



SME Survey Phase 4

CitiPower

September 2019



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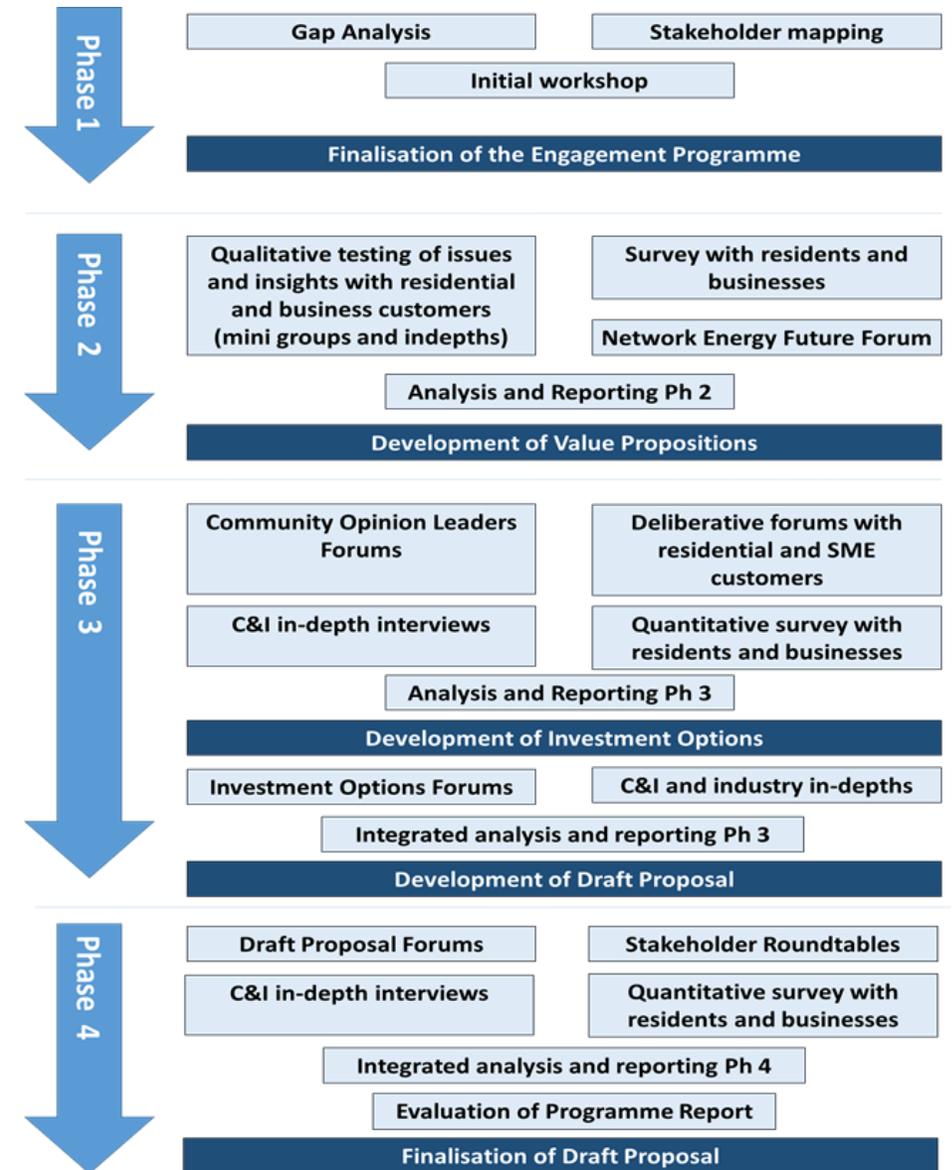
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APPROACH



BACKGROUND AND CONTEXT

- CitiPower is required to provide a regulatory proposal to the AER every five years, detailing its predicted expenditure and revenue requirements over the regulatory period.
- CitiPower is currently developing its regulatory proposal to the AER for the 2021-2026 regulatory period.
- To help shape this regulatory proposal, CitiPower is keen to further understand customer priorities, how they see the future, and to assess the Draft Plan.
- Woolcott Research and Engagement has been commissioned to conduct customer and stakeholder engagement to input into the preparation of the regulatory proposal.
- The business developed the Energised 2021-2026 program which includes four phases of customer and stakeholder engagement. We are currently in Phase 4.
- The aims of this phase are to investigate key issues for the network in more detail and fine tune the proposals for the Draft Plan.



METHODOLOGY

- The objective of the current survey was to test which options customers preferred in the context of the total bill impact. Although respondents were asked for their choices for each question, and then had a chance to change these choices in the context of the whole bill impact, the results shown in this report are their 'final' answers in the context of the bill impact.
- The survey was conducted online and n=201 completes were obtained from SME customers.
- The respondents were sourced through an online SME panel, used solely for research purposes.
- The survey was live from 24/08/2019 to 24/09/2019.
- Data was weighted during the analysis by size of business to reflect the CitiPower area.
- Significance testing has been carried out at the 95% confidence interval. Results are shown in **bold green** where significantly higher and **bold red** where significantly lower than the total.

- Note that due to rounding, percentages may not always add to 100

The survey covered the following areas:

- Knowledge and literacy
- Communication and customer service
- Access to real time data
- Solar enablement
- Digital network
- Resilient network
- Overall package
- Affordable network
- Demographics

KEY FINDINGS

Distributor perceptions

- Similar to last year, most SME customers did not know the name of their electricity distributor (72%), with many confusing their retailer and distributor.
- When prompted just over half of respondents are aware that the distributor's role is maintaining poles and wires, responding to electricity outages and getting electricity to their business.
- Reliability of supply and maintaining affordability continue to be the two most important values, followed by providing a safe environment for customers and workers.

Improving customer service

- While most had not contacted their electricity distributor via phone (62%), they think that no change is needed to the speed of answering calls (72%).
- There is a preference for text message communication for unexpected outages and faults, while email communication is preferred for planned outages and other topics.
- Current communication timing around planned outages is felt to be adequate (only 5% dissatisfaction), however there is room to improve the amount of information provided (8% dissatisfied).
- Continuing to remotely read smart meters is perceived to be important (64%).

KEY FINDINGS

Access to real time data

- There is some interest in using real time data to:
 - Monitor and adapt business behaviours (42%);
 - Checking to see if usage was increasing or decreasing from the previous year (35%); and
 - Check against the quarterly bill (29%).
- While many are happy with current data provided, while 46% are willing to pay extra for more timely data.

Solar enablement

- Just over half of respondents with solar installed report that they still would have done so if they could not export. Only just over a third of respondents who do not currently have solar say they would install solar if they could not export.
- Saving money (73%) and environmental outcomes (67%) are key motivating factors to solar installation.
- 76% of respondents feel that solar customers should be able to export if they want to but there is a preference for only solar customers paying the additional cost to ensure this is possible (55%) and in particular those who export (38%).
- Two thirds of those who think the costs should be spread (70%) indicate a preference for improvement, with the majority of these favouring unlimited export.

KEY FINDINGS

Digital and resilient network

- Almost three quarters of SME respondents (70%) want to see improvements in the investment into technology, at least to improve reliability and safety. 2 in 5 are willing to pay for investing in encouraging renewable energy generation as well.
- There is a divide in willingness to pay for an increase in pole replacements with 50% wanting no change and 50% wanting an increase in pole replacements from 1000.

Affordable network

- Two in five (42%) respondents indicate they are willing to change their electricity usage times, however 21% are not willing or unable to do so.
- It is felt that 'time of use' pricing should be an 'opt in' system (43%), rather than opt out (22%).
- Half (50%) of SME respondents are interested in shifting their usage if they receive a payment, with a further 7% interested dependant on the payment amount.

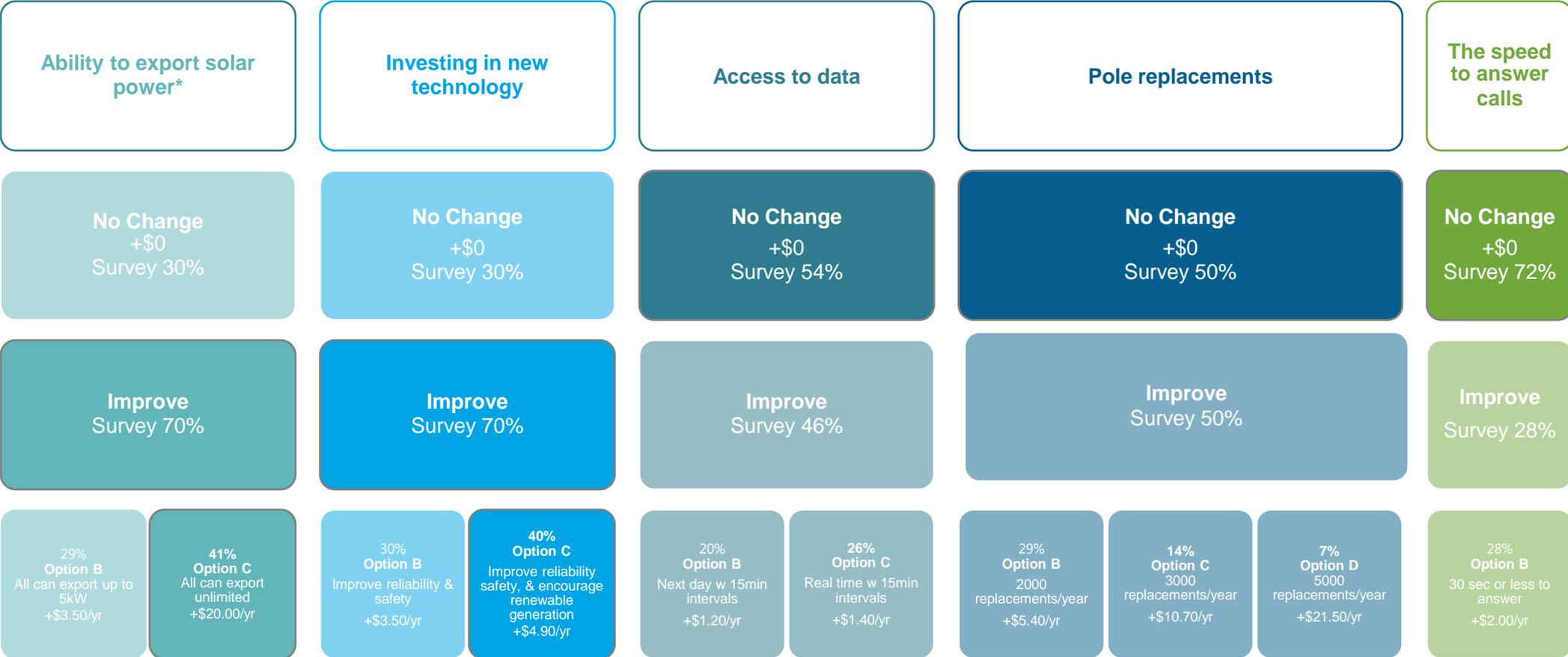
KEY FINDINGS

Overall package for 2021-2026

- When SME respondents were given the opportunity to look back over their bill impact, there were only slight improvements in willingness to pay for change across the board.
- Amongst all respondents there is a willingness to invest in technology for reliability and safety (70%).
- Overall, 20% of respondents are *not* willing to pay for any changes, with 51% of respondents willing to pay up to \$15.00 extra/year for improvements.
- On average, CitiPower SME respondents are willing to pay \$11.15 additional on their annual bill.

KEY FINDINGS

Payment preferences



* Note that only a sub-set of the sample were asked this question (those who believed that all customers should pay). However, the majority believed that solar customers should pay rather than all customers.

DISTRIBUTOR PERCEPTIONS



ELECTRICITY DISTRIBUTOR | UNPROMPTED

Perceived name of electricity distributor Unprompted	Total 2019 (n=201) %	Sole Trader (n=90) %	1-4 Employees (n=39*) %	5-19 Employees (n=47*) %	20+ Employees (n=25*) %	CitiPower Total 2018 (n=200) %
CitiPower	28	32	23	15	12	29
AGL	7	6	10	11	-	6
Origin	5	6	-	11	12	7
Energy Australia	2	2	3	4	-	2
Ausnet	1	1	-	-	4	1
Momentum Energy	1	1	-	4	4	0
United Energy	1	1	-	9	-	0
Powercor	-	-	-	2	-	2
Lumo	-	-	-	-	4	1
Don't Know	49	47	56	43	48	48
Other	6	3	8	1	16	4

- Less than a third of SME respondents were aware that CitiPower is their distributor.

Q4. Firstly, what is the name of the electricity distributor in your business's area? By distributor, we mean the company responsible for the electricity network not the energy retailer who sends your business the bill.

