AusNet Services 2021-2025 EDPR Customer Research

Qualitative Research Highlights Presentation to AusNet Services Customer Forum

July 2018

NEWGATE RESEARCH

AGENDA

What we did

What we found

Questions and discussion

WHAT WE DID

Explored customer awareness, perceptions and expectations

1 Extended 3 hour 'pilot' group discussion:

- 7 consumers (including residential and SME representatives) from across Melbourne
- Presentation of information re: a) AusNet Services, b) services and future challenges
- Preferences to meet solar and peak demand challenges
- Preferred data services and communication options

74 People join a 2-day online community:

- Baseline insights
- Immersion topic areas and options

10 2-hr focus groups:

- 2 each in Lilydale, Benalla, Bright, Phillip Island and Sale

8 Minute follow-up survey

What we found

META-INSIGHTS

A low profile tainted by experiences and sector-based cost-of-living impacts

- Costs and prices dominate the energy conversation
  - Most customers are already changing energy use in response to higher bills
  - Only one bill: no distinction between cost-drivers across the supply chain
  - No real understanding of costs involved in providing a reliable and safe supply
- Majority know little more than your name; brand is a fairly clean slate
  - Most knowledge linked to 'blackouts' and for a few, connecting services / solar
  - From largely neutral to more favourable once your role is better understood
  - Some concerns about being privately (and partly foreign) owned
- The research opportunity was appreciated

> *"Everyone had an issue with the price of electricity and that's only going to increase."*

META-INSIGHTS

Regardless of the nature of the service, overall networks costs were seen as a community responsibility rather than an individualised one

Costs should be shared as evenly as possible

- Network costs strongly seen as a shared rather than individual responsibility
- An investment in the future

Prefer behaviour change over more blackouts or paying more

- Nobody *wants* to pay more
- Nobody wants more blackouts
- Most preferred to reduce their electricity use to avoid those scenarios … but need help

But why is it up to us?

- A few felt increased network costs should be borne by the government, AusNet Services and/or big business
- A sense businesses have more impact than householders

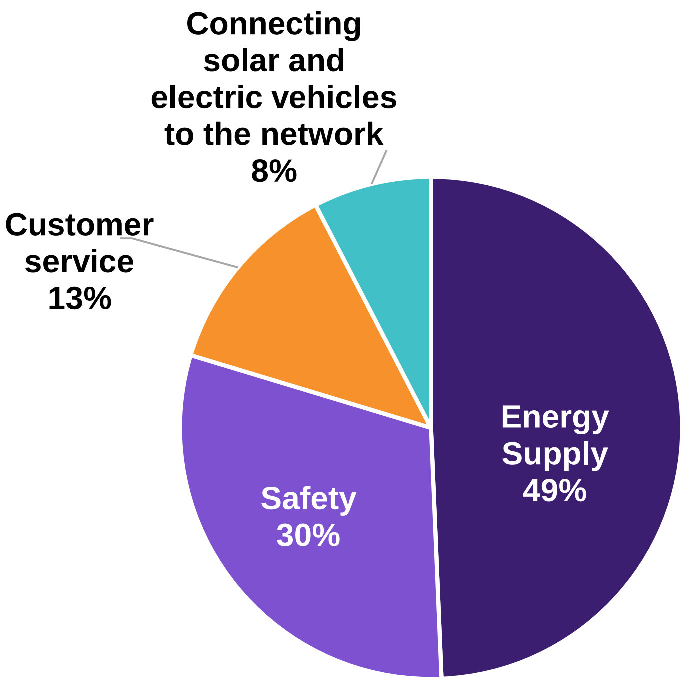
"They're trying to make us care about their problem. Quite frankly, 'not my monkey, not my circus'." - Melb, lower vulnerability

