



2016–2020 Price Reset

Appendix A
Our customer engagement

April 2015

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Our customer engagement

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1 Introduction

We take very seriously our responsibility to deliver electricity to all customers safely, reliably and efficiently. We also have a responsibility to work with our customers and diverse stakeholders to understand their requirements to ensure that we continue to deliver services that meet their needs now and in the future.

We have a proud history of customer engagement and for building, maintaining and enhancing effective relationships and dialogues with our customers. In addition to our customer consultative committee and our regional business managers, who are responsible for developing and maintaining relationships with our major customers throughout our distribution network, we routinely monitor customer satisfaction with our services. In addition, in recent years we have undertaken significant community engagement activities to support the successful roll out of smart meters to over 99 per cent of our customers.

A comprehensive review of the effectiveness of our business as usual engagement activities was undertaken during early 2013 and this review, combined with recent stakeholder engagement experience from utility businesses both in the United Kingdom of Great Britain (**UK**) and in Australia, was incorporated into the development of our price reset stakeholder engagement program (**engagement program**) in mid-2013. In parallel, we provided input to the Australian Energy Regulator (**AER**) as they developed the *Consumer Engagement Guideline for Network Service Providers* (**Consumer Engagement Guideline**).

The cornerstone of our engagement program was the importance of commencing our engagement activities early enough to enable time for effective engagement as well as time to consider customer feedback and factor the feedback into the development of our regulatory proposal for the 2016–2020 regulatory control period.

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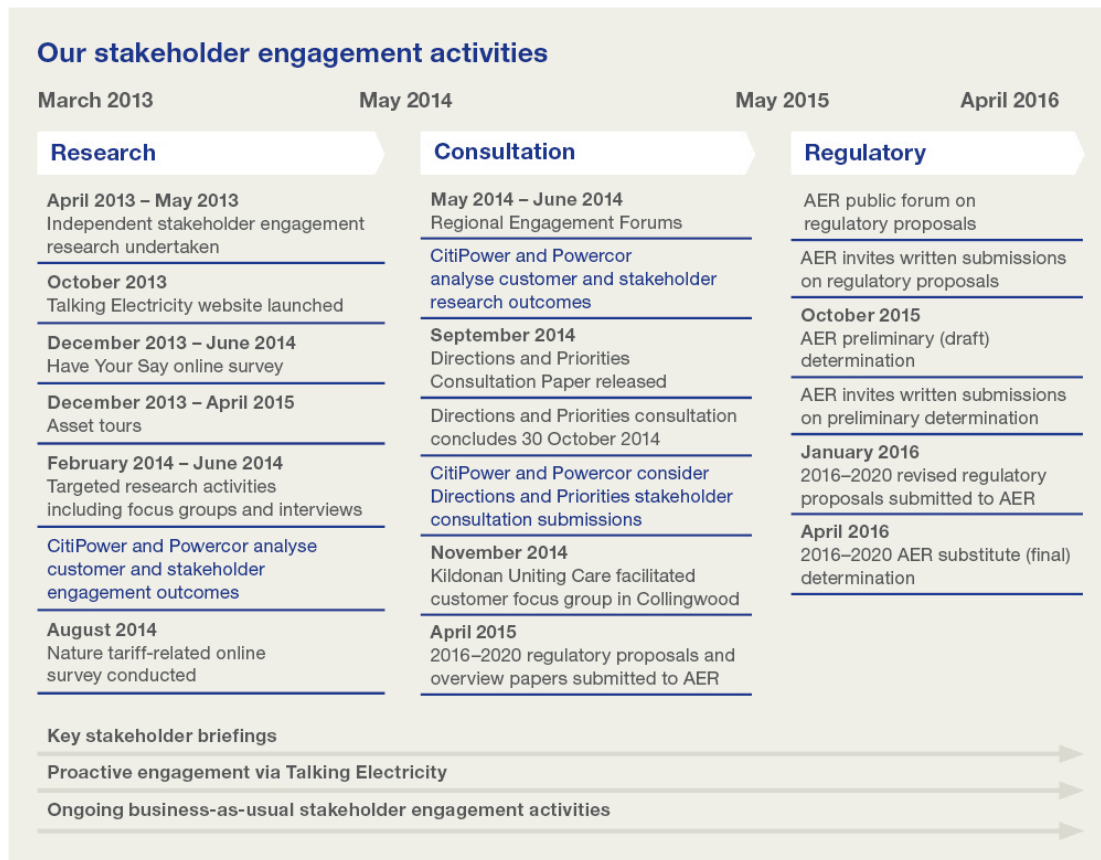
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2 Overview of our engagement program

To guide the development of our regulatory proposal, we designed and implemented our engagement program, the objective of which was to engage with our customers and stakeholders in order to understand their current and future needs, concerns and preferences. An overview of our engagement program is provided in figure 2.1 below.

Figure 2.1 Our price reset stakeholder engagement program



Source: CitiPower

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3 Objectives

Our objectives for the engagement program were to:

- help our customers and stakeholders gain a better understanding of the electricity industry and raise their awareness of our role;
- successfully communicate our price reset-related plans to our customers and stakeholders via open and clear channels with a view to those customers and stakeholders becoming informed participants in the price reset (also referred to as regulatory determination) process;
- ensure we were positioned to listen early to our customers' and stakeholders' concerns;
- better understand the views and preferences of our customers and stakeholders;
- assess the concerns and issues raised and our potential to address them;
- provide prompt and clear feedback to our customers and stakeholders on our assessment and how we are planning to incorporate the feedback into our future plans;
- use the feedback we received from customers and stakeholders to help shape our regulatory proposal;
- be inclusive and clearly outline what our customers and stakeholders could expect from us via our engagement activities;
- demonstrate an evidence based process;
- implement good engagement practices and share our learnings with other distributors;
- comply with regulatory guidelines, including the AER's consumer engagement guideline for network service providers; and
- provide an ongoing platform for future engagement activities.

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4 Our engagement approach

4.1 Phased approach

As outlined in Figure 2.1, our engagement program encompasses three phases.

Research phase

Our research phase focussed primarily on informing our customers and stakeholders about who we are, our role in the supply of electricity and the services that we provide, engaging with our customers and listening to what our customer and stakeholders think about our current services, our performance and their future needs.

Market research undertaken during April 2013 as part of the review of our business as usual stakeholder engagement activities highlighted the fact that almost 80 per cent of our customers surveyed, particularly residential customers, did not know who we were, our role in the supply of electricity and the services that we provide¹. In addition, a key stakeholder engagement learning from our UK peer, UK Power Networks, was that, unless your customers know who you are and what you do, any attempts to engage your customer about specific service-related topics and obtain their views, will deliver poor engagement outcomes.

Consultation phase

Our consultation phase focused on involving our customers and stakeholders and was designed to progress and integrate customer expectations and concerns into our planning for the 2016–2020 regulatory control period. Key elements of this phase included our regional engagement forum and our ‘Directions and Priorities’ consultation, together with a targeted focus group. This phase culminates with the submission of our regulatory proposal.

Regulatory phase

The regulatory phase is focused on the AER’s evaluation of our regulatory proposal. This phase includes opportunities for our customers and stakeholders to provide feedback to the AER on our proposed expenditure plans and our required revenue for the 2016–2020 regulatory control period as part of the AER’s consultation activities.

4.2 Expertise

Our engagement program was managed with the assistance of stakeholder engagement experts from within our Business, and was supported by market research organisations including Colmar Brunton.

Colmar Brunton designed and hosted our price reset online survey, designed and facilitated the residential customer focus groups and conducted interviews with our small/medium enterprise and large business customers. This ensured independence of our quantitative and qualitative market research activities, the objective of which was to provide confidence that our customers’ views were obtained in a robust and credible manner. The research approach and results were formally documented by Colmar Brunton and have been published on our Talking Electricity website (www.talkingelectricity.com.au), our dedicated engagement website.

During the second half of 2014, Nature (quantitative market researchers) were engaged to design and host an online survey to understand our customers’ views on peak rebates and maximum

¹ UMR Research CitiPower-Powercor Consumer survey May 2013 Final: ‘18% can name CitiPower as their distributor’.

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demand tariffs, the results of which have informed our tariff structure statement development and can be found on our Talking Electricity website.

4.3 Engagement framework

The AER's consumer engagement guideline, issued in November 2013, provides a high level framework based on best practice principles drawn from the Stakeholder Engagement Standard (**AA1000SES**) and the International Association of Public Participation (**IAP2**) framework. Drawing on AA1000SES and IAP2, the Guideline outlines four best practice principles that should guide all aspects of network service providers' customer engagement.

The principles require all components of engagement to be:

- clear, accurate, relevant and timely;
- accessible and inclusive;
- transparent; and
- measurable.

Our engagement program was designed to comply with these principles and, in addition, we adopted a best practice approach to stakeholder engagement based on an adaption of the highly respected International Association for Public Participation (**IAP2**) spectrum.

The IAP2 spectrum is an internationally recognised, best practice framework designed to assist organisations select the appropriate level of engagement for different stakeholder groups. Recognising that there is no 'one right' approach to stakeholder engagement, the spectrum provides us with an adaptive framework for successful stakeholder engagement.

The spectrum provides five engagement levels – inform, consult, involve, collaborate and empower – and depending on the current involvement or activity with each stakeholder group, their level of influence on us and their level of dependency on our success, they can be organised and prioritised for different levels of engagement. Depending on the involvement stakeholders currently have with us and our goals, some stakeholders will require higher levels of engagement than others, and some will need to be taken on a journey over a longer period of time. As part of the planning of our engagement activities, an IAP2 assessment was undertaken to confirm the desired engagement level of each activity.

Our engagement program has utilised a variety of channels and engagement tools to effectively engage with our diverse stakeholders to obtain feedback about our current and future services. We have considered the feedback received in the development of our regulatory proposal. Table 4.1 summarises our assessment of our engagement program against the key performance benchmarks based on the AER's consumer engagement guideline.

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Table 4.1 Our engagement program alignment with key performance benchmarks

Performance benchmarks	Alignment
AER Consumer Engagement Guideline Best practice principles:	
Clear, accurate, relevant and timely	✓
Accessible and inclusive	✓
Transparent	✓
Measurable	✓

Source: CitiPower

We are proud of our price reset engagement program which meets the requirements for effective customer engagement as outlined in the Consumer Engagement Guideline and aligns with the IAP2 framework.

Refer to table AA.1 in Appendix AA of this document for an overview of how our engagement program has complied with the AER’s consumer engagement guideline.

Refer to table AB.1 in Appendix AB of this document for an overview of how our engagement activities were aligned to IAP2 objectives.

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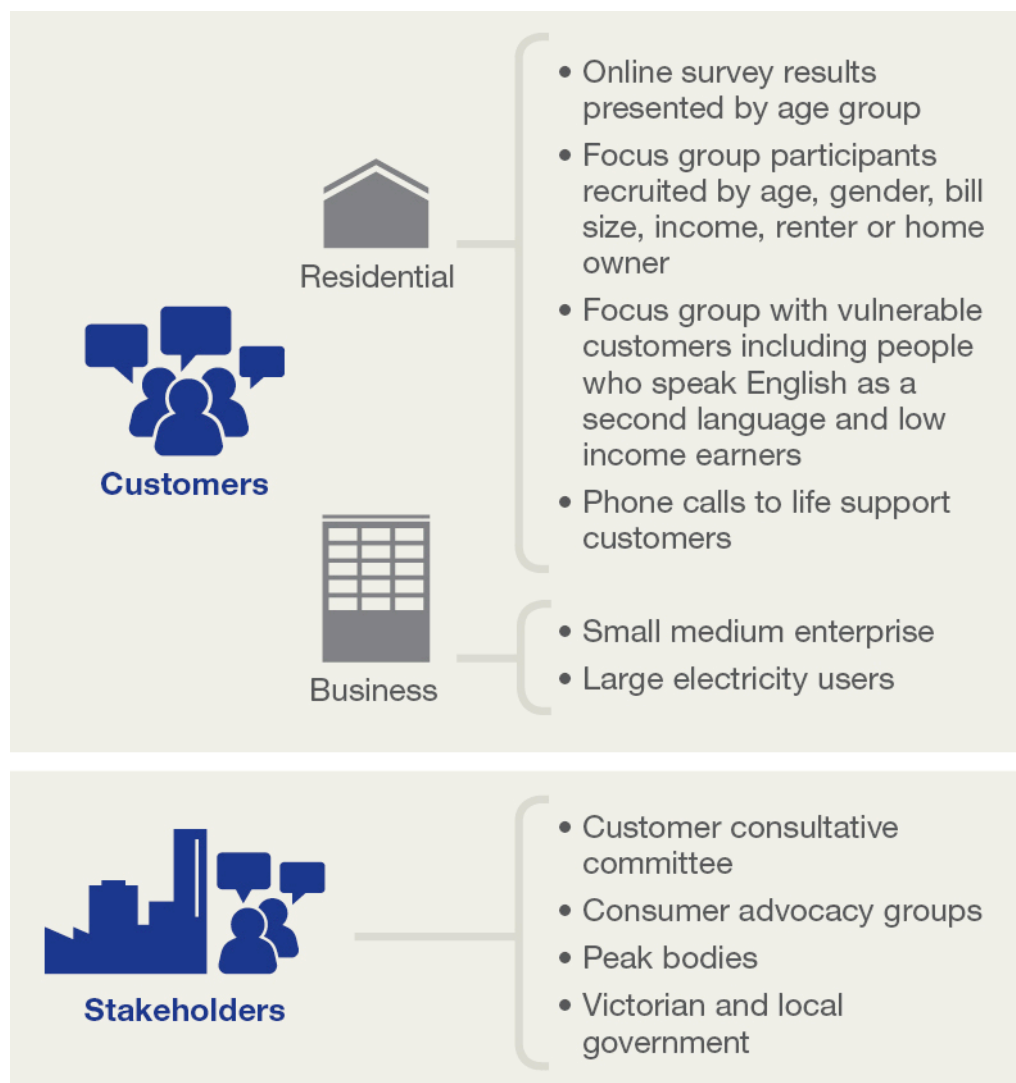
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5 Our customers and stakeholders

We have over 325,917 customers, 83 per cent of which are residential customers and 17 per cent are business customers.

