

Powercor Draft Proposal forum questions

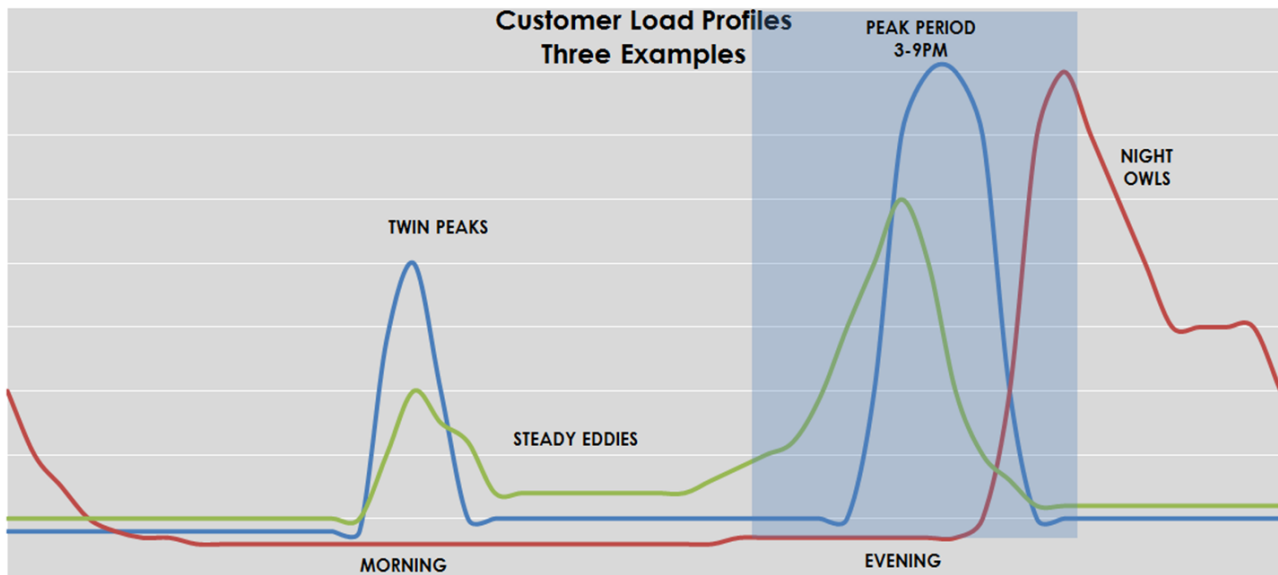
| Questions | Answers |
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| Affordable network | |
| 1. Is the maximum demand level going to be calculated on a half hour basis (rather than ¼ hour basis)? | We are currently consulting on these finer details, however demand is currently measured over 30 minute intervals |
| 2. Is there a different cost for underground and line (powerlines)? If so, how much different? | There is no difference to either rates or pricing options for these customers |
| 3. How can Powercor pass on rebates for reducing electricity demands when they don't bill customers? | It is within the National Electricity Rules that networks can engage directly with customers for the purpose of managing network constraints. In fact Powercor's <i>Energy Partner Program</i> is an example of where customers located in the Bellarine Peninsula and Surf Coast have been paid to reduce their air conditioning usage during demand response events Learn more about the program here: https://www.powercor.com.au/energy-partner/ |
| 4. Which price structure is Powercor leaning towards? | Based on our stakeholder feedback you have told us that time of use pricing strikes the right balance in being simple to understand, yet cost-reflective |
| 5. How will the pricing structure be decided? | We will continue to engage with customers and stakeholders on what the best option is for the future. Our nominated tariff structure will be featured in our 2021–2025 Tariff Structure Statement that will be lodged with the Australian Energy Regulator (AER) in July 2019 |
| 6. Could we have examples of the different price structures to see how they differ? | Please see the last page for worked examples |
| 7. What time are peak and other times? | We are continuing our engagement on the timing bands to apply for the time of use tariff. Note that peak network congestion typically occurs in the evenings – often on hot days. On this basis we are engaging on a two-rate tariff; with a peak period between 3pm and 9pm |
| 8. If draft plan is being released with 4 pricing structure options, when will the final pricing structure be determined? | Our nominated tariff structure will be featured in our 2021-2025 Tariff Structure Statement that will be lodged with the AER in July 2019. To stay informed on our tariff strategy please connect with us at talkingelectricity.com.au |
| 9. Can you please explain the three new proposals for pricing structures? | Time of Use: This option is based on the time of day that customers are using energy. For example, rates would be lower in the morning and late evening and higher during the late afternoon and early evening – when network congestion is at its peak. Customers can save on their electricity bill by shifting their consumption to off-peak periods Peak Usage Bands: Similar to a broadband plan – with this pricing option you would pay a fixed charge per month based on your needs. Your monthly plan 'size' would be based on how much energy you consume between 3pm and 9pm. A top-up charge may apply if you exceed your monthly usage cap Demand Pricing is the most cost-reflective of the pricing options. Customers would be charged based on their maximum demand that occurs between 3-9pm. Customers can save on their bill by spreading out their usage during peak periods. For example they could schedule their washing machine or drier to run before or after 3pm and 9pm Please see the last page for worked examples |
| 10. Are you concerned about the sustainability of the business given the reduction in price for consumers? | No. In developing our draft proposal we have sought to ensure a balance with respect to the long term interests of customers with our need to invest in the network to maintain reliability and safety. We believe our draft proposal strikes a balance however we are presently consulting on our draft proposal and seeking feedback |