Base: All respondents (n=201) * **WARNING: SMALL BASE SIZE**

AWARENESS OF ROLES OF DISTRIBUTOR

Perceived roles	Total 2019 (n=201) %	Sole Trader (n=90) %	1-4 Employees (n=39*) %	5-19 Employees (n=47*) %	20+ Employees (n=25*) %	CitiPower Total 2018 (n=200) %
Responding to electricity outages and interruptions	57	56	64	49	44	66
Maintaining electricity poles and wires	55	57	56	49	40	62
Getting electricity to your business	54	50	64	53	68	57
Maintaining and operating street lighting	50	54	46	32	28	46
Connecting electricity to new businesses	44	42	49	45	52	48
Trimming vegetation around powerlines	42	46	44	15	20	44
Long term planning to ensure a resilient electricity supply	41	43	41	34	44	40
None of the above	24	30	13	6	12	20

- Over half of SME respondents were aware that the distributor is responsible for maintaining poles and wires, responding to outages and interruptions and getting electricity to the business.
- Nearly one quarter were not aware of any distributor roles.

Q5. [insert distributor] is the electricity distributor for your business's area. Which of the following roles were you aware that [insert distributor] did before today?

Base: All respondents (n=201) * **WARNING: SMALL BASE SIZES**

RANKED IMPORTANCE OF BENEFITS/VALUES

	Total ranked 1 st (%)	Sole Trader ranked 1 st (%)	1-4 Employees ranked 1 st (%)*	5-19 Employees ranked 1 st (%)*	20+ Employees ranked 1 st (%)*	Index score
Providing a reliable supply of electricity	71	78	62	53	56	26
Maintaining affordability	14	9	23	26	28	20
Committed to providing a safe environment for customers and workers	6	4	8	6	12	13
Use electricity when you want or receive savings for reducing use	-	-	-	4	-	9
Committed to providing a safe network that mitigates bushfire risks	1	2	-	-	-	8
Keeping your data and our network secure	1	1	3	2	-	8
Making it easier for businesses to connect	1	-	5	2	-	6
Making it easier for you to export solar and charge your battery	2	2	-	4	4	5
Making it easier for your business to use its data to make informed choices	2	3	-	2	-	4

- Providing a reliable supply of electricity was overwhelmingly the most important value, followed by maintaining affordability.

Q6. As an electricity distributor, [insert distributor] ensures the safe and reliable supply of electricity, by maintaining poles and wires. [Insert distributor] is not an electricity retailer – they transport electricity to your business while retailers sell you the electricity. From the list below, please choose the five most important things when it comes to powering your business and rank them from one (1) most important to five (5) least important

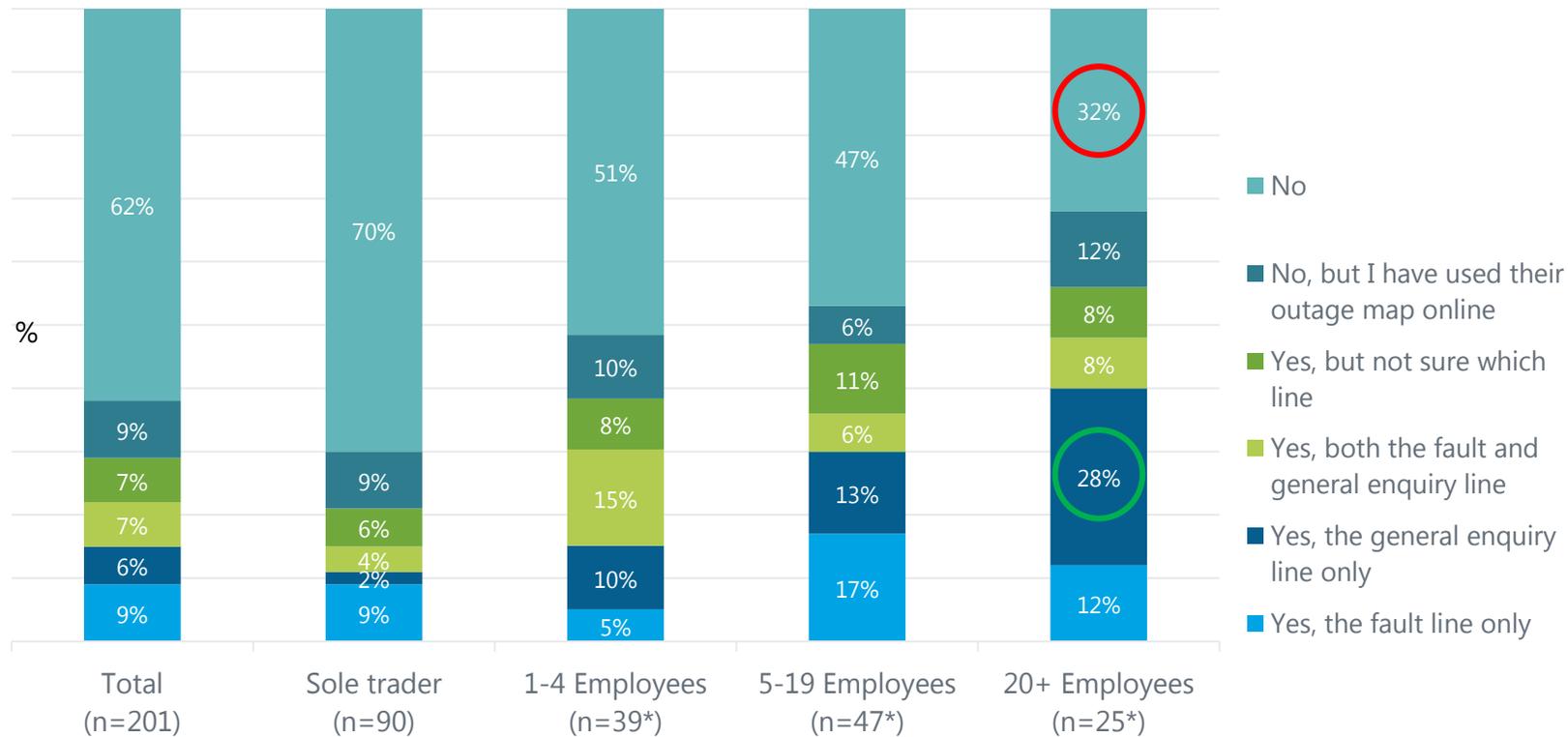
Base: All respondents (n=201) * **WARNING: SMALL BASE SIZES**

The index score has been calculated by assigning a value of 5 points to the #1 ranking, 4 points to #2, 3 to #3, 2 to #4 and 1 point to #5 and then adding them together. This score was then indexed to be out of 100.

IMPROVING CUSTOMER SERVICE



INCIDENCE OF HAVING CONTACTED DISTRIBUTOR



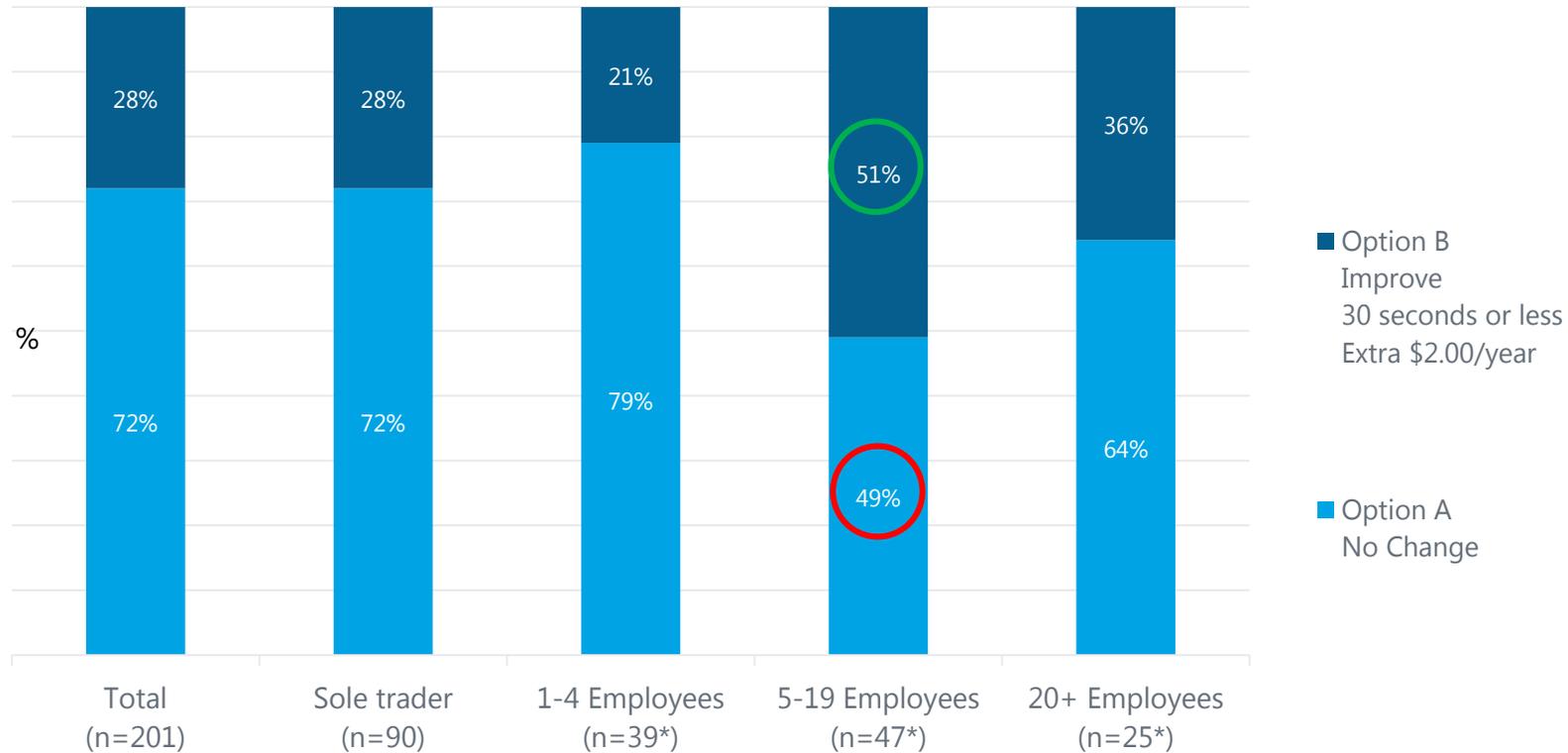
- Nearly two thirds of SME respondents had not contact the distributor.
- Larger businesses were more likely to have made contact.

Q8. Customer service is very important to [the distributor]. [Distributor] currently provides two manned call lines: a fault line and a general enquiry line. [Distributor] aims to answer calls to **the electricity fault line** within 30 seconds, while there is currently no standard response time for **the general enquiry line**.

Has your business previously called [the distributor's] fault or general enquiry lines?

Base: All respondents (n=201) * **WARNING: SMALL BASE SIZES**

IMPROVING SPEED OF ANSWERING CALLS

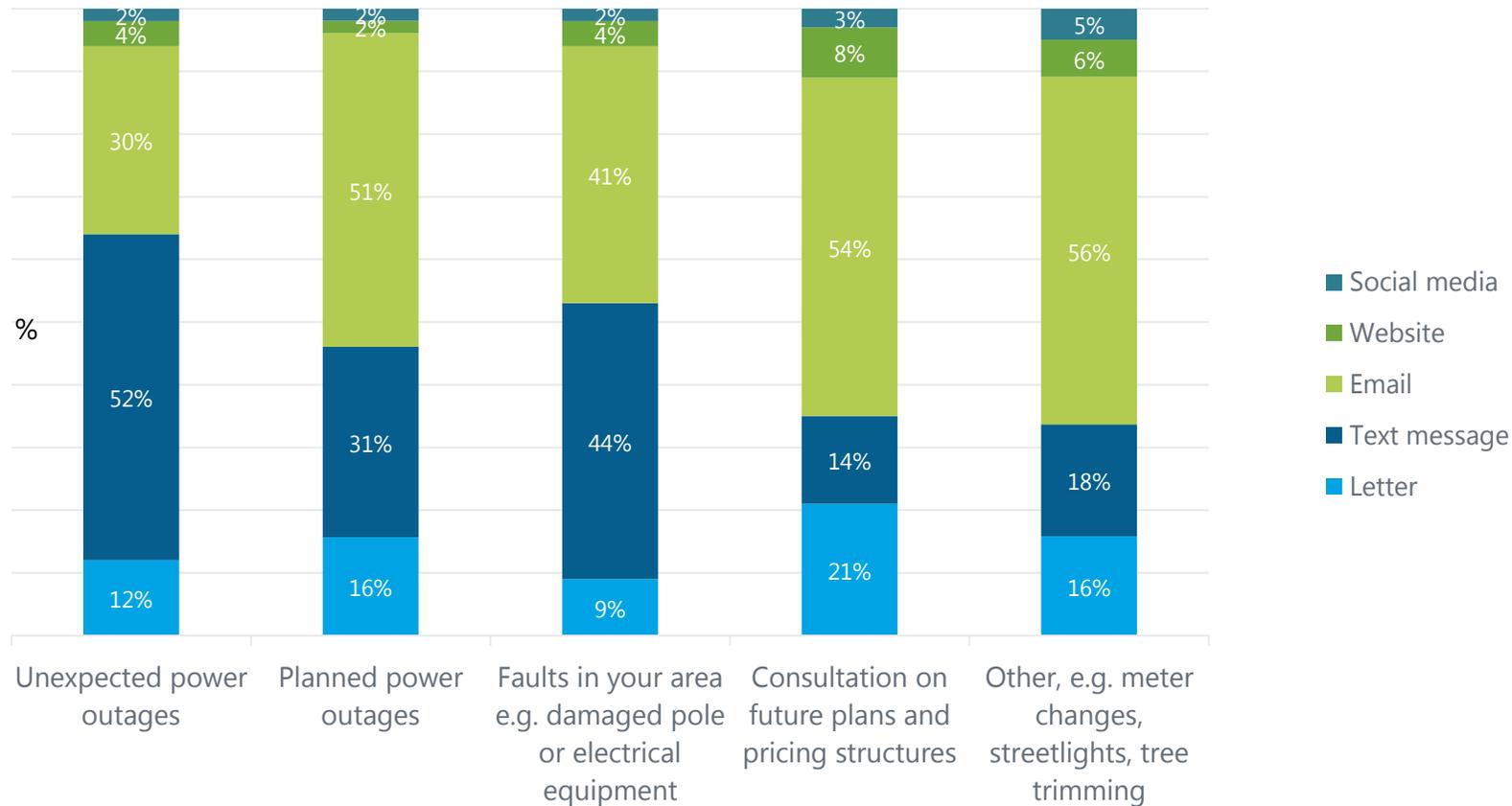


- Almost three quarters of businesses were happy to leave the length of time to answer calls on the general enquiry line at over 30 seconds, instead of paying an additional \$2 a year to improve answering times.