As part of our engagement program planning, we identified different customers, customer cohorts and stakeholders to be engaged through a variety of engagement activities. Figure 5.1 summarises our customers and stakeholders.

Figure 5.1 Our customers and stakeholders



Source: CitiPower

5.1 Customers

In broad terms our customers categorised as follows:

Residential customers

We sought views from our residential customers across a broad range of demographics including age, income and geographic location. In addition, we undertook targeted engagement to reach

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vulnerable customers – including customers on low incomes, migrants who do not speak English as a first language and our customers on life support.

Business customers

Small medium enterprises (SMEs)

This is a diverse group of small to medium-sized business customers that have an annual Distribution Use of System (DUoS) spend of between \$10,000 and \$500,000.

Large electricity users

Our large electricity users have an annual DUoS spend of between \$1,500,000 and \$6,000,000 and our largest customers account managed by our Regional Business Managers.

5.2 Stakeholders

Customer consultative committee

Our customer consultative committee (CCC) was established in 2000 and, during 2014, the members included a customer advocacy group representative, industry, local Government and rural stakeholders.

Consumer advocacy groups

We have relationships with consumer advocacy organisations including the Energy and Water Ombudsman (Victoria) (EWOV), St Vincent de Paul and Consumer Utilities Advocacy Centre (CUAC).

Peak bodies

Various parts of our business have long standing relationships with peak bodies and local development associations.

Victorian and local Government

Our business has long standing relationships with both State and local Government.

Regulators

In the course of our business as usual stakeholder engagement activity, we have frequent bi-lateral meetings with regulators such as the Australian Energy Regulator (AER) and Energy Safe Victoria (ESV).

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6 Our engagement activities

6.1 Overview

The engagement activities covered all customer segments and key stakeholder groups across our electricity distribution area. Opportunities to participate were widely promoted; we made use of independent market research experts, involved senior management and subject matter experts and aimed to reach different customer segments in a variety of ways. Refer to figures 6.1 to 6.3 for an overview of the engagement activities.

Figure 6.1 Engagement activities timeline



Source: CitiPower

Figure 6.2 Research phase activities overview



Source: CitiPower

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Figure 6.3 Consultation phase activities overview



Source: CitiPower

6.2 Research phase engagement activities

Our research phase engagement activities comprised:

- business-wide stakeholder engagement strategy development;
- launch of Talking Electricity, our dedicated engagement website;
- online 'Have your say' survey;
- residential customer focus groups, including homework activity;
- small and medium enterprise customer in depth interviews;
- large electricity users in depth interviews;
- tariff-related online survey; and
- e-Newsletters.

The 'Research' phase focussed primarily on 'informing' our customers and stakeholders about who we are, our role in the supply of electricity and the services that we provide as well as 'listening' to what our customers and stakeholders think about our current services, our performance and their future needs.

This phase was designed to engage with all our customers and stakeholders to capture their feedback on all our current services and to identify their future needs.

Our research phase engagement activities can be assessed against the IAP2 framework as meeting the inform and consult objectives.

Figure 6.4 IAP2 rating of the research phase engagement activities

Inform	Consult	Involve	Collaborate	Empower
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Source: CitiPower

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6.2.1 Business-wide stakeholder engagement strategy development

In early 2013, we commenced a business-wide stakeholder engagement strategy development activity. The key inputs into the strategy were the findings from stakeholder research activities, undertaken by research company, UMR Research, during April and May 2013.

The external stakeholder research activities included:

- one-on-one interviews with councils, EWOV, large customer representative, consumer advocacy group representatives, AER, ESV, Victorian Government, resource partners, and retailers;
- discussion with our CCC members;
- focus groups;
- online focus groups; and
- online surveys.

A stocktake of all existing engagement activities, channels and tools was undertaken across the business as well as a desktop review of engagement approaches by other utility business both in Australia and overseas, in particular the UK. The stocktake and desktop review outcomes were factored into our overarching engagement strategy.

The price reset engagement program is a subset of our overarching engagement strategy. All price reset engagement activities have been developed and implemented in alignment with the overarching strategy to ensure a coordinated approach to engaging with our customers and stakeholders from both a business as usual and price reset perspective.

6.2.2 Talking Electricity website

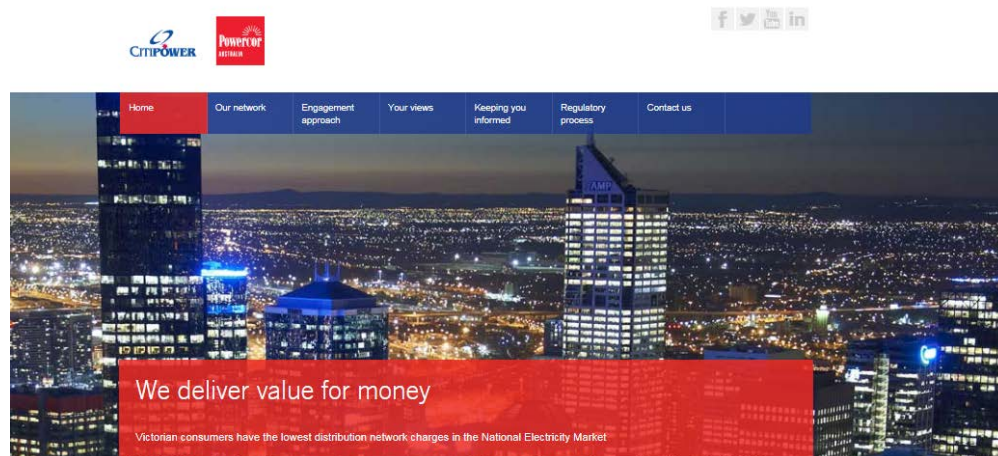
A key engagement tool which was used effectively in the UK to support the distribution businesses' engagement programs was a dedicated engagement website that provided a 'one stop shop' for all customers to access and review their engagement activities, materials and outcomes. The dedicated websites were either stand alone or integrated into the businesses' corporate website.

A decision was made to establish an externally hosted website, Talking Electricity, to support our price reset engagement activities

Talking Electricity was launched in mid-October 2013.

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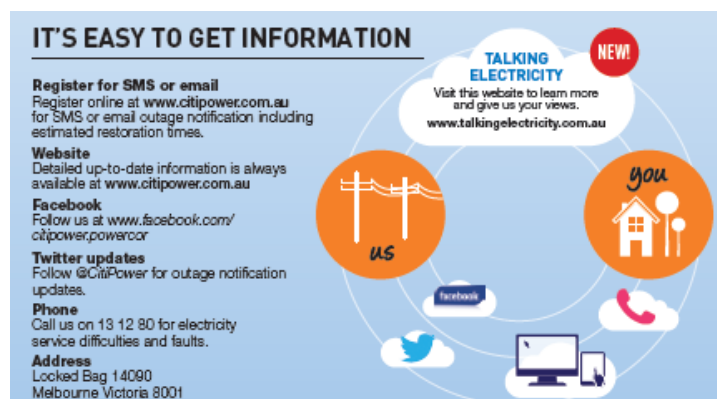
Figure 6.5 Talking Electricity home page



Source: CitiPower, Talking Electricity March 2015

Our Talking Electricity website was promoted to all our customers via the 2013 annual customer mail out, a requirement for Victorian electricity distribution businesses under clause 9.1.2A of the Electricity Distribution Code.

Figure 6.6 2013 Annual customer mail out extract



Source: CitiPower

To successfully engage with such a diverse range of our customers and stakeholders, it was important to provide key information on the electricity industry and our business so that our customers and stakeholders can easily understand the industry and our role. Our Talking Electricity

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website includes information on the business, the network and reliability performance along with the opportunity to better understand the regulatory process and the stakeholder engagement methods.

From when the site was launched in mid October 2013 to 31 March 2015 there have been over 3,000 site visits by our customers and stakeholders with more than 7,000 page views. The most page views are to the home page or 'Our Network – your bill' sections. There was increased activity around engagement activities such as regional engagement forum and the release of the Directions and Priorities Consultation. Interest also coincided with the 2013 and 2014 customer mail outs.

Figure 6.7 Talking Electricity page views



Source: CitiPower, google analytics data

In addition to Talking Electricity being the single repository for all our price reset stakeholder engagement materials and outcomes, a link to the Colmar Brunton-hosted online survey was placed on both the home page and engagement activities webpage, enabling our customers and stakeholders to easily access the online survey.

Our Directions and Priorities Consultation Paper was published on Talking Electricity, together with an online feedback form. Submissions on the Directions and Priorities Consultation Paper are published on this website along with all the outcomes of the engagement research, ensuring the transparency of our engagement process and demonstrating accountability for how we integrate customer and stakeholder feedback into our future business plans.

Our Talking Electricity website continues to be a key engagement tool and will be used to seek further feedback on our strategic priorities, including our tariff reform engagement activities during 2015.

6.2.3 'Have your say' online survey

Colmar Brunton, one of Australia's leading market research organisations, was engaged in November 2013 to facilitate customer research and feedback in a variety of ways to capture the diversity of customers and stakeholders within our service area.

The first market research activity was our 'Have your say' online survey which Colmar Brunton designed, hosted and reported the findings.

The purpose of the online survey, which was open for responses between 3 December 2013 and 1 July 2014, was to provide our customers and stakeholders with the opportunity to have their say on our services and priorities, now and in the future.

The survey was designed to cover all our services and to provide the opportunity for respondents to provide feedback, including opportunities to include comments, both on specific questions and in general. Topics included:

- familiarity and level of understanding;

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- customer experience and satisfaction;
- preferred method of contact;
- community safety and reliability;
- asset management;
- vegetation management;
- visual amenity;
- pricing; and
- profile and demographics.

The customer survey was accessible via our Talking Electricity website and was open to all our customers and stakeholders.

On its launch, the online survey was promoted via media press release and actively via our Corporate Affairs teams and our Regional Business Managers as well as to our employees, many of whom are our customers or who have family and/or friends who are our customers.

Who responded to our survey?

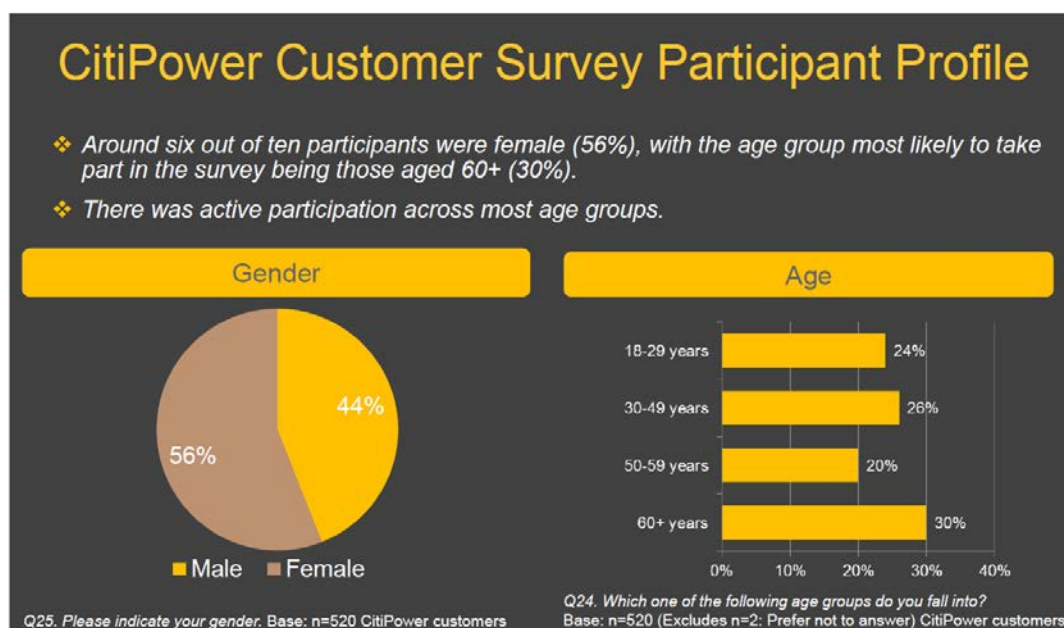
In total, 520 customers and stakeholders participated in our online survey with over 100 customers completing the survey for each of the following age groups: 18-29, 30-49, 50-59 and 60+.

This ensured a statistically reliable total sample size, along with a sample that would enable analysis by age group. Figure 6.8 below provides an overview of the online survey participants.