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| 11. What is "demand management solution"? To reduce peak demand? | A demand management solution aims to reduce demand in constrained areas of the network during peak events. For example we may offer customers in specific locations in our network incentives to reduce consumption on hot days when we are expecting peak demand to occur |
| 12. Will the retailers pass on the reductions in your charges? Do they have to? | Retailers are not obligated to pass through any network bill reductions. However not all retailers will respond in the same way and we encourage our customers to shop around for their best retail offer. The <i>Victorian Energy Compare</i> website is an excellent independent tool to quickly compare offers using your smart meter data https://compare.energy.vic.gov.au/ |
| 13. Price structure with solar panels installed - oriented for peak usage time or peak pricing time? | Customers would benefit by orientating their panels to offset their peak consumption because more money is saved from their retail bill by reducing grid power usage than money earned from exporting solar electricity. Customers who use more electricity in the late afternoon and early evening would benefit from orienting their panels to the north-west. Customers who are on a time-of use tariff with a 3pm to 9pm peak period would also benefit from orienting their panels to the north-west. However as each customer's load profile is unique it should be reviewed on a customer-by-customer basis with consideration to their usage patterns and retail charges |
| 14. Peak usage customer - what happens if you go over? | Similar to a broadband plan – with this pricing option you would pay a fixed charge per month based on your needs. Your monthly plan 'size' would be based on how much energy you consume between 3pm and 9pm. A top-up charge may apply if you exceed your monthly usage cap |
| 15. What time do I have to stay up until to do my washing to get cheaper rates? | Our off-peak period is likely to apply between 9pm to 3pm the following day. Customers can save by doing their washing in the morning or after 9pm. Alternatively those with a delayed wash-cycle can take advantage of that feature to save |
| 16. Price structure with a demand price what would be the rate difference for high/peak of off peak? | The ratio could be approximately 3:1, but depends on further customer consultation |
| 17. What is being put in place re introducing a reward system for customers to sign up to demand management? | We are considering rebates for reducing demand when requested. Rebates would coincide with the occurrence of network constraints or periods of high demand. Commonly such constraints coincide with hot weather and are therefore seasonal. It is most likely that the rebates would be paid at the conclusion of summer. Rebates would only be offered to customers located in areas of network constraint which currently only covers a small proportion of the total network |
| Dependable network | |
| 18. In the south west, why in some areas is power not underground, instead of using poles that deteriorate overtime? And cause a lot of bushfires? | <p>The cost of undergrounding is higher compared to having assets above ground. However, we are over time undergrounding more assets where the cost of doing so is lower than the benefit to customers and the community</p> <p>We are currently seeking feedback on an option to underground all our existing single wire earth return (SWER) lines in designated bushfire areas. Funding from the Victorian Government has already allowed us to underground 250 kilometres of SWER lines, but nearly 500 kilometres remain. If supported by Energy Safe Victoria and the Australian Energy Regulator, we could seek to complete much of this program by 2025</p> <p>We also seek to mitigate the risk of our assets starting bushfires through initiatives such as the installation of Rapid Earth Fault Current Limiters (REFCL) (these operate like a giant safety switch, and when a powerline comes into contact with vegetation or the ground, they stop dangerous current levels almost instantaneously)</p> |

