



# Customer Insights Collaboration – Release One – Q1 2022

## Call for evidence

### 1. Introduction

The ESB is undertaking a piece of work to leverage insights from existing and recent research activities. This work will synthesise research evidence about barriers and enablers to customers being rewarded for flexibility from their distributed energy resources (DER) and flexible energy use.

These high-level insights will be collated and used as a public input into the first release of the Customer Insights Collaboration (The Collaboration), which the Energy Security Board (ESB) is facilitating to support and inform the delivery of the Post-2025 market reforms.

To inform this work, the ESB is issuing a call to customer groups, industry stakeholders, research institutions and interested parties for evidence and insights about barriers and enablers to customers being rewarded for flexibility from (largely) customer owned DER assets and flexible energy use.

### 2. Background

#### *The DER Implementation Plan*

In its Post-2025 Market Design Review, the ESB recommended a DER Implementation Plan (Plan) to support the effective integration of DER and flexible demand. Ministers have tasked the ESB to deliver the Plan over the next three years.<sup>1,2</sup>

The Plan sets out reform activities necessary to support the effective integration of DER and flexible demand. These reforms address a range of technical, regulatory and market issues over a three-year period. Reforms are intended to leverage technology and data, improve access and efficiency, enhance market participation, and strengthen customer protections and engagement.

A number of reform activities to address urgent issues are already underway across market bodies and within other forums. This is particularly the case for activities identified for Horizon One. Other activities, notably for Horizon Two and Horizon Three, are laid out as placeholders to provide clarity to stakeholders of key issues that will need to be progressed together.

In approaching the work program for Horizon One activities in the Plan, the ESB has presented the work program from the perspective of key issues for end customers. This is intended to help to reveal the underlying issues and potential customer insights needed to support delivery of the reforms.

No	Customer Outcomes	Horizon One Challenges
1	<i>Consumers have access to secure, reliable, affordable, and sustainable energy no matter how they choose to participate</i>	<i>Getting the most out of our shared network infrastructure for all customers.</i>  How might regulatory and market frameworks adapt to unlock value and choices to all customers from DER assets or flexible demand?
2	<i>Consumers can realise the value of their flexible demand and DER</i>	<i>Creating value for customers DER and flexible demand by reforming the wholesale market</i>

<sup>1</sup> The ESB Post-2025 Final Advice can be found on the ESB microsite. Part A of the advice is here: <https://esb-post2025-market-design.aemc.gov.au/32572/1629944958-post-2025-market-design-final-advice-to-energy-ministers-part-a.pdf>

<sup>2</sup> A summary of the recommendations can be found here: <https://www.energy.gov.au/sites/default/files/2021-10/Summary%20of%20the%20final%20reform%20package%20and%20corresponding%20Energy%20Security%20Board%20Recommendations0.pdf>



No	Customer Outcomes	Horizon One Challenges
		How might we reform the wholesale market to remove barriers for service providers to enter and offer new products and services? How can we adapt current settings to better value the flexibility customers may choose to offer?
3	<i>Fit for purpose protections framework improves experience for all consumers</i>	<p><i>Enhancing customer choice with fit for purpose protections</i></p> <p>How do we enhance choice for customers and promote innovation while keeping them protected and maintaining their access to essential services?</p>

More detail about the Plan is set out in the scope of works paper on ESB website.<sup>3</sup>

#### *The Customer Insights Collaboration*

In parallel with delivering the Plan, the ESB is facilitating a Customer Insights Collaboration (the Collaboration). The Collaboration will provide a forum to work with customer groups and industry stakeholders on key cross cutting customer issues that have implications for DER reform development and implementation.

The ESB will use this forum to share and undertake research and analysis (independently and in partnership with other organisations), on current customer needs and issues to inform work with stakeholders and the delivery of reforms across the Plan. The intent of doing so is to build an open and accessible knowledge and evidence base relevant to the issues that will emerge over the three-year life of the program, informing development of the reforms as the work progresses.

The Collaboration will be organised in six-month releases considering key cross-cutting issues and involve a series of independently facilitated public workshops. These forums will draw on the best available evidence to stand in the shoes of customers and generate insights that can feed into the reform activities and inform adjacent policy or regulatory issues more broadly.

The ESB will also commission and partner with other organisations on research projects to inform the Collaboration. The research focus for Release One will be on gathering and synthesising insights from existing survey, trial, and other work relevant to the design and implementation issues arising in Horizon One. Consideration will be given to new primary research on issues that are likely to be a focus in Horizons Two and Three and will be informed by stakeholder and customer group feedback.

By taking this forward view, the Plan should also strengthen the feedback loops between the technical, regulatory and market frameworks, and the industry trials and research and development work undertaken by ARENA, Energy Consumers Australia (ECA), and other institutions across Australia.

