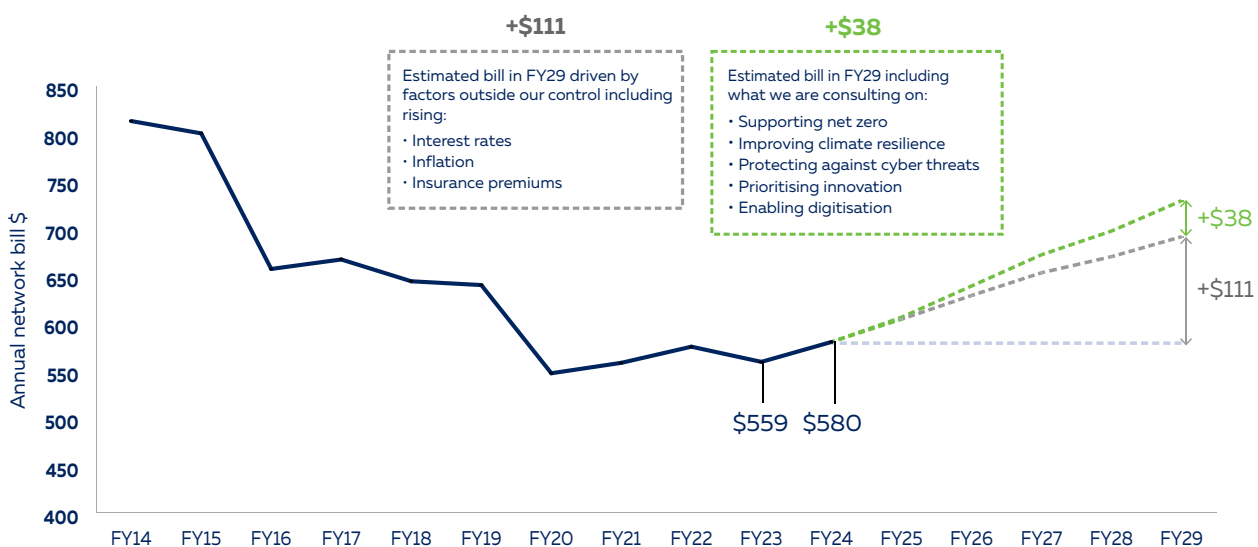
As noted, we also expect costs in other parts of the electricity supply chain to increase.

Given this, we need your help to determine whether the additional investment, which translates to a \$38 additional increase in household bills by 2028–29, is value for money for our communities and future generations.

Consultation question 1:

Given our communities' expectations for the grid, and the affordability challenge they are also facing, how do we deliver value for money into the future?

Figure 1.2.1 Drivers of potential increases in household network charges (\$ nominal, excl GST)



Note: Ausgrid total network charges include distribution plus pass through of transmission costs and the NSW Climate Change Fund. In FY24 our estimate of total network charges is \$580.

Our 2024–29 Draft Plan on a page



Improving customer experience

More timely and accurate outage information

Making connection processes easier and increasing support for our delivery partners

\$20m



Transforming the grid

Introducing pricing arrangements that empower customers and support net zero (see our [Pricing Directions Paper](#))

Prioritising innovation and continued transformation through modernising our systems

\$193m



Delivering net zero

Connecting 620,000 customer energy assets (including rooftop solar systems, batteries and electric vehicles)

Investing to allow another 1 million customer energy assets to connect beyond 2029

\$153m



Building resilience

Protecting against cyber attacks by implementing industry best practice safeguards

Reducing the impact of outages caused by severe weather and supporting community resilience

\$310m



Safety and reliability

Ensuring the safety of our people and the community

Maintaining the performance of our 5 million network assets

\$2,055m

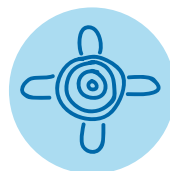


Connecting customers

Expanding network capacity to accommodate growth

Connecting 55,000 new homes and businesses

\$159m



Diversity and Inclusion

Delivering our Reconciliation Action Plan (**RAP**)

Improving services for culturally and linguistically diverse (**CALD**) customers

Exceeding our employee diversity targets

Legend



Increasing priorities



Continuing priorities

\$m

2024–29 total expenditure



2

We are consulting at a time when the challenges and opportunities in front of us have never been greater



2 Context for our Draft Plan

Over the past decade, Ausgrid has taken steps to transform our business - including reducing our costs and working to better understand and respond to our customers' expectations. Taking these important steps, with support from our customers, has helped us prepare for the challenges of a changing climate and the transition to a low carbon economy.

Our Draft Plan explores how we continue this transformation over the 2024-29 period, in the context of 4 key challenges and opportunities facing us:

- Climate change risk and other external threats to our network;
- The increased pace and urgency of the transition to a net zero economy;
- The continuing evolution of digital technologies and the opportunities this provides; and
- Challenging external factors impacting costs such as high inflation and rising interest rates.

In the following sections we outline these challenges and opportunities and what they mean for our network and customers.

Our separate [Pricing Directions Paper](#) sets out potential implications for our pricing structures.

2.1 Climate risks and other external threats

As the climate changes, our network – like energy networks around the globe – faces increased risk from extreme weather events such as storms, floods and bushfires. At the same time, cyber attacks are becoming more frequent and sophisticated.

More extreme weather

Prolonged outages have major impacts on our customers' lives and livelihoods, particularly the most vulnerable in our communities. In extreme weather events, prolonged outages also make it difficult to use electronic devices to receive critical updates, seek help or check on neighbours. Fallen powerlines also create significant community safety risks.

Extreme bushfires in 2019 and 2020 and floods in 2021 and 2022 have heightened community expectations that governments and essential service providers act to manage climate risk.

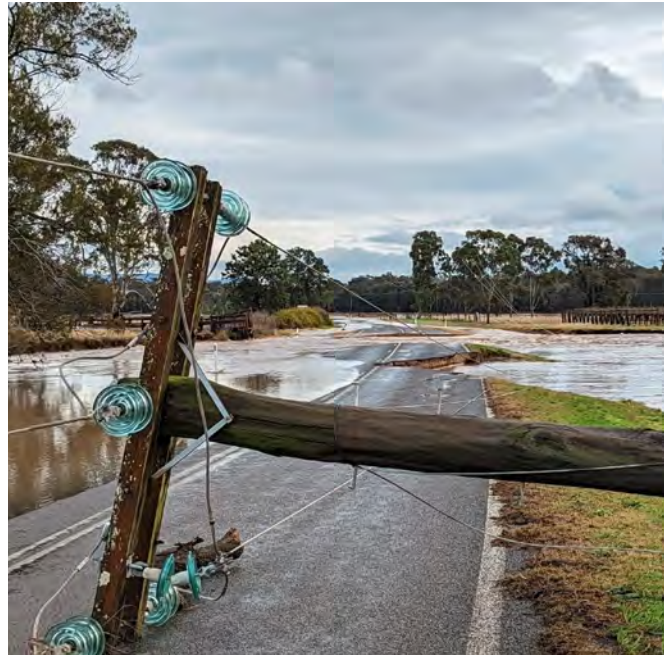
For networks like ours, this involves building climate resilience so that our poles, wires and other assets are better able to withstand extreme weather. It also involves having adequate recovery resources ready for when outages do occur.

Growing cyber threats

There is now one reported cyber attack every 8 minutes in Australia,³ with a growing proportion being categorised as 'substantial' in impact by the Australian Cyber Security Centre (ACSC). The potential consequences of these threats grows as our own digital footprint expands and more electric devices interact with our network.

A catastrophic cyber attack on our network (which includes Sydney CBD) would have social, economic, health and even geopolitical ramifications for Australia. We estimate a complete shut-down of our network would have a total economic impact on our customers of \$120 million per hour or approximately \$2.9 billion over one full day alone.⁴

To manage cyber threats, NSW regulations require us to use 'best industry practice' to ensure our network and ICT systems can only be accessed, operated and controlled from within Australia. New requirements now also exist under the recently amended Commonwealth *Security of Critical Infrastructure Act 2018*.



2.2 Transition to net zero

While Australia has been transitioning towards a cleaner and more sustainable energy system for some time, the pace and urgency of change is accelerating.

Distribution networks like Ausgrid play a critical role in enabling this transition.

Government policies

The NSW Government is seeking to make NSW a net zero jurisdiction. In addition to the NSW Electricity Infrastructure Roadmap (see **Section 2.4**), new policies include the:

- [2020 Net Zero Plan](#) which commits to net zero emissions in NSW by 2050;
- [2021 Electric Vehicle Strategy](#) which provides \$500 million in tax cuts and incentives to increase uptake of EVs in NSW; and
- [2021 Hydrogen Strategy](#) which will result in a significant number of hydrogen electrolyzers connecting to our network in the Hunter region.

The May 2022 Federal election showed that the community wants action on net zero. On 16 June 2022, the new Federal Labor Government announced an international commitment to reduce Australia's emissions by 43% by 2030.

Its election commitments included the roll out of over 400 community batteries across Australia and a \$20 billion 'Rewiring the Nation' plan to accelerate investment in the transmission network and facilitate the growth of large-scale renewable generation.

³ ACSC (2021). [Annual Cyber Security Report 2020-21](#).

⁴ Based on the AER's [Value of Customer Reliability \(VCR\)](#).

Customer investments in DER driving net zero

Households are telling us that they plan to invest more in DER. This is consistent with our forecasts (**Figure 2.2.1**), based on the Australian Energy Market Operator (**AEMO**) Step Change scenario.

We expect that by 2029:

- Rooftop solar uptake will nearly double in our area; and
- The number of home batteries will increase by around 113,000.

Our network will need to evolve to ensure it can efficiently accommodate the increasingly complex energy flows this will create. This has implications for our investment needs over the 2024-29 period.

Figure 2.2.1 Our forecast of DER uptake in our network area (aligned with AEMO's Step Change scenario)

Total number on our network (% of total customers)	2022	2029	2034	2039
Rooftop solar systems (% of all customers)	220,000 (12.3%)	400,000 (21.7%)	510,000 (26.3%)	610,000 (30.5%)
Behind-the-meter batteries (% of all customers)	17,000 (0.9%)	130,000 (6.9%)	320,000 (16.7%)	540,000 (27.1%)
Electric vehicles	3,000	370,000	1,110,000	2,050,000
Flexible customer load (e.g. swimming pool pumps and electric hot water systems)	470,000	430,000	410,000	380,000
Total DER assets⁵	710,000	1,330,000	2,350,000	3,580,000



⁵ Refers to number of DER assets not customers.

2.3 The opportunity of digitisation

While we have made significant progress in recent years, Ausgrid and the energy sector more broadly remain out of step with customer expectations for service delivery and automation with our delivery partners.

Our goal is to ensure that when a customer interacts with Ausgrid, it is a simple, easy and empathetic experience that exceeds their expectations. To this end, we want to leverage digital technologies to:

- Offer more innovative services, such as tailored supply and price offerings to provide customers with more choice and ability to manage their energy costs;
- Better understand our customers' unique needs so we can provide high quality, personalised support;
- Improve how we share data with our delivery partners, to enable more seamless interactions and smoother service delivery to our mutual customers, and in turn develop a coordinated approach for rebuilding consumer trust in the energy sector; and
- Make our processes more efficient, for example, by automating manual processes to reduce errors, save time and resolve customer issues more quickly.

A cyber-safe digital transformation is critical to keep pace with customers' evolving service expectations while delivering efficiently for customers.



2.4 External factors impacting costs

We expect that the factors largely outside our control will increase our costs over the 2024–29 period.

Interest rates

Over recent years, interest rates have been at historically low levels. This has meant that our cost of borrowing has been relatively low, which has helped contribute to lower network prices.

However, economic conditions have now started to change and interest rates are rising. The Reserve Bank of Australia (RBA) increased the cash rate in May, June, July and August 2022, and further increases are expected.

As interest rates are a major influence on the costs we incur, this will put upward pressure on our prices. More information on our financing costs can be found in [Appendix C](#).

Higher inflation

The cost of living and doing business is rising. In addition, the higher inflation is, the higher our costs, and this will flow through to our network charges. Some of the materials we use to build and maintain the network are increasing by rates much higher than headline inflation. We are currently absorbing some of these costs.

Increasing insurance premiums

Climate change is causing more frequent and severe weather events. This means more frequent damage to electricity networks, which in turn impacts the safety and reliability of supply.

Insurers are limiting their exposure to the energy sector by increasing network businesses' insurance premiums because of the increased risk of extreme weather events.⁶

New costs we must pass through to customers

The NSW Government's [Electricity Infrastructure Roadmap](#) aims to deliver significantly more renewable generation capacity by 2030 through 5 renewable energy zones (REZs).

The NSW Government requires Ausgrid and the other NSW distribution networks to pass through a range of costs associated with implementing the Electricity Infrastructure Roadmap (including transmission investment and potential distribution network upgrades) to NSW customers' energy bills from 1 July 2023.⁷

⁶ In addition, increased liability claims under Directors and Officers Liability insurance, property bushfire losses under Industrial Special Risks (property) insurance, and the increased potential for claims under cyber insurance have seen our current and forecast insurance premiums for these insurance classes rise significantly.

⁷ Our customers have told us they want information about what makes up their total retail bill and we are engaging with the NSW Government on how the Electricity and Infrastructure Roadmap's costs and benefits will be communicated.



CORPORATE SOCIAL RESPONSIBILITY

3

We are committed to being ambitious and transparent in engaging on this Draft Plan



3 How we are engaging

When we were preparing our plans for the current 2019–24 period, we engaged deeply and intensively in the months ahead of submitting our proposal to the AER. While valuable, we knew we could do a lot more to improve our engagement.

Over the past 3 years our business has been transforming with the support of our communities. By listening and responding to what we hear from our communities, we are delivering better outcomes and becoming a better business.

So, when designing our engagement for our 2024–29 planning process, we wanted to be both ambitious and brave. We knew that taking risks, moving out of our comfort zone, and occasionally failing, would build greater levels of trust and deliver better outcomes for our communities.

