

Customer Enablement

Revised program for review by the Customer
Advisory Panel

October 2020



Our original proposals at a glance



CitiPower and Powercor

Enhance customer experience with the following initiatives:

- introducing a 'one-stop-shop' portal to combine a number of existing portals—enabling customers ease of access to all their information under one log-in (currently these are in different portals with different log-ins)
- introducing enhanced online capabilities, such as automated tracking and updates on stage of works, website AI and automated chat tools
- extending self-serve online tools to high-voltage (HV) customers and embedded generators
- more effective outage SMS notifications, ensuring only the right customers receive notifications when necessary
- notifications on the efficiency of customers' rooftop solar output and exports, to help customers get the most of their solar investment
- introducing a bare-bones phone application with 15-minute interval usage data—the phone application would be designed to be used by retailers with their brand overlay on it to reduce confusion by the customer.

We proposed to invest **\$11.6 million over the 2021–2026 regulatory period** to deliver these initiatives for CitiPower and Powercor. We had estimated a **net benefit of \$11m over the ten years to 2031**.

The main difference between CitiPower / Powercor and United Energy proposals is that CitiPower / Powercor have already automated connections and supply requests



United Energy

Automate service and enhance customer experience with the following initiatives:

- automating connections and supply requests for all customer, including high-voltage (HV) customers and embedded generators, by investing in eConnect and mySupply
- introducing a 'one-stop-shop' portal to combine a number of existing portals—enabling customers ease of access to all their information under one log-in (currently these are in different portals with different log-ins)
- introducing enhanced online capabilities, such as automated tracking and updates on stage of works, website AI and automated chat tools
- more effective outage SMS notifications, ensuring only the right customers receive notifications when necessary
- notifications on the efficiency of customers' rooftop solar output and exports, to help customers get the most of their solar investment
- introducing a bare-bones phone application with 15-minute interval usage data—the phone application would be designed to be used by retailers with their brand overlay on it to reduce confusion by the customer.

We proposed to invest **\$13.3 million over the 2021–2026 regulatory period** to deliver these initiatives. We had estimated a **net benefit of \$44.3m over the ten years to 2031**.



Customer and stakeholder feedback to date

Customer feedback

Through substantive customer research and feedback during 2017-2019 our customers have provided key insights into our services and possible improvements we could make. Key customer feedback included:

- customers are interested in getting easier and faster access to their data, and would prefer closer to real-time data to help them make informed decisions
- increasing communication and transparency, simplifying customer processes and improving customer service was seen as highly or extremely important by around three quarters of residents and small and medium enterprises
- customers responded well to the one-stop-shop portal proposal. It was seen as a way of simplifying things for customers, and providing them with information that they could use to make better decisions for themselves.

Customer Advisory Panel feedback

- While the cost is clear, the benefits are unclear, particularly who gets the benefit or how the economies of scale have been maximised
- Given the enablement program is mostly around digital tools, there should be more consideration for whether the benefits will be passed onto all customers—like through lower prices
- The proposal is very foundational and needs more detail accompanying it for customers to extract value from the start of the journey, including if they have distributed energy resources (DER) or not
- There is uncertainty around how relevant this will be in the future given rapid changes in energy services customers are seeking to be part of, and general speed of technology development
- In the cost-benefit analysis, most of the benefits are from time saved from small initiatives. There may be merit in streamlining to initiatives that present the highest benefit
- There is a need to demonstrate that the program fits into the broader strategy of changing customer behaviour, including tariff reform and enablement of DER, to ensure the proposal is 'future proof' and an opportunity for everyone to benefit
- There should be more clarity on why this is not part of BAU processes rather a new 'line item' investment
- There is a question around how does the average customer, not just a customer with DER, unlock the value from the program. What tools and information is necessary and there is a need to explain directly how customers can use the tools to their benefit (particularly vulnerable customers)
- There was a question around cost-recovery and whether they should be smeared across all customers if the benefits are mostly to a subset of customers (i.e. perhaps reclaiming some costs through connection fees)
- The cost benefit analysis uses average weekly earnings to calculate customer benefits however this is probably not a reflective benefit for vulnerable customers, and it raises the issue of whether as an industry we need a metric for valuing customer experience
- With regard to customer experience, there is difference between how long the customer is on the phone and how long it takes to get issues resolved

Consumer Challenge Panel (CCP17) feedback

CCP17 is supportive of the development of seamless, modern web and mobile based tools to assist with customer-facing operations such as supply and connection applications, outage notifications and streetlight reporting.

