



---

# **AusNet Electricity Services Pty Ltd**

## **Electricity Distribution Price Review 2022-26**

### **Appendix 3G: Major Projects Customer Survey**

**Submitted: 31 January 2020**

**PUBLIC**





# Major Replacement Projects Customer Survey Results

Prepared by

AusNet Services Customer Forum

March 2019



## Contents

<b>Section 1: Research overview</b>	<b>3</b>
<b>Section 2: Surveyed customer profile</b>	<b>9</b>
<b>Section 3: Outage experience</b>	<b>14</b>
<b>Section 4: Affordability</b>	<b>22</b>
<b>Section 5: Attitude to replacement expenditure timing</b>	<b>27</b>



## Section 1: Research overview



## Survey background

- AusNet Services has identified eight zone substations that are relatively old, and will potentially need to be replaced before 2025
- These include the following zone substations:
  - Thomastown
  - Bayswater
  - Watsonia
  - Maffra
  - Benalla
  - Warragul
  - Traralgon
  - Newmeralla
- The timing of these replacements matters: the later the replacements occur, the higher the chance of power outages for customers. However, later replacements are also cheaper for customers than earlier replacements. Importantly, earlier replacements mean the price of electricity for all customers will increase. However, later replacements mean that customers located close to these eight zone substations are more likely to experience power outages
- This survey was developed with a short turnaround at the request of the AusNet Services Customer Forum **to establish preferences regarding the timing of the replacement of the above zone substations among customers who are supplied with power through the above zone substations**
  - **It does not consider the views of those customers outside these locations, accordingly the finding need to be considered in context of the questions asked and the target population – they do not necessarily represent the views of customers who would not benefit from these zone-substation replacements**
- The Customer Forum guided the survey objectives and design to ensure it would provide reliable and statistically valid information about customer preferences
  - Taking into account location, and customer type (residential, business and farming as appropriate to the location)
- Field Works was commissioned to collect the data for this survey and customer details were sourced from Sample Pages ([samplepages.com.au](http://samplepages.com.au))
  - Interviewing commenced on Thursday 28 February and concluded on Wednesday 20 March 2019
- Helen Bartley in her capacity as a member of the AusNet Services Customer Forum analysed the survey data and prepared this report



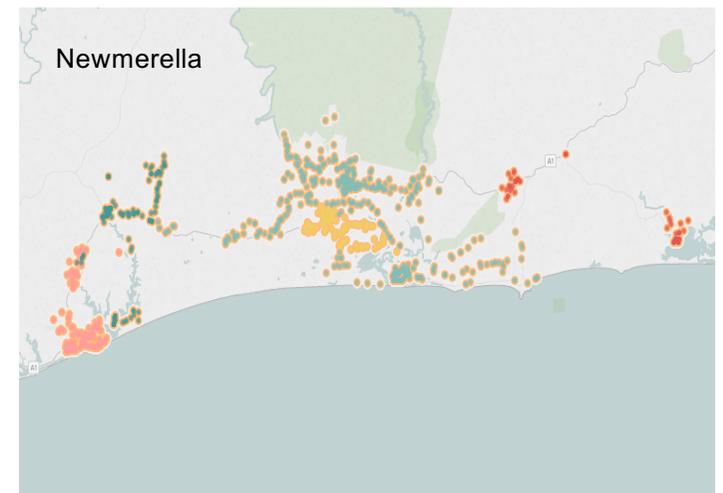
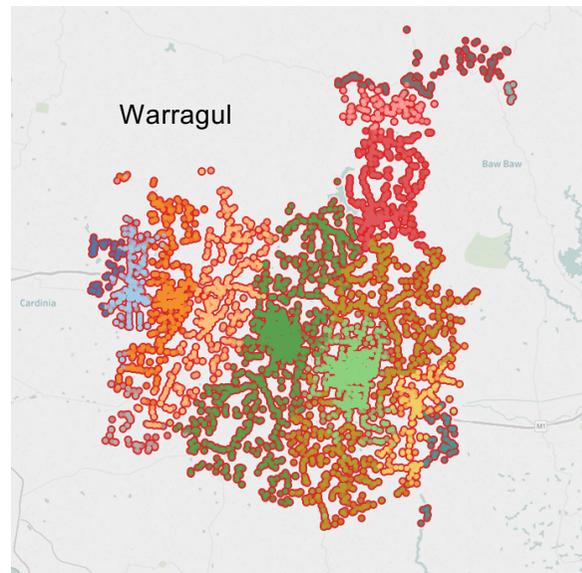
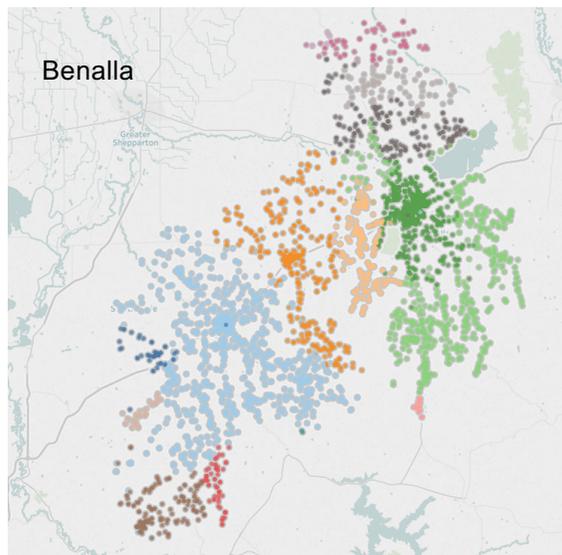
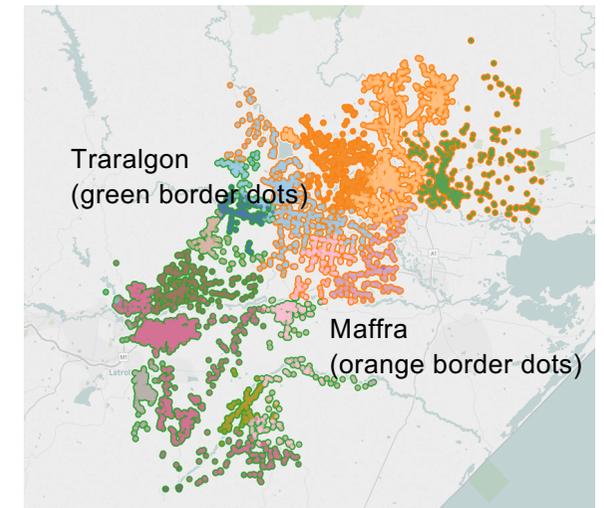
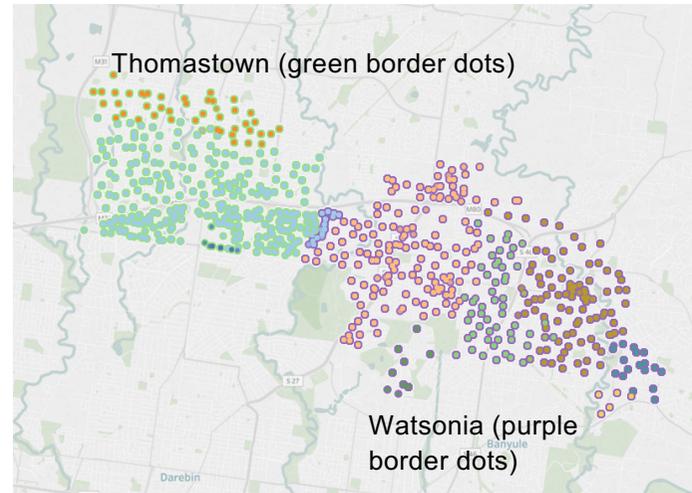
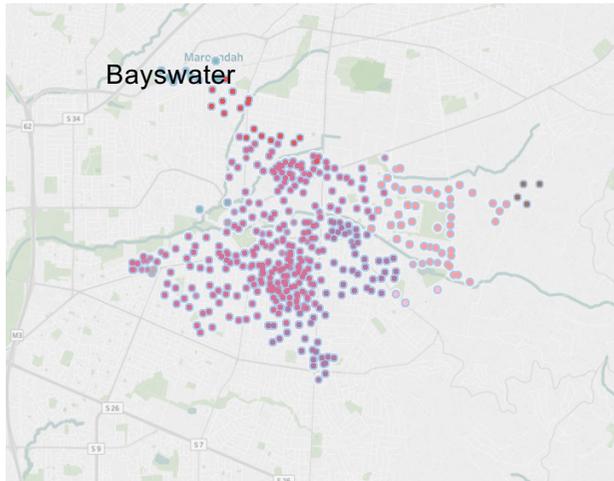
## Identifying the target customer groups

As AusNet Services does not maintain a list of customers and their contact details by location for the purpose of a survey, the target customer groups were derived as follows:

1. AusNet Services provided a series of maps showing the locations serviced by each of the eight zone substations
2. Sample Pages established approximate geo-reference boundaries for each location
3. Residential, business and farming customers were randomly sampled to broadly represent the customer characteristics within each location

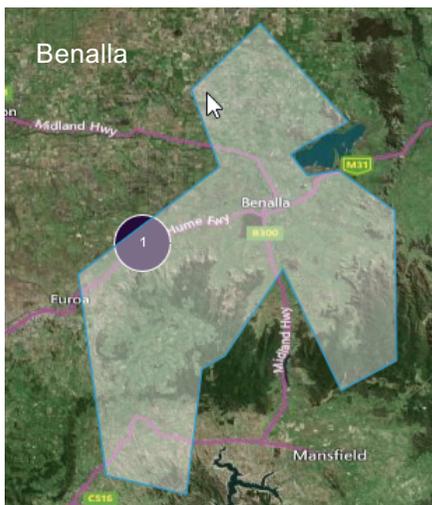
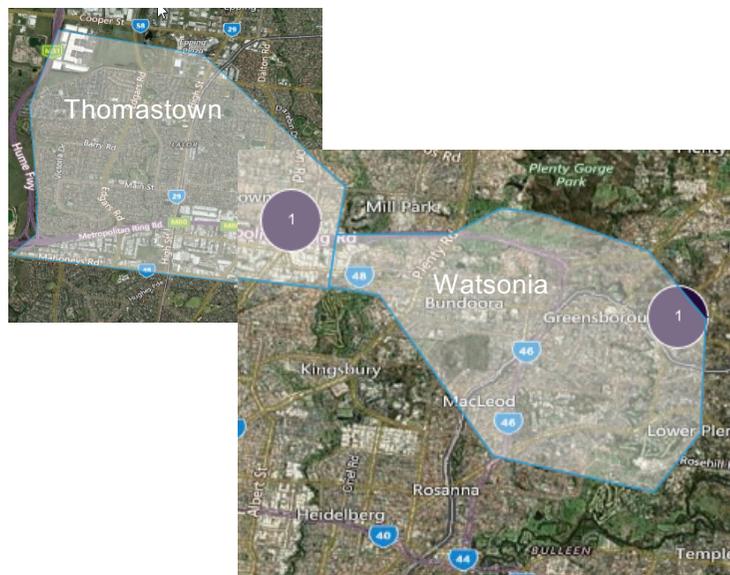