Building on our earlier improvements to our ‘always on’ BAU engagement, we worked with our CCC to:

- Establish an independent challenge panel, the Reset Customer Panel (**RCP**);
- Co-design a broad and deep engagement program (detailed in the [bd Infrastructure Customer and Stakeholder Engagement Report](#)); and
- Refresh our corporate vision and strategy.

We also committed to publishing this Draft Plan, and giving our communities opportunities to comment on and to influence outcomes ahead of submitting our proposal to the AER in January 2023.

Delivering on this ambition to date has not been without obstacles, including the COVID-19 pandemic. Creating a cohesive picture of the expectations and ambitions of our diverse communities has also been challenging. This drove us to be innovative:

- Our Voice of Community Panel (citizens jury) included both whole of community and regional sessions, and online and in-person sessions, and we invited experts from across the industry to provide independent voices to the process; and
- We created a ‘conversation’ between specific voices such as our CALD customers and the Voice of Community Panel.

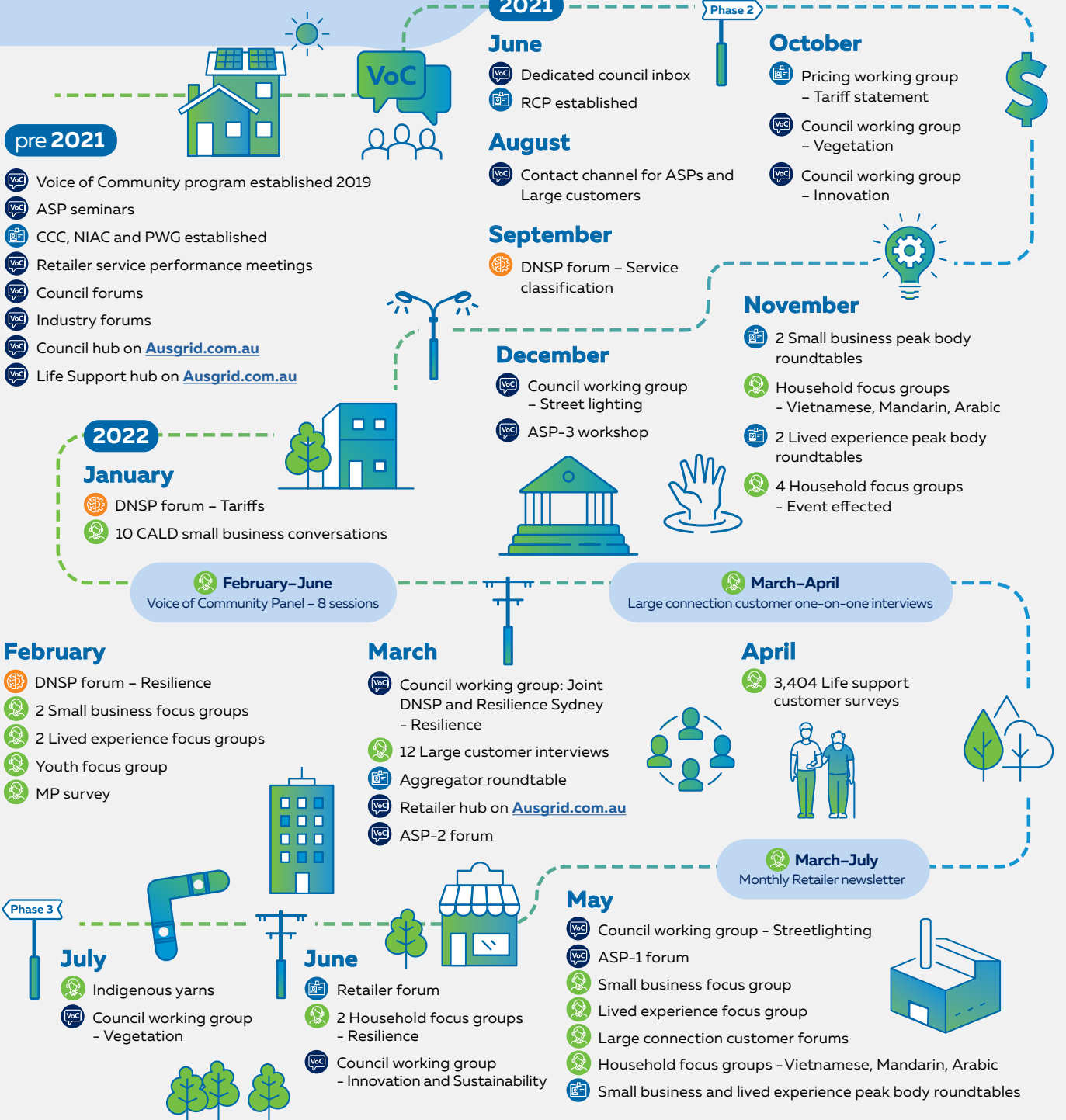
The diagram on the **next page** illustrates our engagement journey to date. This weaves together what we are hearing through our BAU Voice of Community program, and our engagement for the 2024–29 planning process.

We are committed to continuing to be ambitious and brave in engaging on this Draft Plan. Details about how you can share your views with us are set out in **Section 3.4**.

Engagement journey to date

Key:

- Voice of Community ongoing engagement program
- Partner and stakeholder engagement
- Customer engagement
- Joint network (DNSP) engagement



Glossary

- **DNSP** Distribution network service provider. ▪ **ASP** Accredited service provider.
- **MP** Member of Parliament. ▪ **Lived Experience** Customers experiencing vulnerability.
- **CALD** Culturally and Linguistically Diverse. ▪ **CCC** Customer Consultative Committee.
- **PWG** Pricing Working Group. ▪ **NIAC** Network Innovation Advisory Committee.



3.1 Establishing the Reset Customer Panel

The RCP is an independent panel, which includes 6 members of our CCC and an independent Chair (**Figure 3.1.1**). Their role is to represent the long-term perspectives of customers and challenge Ausgrid throughout the engagement process.

The RCP meets frequently to discuss and debate issues among themselves, and with Ausgrid and representatives of our Board. They are separately funded to conduct independent research or engagement.

The RCP is also an integral part of our customer and stakeholder engagement governance structure, reporting regularly to the CCC and ensuring alignment with our key consultative bodies, the PWG and NIAC.

In forming the RCP we asked ourselves whether the panel needed to be 'representative' of the communities we serve. In considering this, we weighed the benefits of a larger, more diverse panel that may have been more representative, against a smaller panel that could potentially engage more effectively with each other, and with us.

We decided that a smaller group with exceptional experience and technical capability would be most effective. We selected the RCP members carefully to ensure deep economic, engineering, policy, legal and engagement expertise, and also representing a range of interests - from commercial to vulnerable and CALD customer groups.

Each community engagement stream has an RCP sponsor, and at least one RCP member attends every community engagement session. We think this approach is working well, but note it does rely on a significant time commitment from RCP members, and corresponding investment from Ausgrid.

There is no doubt that the RCP is pushing our business to find better answers to the questions confronting us. Occasionally this has been uncomfortable and will likely continue to be. But it is consistently proving to result in more innovative engagement approaches and better outcomes for customers.

The RCP's perspective on this Draft Plan and our approach to community engagement is provided in a [separate report](#) on our [engagement website](#).

Figure 3.1.1 Who are Ausgrid's Reset Customer Panel members?



Tony Robinson (Chair)

Tony led the AusNet Services Customer Forum ahead of the distributor's 2019 proposal. He also managed the Brotherhood of St Laurence's financial inclusion department. These appointments followed 13 years in the Victorian Parliament.



Louise Benjamin

Louise is a commercial and regulatory lawyer with extensive experience in telecommunications and energy regulation.



Gavin Dufty

Gavin is Executive Manager of Policy and Research at St Vincent de Paul Society, Victoria. He undertakes research and policy development in the energy sector.



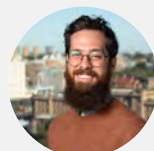
Mark Grenning

Mark is an experienced energy consultant focusing on larger consumers. His work includes advocacy to energy market bodies, networks and governments covering electricity and gas.



Iain Maitland

Iain has worked as the Energy Advocate for the Ethnic Communities' Council of NSW since 2014.



Jan Kucic-Riker

Jan is an energy policy officer with the Public Interest Advocacy Centre. His work seeks to promote sustainable, equitable and affordable access to energy for all people and communities.



Mike Swanston

Mike is a professional engineer with a passion for energy sustainability and a fair deal for energy customers.

3.2 Engaging broadly and deeply

The communities we serve are large and diverse. Our ambition is to engage across these communities in ways we have never tried before. We are particularly keen to engage with CALD and Indigenous communities, as these groups are often underrepresented in community engagement.

We are aiming to engage both broadly and deeply:

- **To achieve breadth** – we are seeking perspectives from a wide range of customers and stakeholders (14 different cohorts to date) on a broad range of topics; and
- **To achieve depth** – we are exploring and debating topics through meetings with our RCP and PWG (60 meetings to date).

Our engagement meetings and other activities are also open to stakeholders to observe and provide information. We are grateful to the AER and the AER’s Consumer Challenge Panel (CCP) for engaging with us, as it has benefited our program. We consider our program is exceeding the AER’s engagement expectations.⁸

Figure 3.2.1 illustrates the breadth and depth of our engagement to date, showing the relative volume of customers and other stakeholders we have engaged with to develop this Draft Plan.

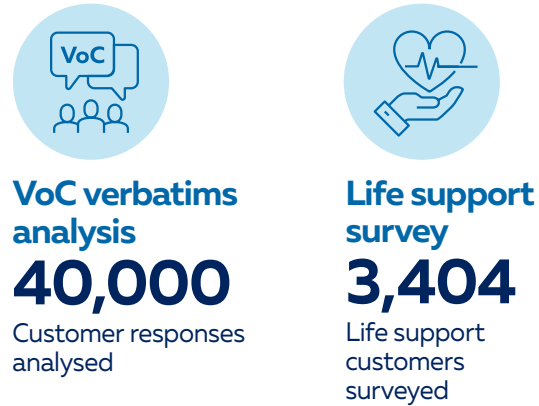
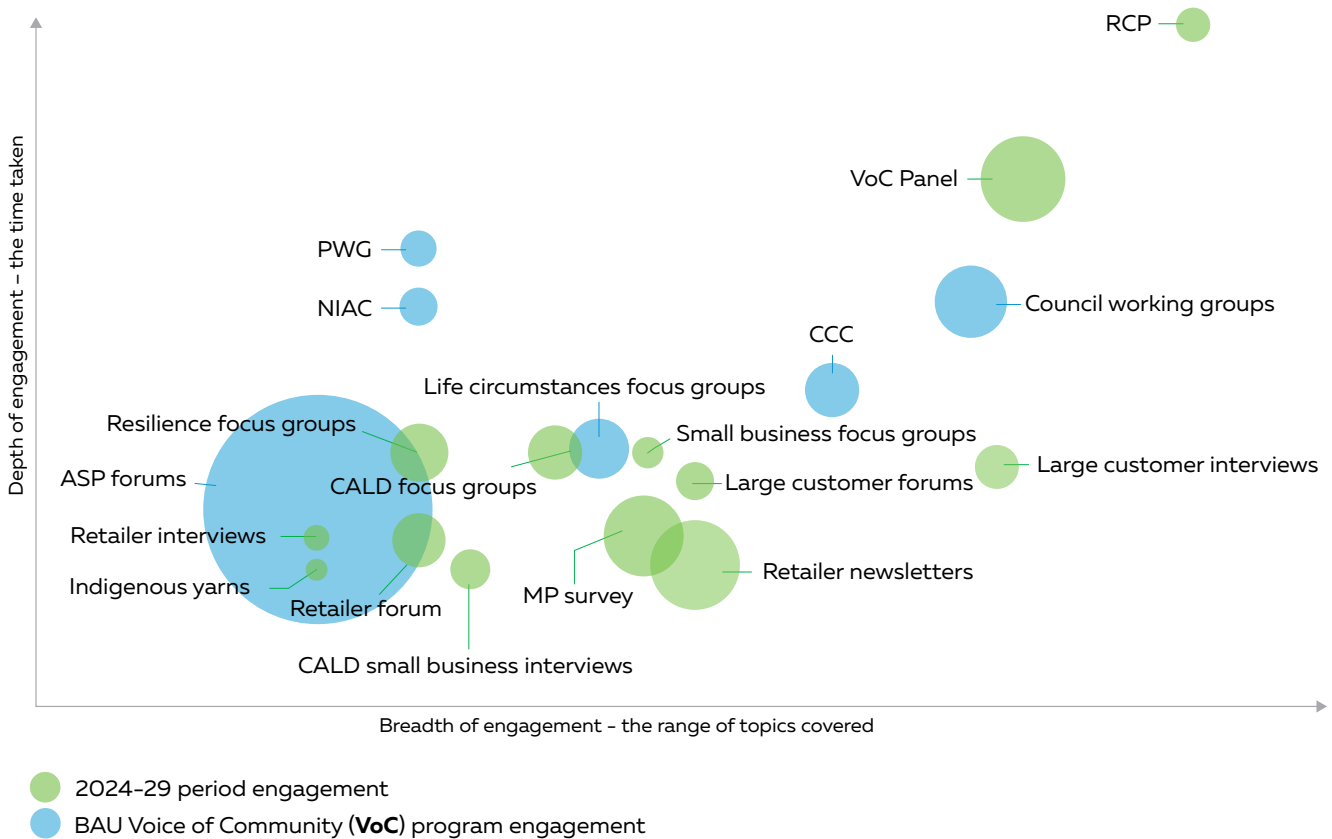


Figure 3.2.1 The breadth and depth of our engagement to date



Note: The size of the circles illustrates the relative number of customers or advocates involved in the engagement activity.

⁸ In particular the AER’s [Better Resets Handbook - December 2021](#) and the ‘Consumer engagement framework’ at Appendix C to the AER’s [Final Decision - AusNet Services distribution determination 2021-26 - Overview - April 2021](#)

3.3 Next steps in our engagement process

Our Draft Plan tries to reflect what communities are telling us they expect from our services and their aspirations for the future.

