

AusNet Electricity Services Pty Ltd

Electricity Distribution Price Review 2022-26

Appendix 3D: Deeper Attitude and Perception Survey (New Gate Research)

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AusNet Services 2021-2025 EDPR Customer Research

Qualitative Research Report

August 2018



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DISCLAIMER

In preparing this report we have presented and interpreted information that we believe to be relevant for completing the agreed task in a professional manner. It is important to understand that we have sought to ensure the accuracy of all the information incorporated into this report.

Where we have made assumptions as a part of interpreting the data in this report, we have sought to make those assumptions clear. Similarly, we have sought to make clear where we are expressing our professional opinion rather than reporting findings. Please ensure that you take these assumptions into account when using this report as the basis for any decision-making.

The qualitative research findings included throughout this report should not be considered statistically representative and cannot be extrapolated to the general population. For the quantitative research results, the base (number and type of respondents asked each question) and the actual survey questions are shown at the bottom of each page. Results may not always total 100% due to rounding.

This project was conducted in accordance with AS: ISO20252:2012 guidelines, to which Newgate Research is accredited.

Project reference number: NGR 1802003.

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EXECUTIVE SUMMARY



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EXECUTIVE SUMMARY

INTRODUCTION

This report details the findings from a program of qualitative research undertaken by Newgate Research in May and June of 2018, to provide input into the development of AusNet Services' proposal for its *2021-2025 Electricity Distribution Price Review* (EDPR).

The study involved a broadly representative mix of 81 residential and small and medium enterprise (SME) customers from a diverse spectrum of demographic and socioeconomic traits, with primary segmentation by levels of relative financial vulnerability.

The core program comprised 10 focus groups in five locations across AusNet Services' electricity distribution network, supported by a pilot group to test research materials, a preliminary online community to introduce key concepts, and a wrap-up survey to capture participants' final reflections.

BASELINE CONTEXT

- ◆ The strongest personal values among AusNet Services' customers are trust and honesty, family, kindness and compassion, and respect. These are key lenses through which they view and evaluate AusNet Services (e.g. reliable supply, accurate and fair pricing) and its proposals.
- ◆ Electricity is regarded as an essential but expensive service – customers mainly think about it in terms of costs, and many would prefer not to have to think about it all. While most had made some changes to their own energy usage to try and bring down costs, knowledge was limited regarding the electricity supply chain or cost drivers.

PERCEPTIONS OF AUSNET SERVICES

- ◆ AusNet Services' profile among participants was largely driven by their experience of 'blackouts' (their preferred term for unplanned outages). While nine in ten reported experiencing at least one blackout in the past year, many were tolerant – so long as there was accurate, up-to-date information about the likely duration. However the number of blackouts was problematic for one in five (22%) who rated this <5 out of 10.
- ◆ Many held neutral feelings towards AusNet Services, with little distinction between different parts of the supply chain. While trust was generally lower for retailers, increased costs caused by one part of the supply chain did not absolve others – pointing to role for communicating the value of the sector overall.

VALUE AND PERFORMANCE ON CORE SERVICES

- ◆ When it came to core services, reflecting their personal values, participants prioritised a reliable continuous supply, safety and customer service as central to AusNet Services' social license to operate. More specifically, participants prioritised receiving timely information about blackouts and other supply interruptions, and implementing safety measures to prevent accidents, bushfires and added costs. This was followed in importance by connecting new and solar customers.
- ◆ Services not meeting an immediate need were deprioritised as 'nice to haves' – e.g. connecting electric vehicles to the network or undergrounding wires.
- ◆ Many were unaware of how AusNet Services performed on many of its key roles, but those who did have some insight were largely positive. Importantly, 97% rated the company highly (7+/10) for its *most* core service of providing a reliable, continuous electricity supply.

EXECUTIVE SUMMARY CONT'D

Responding to demands placed on its network by changing customer behaviours, participants were presented with a range of in-principle potential solutions to the issues of solar connections and peak demand days. Much of this information was provided during the two-day online community, before the deeper in-person discussions and deliberation.

SOLAR CONNECTIONS

- ◆ Customers are genuinely excited about decreasing costs and increasing uptake of small-scale solar generation, underpinned by financial and environmental motivators. All participants were surprised by the two-way electricity flow issues facing the network, and generally unaware of the potential costs of connecting new solar systems to the grid.
- ◆ With solar seen as 'the way of the future', participants insisted on a durable and proactive solution that would allow for continuous growth – one that would not impose more substantial costs for future generations. 'Poles-and-wires proponents' felt upgrades were inevitably needed, while 'smart-control proponents' saw the IT approach as cheaper and more forward-facing. *None* of the participants wanted to limit new solar connections, despite the costs.
- ◆ Most participants believed the costs to accommodate more solar feed-in should be shared by all – particularly as more solar uptake was seen as positive and inevitable. More than half (54%) voted to upgrade the 'poles and wires' through a \$10 annual charge for all, and most others (40%) preferred a smart control system funded by a \$5 annual charge for all. A minority – mostly highly vulnerable customers – felt that only solar customers should pay.

DEMAND RESPONSE

- ◆ Most participants had done things to try and reduce their bills, though they rarely knew if it had made any difference, and there were mixed views about whether they could or should do more. Some spoke of issues including poorly insulated homes, caring for small children, inability to modify rental properties, health reasons, being unable to afford more efficient appliances, and being unable to change the behaviours of others in the household.
- ◆ In terms of responses to voluntary initiatives to curb demand on peak event days, participants overwhelmingly preferred the *manual response* option, as it allowed customers to maintain autonomy, though some acknowledged it may not be an efficient motivator. 'Autonomy' also underpinned negative reactions to an *automated demand response*, linked to strong skepticism that remote changes would not be noticeable (though some noted this would generate the greatest financial benefit for minimal effort).
- ◆ The *community demand response* was the least popular concept. While some regional participants could see this working in smaller communities, many felt this was unlikely to encourage significant behavioural change.

NETWORK COSTS: WHO PAYS?

- ◆ Through discussions of the challenges associated with solar connections and peak demand, participants were asked to consider how the costs of funding desired services could be met – with options ranging from 'causer pays' to 'equally shared costs', as well as behavioural change. In general, participants firmly saw network costs as a community responsibility rather than an individual one.

EXECUTIVE SUMMARY *CONT'D*

- ◆ Most participants believed that costs should be shared as evenly as possible – and they also preferred autonomous behavioural change over more blackouts, paying more or ceding control to AusNet Services. Customers with more vulnerabilities were more likely to support a causer-pays approach; solar customers were more comfortable with new technologies but still not willing to cede control; while SMEs were more willing to pay a little more for security of supply.
- ◆ A small cohort of participants wondered why it was up to customers to make a difference, and instead wanted costs to be borne by government (at all levels), the energy sector (including reduced margins for AusNet Services) and/or big business (which was perceived to have a greater impact on the grid). Though not initially widely held, this view was influential with other participants, demonstrating the importance of education and transparency of costs.

EMPOWERING CUSTOMERS THROUGH DATA

- ◆ Participants were essentially unaware of the benefits of smart meters, and became highly enthusiastic at the prospect of using data to better understand and reduce their energy bills. A few were already using their retailer's app for such information, though on reflection most would prefer to have access through AusNet Services, which was seen to have no 'skin in the game'; therefore more independent and honest.
- ◆ Looking to the future, participants were interested in a range of data services – including more information about their energy usage and advice on reducing their energy bills, choosing the right appliances and solar/battery systems, and controlling who has access to their data.

COMMUNICATIONS

- ◆ Currently, customers have limited – if any – contact with AusNet Services. For those who could recall interactions regarding outages, most were satisfied with communications (though restoration times were often *overestimated*); they simply wanted targeted and accurate information about who is affected, why the problem occurred and when the issue was going to be resolved. Overall, they wanted future communications framed around the *customer's* perspective.
- ◆ Perhaps owing to the research process, most participants wanted to see AusNet Services extend beyond outage notifications to better engage with and educate the general community on what it does and why, how customers could reduce their energy usage, and potential behaviour changes that could mitigate network challenges they learnt about.

FINAL REFLECTIONS

- ◆ In the survey at the end of the project, virtually all participants (97%) gave strongly positive ratings of 7+ out of 10 for the research experience. When presented with a high-level summary of findings, most also felt it reflected their views.
- ◆ Participants were also asked to provide a final piece of advice for AusNet Services. Suggestions tended to be filtered through a strong personal lens – focusing on helping customers to become more energy efficient, to make the most of solar, and to pay no more than necessary.

While these findings provide indicative guidance on customer preferences at an aggregate level, the proposals were largely of an in-principle nature and should be tested further once more specific detail is determined, including trade-offs and costs, and with specific customer segments of interest.

IMPLICATIONS FOR CONSIDERATION

- 1. Deliver, improve and promote core services:** Many of the core services are strongly aligned to the values of the community – not only maintaining a reliable and safe supply, but also planning for the future. It is important to continue to deliver on the core services the community expects, and to make reliability improvements in known problem areas with a higher incidence of blackouts. In turn, the company's strong overall performance in core services could be communicated to enhance the perceived value of this work.
- 2. Reduce and shift costs:** Consider how to address cost concerns raised by participants – i.e. reducing bills and finding efficiencies in AusNet Services' operations. This could include incentives to help customers change their energy usage over punitive 'sticks' or 'big brother' approaches. It would also be worthwhile considering how to address questions about why governments and retailers are not bearing more of the network costs and doing more to innovate in renewables, rather than making this 'the customer's problem'.
- 3. Demonstrate responsibility and respect:** AusNet Services (and the energy sector as a whole) should strive for open, honest and timely engagement – not only on the EDPR but also more broadly.
 - Customers don't distinguish between the different parts of the energy supply chain, especially when it comes to costs, as they receive only one bill. As such, AusNet Services could pool resources and work more closely with other industry participants to help educate the community; not only on the issues driving their bills (the problem), but also the solutions and the outlook.
 - For AusNet Services specifically, this can include: telling customers what it is doing and how it is spending their money, demonstrating care for vulnerable customers, having a genuine customer focus, consulting customers on issues that affect them, clearly demonstrating how customer input has been used to inform decisions, and explaining why options have been chosen.
- 5. Reframe the conversation:** Reframing expenditure proposals in terms of the challenges, impacts and benefits for *customers* – rather than *the network* – would allow the organisation to better communicate the reasons for different initiatives. This should be done in ways that reflect and align with customer values.
- 6. Use data to empower customers:** Participants expressed a strong desire to change their behaviour – rather than to pay more or to accept reduced reliability – and wanted help with this. Indeed, there is a clear *need* for education about how customers can reduce their usage. From selecting the right appliances to understanding what uses the most electricity, and how much can realistically be saved – this was often linked to better access to (and interpretation of) smart meter data.
- 7. Support renewables, particularly solar:** AusNet Services should demonstrate a commitment to supporting the strongly desired transition to renewables (including 'green' R&D), which includes more small-scale solar connections. This could include giving customers information on choosing the right system and then how to 'make the most of it' – along with infrastructure upgrades to allow more solar connections, paid for by all customers.
- 8. Education for the community on broader electricity issues** – particularly around why prices have risen, the challenges with meeting consumer demand, energy efficiency, a vision for the future and community-scale solutions. This could include advertising, community campaigns and school programs, which could be a coordinated, sector-led education and behaviour change campaign.

INTRODUCTION



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BACKGROUND

AusNet Services owns and operates: the Victorian electricity transmission network, one of five Victorian electricity distribution networks, and one of three Victorian gas distribution networks. As natural monopolies, all of these networks operate in a regulated environment, with the Australian Energy Regulator (AER) setting its price movements every five years – determining both revenue caps and minimum service standards.

AusNet Services commissioned Newgate Research to conduct end-customer research focused on the electricity distribution component of its business, which services around 700,000 residential, small and medium enterprise (SME) and industrial customers across eastern Victoria and the north and eastern fringes of the Melbourne metropolitan area. The research findings are intended to inform the development of AusNet Services' proposal for its *2021-2025 Electricity Distribution Price Review (EDPR)*.

This EDPR process is occurring against a dynamic and complex backdrop, with energy currently at the heart of the national debate and the sector undergoing significant transformation. In particular, changing customer behaviour is impacting the way AusNet Services delivers its electricity distribution services – with an overall decrease in energy consumption, an increased frequency in peak demand incidents, and a dramatic increase in distributed sources of electricity (e.g. small-scale rooftop solar).

OBJECTIVES

AusNet Services – working closely with its Customer Forum representing the interests of end-customers – sought to explore current and future expectations regarding its electricity distribution services, including testing in-principle support for a number of potential investment and funding solutions relating to solar connections, demand management and data services.