## Zone substation maps





# Geo-referenced overlays



Warragul – map not available (file corrupted)





## Achieved sample

Location	Residents	Businesses	Farms	Total
Thomastown	50	10	0	60
Bayswater	64	11	0	75
Watsonia	62	6	0	68
Maffra	35	9	6	49
Benalla	49	23	14	75
Warragul	44	17	8	69
Traralgon	58	10	4	70
Newmerella	32	2	6	40
<b>TOTAL</b>	<b>394</b>	<b>88</b>	<b>38</b>	<b>506</b>

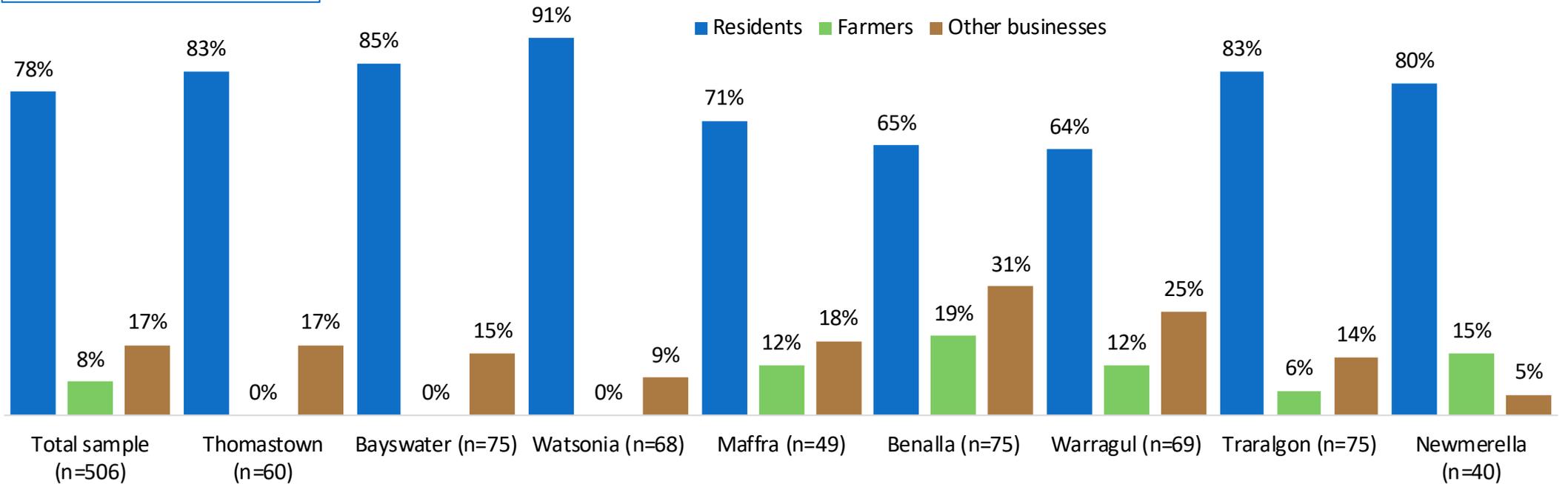


## Section 2: Surveyed customer profile



## Property type

- 75% of customers were purely residential
- 3% of residential customers have a farm or other business at the same location





## Key characteristics

- 78% are property owners
  - 97% of farmers
  - 82% of residential customers
  - 53% of other business operators
- 36% have a concession card entitling them to a discount on their energy and water bills
  - 21% of these customers are also tenants
  - 55% of Benalla and 56% of Newmerella customers – compared to 22% of Thomastown customers are eligible concession card holders
- Business customers are predominantly small business operators
  - 40% employ 1 to 5 people
  - 27% employ 6 to 10 people
  - One employs more than 200 people



## Energy appliances

Appliance	Total sample (n=506)	Thomastown (n=60)	Bayswater (n=75)	Watsonia (n=68)	Maffra (n=49)	Benalla (n=75)	Warragul (n=69)	Traralgon (n=75)	Newmerella (n=40)
A dishwasher	★ 67%	★ 55%	★ 71%	★ 78%	★ 69%	★ 56%	★ 71%	★ 67%	★ 73%
Natural gas (mains gas)	★ 61%	★ 82%	★ 83%	★ 75%	★ 47%	★ 52%	★ 58%	★ 57%	★ 8%
Air conditioning	★ 60%	★ 43%	★ 44%	★ 56%	★ 61%	★ 73%	★ 65%	★ 63%	★ 80%
Gas central heating	★ 38%	★ 50%	★ 60%	★ 63%	★ 18%	★ 20%	★ 29%	★ 40%	★ 8%
Rooftop solar panels	★ 35%	★ 20%	★ 29%	★ 28%	★ 45%	★ 32%	★ 45%	★ 37%	★ 50%
Air conditioning (for cooling only)	★ 31%	★ 45%	★ 36%	★ 28%	★ 20%	★ 31%	★ 41%	★ 29%	★ 8%
A ducted evaporative cooling system	★ 21%	★ 30%	★ 33%	★ 35%	★ 12%	★ 24%	★ 13%	★ 11%	★ 0%
Liquefied Petroleum Gas	★ 16%	★ 8%	★ 4%	★ 7%	★ 20%	★ 17%	★ 25%	★ 17%	★ 40%
Solar hot water	★ 12%	★ 10%	★ 5%	★ 9%	★ 16%	★ 5%	★ 10%	★ 20%	★ 25%
A swimming pool or spa pool	★ 9%	★ 2%	★ 12%	★ 15%	★ 8%	★ 9%	★ 6%	★ 13%	★ 10%
A battery storage system	★ 3%	★ 0%	★ 1%	★ 3%	★ 4%	★ 5%	★ 1%	★ 4%	★ 3%
An electric vehicle	★ 2%	★ 0%	★ 3%	★ 1%	★ 2%	★ 3%	★ 4%	★ 3%	★ 3%
None of the above	★ 3%	★ 3%	★ 1%	★ 3%	★ 2%	★ 3%	★ 3%	★ 4%	★ 3%



## Key business issues

- Energy (farmers and other business customers)
  - Price
  - Reliability
- Drought/climate change (farmers)
- Input costs
  - Too many expenses
  - Increasing price of raw materials
- Lack of income
- Limited access to customers