This has naturally resulted in compromises and trade-offs between differing viewpoints. In publishing our Draft Plan, we would like feedback on whether we have the balance right.

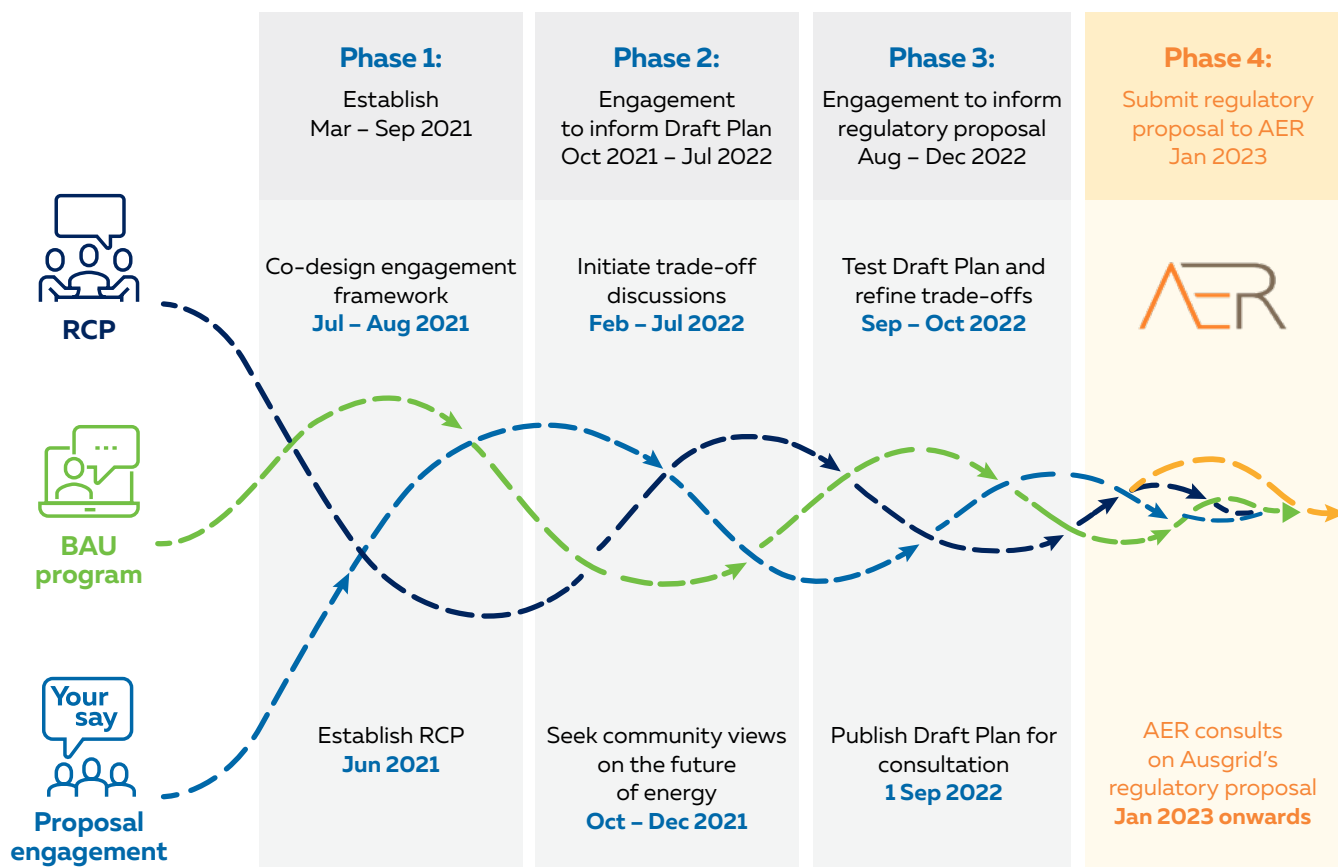
We also recognise that a lot has changed in the economy in recent months. The generation component of electricity bills has risen sharply, and high inflation and rising interest rates are creating cost of living pressures.

We are keen to understand whether this changes our communities' priorities, and hear your views on how we can deliver value for money over the 2024-29 period.

We invite all interested parties to provide feedback on our Draft Plan (see **Section 3.4**). In addition, we will reconvene our Voice of Community Panel, and revisit all the stakeholder groups we have engaged with to date to test our Draft Plan. We will then consider all feedback received and use it to inform our continued work with the RCP and the AER to develop our regulatory proposal that will be submitted to the AER on 31 January 2023.

Figure 3.3.1 demonstrates how we are integrating our BAU engagement and our engagement across 4 phases of our engagement to date and planned engagement through to our January 2023 proposal to the AER.

Figure 3.3.1 Integrating our BAU engagement and our engagement across 4 phases of developing our 2024-29 proposal to the AER



3.4 How you can provide feedback

We welcome all feedback on our Draft Plan, whether in response to the consultation questions included in **Sections 1, 4, 5** and **the Appendices**, or on any topic you would like to share a perspective on.

You can submit your feedback via the YourSay.Ausgrid.com.au website by:

- Answering a simple survey;
- Providing your own thoughts using your own format; or
- Making a formal submission (using the supplied template if you wish).

Figure 3.4.1 outlines some additional opportunities to engage on our Draft Plan.

We would appreciate your submission by **close of business 4 October 2022**.

We commit to considering all feedback we receive ahead of our 2024-29 regulatory proposal being submitted to the AER on 31 January 2023.

Mark any information you do not wish to be published as confidential.

Figure 3.4.1 Opportunities to find out more and share your views on our Draft Plan



Commercial and industrial customers:

- Visit YourSay/large-business-customers to submit your feedback



Household or small business customers:

- Visit YourSay/households or YourSay/small-business to submit your feedback
- Play our 'Be the Boss' game to let us know how you would get the balance right if you were the boss of Ausgrid



Retailers:

- Register for [our forum](#) at **9am on 20 September 2022**
- Visit YourSay/retailers to submit your feedback
- Visit our dedicated retailer webpage Ausgrid.com.au/retailers



Accredited Service Providers:

- Visit YourSay/asp to submit your feedback



Local councils

- Register for our street lighting forum by emailing YourSay@ausgrid.com.au
- Register for our Draft Plan forum by emailing YourSay@ausgrid.com.au



4

We are hearing from customers that they want us to build resilience to support thriving communities, deliver net zero, provide a better customer experience and facilitate an affordable energy transition



4 What we are hearing, and potential responses

In **Section 3**, we set out how we are engaging with our diverse communities to inform the development of our proposal for the 2024-29 period.

So far, what we are hearing through this engagement is that our communities want Ausgrid to do more than continue to deliver safe, reliable and affordable energy services over this period. They also want us to focus on 4 priorities:

- Building the resilience of our network to reduce climate and cyber risks;
- Delivering net zero;
- Providing a better customer experience; and
- Facilitating an affordable energy transition.

Figures 4.0.1 to 4.0.4 provide an overview of what we have heard to date, the initiatives and investments we are considering in response, and what these responses would deliver for our communities. The following sections discuss our potential responses in more detail.

The [bd Infrastructure Customer and Stakeholder Engagement Report](#) details some of the options that we and our communities have been considering.



Figure 4.0.1

What we are hearing on building resilience to support thriving communities, and what we are considering in response

What we have heard to date

Partnering with customers

Climate resilience initiatives

Cyber resilience

What we are considering

For our customers, this would mean

Customers want a say on how we build resilience



Partnering with customers to decide what climate resilience investments we make, by:

- Developing our climate resilience framework alongside customer advocates
- Supporting affordability by spending no more than \$204 million on climate resilience initiatives over the 2024-29 period

- Customers shape our decision-making
- Price impacts are contained and climate risk is managed

Improve outcomes for those most impacted by extreme weather



Making investments that meet different customer needs, by:

- Installing stronger powerlines in areas with large amounts of vegetation, potentially in partnership with local councils

- Current reliability levels are maintained

Improve emergency response

- Maintaining our current storm response capabilities, while adding \$5 million per annum in anticipation of more storms

- Rolling out up to 5 community resilience vans so that our customers have a place to charge their phone and connect with loved ones when they lose supply
- Our field crews can restore power and clear safety hazards as quickly as they do now

Improve cyber security



Keeping pace with the growth in cyber security threats, by:

- Ensuring our safeguards align with industry best practice by investing \$106 million

- Reducing the risk that homes, hospitals and businesses will have their power cut due to a cyber attack



Figure 4.0.2

What we are hearing about delivering net zero, and what we are considering in response

What we are considering

For our customers, this would mean

What we have heard to date

Evolving our services

Find a way (for those who can afford to) to contribute more



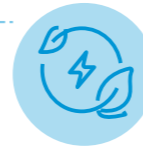
Evolving how we deliver and charge for services, by:

- Introducing pricing arrangements that encourage customers to export energy to the grid between 3pm and 9pm, when demand is highest
- Exploring how customers could donate their energy exports to local community members, including those experiencing vulnerability
- Partnering with councils and retailers to:
 - Support us deliver community batteries and other local energy solutions that could help save customers up to \$200 per year on their bill
 - Advocate for regulatory changes that would help us more effectively manage the network, and offer tailored solutions to our customers

- A fairer distribution of costs between customers
- A more affordable energy transition in the long-term

Support DER uptake

Prioritise innovations that support the transition



Investing to support higher uptake of DER, by:

- Testing new technology that supports DER uptake via our industry-leading innovation program (resulting in a total innovation investment of \$50 million over the 2024-29 period)
- Implementing a range of new processes and tools, including upgrading our ICT systems to give us better visibility of all parts of our network, through an investment of \$153 million
- Better understanding 2-way energy flows across the network and monitor potential electrical faults that can cause safety hazards, by investing \$24 million in smart meter data⁹

Proactively prepare the network for net zero

- They can efficiently connect an additional 620,000 rooftop solar systems, batteries, EVs or controlled load to our network over the 2024-29 period, and another 1 million over the 2029-34 period
- A more agile, innovative and greener grid that supports the transition to net zero

Our carbon footprint

Reduce Ausgrid's carbon footprint where economically justifiable



Reducing our own carbon footprint cost-effectively, by:

- Electrifying our vehicles as options become more affordable and available
- Finding ways to avoid using equipment containing sulphur hexafluoride (SF₆) (a greenhouse gas)

- We are reducing our emissions in a responsible and cost-effective manner to achieve a 50% reduction by 2030 and net zero by 2050

⁹ \$153 million for delivering net zero is DER total expenditure (totex) and includes \$96 million in network and \$34 million in DER ICT capital expenditure (capex) and \$24 million in smart metering data operating expenditure (opex). Note the total \$153 million does not sum due to rounding.



Figure 4.0.3

What we are hearing about providing a better customer experience, and what we are considering in response

What we have heard to date

Service delivery

What we are considering

For our customers, this would mean

We need to enhance our communications as outage information is crucial



Making the customer experience simpler and easier, by

- Improving the timeliness of outage communications through a \$14 million additional investment in our Advanced Distribution Management System (ADMS)
- Improving the quality of outage information so delivery partners (such as retailers) can better communicate with customers during an outage

- Faster unplanned outage communications that provide more accurate estimated restoration times
- SMS updates about planned outages progress, including forecast timing and estimated restoration times

Being able to speak to a real person is important



- Maintaining the quality of service delivered by our contact centres
- Proposing that the AER apply a Customer Service Incentive Scheme (CSIS) to us from 1 July 2024

- If they call us, they will talk to someone who knows their local area
- We return up to \$43 million to customers if we do not improve our customer service

Our services need to be simple and easy to engage with



- Improving the complex customer connection process via a \$7.5 million investment in our customer information systems
- Introducing fast, easy digital self-service options for delivery partners and large customers, via an investment of \$10 million

- Complex connections are delivered faster and with less hassle
- Digital self-service options which would save around 43.5 minutes of effort per customer per year



Figure 4.0.3 **continued**

What we are hearing about providing a better customer experience, and what we are considering in response

What we have heard to date

Partner collaboration

Diversity and fairness

What we are considering

For our customers, this would mean

Improved engagement and processes with our delivery partners will be more efficient for all



Engaging more effectively with our delivery partners and large customers, by:

- Improving the timeliness and accuracy of outage information delivered to delivery partners and large customers, via the above-mentioned \$10 million investment
- Recruiting 2 additional dedicated Customer Managers to support delivery partners and large customers during the connection process for large sites

- Delivery partners and large customers are better equipped to communicate with our mutual customers and can better manage their operations during an outage
- Faster connections for large sites

Our services need to be empathetic to individual and diverse customer needs



Becoming more empathetic in supporting the individual needs of our customers, by:

- Delivering better-tailored services to our customers via a \$2.5 million investment to improve our contact centre, website and SMS communications

- A more empathetic service for our CALD, life support, regional, urban, digitally illiterate, and disabled customers, and customers experiencing financial hardship

Indigenous knowledge is a foundation for managing our impact on Country



- Incorporating Indigenous knowledge into our planning processes

Strengthen our relationships with Indigenous communities as the first step towards reconciliation

- Continuing to build relationships with the Indigenous communities in our network area

- Indigenous communities can influence projects and improve the management of Country

- Recognising local languages and artwork in our property plans



Figure 4.0.4

What we are hearing about facilitating an affordable energy transition, and what we are considering in response

What we have heard to date...