Q9. [the distributor] can ensure that calls to the general enquiry line are answered within 30 seconds as well, but this would cost a bit more. Which option would you prefer for the time taken for [insert distributor] to answer general enquiries (i.e. non-urgent calls)? *Answers provided after seeing full bill impact*

Base: All respondents (n=201) * **WARNING: SMALL BASE SIZES**

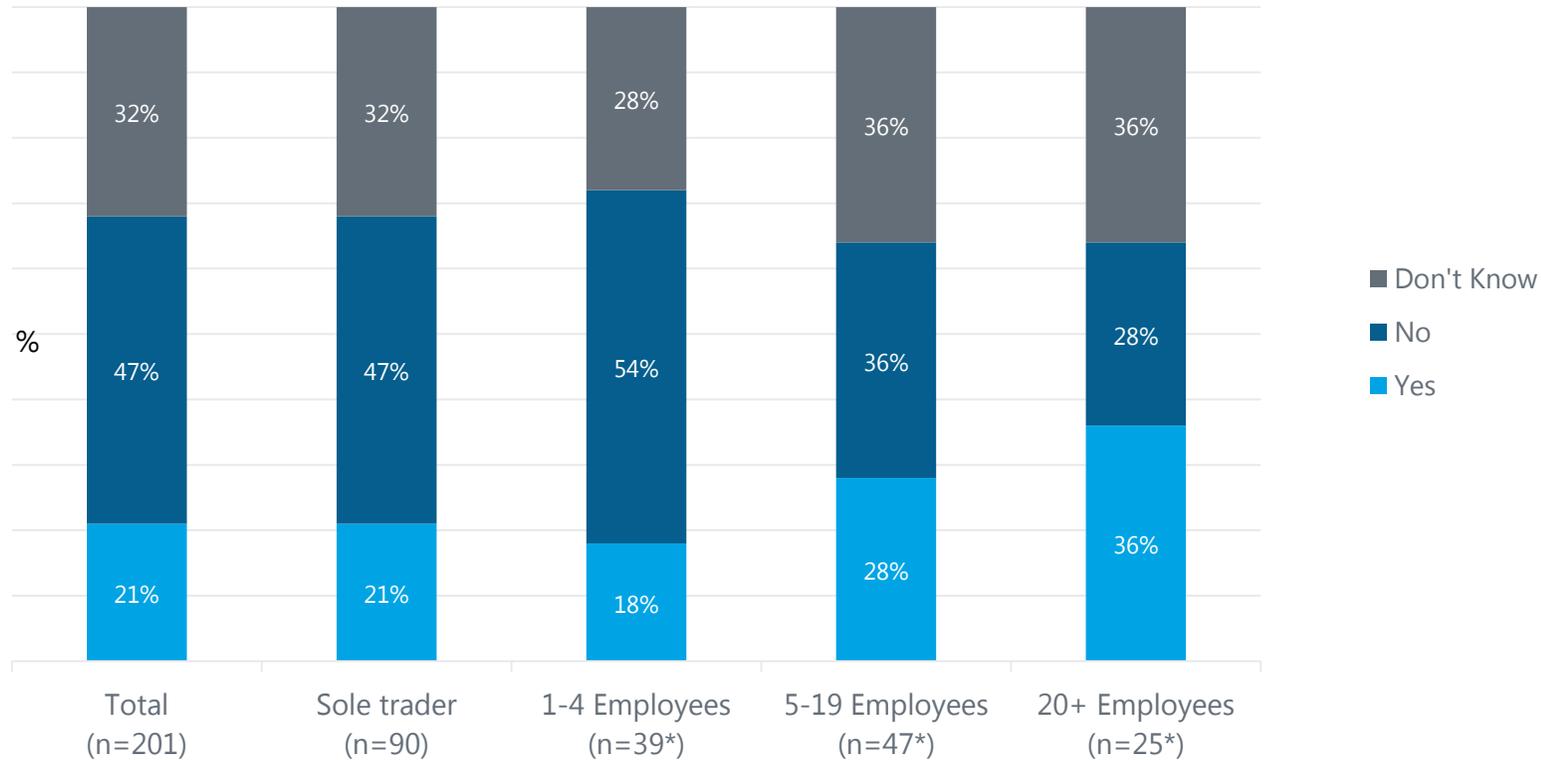
PREFERRED METHOD OF COMMUNICATION



- Text messages were preferred to communicate unexpected outages and faults in the area, while email was preferred to communicate planned outages, consultations and other events.

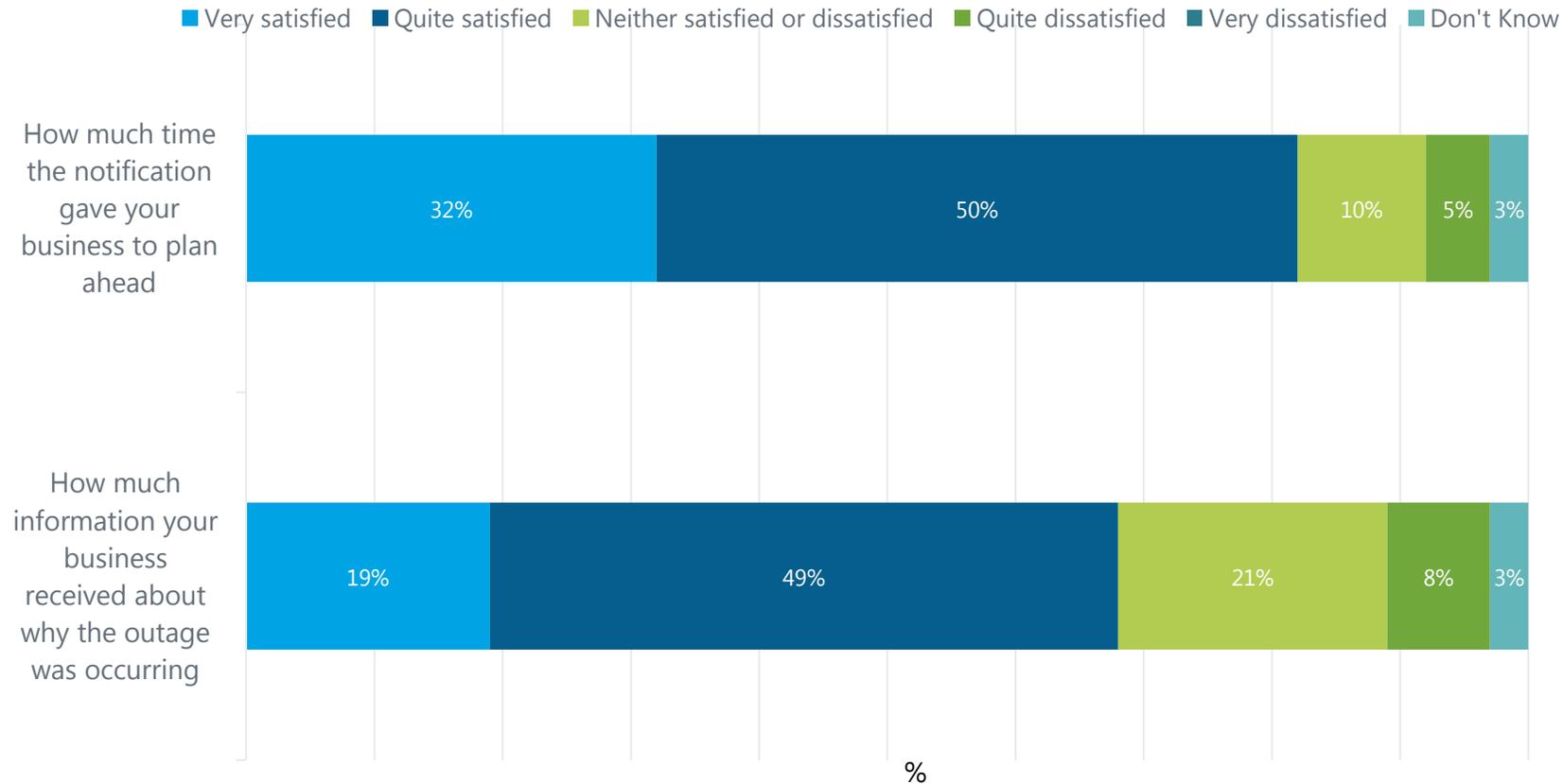
Q10. Which method of communication would you prefer [insert distributor] to use to communicate with you about the following
 Base: All respondents (n=201)

INCIDENCE OF NOTIFICATION OF A PLANNED OUTAGE



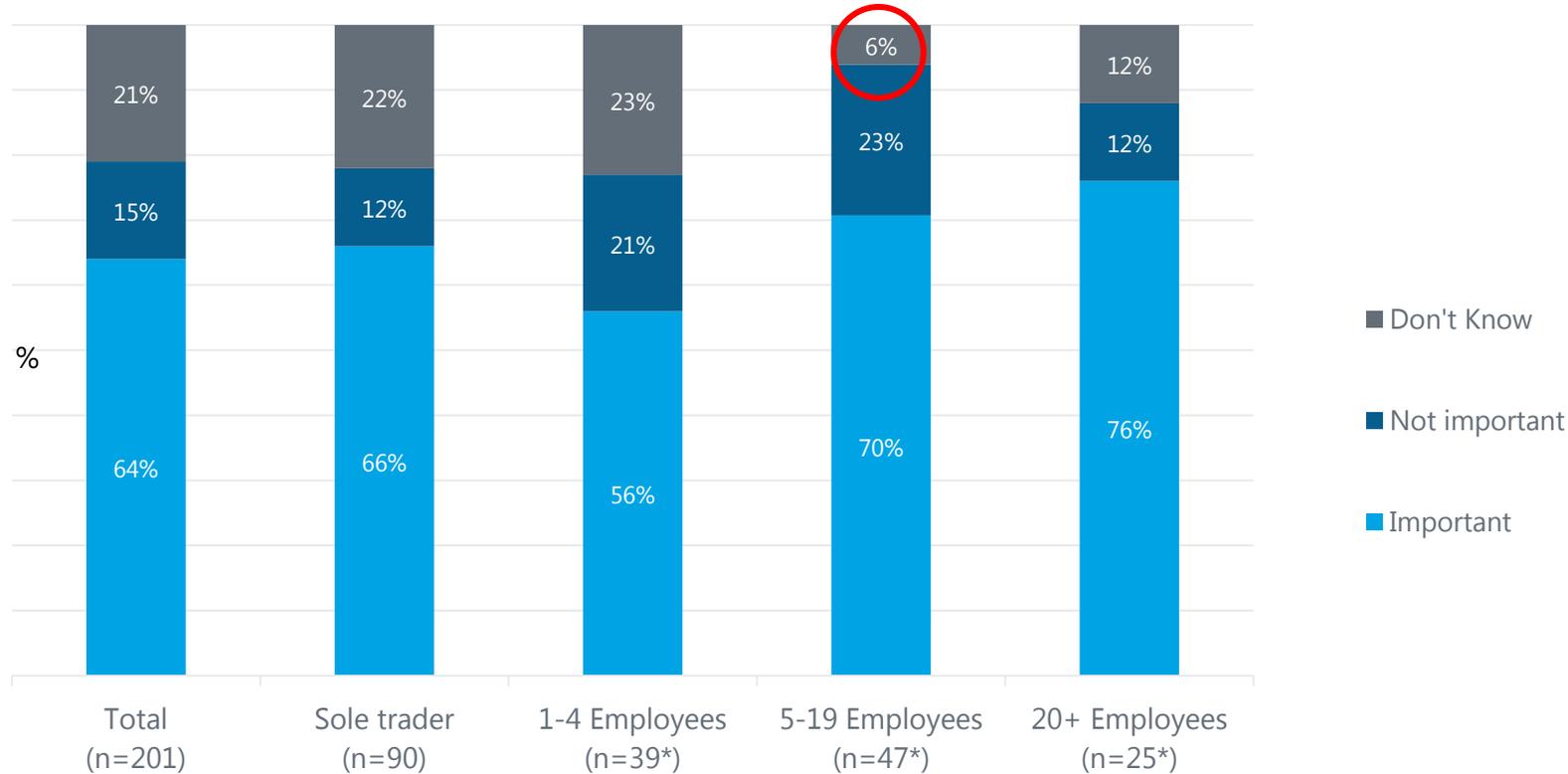
- Only 1 in 5 SME respondents could recall notification of a planned outage.

