

Appendix 3A: Customer Satisfaction Interviews Summary Report

2023-27 Transmission Revenue Reset
PUBLIC

Submitted 29 October 2020



Table of Contents

Background and objectives	3
Methodology	4
Energy affordability and pricing	5
Reliability, network stability and security of supply	6
Reputation and engagement	7
Service delivery pain points	8
Impact of energy transformation	9
The role of the transmission network	10
Conclusions	11

Background and objectives

Background

We recognise that to be a sustainable and successful business we must engage with our customers and stakeholders.

While our transmission network does not have many directly connected customers, all electricity customers and stakeholders are impacted by the performance of the network.

Every year, we undertake research with our transmission customers and stakeholders to explore a range of pertinent topics, including satisfaction with our services.

This year's research was a key input in the Transmission Revenue Reset (TRR) Submission.

Objectives

The primary objective of the research is to develop a better understanding of the transmission customers and stakeholders needs and identify levers to drive service satisfaction and engagement.

The insights will be used to inform business decision making and influence positions taken in regulatory submissions.

Themes explored

A number of themes were explored in the interviews, these included:

- Energy affordability and pricing
- Energy reliability
- Network stability and security of supply
- Reputation and engagement
- Service delivery pain points
- Impact of energy system transformation
- The role of the transmission network

Methodology

The 2020 iteration of our annual transmission customer satisfaction qualitative interviews ran between June and August 2020. These interviews were conducted online (an artefact of Covid-19 restrictions at the time) and were undertaken by our Customer Research Manager.

A senior member of the regulatory team attended all interviews to ensure any technical questions relating to the transmission revenue reset could be answered. Where necessary, another senior manager also attended.

In total, we spoke with 13 customer and stakeholder groups, including:

- 3 directly connected customers;
- 2 renewable generators recently connected into the transmission network;
- 3 Victorian DNSPs;
- 4 consumer and industry advocate organisations (representing large, vulnerable and general customers); and
- Australian Energy Market Operator (AEMO).

Energy Affordability and pricing

Total energy prices have risen considerably in the last 5 years with significant impacts across all customer and stakeholder groups. In particular, these increased costs can affect the viability of many large businesses.

For large businesses, energy costs are increasing. Many operate in a commodity market and stressed that any increase in energy prices cannot be passed on to customers. In addition, they tend to be competitors in global markets meaning that cost competitiveness is critical to business success. Feedback indicated that demand drop for products and services as a result of Covid-19 have further increased price sensitivity and uncertainty. As a result, large businesses are focusing on cost management and have various transformation processes underway.

The non-contestable nature of much of the work that AusNet Services undertakes on the transmission network is cause for concern among many participants. Customers and stakeholders voiced that the costs provided by AusNet Services for this work are often significantly higher than the market rate. To build greater trust, participants encourage AusNet Services to take a more collaborative approach to the design and costing of non-contestable work.

There was general agreement that over the past two years there has been an 'opening up' at AusNet Services around cost transparency. Customers and stakeholder who have the time and resources to drill into their invoices, contracts or cost estimates indicated that AusNet Services is amenable to negotiation, often reducing costs quite considerably. Not all customers, however, have the time and resources to negotiate on prices and therefore feel as though they are forced to pay the costs we present. Customers also voiced dissatisfaction with the transparency of costs associated with AEMO activities. They encouraged both AusNet Services and AEMO to continue to improve transparency around costs.

Reliability, network stability and security of supply

Customers have told us they are generally satisfied with current reliability levels. However, they have also said that failures in reliability can lead to significant production losses and equipment damage, demonstrating the importance of reliable transmission services in the next regulatory period.

Customers have also told us that when outages do occur, they would like information about the outage. Specifically, they want to know why the outage occurred and what we are doing to prevent them in the future. Specifically on planned works, customers have voiced a desire to better align the timing of our planned works with their maintenance schedules, avoiding the need for multiple outages. It is customers' expectation that we better accommodate their planned outage preferences in the future.

Network stability is presenting as an emerging concern for many directly connected customers. Any supply dip or breach of network stability often results in significant time, product, and energy losses. While it is acknowledged that 'things will happen from time to time', customers would like greater transparency about the causes of network events when they do occur. Specifically, customers expect that we would contact them following an incident and explain what happened and what we are doing to prevent such events from occurring again.

In addition, customers would also like to understand what we are doing to safeguard the security of the network in the future. Moving to more bespoke account management service approach would be well-received by these large customers.