Bills

Energy costs are difficult to manage, so energy needs to be affordable



Building on our significant cost reductions implemented since 2015, by:

- Making an upfront commitment to reduce our operating costs by \$32 million over the 2024-29 period
- Continuing to enhance our investment governance, building on the significant improvements made since 2018

For our customers, this would mean

- A more affordable energy system in the long-term

Choice and empowerment

Flexible 2-way pricing provides a fairer transition to net zero emissions



Giving our customers more choice and control over their energy services and bills, by:

- Transitioning an additional 500,000 customers to pricing arrangements that better reflect what drives our costs
- Introducing pricing arrangements that encourage customers to export energy to the grid between 3pm and 9pm, when demand is highest
- Deepening our engagement with regulators to support bill transparency, for example supporting the AER's review of retail bill requirements
- Identifying effective ways to communicate what drives electricity bills via our website or social media platforms

- They can lower their energy bills by changing when and how they draw power from the grid or export power to it
- A more affordable energy system in the long-term
- They are better able to take targeted action to manage their electricity costs

Intergenerational equity

Invest to reduce long-term costs



Taking a risk-based approach to investment that delivers equitable outcomes across generations, by:

- Better understanding the performance of our 5 million assets in service across the grid
- Maintaining a stable asset base so that investments we make today do not create an affordability challenge for future generations

- They are confident we are spending efficiently and our costs are being fairly shared across current and future generations

4.1 Building resilience to support thriving communities

Based on our engagement to date, building our network's resilience to climate change is a priority across our communities. We are hearing they support the science on climate change, expect extreme weather events to continue becoming more frequent and intense, and they want a say on our initiatives to build climate resilience in their local communities.

Customers are telling us that communities likely to be most impacted by extreme weather should be the focus of our efforts. They want us to prioritise innovation and investments to build climate resilience in these high-risk areas.

Building resilience to cyber attacks also appears to be a priority, though we are hearing differing views on whether we need industry best practice cyber security protections, given the costs this would involve.

The initiatives and investments we are considering in response to our communities' expectations on building resilience are discussed below.



4.1.1 Partnering with customers to decide what climate resilience investments we make

In deciding how we build and maintain our network, we can no longer assume our future climate will reflect historical weather conditions. We recently undertook our first Climate Impact Assessment to forecast the likely impact of extreme weather events on the performance of our network out to 2090, but with a focus over the next 30 years.

We also recognise that the costs of mitigating these impacts are likely to be significant. Therefore, the benefits of investments in climate resilience must be balanced with their impacts on the affordability of our services. Getting the balance right is challenging, and we need to do this in partnership with our customers.

Developing our Climate Resilience Framework alongside customer advocates

To embed a customer perspective in our decision-making, we have co-designed a draft framework with customer advocates called *Promoting the long-term interests of consumers in a changing climate: A decision-making framework (Climate Resilience Framework)*. **Figure 4.1.1** on the **next page** provides an overview of the Climate Resilience Framework.

We are considering using this framework to guide how we decide if a climate resilience initiative should go ahead. The framework requires us to apply scientific evidence, analyse opportunities and options, report back on our findings via accountability measures, and engage with the community at all stages.

We plan to review and update the [Climate Resilience Framework](#) with customer advocates as we, and the broader industry, learn more from building climate resilience. A draft version has been published with our Draft Plan for broader customer and stakeholder comment before we finalise it later in 2022.

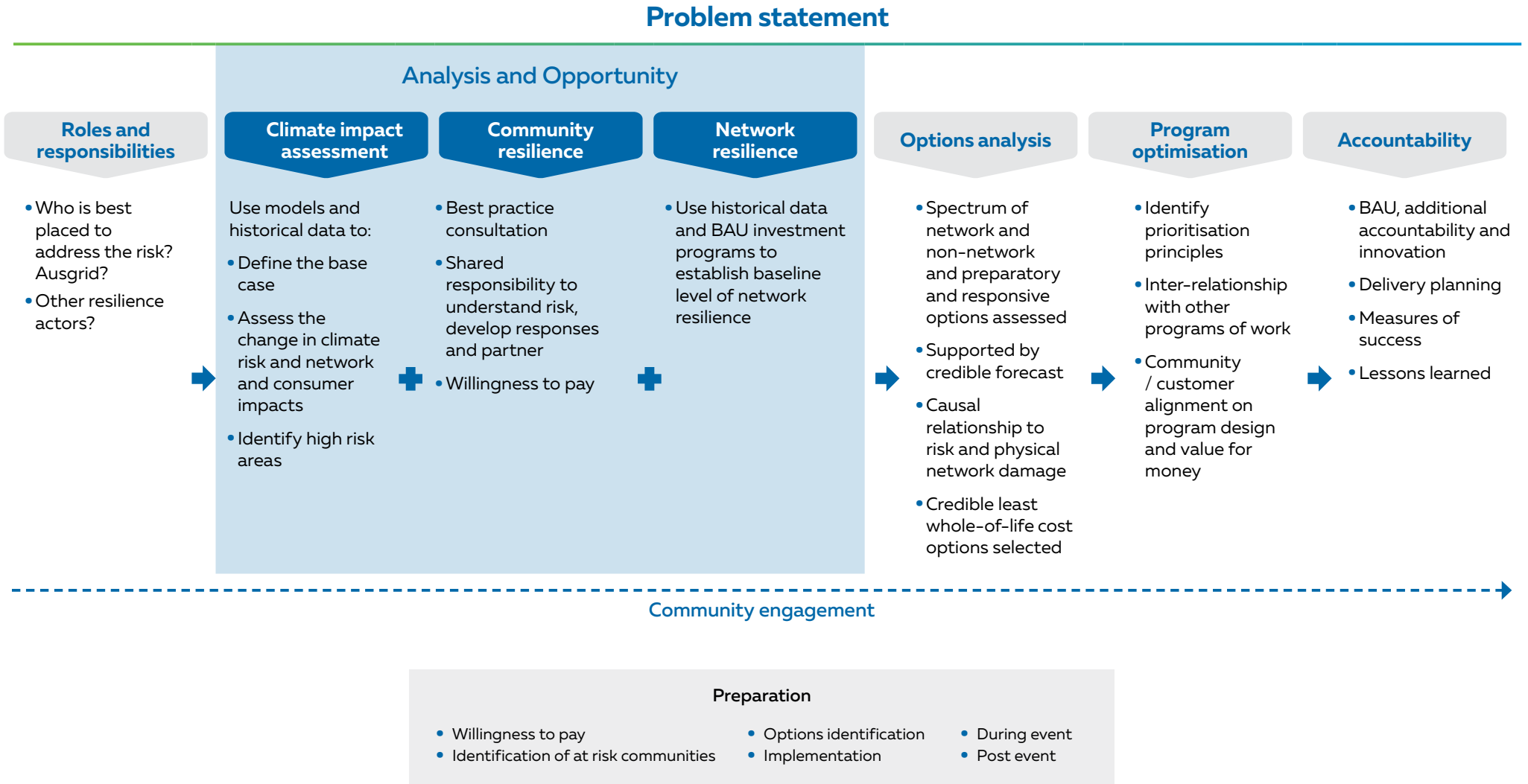
Embedding a customer perspective through a co-design process

The co-design process we used to develop our [draft Climate Resilience Framework](#) included multiple in-person workshops involving Ausgrid, the RCP and the Total Environment Centre, and the co-authorship of a written document.

This process was very different to our traditional approach to developing new policies for dealing with significant risks like climate change. We think it will lead to better customer outcomes by embedding customer perspectives in our decision-making at the earliest stage in our resilience planning.

Figure 4.1.1

Overview of our co-designed Climate Resilience Framework



Keeping climate risks and costs steady over the long-term

Our Climate Impact Assessment combines data on the expected changes in weather conditions with engineering data relating to our network.

This combination of climate and engineering information allows us to assess how risks are changing on our network, from inconveniences caused by short interruptions to extended outages that could compromise the health of vulnerable customers.

Taking a risk-based approach

We are seeking to maintain existing levels of climate risk. This means acting to contain growth in climate-related events that could lead to longer outages or increase in safety hazards.

To do this we have calculated:

- Our baseline level of climate risk in FY20; and
- The change in risk in a 'do nothing' scenario (modelled over low, medium and high Emission Pathways, whereby Emissions Pathways are greenhouse gas concentration trajectories adopted by the Intergovernmental Panel on Climate Change).

Our analysis uses an AER input called the Value of Customer Reliability (**VCR**). It allows us to calculate the equivalent dollar impact of network outages. Using VCRs, the customer impact of a network interruption due to more extreme weather can be translated into a dollar value (\$m) which we can then compare with the cost of acting.

The cost of doing nothing

Our modelling approach focused on forecasting the increasing costs associated with climate change. These costs include:

- The additional expenditure due to unplanned asset replacement; and
- The economic impact of longer and more frequent outages, as measured by the AER's VCRs.

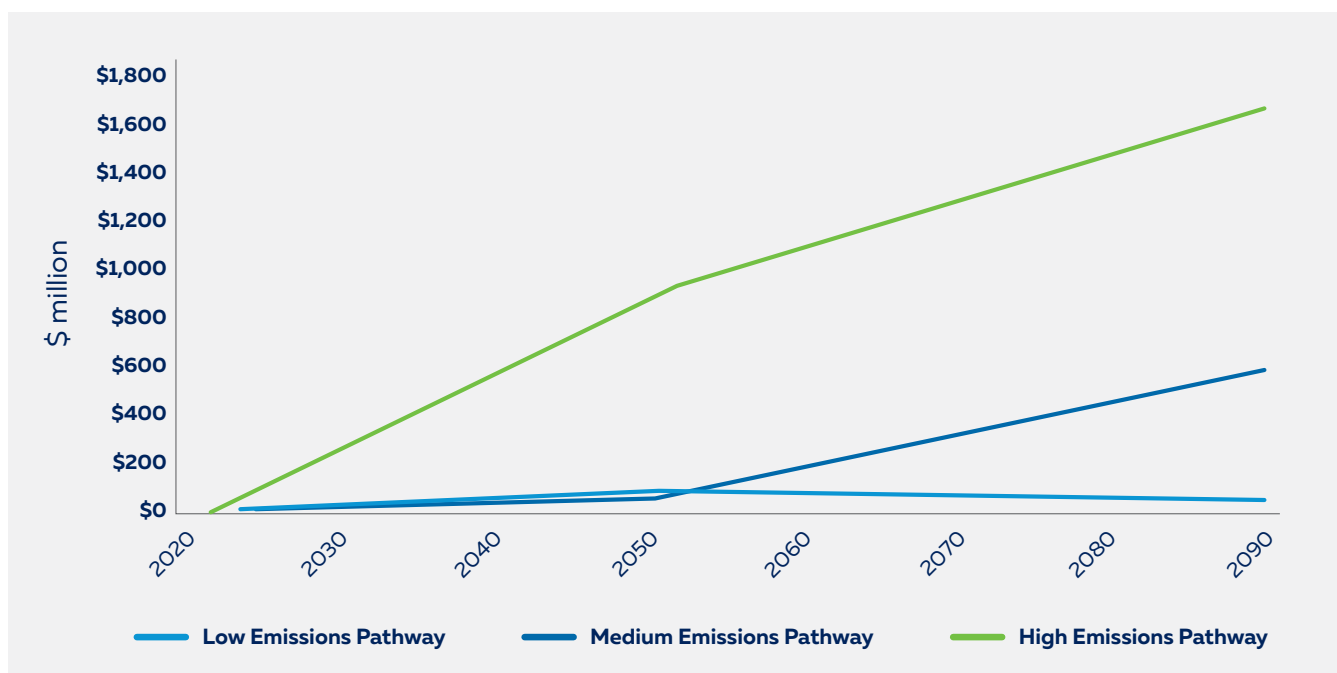
Figure 4.1.2 below sets out the growth in risk (\$m) for the Emissions Pathways modelled under a 'do nothing' scenario. It shows that future customers would face materially higher climate risks, and ultimately costs, if we did not act today to tackle the long-term challenge of climate change.

Setting an efficient expenditure ceiling

Our modelling allows us to set an efficient expenditure ceiling. By keeping our resilience spend below this cap, the benefits to customers will be greater than the costs incurred on risk mitigation initiatives. We have calculated a \$41 million per year expenditure ceiling, with the initiatives feeding into this amount outlined in more detail in **Section 4.1.2** below.

Setting an efficient expenditure ceiling allows us to pursue a smooth investment profile. This promotes long-term affordability by avoiding bursts of activity that can lead to inefficiencies. It also furthers inter-generational equity as targeted resilience initiatives can be employed so that current and future customers face similar levels of climate risks and costs.

Figure 4.1.2 Estimated cost of growing climate risk under a 'do nothing' scenario



4.1.2 Making investments that meet different customer needs

Building climate resilience involves reducing the risk that more extreme weather events will result in more outages on our network, as well increasing our ability to support our communities when outages occur, and our ability to restore power quickly.

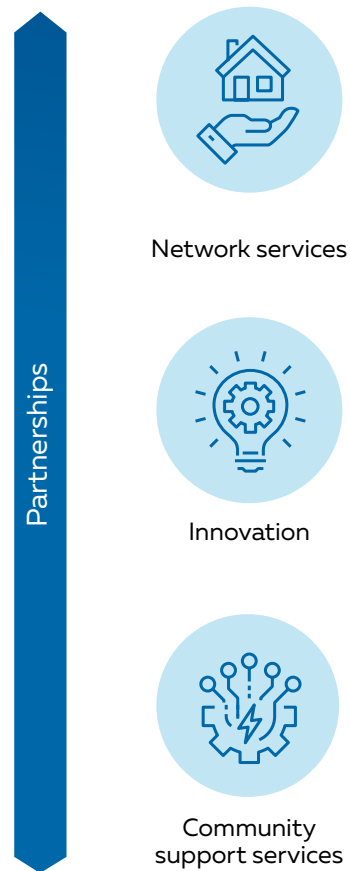
In developing resilience initiatives, we are planning to use targeted solutions to meet different resilience needs (**Figure 4.1.3**). These include:

- **Network services:** building assets to a more suitable standard given the expected change in weather conditions due to climate change
- **Innovation:** undertaking research, trials and pilots of innovative technologies and resilience initiatives to test their effectiveness before rolling them out on a larger scale
- **Community support services:** working with local councils and key partners on coordinated community resilience plans, and providing other basic needs that are disrupted when an extended outage occurs (e.g. vans where people can charge their phones)
- **Partnership:** working with governments, other essential service providers (fire services etc) and other industry partners in the community's best interests

Consultation question 2:

How should we decide which community support services we offer?

Figure 4.1.3 Spectrum of resilience options



4.1.3 Keeping pace with the growth in cyber threats

We want to deliver an experience for our customers that takes advantage of digital technologies while still maintaining a reliable network service with robust protections against the growing risk of cyber security breaches.