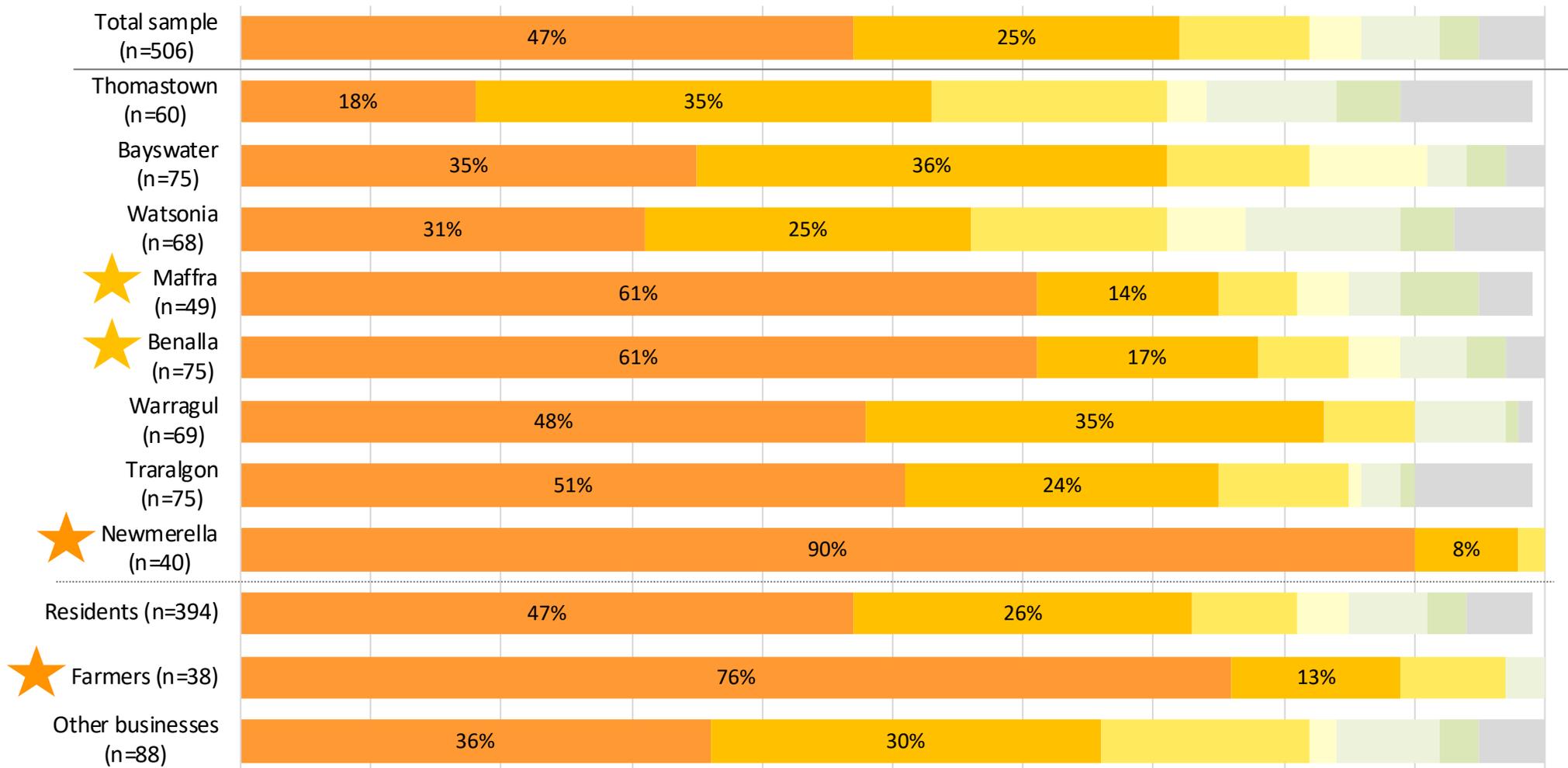


## Section 3: Outage experience



## Most recent outage

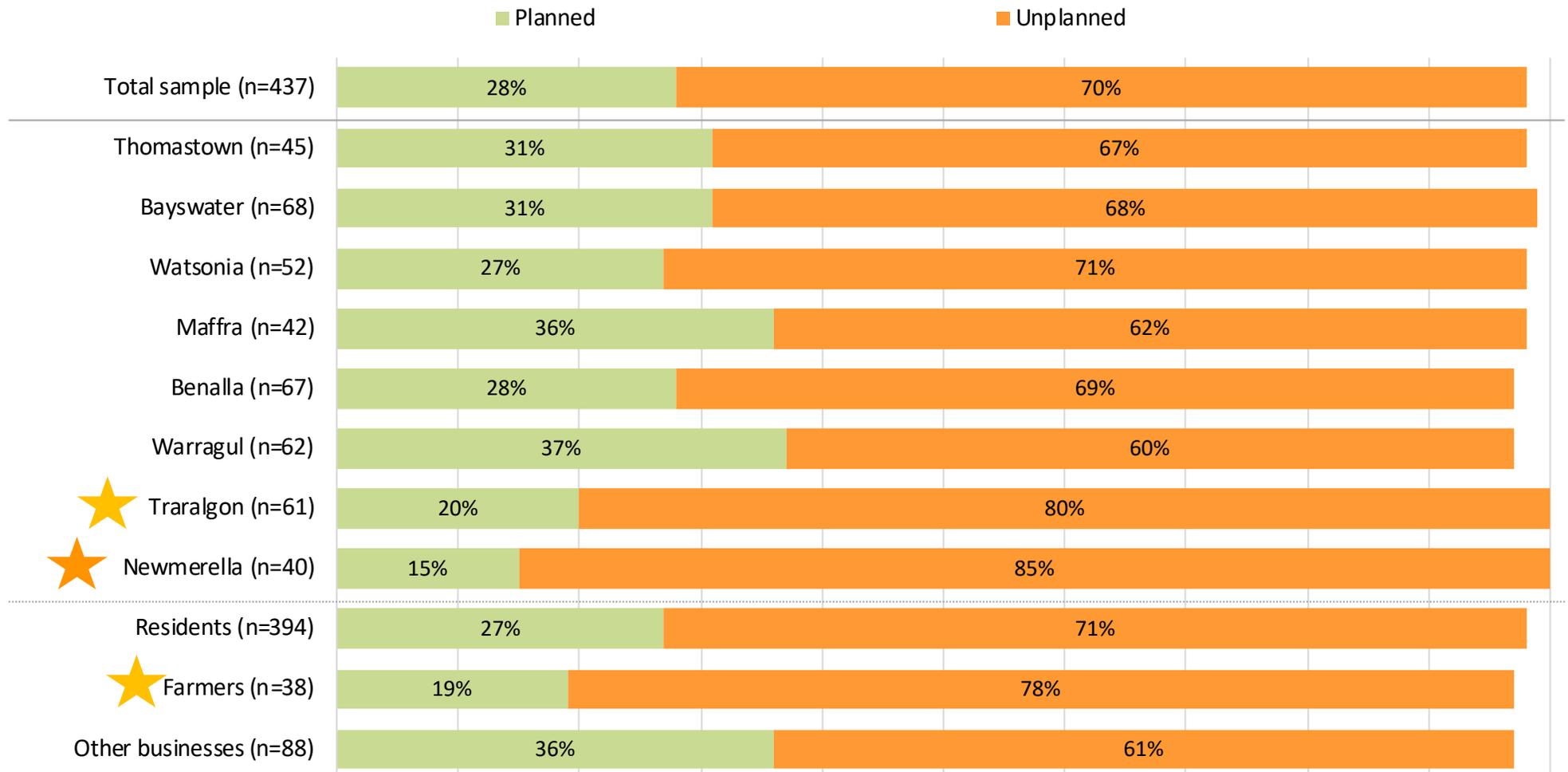
■ Within the last month     
 ■ Within the last six months     
 ■ Within the last year     
 ■ Within the last two years  
■ More than two years ago     
 ■ Never     
 ■ Can't recall





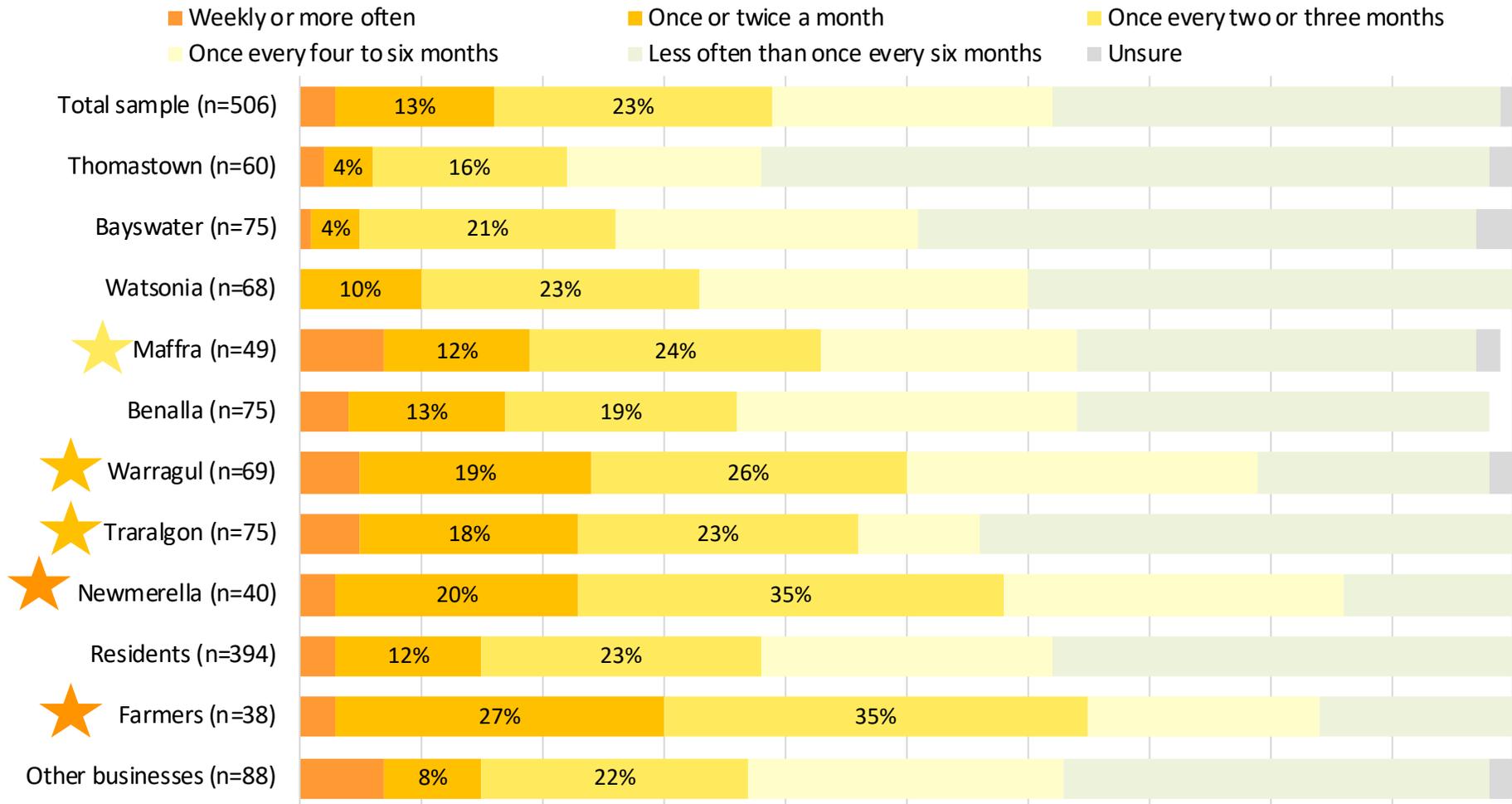
## Most recent outage: planned or unplanned

Was your most recent outage a planned outage where you received a letter in advance or an unplanned outage?  
*[Interviewing commenced on Thursday 28 February and concluded on Wednesday 20 March 2019]*





## Frequency of outages

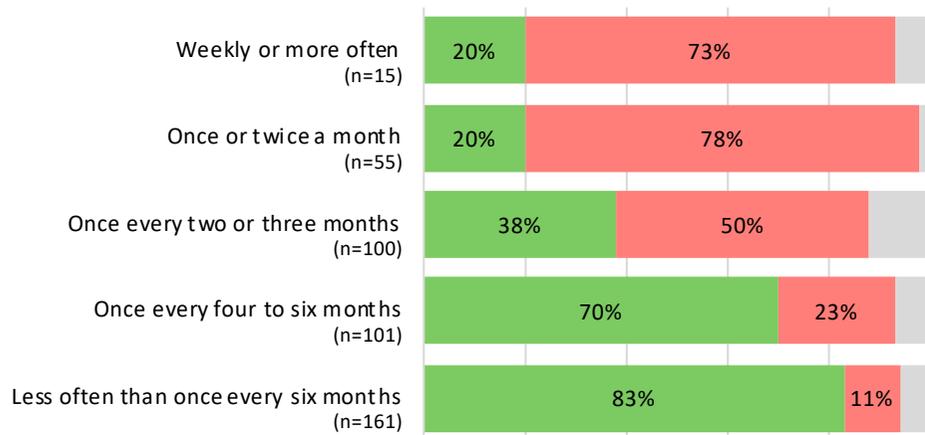




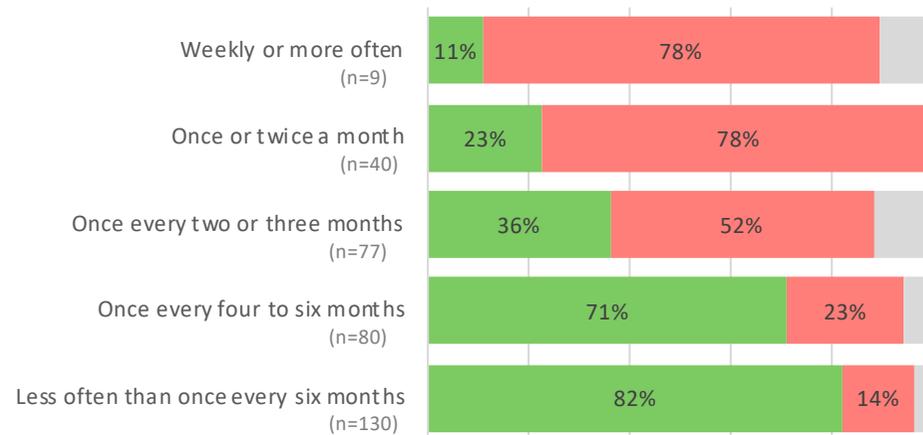
# Acceptance of current outage frequency