In particular, the research sought to deepen the organisation's understanding of residential and SME customers' awareness, perceptions, knowledge and preferences regarding:

- ◆ Current energy issues and the energy sector;
- ◆ Reliability and responsiveness in electricity distribution;
- ◆ The role of AusNet Services and the value of its services;
- ◆ Current and anticipated energy usage behaviour;
- ◆ Confidence and ability to make informed energy choices;
- ◆ The impacts of changing customer demand patterns;
- ◆ New energy technologies, focusing on solar connections;
- ◆ Peak demand and potential demand response solutions;
- ◆ Future data services, including uptake and security; and
- ◆ Ongoing communications and engagement preferences.

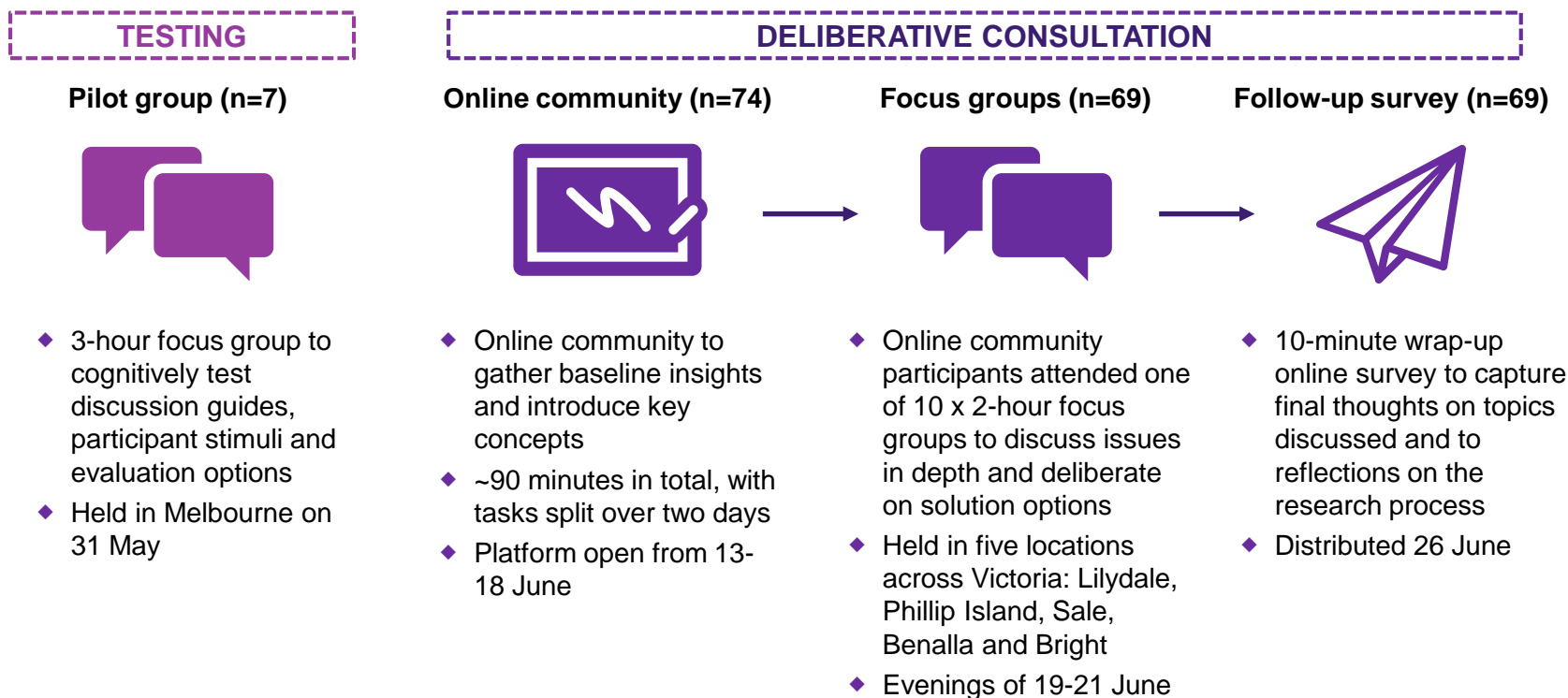
This research program is intended to be one of several inputs into AusNet Services' negotiations with the Customer Forum and other stakeholders on future investment priorities and funding options, ultimately shaping its next EDPR proposal.

RESEARCH METHODOLOGY

Newgate Research undertook a robust program of qualitative research with residential and SME customers. This involved a broadly representative mix of 81 customers from a diverse spectrum of demographic and socioeconomic traits – with primary segmentation into sub-groups of higher/medium financial vulnerability vs. lower vulnerability (which included SMEs).

The research program, sampling frame, recruitment specifications, discussion guides, participant stimuli and deliberative evaluation options were all developed in close consultation with the AusNet Services customer engagement and insights team, informed by input from its Customer Forum and a wide range of other internal stakeholders across the organisation.

Residential participants were incentivised \$150 for the pilot group and \$200 for undertaking the full program of online community, focus group and wrap-up survey; SME participants received \$220 for the pilot group and \$300 otherwise.



RESEARCH METHODOLOGY *CONT'D*

Fieldwork was conducted between 31 May and 27 June 2018. Focus groups and the online community were moderated by Jasmine Hoyer, Julie Sheather and Lucy Bellington of Newgate Research, with participant recruitment undertaken by specialist recruitment agency Focus People. The follow-up survey was programmed and fielded by Newgate Research.

It is important to note that this project was designed as a broad and qualitative exploration of the preferences of AusNet Services' electricity distribution customers, with a focus on residential customers, but with some business customers also included. The robust findings presented throughout this report should be used as the basis for comparison against any deeper investigations of specific customer segments of interest – for example, culturally and linguistically diverse (CALD) customers, or those owning or managing SMEs in specific industry sectors.

In-principle concepts and materials were used for testing in this study, with findings intended to guide the development and refinement of AusNet Services' specific EDPR proposals. AusNet Services may wish to conduct subsequent deliberative research to understand how customers react to specific, detailed and costed options for addressing solar connections, demand response and data services.

Quantitative research may also be of benefit to provide a measure of some of the findings from this study among the broader customer base – e.g. choice modelling to rigorously determine support across the customer base for specific and costed EDPR proposals.

A detailed breakdown of participants and segment definitions used in their recruitment can be found in the appendix.

RESEARCH FINDINGS



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BASELINE CONTEXT

*Personal values and perceptions of the
energy sector*



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PERSONAL VALUES

In terms of core life values, customers place great value in their families; they also really care about honesty, trust and respect – these being key lenses through which they will evaluate AusNet Services



NB: More frequently selected values appear in larger font.

What we did

- ◆ The research explored personal core values – the things participants really care about and stand for – in both the online community and the focus groups. They were asked to individually identify their most important values from an established set of 90 core values*. Understanding how they see the world enables us to analyse how AusNet Services delivers on what is most important to customers in their lives.

What we found

- ◆ Reflecting the diversity of participants, 67 of the values were selected as being participants' top five core values, though some were more popular than others. Family was the most cited value by far, though the similar values of honesty and trust rose to the top when combined. Likewise, the interlinked values of kindness and compassion jointly formed the third most common value, followed by respect.

WHAT THEY VALUE MOST (IN DESCENDING ORDER)

Trust/Honesty – being able to accept what you are told at face-value

Family – looking after those closest and dearest to them

Kindness/compassion – treating people equally and looking after the most vulnerable

Respect – admiration and regard for others' feelings and wishes

HOW THIS RELATES TO AUSNET SERVICES: SUMMARY

Trusting AusNet Services will deliver what they pay for – electricity when and where they need it, with charges reflecting what it really costs

Providing a reliable service and getting the power back on quickly so that households and the community can function

Sharing the costs of the network and not disadvantaging anyone

Giving accurate information about outages and issues, good customer service, advice on reducing bills, and minimising impacts

SNAPSHOT: HOW PEOPLE FEEL ABOUT ENERGY

Electricity is regarded as an essential but expensive service – customers mainly think about it in terms of costs, and many would prefer not to have to think about it all

- ◆ **Costs and prices were very much top of mind for customers** when thinking about electricity, followed by generation sources (renewables/solar/coal/batteries), reliability and ownership (government/private companies/privatisation).
- ◆ Participants had **very limited knowledge** of the electricity supply chain or cost drivers. Most did not know what tariff they were on.
 - ◇ Even after they had been provided with all of the research materials online and in print at the groups, and were required to read it to answer questions, many participants still had difficulty distinguishing between retail, distribution, general and 'wholesale' components.
- ◆ Most rated the reputation of their energy provider as a 5-7 on a scale of 0 (very poor) to 10 (excellent), with an average of 5.8. This was **lower than how they rated their bank** (6.8), but considerably higher than how they rated energy companies (4.6) or banks (3.9) in general.
 - ◇ It is important to note that this was asked in the early stages of the online community when most would likely have been thinking of their retailer. Rating one's own supplier higher than the industry in general is a commonly observed 'endowment effect' in which people tend to have more regard for something that is 'theirs', and to avoid being seen as having made a poor choice. For the energy sector, it highlights a greater and broader challenge to improve community sentiment towards the sector as a whole rather than for individual 'brands'.
- ◆ Consistent with cost concerns and personal values around wanting to 'make a difference', **most participants had made some changes to the way they use electricity** – primarily reducing consumption associated with heating and lighting. Many also felt they could do more, though several of the less vulnerable and SME participants said they tended to use whatever electricity they needed and preferred to 'not have to think about it'.
- ◆ There was a positive response to the way things might change in the future, with a focus on solar (and other renewables), batteries and increased appliance efficiency.

"The cost of electricity in general has gone up; electricity usage is a large component of that. With the ever increasing electricity rates and increased consumption, it is becoming more difficult." – Melb, lower vulnerability

"My first thought is it's very expensive. Now more than ever, I am always thinking about how to reduce my use in order to lower my account... There is a palpable mistrust of electricity companies, suspicion of the deals they offer, and accounts that are difficult to read and understand." – East, higher vulnerability

"Electricity is a very hot topic. It's environmental issues. It's the prices. It's government policies. It's causing a strain on family budgets." – East, lower vulnerability

IN THEIR WORDS: ENERGY



"Everyone had an issue with the price of electricity and that's only going to increase." – Melb, higher vulnerability

"If you don't have it you die. It affects every part of your life." – North, higher vulnerability

"The increasing cost of electricity is a concern to many. I feel the privatisation of suppliers by the government some decades ago has impacted on this." – Melb, lower vulnerability

"We made some changes to electricity usage at home based on huge price increases in our bills. Simple steps like using an oil heater in the bedroom instead of a fan heater and being able to manage the temperature by dropping 2 degrees saw huge differences in our power bill." – North, lower vulnerability

"I think about the premature closing down of one of the power stations here in Gippsland, with loss of jobs and power generation without satisfactory replacement of renewable energy options." – East, lower vulnerability

"Renewable energy is always a strong topic when it comes to energy. It's great to see so many houses with solar panels." – North, lower vulnerability

"Solar electricity is the change and the future of electricity. It all comes back to the dollar. The government is playing a huge part in this." – North, higher vulnerability

"When I think of electricity I feel annoyed because it's always the consumer who ultimately pays through the nose and the energy providers are all about profit." – Melb, SME

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

"We have tried to use less electricity and be smarter and more energy wise. The reason we have taken these steps is both environmental; to try and reduce our carbon footprint, as well as due to the excessive costs of electricity." – Melb, higher vulnerability

"We have not really changed our electricity use over past five years. Having the solar power option has made it possible not to worry too much about this." – Melb, lower vulnerability

PERCEPTIONS OF AUSNET SERVICES



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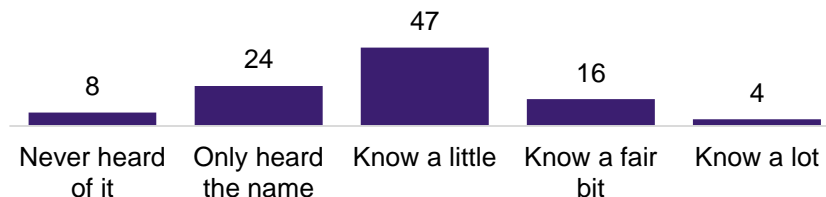
AWARENESS AND EXPERIENCE OF AUSNET SERVICES

AusNet Services' profile among customers is largely driven by their experience of blackouts, with most accepting the current frequency of blackouts

AWARENESS

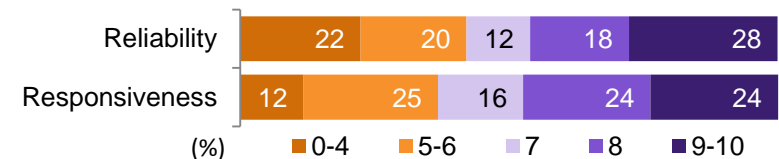
- ◆ Most participants were aware of AusNet Services, and many knew little more than the name. Several also continued to use the name SP AusNet throughout the research.
- ◆ Of those who knew anything about AusNet Services, most were simply aware that it was involved in supplying electricity to their homes, and/or that it was the contact point for information about 'blackouts' (this being the term customers use rather than 'unplanned outages'). Several referred to it as 'the poles and wires company', and quite a few had seen AusNet Services' vehicles and maintenance staff in the field.
- ◆ Just under half reported having had some form of contact or experiences with AusNet Services in the past.
- ◆ A few had more knowledge of the company, as a result of connecting a new home to the network, connecting home solar panels to the network, or making a complaint. A couple also had friends or family who had worked there in the past.