SATISFACTION WITH PLANNED OUTAGE COMMUNICATION



- Satisfaction with time given is high however there is some slight room to improve how much information the business receives (8% dissatisfied and 21% neither).

PERCEIVED IMPORTANCE OF REMOTELY READING SMART METERS



- Nearly two thirds of SME respondents indicated that it was important for CitiPower to continue to read smart meters remotely.

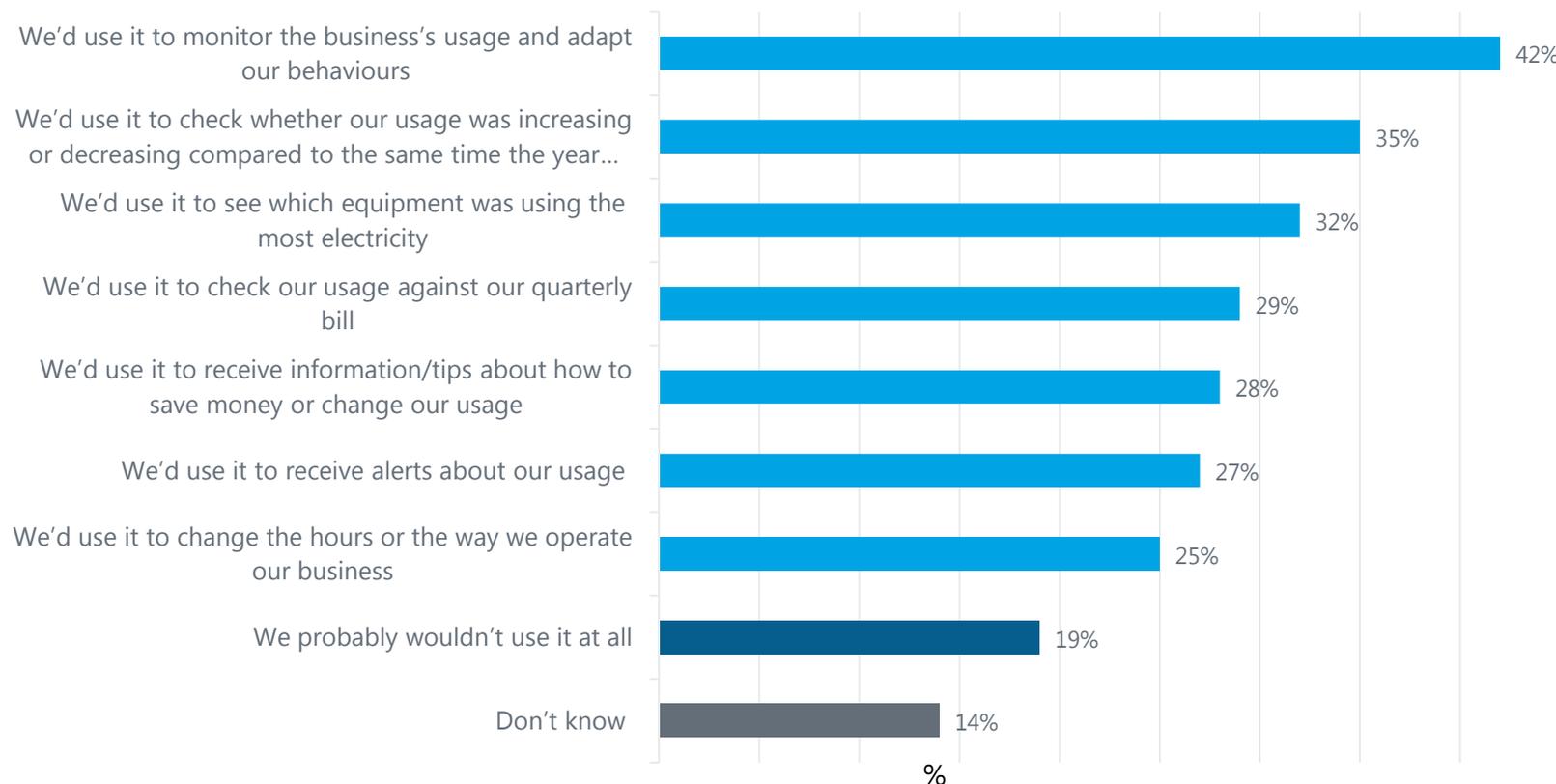
Q13. Almost all Victorian households have a smart meter installed. Smart meters allow [insert distributor] to remotely read your meter, or remotely turn-on and turn-off electricity at your business when you move. This means [the distributor] doesn't have to send someone to the property, making the process quicker and cheaper. How important is it to you that they continue to remotely read your meter and remotely turn your power on and off when you move?

Base: All respondents (n=201) * **WARNING: SMALL BASE SIZES**

ACCESS TO REAL TIME DATA



INTEREST IN ACCESS TO USAGE DATA



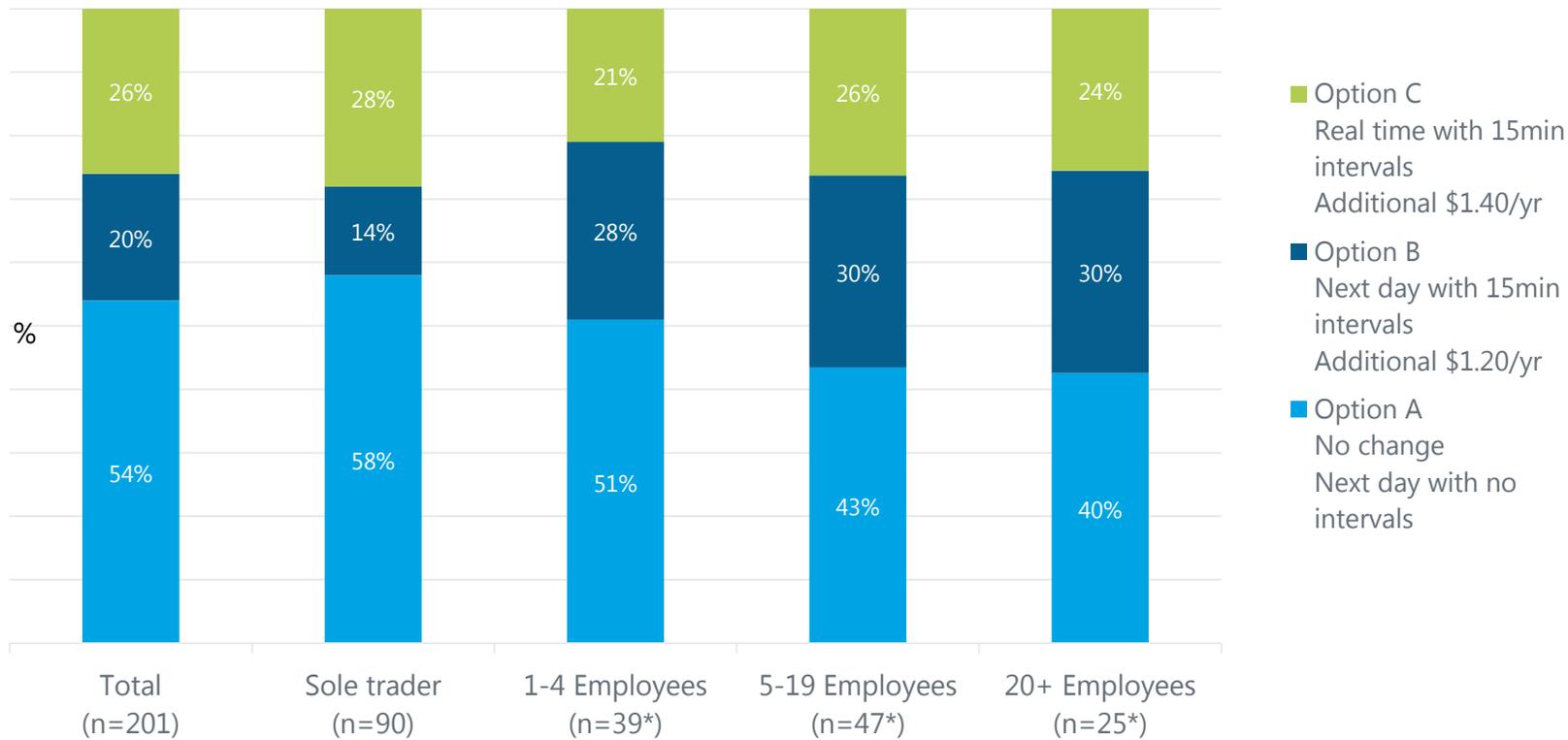
- Businesses were less likely than residents to say they would use their usage data.
- More than 2 in 5 respondents indicated their business would use real time data to monitor and adapt usage behaviours.
- One third are also interested to check their bills against the previous years usage, and to track which equipment was using the most electricity.
- 1 in 5 said they probably wouldn't use it.

Q14. [insert distributor] is considering giving customers access to their electricity usage data in near real-time (every 15-minutes) which would mean you could make on-the-spot decisions about your usage. It would also allow customers to more effectively participate in programs such as demand response where they can reduce their usage during certain times for a financial reward.

If your business had easy access to your usage data on a mobile phone app for example, how do you think your business would use it?

Base: All respondents (n=201)

PREFERENCE FOR ACCESS TO DATA



- Just over half of SME respondents wanted no change to their bills with provision of data the next day without 15 minute intervals.

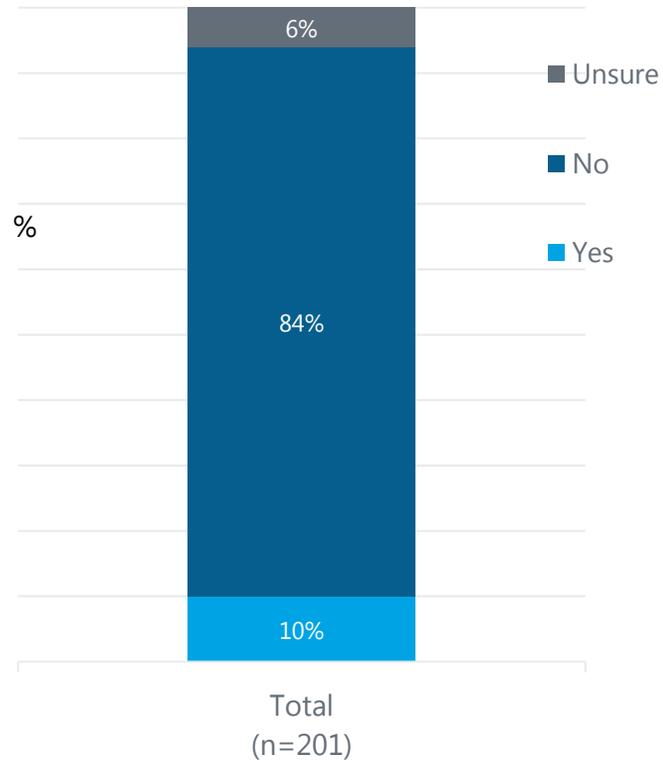
Q15.In terms of providing the data on your business's usage, which option would you prefer? *Answers provided after seeing full bill impact*
 Base: All respondents (n=201) * **WARNING: SMALL BASE SIZES**