Figure 6.8 Overview of online survey participants



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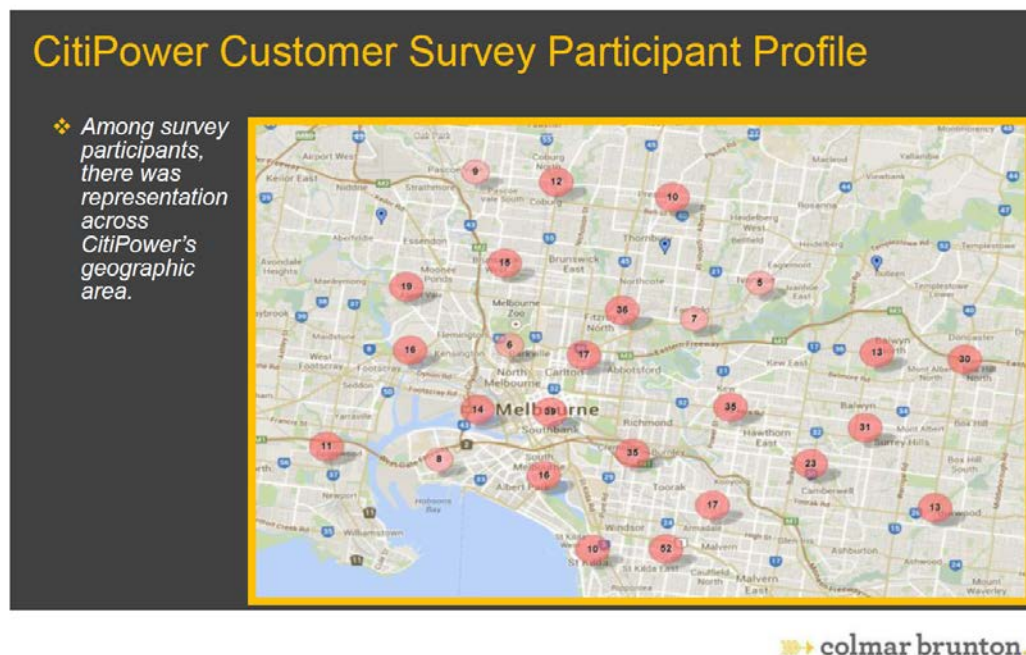
Source: Colmar Brunton

Figure 6.9 below summarises the geographic location, identified via postcode, of our online survey participants.

Figure 6.9 Overview of location of our online survey participants



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Source: Colmar Brunton

High level findings

A snapshot of the high level findings is provided below.

Almost two thirds (62 per cent) of those who participated felt they knew the difference between an electricity distributor and a retailer, with the vast majority of respondents aware of whom their electricity distributor is. Around eight out of ten were satisfied with the reliability of their electricity supply.

My power never goes off in the CBD and that's all I really want from them considering they don't send my bill.

The majority of survey participants would accept small price increases that contributed to reduced risk of fire danger and undergrounding of assets in areas of natural beauty. All other areas received negative net scores.

When asked about their main reason for being satisfied, there was mention of our communication, with informative and useful SMS alerts, and accessible telephone assistance being the most satisfying aspects of their service.

Customers were asked to identify additional services we could provide to better meet their needs. They asked for access to usage data and information, including money saving techniques, and more proactive advertising and communications methods.

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Online services that give the customer more clear, consumable information. Better user activity monitors for customer –like mobile phone bills are structured.

Detailed findings

The detailed findings can be found in the 'Online Customer Survey Results' report prepared by Colmar Brunton, dated 18 July 2014.

Figure 6.10 Online survey results report



Source: Colmar Brunton

This report is available on our Talking Electricity website via the following link:

http://talkingelectricity.com.au/wp/wp-content/uploads/2014/07/CitiPower_Online-Customer-Survey_Report_V1.pdf.

6.2.4 Residential focus groups

Between February and April 2014, nine residential customer focus groups were conducted in two locations, South Melbourne and Richmond, to ensure a representative inclusion of our customers.

Focus group discussions enable complex industry language to be clearly understood by research participants through the ability to explain conversation areas and utilise stimulus boards. This ensures a two way dialogue, with opportunities to respond to, and clarify, customer questions.

Through this approach, Colmar Brunton were able to generate rich context through a series of guided discussions with residential customers.

The allocation of focus groups was structured to include two focus groups in each of the following customer types:

- aged 18-29;
- aged 30-49 with children;
- aged 30-49 without children; and
- aged 50+.

It is best practice to ensure focus group participants have a strong, common connection, such as age/life stage and similarly, it is best practice to run a minimum of two focus groups for each specific

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demographic group, so as to deliver confidence through the observation of consistent or recurring themes.

Participants were recruited by Colmar Brunton to meet demographic, life stage and geographic specifications, to ensure engagement with customers that are reflective of the residential customer base. Within each age and life stage grouping, specifications were also placed on income (low, medium, high), home ownership/renting and bill size, to ensure each focus group contained appropriate diversity in views. Participants were paid for their time, ensuring the research is not biased by those with unusually high category engagement levels.

Participants

Figure 6.11 below provides an overview of the participant profile for the residential customer focus groups.

Figure 6.11 Overview of Residential customer focus groups participant profile

Focus groups were held in South Melbourne and Richmond with CitiPower customers invited based on age, life stage and postcode.

Group	Date	Customer	Participant Profile	Location
1	Thursday 27 th February 2014	CitiPower	Aged 30-49 without children	South Melbourne (3205)
2	Thursday 27 th February 2014	CitiPower	Aged 50+	South Melbourne (3205)
3	Monday 17 th March 2014	CitiPower	Aged 18-29	South Melbourne (3205)
4	Monday 17 th March 2014	CitiPower	Aged 30-49 with children	South Melbourne (3205)
5	Tuesday 18 th March 2014	CitiPower	Aged 18-29	Richmond (3121)
6	Tuesday 18 th March 2014	CitiPower	Aged 30-49 without children	Richmond (3121)
7	Wednesday 2 nd April 2014	CitiPower	Aged 30-49 with children	Richmond (3121)
8	Wednesday 2 nd April 2014	CitiPower	Aged 18-29*	Richmond (3121)
9	Thursday 10 th April 2014	CitiPower	Aged 50+*	Richmond (3121)

* The final focus group (held on Thursday 10th April) was run at no cost, due to a recruitment error that saw an earlier focus group being recruited to a younger 18-29 year old age specification.



Source: Colmar Brunton

High level findings

A snapshot of the high level findings is provided below.

There was limited awareness of our role as a distributor among residential customers.

In general participants had consistent core needs:

- reliable electricity for a reasonable price;
- close attention to safety and maintenance;
- speed of responsiveness when issues occur;
- efficient expenditure;

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- forward and proactive planning to ensure the integrity, capacity and capability of the work is maintained and where necessary or feasible, improved; and
- For us to be a leader, not a follower, when it comes to investment in the network, particularly renewable energy sources such as solar and wind.

Detailed findings

The detailed findings can be found in the '*Residential Customer Focus Groups & SME Customer Interviews*' report prepared by Colmar Brunton, dated 30 April 2014.

Figure 6.12 Residential customer focus groups & SME customer interviews report



Source: Colmar Brunton

This report is available on our Talking Electricity website via the following link:

http://talkingelectricity.com.au/wp/wp-content/uploads/2014/07/CitiPower_Stakeholder-Engagement_Residential-Focus-Groups-and-SME-Depth.pdf

Homework activity

A homework activity was also included as part of the residential focus group research phase.

The homework activity gave residential customers the opportunity to think about specific topics, and provide a considered response, which was then incorporated into residential customer reports.

Topics included:

- powerline undergrounding;
- vegetation management;
- smart meters;
- smart Grid;
- local streetscape and amenities; and

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- feedback about the Talking Electricity website.

All research participants were provided the opportunity to complete the homework activity.

The homework activity included ten questions, which were provided to participants in a printed, bound booklet and stamped, return envelope.

A total of 42 homework activities were returned from a total of 58 focus group participants (translating to a 72 per cent participation rate).

Homework activity responses

A snapshot of some of the homework activity responses is provided below.

In what type of locations or areas (if any) do you believe powerlines should be moved underground?

The ideal would be everywhere, in Richmond where I live, those streets with well-established street trees would benefit from underground cables as maintenance costs associated with trees/powerlines etc would be reduced and the need to severely prune trees would be obviated.

I think underground powerlines should be used residential streets to enhance visual appeal, I would suggest overhead lines continue to be used in main roads or key roads, if the purpose of putting powerlines underground is to prevent outages/fire then underground power should be put into regional, fringe metro areas where risk is evident.

In areas within your local community, would you prefer trees near powerlines to be trimmed more heavily and less often, or trimmed lightly and more frequently?

This would depend on the streets and whether it is possible to trim the trees adequately without leaving gaping holes in the treeline. A lot of streets in my area would probably be ok to trim more thoroughly but other suburbs such as Armadale/Malvern East depend on a dense treeline to contribute to the character of the area, in those cases I would prefer lightly and more often as to more adversely affect the character of the area/street.

Trees should be trimmed lightly and much more frequently as this encourages new leaf growth (pruning) which makes for healthy trees and better air to breathe as well as increased safety as powerlines are visually checked more often.

In areas away from houses, such as highways and main roads, would you prefer trees near powerlines to be trimmed more heavily and less often, or trimmed lightly and more frequently?

In these areas I think more heavily and less often would be most appropriate. Just because these areas are less noticeable and the trees don't make up the scenery.

In your own words, what are the main benefits of having a smart meter installed in your home?

Having a smart meter allows residents to be more aware of their spend, and therefore save money. We can use these to see what time of the day is costing us the most \$.

When it comes to smart meters, please outline the most useful energy consumption information that could be provided, or that you could access, to help you and your household?

I would like to be able to see my day by day energy consumption on a graph (or possibly weekly graph) to analyse where I'm using the most power, and modify our behaviour. I'm a single mum with 2 kids, so we need minimal costs.

How do you feel about paying a small increase in your electricity bills to fund the cost of further development of a smart grid?

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I would be happy to pay a small increase (\$10-\$20 max), as I am a supporter of progress, and energy conservation. We have to be prepared to invest, to keep our systems the most modern and progressive - short term pain for long term gain. I believe most people are starting to think green, and wanting to contribute to this system. We are still of course all budget conscious, so this must be done in small increments, and well documented for people to understand the big picture.

Are there any improvements relating to the supply of electricity to your home, the services provided by CitiPower and Powercor or the assets they are responsible for that you feel would benefit from investment or upgrading?

Easy to access and easy to understand, informative.

Detailed findings

The detailed findings can be found in the 'Residential Customer Homework Activity Snapshot' report prepared by Colmar Brunton, dated 24 July 2014.

This report is available on our Talking Electricity website via the following link:

http://talkingelectricity.com.au/wp/wp-content/uploads/2014/07/CitiPower_Residential-Customer_Homework_Activity_Verbatim_Snapshot.pdf.

6.2.5 SME customer in depth interviews

In depth interviews were undertaken to generate qualitative research capturing insights from a time poor and geographically diverse group of SME customers.

It was recognised that SME customers had highly individual experiences and expectations of their electricity distributor. To ensure the views of SME customers were accurately reflected, a series of one on one in depth interviews were conducted, with participants selected to ensure representation across various industries and locations.

Ten (10) SME customer interviews were conducted with our customers via telephone or face to face, allowing a geographically diverse participant profile, whilst also allowing participants to nominate a time convenient to them.

Participants were selected to ensure representation by business type, industry, location and annual electricity spend, with all participants being actively involved in decisions relating to their business' energy bills.

The in-depth interviews ran for 40-60 minutes and involved a structured, open discussion covering the following areas:

- top of mind association, experience and familiarity;
- reliability vs affordability;
- smart meters and access to information;
- new connections;
- visual amenity;
- vegetation management;
- safety and bushfire management;
- future network; and
- network tariffs.

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Participants

Figure 6.13 below provides an overview of the participant profile for the SME customer in depth interviews.

Figure 6.13 Overview of SME in depth interviews participant profile



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SME customer in-depth interviews included the following customer profiles:

Interview	Profile	Role	Industry	Location	Employees	Quarterly Bill Size
1	Male, 53 years	Property Manager	Education	South Yarra (3141)	9	\$50,000 - \$500,000
2	Female, 58 years	Manager	Retail	Richmond (3121)	4	Less than \$10,000
3	Male, 38 years	CFO	Construction	Melbourne (3000)	9	\$50,000 - \$500,000
4	Male, 48 years	Owner Operator	Retail/ Wholesale	Richmond (3121)	8	Less than \$10,000
5	Male, 32 years	Finance Manager	Retail/ Wholesale	Southbank (3006)	10	\$10,000 - \$50,000
6	Male, 58 years	Owner Operator	Manufacturing	Brunswick East (3057)	8	Less than \$10,000
7	Male, 62 years	Architect	Building & Construction	Collingwood (3066)	9	\$10,000 - \$50,000
8	Male, 27 years	Owner Operator	Hospitality	Windsor (3181)	8	\$10,000 - \$50,000
9	Male, 57 years	Owner Operator	Manufacturing	South Melbourne (3205)	7	Less than \$10,000
10	Male, 36 years	Owner Operator	Hospitality	Fitzroy (3065)	7	\$10,000 - \$50,000



Source: Colmar Brunton

High level findings

A snapshot of the high level findings is provided below.

SME customers had a heightened level of awareness of us and clarity of our role as a distributor compared to residential customers.

This was influenced by three core factors:

- higher spend on electricity and with this, a higher degree of involvement;
- a larger operational impact by electricity outages and with this, a higher degree of attention to our notifications; and
- greater likelihood to have solar.

SME customers expect:

- continuous reliable supply for a reasonable price;
- close attention to safety and maintenance;
- speed of responsiveness when issues occur;
- efficient expenditure;

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- forward and proactive planning to ensure the integrity, capacity and capability of the network is maintained and, where necessary or feasible, improved; and
- their distributor to be a leader, not a follower, when it comes to investment in the network, particularly renewable energy sources such as solar and wind.

SME customers were also more sensitive when it came to outages, and the need for reliability, due to extensive operational reliance on electricity and high downtime costs associated with outages.

SME customers did not want money spent on a 'relationship', rather they wanted us to spend money to drive cheaper electricity.

There was a strong desire by all SME customers to keep reliability levels the same and view investment by us as imperative to ensure current levels.