■ Frequency is acceptable   
 ■ Frequency is not acceptable   
 ■ Undecided

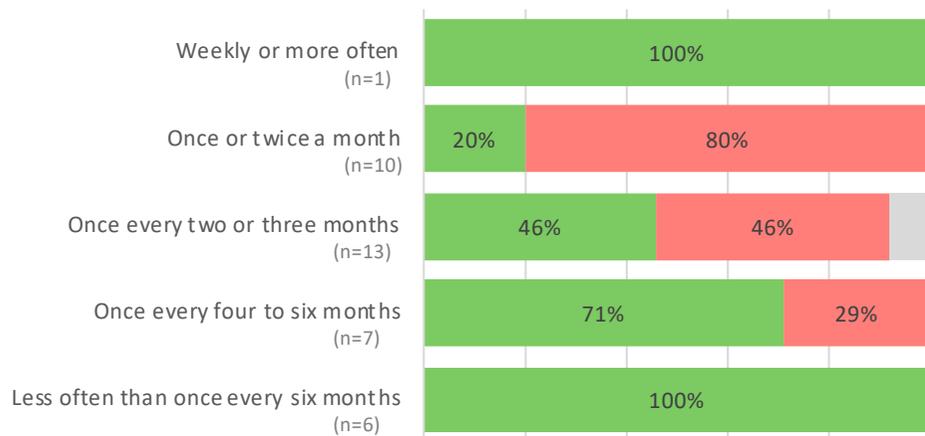
### Total sample



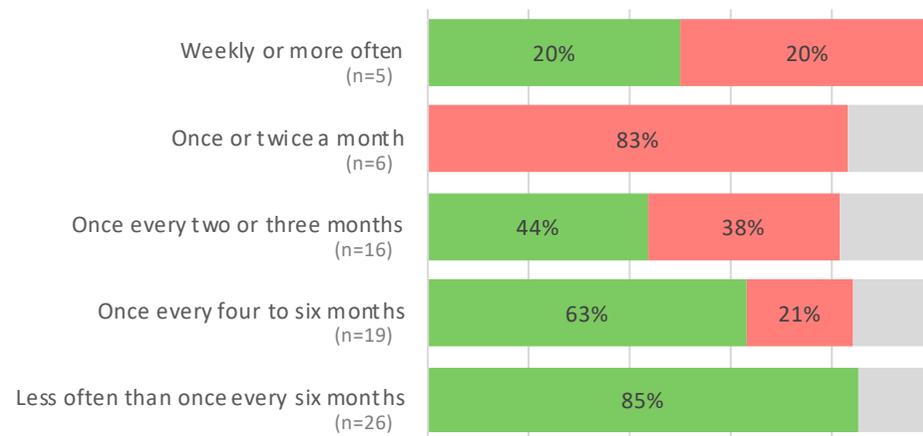
### Residents



### Farmers

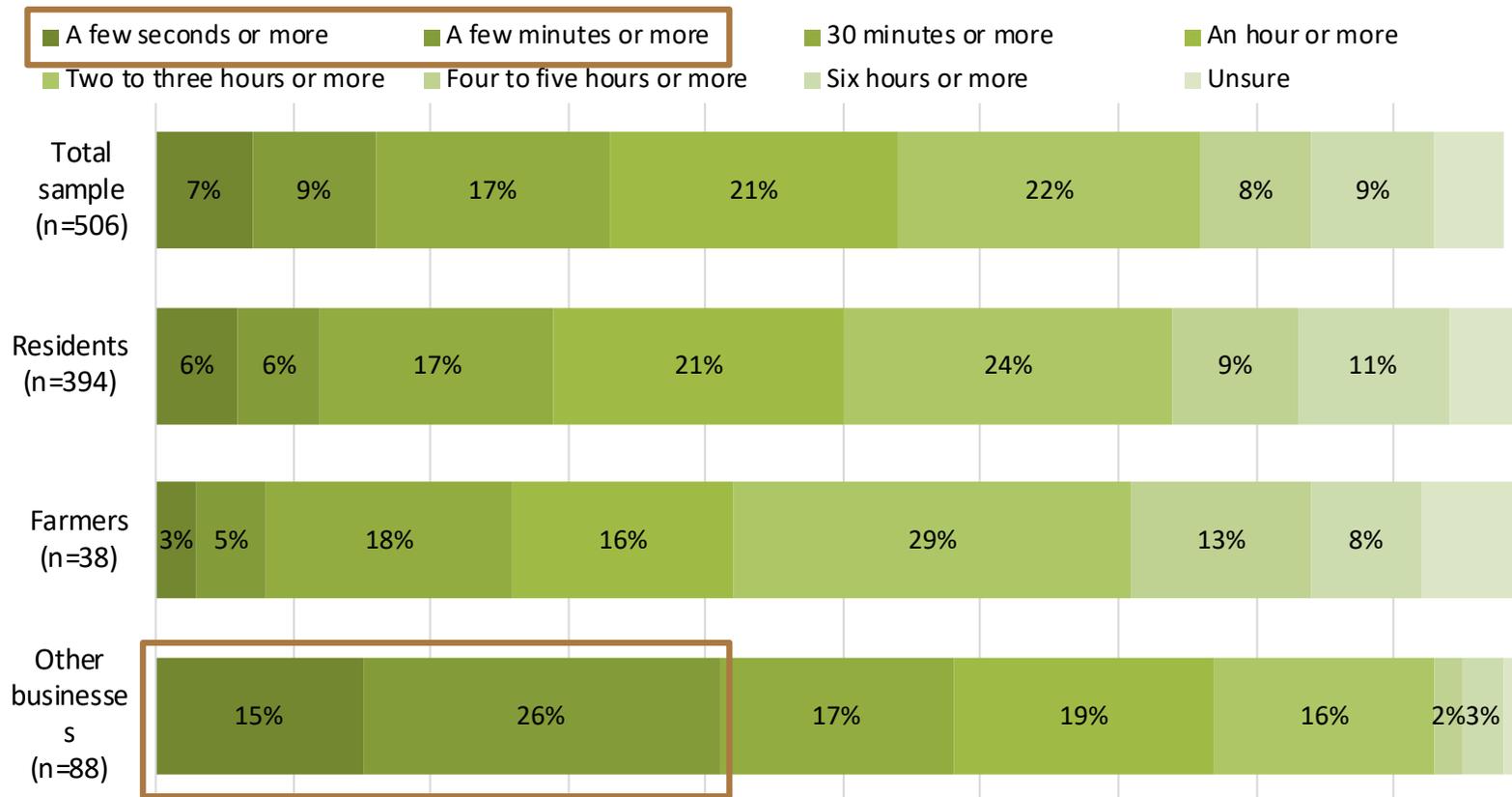


### Other businesses





## When is an outage significant?



**Businesses have high sensitivity to short outages**



## Impact of outages

- When the power goes out we can't work, can't use alarm system, pa system
- We have a lot of power outages, we call them brown outs, effect the computers and we have to restart them all
- We do have a lot of cut off in power and it's too expensive, the bill is too high for me - sometimes twice or three times a year, sometimes it can last all day so we have to close the business
- We do have the odd power outage, the computers turn off as well. Its quite the power must go out for a short amount time enough to switch a computer off. Happens quite regularly
- When there are blackouts we need the power station back into service but if you can run coal cheap power stations in Japan why can't we do it here?
- Lack of power run to answer the phone it cuts out, it never used to do it, the compressor doesn't give us enough power
- Power outages both planned and unplanned/greatly/in a commercial perspective, we recently had a planned outage on a workday, and they didn't negotiate on the hours of the outage, they did it on a Thursday during business hours
- When the power goes down, when it goes out that means we have no water - brings everything to a stop, no cooking facilities



## Responding to significant outages

1. Do nothing
2. Check if neighbours have an outage
3. Contact AusNet Services (website or phone) or “the supplier”
  1. Report outage
  2. Find out what is happening
  3. Check on duration
4. Switch to back up – own generator or hired generator if outage is significant/planned
5. Harm minimisation actions
  1. Don't open the fridge or freezer
  2. Cook by gas / take-away meals
  3. Turn off computers and appliances
  4. Go to a cooler/warmer place
6. Significant actions
  1. Send staff home -> staff lose pay
  2. Close the business -> income loss