**SOLAR
ENABLEMENT**

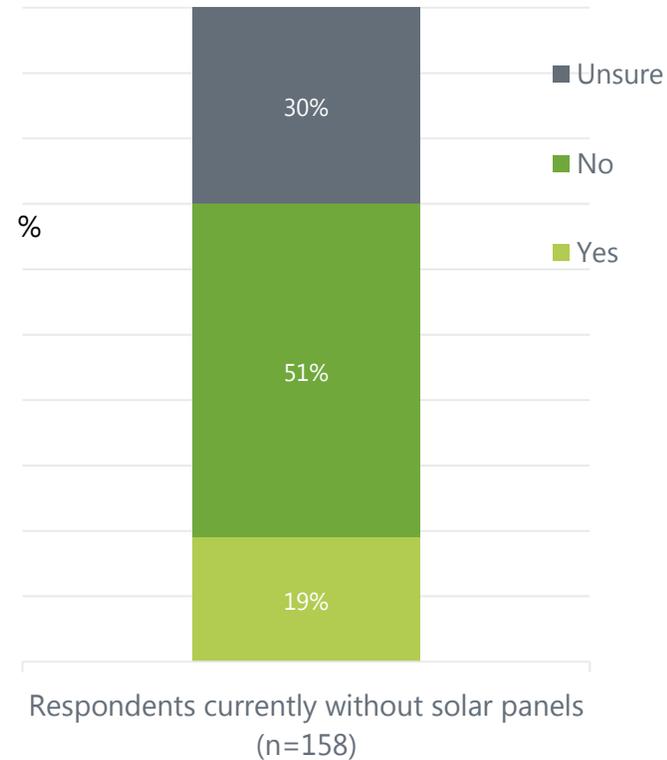


INCIDENCE OF & INTENTION TO GET SOLAR PANELS

Incidence of Solar Panels



Intention to install Solar Panels



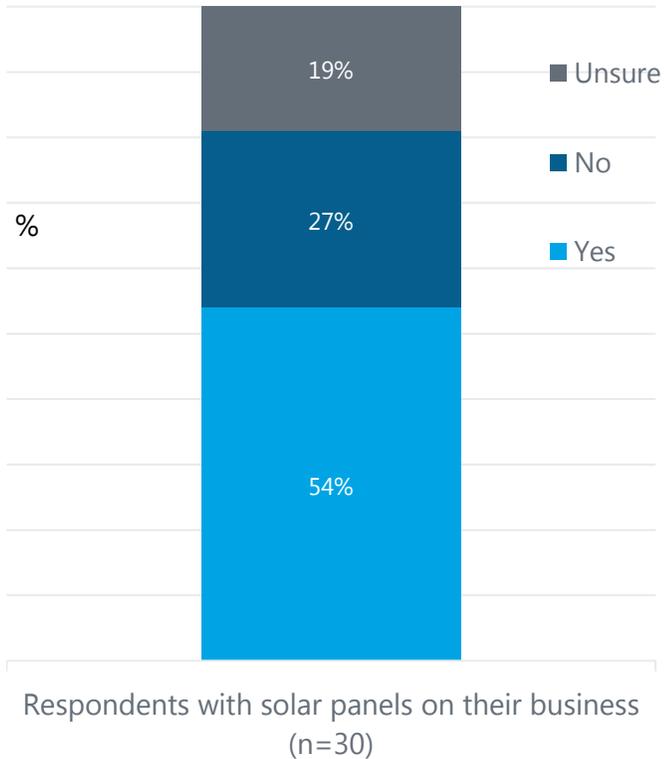
- Only 10% of SME's in the CitiPower area currently have solar panels, with a further 1 in 5 considering having them installed in the next 2-5 years.
- Incidence of current solar power is significantly higher amongst businesses with 5 or more employees (26% of those with 5-19 employees and 32% of those with 20+ employees).

Q16. Does your business have solar panels?
Base: All respondents (n=201)

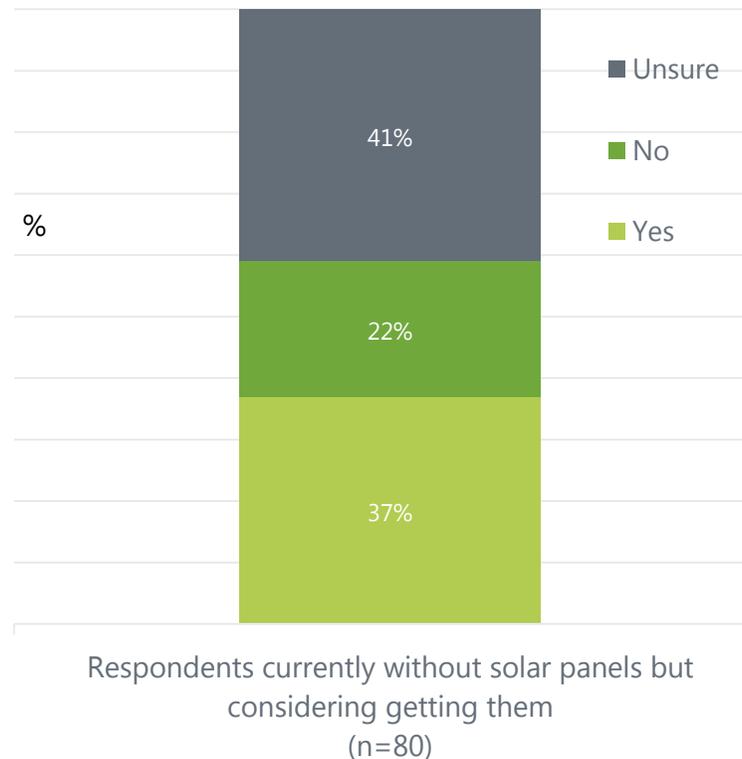
Q17. Is your business considering installing solar panels in the next 2-5 years?
Base: Respondents currently without solar panels (n=158)

IMPACT OF SELLING SOLAR ELECTRICITY

Impact amongst those with Solar Panels



Consideration amongst those without Solar Panels

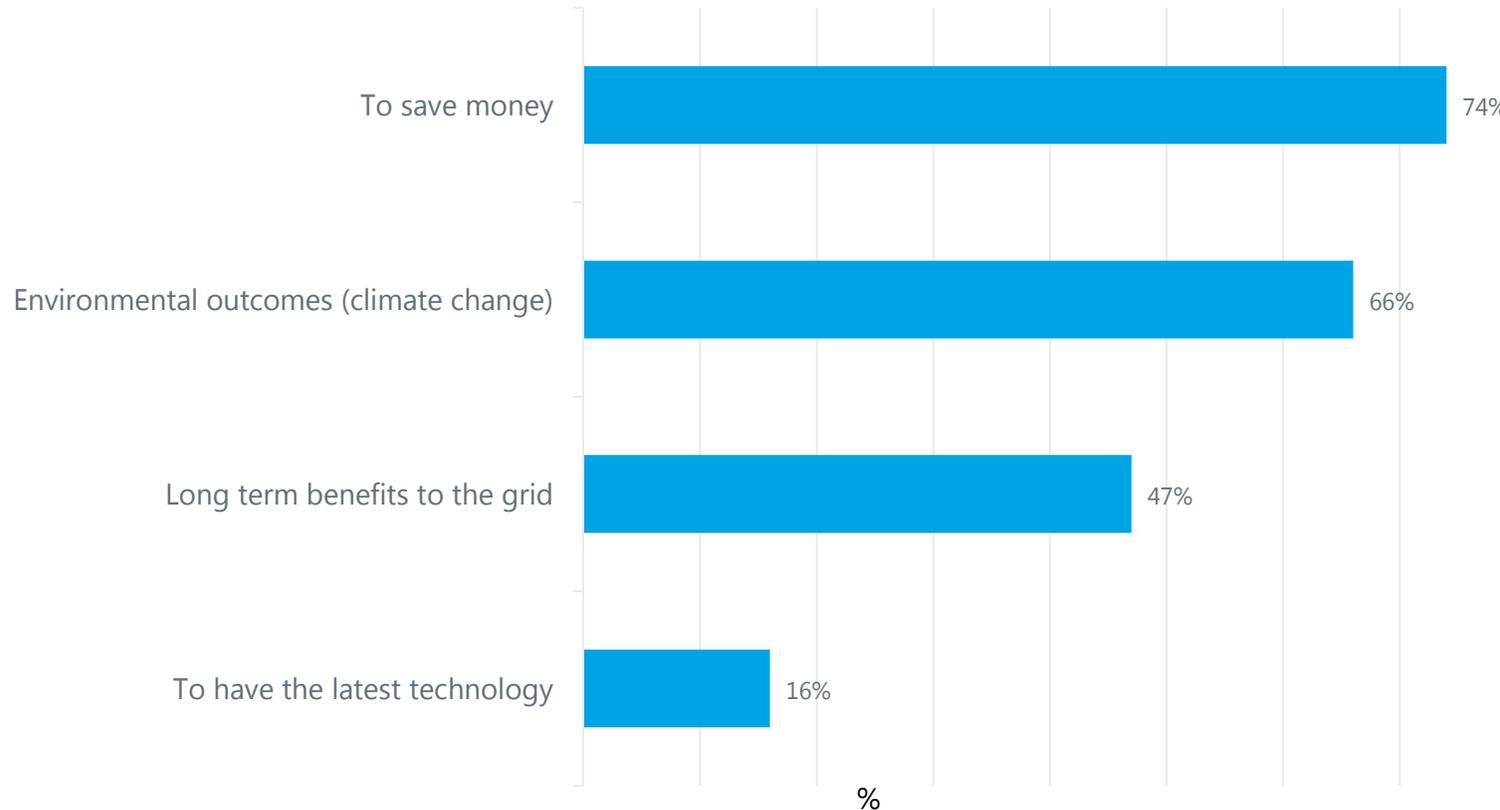


- Just over half of respondents with solar installed reported that they still would have done so if they could not export.
- Only just over a third of respondents who do not currently have solar said they would install solar if they could not export.

Q18. Would your business have decided to install solar panels if it could not export excess solar at all? *If the premises already had solar when you moved in then please answer as if your business had decided to install it.*
 Base: Respondents with solar panels installed on their business (n=29)

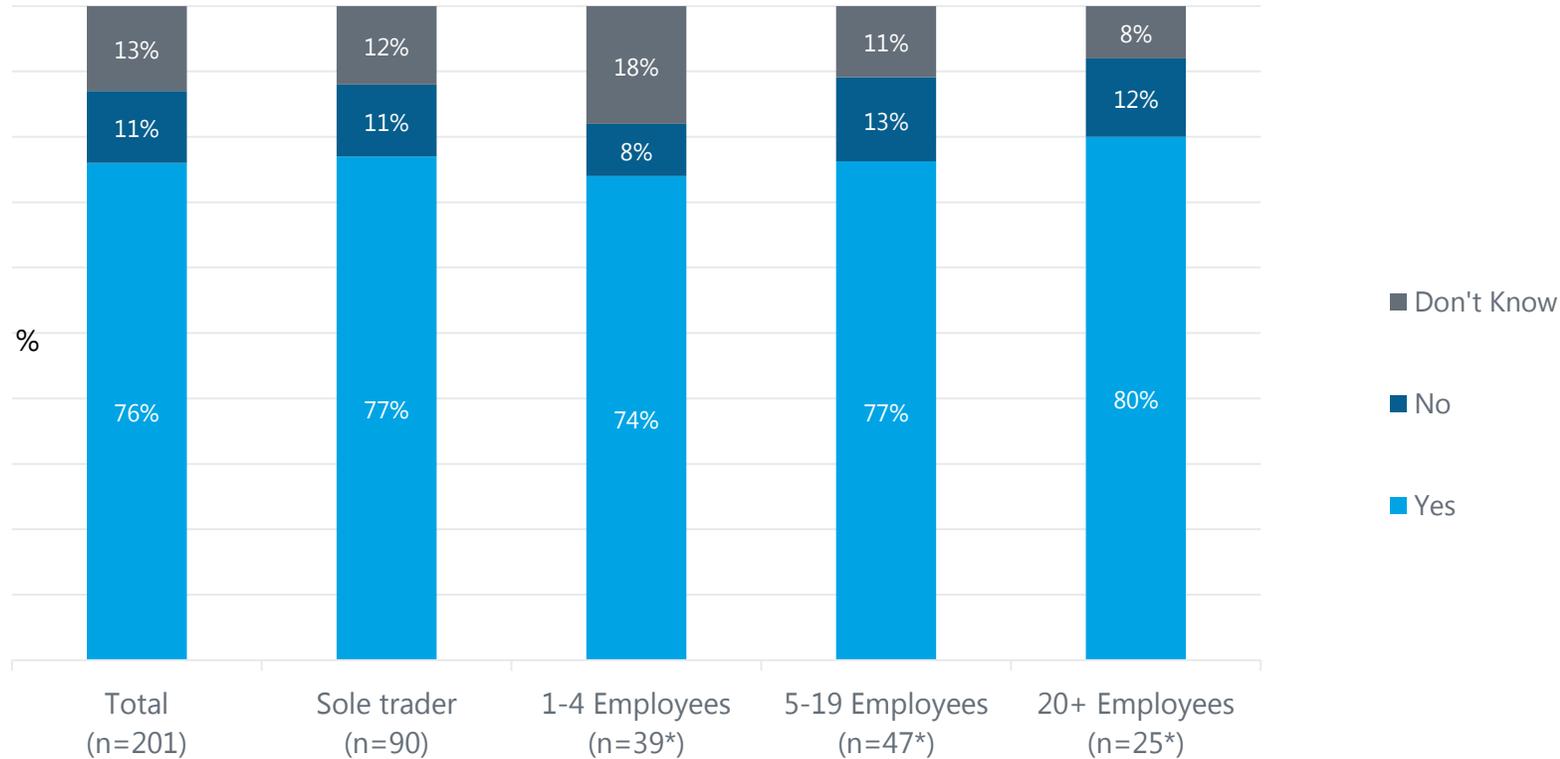
Q19. Would your business install solar panels if it could **not** sell spare electricity from the solar on to the network?
 Base: Respondents considering installing solar panels (n=79)

KEY MOTIVATORS TO INSTALL SOLAR PANELS



- Nearly three quarters of SMEs with, or intending to install, solar indicated that money saving was a key motivating factor.
- Environmental outcomes were also considered important by around two thirds.