- for hospitality, tourism and aged care sectors, continuity and reliability of electricity is critical with unplanned outages requiring compensation; and
- for the majority of SME customers, there was no interest in reduced reliability for a small price reduction, due to the large expense attached to business downtime.

SME customers have a clear preference for upgrades to old infrastructure to be made in ways that created future benefits, with particular mention of undergrounding rather than replacing old poles/wires. There was a clear view that new developments should include undergrounding.

The participants of the Richmond SME focus groups had high awareness of substations and other energy assets in their suburb. They had strong views about the impact these assets have on their housing prices and viewed it as an important role for distributors to work with councils to improve visual amenity wherever possible.

Undergrounding was seen as beneficial for those SME customers impacted by the visual amenity surrounding their business.

Onsite generation and solar energy were of greatest interest to our SME customers.

It is CitiPower's job to be planning and investing in a better network.

A two-way grid provides us opportunities as a business in generating and improving our costs on electricity.

More focus on sustainable options is a must for the future. This should be CitiPower's focus in my view.

There was no appetite amongst SME customers to pay more for any additional build on the network to support higher peak period usage. SME customers have no appetite to change current consumption behaviour to reduce network demand due to the business reliance on electricity.

Detailed findings

The detailed findings can be found in the 'Residential Customer Focus Groups & SME Customer Interviews' report prepared by Colmar Brunton, dated 30 April 2014.

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Figure 6.14 Residential customer focus groups & SME customer interviews report



Source: Colmar Brunton

This report is available on our Talking Electricity website via the following link:

http://talkingelectricity.com.au/wp/wp-content/uploads/2014/07/CitiPower_Stakeholder-Engagement_Residential-Focus-Groups-and-SME-Depth.pdf

6.2.6 Large electricity users in depth interviews

In depth interviews were undertaken to generate qualitative research capturing rich insights from time poor and a geographically diverse group of large electricity users. Our large electricity users customer segment is a customer segment that is based on the customers annual DUoS revenue. These customers are account managed by the Regional Business Managers.

It was recognised that our large electricity users had highly individual experiences and expectations of their electricity distributor. To ensure the views of large electricity users were accurately reflected, a series of one on one in depth interviews were conducted, with participants selected to ensure representation across various industries and locations.

Seventeen (17) large electricity users interviews were conducted with customers via telephone, allowing a geographically diverse participant profile, whilst also allowing participants to nominate a time convenient to them.

Participants were selected to ensure representation by business type, industry, location and annual electricity spend, with all participants being actively involved in decisions relating to their corporate energy bills and all being amongst our large electricity users by annual electricity spend level. To ensure maximum engagement, the large electricity users were able to nominate a time convenient to them, and were also sent a letter by their Regional Business Manager notifying them of the upcoming research.

In-depth interviews ran for 35-45 minutes and involved a structured, open discussion covering the following areas:

- expectations of us;
- importance of reliable supply;
- reliability and affordability;

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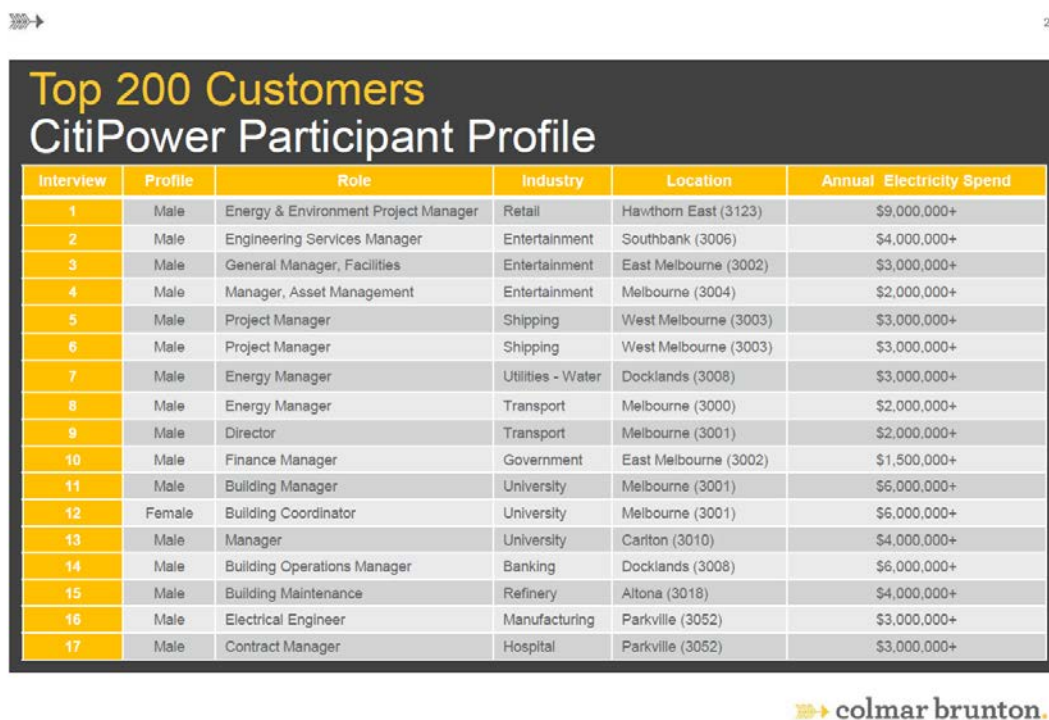
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- network tariffs;
- future plans;
- new connections; and
- future network.

Participants

Figure 6.15 below provides an overview of the participant profile for the large electricity users in depth interviews.

Figure 6.15 Large electricity users participant profile



The table displays the profile of the top 200 CitiPower customers. It includes columns for Interview number, Profile, Role, Industry, Location, and Annual Electricity Spend. The data is as follows:

Interview	Profile	Role	Industry	Location	Annual Electricity Spend
1	Male	Energy & Environment Project Manager	Retail	Hawthorn East (3123)	\$9,000,000+
2	Male	Engineering Services Manager	Entertainment	Southbank (3006)	\$4,000,000+
3	Male	General Manager, Facilities	Entertainment	East Melbourne (3002)	\$3,000,000+
4	Male	Manager, Asset Management	Entertainment	Melbourne (3004)	\$2,000,000+
5	Male	Project Manager	Shipping	West Melbourne (3003)	\$3,000,000+
6	Male	Project Manager	Shipping	West Melbourne (3003)	\$3,000,000+
7	Male	Energy Manager	Utilities - Water	Docklands (3008)	\$3,000,000+
8	Male	Energy Manager	Transport	Melbourne (3000)	\$2,000,000+
9	Male	Director	Transport	Melbourne (3001)	\$2,000,000+
10	Male	Finance Manager	Government	East Melbourne (3002)	\$1,500,000+
11	Male	Building Manager	University	Melbourne (3001)	\$6,000,000+
12	Female	Building Coordinator	University	Melbourne (3001)	\$6,000,000+
13	Male	Manager	University	Carlton (3010)	\$4,000,000+
14	Male	Building Operations Manager	Banking	Docklands (3008)	\$6,000,000+
15	Male	Building Maintenance	Refinery	Altona (3018)	\$4,000,000+
16	Male	Electrical Engineer	Manufacturing	Parkville (3052)	\$3,000,000+
17	Male	Contract Manager	Hospital	Parkville (3052)	\$3,000,000+

Source: Colmar Brunton

High level findings

A snapshot of the high level findings is provided below.

These customers have high expectations of us and a well-informed view of the distribution network. Electricity is a major cost for these businesses, however the general consensus among these larger electricity users they have no interest in reducing reliability levels to save on costs.

We're a 24/7 operation. We cannot run without power. It's all computer controlled, there are also refrigerated containers...one container could have \$500,000 worth of tuna in it, we need that reliability.

As a hospital, an outage would be devastating. We test our generators six times a year.

These customers were not interested in changes to tariffs from KW to kVa charging because of the requirement to invest in power correction equipment, confusion in understanding charges, and uncertainty over the impact on their bottom line.

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When connecting their plant to the network, these customers expect us to be transparent, work to exact timelines, be flexible, supportive and dependable.

We need them to be there when we need them. They are usually great, if there are issues, delays can hold us up in other areas and have huge financial costs to our business.

Our larger electricity users saw smart grid planning and investment as a necessary initiative.

At certain times, we could export to the grid. What is stopping us is that the network can't handle it. If the grid, or CitiPower policies, allowed it, that would be a win for all.

Detailed findings

The detailed findings can be found in the 'Top 200 Customers In-depth interviews' report prepared by Colmar Brunton, dated 22 July 2014.

Figure 6.16 Large electricity users in depth interviews report



Source: Colmar Brunton

This report is available on our Talking Electricity website via the following link:

http://talkingelectricity.com.au/wp/wp-content/uploads/2014/07/CitiPower_Stakeholder-Engagement_Top_200_Depth-Interviews_Report_V1-2.pdf.

6.2.7 Tariff research

We are looking at ways to better manage the network on hot days to ensure any network expenditure is as efficient as possible. In July 2014, we commissioned targeted market research to understand our customers' preferences relating to critical peak rebates and direct load control for pool pumps and air-conditioners.

Deloitte Access Economics and Nature (quantitative market researchers) were engaged to develop, host and report on the findings of an online survey which was targeted at the person who made energy decisions for their household.

800 customers were selected from postcodes in our service area, both men and women across a range of ages income levels, employment status and stages of life.

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Two tariff options were presented to customers:

- **tariff 1** – applicable to all residential customers, covering a wide range of appliances, with customers self-managing their electricity consumption on these days; and
- **tariff 2** – available to customers who have non-evaporative air conditioning and/or a pool pump at home. These appliances would be operated remotely by us.

Participants were also asked about the amount of notice they needed to change their appliance use and how they would like to be paid.

High level findings

The survey found that 75 per cent of our customers would be interested in critical peak rebates to reduce their electricity use on hot days. Younger respondents (18-34 years old) and those in metro areas particularly attracted to this type of tariff. Younger respondents were more likely to consider turning off their air conditioning, pool pump or television. Older respondents opted to turn off their washing machine and lights.

Most people preferred 24-hour's notice to reduce their energy use, and most people would like an SMS notification, although some older customers preferred email. Most customers preferred a reduced bill to receive their rebate, but a direct bank deposit was also a popular option.

However customers were not as supportive of tariff 2, which would enable us to control appliances such as air conditioners on hot days. Only 36 per cent would consider the option, with 47 per cent saying they would not support the option and a further 17 per cent unsure. Customers felt a lack of control was the key deterrent. This was based on widespread resistance to the idea of an energy company controlling/operating an appliance(s) in the home.

Detailed findings

The detailed findings can be found in the '*CitiPower/Powercor Tariff Research*' report prepared by Nature, dated 17 September 2014.

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Figure 6.17 Tariff Research



Source: Nature

This report is available on our Talking Electricity website via the following link:

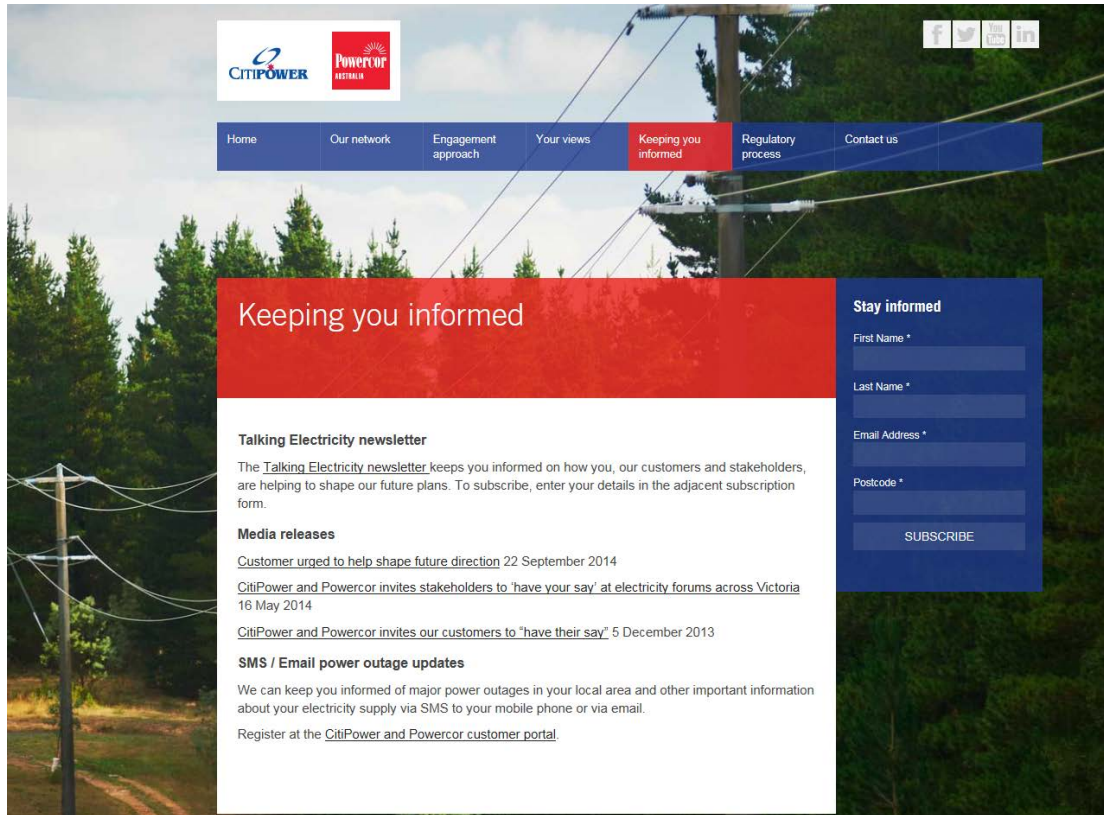
<http://talkingelectricity.com.au/wp/wp-content/uploads/2014/12/CitiPower-Powercor-Tariff-research-report-25.9.14.pdf>.