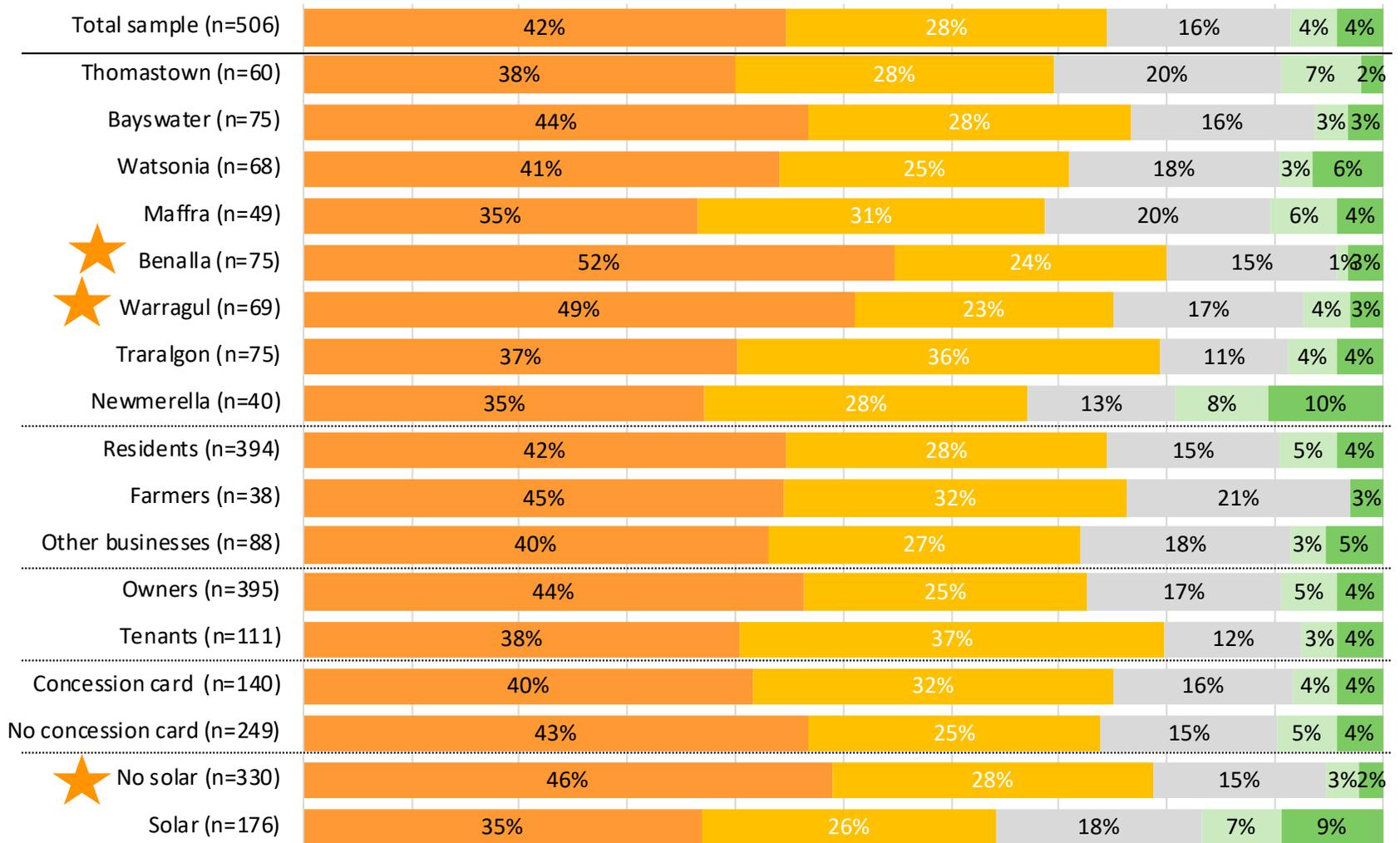
## Section 4: Affordability



## Perception of electricity bill

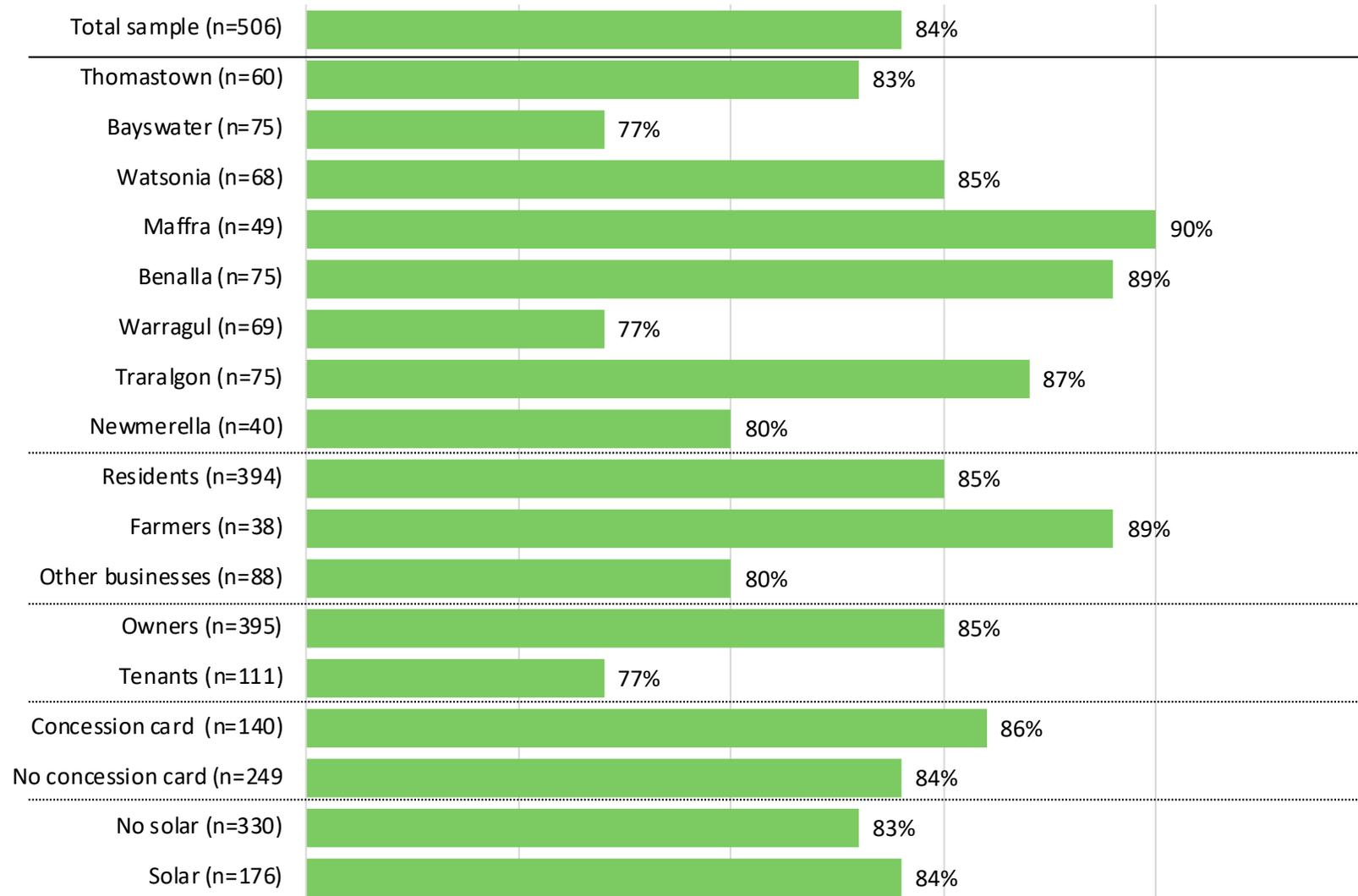
Over the last two years, do you feel that your electricity bills have...?

■ Increased a lot   
 ■ Increased a little   
 ■ Stayed the same   
 ■ Decreased a little   
 ■ Decreased a lot



## Awareness of bill structure

Before today, were you aware that part of your electricity bill is for the cost of being connected to the electricity grid, and part relates to the amount of electricity that you use?

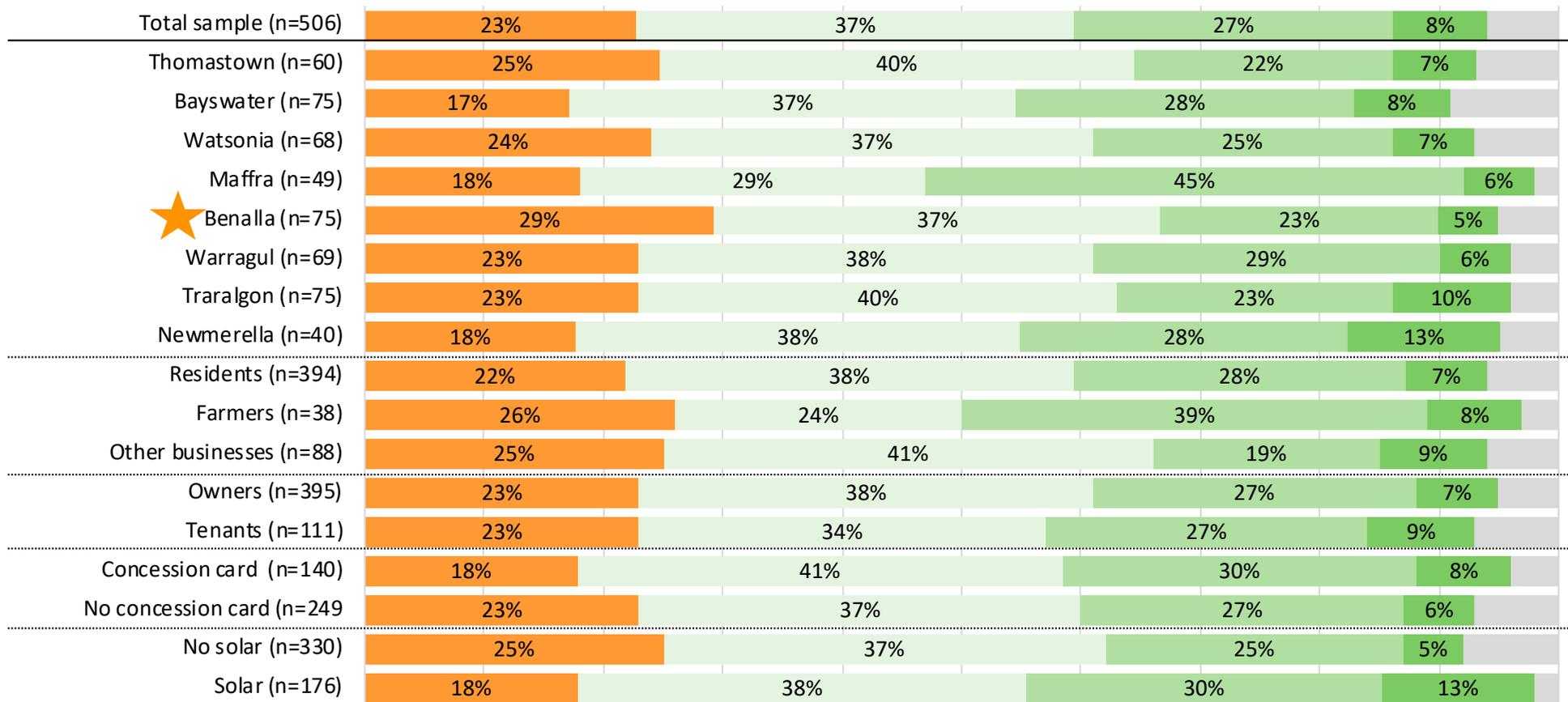




## Value for money

If 1 is poor and 10 is excellent, overall, how do you rate your electricity in terms of value for money?