ABILITY TO EXPORT BACK TO THE GRID



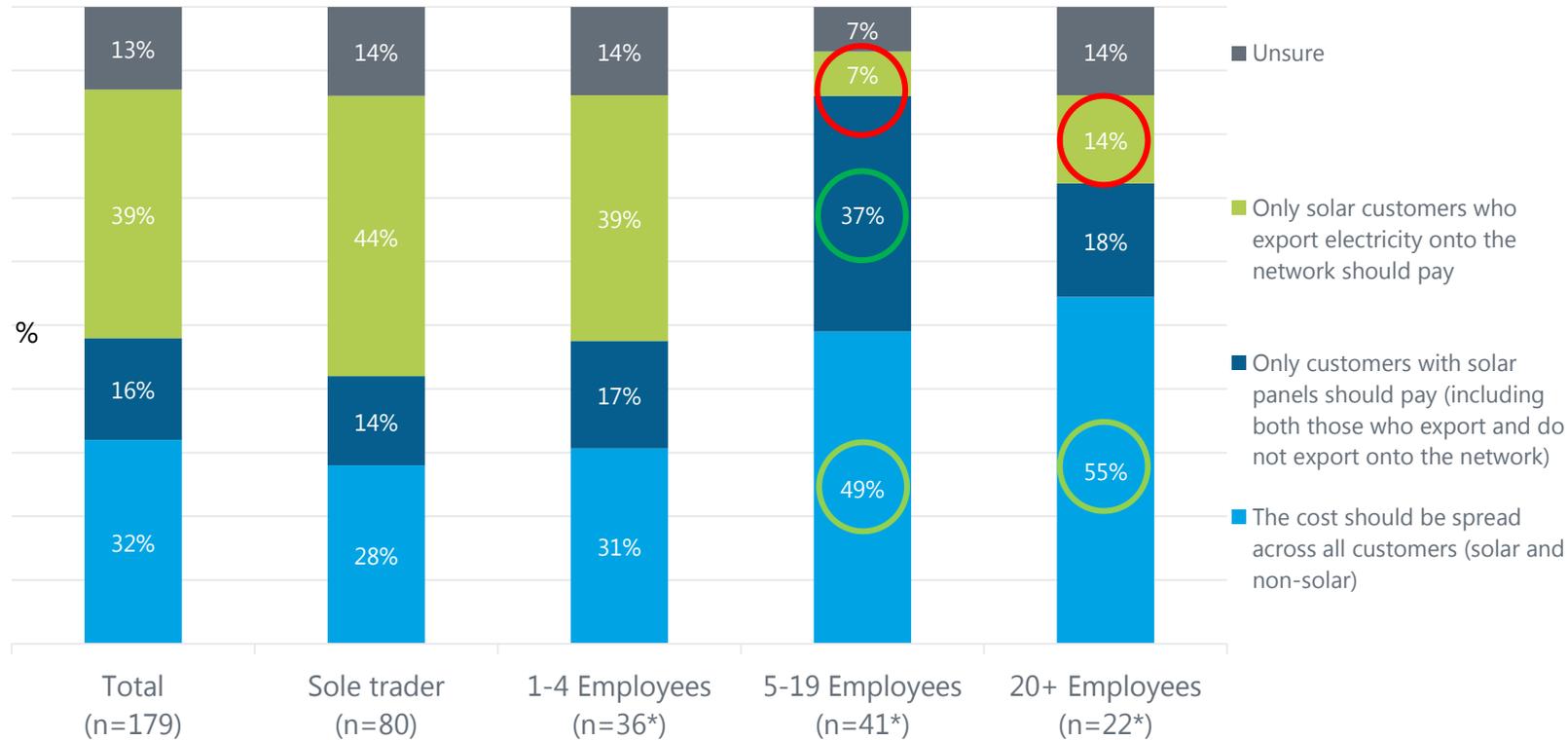
- More than three quarters of respondents indicated that all solar customers should be able to export back to the grid.

Q21. Currently many customers with solar panels are not able to export their spare electricity onto the network. This is because the network was not originally built to enable a two way flow of electricity and when there is too much electricity exported into the network it causes problems. Investment will need to be made to enable more customers with solar panels to export. In the long term the increase of solar and batteries on the network could benefit all customers by bringing down electricity prices for everyone (including those without solar).

Should solar customers be able to export spare electricity back onto the grid if they want to?

Base: All respondents (n=201) * **WARNING: SMALL BASE SIZES**

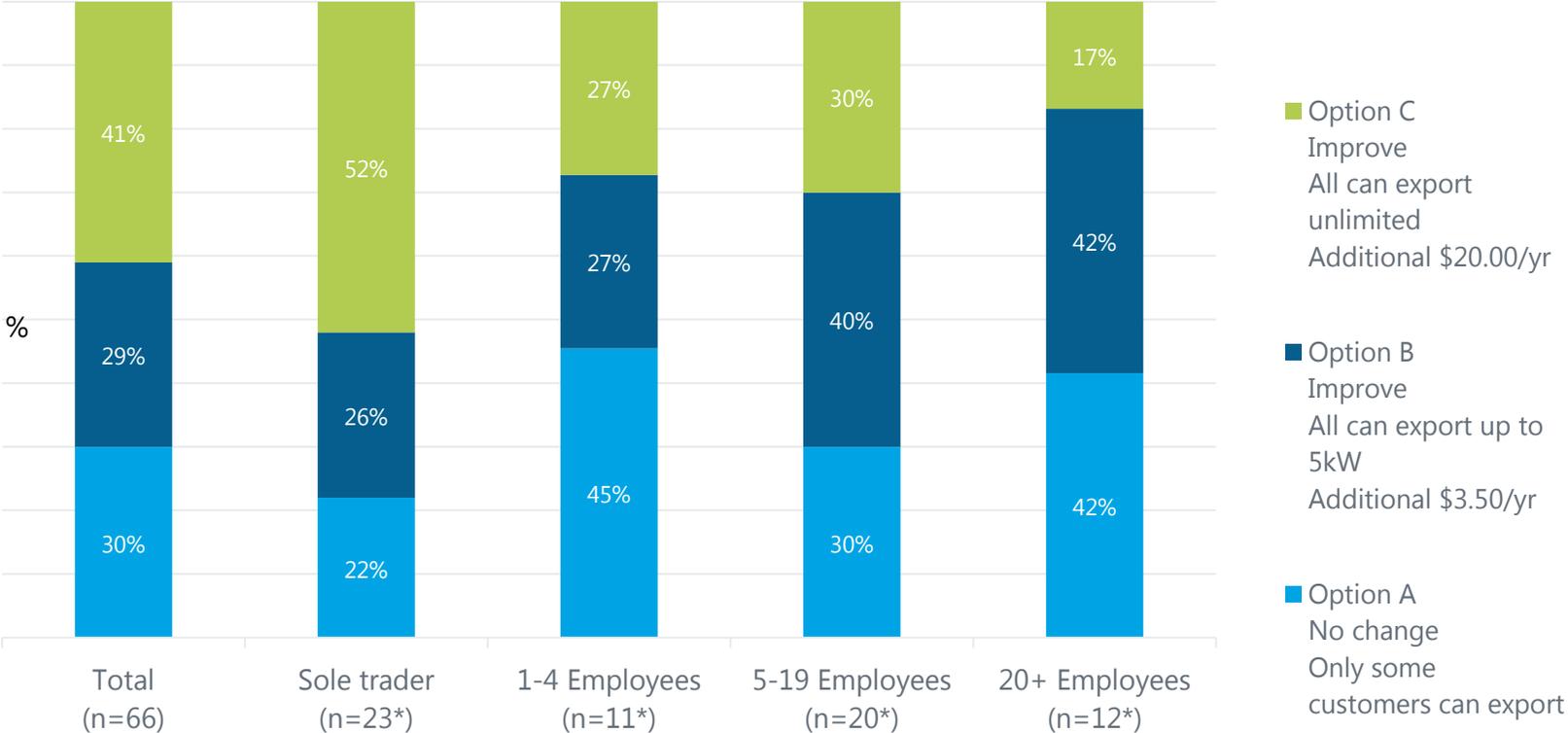
COST FOR EXPORTING BACK TO THE GRID



- Over half (55%) believed that solar customers should pay the additional cost of ensuring people with solar are able to export with most thinking that only those who export should pay (38%).
- 32% believed that all customers should pay (63% of those with solar).

Q22. Who should pay for the additional cost of ensuring people with solar panels are able to export their spare electricity onto the network?
 Base: Respondents who believe solar power should be able to be exported to the grid (n=179) * **WARNING: SMALL BASE SIZES**

PREFERENCE FOR EXPORTING SOLAR POWER



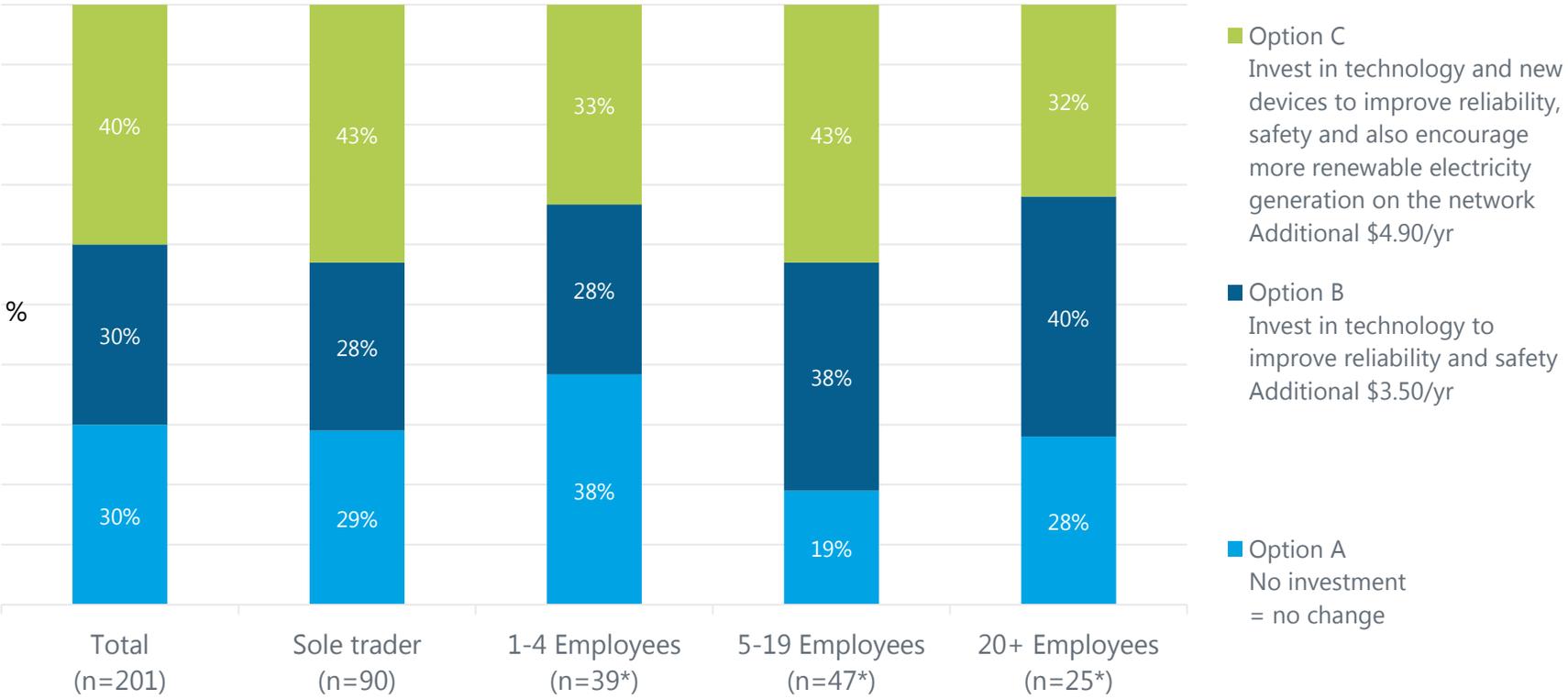
- Over two thirds of those who thought the costs should be spread (70%) indicated a preference for improvement, with the majority of these favouring unlimited export.