However, the CCP17 were not supportive of the extension of the proposal to provide more frequent usage data on to customer to better inform energy choices.

Retailers' feedback

Red Energy and Lumo Energy provided feedback to the AER that the provision of competitive services or duplicating services already provided by energy retailers must not form part of the revenue cap or regulated services provided.

AER draft decision

The AER rejected the initiatives under Customer Enablement on the advice of their consultant EMCa and the basis the three benefit streams, as interpreted by the AER, did not justify the cost:

- The AER interpreted a claimed benefit of automated connections and supply requests as a 'convenience' benefit that is likely to be low (despite the identified benefits being faster connection times and operational savings)
- The AER concluded distributors are not best placed to provide a benefit from improved availability and customer access to information as energy retailers already provide their customers with access to information on their energy usage. EMCa advised the AER real-time data is not required to extract the claimed benefits and therefore does not consider CitiPower/Powercor/United Energy has fully justified the proposed costs of this project. The AER also concluded that CitiPower/Powercor/United Energy could achieve some of the benefits through a combination of price signals through tariff reform and third-party providers
- The AER interpreted the identified operational savings are from customer having access to the phone application with usage data and concluded there is immaterial benefit to it as consumers already have access to the same services through the web page
- The AER also concluded that CitiPower/Powercor/United Energy's approach to valuing savings in customer time through the use of these additional services overstates customer benefits. The AER think the time saved from using an app compared to a website is immaterial and the use of the average consumer wage rate as a proxy for enquiry time overvalues the time customers invest in following up a connection or outage enquiry
- Finally, **EMCa's report to the AER states they see possible merit in delivering a subset of the proposed features**, including creating a unified access point (such as introducing contact centre AI), improving the effectiveness of SMS notifications and eConnect.

Learning from stakeholder feedback and the AER draft decision

- We need to better explain the benefit streams from the Customer Enablement program and what customer groups benefit and how, including commercial v residential customers, customers with or without DER, etc.
- In light of current and ongoing affordability concerns, we should streamline our program and focus only on the initiatives that deliver the most benefit to customers and in the immediate period
- We need to demonstrate cost efficiencies and synergies between the networks
- We should do a sensitivity analysis on the benefits quantification to ensure the benefits pass the sensibility test, including updating key assumptions on value of time
- We need to demonstrate how the Customer Enablement program fits into the broader set of innovative programs that will be rolled-out during 2021-2026, as well as tariff reform
- We need to demonstrate the steps we are taking to ensure Customer Enablement does not become a 'sunk investment' in the changing energy market