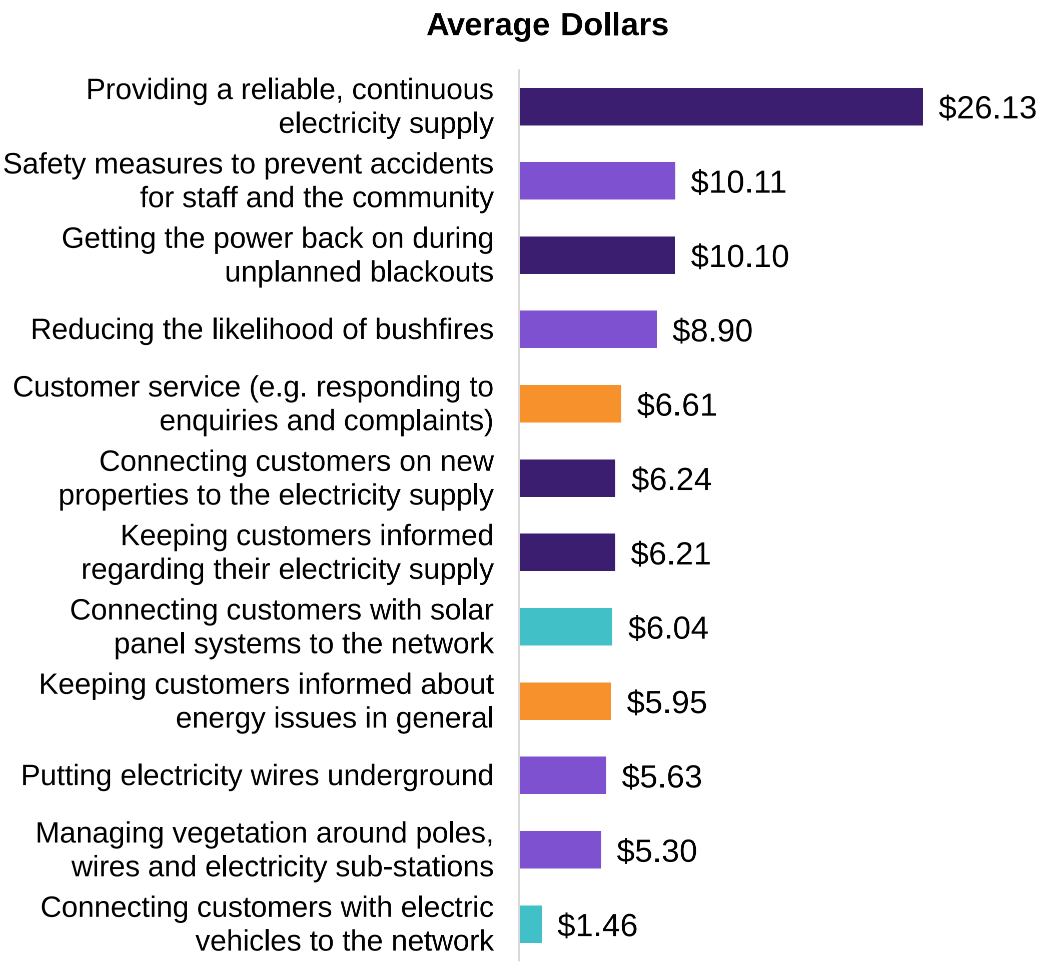
PERSONAL VALUES

Explored for context to see how AusNet Services priorities relate to people's deep interests

DOLLAR EXERCISE TO REVEAL RELATIVE VALUES

Energy supply services are valued most, with safety also highly valued





Base. All focus group participants (n=68). Q. Below is a list of core services that AusNet Services provides. Please allocate a total of $100 across the services in this list to indicate how much you value each one.

WHAT CUSTOMERS WANT – TOP 6 CORE SERVICES

Delivering electricity as it is needed, with charges reflecting what it really costs

Service	Importance Score 7+/10	Performance Score 7+/10	Key values alignment
Reliability	97%	97%	• Trust/honesty • Family
Safety	97%	87%	• Family
Getting the power back on after blackouts	97%	83%	• Respect • Family
Keeping customers informed	97%	76%	• Respect • Trust/honesty
Reducing the likelihood of bushfires	96%	72%	• Family
Customer service	90%	68%	• Respect

WHAT CUSTOMERS WANT – TOP 6 CORE SERVICES

Delivering electricity as it is needed, with charges reflecting what it really costs