6.2.8 e-Newsletter

Our Talking Electricity website supports a subscription facility which enables our customers and stakeholders to subscribe to electronic newsletters to stay informed about our engagement activities and findings.

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Figure 6.18 Talking Electricity subscription capability



Source: CitiPower

The Talking Electricity newsletter reflects feedback from customers and highlights new information published on the Talking Electricity website.

Figure 6.19 Talking Electricity letterhead



Source: CitiPower

The number of e-Newsletter subscribers totalled 59 by the end of 2014. Our e-Newsletter will continue to update subscribers on new additions to the Talking Electricity website and upcoming customer and stakeholder engagement activities.

Table 6.1 provides an overview of the e-Newsletters issued as at end March 2015:

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Table 6.1 Overview of e-Newsletters

Date issued	Newsletter	Topic
15 Sep14	Issue one	<ul style="list-style-type: none"> Welcome Directions and Priorities Consultation Paper out next week What you've told us so far
22 Sep14	Announcement	<ul style="list-style-type: none"> Directions and Priorities Consultation Paper release
2 Oct14	Issue two	<ul style="list-style-type: none"> Thank you for feedback to date Recent tariff comments Comments on building a smart network Have your say
28 Oct14	Issue three	<ul style="list-style-type: none"> Last chance to have your say on Directions and Priorities Recent comments
20 Nov14	Issue four	<ul style="list-style-type: none"> We're hearing you.... Directions and Priorities submissions
18 Dec14	Issue five	<ul style="list-style-type: none"> We've been listening Strong performance New research - critical peak rebates and direct load control for pool pumps and air-conditioners
6 Mar15	Issue six	<ul style="list-style-type: none"> Submission of our regulatory proposals to the AER on 30 April 2015 Affordability – research by Uniting Care and the St Vincent de Paul Society

Source: CitiPower

In addition to our online subscription facility, we have a dedicated price reset engagement email address which our customers and stakeholders have used to engage with us throughout the engagement program.

6.3 Consultation Phase

Our consultation phase was designed to progress and integrate customer expectations and concerns into our planning for the 2016-2020 regulatory control period. Key elements of the consultation phase included our regional engagement forum and our 'Directions and Priorities' consultation.

This phase culminates in the submission of our Regulatory Proposal to the AER on 30 April 2015.

Our consultation phase engagement activities can be assessed against the IAP2 framework as meeting the inform, consult and involve objectives.

Figure 6.20 IAP2 rating of the research phase engagement activities

Inform	Consult	Involve	Collaborate	Empower
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Source: CitiPower

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6.3.1 Regional engagement forum

Over 46 of our customers and stakeholders provided valuable feedback by 'having their say' on electricity supply reliability, services and investment priorities, now and into the future at the regional engagement forum held at the Melbourne Convention and Exhibition Centre on 27 May 2014. Whilst predominately focused on our customers and stakeholders, a number of our sister company, Powercor, customers and stakeholders also took the opportunity to attend the forum.

The purpose of the regional engagements forum, which was open to all our customers and stakeholders, was to raise awareness of us, our role, our services and the price reset process as well as highlighting future investment plans for the our distribution area for discussion and to provide the opportunity for our customers and stakeholders to raise their topics of interest.

The forum was held in an informal environment which enabled our Chief Executive Officer (**CEO**), senior managers and employees to meet with our customers and stakeholders, explain our services and future plans and answer their questions.

Information was presented, via boards placed on easels around the forum venue and supported by fact sheets, under the following six topic groupings:

- Topic 1 – Electricity Overview
- Topic 2 – Who We Are and What We Do
- Topic 3 – Bushfire Mitigation and Safety
- Topic 4 – Growing with Victoria
- Topic 5 – Networks for the Future
- Topic 6 – Tell Us What You Think

The information boards are available on our Talking Electricity website via the following link:

[http://talkingelectricity.com.au/engagement-approach/.](http://talkingelectricity.com.au/engagement-approach/)

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Figure 6.21 Example of a content board

GROWING WITH VICTORIA

Major projects will ensure reliable supply is maintained for the future of Melbourne

CitiPower is undertaking significant development of new electricity infrastructure and major upgrades to existing assets to improve the capacity and security of supply to Melbourne's CBD and inner suburbs.

The CBD security of supply project will increase the resilience and flexibility of the CitiPower network to withstand high voltage cable outages – delivering a greater degree of non-interruptible supply. This will be achieved through the development of several 66kV switching hubs that provide back-up in the event of a major cable outage.

The CBD security of supply project was initiated by CitiPower in 2004 and we worked closely with the Victorian Government to ensure it addresses the supply needs of business and residential customers – while also delivering substantive flow-on benefits to the state's economy.

In conjunction with this project, we are developing a number of metro capacity projects that will provide increased infrastructure capacity within the city-based zone substation network. The metro capacity projects will meet the growth in demand that is being driven by new residential and commercial developments within the CBD precinct and inner urban areas.

CitiPower is expected to spend a combined estimate of more than \$66 million over the 2016-2020 period on the CBD security of supply and metro capacity projects.

We are also assessing the requirement for further additional capacity to support the proposed East-West Link, the redevelopment of Webb Dock and new urban planning and housing expansion in the Fishermans Bend and E-Gate precincts on the edge of Melbourne's city centre.

CITIPower **Power of choice**

Source: CitiPower

Promotion of the forum

The regional engagement forum was promoted via advertisements in the Herald Sun and local newspapers, supported by radio news interviews as well as via personal invitations sent to stakeholders by members of our Corporate Affairs team, Regional Business Managers and other managers with existing long standing relationships.

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Figure 6.22 Example of a regional engagement forum advertisement



Have your say at CitiPower's CBD electricity forum

City and inner suburban electricity distributor CitiPower will hold a community information forum on Tuesday 27 May in Melbourne's CBD.

Business and residential customers, together with our stakeholders, are invited to attend and learn more about CitiPower's work to maintain local electricity supply reliability.

CEO Tim Rourke will discuss future directions and priorities and how CitiPower is investing to deliver world class services.

You can also find out about major infrastructure projects within the inner metropolitan region, safety and bushfire management, solar connections and how to register for customer service notifications.

You are encouraged to have your say on how CitiPower is planning to meet your electricity needs over the coming years.

WHERE: MCEC - Melbourne Convention and Exhibition Centre
Level 2 (via staircase 2) Meeting Room 210
1 Convention Centre Place South Wharf MELBOURNE

WHEN: Tuesday 27 May 2014
5.30pm – 7.30pm

Light refreshments will be provided.

Find out more and pre-register your attendance at our Talking Electricity website
www.talkingelectricity.com.au

You can also complete the *Have Your Say* online survey at Talking Electricity.

Get power outage information on your mobile at m.citipower.com.au
or download our outages app.



Z0-400-61

Source: CitiPower

Table 6.2 provides a summary of the newspapers in which the advertisement was placed and the newspaper circulation numbers.

Table 6.2 Regional engagement forum promotion – summary of newspaper advertising audience

Paper	Date	Circulation
Moreland Leader	12 May 2014	68,049
Northcote Leader	12 May 2014	23,862
Caulfield/Port Phillip Leader	13 May 2014	85,266
Melbourne Leader	12 May 2014	40,500

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Paper	Date	Circulation
Progress Leader	13 May 2014	70,385
Stonnington Leader	13 May 2014	55,008
Herald Sun	13 May 2014	382,217
Total	-	725,287

Source: CitiPower

Attendees

Attendees at the forum included residential customers, with and without solar PV, SME and large business customers, government and industry representatives and consumer advocates.

Figure 6.23 Photos from the regional engagement forum

Senior managers engaging with a customer



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Customers completing the online survey via the iPads at the forum



Source: CitiPower

Feedback

The in depth discussions held at the forum with the broad range of attendees has provided us a better insight into what our customers value and how we can better meet their expectations.

A range of issues were of interest to attendees including reliability of supply for local businesses, fast fault response, improvements to communications and timeliness around customer connections, and support for business in growing parts of the city and inner suburbs.

The forum also provided the opportunity to establish new relationship and to enhance existing relationships with stakeholders from across our distribution area.

6.3.2 Directions and Priorities Consultation

The 2016-2020 regulatory control period will see the most significant and transformative change in the electricity distribution sector since the establishment of the National Electricity Market (**NEM**) in the mid-1990s.

In this environment, a focus on changes in the key elements of our operating environment is essential if we are to identify the appropriate objectives, strategies and work programs that will enable sustainable performance by us, in the long term interest of our customers and stakeholders.

The insights collected through our engagement program, along with our knowledge of the network, future trends and regulatory obligations, are shaping our directions and priorities.

To ensure transparency and accessibility to our current strategic objectives and expenditure plans for the upcoming 2016-2020 regulatory control period, we developed a joint CitiPower and Powercor Directions and Priorities Consultation Paper which was released publically on 22 September 2014.

For the 2016-2020 regulatory control period, our investments will be focused on five key areas:

1. protecting our customers and our network – running a safe operation;

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2. maintaining cost-effective reliability – keeping the power on through appropriate maintenance, operations and policies;
3. growing with Victoria – providing augmentation of the network where required;
4. networks for the future – being a facilitator of new technologies; and
5. making it easy for our customers – listening to our customers’ needs and responding in a timely manner.

Our customers and stakeholders were invited to provide feedback, via a submission, to let us know if we had struck the right balance between safety, reliability, growth and affordability during a six week consultation period which ended on 31 October 2014.

The consultation opportunity was widely promoted, as described in table 6.3, with submissions being able to be made:

- online at: www.talkingelectricity.com.au via an online submission form which allowed our customers to respond to particular areas of interest or everything in the consultation paper;
- by email: talkingelectricity@powercor.com.au; and
- in writing, via post.

The launch of our Directions and Priorities consultation paper was promoted via a media release, advertisements in local newspapers, supported by radio news interviews as well as via personal invitations to provide submissions sent to stakeholders by members of our Corporate Affairs team and Regional Business Managers.

Table 6.3 Directions and Priorities Consultation Paper promotion

Stakeholder	How we reached out
Residential customers	<ul style="list-style-type: none"> • Talking Electricity website updates • Corporate website updates • Talking Electricity subscriber emails and newsletters • Social media posts throughout the six week consultation period averaging three posts a week • Email sent to all those who registered for previous regional engagement forums, survey and focus group participants • Advertisements in local newspapers
Business customers	<ul style="list-style-type: none"> • Email sent to all those who registered for the regional engagement forum, survey and focus group participants • Registered electrical contractors newsletter • Regional Business Managers direct contact and email • CitiPower business awards • CitiPower involvement in business or local government events and forums

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Stakeholder	How we reached out
Customer advocacy groups including Consumer Utilities Advocacy Centre, and Kildonan Uniting Care	<ul style="list-style-type: none"> Briefings, emails, meetings and ongoing dialogue
Customer Consultative Committee	<ul style="list-style-type: none"> Information and discussion at meetings, copies of report and ongoing dialogue
Victorian Government including the Department of State Development, Business and Innovation and Regional Development Victoria	<ul style="list-style-type: none"> Briefings to accompany copies of the consultation paper Follow up from regional engagement forum
Local government	<ul style="list-style-type: none"> Letters, emails and conversations with regional business managers
Regulators: Australian Energy Regulator, Energy Safe Victoria	<ul style="list-style-type: none"> Copies of consultation paper and conversations
Industry Groups including Australian Industry Group	<ul style="list-style-type: none"> Copies of consultation paper and conversations
Energy industry – Energy Retailers Association of Australia, Energy Networks Australia, Energy Supply Association of Australia	<ul style="list-style-type: none"> Copies of consultation report by mail or email and invitation to make a submission Industry media
Employees	<ul style="list-style-type: none"> Internal communication channels including a message from the CEO, intranet, newsletters and briefings

Source: CitiPower

Newspaper advertisements

The Directions and Priorities consultation was advertised in Leader newspapers in our service area reaching a potential audience of over 257,000 people. The advertisement is shown in figure 6.24 below.

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Figure 6.24 Directions and Priorities consultation advertisement

**TELL US
WHAT
YOU THINK.**

At CitiPower we are currently mapping out our future network plans and we want to hear from you whether we've got the right balance right between safety, reliability, growth and affordability.

During the past 18 months we've been talking to many customers and stakeholders through surveys, interviews, focus groups and regional forums, seeking feedback which will help shape and inform our priorities and meet customers' expectations.

Our Directions and Priorities Consultation Paper brings together that feedback with an outline of our future plans. Now we want to see if our key directions and priorities are striking the right balance and we're urging our customers and stakeholders to respond with a submission.

Our plans cover five main areas: protecting our customers and our network, maintaining reliability, growing with Victoria, networks for the future and making it easy for our customers.

The consultation paper outlines our plans and includes questions which can be used as prompts for feedback.

Those who respond can choose which topics they want to be involved in and provide any additional information or attachments.

What our customers and stakeholders tell us will help further define our proposals for the 2016-2020 regulatory control period to be lodged with the Australian Energy Regulator (AER) in April next year. The AER assesses our regulatory proposals and makes a decision on the revenues or prices that CitiPower can earn or charge during the five year period.

There are several ways you can lodge a submission

 **ONLINE FORM**
 **EMAIL**
 **POST**

For more information:
VISIT talkingelectricity.com.au
EMAIL talkingelectricity@powercor.com.au
CALL 03 9683 2057

**“Talking
Electricity”**



Source: CitiPower, October 2014

Table 6.4 provides a summary of the newspapers in which the advertisement was placed, together with the newspaper circulation statistics.

