

Value of Customer Reliability

AER Stakeholder Forums
December 2018

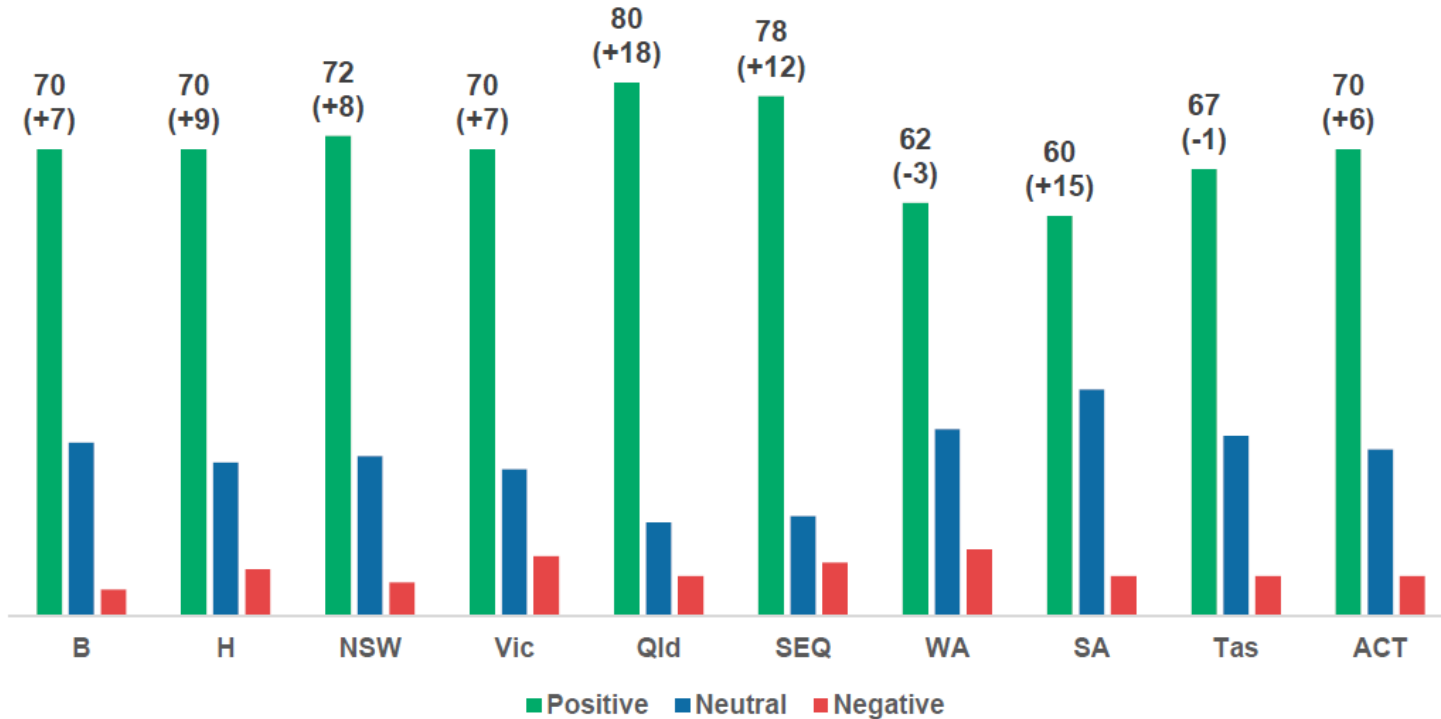
Lynne Gallagher
Director, Research



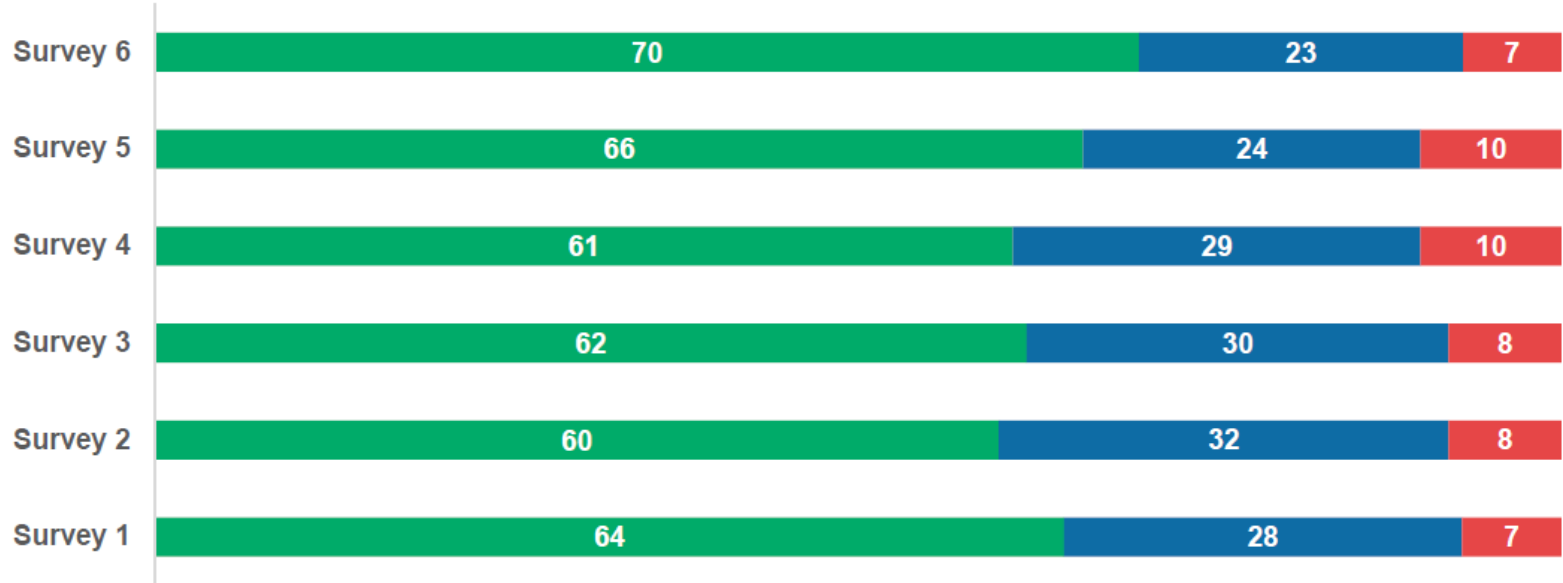
Overview

1. What consumers say about reliability
2. History of VCR estimation in Australia
3. Differences in VCRs
4. Thinking about a methodology that is fit for purpose
5. Inconvenient thoughts

Satisfaction with duration of outages (December 2018)