"You are paying for a service, so I think it is reasonable to expect for it to be there." – Melb, lower vulnerability

"Restoring power is about fairness - we're paying for it so we expect fair and reasonable access to power."
- North, lower vulnerability

"I think it is really necessary for AusNet to keep people informed. People need to know more about how they consume their energy."
- East, lower vulnerability

"Well, Black Saturday didn't go so well for many of my friends and neighbours and it appears some of it was due to electrical supply according to the courts. Happy to see them learn from this." - Melb, higher vulnerability

WHAT CUSTOMERS WANT – NO. 1: RELIABILITY

Delivering electricity as it is needed, with charges reflecting what it really costs

Values Family, Respect, Honesty, Trust, Fairness

Continuous supply

97% Importance

97% Performance

Responding quickly to blackouts

97% Importance

83% Performance

Keeping customers informed about supply disruptions

97% Importance

76% Performance

"Really, their job is to provide a reliable service, and provide updates and customer service."
- East, lower vulnerability

WHAT CUSTOMERS WANT – NO. 2: SAFETY

Seen as a core responsibility; not just 'nice to have'

Values Family, Trust, Love, Respect, Community

Preventing accidents

97% Importance

87% Performance

Bushfire prevention

96% Importance

72% Performance

Vegetation measures

86% Importance

72% Performance

Undergrounding electrical wires

78% Importance

48% Performance

"Food companies are responsible for the safety of their food – so AusNet should be responsible for the safety of their product too."
- North, higher vulnerability

Core topics explored

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SOLAR CONNECTIONS – PERCEPTIONS

There is a lot of excitement about small-scale solar connections, but very low awareness about the cost implications for the network

- **Genuine excitement:** 'The way of the future', underpinned by strong financial and enviro motivators
- **Unanimous surprise** at two-way flow issues and network cost implications of solar uptake
- **Keen interest:** Over half of current non-solar customers would 'probably' or 'definitely' install in next few years
  - Considerable awareness of (and interest in) batteries as a solution to solar's intermittency
- **Main barriers** to in uptake centred on cost and lack of landlord support for renters
- **Some concern** that those whose could least afford it would end up subsidising solar customers

"What about renters? They will be punished because the [landlord] doesn't have solar."
- East, lower vulnerability

SOLAR CONNECTIONS – PREFERENCES

Continued uptake in solar seen as positive, inevitable and benefiting the whole community – consequently, costs should be borne by all

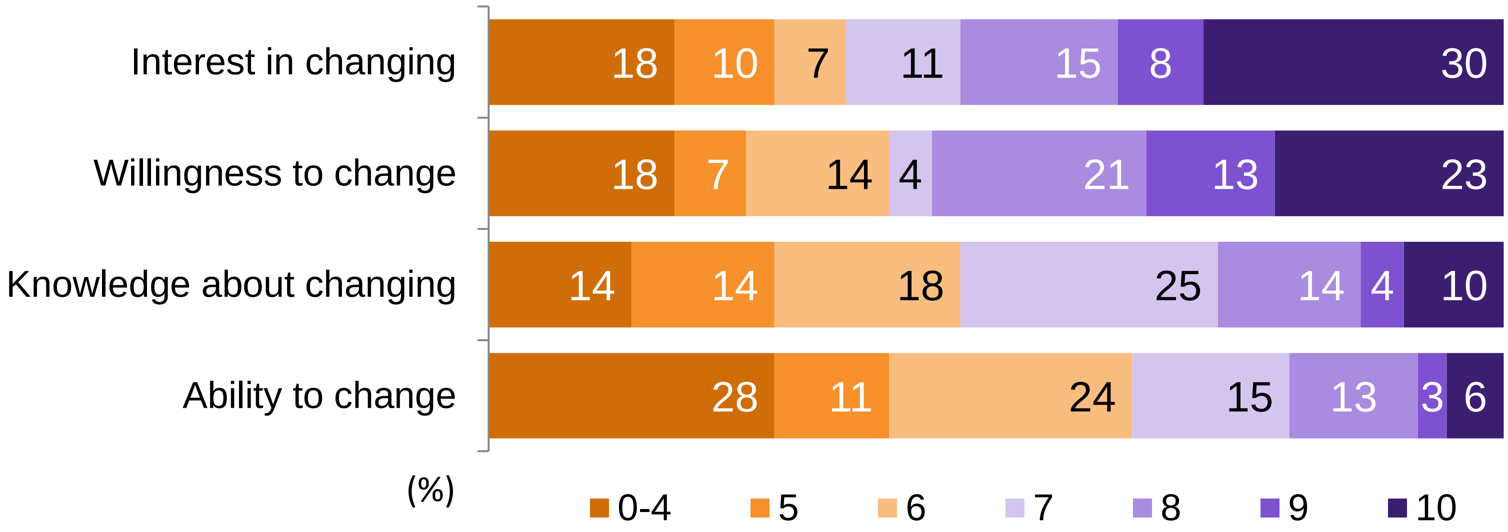
- **Strong support** for allowing continued growth in solar uptake; zero support for limiting future solar connections
  - Desire for a durable, proactive solution that wouldn't defer costs to future generations or discourage new connections
- **Everyone should pay:** Perception that everyone benefits, and increased uptake is both positive and inevitable
  - Very limited support for charging new solar customers only (though vulnerable customers tended to favour this)
- **'Poles and wires' upgrade** preferred by more than half – upgrades seen as inevitable, despite being highest cost
- **Smart control system** embraced by two-fifths as cheaper and more forward-thinking – but seen as a band-aid by some
  - Related concerns about customers ceding control and 'wasting' solar power generated