Q23a. And which option would you prefer? *Answers provided after seeing full bill impact*
 Base: Respondents who think the cost should be spread across all customers (n=66) * **WARNING: SMALL BASE SIZES**

**DIGITAL &
RESILIENT
NETWORK**



PREFERENCE FOR INVESTING IN TECHNOLOGY



- Almost three quarters of SME respondents (70%) wanted to see improvements in the investment into technology, at least to improve reliability and safety.
- 2 in 5 were willing to pay for investing in encouraging renewable energy generation as well.

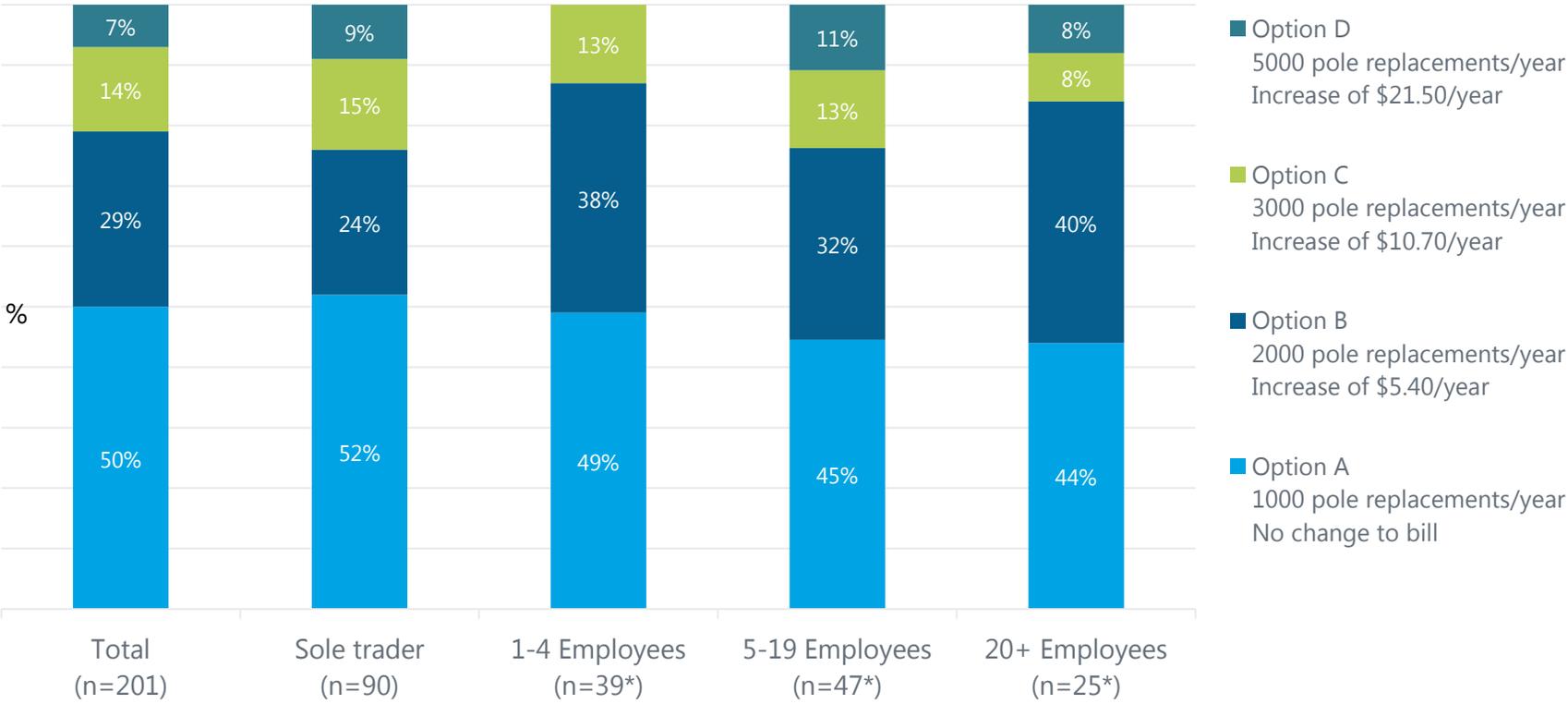
[The distributor] is looking at ways to use new technology to operate more efficiently and effectively. Although there would be a cost initially, in the longer term introducing this technology would reduce the costs of running the network and result in lower customer bills. The technology could be used in a number of programs, such as:

- developing better network pricing and demand management programs for customers,
- detecting electricity theft,
- managing the impact of Electric Vehicles on the network and
- helping to shift energy usage away from peak times to avoid the need for investment.

Q24a. Which option would you prefer? Answers provided after seeing full bill impact

Base: All respondents (n=201) * WARNING: SMALL BASE SIZES

PREFERENCE FOR POLE REPLACEMENTS



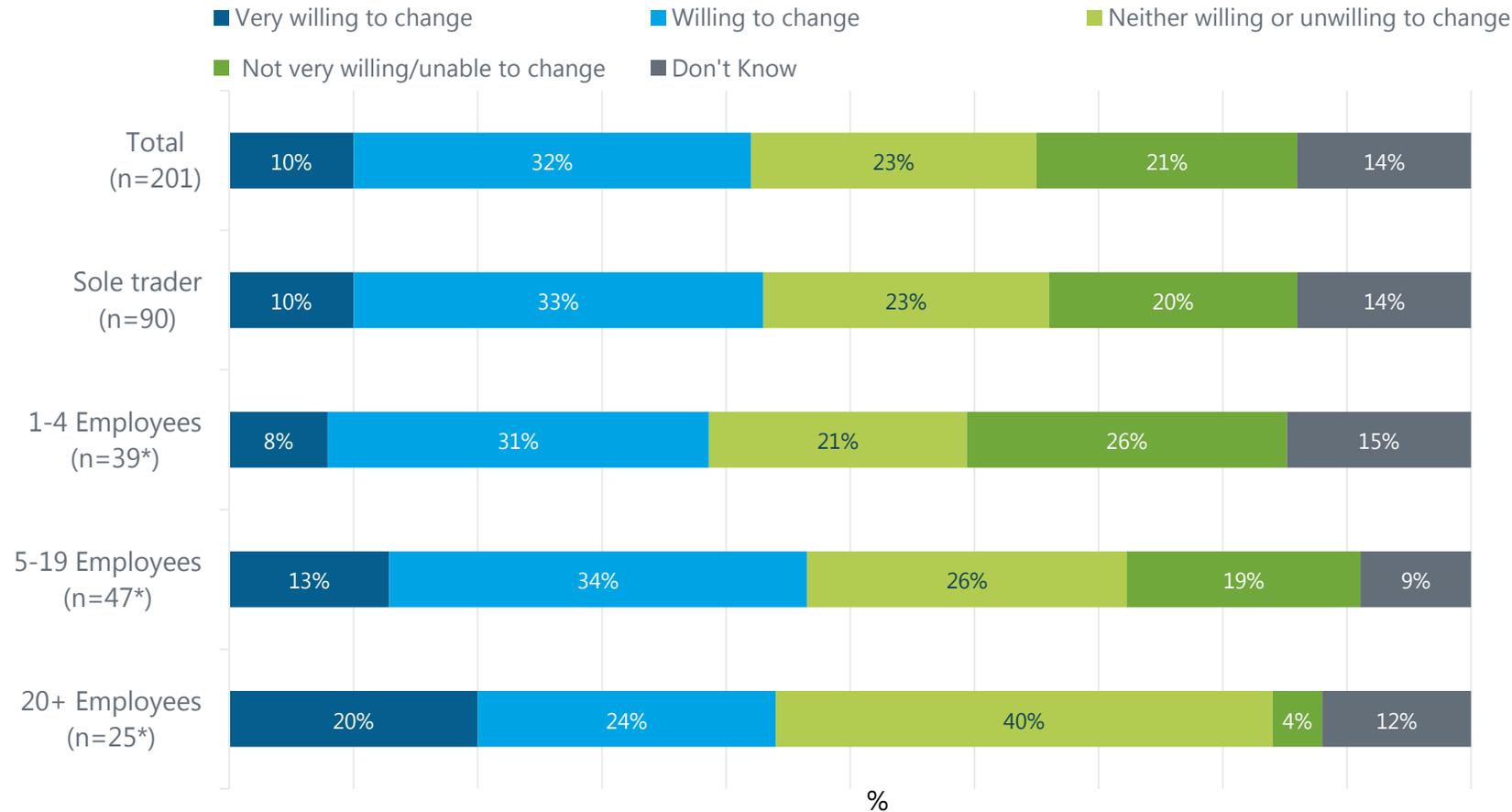
- There was a divide in willingness to pay for an increase in pole replacements with 50% wanting no change and 50% wanting an increase in pole replacements from 1000.

The safety of our power poles is important. Our regular inspection regimes, by fully trained and qualified inspectors, determine when poles need to be repaired or replaced. This is in line with strict regulations and audited by Energy Safe Victoria. At the moment we replace 1,000 poles per year to strike a balance between cost and safety risk. There are four options for the future replacement of poles and wires provided below: the current option and three others that increase safety but also increase costs. Q24c. Which option would you prefer? *Answers provided after seeing full bill impact*
 Base: All respondents (n=201) * **WARNING: SMALL BASE SIZES**

AFFORDABLE NETWORK



WILLINGNESS TO CHANGE ELECTRICITY USAGE TIMES



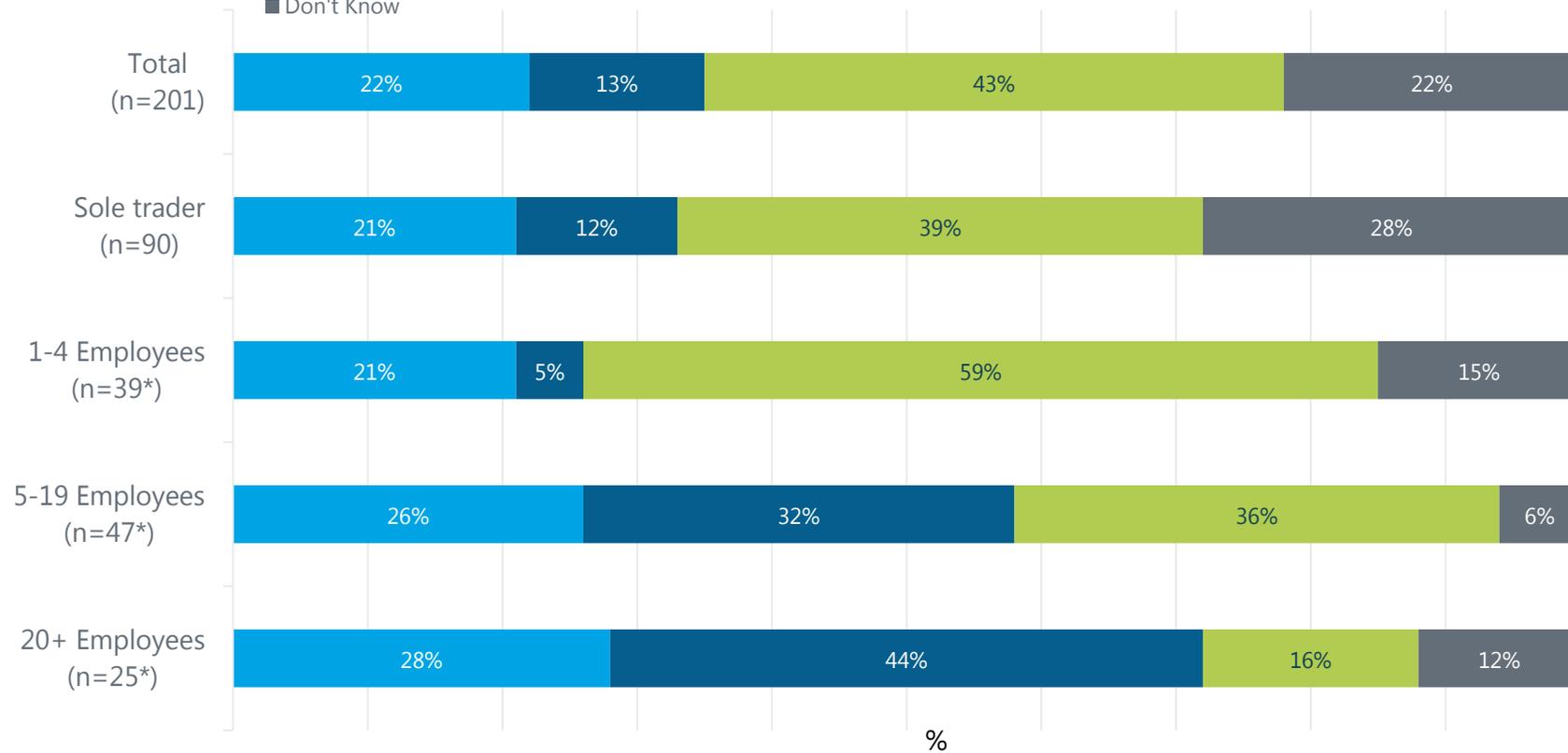
- 42% of SME respondents indicated they would be willing to change usage times in order to save money.