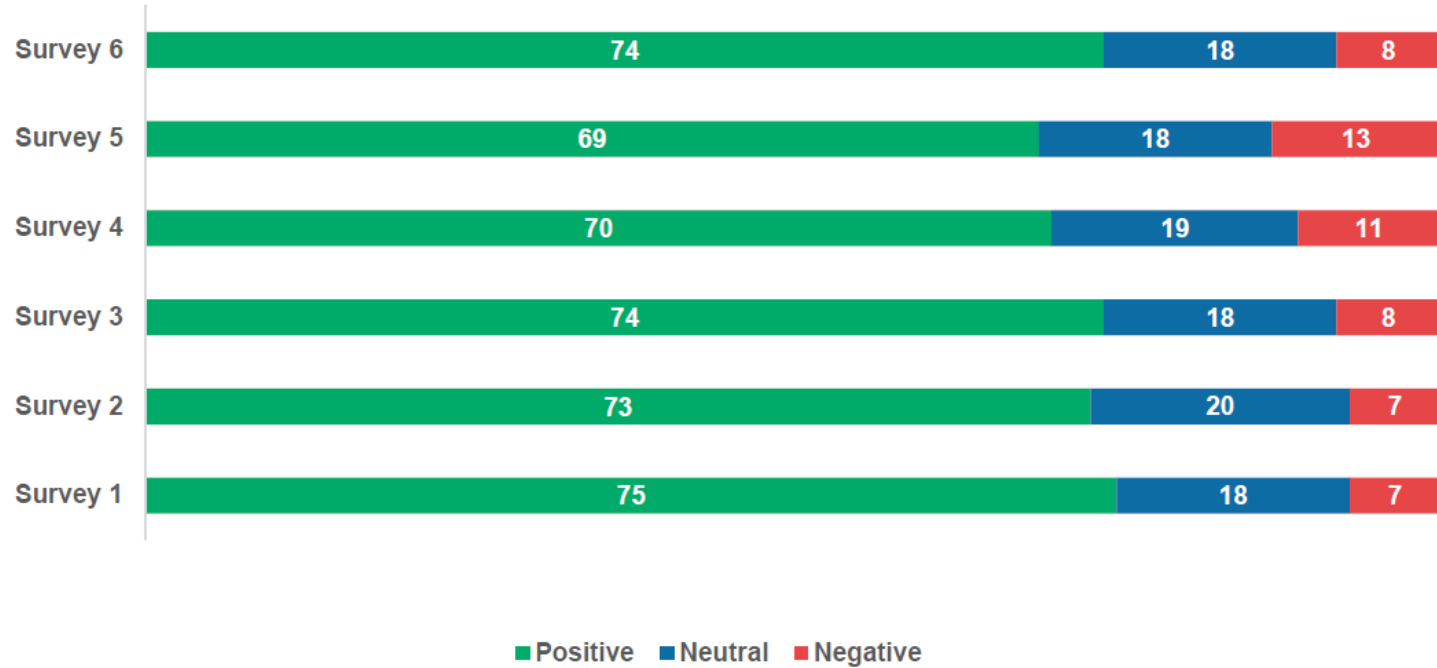
Satisfaction with duration of outages - trend



Satisfaction with number of outages (December 2018)