> *"I see a future where we all have solar, so it seems fair to share the cost."*
> - East, higher vulnerability

DEMAND RESPONSE – PERCEPTIONS

Interest in reducing electricity consumption outstripped by knowledge gaps and perceived ability to change or make a difference

- **Knowledge impediments:** Most felt they had made an effort to reduce bills (e.g. unplugging appliances), but they rarely knew if it had made any difference
- **Barriers to action included** poor insulation, childcare or health needs, living in rental properties, costs of more efficient appliances, others' behaviours in house



Base: Online community participants (n=71) Q. How interested are you in making changes to your household's (or small business') electricity usage (including when and how much you use)? How willing would you be to make changes to when and how much electricity your household (or small business) uses? How would you rate your knowledge about how to reduce the amount of electricity your household (or small business) uses? How much do you think you could make changes to your household's (or small business') electricity usage (including when and how much you use)?

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Scale: 0-10 where 0 means [not at all interested/not at all willing/don't know anything/could not change at all] and 10 means [extremely interested/extremely willing/excellent knowledge/could change a great deal].

DEMAND RESPONSE – PREFERENCES

Mixed levels of enthusiasm – with overwhelming preference for manual response due to concerns over ceding autonomy

- **Mixed enthusiasm about demand response:** Some motivated by incentives, some felt they could do no more, others felt behavior would fall short of intent
- **Overwhelming preference for manual response,** as it allowed customers to maintain autonomy – even though some acknowledged this may not be efficient
- **Negative reactions to automated response** linked to discomfort about ceding control and skepticism that remote changes would be genuinely unnoticeable
    - Mistrust in line with relatively poor reputation of the energy sector as a whole
    - Those interested felt there should be an option to override if uncomfortable
- **Community response was the least popular** – interest among some regional participants, but many felt this would not encourage household behavioural change