In line with this, we are considering investing in a cyber program that would enable us to adopt practices and protections in line with industry best practice (Security Profile 3 of the Australian Energy Sector Cyber Security Framework).

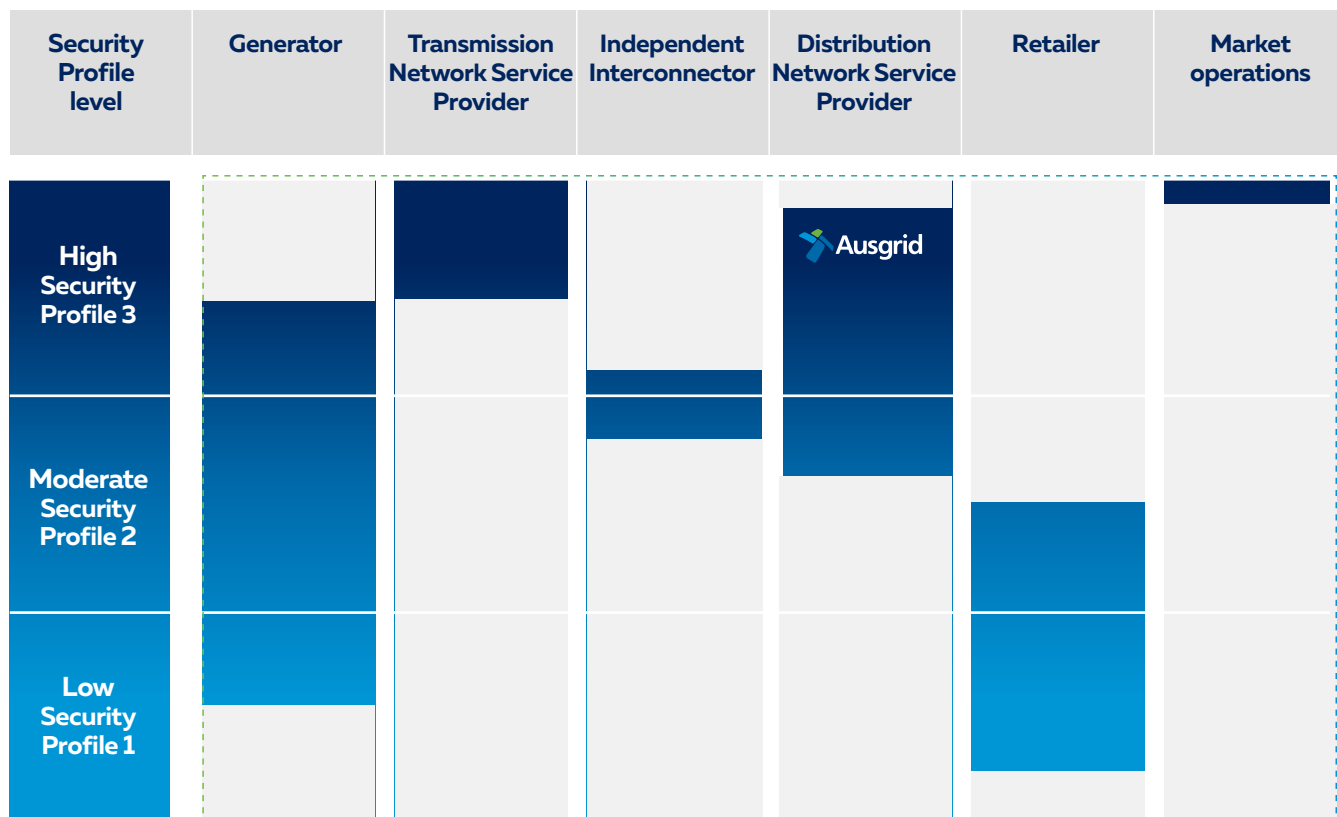
We took this position to our Voice of Community Panel to get their thoughts. They grappled with this issue and did not reach a clear consensus. Many panel members supported our view, but others remained unconvinced of the value of adopting Security Profile 3, given the cost involved. The cost of a cyber program based on Security Profile 3 is \$106 million (see [Appendix A](#)). This is \$26 million more than the cost of a program based on Security Profile 2 (which is about \$80 million).

On balance, while there is no strict regulatory requirement, we consider Security Profile 3 to be the prudent maturity level for our business. This is based on our analysis using an AEMO criticality assessment tool (see [Figure 4.1.4](#)). Given the lack of consensus among our Voice of Community Panel, we are making it a priority to continue engaging on this issue with key stakeholders.

Consultation question 3:

When deciding how to invest in our cyber security program, what factors should we take into account?

Figure 4.1.4 Ausgrid’s self-assessed cyber security criticality rating



Source: Ausgrid’s analysis based on AEMO’s 2022. [AEMO’s 2022. AESCSF framework and resources.](#)

4.2 Delivering a net zero energy transition

Electricity networks like ours are an essential platform for the transition to net zero. Increasingly, we will be required to manage 2-way energy flows – to customers drawing energy from the grid, and from DER customers and other small generators exporting renewable energy to the grid.

We are hearing our communities want us to proactively prepare to deliver net zero, to avoid reactive, costly network investment and worsening customer outcomes in the future.

In addition, our customers want to play a key role in the transition and want us to provide information and opportunities to do so. This includes lower cost and cleaner energy options like DER.

They also want all customers to benefit from DER and are looking to us to find ways to share the benefits across our communities. This includes advocating for solutions such as community batteries, which will support equitable access to clean energy into the future. This feedback has not been surprising given up to 60% of our Sydney-based customers are renters.

The initiatives and investments we are considering in response to these expectations are outlined below.

4.2.1 Evolving how we deliver and charge for services

We are focusing on evolving our services to support a fast, coordinated transition to net zero. We aim to become a 2-way platform that enables our customers to get the most value from the network and their investments in DER.

Based on what we have heard through our engagement to date, we are proposing 5 key principles to guide our investments to achieve this aim:

1. Understand our customers' needs and their role in accessing cheaper, zero emissions solutions;
2. Explore smarter, flexible solutions through tariffs and data-driven asset management solutions;
3. Avoid restricting customer exports where efficient to support a cost-effective transition to net zero;
4. Recognise almost all low carbon technologies will connect to our network; and
5. Share the benefits of DER with all customers.

Consultation question 4:

What are your views on our proposed 5 key principles for DER investment?

Advocating for an efficient energy transition

We are considering how best to advocate for regulatory reform that supports an efficient transition to net zero. This includes reforms to:

- Allow more effective management of the grid (see **Section 4.2.2**);
- Ensure exports to the grid are only restricted where the cost outweighs the benefits, as defined by our customers; and
- Enable community batteries and other localised solutions that share the benefits of DER.

We think the AER currently understates the cost to customers of restricting exports to the grid.¹⁰ For example, customers are telling us they see a reduced role for coal generation into the future. Restricting customer exports as an energy source for the community may prolong the use of coal generation. We are therefore proposing that the cost of restricting customer exports is higher than the AER's current cost assessment.



¹⁰ Ultimately, a higher value aligns with a higher percentage of renewables in the grid and will support the investment needed to support the renewables being integrated into the network. This was articulated in network businesses' submissions to the AER's consultation on developing the CECV (see AER (2022), [CECV Methodology](#)).

Supporting DER through community batteries

Battery storage is universally recognised as a key enabler for the 100% renewable energy system required for net-zero emissions¹¹ and Ausgrid is investing to accelerate this transition.

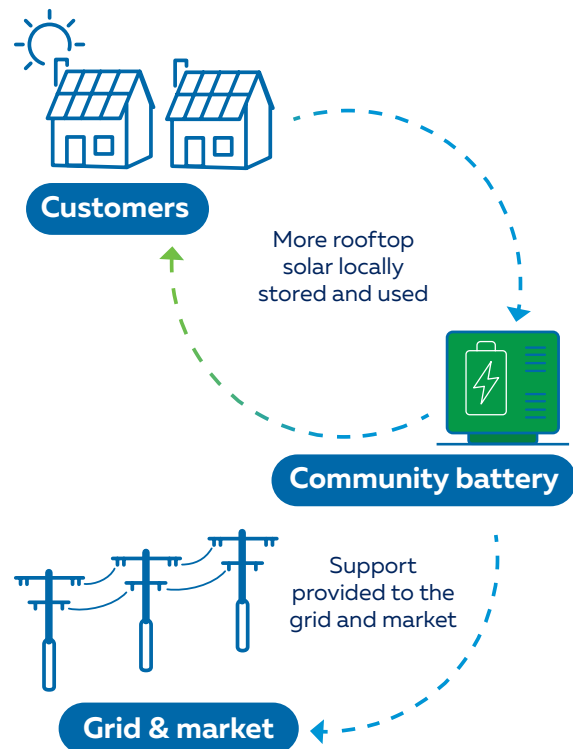
Our Voice of Community Panel is telling us that they strongly support innovation such as our distributor-led community battery trial. **Figure 4.2.1** illustrates how community batteries can provide benefits for customers and the grid.

We are advocating for regulatory reforms that would allow us to maximise the community value of these investments.

Consultation question 5:

What role do you think Ausgrid should play in community battery initiatives?

Figure 4.2.1 Community battery benefits



¹¹ See, for example, International Energy Agency (2022), [Energy Storage](#).

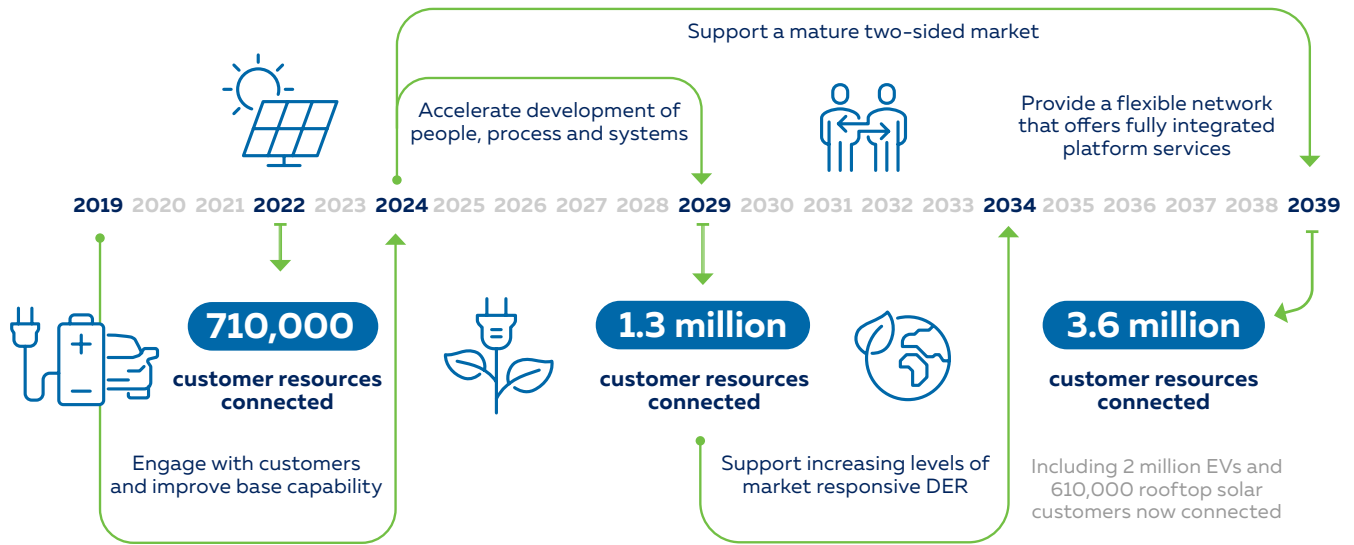
4.2.2 Investing to support a higher update of DER

As we noted in **Section 2.2**, we expect almost a 90% increase in DER in our network area by 2029.

We are developing a roadmap for integrating more DER to support an efficient transition to net zero (see **Figure 4.2.2**).

Adopting this roadmap could result in us investing \$153 million over the 2024-29 period to develop the capabilities we need to manage the increasingly complex 2-way energy flows and fairly share costs and benefits across all customers.¹²

Figure 4.2.2 Potential roadmap for DER integration to enable the transition to net zero



Note: Customer resources include rooftop solar, storage, electric vehicles and controllable loads like hot water.



¹² \$153 million for delivering net zero is DER totex and includes \$96 million in network and \$34 million in DER ICT capex and \$24 million in smart metering data opex. Note the total \$153 million does not sum due to rounding

Enhancing our network management capabilities

Sometimes called 'dynamic network management' we are investigating a range of flexible tools and smart approaches to prepare for our 2-way grid. We plan to implement:



1 Innovative pricing options: Providing incentives for customers to use energy in ways that put less pressure on the grid. **Section 4.4.2** outlines the reforms we are considering, and the [Pricing Directions Paper](#) provides more detail



2 Education and collaboration: Providing information to customers about how to make the most out of their DER and community batteries



3 Network visibility: Leveraging network and customer data (including from smart meters) to help us pinpoint constraints on the network, to ensure our solutions are as targeted as possible



4 Better voltage management: Using network assets and customer devices to better manage voltage across the network



5 Tailored connection agreements: For customers with significant flexibility in how they use the network, offering tailored connection agreements that deliver win-win outcomes for them and the grid¹³



6 Network augmentation: Upgrading network capacity where efficient



7 Curtailment: Selectively restricting customer exports where options 1-6 above are inefficient or unviable

¹³ This includes using dynamic operating envelopes (**DOEs**) which are the limits that an electricity customer can import and export to the electricity grid. They are agreed limits between networks and customers (or their agent) as part of the customer's connection process and serve to signal available capacity where customer equipment is able to respond to network constraints.

Building on innovation

During the current 2019-24 period we have been trialling and testing solutions to support and leverage DER, including community batteries, stand-alone power systems (**SAPS**) and microgrids which offer flexible solutions for the transition. These innovations have been supported by our NIAC.