Q28. [The distributor] is considering changing the way customers pay for electricity – charging more at certain times of the day and less at others to encourage customers to shift their electricity usage to times when electricity is cheaper. This new approach to billing is called 'Time of Use'. How willing and able would you be to change the times your business uses electricity if you could save money in doing so?

Base: All respondents (n=201) * **WARNING: SMALL BASE SIZES**

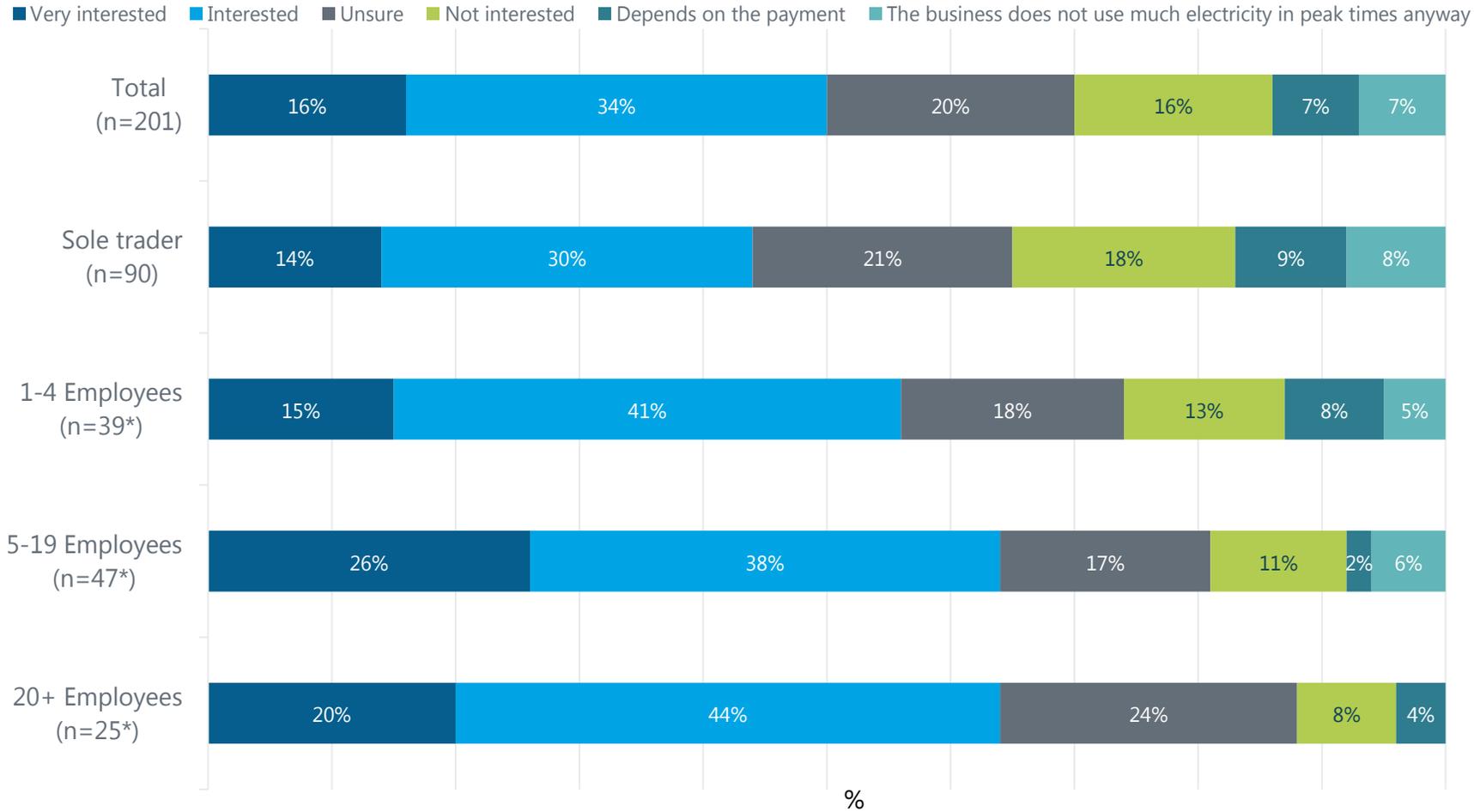
TRANSITIONING TO 'TIME OF USE' PRICING

- All businesses should be put on it straightaway (unless they 'opt out') so everyone can start to use electricity at times when it is cheaper
- New premises, businesses with solar and electric vehicle charging should be put on it straightaway
- Businesses should be able to 'opt in' to the new system (choose whether they want the new tariff and savings proposed or they want to stay with the current flat rate)
- Don't Know



- More than 2 in 5 respondents indicated a preference for 'time of use' pricing to be an opt in transition (43%).

MONETARY INCENTIVE FOR SHIFTING USAGE



- Half of SME respondents were interested in shifting their usage if they were to receive a monetary incentive (50%), with a further 7% saying it would depend on the payment amount.

Q30. [Distributor name] can offer payments directly to customers to ask them to reduce some of their electricity usage from 'peak usage times' (normally the late afternoon and evening). Would you be interested in receiving a payment for shifting your business's electricity usage?
 Base: All respondents (n=201) * **WARNING: SMALL BASE SIZES**

**OVERALL
PACKAGE FOR
2021-2026**



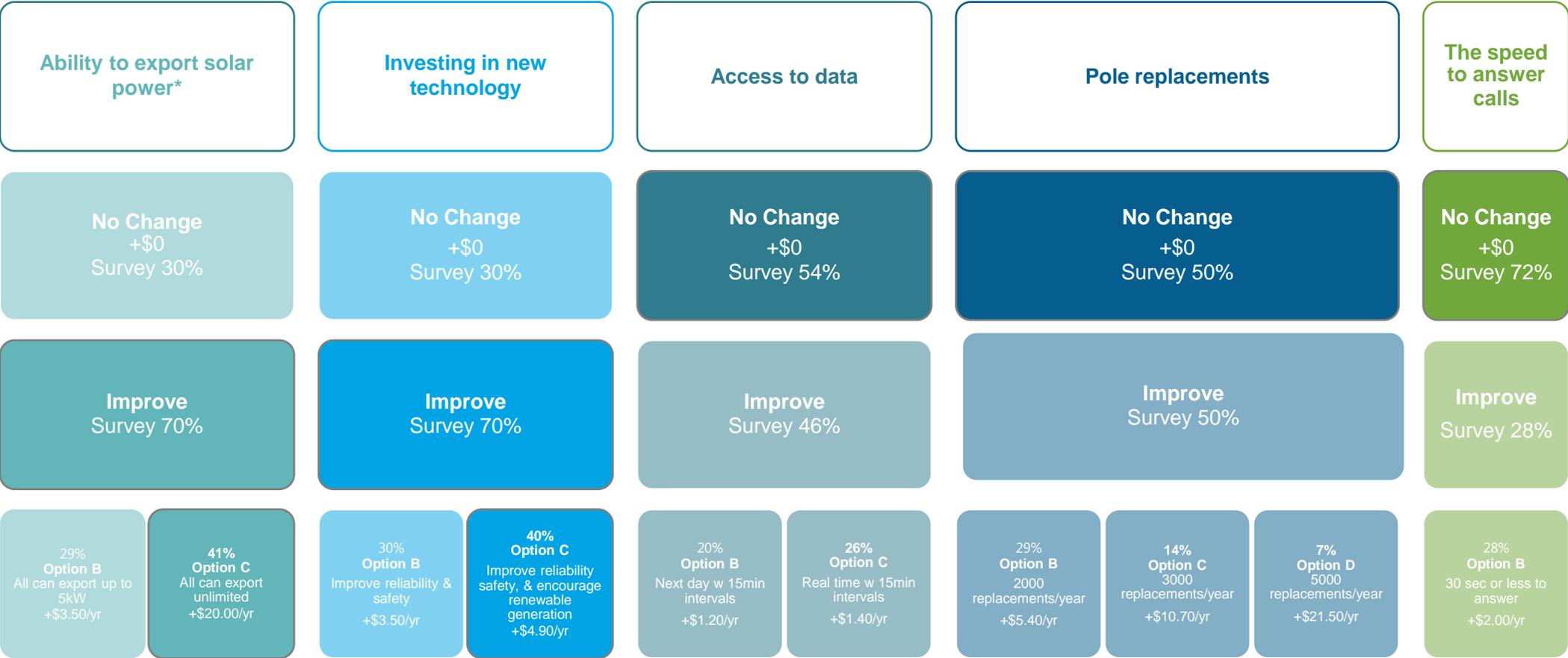
ALTERATIONS IN WILLINGNESS TO PAY FOR CHANGES

Option	Initial choice for NO CHANGE %	Final choice for NO CHANGE %
Ability to export excess solar power Base: Respondents who think the cost should be spread across all customers (n=66)	32	30
Investing in technology for reliability, safety & encourage renewable energy Base: All respondents (n=201)	33	30
Pole replacements per year Base: All respondents (n=201)	50	50
Access to usage data Base: All respondents (n=201)	56	54
The speed to answer calls Base: All respondents (n=201)	72	72

- After seeing the final impact on their bill, business customers were slightly more willing to pay for improvements across all aspects mentioned.
- Ability to export solar power and investing in technology, were the most likely changes.

Now we want to confirm the overall package of options you'd prefer in [the distributor's] proposals for 2021-26. In the next question, we will show you the overall impact on your bill from your chosen options (answers given to previous questions). You will be able to change your choices if you wish.
Base: All respondents (n=203)

SUMMARY OF PREFERENCES



* Note that only a sub-set of the sample were asked this question (those who believed that all customers should pay). However, the majority believed that solar customers should pay rather than all customers.

TOTAL AMOUNTS WILLING TO PAY FOR CHANGES

Option	Total 2019 (n=201) %	Sole Trader (n=90) %	1-4 Employees (n=39*) %	5-19 Employees (n=47*) %	20+ Employees (n=25*)
\$0 → not willing to pay for any changes	20	21	21	13	20
\$0.01 – \$5.00	16	14	21	13	16
\$5.01 – \$10.00	18	19	15	21	16
\$10.01 – \$15.00	19	17	23	17	32
\$15.01 – \$20.00	10	9	10	17	4
\$20.01 – \$25.00	3	3	3	4	-
\$25.01 – \$30.00	7	8	3	11	4
\$30.01 or more	8	8	5	4	8
Average	\$11.15	\$11.92	\$8.94	\$12.11	\$10.22

- 1 in 5 businesses were not willing to pay for any changes at all (20%).
- Over half of the respondents were happy to pay up to \$15.00 extra in their annual bills for changes.

Now we want to confirm the overall package of options you'd prefer in [the distributor's] proposals for 2021-26. In the next question, we will show you the overall impact on your bill from your chosen options (answers given to previous questions). You will be able to change your choices if you wish.

Base: All respondents (n=201)

DEMOGRAPHICS



DEMOGRAPHICS

	All respondents %
No. of employees	
Sole trader	64
1-4 employees	24
5-10	3
11-19	5
20-199	4
Position	
Owner/proprietor	60
Senior management	13
Other employee	27

	All respondents %
Length of business operation	
Less than 1 year	20
1-2 years	13
3-5 years	19
6-10 years	15
More than 10 years	33
Business premises	
Own	33
Rent/Lease	40
Other	6
NA (run business form home)	22

Q2. How many employees do you have in your business, by employees I mean full time equivalents other than the proprietor

Q7. Do you speak a language other than English at home/with family?

Q31. What is your position or title within your organisation

Q32. How many years has your business been operating?

Q33. Does your business own or rent/lease its business premises?

Base: All respondents (n=200)

DEMOGRAPHICS

	All respondents %
Usage	
Low (under 2000)	48
Medium (2001 - 7999)	38
High (8000+)	14

	All respondents %
Industry	
Agriculture, forestry, fishing and hunting	2
Mining	1
Manufacturing	1
Construction	3
Wholesale trade	1
Retail trade	7
Accommodation, cafes and restaurants	5
Transport and storage	2
Communication services	2
Finance and insurance	6
Property and business services	8
Government administration & defence	2
Education	10
Health and community services	4
Cultural and recreational services	2
Personal services	7
Other	37

Q3. And what industry does your business operate within?

Q8. Usage.

Base: All respondents (n=200)

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