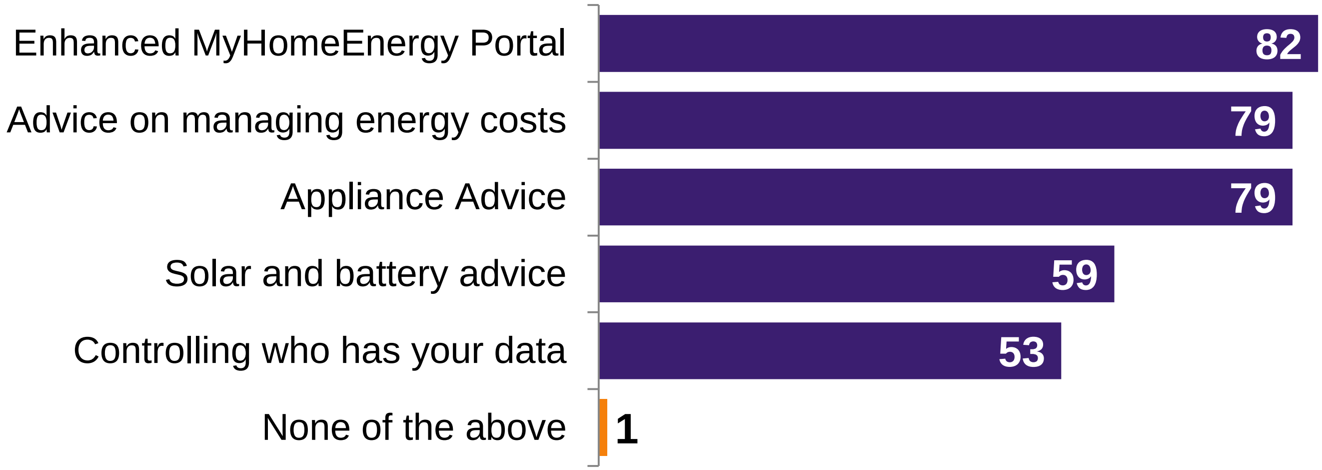
"I am an old aged pensioner who lives on her own, so I really feel what small amount of electricity I could save would not be very beneficial." - North, higher vulnerability

"The distributor should improve their services to cope with peak demand as we certainly pay huge amounts for our supply." - Melb, higher vulnerability

EMPOWERING CUSTOMERS VIA DATA

Most interested in several options; only one participant not interested

Interest in smart meter services (%)
Multiple selections possible



- Very limited awareness of smart meter benefits … though some using retailer apps
- Highly enthusiastic about using data to better understand and reduce their energy use
- Many would prefer an AusNet Services app … no 'skin in the game', independent

Base: All focus group participants (n=68).
Workbook Q4. Right now, very few households and small businesses are using the full potential of their smart meter. But there are a number of things they can do, and we want to understand how interested you are in some of these options. Please tick any of the services below that AusNet Services could provide, which you think you would actually use.

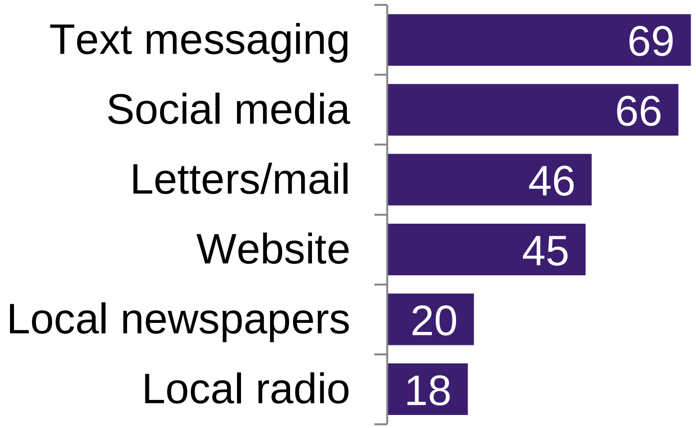
COMMUNICATIONS

Current communications suffice, but interest in more, framed around customers

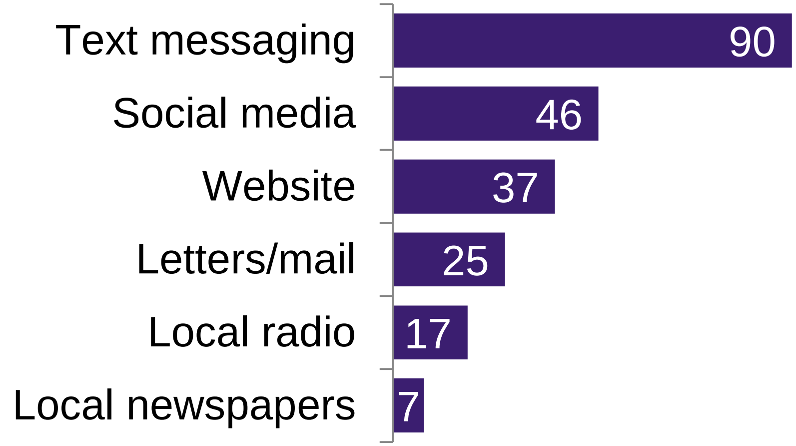
- Limited – if any – contact with AusNet Services
- Outages focus: who is affected, why did it happen, when will the power be back?
- But most wanted more: what do you do and why, how can you help customers, what are you doing to plan for the future and bring down costs?
- Many suggested an education campaign similar to *Target 155* would help