Awareness of AusNet Services (%)



BLACKOUTS

- ◆ Nine in ten participants (91%) reported experiencing at least one blackout in the past year.
 - ◇ About half of these reported a blackout length of between one and three hours.
 - ◇ On average, participants reported having experienced three blackouts in the past year, though nearly a third of those who had a blackout reported between 5 and 10 instances in the past year.



- ◆ While the majority felt the supply was quite reliable (58% rated this 7 or more out of 10), a fairly large one in five (22%) gave a low rating of 4 or below, and a similar proportion gave a 5 or 6 (20%). Although this is based on recall and perceptions, results suggest there is room for improvement in the frequency of blackouts.
- ◆ Participants felt similarly about how long it takes AusNet Services to get the power back on, with 63% rating its responsiveness as 7 or more out of 10, though fewer gave a low rating of 4 or below (12%).

Base: Online community participants (n=74). // Q: Have you had any contact with AusNet Services? // Q: Which of the following best describes your level of knowledge about AusNet Services? Scale: Never heard of them, only heard the name, know a little, know a fair bit, know a lot). // Q: How do you rate the following aspects of your electricity supply (reliability, responsiveness)? Scale: 0 to 10 where 0 means very poor and 10 means excellent.

AWARENESS AND EXPERIENCE OF AUSNET SERVICES *CONT'D*

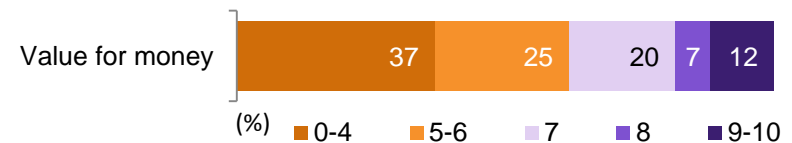
Perceptions of value for money were mixed, with rising prices and reliable supply front of mind

BLACKOUTS – *cont'd*

- ◆ Despite a common experience of blackouts, there was some acceptance that they would occasionally occur, especially for those living in the country. Customers were more tolerant if they are provided with accurate, up-to-date information about likely duration, and if they can see efforts to reduce blackouts.
 - ◇ About a third of participants who had experienced a blackout in the last year had not actively sought information and were happy to wait for it to be resolved.
 - ◇ Another third had sought information online or via the phone. They mentioned using the AusNet Services website, Google or a hotline they knew to be linked to “the provider” (but did not specify AusNet Services).
 - ◇ A few mentioned receiving text messages about power restoration estimates or planned outages, which were appreciated. Others were keen to receive these too.
 - ◇ A few said they had unsuccessfully sought information.
- ◆ Some felt that the information they received was accurate, while others more commonly found it *overestimated* how long it would take to resolve the issue.
 - ◇ This overestimation was largely seen as only a minor inconvenience, even for those who had made arrangements to avoid food spoiling. However, this did have an impact on their level of trust in the information.
 - ◇ A few noted instances when the duration of a blackout had been underestimated. This was seen as a much more significant inconvenience, as participants felt they were unable to prepare and suffered unnecessary food spoilage.

VALUE FOR MONEY

- ◆ Participants were asked to rate AusNet Services on the value for money it provides.
- ◆ There were mixed responses, with a significant 37% of participants rating value for money as 4 or less out of 10, and 38% rating it as 7 or more out of 10.



- ◆ In conversation, participants repeatedly noted that the price of electricity had risen significantly and was continuing to do so, with many concerned it was becoming increasingly unaffordable and hard to pay their bills.
 - ◇ Many expressed anxiety associated with the size of their electricity bill and with their efforts to reduce their energy consumption in order to save money.
 - ◇ This anxiety is balanced by the value they place on electricity and the impact it has on their lives, and may be a contributor to the mixed value for money results.
- ◆ Positive perceptions of value for money may be linked to high ratings given for providing a reliable, continuous supply of energy (highlighted in further detail on page 22).

Base: Online community participants (n=76). // Q: How do you rate the following aspects of your electricity supply (value for money)? Scale: 0 to 10 where 0 means very poor and 10 means excellent.

PERCEPTIONS OF AUSNET SERVICES

Many customers held neutral feelings towards the organisation, with little distinction between different parts of the electricity supply chain

- ◆ The ‘emoji cloud’ on this page shows the expressions participants selected (from a diverse set of 28 emojis) to represent their feelings towards AusNet Services – the larger the emoji, the more frequently it was selected.
 - ◆ Some participants in all segments held a positive perception of AusNet Services, because their electricity supply is relatively reliable and they “haven’t had any concerns”.
 - ◆ Many others reported feeling completely neutral, and while many were intrigued in the context of the research to learn more, they would not have otherwise thought about how their electricity was provided beyond which retailer might give them the best deal.
 - ◆ Others’ perceptions were dominated by their frustration at the rising costs of electricity, blackouts or other specific issues. Note that these frustrations remained even after participants were informed about the electricity supply chain and the components of their bill.
 - ◆ Throughout the research process several participants were sceptical about whether AusNet Services was acting in customers’ best interests. They did not trust that it would endeavour to keep prices down and felt it was more likely to increase prices at every opportunity.
 - ◆ Notably, participants generally trusted AusNet Services more than retailers – partly because it delivers a highly reliable service and partly because they couldn’t understand why so much of their bills were going towards the retailers – “*What do they do other than send us bills?*”.
- A collection of various emojis arranged in a cloud-like shape. The emojis include a wide range of expressions: happy (smiling, laughing, heart eyes), sad (crying, frowning), angry (red face with furrowed brows), surprised (wide eyes, open mouth), and neutral (straight face, thinking). The size of the emojis varies, with some being significantly larger than others, indicating their frequency of selection.
- ◆ Several participants were highly concerned that the network was privately owned, *and* partially by foreign entities.
 - ◆ Importantly, many customers were not aware of the differences between generators, transmitters, distributors and retailers. In the same way that they pay only one bill, they saw all ‘energy providers’ as elements of the same system.
 - ◆ Thus for many, increased costs caused by one part of the supply chain (e.g. generators or retailers) did not absolve others (e.g. distributors). Further evidence of this included participants calling for AusNet Services to invest in research for renewable generation and requesting that it communicate with customers through their bills.
 - ◆ The implication here is that there may well be benefits in working with retailers and generators to communicate the overall value proposition, while also working to raise AusNet Services' own profile to enhance customer relations.

Base: online community participants, n=74 // Q: Thinking about AusNet Services, whether you know a lot or a little, please select up to three emojis that best represent how you feel about the organisation overall. Then please write a few words to help us understand why you chose each one.

EXPECTATIONS OF CORE SERVICES

Customers' personal values were reflected in the key priorities of reliability and safety

Participants were asked to consider the relative importance of AusNet Services' core services, including perceived performance.

While some participants appreciated that each of the core services deserved some degree of attention, most prioritised those services that affected or related to them personally.

The prioritised services were ones they also felt were central to what AusNet Services does and its licence to operate – and things regarded as an 'essential service' (as distinct from being a luxury).

As such, participants' motives were either related to the idea that they were paying for a service and expected its delivery, or that they required this service to function (if not *survive*).

The services of central importance to most participants were, in descending order of importance:

- ◆ **Reliability:** This was seen to include providing a continuous supply, responding quickly to blackouts, and keeping customers informed about interruptions to supply.
 - ◇ Some participants felt that an "acceptable" length of a blackout would be less time than it takes for food to spoil; for some in regional areas, this translated to "3-6 hours".
 - ◇ Others mentioned the need for vulnerable people (e.g. elderly or customers on life support) to have an uninterrupted supply or at least reliable estimates of restoration times.
- ◇ For business owners, *any* interruption to supply was considered detrimental – particularly in hospitality, manufacturing, food production, or office-based businesses.
- ◇ Reliability was linked to personal values of 'family', in that a reliable electricity supply could be seen as a necessary component of a safe, caring, comfortable family environment.
- ◇ Participants also valued honesty, trust and respect as integral to their contractual relationship with AusNet Services to provide continuous supply.
- ◆ **Safety:** Participants linked safety measures with bushfire prevention, vegetation management and undergrounding electrical wires, and felt that safety was not merely an important service, but a core AusNet Services responsibility.
 - ◇ Most groups raised, to varying degrees, the Black Saturday bushfires. Bushfires dominated discussions of safety, both in focus groups and online, and participants were insistent that safety should be a foundation for AusNet Services' operations – a given part of its license to operate.
 - ◇ Several participants mentioned the company's role in the Black Saturday fires, however this did not significantly colour their opinions of the organisation, nor was blame a central element of discussion.

EXPECTATIONS OF CORE SERVICES CONT'D

Services not meeting an immediate need were deprioritised as 'future-focused' or 'nice to haves'

- ◇ While some saw undergrounding as a more aesthetically pleasing option for the network, most who prioritised this saw it as a safety measure to prevent bushfires or as way to minimise the need for network maintenance (and therefore costs) caused by storms, bushfires, car accidents or other external risks to power lines.
 - ◇ There was some recognition that costs from safety issues could be operational, medical *and* legal – and ultimately passed back to the customer, highlighting the great importance of avoiding safety issues.
 - ◇ Again, safety is connected to the core values of family, trust and love, in that concerns for the wellbeing of staff and the community were viscerally important for participants.
 - ◆ **Customer service/keeping customers informed:** There were mixed views as to the importance of customer service, and many interpreted this as AusNet Services providing information about supply interruptions.
 - ◇ The most important part of this was intrinsic to reliability in terms of keeping customers informed during blackouts and planned outages, and restoration times.
 - ◇ Some attributed a high degree of importance to this, citing experiences they'd had with being unable to resolve issues; these were often related to delays in new connections, issues relating to metering, or to lack of notice or changes to planned outages.
 - ◇ Others felt that greater investment in the network (e.g. to reduce blackouts) would render customer service as defined here unnecessary, or minimal at best.
- Participants felt that some services were important but to a slightly lower degree:**
- ◆ These included connecting customers in new properties and connecting customers with solar panels to the network.
 - ◆ While most participants understood these were necessary elements of AusNet Services' role, many did not have a personal connection to the services and therefore did not prioritise them as much as other services.
 - ◆ However, participants typically recognised their importance for other customers and thus assigned some value to them – reflecting community-minded views regarding network upgrade costs that emerged in subsequent discussions.
- Participants largely deprioritised the following services:**
- ◆ **Connecting customers with electric vehicles to the network:** Customers either felt this was not AusNet Services' responsibility, or that it was not a pressing issue. They did not believe electric vehicles would be especially popular in the short-to-medium term, in part citing battery issues for longer distance driving (especially in regional areas).
 - ◇ There was a smaller segment of customers who felt it was important to invest in the future and to promote innovation.
 - ◇ Most did not feel particularly strongly about this issue.

