

BACKGROUND

The recipient of the EDA's 2017 Foreign Study Tour Award was Sue Forcier, Vice-President Communications, Marketing & Public Affairs & Chief Conservation Officer, Niagara Peninsula Energy who attended the 2018 Energy Networks Conference in Sydney Australia. As part of the Award, Ms. Forcier represented the EDA and Ontario LDCs at the conference and subsequent meetings she held. To fulfill the Award agreement, Ms. Forcier has provided the report on her trip below as well as a piece to be published in a future edition of *The Distributor*.

SUMMARY

Vision Critical Down Under

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I was honoured to attend the 25th anniversary of the Energy Networks Australia 2018 Conference, "Vision Critical" in Sydney, Australia from June 1 to June 7. This was an international conference that attracted over 900 delegates, 400 Exhibitors - speakers and attendees in our field from across the globe. There was a diverse range of speakers including the Australian Minister of Energy, as well as Communicators, Marketers and Engineers from the UK, New Zealand and the United States, who examined where this industry is now, how we got here, and how this industry can take rein of the opportunities. Speakers provided guidance on how we can best map the terrain ahead to continue to deliver value for our customers.

Innovation and disruption visionary and former Premier of Tasmania, David Barlett, delivered the conference's "Vision Critical" address. Mr. Barlett encouraged wires companies, referred to as Energy Networks, to better understand energy consumers, to be able to predict behaviours and patterns early in order to anticipate market opportunity. He also addressed the need for our sector to design individual, tailored, flexible and responsive energy solutions that integrate technological advances.

He stressed that collaboration in general and partnerships with other industries, in particular, is a must within our sector in order to deliver these energy services to the customer.

The conference featured six plenary sessions with expert national and international panelists from across the energy sector. Topics included customer experience, the lessons learned from energy projects, the future of the energy system and growth of other new technologies.

A series of concurrent sessions and operational forums were also held. Speakers in these sessions explored a wide range of issues including cybersecurity, microgrids, vegetation management and customer and stakeholder engagement.

As I captured all the information at this conference and opportunities that await us right across this industry sector, it reminded me that we must learn from our experience of disrupters such as Uber and AirBNB. We as LDCs must not be complacent as it is a "killer" when it comes to technology disruption.

And if we are to be the orchestrator of the customers' energy needs, our LDCs are in a better position than the Energy Networks in Australia.

What an Ontario LDC Can Learn from Experiences of Australia's Electricity Industry

I was surprised to learn that Australia had restructured its electricity industry in the 1990s. The restructuring consisted of:

- Introduction of competition;
- Unbundling of electricity industry functions;
- Reorganization of the electricity market;
- Separation of network changes;
- Privatization of Electricity Businesses in some States;
- Formalization of electricity industry regulation.

Although this sector has dramatically evolved greatly, what has not changed in Australia is that Energy Networks (25 members) supply gas and electricity to virtually every household in Australia, as well as powering businesses large and small across the whole economy. Energy Networks companies are pure wires or pipeline companies. They do not have a direct connection to end-users. The end-user direct connection is maintained by energy retailers which bill the end-user directly.

Renewables Integration

The restructuring and ongoing changes to the electricity industry in Australia have created opportunities for the energy network companies. Their role will become ever more critical as Australia increases the amount of renewables integrated into their grid. Their generation sector has already started its transformation from a coal-based fleet powered primarily by renewables.

Tesla Community in Melbourne Australia

Australians love household solar like no other country on earth. In Queensland more than 32% have a PV system. South Australia is also above 30%, West Australia above 25% and New South Wales 17% and growing fast. To put this into perspective, the equivalent figures for Hawaii and California, thought of as global renewable energy leaders, are only about 20%.

Until now, Australia's distribution Energy Networks have done a remarkable job acting as a sponge, soaking up all this solar generation and managing the growing two-way flows. But parts of the networks already can't handle any more solar and as many of the early adopters also installed batteries. Network companies have predicted a real problem managing the security and reliability of the energy system. It is with this challenge in mind, that Energy Networks Australia is working in partnership with the Australian Energy Market Commission (AEMO) on how to develop Open Energy Networks to manage these changes and deliver value for those who have solar and storage – and those who don't. They realize that they need to do this right to find an effective and efficient way to make "plug and play" a reality.

The Customer Relationship

Energy Networks Australia has a missing piece to the puzzle – the Customer's Trust. Most Energy Networks do not bill the customer directly, rather it is a flow through cost on their bill. Therefore, there is no relationship with the customer.

Since competition, customers choose their energy retailer who will suit their energy needs. So the emphasis is on the customer to be educated in choosing their energy service provider. It is like choosing your insurance company – ideally, you would like to have one provider that services all your insurance needs. As a result, this has caused many customers finding their electricity prices rising to over inflation every year and blame the cost of infrastructure and question its value. This is a disadvantage to the Energy Networks.

Ontario LDCs are better positioned to address customer needs than our Australian counterparts. We have a direct relationship with our customers and a long track record of being the trusted customer advisor. Our LDCs must take the driver's seat as we have the relationship and trust with our customers. Collaboration, innovation and partnerships alongside our customers is key in order for ideas to reach fruition. This is our future.

LDCs must also ensure that our innovative work, regardless of where it sits in within the business, is aimed squarely at improving the customers' experience, as that, ultimately, is what we are here for.

Key Takeaways for Ontario LDCs

My takeaways from "Vision Critical" for Ontario LDCs are:

- 1) The need for our sector to design individual, tailored, flexible and responsive energy solutions that integrate technological advances is critical to the success of our industry.
- 2) Collaboration and partnerships is a must within our sector in order to deliver these energy need services to the customer
- 3) A totally decentralized energy grid is not in the best interests of a customer if LDCs are to be the orchestrator of all the customer's energy need services. A balance of centralized vs. decentralized services is needed to provide optimal customer choice and cost-effectiveness.

In conclusion, "Vision Critical" 2018 provided a valuable platform for discussion about how to navigate the transformation that is underway. Ontario LDCs are well positioned to take a leadership role in this transition through our relationships with our customers. We don't have to reinvent the wheel. We can learn from the experiences of others such as our counterparts in Australia, build on our own experience and create a positive future for ourselves and for our customers.