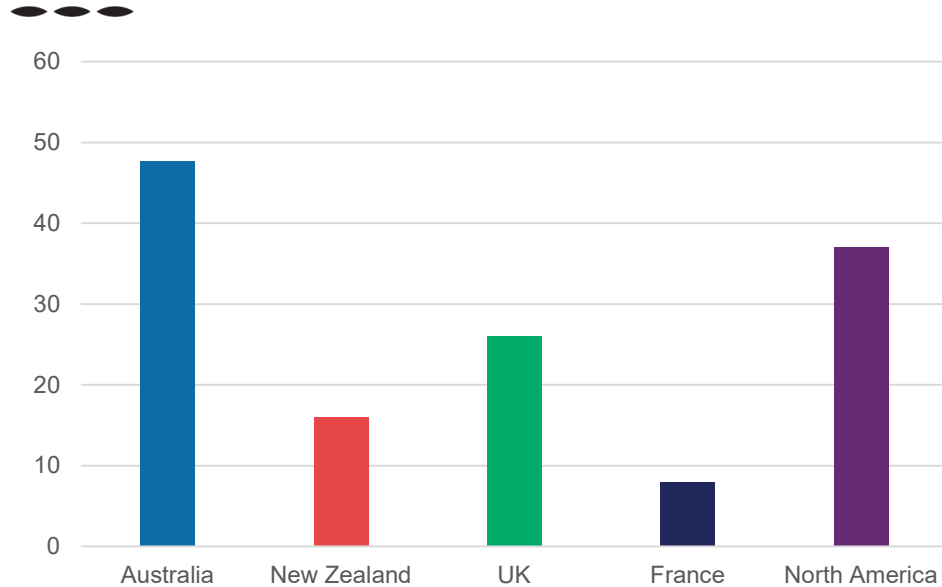


Satisfaction with number of outages - trend

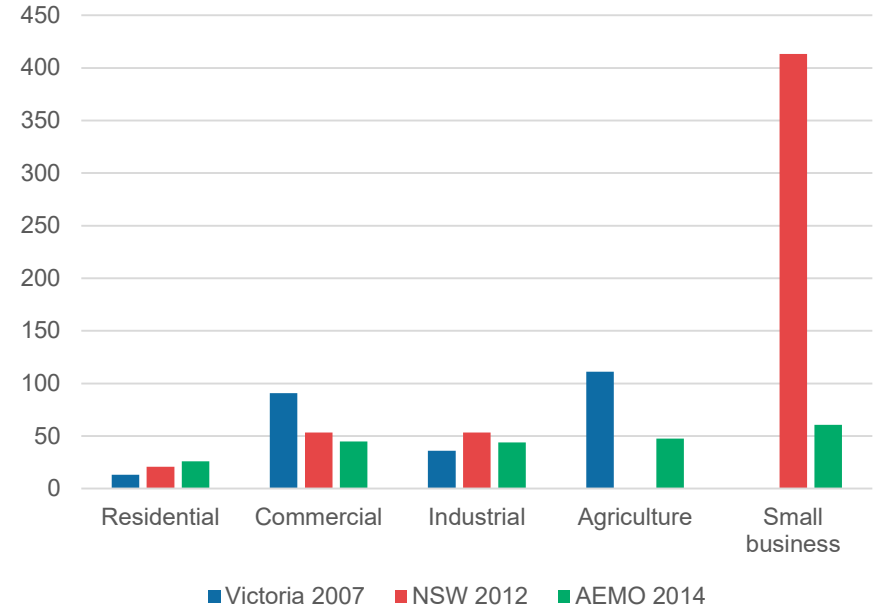
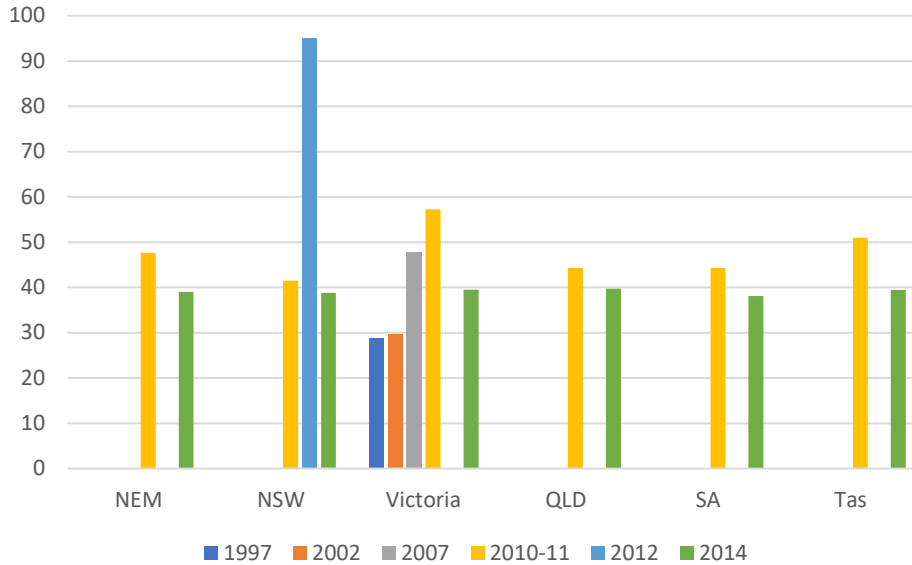


2009 VCR values

Estimates higher in Australia than they need to be?