■ Poor (1 to 4/10) 
 ■ Satisfactory (5 or 6/10) 
 ■ Good (7 or 8/10) 
 ■ Excellent (9 or 10/10) 
 ■ Don't know

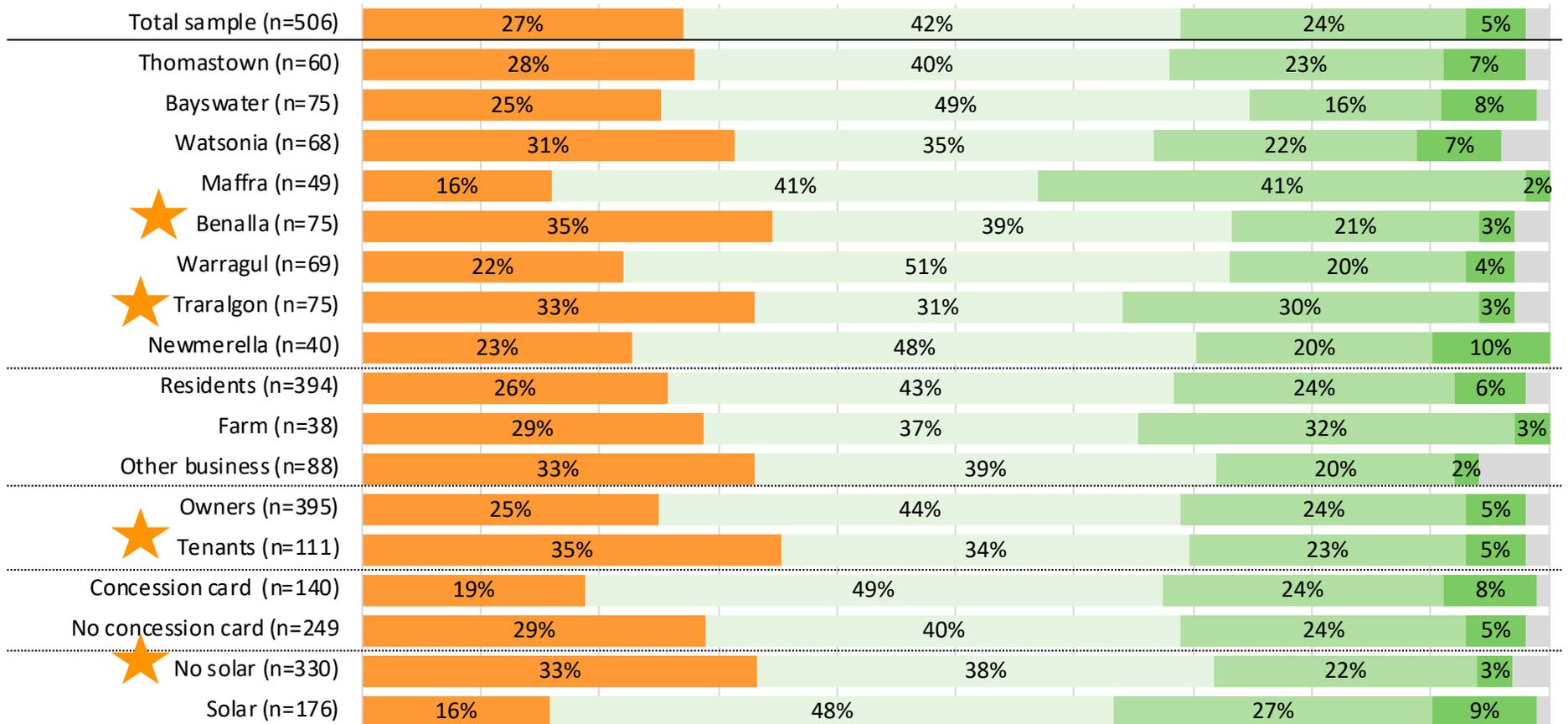




# Affordability

If 1 is poor and 10 is excellent, overall, how do you rate your electricity in terms of affordability?

■ Poor (1 to 4/10) 
 ■ Satisfactory (5 or 6/10) 
 ■ Good (7 or 8/10) 
 ■ Excellent (9 or 10/10) 
 ■ Don't know





## **Section 5: Attitude to replacement expenditure timing**



## Context

### **Interviewers provided customers with the following information** *[read verbatim]*

As you might expect, when parts of the electricity network get to a certain age there is a risk they will fail, leading to power outages or blackouts. Eventually this aged infrastructure needs to be replaced.

In your area, parts of the electricity network are approaching an age where the risk of failure is increased. AusNet Services could replace this infrastructure within the next seven years to ensure you continue to have a reliable electricity supply, whereby this cost is borne by all customers.

Alternatively, if customers in your area are willing to accept a greater risk of power outages over the next five to seven years, these works could be deferred which would result in a bill saving for customers until after 2025.

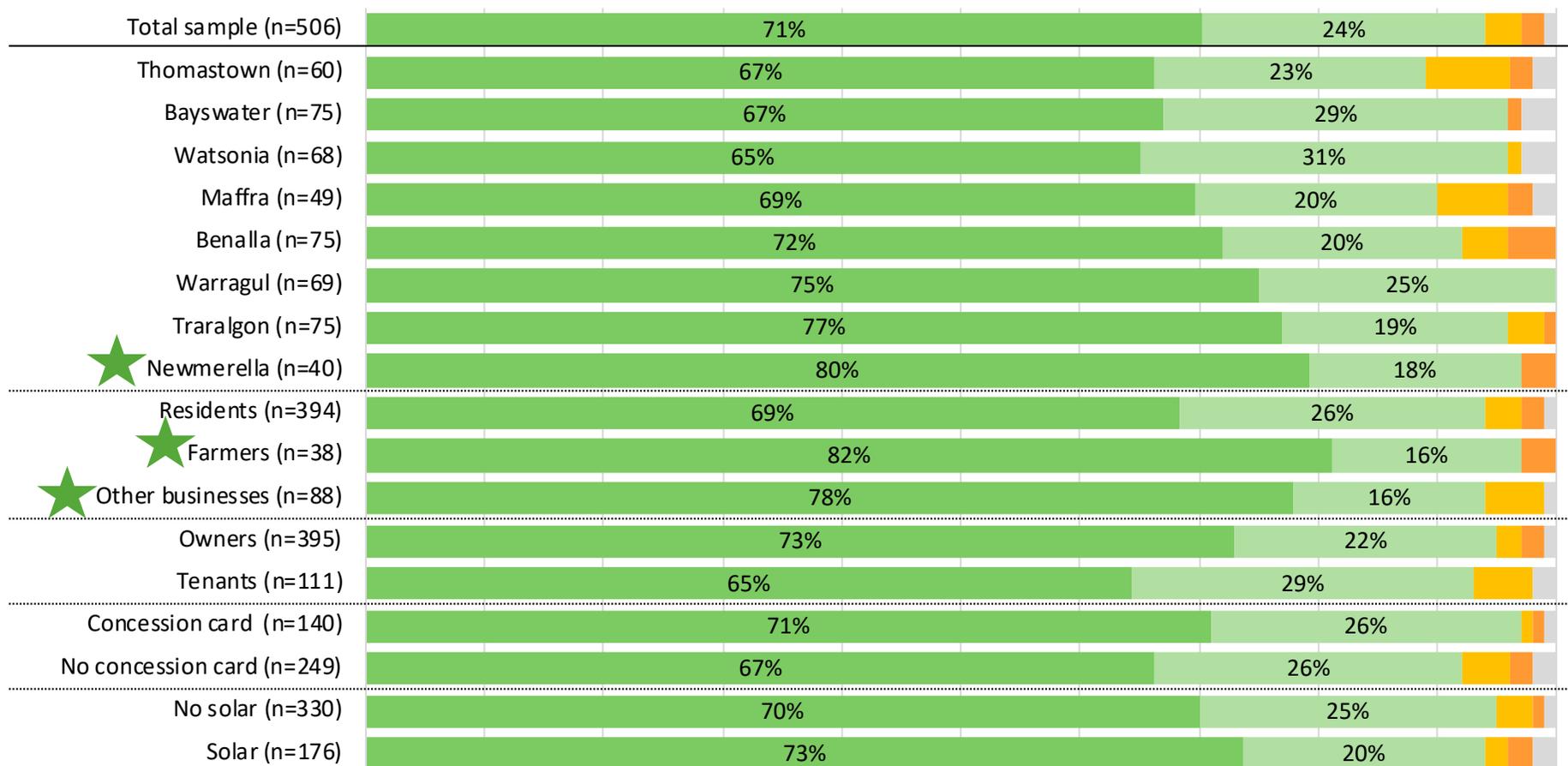
Given these options, AusNet Services is exploring ways to best meet its customers' needs and expectations in relation to their electricity supply.