Over the 2024-29 period we are considering to continue investing in line with our current 2019-24 period's level of capital expenditure (\$9 million), as well as an additional \$1 million of operating expenditure on innovations to support the transition to net zero.¹⁴

This program would focus on:

- Utilising smart meters to enhance customer safety and improve outage response times;
- Network assets which can lower network losses and reduce our carbon emissions; and
- Systems and capability that increases DER hosting capacity in the network.



¹⁴ The proposed innovation expenditure is \$50 million totex and includes \$45 million in capex and \$5 million on opex.

4.2.3 Reducing our own emissions footprint cost-effectively

Our emissions reductions target

Ausgrid is responsible for 3 types of emissions:

- **Scope 1 direct emissions** from petrol, oils, diesel, LPG, natural gas and sulphur hexafluoride (SF₆);
- **Scope 2 indirect emissions** from electricity use, and distribution and transmission line losses; and
- **Scope 3 value chain emissions** from waste, business travel and streetlights.

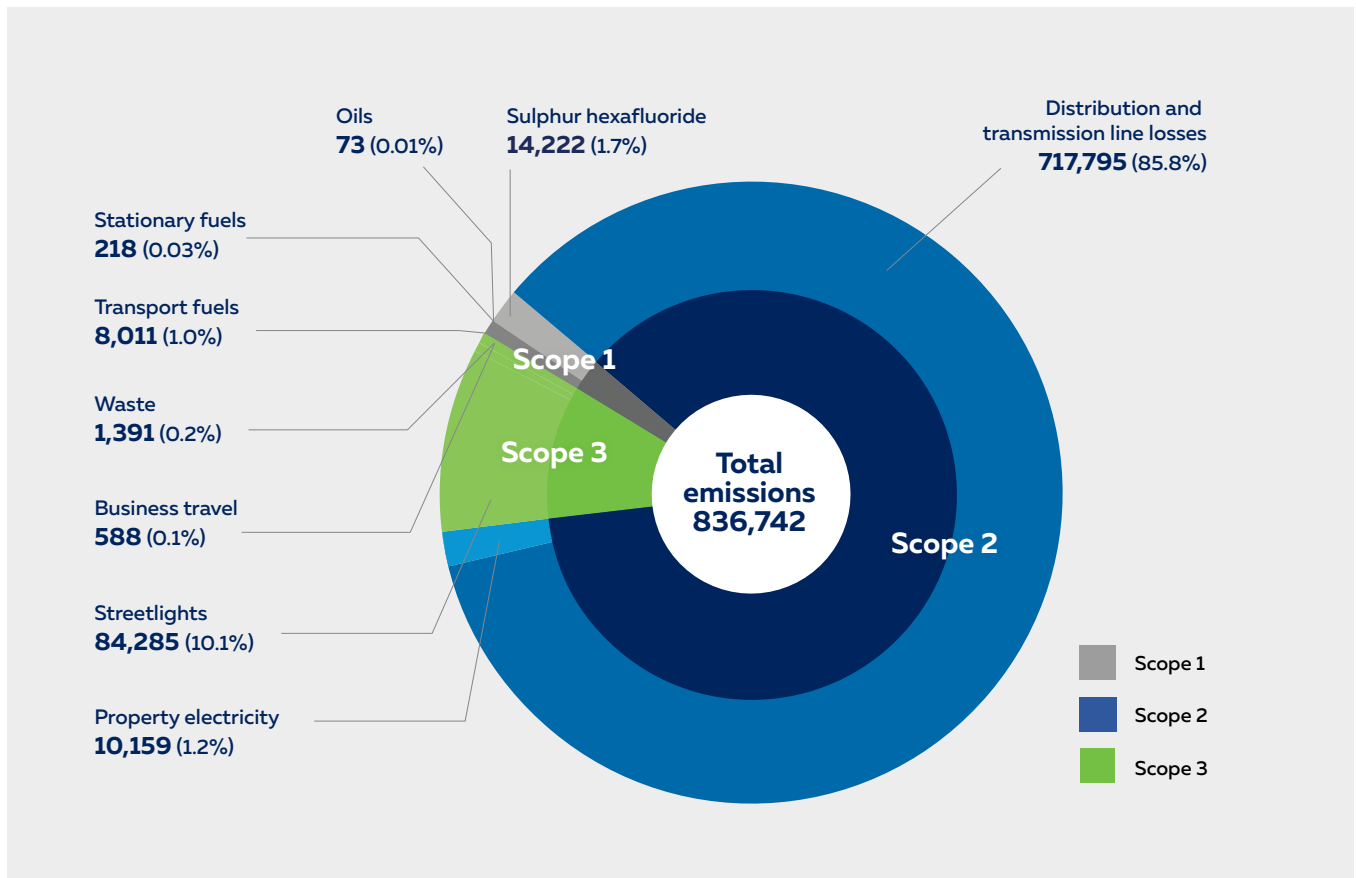


Currently, 86% of our emissions are Scope 2 emissions from line losses (**Figure 4.2.3**).

Our near term target is to reduce total Scope 1, 2 and 3 emissions by 8% by 30 June 2024.

We are committed to achieving emissions reductions (including line losses) of 50% by 2030 and net zero no later than 2050. When it comes to reducing our own emissions, our communities are telling us we should do this in a cost-effective manner. Over the 2024-29 period, we are considering electrifying our passenger vehicle fleet as EV options become more affordable, and continuing to roll out smart LED street lighting

Figure 4.2.3 Ausgrid’s FY22 emissions breakdown by scope and type (kilotonnes of CO₂e)



4.3 Providing a better customer experience

We are hearing from our customers and delivery partners that dealing with us should be a simpler and easier experience. Our customers and delivery partners want to be able speak to a real person when they contact us and also want better communications from us during outages.

In addition, our communities want our service delivery to be more empathetic to our customers' diverse individual needs, and they want us to incorporate Indigenous knowledge to better manage our impact on Country and foster better relationships with Indigenous communities.

The initiatives and investments we are considering in response to this feedback are outlined below.

4.3.1 Making the customer experience simpler and easier

We are considering a range of investments to make our customers' experience simpler and easier.

Improving outage information

By investing an additional \$14 million in our Advanced Distribution Management System (**ADMS**) we would enhance our use of SMS to communicate outage information.

This would enable us to:

- Provide customers with real time updates of restoration progress, by expanding our use of SMS alerts to keep customers informed about the progress and resolution of other service requests;
- Provide better information to customers on the reasons for a planned outage; and
- Collaborate more closely with retailers to ensure we have up-to-date contact information to support the success of these initiatives.

Improving how we manage our customer relationships

We want to progressively move delivery of our key services onto one digital platform, our Customer Relationship Management platform (**CRM platform**).

We are considering investing \$10 million to improve this platform. This would allow us to send more frequent and helpful updates to our customers on the progress of connections and other work. It would also allow us to have all customer information in one place, which would reduce manual processing and handover between teams and reduce the timeframes to complete work.

In addition, our CRM platform could:

- Introduce a range of fast and easy digital self-service options which will allow customers to identify outage duration, get a quote for tiger tail installation, or check when trees will be trimmed;
- Provide more tailored responses to our different types of customers and delivery partners;
- Improve our data to enable us to get in touch with customers using their preferred contact method; and
- Introduce less intrusive techniques for private and Ausgrid pole inspections, which would also provide more accurate pole condition data and reduce inspection costs.



Introducing a Customer Service Incentive Scheme

We are considering proposing a new Customer Service Incentive Scheme (CSIS) to the AER, to drive improvements in our service delivery performance. Under this scheme, we would risk losing \$43 million in regulated revenue over the 2024–29 period if we do not improve our performance in key service areas over the period.

In close collaboration with our RCP, we have identified 5 service areas that we believe our customers would most value improvement, and a mix of operational and sentiment metrics that would challenge us to do better in these areas.

The total value of the revenue we would risk is +/- 0.5% of our annual revenue for the 2024–29 period. This equates to around \$9 million per year. We have balanced the incentive weightings across the services to reflect the number of people impacted.

Figure 4.3.1 outlines the 5 service areas and metrics in our proposed CSIS.

For information on our other incentive schemes, see [Appendix E](#).

Consultation question 6:

Would the proposed Customer Service Incentive Scheme encourage improvement in the service areas that matter most to customers?

Figure 4.3.1: Proposed Customer Service Incentive Scheme metrics

Customer priorities for the CSIS			How we measure	Recent performance	Proposed revenue at risk
Outage management	Planned Outage Management	Urban	Service Ease Score	56%	0.1%
		Regional	Service Ease Score	66%	0.1%
	Unplanned Outage Management		Website – Service Resolution Score	40%	0.075%
Connections	Improved complex connection timeframes		Non-basic connections – median number of weeks from connection offer acceptance to energisation	25.5 weeks	0.175%
Complaint resolution	Improved quality of supply complaint timeframes		Time to resolve quality of supply complaints (DER export and voltage variation)	33.5 days	0.05%

Upgrading our ERP system

Businesses like ours use an Enterprise Resource Planning (ERP) system to manage assets, projects, data and our workforce, purchase goods and services, engage safely and efficiently with suppliers, prepare financial accounts, and monitor risk and ongoing compliance.

We are considering investing \$143 million in upgrading our ERP system during our 2024–29 period. This would enable us to:

- Provide more innovative services offerings, such as dynamic supply and pricing options;
- Improve our network planning and investment decision-making;

- Improve customer experience by supporting simpler internal processes with fewer handovers between teams;
- Ensure our ERP supplier is still willing to provide us with technical support if needed; and
- Improve our data, which will ultimately make it easier for customers to interact with us.

Our current system has been in place since 1996 and is now due for replacement. Although \$143 million may sound like a significant investment, these types of investment are lumpy and infrequent.

4.3.2 Engaging more effectively with our delivery partners and large customers

Our delivery partners are critical to ensuring we meet our communities' expectations. We are hearing from these partners that working with us should be easier and more efficient.

Figure 4.3.2 outlines what we are considering in response to what we are hearing from our delivery partners.

Figure 4.3.2 What we have heard to date from our delivery partners, and what we are considering as a response

	Local councils	Large customers
Who	The local councils in our network areas are essential delivery partners for us as we work collaboratively to plan, operate and maintain our network	Due to their scale, large commercial and industrial customers are a new potential delivery partner in reducing network costs
Ask	<p>Local councils want us to:</p> <ul style="list-style-type: none"> • Coordinate better with them on works • Improve our vegetation management and public lighting services 	<p>These customers want us to:</p> <ul style="list-style-type: none"> • Lower our costs, invest efficiently and improve productivity • Prioritise greater reliability because outages can have significant cost implications for their businesses (for example inventory wastage) • Give them access to live and accurate outage data • Provide faster connections for complex connections
We are considering	<ul style="list-style-type: none"> • Improving visibility of Ausgrid's performance on public lighting repairs with local councils by automating processes into our CRM platform • Increasing information exchange to support improved emergency management response during outages • Exchanging data to guide street tree planting, inform vegetation management, and optimise EV infrastructure roll out • Exchanging capital works forward plans through iWORCS to identify opportunities for aligning construction, minimising disruption to the community and reducing costs 	<ul style="list-style-type: none"> • Including faster connections for complex connections as part of our proposed CSIS • Implementing end-to-end optimised digital processes for complex connections via an investment of \$7.5 million • Providing dedicated resources to help plan these customers' electrification journey • Identifying opportunities for automated data flows via application programming interfaces (APIs) for partners (e.g. NBN) to allow them to better support their customers before and during outages

Continued

Figure 4.3.2 What we have heard to date from our delivery partners, and what we are considering as a response

	Retailers	Accredited Service Providers (ASPs)
Who	Retailers provide the key interface to our customers. They have our customers' contact details and pass through our network charges on their bills to customers	ASPs are key partners that perform work on our network under the NSW Government's ASP Scheme. We provide ASPs with relevant training and authorisation
Ask	<p>Retailers want us to:</p> <ul style="list-style-type: none"> Streamline our network prices where possible, particularly because we intend to offer more innovative prices in future Continue to invest in APIs to ensure they can provide us with customer details in a secure manner Provide timely communications about changes to our service order timings 	<p>ASPs want us to provide:</p> <ul style="list-style-type: none"> Easier access to the information they need Simplified training to maintain their accreditations at a more reasonable cost Increased 'self-serve' capability so they can provide information to us more quickly Faster turn-around times for their requests
We are considering	<ul style="list-style-type: none"> Streamlining existing prices to support the introduction of new innovative prices and tariff trials Continuing to implement automated customer data transfer Continuing to work constructively with retailers on completion of service orders 	<ul style="list-style-type: none"> Enhancing our ASP portal so that it is easier for ASPs to get the information they need to progress their work and their applications with us Streamlining our extensive list of Ancillary Network Services fees

4.3.3 Becoming more empathetic in supporting the individual needs of our customers

To deliver more tailored services to support the individual needs of our diverse customers, we are considering investing \$2.5 million to improve our contact centres, website and SMS communications. These improvements will allow us to provide a more empathetic service to all our customers, with a particular focus on:

- CALD customers;
- Life support customers;
- Customers in regional areas;
- Customers who are unable to use digital technologies;
- Customers living with a disability; and
- Customers experiencing financial hardship.

Developing a CALD community strategy

We serve some of the most culturally and linguistically diverse areas in Australia and we want to support CALD customers engaging and dealing with us. In addition to the improvements discussed above, we are considering implementing a CALD community strategy that:

- Provides a clear framework for how we engage with CALD communities; and
- Embeds dedicated CALD customer processes in all our customer experience touch points.

This strategy would build on previous initiatives to improve our service delivery to CALD customers, including:

- Participating in a pilot program with other energy businesses to help improve energy literacy and safety for CALD communities;
- Training our front-line staff on how to work with telephone interpreters and provide culturally empathetic support; and
- Translating our life support materials into the 10 most common languages across our network area.

Consultation question 7 (for CALD customers and their representatives):

What should we consider when improving the services we deliver to CALD communities?

For example, are there culturally significant dates that we should be aware of when scheduling planned outages?

Incorporating Indigenous knowledge into our planning processes

We recognise the Traditional Owners of the lands on which we operate, and on which our infrastructure is built.