VCR history roadshow



Reliability performance

System reliability—unplanned SAIDI

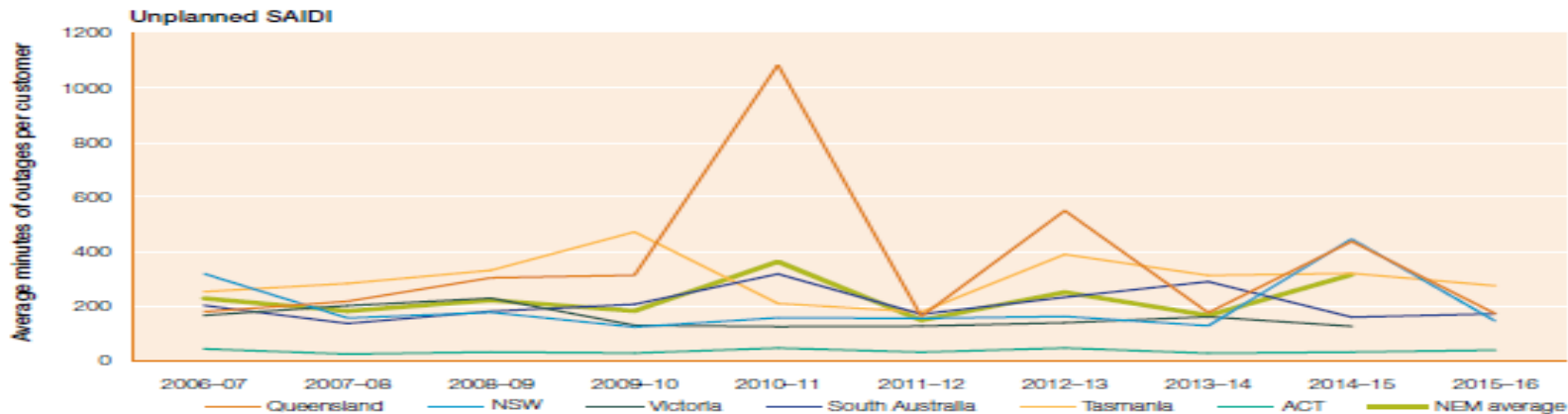
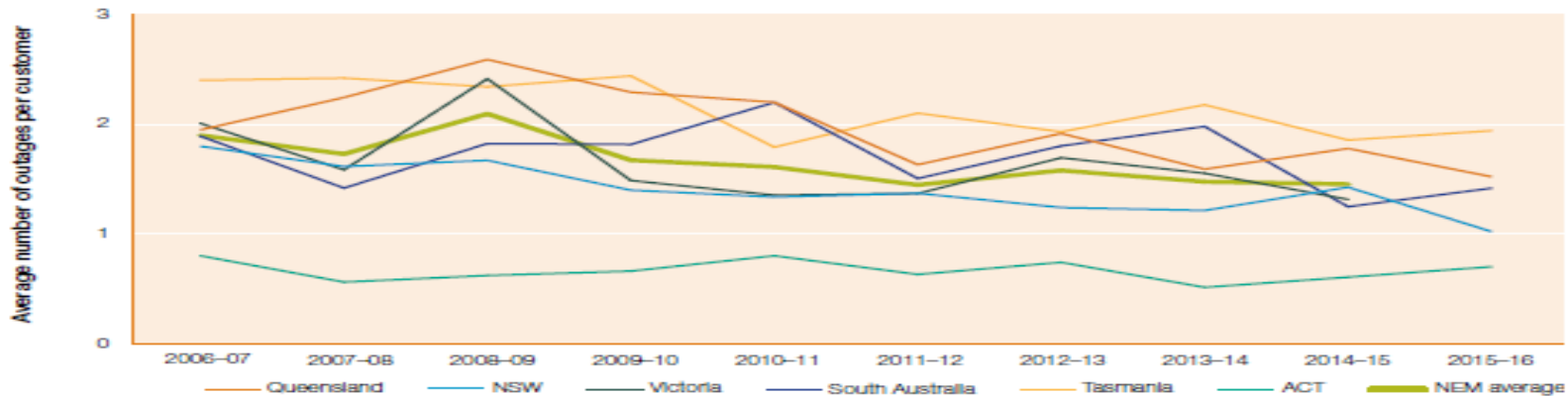