How we are addressing CAP' feedback

What we heard	What we are doing
While the cost is clear, the benefits are unclear, particularly who gets the benefit or how the economies of scale have been maximised	Our updated proposal makes it clear who benefits and how, and to what extent the costs are shared and synergised between the networks
Given the program is mostly around digital tools, there should be more consideration for whether the benefits will be passed onto all customers—like through lower prices	We have shown how the average customer benefits through lower prices from 2026 in the updated proposal
The proposal is very foundational and needs more detail accompanying it for customers to extract value from the start of the journey, including if they have distributed energy resources (DER) or not	This program is a step towards more digitalisation of customer interface, and a first step in some instances of automation of processes. We would continue to improve on these services and add on any changes as new technologies develop. For example, we continuously make improvements to eConnect interface eat CitiPower and Powercor based on customer feedback
There is uncertainty around how relevant this will be in the future given rapid changes in energy services customers are seeking to be part of, and general speed of technology development	While we would make sure this technology is updated for any future customer needs/preferences, we have also shown the cost-benefit analysis in the updated program over the five year period, rather than ten, to show how the program stacks up in the short term
In the cost-benefit analysis, most of the benefits are from time saved from small initiatives. There may be merit in streamlining to initiatives that present the highest benefit	We have streamlined our program to the most beneficial investments (i.e. automation of some services) and those deemed the most preferable by customers and stakeholders
There is a need to demonstrate that the program fits into the broader strategy of changing customer behaviour, including tariff reform and enablement of DER, to ensure the proposal is 'future proof' and an opportunity for everyone to benefit	We have provided a summary of how all the innovative programs fit together and compliment each other, rather than overlap. We have removed part of the originally proposed program that could overlap with what cost-effective tariffs can deliver
There should be more clarity on why this is not part of BAU processes rather a new 'line item' investment	This program includes a number of leaps in how we deliver services, and investment in technology that is not self-funding (the benefits to the business alone do not provide enough incentive for the investment), and as such it is appropriate to seeking support and funding from customers
There is a question on how does the average customer, not just a customer with DER, unlock the value from the program. What tools and information is necessary and there is a need to explain directly how customers can use the tools to their benefit (particularly vulnerable customers)	We have provided a breakdown of what the average customer will get from the program, including DER customers, how the more directly impacted customers will benefit. The updated program does not include any initiatives aimed directly at DER customers
There was a question around cost-recovery and whether they should be smeared across all customers if the benefits are mostly to a subset of customers (i.e. perhaps reclaiming some costs through connection fees)	While the benefits are more weighted towards certain customers, our proposal is to smear the costs across all customers, as in the long-term all customers benefit from automation, innovation and progressive improvements in customer service. Some of the beneficiaries of the program are businesses that carry out works for our customers, and by improving their time and effort the cost of their services should reduce
The cost benefit analysis uses average weekly earnings to calculate customer benefits however this is probably not a reflective benefit for vulnerable customers, and it raises the issue of whether as an industry we need a metric for valuing customer experience	We have not changed the value of customer time, due to no obvious alternative approach, however we have reduced the number of estimated customers that benefit from the initiatives by half, providing a sensitivity analysis on the benefits around customer time, this makes some of the initiatives NPV negative. However, we note that we have not quantified customer experience, effort or satisfaction.
With regard to customer experience, there is a difference between how long the customer is on the phone and how long it takes to get issues resolved	We have highlighted one of the benefits of contact centre AI to be faster resolution and resolution by the first responder

Our streamlined Customer Enablement proposal for 2021-2026

Original proposal for CitiPower and Powercor

- 'one-stop-shop' portal and automated tracking, contact centre and website AI and automated chat tools
- online tools to high-voltage (HV) customers and embedded generators
- enhanced online portals with usage insights and analytics
- more effective outage SMS notifications
- notifications on the efficiency of customers' rooftop solar output and exports
- bare-bones phone application with 15-minute interval usage data

Original proposal for United Energy

- The same as for CitiPower and Powercor with the proposed introduction of eConnect and mySupply portals for automation of connections and supply requests

Total cost: \$24.9m over 2021-2026



**Reduction of
\$14.7m in
expenditure**



Joint new proposal for CitiPower, Powercor and United Energy

- Introduction of eConnect and mySupply automation portals for United Energy, to bring its automated capabilities in line with CitiPower and Powercor
- contact centre AI to deliver better customer outcomes on the first call
- a unified portal for all customer queries, including tracking capabilities for requests
- extending online tools to high-voltage (HV) customers

Total cost: \$10.2m over 2021-2026

Initiatives we will self-fund

- more effective SMS notifications, through our work on the Customer Service Incentive Scheme (CSIS)
- automation of embedded generator connections, and we are already planning this work for CitiPower and Powercor
- improvements to street light fault reporting for United Energy

Initiatives we are no longer pursuing

- website AI and chat tools
- enhanced online portals with usage insights and analytics
- notifications on the efficiency of customers' rooftop solar
- bare-bones phone application with 15-minute interval usage data

The initiatives under our new Customer Enablement proposal

2021/22

Automation of connections and supply requests with eConnect and mySupply



- CitiPower and Powercor customers have benefited from these portals since 2016
- The cost of these two has been reduced from \$7.5m to \$6.9 million for United Energy

Contact centre artificial intelligence (AI)



- The AI will allow for better capture and alignment of customer requests through the contact centre, better enabling resolution on the first call
- The cost of these two has been synergised to \$0.5m for the three networks

2022/23

Unified portal for customers



- The unified portal will have one login for customers, allowing them to access all their information and requests under one login
- The cost of these two has been synergised to \$0.8m for the three networks