Reputation and engagement

Customers and stakeholders rated our overall reputation in the sector as 7.5 out of a possible 10. Feedback confirmed that our strong reputation is predominately driven by the belief that we will deliver on our promises and the professionalism of our transmission and regulatory teams. It was consistently noted that the AusNet Services teams are easy to deal with and always try to accommodate requests.

The lack of clarity around the specific roles of AEMO and AusNet Services tended to bring our reputation score down. Many suggested that this lack of role clarity meant that the poor performance of AEMO on certain processes reflects negatively on AusNet Services, and vice versa. Customers further voiced their frustrations with the lack of coordination between AusNet Services and AEMO in the planning and implementation of projects, driving greater levels dissatisfaction. There is a lot of confusion around why the two parties cannot seem to work together more effectively. Improvements in the this space would go towards mitigating this impact.

Feedback confirms that we have significantly improved the way we engage with our transmission customers. Customers have noticed a shift in our appetite to engage with them on the 'tough' issues and have open and honest dialogue over the past two years. Consistent with the observation above, this has largely been driven by the professionalism of the teams that have direct contact with customers and stakeholders.

The creation of the Customer Advisory Panel (CAP) as part of engagement on the upcoming TRR submission is seen as a step on the right direction towards improved engagement. Many were keen to remain involved in the Panel even when the TRR process has completed.

Service delivery pain points

Customers' experience of our services is improving. Customers and stakeholders have told us that it has become easier to contact us for both operational and strategic advice and guidance.

There are, however, some areas where they would like to see further improvement:

- (i) *Greater willingness to negotiate on elements of the contract.* While it was acknowledged that improvements in contract negotiation have been made in recent years, targeted feedback from generators, stressed the importance of continued improvement in this space. They would like to see us adopt more commercial mindset when it comes to contract negotiation.
- (ii) *Providing more accurate cost estimates.* It was sometimes noted that the difference between the cost estimates provided at the outset of a connection process significantly differed to the actual costs incurred. This 'bill shock' was particularly frustrating as it upset project budgets and required generators to go back to their respective organisations and seek additional funding.
- (iii) *More regular communication throughout the connections process.* From a project management perspective customers would like more regular and timely communication with AusNet Services during the planning, build and commissioning of a connections project.

Impact of energy transformation

There is a need to invest in understanding customers' current and future needs, including building the network to ensure there is sufficient capacity to host renewable generation.

Customers, particularly those directly connected to our network, voiced concern around the ISP and the potential reliability impacts associated with the implementation of these projects. For example, customers indicated concerns with the potential scheduling impacts of any planned outages that will be needed to connect renewable generators into the transmission network. They also voiced a desire to better understand the benefits of investment in ISP projects, not only for them, but all stakeholders utilising the transmission network.

Renewable generators recognised a need to take a more proactive approach in engaging AusNet Services outside of the grid connection process. Specifically, they want better engagement with us to build a common understanding of future capacity and growth plans, enabling more harmonious planning.

Understanding how AusNet Services and AEMO intend to mitigate any connection and ISP impacts was identified by customers as being of paramount importance.

The role of the transmission network

AusNet Services is perceived by customers and stakeholders as having a significant role to play in the transformation of the energy sector that is currently underway.

Participants encouraged the business to promote the good work that we are doing and better ‘tell the story’ around the integral role that transmission plays in the new energy future.

Similarly, many customers consider that we could act more proactively, becoming the ‘trusted advisor’ for parties seeking to connect into the transmission network. It is the view that AusNet Services possess the technical skills, expertise and insights that could be shared with customers and stakeholders to assist in the process. Stepping up, and becoming part of the solution, as opposed to being a blocker, is desired.

Customers and stakeholders would also like to see more collaboration and co-operation between AEMO and AusNet Services, expressing the importance of this in enabling the transformation of the energy sector in Victoria.

Conclusions

- Total energy prices have risen considerably in the last 5 years with significant impacts across all customer and stakeholder groups. Improved price transparency will build trust with customers and stakeholders.
- Overall satisfaction with reliability is high but uncertainty around system security and the quality of supply is increasing particularly among direct connect customers.
- Our strong reputation in the sector is underpinned by the perception of improved engagement with customers and stakeholders in the past few years. There is an appetite to see more of this engagement.
- From a service delivery perspective we have become a little easier to deal with. However, customers would like to see a focus on more open contract negotiation, more accurate cost estimates and improved communication going forward.
- There is a need to invest in understanding customers' current and future needs, including building the network to ensure there is sufficient capacity to host renewable generation.
- We need to better promote the important role that the transmission network will play in the transformation of the energy sector that is currently underway.