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| 19. How do smart meters undertake safety risk? | Our smart meters can measure voltage and current levels, in addition to consumption data. We have developed algorithms to identify particular voltage or current 'signatures' that are consistent with signatures from known defects. We can then target maintenance or replacement programs to mitigate any corresponding safety risks |
| 20. Are vulnerable customers prioritised in outages? | Unfortunately if an outage occurs that is out of our control (e.g. outages caused by extreme weather) we are unable to prioritise who is affected. However, when outages occur due to planned works or 'load shedding' as directed by the Australian Energy Market Operator (AEMO), we have processes in place to ensure our more vulnerable customers, such as life support customers, are prioritised |
| 21. Are pole inspector qualified or trained by Powercor? | We outsource our pole inspection process to an independent contractor to ensure our program is delivered efficiently. Our pole inspection contractors must follow our strict inspection policies and manuals to ensure our rigorous safety standards are upheld. We audit the performance of our pole inspection contractors to ensure that all inspections are reliable and of a high quality |
| 22. What was the decision regarding how often trees were going to be cut back from lines? Also how harsh they were going to be cut? | We spoke to our customers to see what their preference is about frequency of tree trimming and a majority of customers were satisfied with our current cutting cycles—we have therefore decided not to change them |
| 23. Why only south west getting pole inspections? | The changes to our pole inspection and management policies (following our trial in South-West Victoria) will apply to all areas of our network |
| 24. If you are committed to a suitable source of energy - why is it that every year in the hottest part of the holidays there are a number of power outages in the Ballarat area? | Outages can be caused by a number of factors, including weather-related impacts (such as extremely high temperatures), asset condition and or 'load shedding' directed by AEMO (e.g. if there is not enough generation to supply all demand). Our asset management policies are aimed at minimising the risk of an outage occurring from asset failure or during hot weather, and we have seen a reduction in the number of outages over time. If there is not enough generation for all demand, we may be instructed to turn customers off and this instruction comes from AEMO |
| Flexible network | |
| 25. Substation upgrade to existing suburbs for solar panels electricity to grid or just new suburbs? | Both—our network was built for one-way power flows from generators to consumers. Currently our networks can only handle certain amounts of solar being exported back onto the grid before network challenges begin to arise (e.g. voltage issues). We therefore need to upgrade the network to handle the effects of solar |
| 26. Is there going to be more capacity for solar power to go back into the grid? Currently some customers are limited by their export amount | Through new technology, we will be able to monitor and manage the effects of solar to a greater extent than we are able to do today. This will reduce export limits faced by some customers |
| 27. What sort of information management costs will Powercor face in providing data to customers and making it secure? | Expenditure includes establishing our unified customer portal to allow customers to track their energy usage over time and lodge and track their connection and supply requests We view your usage data as 'personal information', which attracts the full obligations specified by Australia's privacy legislation. Accordingly we take every reasonable step to protect customers' usage data |
| 28. Easy to access usage information - close to real time? | Under our one-stop shop, we will consolidate our online customer websites into a single unified gateway, allowing customers easier access to a range of improved services with a single log in, including to allow them to track their |
| 29. Will portal for data usage be available | |

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| quickly & interact with pricing structure? | energy usage in 5 minute intervals |
| 30. In flexible network what does "demand management solutions" mean? How does that work? | Demand management incentivises customers living in areas facing network constraints to reduce their energy usage at peak times. By targeting people in these areas, we can reduce works required to meet this demand, reducing network costs for everyone |
| 31. The one stop shop - is this an app or a web portal? | It is a web portal that will be suitable for use on a range of devices, including smart phones and tablets |
| 32. Roughly how many new residential properties do you expect to connect in the next five years given the growth in Western Melbourne? | We expect to connect over 110,000 connections over 2021–2025 |
| Renewables | |
| 33. Are the batteries compatible with existing solar systems? | As a distribution network operator, we are not in a position to advise on the compatibility of solar and battery systems. Your registered electrician should be able to assist |
| 34. Electric vehicles stations part of strategy? | Unfortunately regulations prevent us from providing services outside of our core business activity of operating and maintaining the network, meaning we are not allowed to build charging stations, smart chargers or large solar farms |
| 35. Do Powercor provide charging points for cars? | |
| 36. Are we going to get smart charger Electric Vehicles at work/urban/home? | |
| 37. Has Powercor considered building their large Solar Farms? What considerations has Powercor had around this potential 'game-changer', especially in areas where 'embedded generation' maybe an alternative to upgrading conductors/wires? | |
| 38. How will you support increase in electric vehicle use? Also is that just for Powercor service providers? | We will prepare the network to accommodate the additional electricity that electric vehicles need |
| 39. How soon will the electric vehicles be in the system? | We are expecting around 22,500 electric vehicles in our network by 2025 |

EXAMPLE OF LOAD PROFILES FOR 3 CUSTOMER TYPES



**Profiles are based on observed customer profiles*

HYPOTHETICAL BILL OUTCOMES

Depending on your situation – either of the three pricing options may provide the best offer:

Hypothetical Network Bill:

| Customer | Single Rate (Status quo) | Time of Use | Demand |
|---------------|-----------------------------|-------------|---------|
| Twin peaks | \$432 | \$461 | \$447 |
| Night Owl | \$432 | \$408 ✓ | \$447 |
| Steady Eddies | \$432 | \$429 | \$403 ✓ |

Hypothetical Network Bill Savings (relative to status quo)

| Customer | Single Rate | Time of Use | Demand |
|---------------|-------------|-------------|---------|
| Twin peaks | \$0 | +\$29 | +\$15 |
| Night Owl | \$0 | -\$25 ✓ | +\$15 |
| Steady Eddies | \$0 | -\$4 | -\$29 ✓ |