## Importance of maintaining current reliability

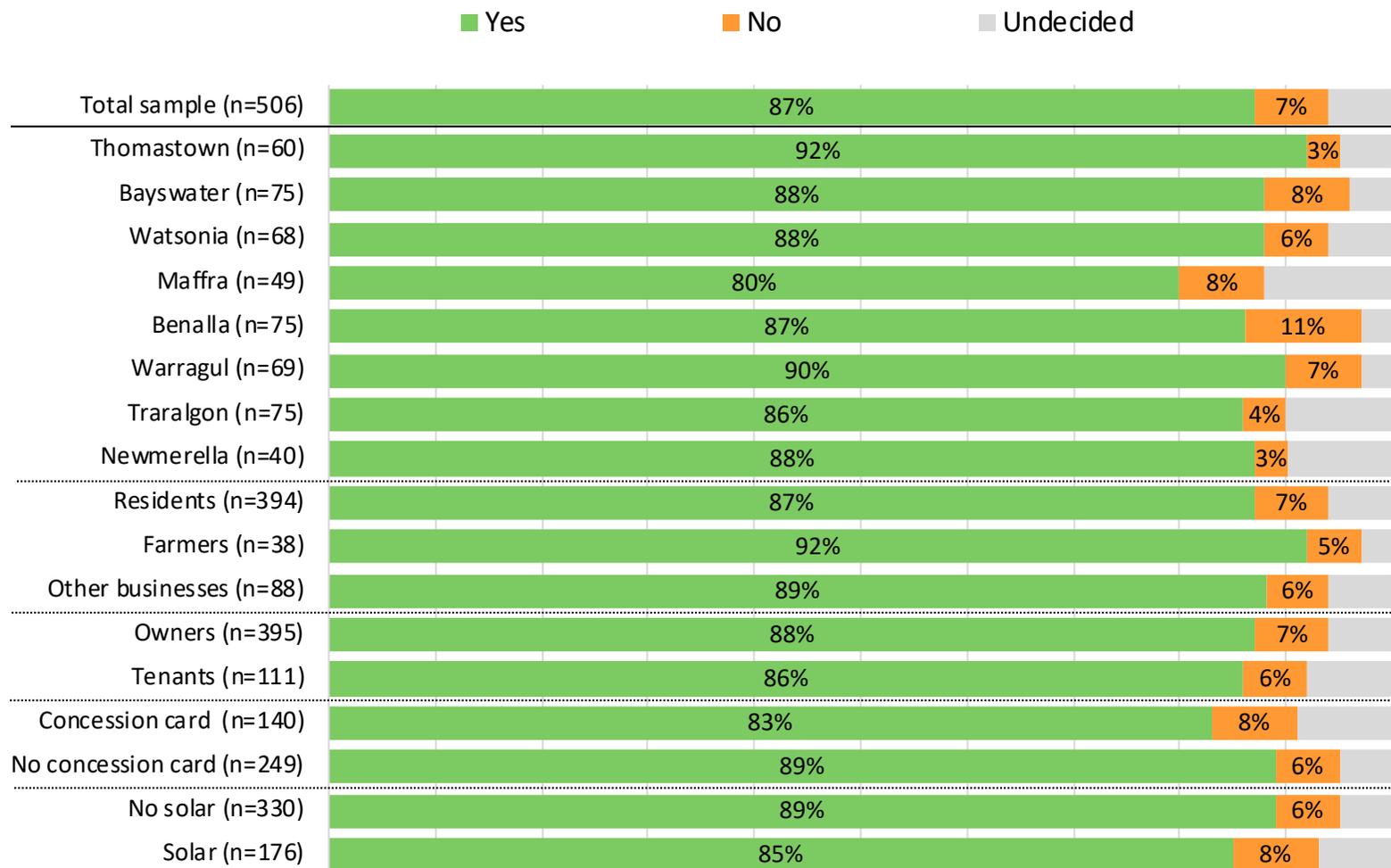
How important is it that the current reliability is maintained?

■ Very important  
 ■ Quite important  
 ■ Not very important  
 ■ Not at all important  
 ■ Undecided



## In principle support for replacement expenditure in next five to seven years

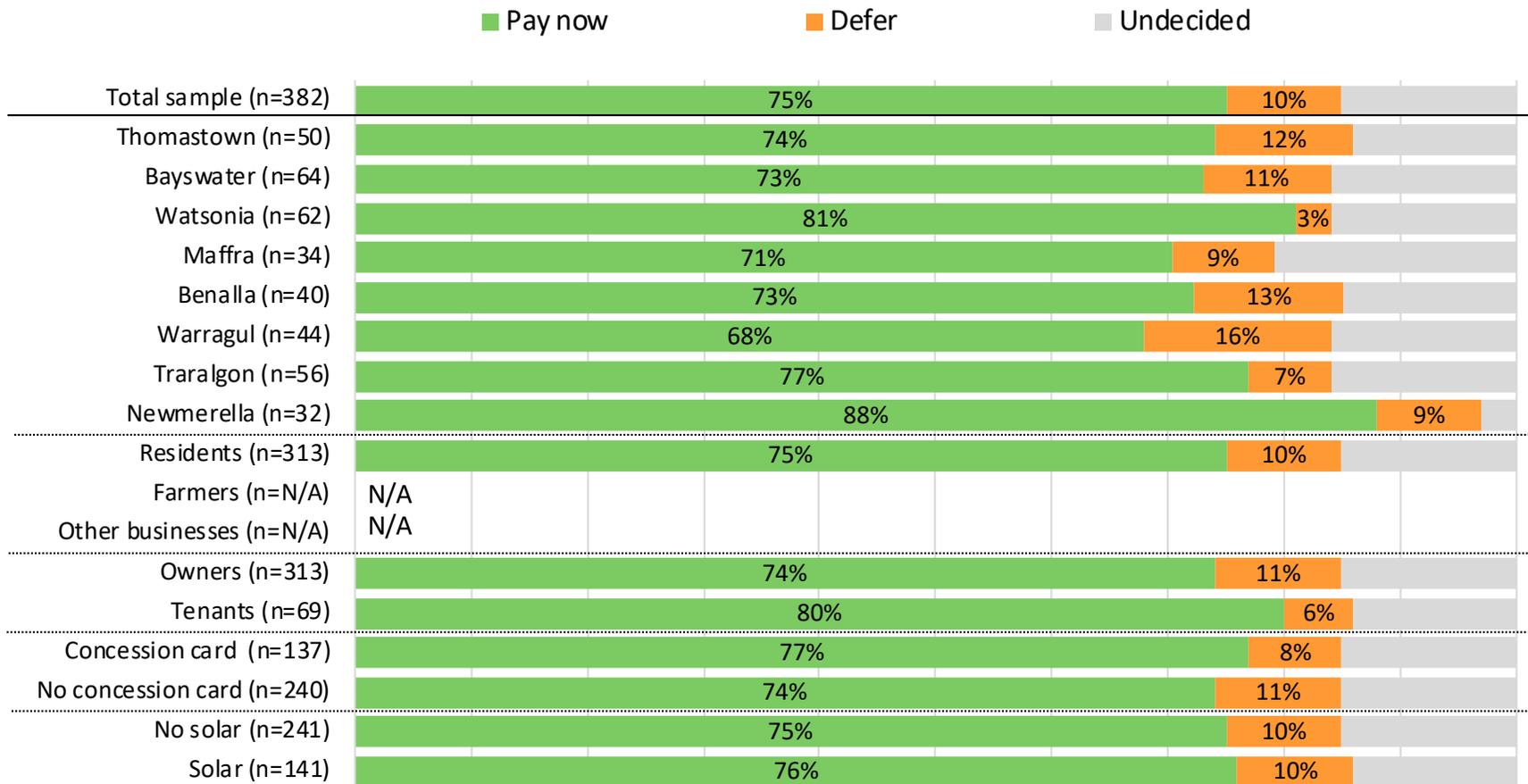
Ignoring the cost for a minute, should AusNet Services be addressing the risk of reduced reliability in your area in the next five years to seven years?





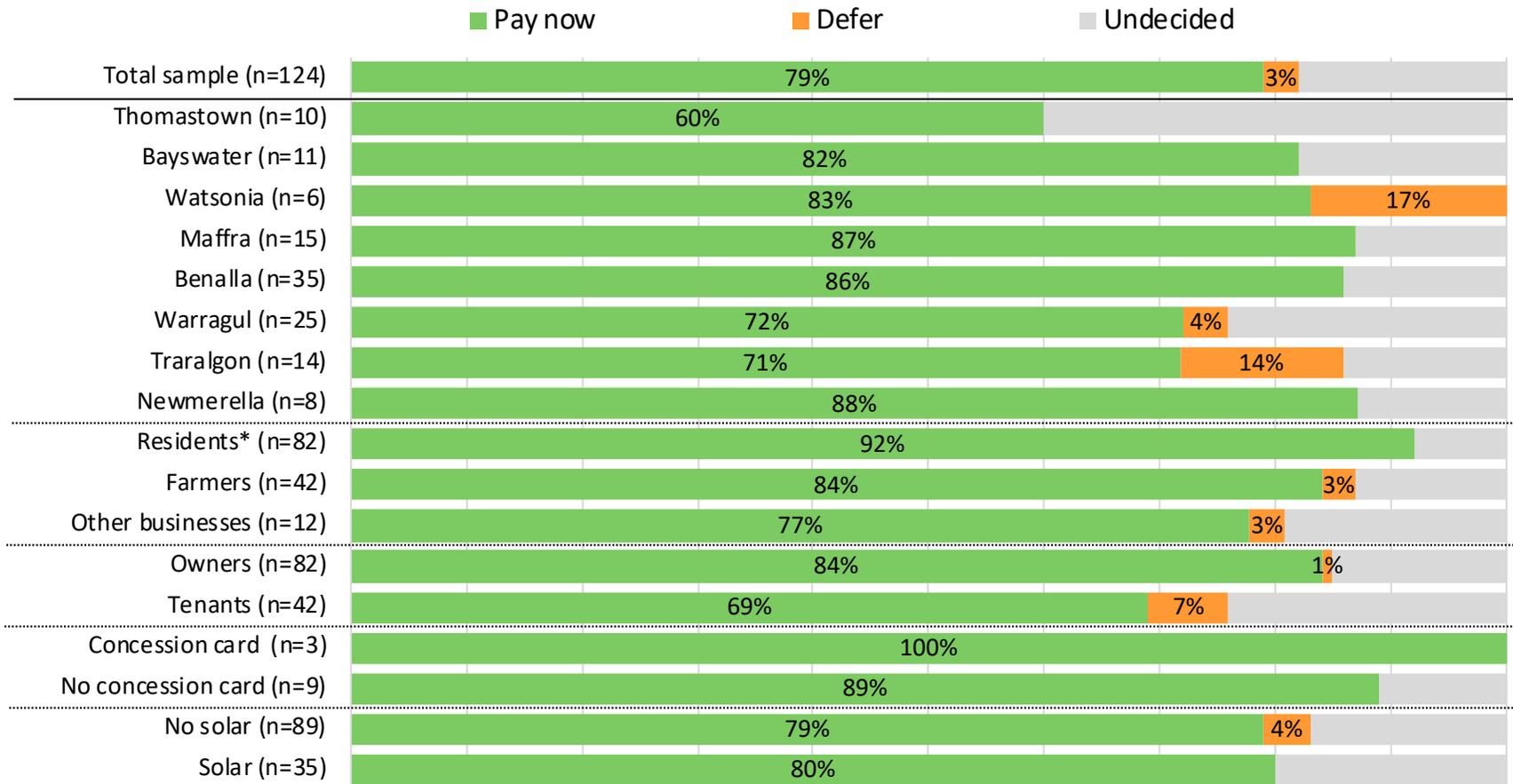
## Support for local replacement expenditure - residents

AusNet Services has identified eight locations, including your location, where infrastructure needs to be replaced. Knowing this work has to be done some time, would you be willing to pay up to **17 cents extra per year in 2022, increasing to around 70 cents extra per year in 2025** to improve reliability **in your location**, or would you prefer to accept a 50% increased risk of power outages if the works were deferred and pay a greater amount in 2026 and beyond?