EXPECTATIONS OF CORE SERVICES CONT'D

Additional suggestions included investment in renewables, engagement and planning

- ◆ **Putting electricity wires underground:** Some participants considered this an aesthetic measure, and therefore did not feel it should be prioritised given already high electricity prices. Note this reaction arose even without participants being provided with any indication of costs.
 - ◇ This relates again to participants' core values of family, love, kindness and compassion – i.e. aesthetic measures are of lower priority than enabling society to have access to reliable electricity (in order to function and enjoy the quality of life they have come to expect and take for granted).
 - ◇ A few went further and said it would be an irresponsible investment as they felt AusNet Services could not respond as quickly to blackouts if the wires were underground. One customer in Phillip Island had personally seen crews struggling to locate an issue in an undergrounded area.
 - ◇ Some thought there would be savings via reduced vegetation management, network maintenance, reduced blackouts and safety issues – but did not know whether these would offset the costs required to implement undergrounding.
- ◇ A few commented that they wanted the company to support connections from specific technologies such as 'hot rock' (i.e. geothermal), wave generation and storage batteries, as well as more generalised comments around alternative fuels and diversifying the energy mix –sometimes forgetting that AusNet Services is not a generator.
- ◇ These references were largely couched in the context of discussions about how AusNet Services and other energy companies should take a leadership position in solving problems (rather than 'shifting blame to consumers').
- ◆ Many participants also wanted to see investment in ongoing customer engagement and education – for example, explaining energy tariffs, helping customers to better manage their costs, forums to update the community on what AusNet Services is doing, and improving communications efforts more broadly.
- ◆ A few participants expressed a desire to see more evidence of forward planning by AusNet Services. They wanted assurance that it was investing in understanding customers needs, population growth, climate change and other issues to appropriately plan for the future.

Some participants also suggested some additional services that they felt were missing:

- ◆ There was a consistent theme across several groups of participants wanting to see AusNet Services undertake additional investigation, innovation or R&D in support of renewables.

A few participants also made broader comments, questioning why *they* should pay for things like connecting electric vehicles or managing vegetation – rather than 'the government', retailers or businesses, which they suspected to be using more energy than householders. A few others just wanted to see the energy sector *work together* to collectively help customers manage and reduce their bills. This was often intertwined with frustration at the status quo, expressed by one participant as: ***“JUST MAKE IT WORK. JUST FIX IT.”***

IMPORTANCE OF CORE SERVICES CONT'D

Participants prioritised a continuous electricity supply, information about blackouts, and safety

Core Service	Importance Score 7+/10	Ave \$	Max \$	% \$0	Why this should be prioritised
Providing a reliable, continuous electricity supply	97%	\$26.13	\$60	1%	Central to the reason AusNet Services exists and essential for enabling the everyday lives of everyday people to function. Crucial for businesses.
Safety measures to prevent accidents for our staff and the community	97%	\$10.11	\$40	9%	A core responsibility of any organisation involved in the supply of electricity. Many linked this service with vegetation management and bushfire prevention, and would allocate finance across the three.
Getting the power back on during unplanned blackouts	97%	\$10.10	\$30	9%	Related to the core reason for AusNet Services' existence; providing reliable and continuous electricity and restoring it quickly if/when interrupted.
Keeping customers informed regarding their electricity supply	97%	\$6.21	\$30	15%	When better informed about blackouts, they can either prepare, plan or take action to be less impacted by them. Important if needing electricity for health reasons, and (most commonly) for avoiding food spoilage.
Reducing the likelihood of bushfires	96%	\$8.90	\$50	10%	Many referenced Black Saturday and some noted that AusNet Services was found to be responsible for some of the fires.
Customer service (e.g. responding to enquiries and complaints)	90%	\$6.61	\$30	12%	Some denoted high importance, as customers need help with connections and a way to engage with AusNet Services if they have an issue. Others felt that more investment into reliability would eliminate the issue to begin with.
Connecting customers on new properties to the electricity supply	86%	\$6.24	\$30	19%	While most agreed this was an essential aspect of the service, it was more important to those who had experienced delays connecting their own home.
Managing vegetation around poles, wires and electricity sub-stations	86%	\$5.30	\$25	24%	Some related this to bushfires and allocated funding there, while others felt this should be the council's responsibility, rather than AusNet Services'.
Connecting customers with solar panel systems to the network	85%	\$6.04	\$25	21%	Of slightly lower importance than connecting new homes, but still considered central to AusNet Services' role, and supporting the trend to renewables.
Keeping customers informed about energy issues in general	85%	\$5.95	\$30	16%	After hearing about smart meters many were eager to learn more, though on further discussion, most were only interested in blackouts or reducing their bill.
Putting electricity wires underground	78%	\$5.63	\$50	35%	Some felt strongly about this and saw it as a safety measure or as a way to improve reliability. A few felt it was cosmetic, which made it a low priority.
Connecting customers with electric vehicles to the network	57%	\$1.46	\$20	60%	Many participants either felt that this was not an imminent issue worth investing in or felt that it was not AusNet Services' role.

Base: Online community (n=73) and focus groups (n=68). // Q: Please rate how important each of these things done by AusNet Services are to you or for the community. Scale: 0-10 where 0 means not at all important and 10 means extremely important. // Q: Please allocate a total of \$100 across the services in this list to indicate how much you value each one. // NB: 'Importance Score' is the net proportion who gave a relatively high importance rating of 7 or more out of 10. '% \$0' is the proportion who gave no money to a service.

PERFORMANCE ON CORE SERVICES

Many participants were unaware of how AusNet Services performed on many of its key roles, but those who did have some insight were largely positive

Core Service	Performance Score 7+/10	Range of Ratings	Feedback
Providing a reliable, continuous electricity supply	97%	5-10	Most residential participants were largely happy with reliability (despite some concerns noted earlier) and were tolerant of unplanned blackouts. SMEs were less tolerant based on the impact blackouts had on their ability to operate.
Safety measures to prevent accidents for our staff and the community	87%	5-10	Participants highly valued safety, and many gave high scores but tempered these with the expectation that “there is always room for improvement”.
Getting the power back on during unplanned blackouts	83%	4-10	Many participants were pleased with the service, but some who had experienced issues gave lower scores.
Keeping customers informed regarding their electricity supply	76%	2-10	A few customers felt its communication was mediocre, in that they had not received information from AusNet Services about blackouts, rather, had to seek it out themselves. This included those who were not made aware of planned outages, as well as wanting more information about unplanned blackouts.
Reducing the likelihood of bushfires	72%	0-10	Those who gave lower scores noted AusNet Services’ role in the Black Saturday fires.
Customer service (e.g. responding to enquiries and complaints)	68%	3-10	Those who gave lower scores mentioned previous experiences with AusNet Services being unresponsive to their queries or unhelpful in finding resolutions to an issue.
Connecting customers on new properties to the electricity supply	73%	0-10	Several participants who had been through this process found it frustrating and slow. However, others were satisfied with the service.
Managing vegetation around poles, wires and electricity sub-stations	72%	2-10	Several recalled seeing AusNet Services managing vegetation in their local area and were happy with the process. Others felt that removing the trees would be safer.
Connecting customers with solar panel systems to the network	47%	2-9	Several solar customers reported difficulties and delays with getting connected.
Keeping customers informed about energy issues in general	56%	0-10	Some participants mentioned that they had never heard from AusNet Services, and wanted more general information about pricing, solar and renewable energy.
Putting electricity wires underground	48%	3-10	Those who gave lower scores felt that not enough electricity wires were underground.
Connecting customers with electric vehicles to the network	16%	2-8	Three quarters of participants did not know how AusNet Services performed in this area and most were unaware of AusNet Services’ role in this process.

Base: Online community excluding “don’t know” (n=19-70) // Q: Please rate how important each of these things done by AusNet Services are to you or for the community. Scale: 0-10 where 0 means not at all important and 10 means extremely important. // NB: ‘Performance Score’ is the net proportion who gave a relatively high performance rating of 7 or more out of 10 excluding those who answered “don’t know”.

IN THEIR WORDS: AUSNET SERVICES



"I just want my power to work. It's boring, just make it work."
- East, lower vulnerability

"I have a business so if I don't have reliable energy it means I lose money."
- Melb, 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

"I know AusNet quite well. There was no power when we moved into our new house - I had to phone them to find out where my meter was. They really helped me and were very good - so I know they own the meters. I could only get so far with the retailer..."
- Melb, lower vulnerability

"If you are running a café, and you have a blackout, there goes your business..."
- East, lower vulnerability

"I knew they had the monopoly on distribution and that we deal with the retailers. Only in the last 2-3 years I've been trying to differentiate what's an Ausnet issue and what's a retailer issue." - North, higher 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

"Future plans... that would be great to know. But really, their job is to provide a reliable service, and provide updates and customer service."
- East, lower vulnerability

"I think that it's important for AusNet to provide a reliable service because that's what the company is MEANT to do!"
- East, higher vulnerability

"If you are paying for something you should get that service reliably..."
- North, lower vulnerability

"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

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

SOLAR CONNECTIONS



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SOLAR CONNECTIONS

There is a lot of excitement about solar, and all were surprised about two-way electricity flow issues

WHAT WAS PRESENTED

- ◆ Participants were informed of the increased uptake of solar systems and the associated network issues in both the online community and focus groups. It was explained that while solar systems save money for those who have them and reduce the demand for fossil fuels, the increased uptake requires costly upgrades to the network to enable more two-way electricity flows.
- ◆ During focus groups participants were also provided with five options to address the issue of solar connections to the electricity network. Their responses are outlined here.

OVERALL PERCEPTIONS OF SOLAR

- ◆ Most participants believed solar was 'here now' and 'the way of the future' and were excited about both decreased costs of solar systems and the increased uptake.
- ◆ Over half who did not currently have solar indicated they would probably or definitely install it in the next few years. Many felt that eventually, virtually everyone could have it – though some were frustrated they couldn't have it at their place due to lack of sun or suitable roof positioning.
- ◆ There was also considerable awareness of, and interest in, storage batteries as a solution to solar's intermittency.
- ◆ Participants cited financial and environmental benefits as key reasons for installing solar. The main barriers were costs and lack of landlord support, and some had even been turned off by pushy solar salespeople. Some also wondered whether it was worth it now that the rebates were so much lower.

AWARENESS OF SOLAR NETWORK ISSUES

- ◆ Participants were unaware of a number of elements outlined in the information provided.
- ◆ Most significantly, virtually all participants were unaware that the grid was challenged by rising two-way electricity flows and may need costly upgrades to support more solar.
- ◆ Some participants expressed concern that customers who cannot afford solar could end up subsidising energy costs for those who can. However, a majority of participants did not want to introduce a fee specific to solar customers to cover the costs of additional solar feed-ins, as they believed it would discourage households from installing solar.
- ◆ A few participants were surprised that the grid was unable to store energy, and were frustrated that batteries were not more affordable for customers, or that distributors weren't using large-scale batteries.
- ◆ Participants were unaware of the costs of connecting solar to the grid when transformers need to be upgraded, and did not understand why it ranged so dramatically by location.

KEY INITIAL QUESTIONS FROM PARTICIPANTS

- ◆ *Why can't the grid use large batteries to store solar power?*
- ◆ *Why do installation costs for solar vary so significantly?*
- ◆ *What solar rebates are currently offered by the government / retailers? Why have they decreased so much?*
- ◆ *How much are the maintenance costs for solar panels?*
- ◆ *How long does it take to recoup the costs to install solar?*

SOLAR CONNECTIONS – WHO SHOULD PAY

Generally, participants believed the cost to accommodate more solar feed-in should be shared by all

SHOULD SOLAR CONNECTIONS BE LIMITED?

- ◆ Participant preferences for how AusNet Services should respond to the solar connections issue are tabled over the page – showing clearly that no participants wanted to see limits placed on solar connections.
- ◆ Further, most did not want to see AusNet Services remotely controlling solar feed-ins because this was seen as not only limiting supply to the grid that could reduce the need for fossil fuels, but also a wasteful approach.

WHO SHOULD PAY?

- ◆ Given the continued transition to solar power is seen not only as positive but inevitable, and that everyone would indirectly benefit through environmental and financial rewards, most participants believed all customers should share in the costs to accommodate more solar feed-ins.
- ◆ This cost-sharing approach was seen as fair, and ‘the right thing to do’. This was especially true when they considered the relative costs (as per the options table over the page).
- ◆ A minority felt that solar customers should exclusively pay to accommodate more solar feed-ins to the grid. These participants argued it was unfair to charge those who could not afford solar for a service that would not benefit them directly. This argument was particularly persuasive amongst more vulnerable customers, who were not in a financial position to afford solar panels themselves.

- ◆ Participants with solar were often wealthier and demonstrated lower vulnerabilities. They argued that they had worked hard to afford solar, and that it was unfair to penalise them for doing so, especially given the costs they had already incurred, falling feed-in tariffs and the reduced demand for fossil fuels as a result of their actions which benefit the entire community.
 - ◇ A very small number had partly/fully disconnected from the grid or intended to do so, with most solar customers seeing benefits for both themselves *and* others in staying. A purely self-interested perspective was extremely rare.
- ◆ Some participants proposed that the charge should exclude pensioners and low-income households, or that a subsidy or rebate should be provided to these households.

