



Retail Market Review recommendation 3

Technical consultation workshop

22 January 2019

Agenda

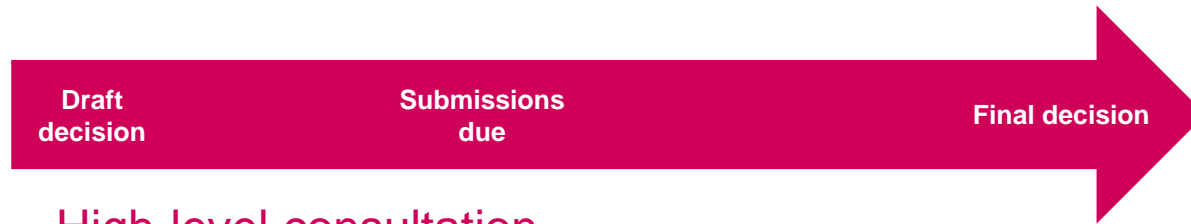
Item	Time	Lead
Welcome and overview of recommendation 3	20 mins	ESC
Session 1 – fact sheet obligations	60 mins	ESC, breakout discussions
Session 2 – developing typical customer usage profiles	30 mins	ACIL Allen
Final questions and wrap-up	10 mins	ESC

Timeframes

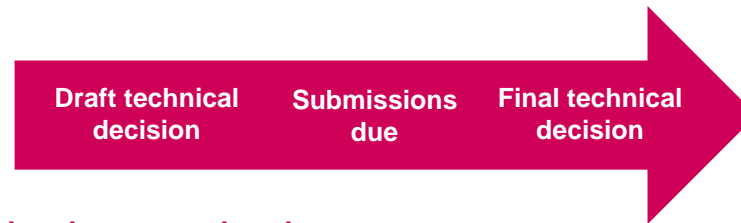
Dec 2018

Feb 2019

April 2019



High-level consultation



Technical consultation

Fact sheet obligations

Breakout discussions



Questions for discussion

Question	Current national approach considerations
1. Should fact sheets be available for small business and residential customers?	<ul style="list-style-type: none">• BPIDs available for residential and small business customers• Comparison tool only on residential customer fact sheets
2. How would consumers identify the factsheet that is applicable to them (including plan IDs)?	<ul style="list-style-type: none">• No specific obligations, but note that BPIDs currently have a plan ID shown
3. When should retailers upload plan information into Victorian Energy Compare (VEC), and when should be their factsheets be publicly available?	<ul style="list-style-type: none">• BPIDs to be made available within two business days of an offer becoming available to customers
4. Should there be a date reference (either offer start or expiry date) included in the factsheet?	<ul style="list-style-type: none">• At retailer discretion• Fact sheets include an “Effective from” field in the fact sheet section

PRESENTATION TO:
TECHNICAL CONSULTATION WORKSHOP

22 JANUARY 2019

VICTORIAN ENERGY FACT SHEETS



USAGE PROFILES – PROPOSED METHOD
AND ISSUES

PRESENTERS:
JEREMY TUSTIN
TIM WETERINGS

LOCATION
ROBERT BURKE ROOM
BATMAN'S HILL ON COLLINS
MELBOURNE

OVERARCHING PRINCIPLE – FOLLOW AER/ RPIG

- ▲▲ Implement AER/ RPIG approach where possible
- ▲▲ Unless we can significantly improve:
 - ▲▲ Accuracy – making the profiles better explain differences between households
 - ▲▲ Interpretability – making the profiles easier to understand
- ▲▲ Accuracy in the fact sheet profiles means
 - ▲▲ Valid basis for comparing between tariff offers
 - ▲▲ Even if not accurate predictor of annual bill
- ▲▲ Interpretability in fact sheet profiles means
 - ▲▲ Intuitively appealing for users

AER APPROACH – BASIC PRICE INFORMATION DOCUMENT



- ▲▲ BPID based on analysis underpinning Energy Consumption Benchmarks (ACIL Allen, 2017)
- ▲▲ BPIDs profiles are
 - ▲▲ Distinguished (only) by h'hold size, 1, 2-3, 4+ pax
 - ▲▲ Aggregated to Peak, Off Peak, Shoulder time blocks as per standard definition
 - ▲▲ Produced for climate zone – unique for each postcode
 - ▲▲ Residential only
- ▲▲ BPID profiles do not vary/ account for
 - ▲▲ Solar
 - ▲▲ Green Power
 - ▲▲ Concessions, bonuses, discounts

EXPLANATORY VARIABLE – H'HOLD SIZE



- ▲▲ BPIDs show different numbers for S, M, L households
 - ▲▲ (1, 2 or 3, more occupants)
- ▲▲ Is H'Hold size the 'best' descriptor?
 - ▲▲ Our past experience shows that # people in H'hold is reasonably accurate descriptor – top 2 or 3
 - ▲▲ Intuitively and AER's experience indicates that H'hold size is intuitively appealing
- ▲▲ Preliminary view is to:
 - ▲▲ remain with H'hold size
 - ▲▲ Retain three profiles
 - ▲▲ examine whether AER groupings are 'sufficiently accurate' (inaccurate enough to warrant changing away)

AGGREGATION

- ▶▶ EME 'back end' contains aggregate usage:
 - ▶▶ Peak, Shoulder, Off Peak, Controlled load
 - ▶▶ Each time block is assumed to have a 'standard' definition
- ▶▶ This makes it impossible to account for:
 - ▶▶ More periods (or fewer)
 - ▶▶ Different cutover times
- ▶▶ With high penetration of smart meters this is a risk
- ▶▶ Preliminary view is that
 - ▶▶ back end will be at half hourly resolution
 - ▶▶ Retailers won't experience this directly

GEOGRAPHY



BPIDs are:



'defined' by climate zone & State/ Territory



Mapped to postcodes



Preliminary view is to:



Define profiles by Climate zone



Side issue:



Not currently clear how BPIDs account for more than one DUOS tariff per postcode



No reason to think profiles vary by DNSP within a postcode, so not a consideration in profile development

RESIDENTIAL AND/ OR BUSINESS PROFILES



- ▲▲ BPID profiles are residential
- ▲▲ Vic profiles will be residential only

SOLAR

- ▲▲ There is intuitive appeal in providing different profiles for customers with solar and controlled load
 - ▲▲ Also some other variables (gas)
- ▲▲ Analytically, these are not the 'next' variables you would add to give the most accurate model
- ▲▲ The argument for adding them is based on intuitive appeal
- ▲▲ Preliminary view is
 - ▲▲ Not to add additional variables

CONTROLLED LOAD



- ▶▶ Some customers have controlled loads
 - ▶▶ Query – is it possible for a customer who does not currently have a controlled load tariff to move onto one?
 - ▶▶ Query – is it possible for a customer who does currently have a controlled load tariff to move off one?
- ▶▶ BPID for controlled load tariffs
 - ▶▶ Account for controlled load usage separately
 - ▶▶ Report (retain) the same total usage given h'hold size
- ▶▶ Preliminary view
 - ▶▶ Provide means to compute controlled load cost separately
 - ▶▶ Freedom for total usage to differ btw controlled load and 'non' customers

Any questions?



Contact us

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