## Support for local replacement expenditure – farmers and other businesses

AusNet Services has identified eight locations, including your location, where infrastructure needs to be replaced. Knowing this work has to be done some time would you be willing to pay around **\$1.54 extra per year in 2022 increasing to around \$6.95 extra per year in 2025** to improve reliability **in your location**, or would you prefer to accept a 50% increased risk of power outages if the works were deferred and pay a greater amount in 2026 and beyond?

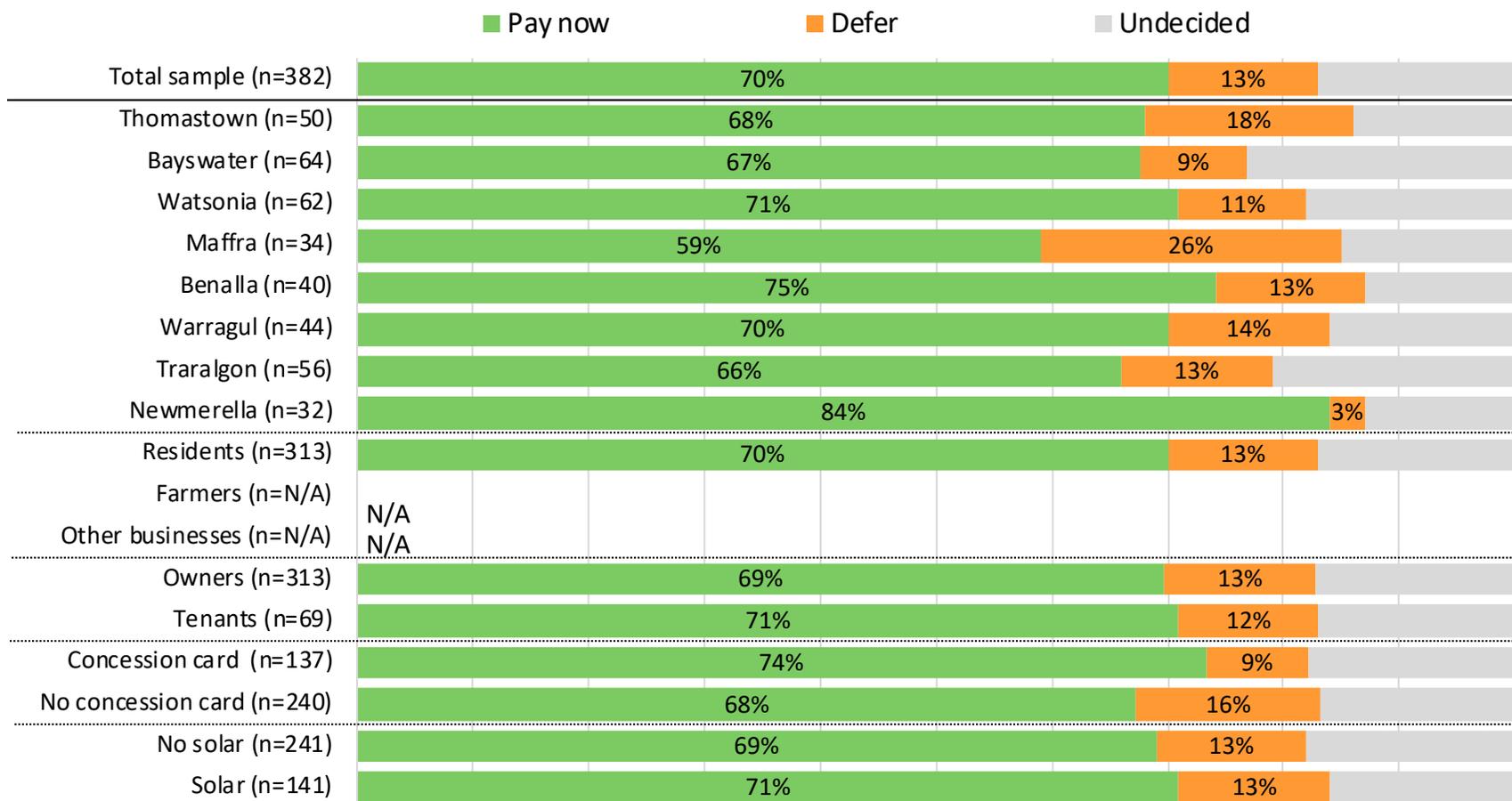


\* These residential customers also have a farm/business on site



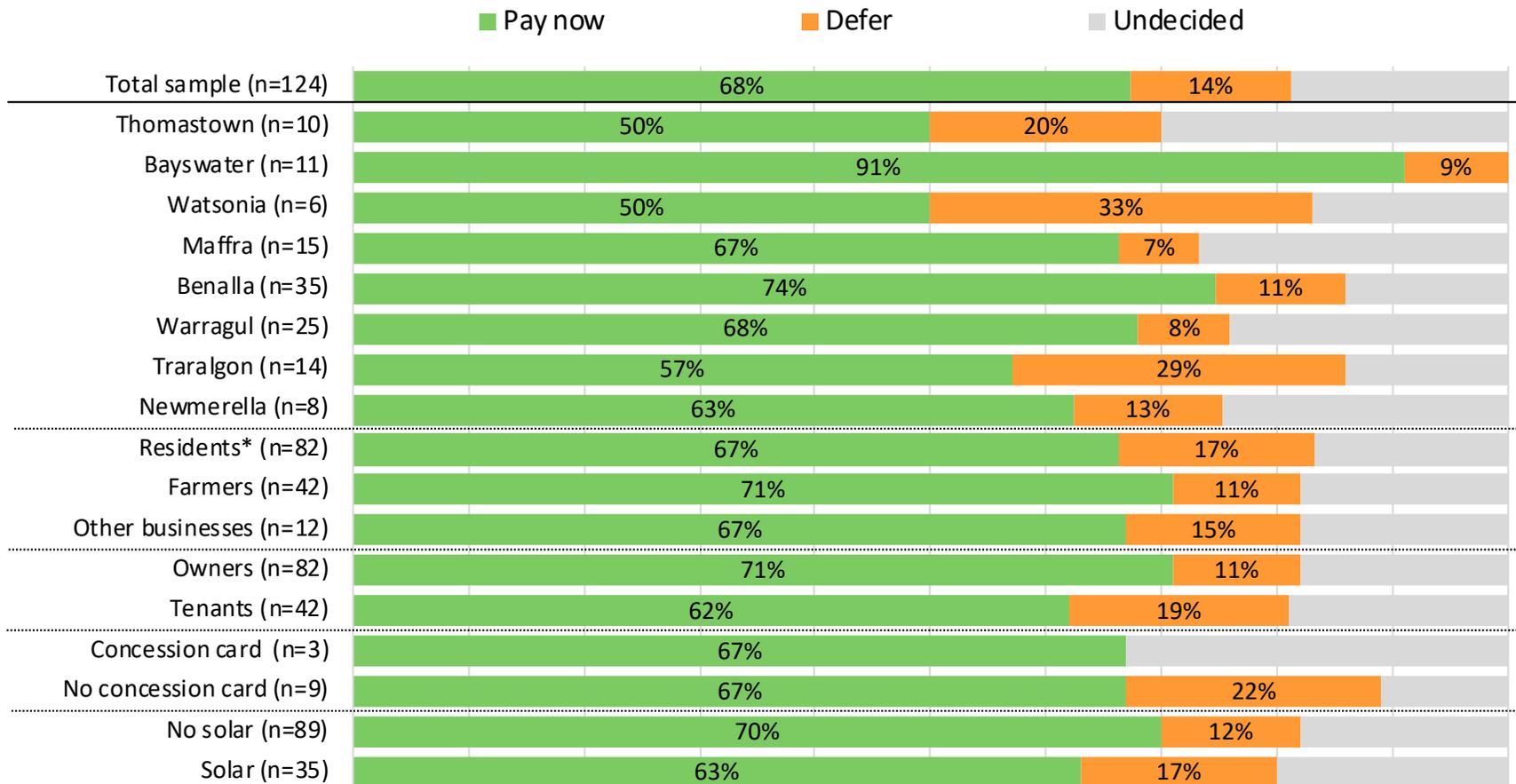
## General support for replacement expenditure - residents

Would you be willing to pay around **80 cents extra per year in 2022 increasing to around \$3.38 extra per year in 2025** to improve reliability across all 8 locations, or would you prefer to accept a 50% increased risk of power outages if the works were deferred and pay a greater amount in 2026 and beyond?



## General support for replacement expenditure – farmers and other businesses

Would you be willing to pay **around \$7.42 extra per year in 2021 increasing to around \$33.59 extra per year in 2025** to improve reliability across all 8 locations, or would you prefer to accept a 50% increased risk of power outages if the works were deferred and pay a greater amount in 2026 and beyond?



\* These residential customers also have a farm/business on site



## Reasons for replacement expenditure timing preferences

### Pay now

- Concerned about increased risk of losing power
  - Need a reliable power supply
  - Need to reduce the risk of outages
- The dollar amount now is relatively small
  - It will be relatively more expensive if deferred
- Important to keep infrastructure up to date
- If the work needs to be done it should be done!

### Defer/Undecided

- Concerned about the expense
  - Trying to keep costs/expenses down now
- It should not be the customer's responsibility to pay
  - Prefer not to pay at all
  - Government should pay
- Have solar so not concerned about reliability
- Not concerned about the future
  - Won't be at the property
- Reliability is fine – can tolerate/accept more outages