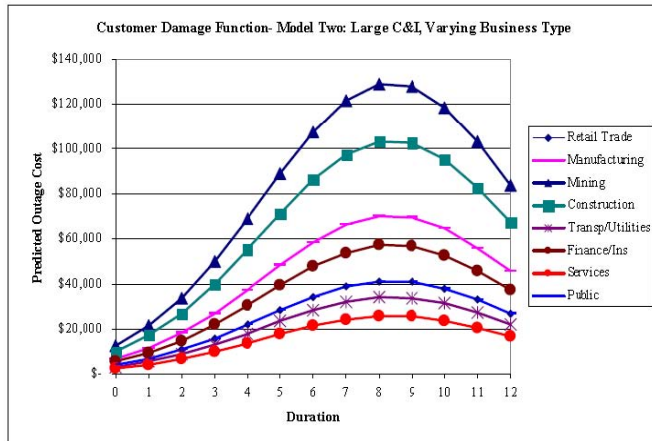
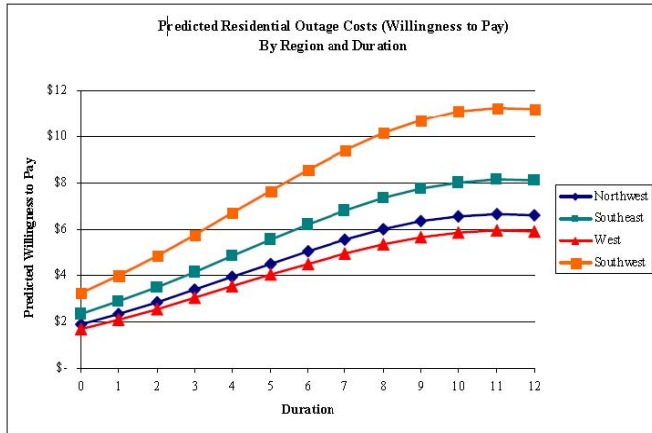
Figure 3.16

System reliability—unplanned SAIFI

525,600 minutes in one year



Expectations and performance - drivers



- Climate
- Location:
 - CBD
 - Urban
 - Regional
 - Remote
- Customer
 - Residential
 - Small business
 - Large business
- When and how long
 - Season
 - Peak times/Business hours

A methodology that is fit for purpose, now and into the future

That *engages* with consumers

- Surveys alone likely to poorly estimate VCRs-
 - Assumes consumers can answer the question “what’s your trade off?”
 - Stated choice versus Contingent valuation?
- Use forums and other deliberative processes
- Apply behavioural insights – uncertainty bias, framing etc

That applies many model thinking (HBR) – an ensemble approach

That is credible under a range of future scenarios, and considers:

- declining grid consumption, and more localised peak demand
- consumers willingness to change energy use behaviour to manage their “planned” demand and mitigating costs of unplanned outages
 - “technology neutral” VCRs;
- electrification, which will change patterns of household and business use

Inconvenient thoughts?

- Aspiration should be consumer confidence in the VCRs
 - Passes the goldilocks test
- Previous reviews produced the “best” VCRs with the time and budget available
 - Not enough time spent early, on refining design, intent etc which meant not enough budget later to resolve the problems that materialised
- A golden opportunity to set us up for the future
 - Develop a collaborative, open-source methodology for estimation, rather than focusing too much on the task of generating the estimates themselves
 - Means that future incremental changes up and down will be credible

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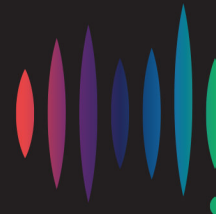
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