OTHER FINANCIAL ALTERNATIVES

- ◆ Several participants thought AusNet Services should absorb the costs for new connections by working to a smaller profit margin.
- ◆ A few argued that the Government was accountable for the cost, as it had privatised the energy sector and should be responsible for promoting environmentally friendly energy sources.
- ◆ However, most were still happy to pay a bit more to accommodate more solar connections into the network.

A NOTE ON ACCOUNTABILITY

- ◆ Some participants wanted assurance that the extra costs would actually be spent on solar connections, and to be able to see evidence of this – e.g. in AusNet Services’ Annual Reports.

SOLAR CONNECTIONS – PREFERENCES

A majority voted to share the cost of 'poles and wires' upgrades; none voted to limit solar connections

OPTION	WHO PAYS?	VOTES (%*)	FEEDBACK
Upgrade 'Poles and Wires'	Ongoing charges for all customers (\$10 per year)	54	<ul style="list-style-type: none"> ◆ Fair and acceptable; most believe everyone should pay for the upgrades, as everyone stands to benefit from increased solar generation ◆ An inevitable and necessary cost; most felt a network upgrade would need to occur at some point in the future ◆ Avoids passing costs on to future generations, as the network upgrade is perceived as inevitable ◆ Many were willing to pay more than this to facilitate even faster uptake
	Ongoing charges for all solar customers (\$40 per year)	1	<ul style="list-style-type: none"> ◆ Burdens solar customers with an 'unfair' charge (especially compared to the lower cost if <i>all</i> customers pay); upgrading the poles and wires is largely perceived as a responsibility for all customers
	Connection charge for new solar customers (\$20,000–\$200,000)	1	<ul style="list-style-type: none"> ◆ Unfairly, if not prohibitively expensive for those wanting to connect solar into the grid ◆ Would discourage new solar customers
Develop a 'smart control system'	Ongoing charge for all customers (\$5 per year)	40	<ul style="list-style-type: none"> ◆ The cheapest option, and spreads the cost of solar amongst all customers ◆ A forward-thinking solution, due to its use of technology over costlier infrastructure ◆ Represents wastage of some of the solar generated ◆ Takes away control from solar customers ◆ A 'band-aid' solution; some felt it did not fix the problem at hand
	Ongoing charge for all solar customers (\$80 per year)	10	<ul style="list-style-type: none"> ◆ Does not unnecessarily burden those who can't afford solar; particularly important for more vulnerable customers (though perhaps they could be supported in other ways) ◆ May act as a deterrent for new solar customers – especially if they are more cost-driven than motivated by self-sufficiency and environmental reasons
Limit solar connections	-	0	<ul style="list-style-type: none"> ◆ A backwards step, not in keeping with the transition to renewable sources ◆ Wastes natural resources ◆ Discourages new solar customers

Base: All focus group participants (n=68). // Q2. Please tick the one option you would most like to see AusNet Services put in place, at least for its next five-year regulatory period (2021-2025). // * Percentages do not up to 100% as some participants chose multiple options. // NB: Purple bullet points signify positive feedback; orange bullet points signify negative feedback.

SOLAR CONNECTIONS – THE PREFERRED SOLUTION

Participants preferred greater investment in ‘poles and wires’ to enable more solar connections, with new technology as a second choice (cheaper, more modern), rather than any limits to feed-ins

- ◆ Just over half of the participants voted to accommodate more solar connections by upgrading the physical ‘poles and wires’ network with new transformers.
- ◆ Most others preferred an IT solution: the development of a smart control system that would remotely manage each customer's solar feed-in. Discussions on the best approach revolved around the following three battlegrounds:

A Durable and Proactive Solution

- ◆ With solar seen as ‘the way of the future’, participants insisted on a durable and proactive solution that would allow for continuous growth in solar. They wanted to avoid a band-aid solution that would impose more substantial costs for future generations.
- ◆ However, participants varied in which approach they saw as a better long-term fit. Those who preferred the poles and wires solution expected the network would have to be upgraded at some point anyway, either due to population growth or continued increases in solar uptake. They saw the IT solution as a quick fix that did not mitigate the underlying problem, as it would continue to limit solar exports.
- ◆ Those who preferred the IT approach saw it as cheaper and more forward-facing, where continuous improvements may be quicker and greater than what may be possible with poles and wires upgrades. They often argued that the poles and wires would always need upgrades, and that it is time to look for an alternative or complementary approach to allow for more solar feed-in.

Don’t Take Away Customers’ Control

- ◆ Many participants were opposed to the technology-based solution as it was perceived to limit customers’ control on their solar exports and would not address the underlying issue of limiting the overall volume of solar exported to the grid.
- ◆ There were several mentions of ‘big brother’; many participants felt that under the IT-solution they would be constantly scrutinised and managed by AusNet Services.
- ◆ As expected, this opposition was more prevalent amongst those who had solar installed. These participants strongly opposed any constraints on their rights to export solar, or potential impacts on their rebates, and did not want to be managed or controlled by AusNet Services.

Avoid Waste

- ◆ Many participants felt a technology-based solution like Smart Control would be wasteful because it would limit the amount of solar energy customers could feed-in to the network. Most were particularly against the idea of energy from ‘natural resources’ going to waste.
- ◆ For the same reasons, participants were particularly unenthused at the prospect of limiting feed-in to the grid. This was participants’ least preferred option, receiving no votes at all.

SOLAR CONNECTIONS – QUESTIONS RAISED & COMMENTS

Participants were interested in other potential or complementary solutions, and wanted answers as to whether these options were being considered in the context of them being asked to pay more

FAQs – ASKED BY PARTICIPANTS THROUGHOUT THE COURSE OF DISCUSSIONS ON THE TOPIC

- ♦ **Solar storage:** Could you store solar energy in the grid after it has been exported to address periods of peak demand?
- ♦ **Going 'off-grid':** What would happen if households became self-reliant in terms of their own power supply (disconnected from the grid)? Is there a chance that service charges will go up for non-solar/battery households and businesses?
- ♦ **Smart control system:** Would this option limit my ability to feed-in solar to the grid? If so, would I be compensated for the money I would have otherwise earned? How would my rebates be affected? Could I still use the solar power I generate?
- ♦ **Upgrading the 'poles and wires':** Will people who can't afford solar be further disadvantaged by increased bills? Will those with solar be required to pay an extra surcharge to help support the grid? How will we know the money's gone to this?
- ♦ **What's likely to happen with solar costs and subsidies in the future:** What is being done to supplement the costs of solar systems for people to help reduce the load on our energy networks? What are the cost options for solar and storage batteries, and how long will it take to recoup costs through feed-in rebates? Are these rebates likely to decrease?

In their own words...

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

*"What about renters? They have to fork out because they are renters, but now they will be punished because the home-owner [landlord] doesn't have solar."
- Eastern VIC, lower vulnerability*

*"I want new technology but not just a device to control my electricity. I want to choose to use my electricity at the time I want."
- Northern VIC, higher vulnerability*

*"You can't say no to people that want to put solar power in, you should have the choice... It's a hard toss up between the IT solution and the network upgrade because they do need to upgrade the system, but intelligent systems are inevitable."
- Metro VIC, higher vulnerability*

*"I had not thought of the consequences for grid infrastructure if more people use solar. I am surprised that energy companies aren't thinking of ways to harness the additional power that is being supplied by solar panels."
- Eastern VIC, lower vulnerability*

DEMAND RESPONSE



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DEMAND RESPONSE

Most participants had done things to try and reduce their energy usage and bills though there were mixed views about whether they could or should do more

UNPROMPTED WILLINGNESS TO CHANGE

Before discussing demand response options, to provide context, participants were asked about their willingness and ability to reduce their electricity consumption. Quantitative responses to these questions can be found over the page.

- ◆ Many noted that due to high prices, they had already gone to some, if not great lengths to reduce their usage. Methods included:
 - ◇ Ensuring appliances were not in standby mode – often by unplugging them;
 - ◇ Switching off lights or appliances when not in use;
 - ◇ Purchasing energy efficient appliances and lights;
 - ◇ Using non-electrical or lower-use electrical heating and cooling options such as blankets and fans;
 - ◇ Using major appliances at off-peak times (e.g. washing machines); and
 - ◇ Avoiding use via things like rugging up in winter or going out to shopping centres or swimming on hot days.
- ◆ Many were willing to continue to reduce their usage but were unsure how to do so, and very few knew anything about how much energy they were using, let alone what could be saved. Some even expressed a degree of guilt and said they could do a lot to reduce their usage.
- ◆ Others felt there was no need to reduce their usage and held that they were paying for the service and expected it to be delivered without having to consider ‘the network’s issues’.

WHAT WAS PRESENTED

Participants were informed about peak demand days that put significant pressure on the network and have driven up costs. In turn the following voluntary customer demand response options were presented to participants for discussion:

- ◆ **Manual response:** Customers would be notified and incentivised to reduce usage, by roughly \$5 per kWh less than their usual power consumption on peak days.
- ◆ **Automated response:** Customers with DRED*-enabled devices would be given up to \$100 per event to allow their electricity to be remotely reduced during the peak.
- ◆ **Community response:** Communities would be notified of impending peaks and asked to reduce usage, with potential donations for community organisations.

Responses are discussed in detail overleaf.

Note that a few participants responded to some other demand response options, such as the use of mobile generators and battery storage, but these were not discussed in-depth.

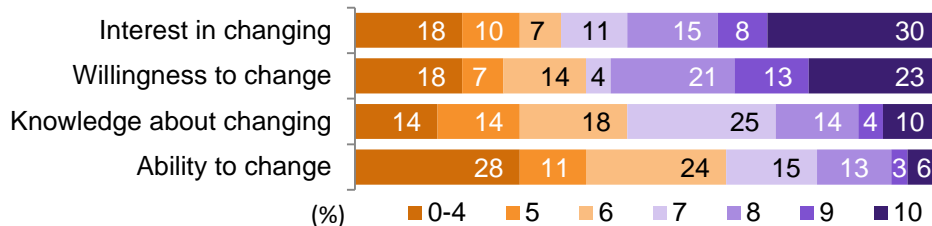
- ◆ Many of these participants felt that adding batteries to the network would be the most environmentally responsible option. They were frustrated that AusNet Services seemed to want customers to change the way they do things, rather than taking responsibility, accommodating customer demand and coming up with new ways to change its own approach.
- ◆ A few of them said it was AusNet Services’ responsibility to provide a service they were already over-paying for.



DEMAND RESPONSE CONT'D

CHANGING ELECTRICITY CONSUMPTION

- Most participants were interested and willing to use less electricity, however far fewer felt they had the capacity to do so.



- Around two thirds of participants expressed relatively high levels of interest in reducing their electricity use (65% rated their interest at 7+/10). Many were also willing to make changes (61% at 7+).
- Participants felt less knowledgeable about how to do reduce their electricity usage in their home or business (54% gave a 7+/10).
- Further, many felt that they were unable to make those changes, with only 37% rating their ability to change as 7 or more out of 10. This was because:
 - Many had already taken measures to reduce their usage and doubted they could do more, though were open to help.
 - Other reasons included homes that were poorly insulated; use related to the care of small children; not being allowed to make changes because they are renting; needing to use electricity for individual health reasons; and not being able to afford to buy more efficient appliances. A few also said they were unable to change the behaviours of others in their household.

"They're trying to make us care about their problem. Quite frankly, 'not my monkey, not my circus'. With the privatisation of the power... if the Government still owned them we'd be paying for it via our tax but the private company isn't going to do it because they won't make profits." - Melb, lower vulnerability

"My first thought is about the frail and elderly, those with very low incomes who are looking to 'penny pinch'. I'd hate to think that they would be putting their health at risk in extreme cold or heat to save money." - Eastern VIC, lower vulnerability

"My first thought was that the distributor should improve their services to cope with peak demand as we certainly pay huge amounts for our supply." - Melb, higher vulnerability

"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." - Northern VIC, higher vulnerability

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)?