Over the 2024–29 period, we are considering incorporating Indigenous knowledge into our planning processes so that Indigenous communities in our network area have opportunities to influence our project plans and improve the management of Country by sharing their knowledge. We also plan to continue building our relationships with these Indigenous communities, and moving further towards reconciliation.

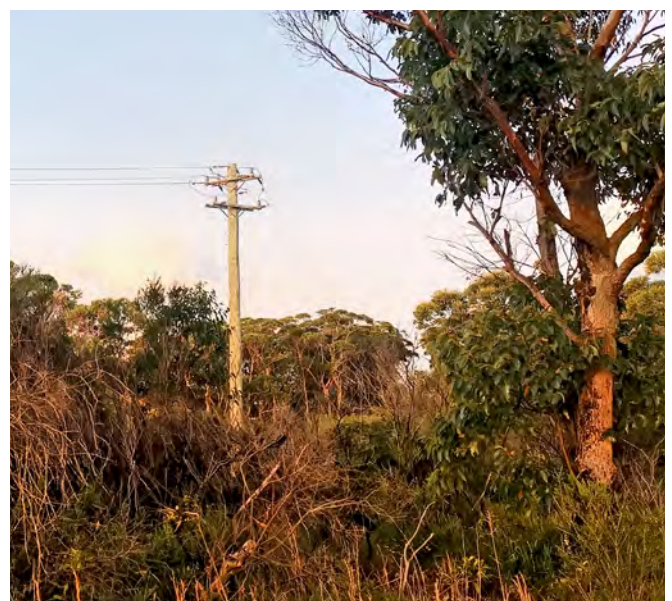
In February 2022 we launched our second [Innovate Reconciliation Action Plan \(RAP\)](#). This plan sets out our vision for reconciliation, which includes 4 actions with 18 deliverables to be completed by June 2024. We will develop a new RAP for the 2024–29 period.

Better meeting the needs of life support customers

We recently surveyed our life support customers to understand their ongoing needs. They told us they would value:

- Advanced warnings and on-time and accurate communications relating to outages;
- Back-up power to support their life support equipment and telecommunications;
- Support to access better information related to battery and solar usage;
- Installation of community batteries in their local network; and
- An easier renewal process of their Life Support Customer status.

We are exploring options to address these needs.



4.4 Facilitating an affordable energy transition

We are consulting on our Draft Plan at a time of significant economic upheaval. As we outline in **Section 1**, the aim of our Draft Plan is to deliver value for money services and support the transition to net zero.

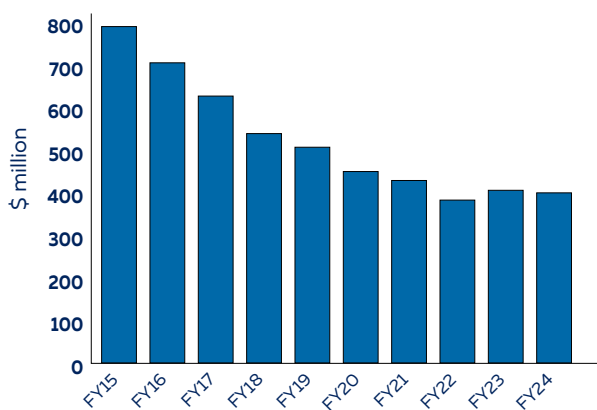
We are considering the following initiatives to facilitate an affordable transition.

4.4.1 Building on our significant cost reductions implemented since 2015

Committing to further operating cost savings

We are proud to have reduced our annual operating costs by around 50%, or around \$400 million, since 2015 (see **Figure 4.4.1**). We have done this by improving our productivity to drive long-term bill savings for our customers.

Figure 4.4.1 Operating costs since FY15 (real \$, FY24)



We are committed to continuing to reduce our operating costs over the 2024–29 period. One way we will demonstrate this is by embedding a productivity target in our proposed operating cost allowance. This target establishes a minimum level of cost reductions that will be fully passed through to customers upfront.

The AER expects a productivity pre-commitment of at least 0.5% per year which would require us to find \$32 million in additional savings over the 2024–29 period. Our Draft Plan includes a productivity factor of 0.5%. However, the target we will adopt for our final proposal to the AER remains an open discussion with our customers and the RCP.

Consultation question 8:

How do we fairly share the benefits of productivity gains with customers?

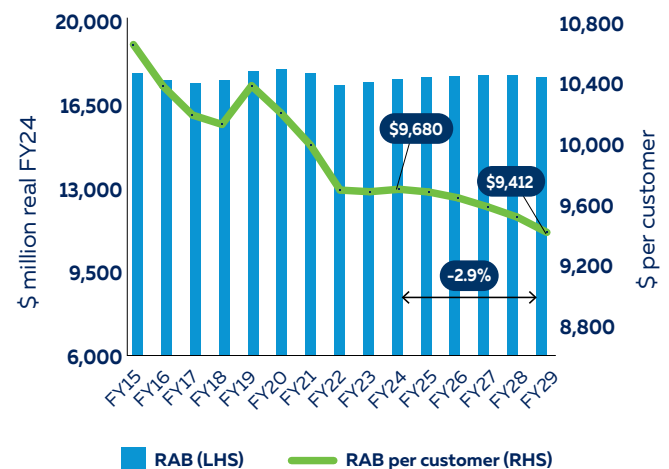
Controlling our capital expenditure

When we invest capital in new network and other assets to provide our services, we recover the cost of that asset from customers over many years.

One way we can assess whether our capital investments could create an affordability challenge for our customers is by measuring the value of our assets per customer over time. Significant or steady increases in this value would lead to higher prices for our customers generations into the future.

As **Figure 4.4.2** shows, based on the capital expenditure included in our Draft Plan, we expect that our real asset value per customer will decline by 2.9% over the 2024–29 period. This includes the capital expenditure required for all the proposed responses to our communities' expectations on building our network resilience, delivering net zero and providing a better customer experience, as well as our annual capital expenditure needed to keep the system safe and reliable and support our operations.

Figure 4.4.2 Asset value and asset value per customer (real \$, FY24)



4.4.2 Giving our customers more choice and control over their energy services and bills

New ways of living and working are leading to new patterns of energy use. These changes create new opportunities for customers to be rewarded for using the network more flexibly.

For example, on 1 July 2019 we introduced demand pricing structures for residential and small business customers that have smart meters. Demand tariffs, if passed on to customers by their retailer, allow customers to lower their bills simply by spreading out when they use their appliances. We now have more than 160,000 residential and small business customers on network demand tariffs.

On 1 July 2022 we commenced 3 innovative tariff trials for 2-way energy flows, flexible loads and community batteries.

From 1 July 2024 we want to evolve our pricing arrangements to support an affordable transition to a net zero future (see also **Section 4.2.2**).

We are considering a range of pricing reforms. These include introducing export pricing with both a charge and a reward component. This would give DER customers an opportunity and incentive to adjust the timing of their energy exports to reduce the costs and increase the benefits of their exports for themselves and for the whole energy system. It would also signal the increasing costs of DER exports to the network, so that customers considering investing in DER can factor them into their decision-making.

We are also considering reforms to:

- Offer pricing arrangements that reward customers for being flexible in when they use energy (leading to a lower cost transition);
 - Combine our shoulder and off-peak energy rates to reduce our daytime energy charges. This encourages load-shifting to times when rooftop solar systems are generating, and will reduce the cost of the system for all;
 - Introduce embedded network pricing to improve fairness across our tariffs;
 - Extend the demand charge to weekends for residential customers due to the observed usage patterns for this customer segment; and
 - Amend our controlled load switching times to encourage hot water heating in the middle of the day.
- In addition, we plan to continue trialling several innovative new tariffs to facilitate take up of EVs and batteries in our network beyond 2029.

For more information on our proposed pricing reforms refer to our [Pricing Directions Paper](#).

Consultation question 9:

How should we fairly balance price impacts across different customer groups?



4.4.3 Taking a risk-based approach to investments that delivers equitable outcomes across generations

Our investment evaluation and governance processes are something we have worked hard to improve in recent years. When we submitted our plans to the AER for the current 2019-24 period, these processes were not where they needed to be.

Our evaluation and governance approaches are now industry best-practice. We employ a sophisticated software program that allows us to analyse the performance of the millions of assets across our network. This allows our Board and investment governance committees to optimise their decision-making by giving them access to highly advanced analytical information calculating the change in risk from either making an investment or deferring it to a later time. We are routinely conducting project post-implementation reviews to ensure we are continually learning and improving.

Taking a risk-based approach promotes equity across generations. This can be achieved by calculating a sustainable level of investment that prevents current and future customers facing materially different levels of costs and risk. We will continue to improve our investment evaluation and governance processes because this will result in the most optimal investments being made to deliver for our communities.



A photograph of a man and a woman in a kitchen setting. The woman, on the left, has her hair in a ponytail and is wearing a white long-sleeved shirt. The man, on the right, has a beard and is wearing a grey t-shirt. They are both looking at a laptop on a wooden countertop. In the background, there is a stainless steel refrigerator and a sink with a faucet. A large blue curved shape is overlaid on the bottom left of the image, containing the number 5 and some text.

5

If implemented, our Draft Plan would mean our share of an average household bill will increase by 4.7% per annum (including inflation) over the 2024-29 period



5 Indicative bill impacts

Our Draft Plan reflects an ‘all-in’ approach for responding to our communities’ expectations and ambitions for a cleaner, more resilient, and fairer energy system. We think the potential responses we have outlined in the previous sections of our Draft Plan would deliver what our customers, partners and other stakeholders are telling us about what they want from us in the 2024-29 period and beyond.

However, it is also important that our responses deliver value for money for our customers. As previously noted, we are presenting our Draft Plan at a time when the cost of living is rising due to a range of factors, many of which are outside of our control.

In this section we outline how our Draft Plan, if implemented, would impact annual electricity bills to help an assessment of the Draft Plan’s value for money.

If we implemented our Draft Plan, we estimate that the network share of average bills would increase in real terms (excluding inflation) by 2.2% for households, 3.4% for small businesses, and 4.4% for large businesses in each year of the 2024-29 period.¹⁵

In nominal terms (including inflation) this is equivalent to 4.7% for households, 5.9% for small businesses, and 6.9% for large businesses in each year of the 2024-29 period (see **Figure 5.1**).

For a typical household, this would mean the network component of an annual electricity bill would rise from \$580 in 2023-24 to around \$729 in 2028-29 – or by \$149 by the end of the 2024-29 period (see **Figure 5.2**).

¹⁵ The distribution component of a customer’s bill represents 34% and 38% of the total bill for households and small businesses (respectively). This means the percentage impact on the total bill will be smaller than the impact on the network bill.

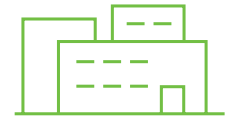
Figure 5.1 Estimated annual impacts of our Draft Plan on customer bills over 2024-29 (nominal)



Residential



Small business



Large business

Annual bill change %	Network share	Total bill	Network share	Total bill	Network share	Total bill
2024-25	4.5%	1.5%	6.5%	2.4%	6.7%	
2025-26	5.4%	1.8%	7.2%	2.7%	8.3%	
2026-27	5.1%	1.7%	5.9%	2.2%	7.2%	Varies by customer size
2027-28	3.8%	1.3%	4.7%	1.8%	5.7%	
2028-29	4.5%	1.5%	5.2%	2.0%	6.5%	
Average	4.7%	1.6%	5.9%	2.2%	6.9%	N/A

Note: Ausgrid total network charges include distribution plus pass through of transmission costs and the NSW Climate Change Fund. In FY24 our estimate of total network charges is \$580 Assumes the same bill share in FY23 applies to FY29. Ausgrid does not control transmission, NSW Climate Change Fund, retail, generation or environmental components of bills.

Of this \$149 total annual increase:

- Most (around \$111) is due to factors largely outside our control, like rising interest rates and insurance premiums (discussed in **Section 2.4**). This shows the bill impact of changes in the economic environment are significant, even before we respond to our communities' expectations; and
- Around \$38 would reflect the costs of implementing our potential responses to what we have heard from our communities in our engagement to date (outlined in **Section 4**).



Other factors affecting bills

Network costs are only one component of our customers' electricity bills. Their bills also recover the costs of electricity generation and transmission, as well as retail and environmental scheme costs.

We expect to see significant investments in transmission infrastructure to connect large-scale renewable generation to the grid over the 2024-29 period, which would lead to increases in the transmission component of bills.

Generation costs could also increase, as could environmental scheme costs under the NSW Government's Electricity Infrastructure Roadmap (see **Section 2.4**), resulting in further increases in bills.

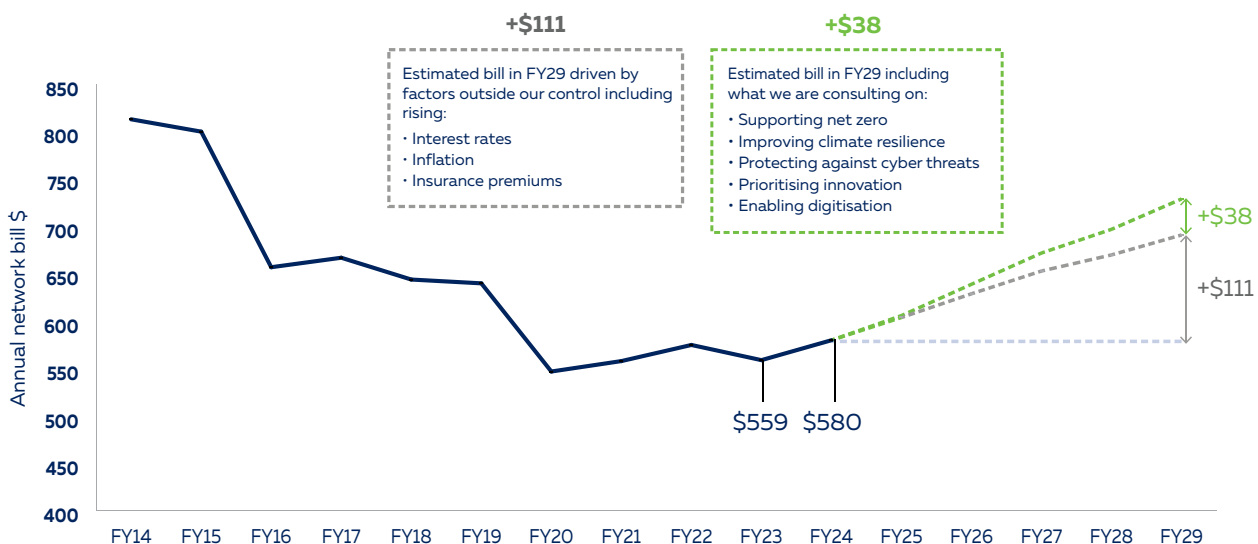
We are also interested in your views on how the bill increases are spread over the 2024-29 period. For example, we could even out the expected increases so they are around the same percentage increase each year. Or we could have a higher increase in earlier years and lower in later years, or vice versa.