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Table 6.4 Directions and Priorities consultation process promotion – summary of newspaper advertising audience

Paper	Date	Circulation
Moreland Leader	6 and 13 October 2014	68,049
Northcote Leader	6 and 14 October 2014	23,862
Melbourne Leader	6 and 13 October 2014	40,500
Progress Leader	7 and 14 October 2014	70,385
Stonnington Leader	7 and 14 October 2014	55,008
Total	-	257,804

Source: CitiPower

Social media activity during the six week consultation period

There were a minimum of two posts a week during the six week consultation with at least one submission resulting from online engagement.

Social media engagement is broad but not deep and the consultation enabled us to expand our networks and create dialogue around the issues that interest our customers.

The most popular social media channels were Twitter and Facebook. Social media content and call to actions generated a relatively high amount of conversations on Twitter. In respect to Facebook, reach and engagement performed well however it did not generate conversations. Each Facebook post had an average reach of 195 people.

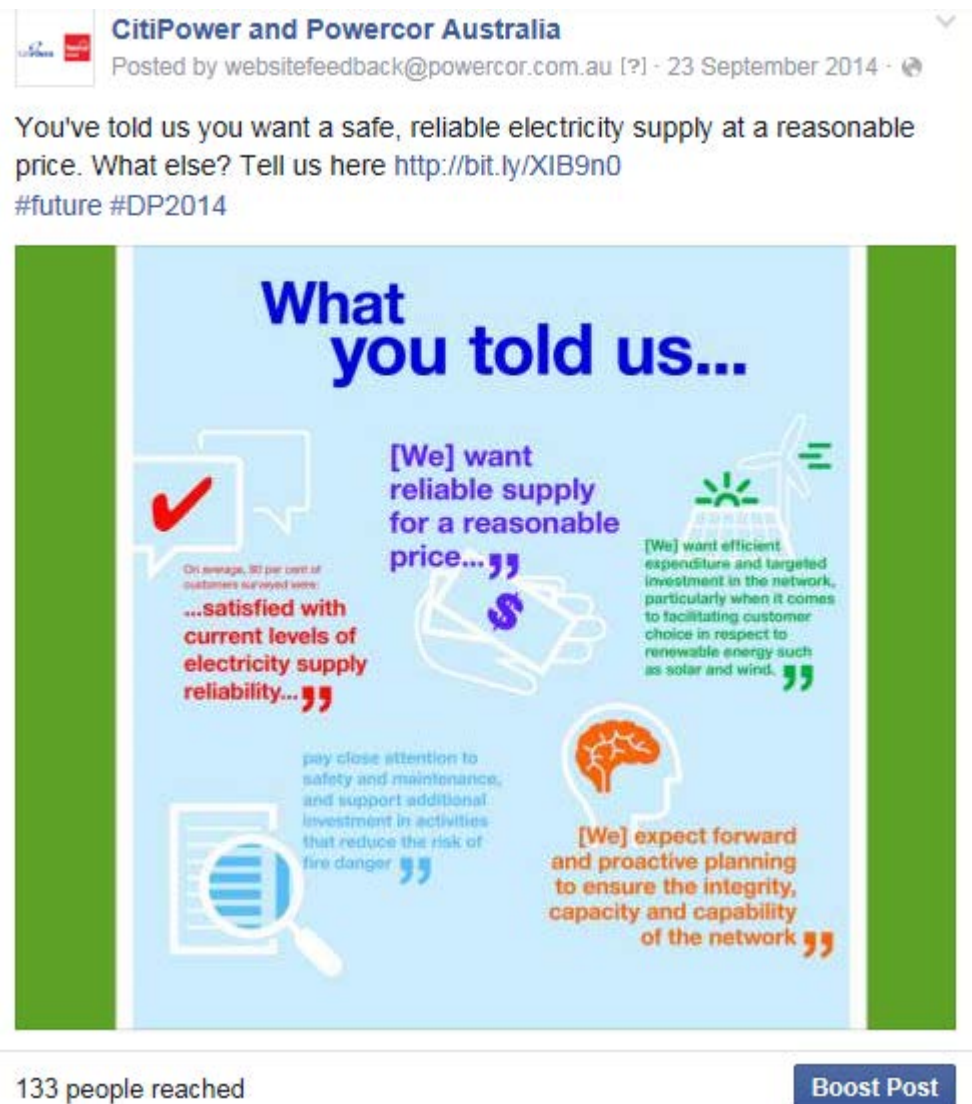
Analytics show that social media was successful in directing people to the Talking Electricity with activity on the website increasing during the consultation period.

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Figure 6.25 Examples of social media post



Source: CitiPower

Submissions

We received nine CitiPower submissions in total on the Directions and Priorities Consultation paper, including five from residential customers.

The Directions and Priorities Consultation Paper used prompts for feedback and many of the submissions followed this format.

The online form, developed based on the feedback prompts as well as additional free text areas, was very successful in attracting residential submissions over the six week period. Some of these submissions have been short or focussed on one topic only and others have been fairly broad based.

Our existing business relationships were useful in attracting written submissions from organisations and peak bodies including EWOV, the City of Melbourne and the Australian Industry Group (AIG).

Individual submissions included views on the introduction of new tariff types, greater access and ability to use smart meter data for the benefit of customers, the role of our Business in enabling the connection of renewable energy sources, a continued commitment to bushfire mitigation strategies, and support for modernising our networks. Our customers and stakeholders encouraged us to more

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fully utilise smart technology to improve reliability of supply and to enable customer's energy choices.

Many organisations supported targeted investment to support growth in their regions as well as outlining the impact of different tariff types on their constituents, encouraging the enablement of smart meter technology, fostering the connection of renewable energy sources and supporting energy efficiency measures. Vegetation management and the way we maintain our assets were also themes.

All feedback received from our submissions has been considered in developing our regulatory proposal and this feedback is reflected throughout our regulatory proposal.

The submissions have reinforced previous feedback and some provided additional support for our proposed investment plans.

Detailed feedback and submissions

Refer to Appendix AC for extracts from the Directions and Priorities consultation paper submissions.

Submissions are published on the Talking Electricity website: <http://talkingelectricity.com.au/your-views/>

Not all submissions have been published as we only published submissions if we had express permission from those making the submission.

6.3.3 Kildonan Uniting Care facilitated focus group

On 17 November 2014, twelve of our customers attended a Kildonan Uniting Care facilitated focus group in Collingwood. Participants included younger people under the age of 30 years of age, pensioners, self-funded retirees, participants who spoke English as a second language and community workers with an interest in energy.

Approach

A key component of the focus group was to inform and educate our customers about our role and what part of the electricity bill we represent. In addition, we provided our customers with an understanding of how they could obtain better information about their electricity usage to enable them to lower electricity costs.

Feedback highlights

Reliability

Most of our customers at the focus group felt the level of reliability of their energy supply was good. One customer said he was happy with the way things are and urged us not to over complicate what we were offering but to stick to the job of running an efficient network and not to increase costs for consumers.

Smart meters

Smart meters were high on most of our customer's agendas.

Several customers expressed a desire for us to provide a single portal where they could access their usage details. One participant felt distribution businesses were in a unique position to advocate for consumers and independently produce usage data and retailer recommendations.

Participants were informed of existing tools for people to assess retailer offerings including the Victorian Government's 'Switch On' website. As an electricity distribution business, we can assist our

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consumers by providing information about their electricity usage so they can make their own choices.

Our customers supported better access to usage data and the ability to use smart metering technology to deliver services that enable customers to manage their electricity use. Our customers were supportive of using technology to improve operation of the network and reduce capital expenditure by us in the longer term.

Energy efficiency

Our customers were supportive of us enabling the greater adoption of energy efficient technologies such as LED lights, more efficient appliances and the connection of renewable energy sources.

Powerlines

One customer had experience in working in the UK power industry and asked why Australia was so behind other countries in undergrounding powerlines. The extent of the overhead network was explained, as well as why it is cost-prohibitive to replace the existing overhead network and the significant impact on bills that would result.

Customers were informed of the Victorian Bushfire Powerline Replacement Fund and the requirement for developers of new subdivisions to underground powerlines.

Tariffs

There was a brief discussion around tariffs and their role in better reflecting costs and enabling distributors to reduce capital expenditure to address peak demand.

Although our customers understood the drivers for the change, there was some concern around the impact of capacity tariffs on customers, particularly the elderly, who could not alter their energy use during certain times and a call for better education around how to manage energy use.

Rebates for people reducing use on high demand days attracted some interest but in general our customers felt a lot of education was needed on the part of the Victorian Government and the industry before substantial tariff changes were made.

6.4 Other engagement activities

In addition to our specific research and consultation phase engagement activities, we have undertaken the following engagement activities as part of the development of our regulatory proposal for the 2016-2020 regulatory control period:

- bilateral consultation; and
- asset tours

6.4.1 Bilateral engagement

At various times during our engagement program, we engaged directly with our customers, representative stakeholders and consumer advocates on a bilateral basis to create the opportunity to address their specific issues or concerns and to keep key stakeholders informed of our plans.

The majority of these meetings leveraged off existing relationships and business as usual activities. Our Regional Business Managers have regular forums for engaging with business customers and community based organisations including local business associations, municipalities and community organisations.

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Regional Business Managers

We run a business relationship management program for a large number of major customers and strategically significant organisations. Across our service area, we have around 2,100 business customers, many of whom make a significant economic contribution to Victoria.

Our largest electricity customers are allocated a Regional Business Manager who is ultimately responsible for the level of satisfaction with their relationship with the organisation. These Regional Business Managers have established long-term relationships in their communities and were instrumental in the success of many of our price reset stakeholder engagement activities, particularly regarding attendance at the regional engagement forum and stakeholder engagement during the Directions and Priorities consultation.

Regional Business Managers have a number of role objectives including:

- establishing, building and maintaining strong working relationships with major customers and key organisations;
- ensuring major customers are satisfied with the service we deliver – this is measured through customer satisfaction surveys;
- drive strategic and commercial network investment by collaborating with customers on their projects;
- addressing issues raised by major customers – measured through direct feedback and surveys; and
- influence network development and operation to outperform customer and community expectations, again measured through surveys and feedback.

Customer consultative committee

Our customer consultative committee (CCC) was established in 2000 and, during the development of our regulatory proposal, the members included a customer advocacy group representative, Australian industry, local Government and rural stakeholders.

At each meeting since December 2012, an update has been provided on the status of the regulatory determination process and the engagement activities, both in terms of the process being undertaken and the findings.

Feedback from the CCC members was factored into our engagement activities, in particular, in relation to vulnerable customers.

Our CCC members were provided with a draft of our Directions and Priorities Consultation Paper prior to its release in September 2014 and were provided the opportunity to provide feedback on the paper.

Energy and Water Ombudsman (Victoria)

In their submission to the AER in relation to the draft Consumer Engagement Guideline for Network Service Providers, dated 14 August 2013, EWOV stated:

EWOV would be happy to discuss potential and emerging trends based on our case data with network providers and the AER to assist them in better understanding consumer sentiment of the energy sector.

The Victorian DNSPs took up EWOV's offer and a briefing was held on Friday 31 January 2014 at the EWOV offices. The learnings from this briefing were incorporated into our engagement approach.

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Energy Safe Victoria (ESV)

Various price reset specific meetings were held with ESV during 2014 and 2015, in addition to business as usual meetings.

Consumer advocates

Meetings have been held with Consumer Utilities Advocacy Centre (**CUAC**) representatives as part of the price reset stakeholder engagement activities. Further meetings will occur as part of the 2015 tariff structure statement-related engagement activities.

6.4.2 Asset tours

As part of the price reset engagement activities, asset tours were offered to a number of stakeholders to assist with informing them about the role of our business, how electricity distribution systems operate, explain the role of the various assets 'in situ' and to highlight the opportunities and challenges both now and in the future.

On an ongoing basis, we conduct a number of asset tours for our customers and stakeholders in addition to opening up a number of our distribution zone substations as part of the annual Melbourne Open House.

During the 2014 Melbourne Open House event, over 1,300 visitors toured our Russell Place zone substation and over 1,200 visitors saw inside J zone substation. Over the years more than 10,000 customers have been able to experience the inside of an operational zone substation, receiving an understanding of its history and our role.

Figure 6.26 Photos from an asset tour held on 11 December 2013



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7 What our customers and stakeholder have told us

7.1 Customer expectations

Through our engagement program, our customers and stakeholders told us what they want from us during the next year regulatory control period. This feedback has informed our plans and, as a result, we are confident that our regulatory proposal delivers on the expectations of our customers.

Customer expectations have been summarised into six key insights.

- customers want reliable supply for a reasonable price;
- they want efficient and targeted investment across our networks;
- customers want us to pay close attention to safety and maintenance and they support additional investment in activities that reduce risk of fire danger;
- they expect forward and proactive planning to ensure the resilience, capacity and capability of the network;
- future needs are best met by a smart grid to enable choice and flexibility, taking pressure off the existing network and facilitating the connection of renewable energy sources; and
- customers want greater access to readily understandable information about their electricity usage.

7.2 How we are responding

The integration of customer expectations and concerns into our planning is an important part of developing our regulatory proposal. Table 7.1 illustrates how the engagement outcomes have been factored into our regulatory proposal.