NEWGATE RESEARCH 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 – OPTIONS

Participants overwhelmingly preferred the manual response, as it came with an incentive and they did not want their devices to be remotely controlled... though were not convinced it would be effective

OPTION	OVERALL REACTION	PERCEIVED PROS	PERCEIVED CONS
Manual Demand Response <i>Most popular</i>	<p>The most preferred option overall, as it was regarded as less intrusive than an automated response but more likely to work than a community response.</p>	<ul style="list-style-type: none"> Allows the customer to maintain autonomy and make a choice about whether or not they can or wish to reduce their usage during peak events. May educate and encourage people to shift behaviours and use less overall. Incentive was an attractive motivator for some, particularly those with greater vulnerabilities. 	<ul style="list-style-type: none"> Not expected to be an effective motivator for some, particularly wealthier customers - who may also be the ones using the most power. Many highly vulnerable participants reported already using less power to save money, fearing they wouldn't be able to cut back any more. Could be dangerous for those highly vulnerable customers who may prioritise the financial benefit over their own health.
Automated Demand Response <i>Second least popular</i>	<p>Irrelevant for many/most as they don't have DRED. However, many were concerned about giving control of their appliances to an external organisation. They were also skeptical about the how the process would work and claims that they would not notice any differences. Explanations did not convince them - they needed to see evidence.</p>	<ul style="list-style-type: none"> Some noted that this option generated the greatest financial benefit for minimal personal effort. Those who self-nominated as being unmotivated to make changes under a manual response model (often younger) felt this was an "easier" option and likely to be more effective. Some felt there was a greater sense of communal trust that households would be treated equally throughout the peak, rather than one household compensating for another's excessive electricity use. 	<ul style="list-style-type: none"> Strong skepticism that remote changes would not be noticeable. Most would need to see case studies or third party evidence that they would not be left without any cooling on a hot day. The notion that an external organisation would be controlling appliances in their homes was a significant deterrent in itself for many. This was especially prevalent among older participants. Some were concerned about the perceived surveillance aspect of their electricity use, and saw this as a potential gateway by which they might further cede autonomy in their lives. Limited impact due to limited DRED penetration?
Community Demand Response <i>Least popular</i>	<p>Although many ranked this option second, as it is less intrusive than an automated response, it was seen as unlikely to prompt change, thus emerged least popular.</p>	<ul style="list-style-type: none"> Participants in regional groups felt that smaller communities may be able to participate more easily based on existing community connections. Some saw this as an opportunity to tap into and build community spirit. 	<ul style="list-style-type: none"> Many felt that as this was targeted at communities rather than individuals, it was unlikely to encourage significant change in individual households. The lack of individual incentive made this option less attractive for some.

DEMAND RESPONSE CONT'D

Some interest from customers in participating, but how much difference would it really make?

PARTICIPATION

When it came to their interest in participating in each of the options themselves, we saw mixed enthusiasm and further questions about how effective such initiatives might actually be. Importantly, this wasn't intended to negate the ideas – rather it was an invitation to AusNet Services to do more research or provide more information to customers.

- ◆ Some participants, particularly the most vulnerable, were eager to participate (primarily in the manual option), given the incentives and the possibility to bring their bills down.
- ◆ However, as noted, some more vulnerable participants felt they were already taking as many steps as possible to reduce their usage and that this could see them excluded from participation. Some also thought they would be unable to participate as they did not own an air conditioner, or that their air conditioner or other appliances were not DRED-enabled.
- ◆ Other participants were not *especially* interested in any of the options. Many noted that they were not motivated to make significant changes, even with an incentive. Some did say that they may change their mind if they had a better sense of how much they could save by making easy / small changes.
- ◆ Those who were interested in the idea of an automated response felt there should be an option to “over-ride” it on the day if it was just too hot. They would be willing to participate (for an incentive) in most instances, but wanted the ability to opt-out at the last minute, appreciating they would lose the incentive, in order to account for unforeseen circumstances where temperature control could become a health issue rather than one of comfort.

- ◆ While incentives were a motivating factor for some, others felt these distracted from what they felt should be a cultural shift. These participants felt that using less electricity was “doing the right thing” from an environmental and social responsibility perspective, and that the public needed to be educated about how to do this, rather than paid.
 - ◇ Many referenced the success of water conservation campaigns in Victoria and saw this issue through the same lens. Some went as far as saying that people have become too complacent and ‘soft’, and could do with some ‘toughening up’ – reflecting on having grown up without air-conditioning or not using it even now.
- ◆ Many felt businesses should do their bit and run air-conditioning at more suitable temperatures on hot days.
- ◆ A few felt manufacturers should be incentivised to make more efficient products.

BUSINESS PERSPECTIVE

- ◆ Small business owners were united by the idea that any blackouts on peak days would be detrimental to their business, and were interested to understand the business-specific options for participating in demand response.
- ◆ For some, their electricity use was intrinsically tied to providing goods and services - e.g. hospitality, food production, or that cooling their business in summer was key to customer service; so were unsure if they could engage.
- ◆ Business owners were wary of the impacts that demand response options might have on their trade, and largely wanted to use electricity without constraints.

DEMAND RESPONSE – QUESTIONS RAISED

Customers wanted to know what AusNet Services itself, as well as big business and the Government are doing about this problem aside from asking households to change their behaviour

FAQs FROM PARTICIPANTS THROUGHOUT THE COURSE OF DISCUSSIONS

The following questions further reveal customers' lack of knowledge and illustrate the sort of accompanying information they are likely to expect AusNet Services to communicate in association with any demand response initiatives it chooses to develop and offer. Their questions also suggest that it would be beneficial to conduct some research and piloting to understand customer reactions (attitudinal and behavioural) to specific initiatives once the details are developed.

Participants' questions are outlined here in broad descending order of frequency:

- ◆ *Which of the different options for customer demand response would be the most effective in addressing the peak?*
- ◆ *How much could you realistically save by reducing your energy on peak-demand days?*
- ◆ *How many customers even have DRED-enabled appliances? Are they more expensive?*
- ◆ *If I opted in to the Automated Response option, could I over-ride it or back-out?*
- ◆ *Are the options you've given us for demand management the only ones being considered?*
- ◆ *How would they monitor who was actually reducing their energy consumption in peak demand periods and who was simply not present at their residence during the event?*
- ◆ *Who pays for these programs? Would our bills go up again? By how much?*
- ◆ *Will demand management become obligatory / non-voluntary at some point? If so, when?*
- ◆ *Are fixed charges likely to increase to accommodate declining overall usage?*
- ◆ *Why would a retailer want a consumer to reduce their power usage and thus their profit?*
- ◆ *Can energy efficiency ratings be made mandatory? Not all appliances have them.*
- ◆ *Is it possible to add to energy ratings on appliances with how much it costs to operate the device for one hour?*

"Well, you know who is doing this. It will be the poor people. Not the rich people. They can afford this." – East, higher vulnerability

"The automated one initially gave me pause. I am concerned about if you change your mind or really need it to be a bit cooler. Also the idea of someone remotely controlling your device sounds a little like an Orwellian nightmare – I'm not sure how many people would be keen." – Melb, lower vulnerability

"I like the manual demand process over the other options. I think people are more disciplined if they are rewarded, especially families who are trying to make ends meet." – Melb, lower vulnerability

NETWORK COSTS: WHO PAYS?



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NETWORK COSTS: WHO PAYS?

On reflection, networks costs were seen as a community responsibility rather than an individualised one

The research explored **how the costs of the electricity network should be met** through the discussions on solar, demand management and air-conditioning. In each scenario, participants were asked to consider how the increased costs of different types of demand should be paid, with options ranging from the 'causer pays' principle to all costs being fully shared across the community. Services could be 'paid' for through either increased charges or behaviour changes to reduce pressure on the grid. The response themes are outlined below.



Costs should be shared as evenly as possible

- ◆ Costs of network services are strongly seen as a shared rather than individual responsibility, and as an investment in the future.
- ◆ This sentiment was strongest for solar, where the benefits are seen to extend to the broader community, but was also consistent across all scenarios explored.
- ◆ Most participants felt those using more air-conditioning were already paying higher usage fees, and that this was reasonable. Several suggested that usage costs should rise and fixed costs be reduced to better address this issue, rather than those using more also being charged higher fixed costs.
- ◆ Singling out air-conditioning use as the reason for a higher fixed charges was seen as both unfair and difficult - e.g. why penalise those with air-conditioning and not low-efficiency appliances?



Prefer behaviour change over more blackouts or paying more

- ◆ Nobody *wants* to pay more, and nobody wants more blackouts; most people preferred to make changes to their electricity use to avoid those scenarios.
- ◆ There is a strong preference that changes should not require ceding control of their appliances to AusNet Services.
- ◆ But not all were confident that (a) they themselves could make further changes, and/or (b) that others would actually do so. Education about the challenges facing the network and what they could specifically do was seen to be essential in helping to overcome both of these barriers. For example, breaking down usage by appliance types and illustrating specific possible savings by making specific changes.



But why is it up to us?

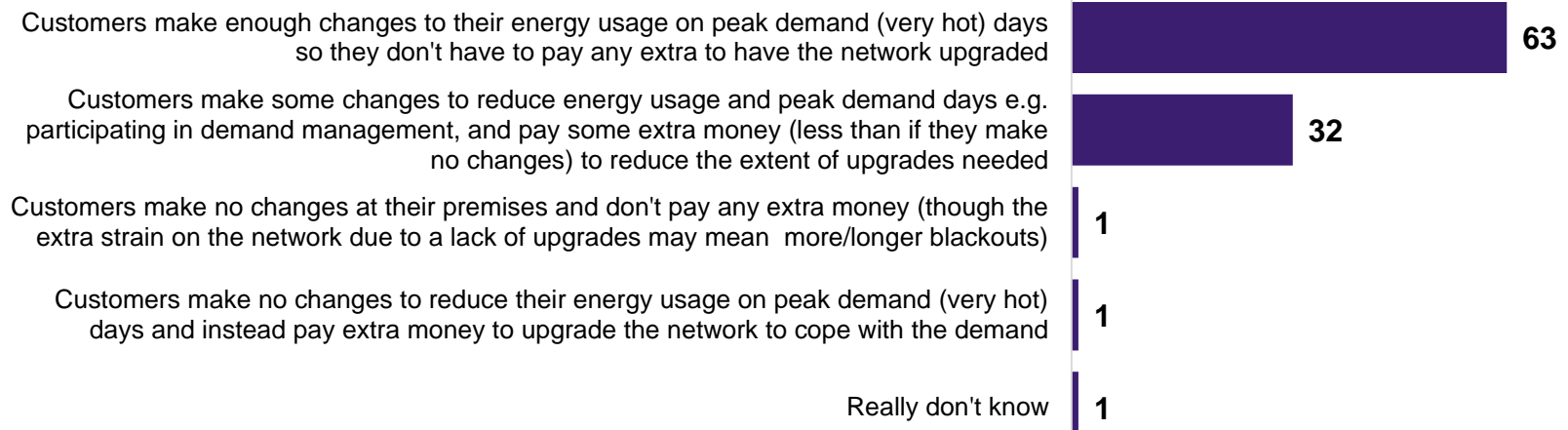
- ◆ In almost all groups, at least one participant expressed the view that increased network costs should be borne by the government, AusNet Services and/or big business which they perceived to be having a more significant impact on the grid than residential customers.
- ◆ These participants felt that ensuring reliable supply was the core business of AusNet Services, that they are already paying more than enough for this service, and that AusNet Services should not be asking them to pay more or change their behavior to address their own business issues.
- ◆ Although not initially widely-held, this view was influential with other participants, illustrating the power of word of mouth on the topic.

NETWORK COSTS: TRADE-OFFS

Maintaining reliability by changing behaviour is preferred over increasing costs or blackouts

- ◆ There was very little appetite for either accepting increased blackouts (frequency or duration) or increased costs. This was especially true among SMEs and more vulnerable consumers, but there was a strong view among almost all participants that reliability was not only essential for their own lives but more so for the more vulnerable members of the community for health and safety reasons. Needing to maintain food refrigeration and keep children (and pets) warm/cool/entertained was also often raised.
- ◆ Consistent with their values and attitudes towards network costs in general, most felt that they (and society in general) could and should do more to reduce their energy usage at peak times to avoid unnecessary cost burdens on those unable to avoid them.
- ◆ In this context, the Victorian water saving campaign (*Target 155*, 2009-11) was raised without prompting in almost all groups as an example of an effective and engaging educational behaviour change campaign. They suggested perhaps AusNet Services (or the Government) could consider a similar campaign to promote better understanding of energy usage levels and tangible options and examples for achieving savings, to facilitate behaviour change and help the community to avoid further cost increases.
- ◆ Those who preferred to 'change a little and spend a little' suggested that this could avoid future network costs being passed on to their children, as long as the amount was low. Responses may be highly dependent on specific amounts, which should be tested.

Preferred overall approach to addressing network challenges (%)



Base. All focus group participants (n=68). Q: As you've seen the in this research, there will be challenges to our energy supply in the future as a result of changes in customer expectations and population growth, e.g. more solar systems and higher peaks in demand on very hot days. Appreciating this, which one of the following approaches would you most prefer to help ensure AusNet Services continue to deliver reliable electricity services into the future?