Contact Preferences…

For general information (%)



For blackouts (%)



KEY SEGMENTS IN FOCUS

Segment	Higher vulnerability	Lower vulnerability
Standout personal values (in descending order)	• Friendship • Peace • Helping others • Compassion • Nature	• Love • Kindness • Health • Fairness • Integrity
Network services most valued	• Reliable supply • Keeping customers informed (avoid food loss, health issues) • Solar panels and electric cars a luxury	• Safety • Reliability • Good (relevant) communication • Mildly interested in undergrounding, primarily for safety not aesthetic reasons
Preferred approach to paying for network costs	• Often powerless to pay more or change behaviour, though more attracted by incentives • More likely to support a causer-pays approach to solar as they are unlikely to afford it themselves • However many accepted the charges for all customers due to indirect benefits • Higher expectation of the network to address these issues without them having to pay more	• Make sufficient changes to avoid additional costs (except in Melb where the majority preferred 'change a little, pay a little more' • Some supported higher payments with no changes to behaviour • More likely to support all customers paying for solar connections, rather than only those with solar

KEY SEGMENTS IN FOCUS

Segment	SMEs*	Early adopters**
Standout personal values (in descending order)	• Making a difference • Learning • Challenge • Achievement • Love	• Kindness • Compassion • Freedom • Fairness • Independence
Network services most valued	• A reliable, continuous supply, • Restoring power quickly after blackouts and keeping informed • Least interested in energy issues	• More likely to regard all services as important, though electric vehicles remains the lowest priority (scoring on average 7 out of 10) • Rated solar connections as more important than other customers, valuing this more because they had enjoyed the benefits
Preferred approach to paying for network costs	• More supportive and more able to pay a little more and make some changes to secure a continuous supply and avoid blackouts • Seek clarity and accountability from AusNet Services if additional funds are required	• Around half willing to change behavior to avoid additional costs or more blackouts • Others feel they've dine enough already • Driven by 'doing the right thing' over money • Comfortable with new technologies but not necessarily ceding control to the network

** The SME segment was a small sample for this study and would benefit from dedicated research to draw definitive conclusions.*

*** Based on those who either already had solar panels and/or had seriously investigated options for both solar and batteries.*

THE RESEARCH EXPERIENCE

Participants greatly enjoyed the experience

7-10 = **97%**

How would you rate the quality of the research experience? (%)

100%

- Opportunities to meaningfully share their views
- Opportunities to say how they really felt
- The facilitation

- 97% Suitability of times and dates
- 97% Quality of information
- 96% Value of participating

Base: All follow-up survey participants (n=69). Scale: 0 = very poor, 10 = excellent.

IMPLICATIONS FOR CONSIDERATION

Focus on helping customers to be energy efficient, make the most of solar, and pay no more than necessary

1. **Empower customers and help them change their behaviour through data**

2. **Education for the broader community … also a role for the sector as a whole?**

3. **Deliver and improve core services**

4. **Support renewables, particularly solar:** Don't limit, offer system choice advice

5. **Reframe the conversation:** Issues and impacts for customers, not the network

6. **Demonstrate responsibility and respect:** Open, honest and timely engagement
   1. Collaborate with other industry players to help educate and inform the community
   2. Explain what you are doing and how you are spending customers' money
   3. Consult on issues that affect them – and provide specific details, then clearly show how their input has made a difference

7. **Reduce and shift costs:** Incentives over punitive 'sticks' or 'big brother' approaches

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