Table 7.1 Our response to your feedback

What you said	What we will do
<p>You want a safe, reliable electricity supply at a reasonable price. Most people (82 per cent of survey participants) are satisfied with the reliability of their electricity supply and 54 per cent of them do not want to pay any more to improve it.</p> <p>Larger business customers expect a reliable supply of electricity, to allow business to operate with uninterrupted, continuous supply.</p>	<p>We will take a cost efficient approach to all our investments in the network, ensuring we deliver safe and affordable energy for all our customers in the longer term.</p> <p>Rather than the costly replacement of some of the oldest substations in Victoria, we will make better use of newer infrastructure close by. We will assess the condition of underground pit and pillar assets, replacing those that are deteriorating and could present a potential risk to public safety.</p>
<p>Take all reasonable measures to protect the safety of customers and their communities, and reduce the bushfire risk. Survey participants were happy to accept a small price increase that contributed to reduced risk of fire danger and undergrounding or relocating of assets in areas of natural beauty.</p>	<p>Safety is our number one priority. We will take all reasonable steps to ensure ongoing community safety including ongoing maintenance of our electricity assets.</p>

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What you said	What we will do
<p>A clear preference for the development of a wider safety campaign targeted at all of those that come into contact with the electricity network (as opposed to specific messages targeted at specific groups).</p>	<p>We will work with Energy Safe Victoria to promote community safety.</p>
<p>Targeted investment to support growing areas of Melbourne – businesses want us to either maintain, or slightly improve, current reliability levels and focus on investing in the development of additional substations, particularly to service the inner city and inner west Melbourne.</p>	<p>We are investing to provide capability to support high-density residential and commercial development in the central business district (CBD) and inner suburbs.</p>
<p>Some customers would like to see power lines put underground to improve visual amenity or to reduce the potential for car accidents. However survey participants were, overall, not willing to pay a small increase for this undergrounding.</p>	<p>Developers of new subdivisions are generally required to underground electricity cables.</p> <p>Undergrounding existing power lines is expensive and would impact on customers' bills.</p> <p>Some undergrounding can take place if customers directly benefiting from the work are prepared to pay or work with their local council to secure funding. We will continue to work with local authorities and customers who commission projects to put lines underground.</p>
<p>Many people are happy with our current vegetation management practices but some would like to see more frequent pruning or other risk management strategies introduced.</p> <p>There is a strong dislike of 'V' or 'U' shaped heavy cutting of trees, with general preference for more regular light trimming in residential areas. However over half of survey participants (52%) were not willing to pay a small increase in return for trimming vegetation more frequently and less severely.</p>	<p>We are committed to vegetation management practices that balance safety with affordability.</p>
<p>Residential customers are generally happy with connection processes but business customers expect us to be transparent, work to exact timelines, be flexible, supportive, reliable and dependable.</p>	<p>We will automate our standard connections processes to make it easier, faster and cheaper for customers.</p> <p>We will continuously explore ways to improve timeliness and quality of service to connect large customers. We will effectively communicate the time needed to develop the right solutions for complex connections.</p>

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What you said	What we will do
<p>Enable the connection of more renewable energy and embedded generation in the CBD.</p> <p>Our customers want us to be a leader, not a follower, when it comes to investment in the network, particularly renewable energy sources such as solar and wind.</p>	<p>We are further investing in technology to better control fault levels which will enable us to connect more embedded generation, in particular at North Richmond and Albert Park.</p>
<p>Install more energy efficient street lighting.</p>	<p>We will continue to work with the City of Melbourne and other municipalities to keep the lights on and introduce energy-efficient units that contribute to safe liveable cities and communities.</p>
<p>Greater access to smart meter data, via an online portal, would give you greater ability to manage electricity use and power bills.</p> <p>You wanted easy-to-access, easy to understand information.</p> <p>Some customers would like us to advocate on their behalf and provide information on usage and the most appropriate retail offerings.</p>	<p>We are planning to invest in a customer relationship management system and online customer portal so customers can access their electricity usage data and manage their electricity bills.</p> <p>We are unable to provide advice on the most appropriate retail offering but we can provide the information to inform your decision.</p>
<p>A smart grid is a necessary initiative worthy of investment.</p> <p>It was generally felt that future needs would be best met with a smart grid to enable choices and flexibility, and would take pressure off the existing network and traditional sources of power.</p>	<p>Invest in the development of a smarter network by using advanced technologies that create efficiencies and improve reliability and safety.</p> <p>We will investigate demand-side solutions to meet localised energy requirements during peak periods, and the application of new technologies such as batteries and cold storage.</p>
<p>A fast response is expected to issues that our customers raise.</p>	<p>Our call centre and website provide channels for our customers to contact us. In addition, we currently provide outage information through our website and apps, and SMS notifications straight to customers' phones.</p> <p>We will continue to look at ways of improving our communications on an ongoing basis.</p>
<p>Engage with us more effectively – you welcomed the opportunity to participate but want more information about issues.</p>	<p>We will consult on our future tariff structures as well as issues affecting customers' electricity supply and energy choices, reflecting that the way customers use electricity is changing.</p>

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What you said	What we will do
<p>You want flexibility and do not want to be disadvantaged by any changes to tariff structures.</p> <p>Different types of tariffs are confusing.</p>	<p>We are extending our engagement program by consulting on our future tariff structures.</p> <p>We are currently considering a number of options, including rebates for lower energy use as well as tariffs for peak demand periods.</p>

Source: CitiPower

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8 Learning

We have an ongoing commitment to continually improve the way we engage with our customers and stakeholders on what matters to them to ensure we meet the energy needs of Victorians today and well into the future.

Learnings from the price reset stakeholder engagement will help refine the business-wide stakeholder engagement approach which is being refreshed in 2015 to ensure that it remains aligned with our current and future priorities.

Some engagement learnings include:

- engagement must be preceded with awareness of us as an organisation, and how our activities impact electricity bills, to be effective;
- it was hard to gain engagement from residential customers without financial incentives. Depending on the nature of the engagement, we need to consult in a more targeted way in the future and look at new ways to keep our current customer and stakeholder subscriber base interested and engaged;
- Regional Business Managers and other senior managers have developed, and maintained, solid long term relationships with many of our large customers and key stakeholders. We need to continue to leverage these existing relationships, and continue to develop new relationships, to support future engagement activities;
- consumer advocacy groups have provided valuable advice on engaging with consumers who may not otherwise be approached or become engaged. We need to simplify our language further and make all our communications more accessible;
- the Directions and Priorities Consultation Paper used prompts for feedback and many of the submissions followed this feedback format which was also supported by an online feedback form. The feedback prompts and online form encouraged customers to make submissions however, its design could be improved to prompt more engagement or fuller responses in future consultation activities; and
- a customer relationship management tool is needed to provide a single view of customer engagement across our customers ensuring a greater level of customer service and more informed and meaningful engagement.

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9 Conclusion and next steps

We are proud of our price reset stakeholder engagement program and believe that it has been ‘fit for purpose’ given the nature of our business and our customers’ level of knowledge of our role and services, as well as the regulatory determination process.

Our Talking Electricity website and electronic newsletters will contain information about the AER’s consultation process and any upcoming public forums regarding our regulatory proposal.

As previously mentioned, learnings from the price reset stakeholder engagement program will help refine the business-wide stakeholder engagement approach which is being refreshed in 2015 to ensure that it remains aligned with our current and future priorities.

In early 2015, our CCC was refreshed and membership increased to capture a broader range of views. The refresh incorporated feedback obtained during consultation activities during 2013 and 2014 as well as leveraging ‘best of breed’ approaches to consultative committees from utility peers worldwide.

It takes time to develop, maintain and enhance longer term relationships with our customers, our stakeholders and their advocates. Through our price reset engagement activities, we have strengthened existing relationships and developed new relationships that we will maintain and enhance on an ongoing basis.

We are continuing to evolve our engagement approach across all our business activities to ensure that our business focus and our strategic priorities remain firmly focused on the long term interests of our customers.

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10 Appendix AA: Alignment with AER Consumer Engagement Guideline

Table AA.1 below outlines how we have aligned our price reset stakeholder engagement activities with the AER’s Consumer Engagement Guideline.

Table AA.1 Alignment of our engagement activities with the AER’s Consumer Engagement Guideline

Best practice principles	Alignment
Clear, accurate and timely communication	<ul style="list-style-type: none"> • communication began early with our engagement taking place over a two year period; • we engaged a leading market research firm to help facilitate an online survey, focus groups and in depth customer interviews with attention given to presenting information in a clear and accessible way for customers; • the Directions and Priorities Consultation Paper was released on 22 September 2014 and with a six weeks consultation period for customers and stakeholders to respond. The consultation period ended on 31 October 2014 which allowed adequate time for the submissions to be analysed, feedback considered and our response to be incorporated into our regulatory proposal; • our Talking Electricity website was launched in October 2013 with the primary purpose of being a single repository of information that would help inform our customers and stakeholders. In addition, it how enabled us to publish all our research findings; • our Talking Electricity newsletter provides subscribers regular updates on the development of our proposals, information on our role and responsibilities, and items of relevance to the price reset process. For example links to independent reports on electricity prices and the performance of Victorian distribution businesses are included in the newsletters; and • our regional engagement forum featured information boards with clear information about our business and role and topical local information about key projects.
Accessible and inclusive	<ul style="list-style-type: none"> • our communication was tailored to different audiences using multiple channels. We spoke to our customers and stakeholders through face-to-face meetings as part of our business as usual activities, our Talking Electricity website and its associated newsletter, advertisements, articles, media releases, trade publications, social media, focus groups and forum. For example we used targeted newsletters for registered electrical contractors and retailers to inform these stakeholders of engagement opportunities; • our Regional Business Managers contacted more than 50 customers including larger electricity users, local government and business development associations during the Directions and Priorities Consultation process; • our senior managers and employees used business as usual activities and meetings to discuss the price reset process; • our life support customers are called each year to ensure we are addressing their requirements. Those who wished to engage further were encouraged to make a submission on the Directions and Priorities Consultation Paper; • we offered and conducted asset tours to demystify how the electricity distribution system works. Regional Business Managers also conduct asset

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Best practice principles	Alignment
	<p>tours as part of their day to day role;</p> <ul style="list-style-type: none"> • our CEO, senior managers and subject matter experts attended the regional engagement forums and asset tours which has enabled our customers to speak to us in an informal and direct way; • one size does not fit all. We have engaged with consumer advocacy groups and sought their advice on directly engaging customers who would not normally engage with us. A focus group facilitated by Kildonan Uniting Care was held in Collingwood to capture feedback directly from customers from disadvantaged backgrounds or community workers who assist migrants who speak English as a second language and low income earners; • we have a dedicated Price Reset Stakeholder Engagement Manager who facilitates engagement activities and is accessible to any customer or stakeholder who wishes to be part of the price reset process; • the language we used during our research and on the Talking Electricity website ,and in our customer facing price reset publications, is in plain language to ensure the information is accessible for customers and stakeholders; • an open invitation was issued to our regional engagement forum, enabling our customers and stakeholders the opportunity to have one-on-one discussions with our CEO and senior managers; and • our Directions and Priorities Consultation Paper was publicised and an online feedback form developed to simplify the submission process so any customer or stakeholder could comment on as much or as little of the Consultation Paper as they wished.
Transparent	<ul style="list-style-type: none"> • our Talking Electricity website and the Talking Electricity newsletter contained clear information about our role, electricity price and the regulatory process. We have published independent reports on our performance and on electricity prices; • we have published all survey results, relevant research, Directions and Priorities Consultation Paper submissions (where customers have agreed to publication of their information) on our Talking Electricity website; • what customers have asked for is summarised, along with our response, in Table 7.1, 'Our response to your feedback' which is included in this document and our regulatory proposal. 'Our response to your feedback' will be promoted via Talking Electricity, 'News About Your Power Supply' advertorial and suburban media; • following the submission of our Regulatory Proposal to the AER on 30 April 2015, we will contact all customer and stakeholders who made a submission to the Directions and Priorities Consultation Paper to discuss how we have responded to their feedback; • we have offered, and conducted, briefings and asset tours and will continue to offer engagement opportunities for our customers and stakeholders who would like more information on any aspect of our Regulatory Proposal; and • we literally open our doors to the public and host tours during the Melbourne Open House event each year with thousands of people visiting inner city zone substations.

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Best practice principles	Alignment
Measurable	<ul style="list-style-type: none"> • we will continue to use customer surveys, AER and Customer Challenge Panel feedback, and direct feedback from customers and stakeholders to assess our performance; • feedback on our stakeholder engagement activities gathered during the Directions and Priorities Consultation period showed most people appreciated the opportunity to engage and made positive comments in response to the Directions and Priorities Consultation Paper; • targets were set and exceeded for the Directions and Priorities Consultation Paper including the number of submissions and the sentiment of media coverage, which was all positive; • the majority of individuals and organisations who made a submission to the Directions and Priorities Consultation Paper stated that they were happy to engage with us again; • subscriptions to the Talking Electricity website and newsletter have increased during the price reset stakeholder engagement and we will continue to reach out to our customers and stakeholders using this engagement tool; and • engagement during the price reset stakeholder engagement to date will be benchmarked against subsequent consultations such as the tariff structure statement consultation to be conducted during 2015.

Source: CitiPower

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11 Appendix AB: Mapping of engagement activities against IAP2

Table AB.1 below outlines how our price reset stakeholder engagement activities are aligned with IAP2 objectives.