KEY SEGMENTS IN FOCUS

NB: Values of family, trust/honesty and loyalty were consistent across all segments. Happiness and respect were valued across all levels of vulnerability, but were not standout priorities for SMEs or Early Adopters.



Segment	Higher vulnerability	Lower vulnerability	SMEs*	Early adopters**
Standout personal values (in descending order)	<ul style="list-style-type: none"> • Friendship • Peace • Helping others • Compassion • Nature 	<ul style="list-style-type: none"> • Love • Kindness • Health • Fairness • Integrity 	<ul style="list-style-type: none"> • Making a difference • Learning • Challenge • Achievement • Love 	<ul style="list-style-type: none"> • Kindness • Compassion • Freedom • Fairness • Independence
Network services most valued	<ul style="list-style-type: none"> • Most interested in maintaining reliable supply and keeping customers informed (largely to avoid food loss, and health issues) • More likely to see solar panels and electric cars as a luxury they shouldn't pay for (especially renters) 	<ul style="list-style-type: none"> • More likely to prioritise safety as well as reliability, and to expect good (relevant to them) communication • Mildly more interested in undergrounding wires, but primarily for safety rather than aesthetic reasons 	<ul style="list-style-type: none"> • Highest priorities are a reliable, continuous supply, restoring power quickly after blackouts and keeping customers informed • Generally the least interested in energy issues 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • More likely to feel powerless to pay more or change their behavior due to circumstances (health, renting, etc.), though more attracted by incentives than others • More likely to support a causer-pays approach to solar as they are unlikely to afford it, though many accepted the charges for all customers due to indirect benefits • Higher expectation that the network should address these issues without them having to make more changes or pay more 	<ul style="list-style-type: none"> • Consistent with the overall preference to make sufficient changes to avoid additional costs (except in Melb where the majority of lower vulnerability participants preferred 'change a little, pay a little more'). • Only segment where anyone supported higher payments with no changes to behaviour • More likely to support all customers paying for solar connections, rather than only those with solar 	<ul style="list-style-type: none"> • More likely to prefer (and more able) to pay a little more and make some changes to secure a continuous supply and avoid blackouts • More likely to seek clarity and accountability from AusNet Services if additional funds are required 	<ul style="list-style-type: none"> • Around half were willing to change their behavior to avoid additional costs or more blackouts, but others feel they have already made sufficient changes and should not be asked to do more. Financial incentives had less impact than the desire to 'do the right thing' by the environment and the community • More likely to be comfortable with new technologies but not necessarily ceding control to the network

IN THEIR WORDS: NETWORK COSTS



"Providing electricity is what they do, so nothing else matters if they don't do that." – Metro, higher vulnerability

"For a business, the most critical thing is to have a solid, continuous power supply. Loss of power means loss of productivity. If a blackout occurs, it's important that our management knows how long to expect there will be no power." – Metro, SME

"I feel I have made as many changes as possible living in a rented house. I'm not sure what else I could do to improve." – Metro, higher vulnerability

"Large businesses should take more responsibility rather than attacking the little old lady with a fan. Especially when businesses run so many air conditioners." – North, lower vulnerability

"Everyone knows the population is growing. Why don't we have a system that has planned for this?" – East, lower vulnerability

"Demand response needs to be automated. You're not going to do it otherwise, even though it's the right thing to do. People are lazy." – North, higher vulnerability

"It sounds like they are embarrassed that the system is not working...stop treating people like children." – East, lower vulnerability

"We have already done everything we can to reduce power, and the network needs to be fixed. If you need a new car, you get a new car, you know?" – Metro, lower vulnerability

"Personally, I didn't like the automated demand response. Here goes the Nanny State again. I would prefer to be educated and then do it myself." – East, higher vulnerability

"It is too hard to make a decision about demand response without knowing how much extra money would be involved. Are you talking \$2.50 a quarter? That's nothing. Or are you talking \$200 a quarter? That's huge." – East, lower vulnerability

"They've got to look more towards the future rather than what they actually need now. Upgrade it now, rather than putting it off and then having to upgrade it in the future." – East, lower vulnerability

EMPOWERING CUSTOMERS THROUGH DATA



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EMPOWERING CUSTOMERS THROUGH DATA

Participants were essentially unaware of the benefits of smart meters, and enthused at the prospect of using smart meter data to better understand and reduce their energy use

WHAT WAS PRESENTED

- ◆ Participants were given a brief overview of the current benefits of smart meters, and what AusNet Services could provide to customers using smart meter data.
- ◆ This information was provided in the form of a 4-page PDF in the online community and focus groups.

OVERALL REACTIONS

- ◆ Most participants were entirely unaware of the benefits of smart meters, and surprised about their potential uses given the negative media surrounding smart meter installations (though a few were still worried there might be health impacts). This highlights ongoing gaps in consumer knowledge about smart meters, which AusNet Services could help to improve and in turn shape community appreciation of smart meters by explaining the benefits and potential uses.
- ◆ In terms of direct smart meter benefits, participants were surprised they were able to access and track their energy data. Many were excited at the prospect of using this data to better manage their energy usage. Indeed, many stated they would immediately utilise certain features (i.e. the MyHomeEnergy Portal) now they were aware that they could, and some had already tried to during the research process.
- ◆ Regarding the *indirect* benefits for customers, participants were particularly impressed that there had been a 70% reduction in serious electric shock incidents since the installation of smart meters.

- ◆ A small number of participants mentioned that they already accessed this sort of information through their retailer, specifically citing AGL, Powershop and Origin.
- ◆ However, many participants reasoned that it would be better to receive this information from a distributor rather than a retailer, as they felt that distributors had no 'skin in the game' and could be better trusted to provide clear, independent and honest information to help consumers reduce their usage.
- ◆ The discussion prompted a call for AusNet Services to reach out to all customers to promote these services.

"I found it surprising how much information is gained by digital meters. When they changed over I was really skeptical about the cost to do this, but now reading how there are 70% less electrocutions makes me feel more positive." – East, higher vulnerability

"The fact that I can log onto my smart meter to track how much I am using, and that all citizens have this option and probably don't even know about it." – North, higher vulnerability

"I felt empowered on learning how much information can be readily obtained from the smart meter. I think it would be helpful to compare other like households' usage as an incentive to save." – East, lower vulnerability

EMPOWERING CUSTOMERS THROUGH DATA CONT'D

Looking to the future, participants want more information about their energy usage, and advice on managing (i.e. reducing) their energy bills

FUTURE BENEFITS

- ◆ Participants were asked what additional information from smart meters would be of most value to them, with results quantified over the page.
- ◆ Although current awareness of the MyHomeEnergy portal was virtually non-existent, they were most excited at the prospect of an enhanced portal that gave them access to more relevant information about their energy usage. Interest was particularly high regarding the option to obtain advice about the best available retail offers based on their own usage.
- ◆ Along with this information, most participants were eager to receive alerts when exceeding usual usage, or to inform them when they are approaching a predefined limit/target.
- ◆ Many also saw value in receiving information about what appliances in their households are driving up costs (though didn't understand how their smart meter could do this), and receiving advice on what to look for when upgrading or buying new appliances.
- ◆ To a lesser extent, customers were interested in receiving solar and battery advice and allowing AusNet Services to provide energy usage details to third parties so they can package deals for customers.

PRIVACY CONCERNS

- ◆ Some participants expressed concern about the privacy of their data. Mostly they wanted to know exactly who could access their data, and how they would use the information. Consequently, they wanted AusNet Services to be transparent with customers about the handling of their data.

"I feel it's concerning that this information can be sold to a third party. It's a bit concerning how much information they can get and what they are doing with it."

– East, lower vulnerability

QUESTIONS FROM PARTICIPANTS

- ◆ **Privacy:** *Is any of our smart meter data already shared with a third party? If so, who and why?*
- ◆ **Usefulness:** *Can smart meters track what appliances use the most energy? How?*
- ◆ **Health:** *What are the negative impacts of smart meters? What studies have been done into radiation?*
- ◆ **Marketing:** *Why haven't I heard about this before?*

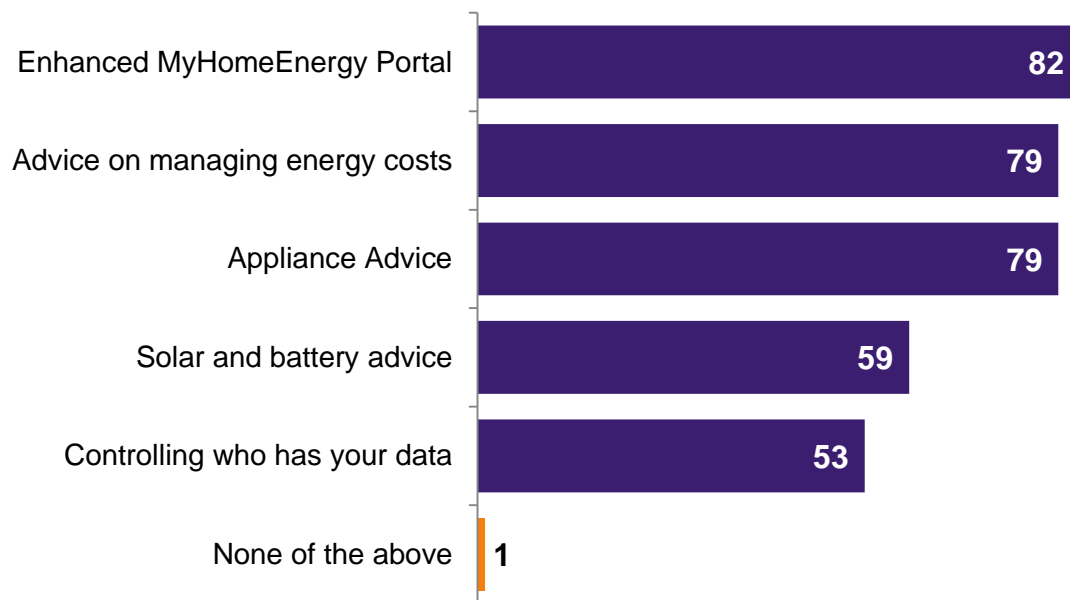
"Nothing too surprising there, but the MyHomeEnergy portal interests me greatly. I would be very keen on some sort of notification when my power usage increases above my average use, so I would be able rectify it if possible...but maybe that is already possible? I don't know!" – East, higher vulnerability

EMPOWERING CUSTOMERS THROUGH DATA *CONT'D*

Most customers were interested in several of the options; and just one participant indicated they would use none of the services

Interest in smart meter services (%)

Multiple selections possible



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 PREFERENCES



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COMMUNICATIONS

“Consumers need more education. We are complacent about energy or too time-poor to do the research. Having research provided and appliances suggested would be helpful.” – Melb, higher vulnerability

Participants said they wanted to hear more from AusNet Services (in accessible and engaging ways), extending beyond outage notifications to information about important energy issues and energy use

CURRENT STATE OF PLAY

- ◆ Currently, customers have limited if any contact with AusNet Services; many participants believed they had never interacted with the organisation. Most interactions had surrounded blackouts or planned outages.

BLACKOUTS

- ◆ Overall, most participants were satisfied with AusNet Services' current communications regarding blackouts, though as noted earlier, some had raised concerns about over- or under-estimated reconnection times. They stressed the importance of receiving targeted and accurate information about who is affected, why the problem occurred and when the issue was estimated to be resolved.
- ◆ Generally, participants appreciated receiving blackout information via text message. However, some in regional Victoria did not have mobile phone access at home and others were frustrated that only one mobile number in their household received these messages (who may not be the person at home at the time). They asked whether AusNet Services could allow account holders to nominate two or more primary mobile numbers to be contacted in the event of a blackout, or offer the option to specify an alternative preferred way of getting alerts or other communication (e.g. email).
- ◆ The idea of an AusNet Services app was also raised in several of the groups, with some participants saying they would prefer this over SMS or email, and would be more likely to notice push notifications for things like blackouts.

DESIRE FOR MORE INFORMATION

- ◆ Most participants reported a strong desire for AusNet Services to communicate, engage and educate the community on:
 - ◇ Who AusNet Services is and what it does;
 - ◇ How customers can monitor and reduce their energy use;
 - ◇ Challenges surrounding peak demand periods and increased solar uptake;
 - ◇ Potential behaviour changes that could mitigate these issues (e.g. when the peak demand periods are, and how to minimise electricity use during these periods); and
 - ◇ AusNet Services' plans to improve its service: reasons behind improvements, benefits to customers and the allocation of costs.
- ◆ Participants emphasised the need for information to be clear, concise and easily accessible. Some wanted this information sent directly to them, while others preferred the information to be accessible on an as-needed basis. To accommodate all, they suggested AusNet Services asks customers to opt-in to receive updates on energy issues, their service improvements, energy efficiency tips and tricks etc.
- ◆ Many participants believed an education campaign (similar to *Target 155*) would help them to reduce energy use, both generally and on peak demand days. These participants argued that customers with a deeper understanding about the value of energy and the associated challenges would be more willing and able to do their bit to help out during peak demand periods.