<sup>3</sup> This can be found here: <https://esb-post2025-market-design.aemc.gov.au/>



### 3. Theme for Release One

#### *Removing barriers for customers to be rewarded for flexible demand*

The topic for the first release of the Collaboration is to consider the barriers and enablers to customers being rewarded for their DER and flexible demand.

There is limited participation of DER and flexible demand in the wholesale energy market today, particularly at a household and small business level. There are significant customer challenges to be overcome if participation is to increase, and the long-term market benefits from DER and flexible demand realised.

Electricity is an essential service, and its use is embedded in the way people live their lives and run their businesses, meaning some households and businesses may have limited flexibility to change their energy usage. For example, flexible management of heating and cooling may be constrained by the energy efficiency performance of housing stock. Some customer groups may also face barriers to investing and installing rooftop solar PV and other forms of DER because, for example, the upfront cost of DER technologies, or because they rent or reside in apartments.

Many households and businesses who have invested in rooftop solar PV to date, have done so to meet their own energy needs, with opportunities to trade or otherwise leverage their assets for financial reward as part of a larger market a secondary consideration. A key motivator for many has been a desire to become more energy independent.

New energy services may also create new risks for customers, and adequate protections will need to be in place to give people the confidence to explore new opportunities.

The first release of the Collaboration will seek to gather insights about how to grow access to the benefits of DER and flexibility services, make it easy for customers to make choices, as well as simple and safe to switch between service providers, the level of risk customers are prepared to take (e.g., safe default settings on devices), explore customer needs and expectations around rewards for the flexibility that they may choose to provide to the system (in ways they wish to be rewarded), and how to design arrangements that work for all customers (not just those with DER assets).

### 4. Evidence and insights sought

The ESB recognises that a significant volume of important research and studies looking into related issues has already been carried out. Our intention is to leverage insights from across these activities and highlight where themes and key takeaways may be relevant for consideration of current reform activities.

To support this, the ESB is seeking contemporary evidence and insights about customer values, expectations and needs in relation to, as well as their experience of, DER and flexible demand technologies and services.

The evidence and insights must be publicly shareable and not subject to confidentiality limitations. This is to allow the information to inform development of a knowledge sharing report and to be used as a key input into the Collaboration.

The types of work ESB is most interested in capturing are:

- a. Reports and case studies from DER and flexibility service and technology pilots, trials and living labs
- b. Academic research papers
- c. Research and other reports by consumer organisations, industry stakeholders, governments organisations
- d. Policy evaluations and post implementation reviews



- e. While the reforms are considering issues in a NEM context, customer insights from other sectors or international energy markets would also be welcome.

For further context, in the DER scope of work document, the ESB also set out a number of areas where customer insights would be particularly useful to inform consideration of related reform activities. See on the ESB website for further details.

Finally, in respect of new research topics or considerations for subsequent releases of the Collaboration, the ESB will seek further input and feedback from stakeholders to inform these activities over Q1-Q2 2022.

#### *Knowledge Sharing Report*

The literature on these issues is diverse, reflecting the complex socio-technical nature of the energy transition, and the tools and approaches different disciplines bring to the task. The diversity and depth of these literatures mean it is challenging to identify the best, latest, and most relevant insights.

To make the output as accessible as possible for a diverse audience, we are proposing to organise the knowledge sharing report around customer journeys for DER and flexibility technologies and services, identifying barriers and enablers in each stage. That is:

- *interest and acquisition,*
- *installation,*
- *operation and maintenance, and*
- *retention.*

This is a framework recently used by ARENA to consolidate customer insights in a review of DER trials.<sup>4</sup> The ESB intend to take a broad view of the customer journey, including by seeking to engage with the barriers that many households and businesses face in relation to accessing DER and flexibility services and technologies that mean they are not able to take the first step in a customer journey.

## **5. How to respond**

A knowledge sharing report, including a summary of the material provided to the ESB as part of this call for evidence, will be published on the Energy Ministers website, following a review for claims of confidentiality. All responses should be sent to [info@esb.org.au](mailto:info@esb.org.au).

<b>Response information</b>	
<b>Response close date</b>	<b>24 January 2022</b>
<b>Lodgement details</b>	Email to: <a href="mailto:info@esb.org.au">info@esb.org.au</a>
<b>Naming of submission document</b>	[Company name] Response to Customer Insights Collaboration, Release One call for evidence
<b>Form of submission</b>	Clearly indicate any confidentiality claims by noting “Confidential” in document name and in the body of the email.
<b>Publication</b>	A summary of responses will be published on the Energy Ministers website, following a review for claims of confidentiality.

<sup>4</sup> <https://arena.gov.au/knowledge-bank/insight-into-distributed-energy-resource-customers/>