Consultation question 10:

What factors should we take into account in spreading customer price impacts across the 5 year period?

Figure 5.2 Drivers of potential increases in household network charges (\$ nominal, excl GST)Notes:



1. Ausgrid total network charges include distribution plus pass through of transmission costs and the NSW Climate Change Fund. In FY24 our estimate of total network charges is \$580.



Consultation questions

We value your feedback on anything raised on our Draft Plan, and these consultation questions

What we would like your further feedback on



Page 13

1. Given our communities' expectations for the grid, and the affordability challenge they are also facing, how do we deliver value for money into the future?

Page 42

2. How should we decide which community support services we offer?

Page 43

3. When deciding how to invest in our cyber security program, what factors should we take into account?

Page 44

4. What are your views on our proposed 5 key principles for DER investment?

Page 45

5. What role do you think Ausgrid should play in community battery initiatives?

Page 50

6. Would the proposed Customer Service Incentive Scheme encourage improvement in the service areas that matter most to customers?

Page 53

7. **For CALD customers and their representatives:** What should we consider when improving the services we deliver to CALD communities? For example, are there culturally significant dates that we should be aware of when scheduling planned outages?

Page 54

8. How do we fairly share the benefits of productivity gains with customers?

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9. How should we fairly balance price impacts across different customer groups?

Page 60

10. What factors should we take into account in spreading customer price impacts across the 5 year period?

Appendices:

[Click here](#)



Page 5 – Appendix A

11. What parts of our self-assessment do you agree or disagree with and why?

Page 19 – Appendix B

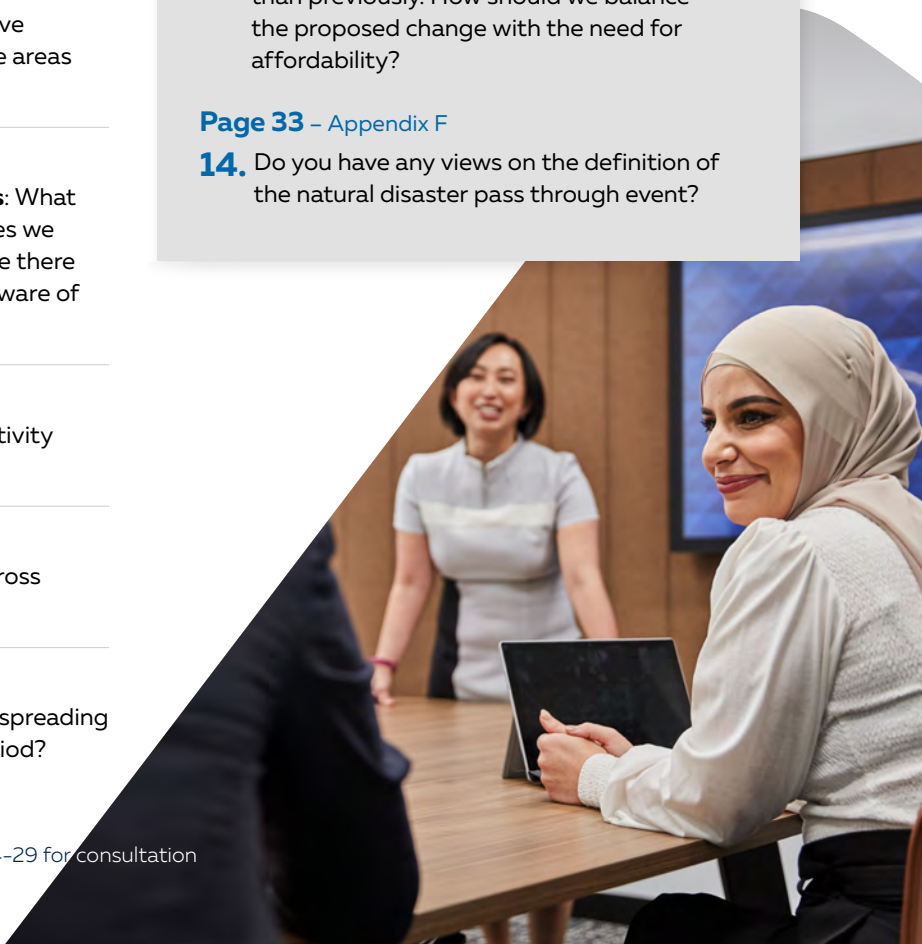
12. What is the best way of measuring improvements in the productivity of our capital investments?

Page 27 – Appendix C

13. While our proposed depreciation change will improve intergenerational equity, it will mean current customers bear a higher cost burden than previously. How should we balance the proposed change with the need for affordability?

Page 33 – Appendix F

14. Do you have any views on the definition of the natural disaster pass through event?



Glossary

2024-29 period – Ausgrid’s next regulatory control period from 1 July 2024 to 30 June 2029

ACSC – Australian Cyber Security Centre

ADMS – Advanced Distribution Management System

AEMO – Australian Energy Market Operator

AER – Australian Energy Regulator

API – Application Programming Interface

ASP – Accredited Service Provider. ASPs perform contestable works on our distribution network. ASP-1s construct the networks, ASP-2s design service wire and cable connection work, and ASP-3s design the network

BAU – Business-As-Usual

CALD – Culturally And Linguistically Diverse

Capex – Capital expenditure

CBA – Cost Benefit Analysis

CCC – Ausgrid’s Customer Consultative Committee

CCF – The NSW Government’s Climate Change Fund

CCP – AER’s Consumer Challenge Panel

CECV – Customer Export Curtailment Values

CESS – Capital Expenditure Sharing Scheme

Climate Resilience Framework – Ausgrid’s co-designed climate resilience framework called *Promoting the long-term interests of consumers in a changing climate: A decision-making framework*

Communities – Our residential and business customers and the people and institutions who support them engage with the energy market, such as our partners (including retailers, councils, metering providers, ASP’s and aggregators) and other stakeholders (including customer advocates and government agencies)

CRM platform – Customer Relationship Management platform

CSIS – Customer Service Incentive Scheme

DER – Distributed Energy Resources includes network assets like community batteries and SAPS and customer energy assets like rooftop solar, household batteries, EVs and flexible customer load such as swimming pool pumps, and electric hot water systems

DNSP – Distribution Network Service Provider

DMIAM – Demand Management Innovation Allowance Mechanism

DMIS – Demand Management Incentive Scheme

DMO – Default Market Offer

DOE – Dynamic Operating Envelopes

Draft Plan – This document

DSO – Distribution System Operators

EBSS – Efficiency Benefit Sharing Scheme

EWP – Elevated Work Platform

ERP – Enterprise Resource Planning

ESOO – Electricity Statement Of Opportunities

ESS – Energy Savings Scheme

EV – Electric Vehicle

GSL – Guaranteed Service Level

GSP – Gross State Product

ICT – Information Communications and Technologies

IFRIC – International Financial Reporting Standards Interpretation Committee

ISP – Integrated System Plan

LHS – Left hand side

MED – Major Event Days

MPFP – Multilateral Partial Factor Productivity

NEM – National Electricity Market

NER – National Electricity Rules

NIAC – Network Investment Advisory Committee

NUOS – Network Use Of System

OEF – Operating Environment Factors

Opex – Operating expenditure

OTI – Operational Technology and Innovation

PaaS – Product as a Service

PDRS – Peak Demand Reduction Scheme

Pricing Directions Paper – Our pricing directions paper, for consultation with our Draft Plan, outlines our current thinking on the pricing reforms and pricing innovation we will include in our January 2023 Tariff Structure Statement proposal

PTRM – Post-Tax Revenue Model

PWG – Pricing Working Group

RAB – Regulated Asset Base

RAP – Reconciliation Action Plan

RBA – Reserve Bank of Australia

RCP – Reset Customer Panel

Repex – Replacement expenditure

Repex model – AER’s repex evaluation model

REZ – Renewable Energy Zone

RHS – Right hand side

SaaS – Software as a Service

SAPS – Stand-Alone Power System

SCS – Standard Control Service

STPIS – Service Target Performance Incentive Scheme

Totex – Total expenditure

VCR – Value of Customer Reliability

VoC – Voice of Community

Voice of Community Panel – comprises the 45 randomly selected members of the public who represent our diverse range of residential customers in our extensive citizens jury process

Voice of Community program – Ausgrid’s Voice of Community program is an initiative that focuses on improved reporting and supporting better customer outcomes

WACC – Weighted Average Cost of Capital

WARL – Weighted Average Remaining Life

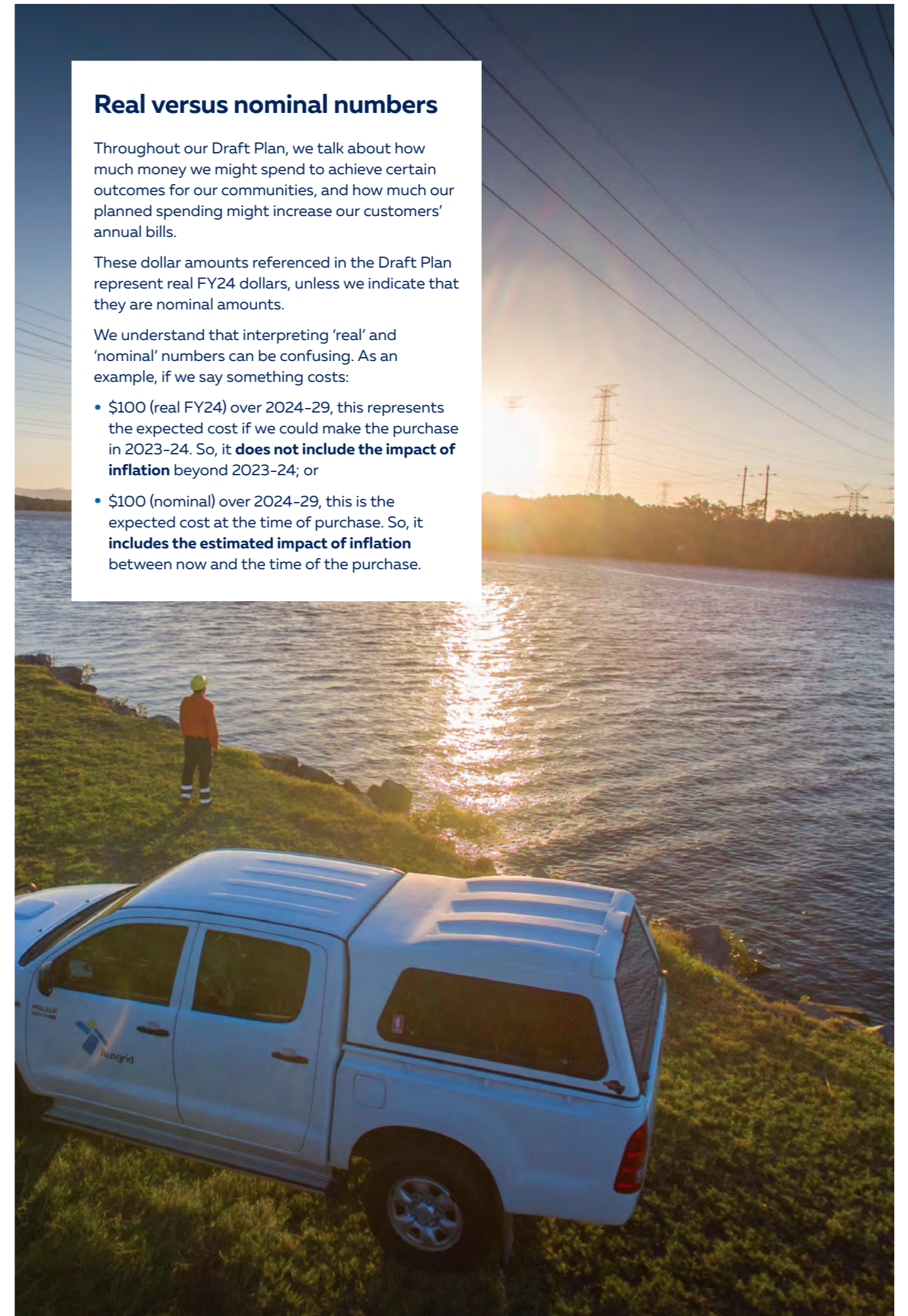
Real versus nominal numbers

Throughout our Draft Plan, we talk about how much money we might spend to achieve certain outcomes for our communities, and how much our planned spending might increase our customers’ annual bills.

These dollar amounts referenced in the Draft Plan represent real FY24 dollars, unless we indicate that they are nominal amounts.

We understand that interpreting ‘real’ and ‘nominal’ numbers can be confusing. As an example, if we say something costs:

- \$100 (real FY24) over 2024-29, this represents the expected cost if we could make the purchase in 2023-24. So, it **does not include the impact of inflation** beyond 2023-24; or
- \$100 (nominal) over 2024-29, this is the expected cost at the time of purchase. So, it **includes the estimated impact of inflation** between now and the time of the purchase.





For more information, or to make a submission go to:

[YourSay.Ausgrid.com.au](https://www.yoursay.ausgrid.com.au)