Table AB.1 Alignment of our engagement activities with IAP2 objectives

Customer / Stakeholder	Method	Issues and topics	IAP2 Objective(s)
Residential customers	Customer mail out (October – December 2013)	Information about your power supply, how to contact us and promotion of the new Talking Electricity website	Inform
	Talking Electricity	Website includes: <ul style="list-style-type: none"> • information about us, our role and performance; • updates on price reset engagement activities; and • publication of research. 	Inform / consult
	Talking Electricity Newsletter	Areas covered includes: <ul style="list-style-type: none"> • information about us, our role and performance; • updates on price reset engagement activities; and • publication of research. 	Inform
	Online survey (3 December 2013 – 1 July 2014)	Topics included: <ul style="list-style-type: none"> • familiarity and level of understanding; • customer experience and satisfaction; • preferred method of contact; • community safety and reliability; • asset management; • vegetation management; • visual amenity; • pricing; and • profile and demographics. 	Inform / consult

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Customer / Stakeholder	Method	Issues and topics	IAP2 Objective(s)
	Residential focus groups (February – April 2014)	<p>Topics included:</p> <ul style="list-style-type: none"> • top of mind association, experience and familiarity; • reliability vs affordability; • smart meters and access to information; • new connections; • visual amenity; • vegetation management; • safety and bushfire management; • future network; and • network tariffs. 	Inform / consult
Residential – life support customers	Annual call to discuss requirements – a business as usual activity	Customers who expressed an interest in further engagement with us were encouraged to make a submission to the Directions and Priorities Consultation Paper	Inform / consult
Customer advocacy – Customer Consultative Committee (CCC)	Meetings and ongoing contact	Updates of the price reset activities including stakeholder engagement. Feedback and advice sought on a variety of issues	Inform / consult / involve
Customer advocacy – Consumer Utilities Advocacy Centre (CUAC)	Meetings and ongoing contact	Discussion on Directions and Priorities Consultation Paper and upcoming consultation on tariffs	Inform / consult

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Customer / Stakeholder	Method	Issues and topics	IAP2 Objective(s)
Customer advocacy – Kildonan Uniting Care	Kildonan Uniting Care facilitated a focus group on our behalf with customers including younger people under the age of 30 years of age, pensioners, self-funded retirees, participants who spoke English as a second language and community workers with an interest in energy	Topics included: <ul style="list-style-type: none"> • information about us, our role and performance; • updates on price reset engagement activities; • high level of view of our future plans, as five key priorities; and • invitation to make a submission and comment on whether we struck the right balance between safety, reliability, growth and affordability. 	Inform / consult / involve
Business - Small to medium enterprises (SMEs)	In-depth interviews	Topics included: <ul style="list-style-type: none"> • expectations of us; • importance of reliable supply; • reliability and affordability; • network tariffs; • future plans; • new connections; and • future network. 	Inform / consult
Larger electricity customers	In depth interviews	Topics included: <ul style="list-style-type: none"> • expectations of us; • importance of reliable supply; • reliability and affordability; • network tariffs; • future plans; • new connections; and 	Inform/consult

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Customer / Stakeholder	Method	Issues and topics	IAP2 Objective(s)
All customers and stakeholders	<p>Regional engagement forum - Melbourne Convention and Exhibition Centre on 27 May 2014. Advertised in the Herald Sun and in regional and suburban media</p>	<ul style="list-style-type: none"> • future network. <p>Information on the electricity industry, our business, our role and services displayed on boards. Topics included:</p> <ul style="list-style-type: none"> ○ Electricity Overview; ○ Who We Are and What We Do; ○ Bushfire Mitigation and Safety; ○ Growing with Victoria; ○ Networks for the Future; and ○ Tell Us What You Think. <ul style="list-style-type: none"> • CEO Tim Rourke and senior managers on hand to speak to customers and stakeholders on an one to one basis on any topics they wished to raise 	Inform / consult
	<p>Directions and Priorities Consultation Paper advertised in suburban media in our service area (October 2014)</p>	<ul style="list-style-type: none"> • information about us, our role and performance; • updates on price reset engagement activities; • high level of view of our future plans, as five key priorities; and • invitations to make a submission and comment on whether struck the right balance between safety, reliability, growth and affordability. 	Inform / consult
	<p>Asset tours</p>	<p>Tours are available to stakeholders on an ongoing basis and through business as usual activities</p>	Inform

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Customer / Stakeholder	Method	Issues and topics	IAP2 Objective(s)
Regulators – Australian Energy Regulator (AER) and Energy Safe Victoria (ESV)	Business as usual activities to incorporate information about price reset activities	Price reset updates included as part of business as usual meetings	Inform / consult
Energy sector participants	Invitation to make a submission to Directions and Priorities Consultation Paper	<ul style="list-style-type: none"> • Australian Energy Market Operator (AEMO); • Energy Networks Association (ENA); • Energy Supply Association of Australia (ESAA); • Energy Retailers Association of Australia (ERAA); and • Other distribution businesses. 	Inform / consult
Government – State and local government	Invitation to make a submission to Directions and Priorities Consultation paper, briefings and asset tours	Providing information on our future plans through a variety of methods including meetings, emails and briefings	Inform / consult
Local business communities and development associations	Attending business as usual meetings and offering briefings and inviting members to make submissions to the Directions and Priorities Consultation Paper. For example speeches delivered at the CitiPower Business Awards) and our membership on Lead West, a regional advocacy group encompassing council areas	Providing information on our future plans through a variety of methods including meetings, emails and briefings	Inform / consult

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Customer / Stakeholder	Method	Issues and topics	IAP2 Objective(s)
	in our service area		
Specific interest groups (AIG, VECCI, EUAA)	Invitation to make a submission to Directions and Priorities Consultation paper	Providing information on our future plans through a variety of methods including meetings, emails and briefings	Inform / consult

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12 Appendix AC: Extracts from Directions and Priorities submissions

Table AC.1 below contains extracts from our Directions and Priorities Consultation paper submissions.

Table AC.1 Directions and Priorities Submissions

High level Topic	Detailed topic	Feedback
Pricing outcomes	Current tariff structure	<p>Residential and small business customers’ views varied from the organisational submissions which tended to be quite specific.</p> <p>Several residential respondents felt that the current tariff structure was limited, others were happy with the current structure and one customer positively commented on the flexible tariffs currently available.</p> <p><i>‘The current tariff structure is limited in its ability to address peak demand issues and to incentivise energy efficiency and reduced power use at critical periods.’</i> City of Melbourne</p>
Pricing outcomes	Maximum demand tariff	<p>Customer and stakeholder views on the introduction of a maximum demand tariff were quite polarised with some customers supporting the idea of a tariff that would reflect the cost of generating and distributing power during peak periods, however others felt it would have an unfair impact on some customers who could not easily modify their energy use. One customer felt incentives were a better way of reducing power use during periods of high demand.</p> <p><i>‘Rather than a maximum demand tariff, what about a maximum demand dividend – where customers who deliberately reduce usage during maximum demand are rewarded. You will have a worse problem if customers simply choose to pay more and you still can’t deliver to meet demand.’</i> CitiPower residential customer</p> <p>The Australian Industry Group (AIG) supported the availability of a maximum demand pricing option for consumers and said critical peak pricing could be an appropriate option to help minimise costs associated with periods of intense demand and should be able to offer consumers savings if they know how to shape their demand. However the AIG said all pricing structures need to be voluntary in order to be workable and reduce the chance of consumers inadvertently exposing themselves to risk.</p> <p><i>‘Maximum demand pricing structures are already available to larger consumers. But electricity distributors should offer greater flexibility in how they structure these charges for larger electricity customers. A user whose power usage exceeds a threshold will trigger a higher</i></p>

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High level Topic	Detailed topic	Feedback
		<p><i>maximum demand charge for a full year.</i></p> <p><i>'The appropriate solution would be to provide greater flexibility for pricing arrangements that meet the needs of both the customer and distributor. For instance, a business could pay a maximum demand charge for a guaranteed level of service, with the option to go above that demand upon request or notification; the distributor could refuse depending on actual or expected congestion conditions on the network and exact an additional demand charge or volumetric payment for the period of higher demand without increasing the charge for ordinary service.'</i> Australian Industry Group</p> <p><i>'Maximum demand tariff may play an important role in incentivising and affecting the deployment and adoption of technologies to assist with the smart and efficient use of energy. It is recognised that these tariff structures may be effective in sending signals to address peak demand to some customers who are well placed to respond. Not all customers may be in a position to respond, for a variety of reasons and a maximum demand tariff may have an adverse effect on these customers. An altered tariff structure may have a range of impacts on consumers without necessarily addressing energy consumption behaviour in the way intended. For this reason, implementation of a new tariff structure needs to be weighed carefully to consider potential adverse and unintended consequences.'</i> City of Melbourne</p>
Pricing outcomes	Other tariff options	<p>There was some support for critical peak pricing, but most respondents did not support locational tariffs.</p> <p>One customer voiced strong opposition to what he sees as fixed charges comprising a large part of his electricity bill.</p> <p><i>'This is highly discriminatory of the poorer section of the community and those who are careful about saving energy, a thing promoted by governments, high efficiency lighting and appliances etc.'</i> CitiPower residential customer</p> <p>There was some support for locational tariffs from the City of Melbourne, under specific circumstances.</p> <p><i>'Such tariffs could be effective in incentivising the adoption of technologies to assist with network management (such as shifting use of non-time critical energy use, deployment of power correction devices, distributed generation, or other technologies). In doing so, tariffs could assist in managing network constraints, and could encourage the adoption of smart</i></p>

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High level Topic	Detailed topic	Feedback
		<i>technologies on the customer side of the meter.'</i> City of Melbourne
Our stakeholder engagement program	-	Most customers and stakeholders welcomed the opportunity to comment on our future plans and nearly all respondents indicated they would be interested in future engagement. <i>'The improved stakeholder engagement program is welcome. More effort is required to accurately and consistently measure the cost/reliability trade-off.'</i> CitiPower and Powercor residential customer
Protecting our customers and our network	Reducing the risk of bushfires	Generally not an issue in our service area, but customers did indicate support for initiatives to reduce the bushfire risk. <i>'I think that the community (even city) should be prepared to pay more for bushfire reduction strategies. Distribution should be leading in this area, along with Transmission.'</i> CitiPower residential customer
Protecting our customers and our network	Vegetation management	There is general agreement bushfire mitigation is an important activity; however several customers including councils had views on our vegetation management activities. Although there was some acknowledgement we have to comply with regulations, customers and stakeholders questioned the level of trimming. Others felt the undergrounding powerlines was a better solution. <i>'Whilst we understand that CitiPower is responsible for maintaining vegetation according to Electricity Safety Regulations (2010), maximising the canopy size and corresponding ecosystem service provision of trees is a priority for the City of Melbourne. We would support any opportunity to reduce the amount of pruning through more frequent pruning cycles, risk assessment approaches and engineered solutions.'</i> City of Melbourne
Maintaining cost-effective reliability	-	Energy and Water Ombudsman (Victoria) (EWOV) encouraged us to continue to address the issues which triggered complaints around provision or supply of electricity. Customers commonly complain about meter exchanges, unplanned outages, voltage variation, the upgrade of supply (including associated costs) and disconnections because of safety defects.
Maintaining cost-effective reliability	Modernising ageing network assets	Customers and stakeholders encouraged us to more fully utilise smart technology to improve reliability of supply and to enable customer's energy choices. <i>'We recognise that the approach to modernising the network takes a considered and risk based approach to identifying aging assets and planning for their replacement. In planning for the replacement of these assets, there exists an opportunity to plan strategically in a way that: a)</i>

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High level Topic	Detailed topic	Feedback
		<p><i>recognises opportunities to alleviate network constraints and demand pressures through engagement with customers to encourage deployment of energy efficiency solutions, smart technologies and load shifting opportunities, and b) incorporates into the network solutions that would enable greater uptake of smart grid solutions and distributed generation.</i> City of Melbourne</p> <p><i>'Reasonably, investment in smart networks is essential and full utilization of smart metering technology to improve supply reliability is great.'</i> CitiPower residential customer</p> <p><i>'I have seen zero evidence of modernisation in my local area, despite repeated outages in the area. In fact, all I see are the same wooden poles (propped up or reinforced despite cracks and bad shapes) and nothing has been put underground or upgraded that I notice.'</i> CitiPower residential customer</p>
Ensuring a resilient network for inner Melbourne	-	<p>Most customers and stakeholders who made submissions were supportive of the level of investment in inner Melbourne's electricity supply.</p> <p><i>'We recognise that CitiPower has recognised the key risks and pressures on the electricity network in meeting load demands in the future and is investing to address these.'</i> City of Melbourne</p> <p><i>'In addition to the areas mentioned in the Consultation Paper, the electrical network will need to facilitate significant growth within the central city and surrounds. Plan Melbourne, the Victorian Government's Metropolitan Planning Strategy released in 2014, predicts there will be an additional 310,000 dwellings in the central city and surrounds. This area referred to as the Central Subregion in Plan Melbourne, is projected to grow from 485,000 residents in 2013 to 765,000 by 2031.'</i> City of Melbourne</p> <p>There was one notable exception from a residential customer.</p> <p><i>'No, huge demand coming for Fisherman's Bend and other areas nearby.'</i> CitiPower residential customer</p>
Networks for the future	-	<p>Customers and stakeholders are keen to embrace new technology and renewable energy choices and see us as an enabler.</p>
Making it easy for our customers	-	<p>Customers and stakeholders were very clear that greater access to information about power usage and outages was needed. Many submissions outlined specific information that could be gleaned from smart meter technology and urged us to present it in an accessible way for</p>

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High level Topic	Detailed topic	Feedback
		customers. <i>'The provision of clear and transparent information about system requirements for distributed generation technology connections to the network would assist stakeholders in making decisions about the adoption of these technologies.'</i> City of Melbourne
Making it easy for our customers	Public lighting	Respondents were generally positive about public lighting, and encouraged the use of energy efficient lighting. Some customers were keen to replace strong lighting with more aesthetically pleasing versions. <i>'The majority of unmetered streetlights are either HPS or MH lights, and will be part of the changeover program into the future. We would welcome CitiPower and Powercor's lead on this.'</i> City of Melbourne In some cases customers were not clear about our role in maintaining public lighting and our relationship with local municipalities who generally own these assets.
Future engagement	-	The majority of those who lodged submissions indicated they would be happy to engage with us in future discussions and consultations.

Source: CitiPower