COMMUNICATIONS CONT'D

AusNet Services' communications should be framed around the customer

IMPORTANCE OF FRAMING

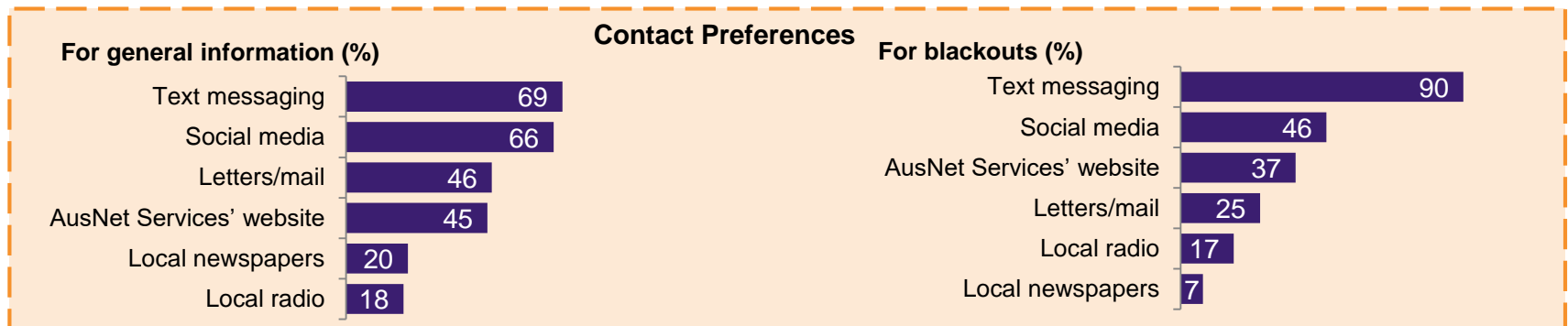
- ♦ Participants wanted AusNet Services' communications to be targeted and customer focused. Accordingly, there was a sense it should actively frame all future communications around customers. For example, information regarding peak demand periods should clearly convey how the problem affects (and is caused by) customers, what the potential solutions are for customers, and how potential solutions may affect customers (rather than using language that focuses on the needs of the network).
- ♦ As outlined earlier, some participants were frustrated at being made responsible for issues surrounding peak demand and solar, and did not understand why they were being asked to "fix AusNet's problem". They wanted communications to be sensitive to this, and focus on how efforts to alleviate energy issues are an opportunity to help individual customers and the community, rather than AusNet Services.

CHANNEL PREFERENCES

- ♦ Participants' channel preferences varied greatly. Generally, older participants preferred to receive information via mail and younger participants preferred to receive information via text message or email. In addition to the channels below, some participants said they would like to use an AusNet Services app (though this was not included in the prompted list of channels).
- ♦ As touched on earlier, to allow for varied communications, participants suggested AusNet Services could send a letter that allows customers to nominate both their preferred method of contact and what they would like to be contacted about (e.g. blackout information, tips on how to best reduce energy use, its five year plans, current issues regarding energy etc.)

*"Justify our pay - all topics come back to the consumer to pay, never the infrastructure owner."
– North, higher vulnerability*

*"Keep me informed as to what AusNet is doing to improve infrastructure and why."
– Melb, higher vulnerability*



Base: Online community participants (n=71) // Q: Thinking about AusNet Services as your electricity distributor... How would you like to hear from them regarding: a) general information b) blackouts. Multiple selections possible.

FINAL PARTICIPANT REFLECTIONS



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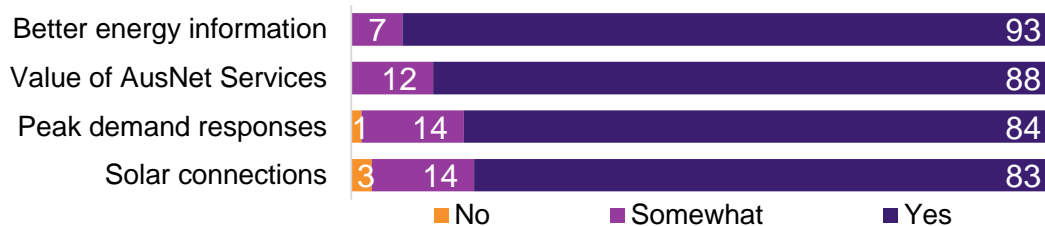
RESEARCH REFLECTIONS

Virtually all participants reflected positively on the research experience, and most said the high-level findings accurately reflected their opinions

The week following the focus groups, participants were issued a brief online survey to respond to high-level findings and to reflect on their experiences throughout the research process.

- Most participants (83%+) felt the broad summary findings accurately reflected what they had said on each topic area.

Have we accurately summed up what you told us? (%)



- Virtually all participants (nett 97%) rated the overall quality of the research experience as 7 or more out of 10, with 0 meaning 'very poor' and 10 meaning 'excellent'.

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



- Participants gave unanimously positive ratings of 7+ (i.e. 100%) for the opportunities to meaningfully share their views, opportunities to say how they really felt, and the facilitation.
- Similar ratings were also given for the suitability of the times and dates (97%), the quality of the information provided (97%), the value of participating (96%), and the venue suitability (96%).
- While still strongly positive, slightly fewer participants gave 7+ ratings for AusNet Services' openness and transparency (93%) and the diversity of the people who attended (80%).

"The whole experience was informative, interesting and empowering."

"While Lucy and Julie were excellent moderators...the entire process failed (in my view) to address the biggest issues which, when raised, were skirted as being 'not AusNet's problem'."

"I would definitely do another research project in the future as I feel these big companies need to know how their customers feel about the services they are providing them. If we don't have a say, they will never know."

"I gave the diversity question a lower score because it was all Australians in my group, with no multiculturalism. ... That being said, reading through the forum there seemed to be...ethnically diverse people in the study as a whole."

Base. All online survey participants (n=69) // Q: With these broad findings in mind, do you think we've accurately summed up what customers have told us on this topic in the research? // Q: How would you rate the overall quality of this research experience? Please use a scale from 0 to 10 where 0 means very poor and 10 means excellent.

PARTING ADVICE TO AUSNET SERVICES

Suggestions tended to be filtered through a strong personal lens – focusing on helping customers to become more energy efficient, to make the most of solar, and to pay no more than necessary

At the end of each focus group, participants were asked to provide one final piece of advice for AusNet Services as it prepares its EDPR proposal – taking into account everything discussed throughout the research. The themes that emerged, in descending frequency of mention, were:

- ◆ **Empower customers through data:** The strong desire for more information on how to manage their own energy consumption remained most salient – from selecting the right appliances to understanding what uses the most electricity. This was often linked to requests for better access to, and interpretation of, smart meter data – whether through an app, an online portal or regular bills.
 - ◇ Related to this was a lower-order desire for **education for the community** on electricity issues (particularly consumption and energy efficiency) – with suggestions including advertising, community campaigns and school programs. A few participants specifically felt this was the role of government rather than AusNet Services, while some saw the whole sector as responsible.
- ◆ **Deliver and improve core services:** Many participants also focused on AusNet Services' delivery of core services – not only maintaining reliable supply, but also planning for the future, upgrading infrastructure, investing in research and development, and thinking about new ways of doing things more efficiently and cheaply (e.g. using drones to inspect powerlines).
 - ◇ This was linked to a desire for **open, honest and timely engagement** from AusNet Services – telling customers what it is doing and how it is spending their money, demonstrating care for vulnerable customers and having a genuine customer focus, consulting customers on issues that affect them, and clearly demonstrating how their input has been taken into account.
- ◆ **Support renewables, particularly solar:** There was strong support for transitioning to renewables, linked closely to a personal desire to see more small-scale solar connections. Participants wanted more information on choosing the right system and then how to 'make the most of it' – and for infrastructure upgrades to allow more solar connections.
- ◆ **Reduce and shift costs:** Some participants specifically raised issues of wanting to see reduced prices and more efficiencies in AusNet Services' operations. Several wondered why governments (of all levels) and retailers were not bearing more of the network costs or doing more to innovate in renewables, as they felt this shouldn't be the end-customers' 'problem'. A few stressed the need for incentives to help customers change their consumption behaviour, rather than punitive 'sticks'.

"AusNet needs to be transparent and honest. If they are charging for upgrades we want to see exactly where the money is going."

"AusNet need to pass on some of their costs to state/federal government. Retailers need to do something that contributes to our infrastructure."

"Australia really needs to move towards green energy which means upgrading the infrastructure to make solar panels more usable."

APPENDIX



NEWGATE
RESEARCH

PARTICIPANT PROFILE

TYPE		%	LOCATION		% Res.	% SME	VULNERABILITY		%	INDUSTRY (SME)		n*
Residential		90	Melbourne		25	50 (n=4)	Lower		44	Health		2
SME		10	Eastern VIC		40	25 (n=2)	Higher / Medium		56	Administrative Services		1
			Northern VIC		36	25 (n=2)				Construction		1
										Hospitality		1
										Retail		1
										Technical Services		1
										Tourism		1
AGE		%	GENDER				CULTURAL AND LINGUISTIC DIVERSITY		%			
18-34		42	Male				CALD		7			
34-54		33	Female									
55+		25										
SOLAR		%	HOME OWNERSHIP				EMPLOYMENT STATUS		%	HOUSEHOLD INCOME (ANNUAL)		%
Yes		19	Owner				Employed		75	< \$65,000		18
Interested		37	Renter				Retired / Unemployed		15	\$65,000 - \$250,000		73
No		44	Other				Other		10	\$250,000+		10
# PEOPLE IN HOUSEHOLD		%	# CHILDREN IN HOUSEHOLD				# EMPLOYED IN HOUSEHOLD		%	ELECTRICITY BILL (Res.)		%
1		17	Total with child/ren				0		31	< \$350 per qtr		32
2		26	0				1		38	\$350+ per qtr		68
3		21	1				2		27			
4+		36	2				3+		4			
			3									

KEY SEGMENT DEFINITIONS

Culturally and Linguistically Diverse (CALD)

Those who do not identify as having cultural heritage from Australia, New Zealand, the UK, Ireland, the US or Canada.

Financial and Social Vulnerability

Newgate's extensive experience in vulnerable customer research has found that vulnerable customers may or may not identify as experiencing some form of financial vulnerability – or indeed fall into 'typical' understandings of vulnerability.

Rather, vulnerability is a relative spectrum independent of traditional measures of household income or wealth – with financial, emotional and/or social stresses key determinants.

Our approach is underpinned by our understanding of the traits and characteristics most closely associated with higher degrees of vulnerability:

- ◆ **For higher-vulnerability customers**, this includes those experiencing some combination of: having missed or been late in paying household bills, receiving most if not all household income from government payments, having only one income-earner in the household (if any), having a significant reduction in household income in the last couple of years, receiving government rebates or concessions on energy bills (or having a payment arrangement with their energy retailer), providing the primary source of financial support for extended family members, caring for child/ren as a single parent, caring for someone in the household with a

disability or serious illness (or impacted by this themselves), being a recent migrant from a non-English speaking country, or identifying as Aboriginal or Torres Strait Islander.

- ◆ **For medium-vulnerability customers**, this includes those who are experiencing some combination of: being retired *and* receiving most of their income from government payments, receiving a government rebate or concession on energy bills, living with disability or serious illness in the household (including themselves), having a mortgage, having at least one child in the household, or being a 'home-maker' parent in the household (i.e. not in full-time employment themselves).
- ◆ **For lower-vulnerability customers**, this includes those who do not identify as experiencing financial difficulty, not on special payment arrangements with their energy retailer, and have not missed (or been late in) paying household bills. These customers tend to be a mix of wealthier retirees and households of at least two full-time workers, owning their home outright. They also tend to use a relatively large amount of energy while not thinking too much about it.

Small to Medium Enterprises (SMEs)

- ◆ Included businesses owners with up to 100 employees, whose most recent quarterly bill was less than \$2,750 if in Melbourne or \$3,500 for regional businesses. SMEs were drawn from a mix of sectors that have different energy usage profiles.

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