Track and trace capability



- The track and trace capability allows for automated tracking of requests, allowing customers to see how their works are progressing through the unified portal
- The cost of these two has been synergised to \$1.3m for the three networks

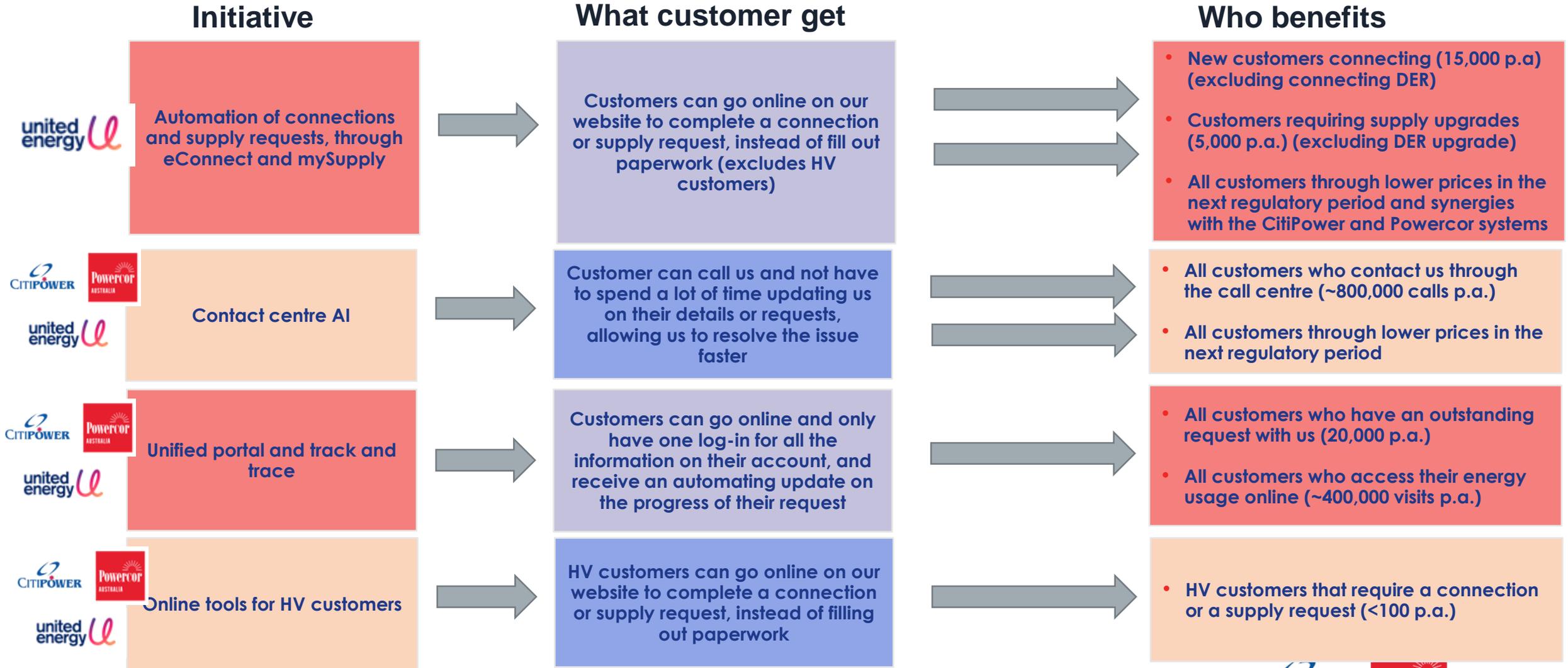
2023/24

Expanding our online tools to HV customers



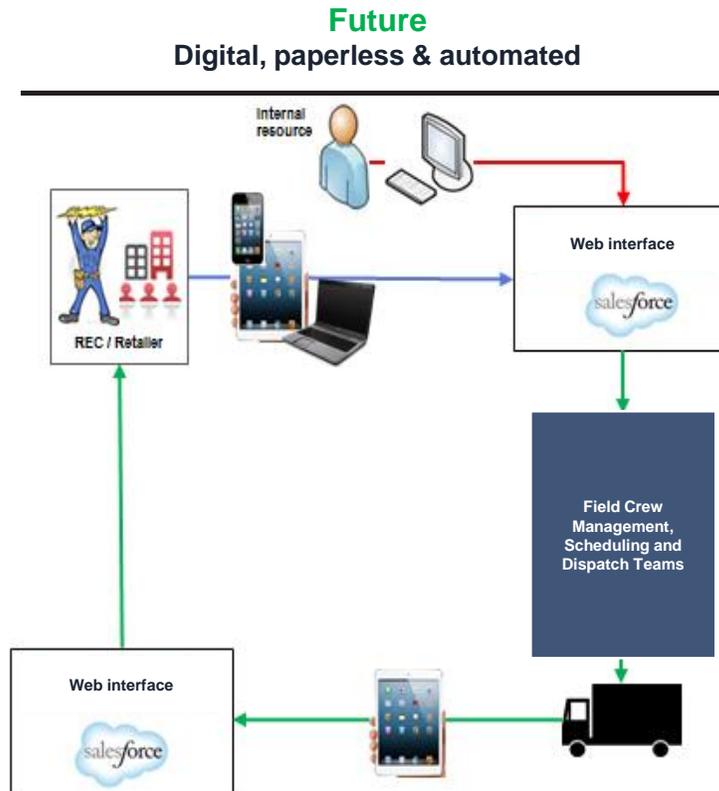
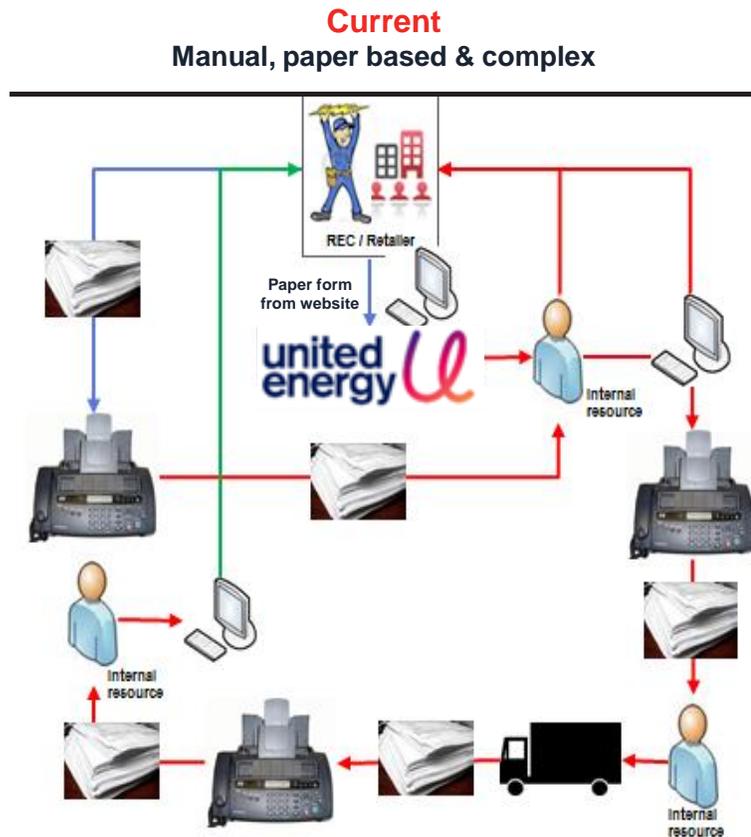
- This initiative would extend connections and supply requests to be online for large HV customers, which are currently carried out through paperwork
- The cost of these two has been synergised to \$0.2m for the three networks

Who benefits from Customer Enablement



Benefits of automation of connections and supply requests

The largest part of our proposal is to invest in automation in United Energy to bring its capabilities in line with CitiPower and Powercor (excluding DER customers)



Key Features

- ✓ Single entry point via the portal for all customer requests
- ✓ An automated and standardised costing process for simple projects to create predictability
- ✓ All applications able to be submitted online
- ✓ Automated workflows for file handover to other workgroups, saving time and effort
- ✓ Customer self service for Budget Estimates and simple Firm Offers online
- ✓ Seamless transition from CIAW to New Connections process
- ✓ Online payment process
- ✓ Reduced project timeframes
- ✓ Automated Capacity Constraints to confirm system capacity for all projects

Benefits of automation of connections and supply requests

The benefits are to United Energy customers:

Customers connecting to the network or requesting supply upgrades/changes

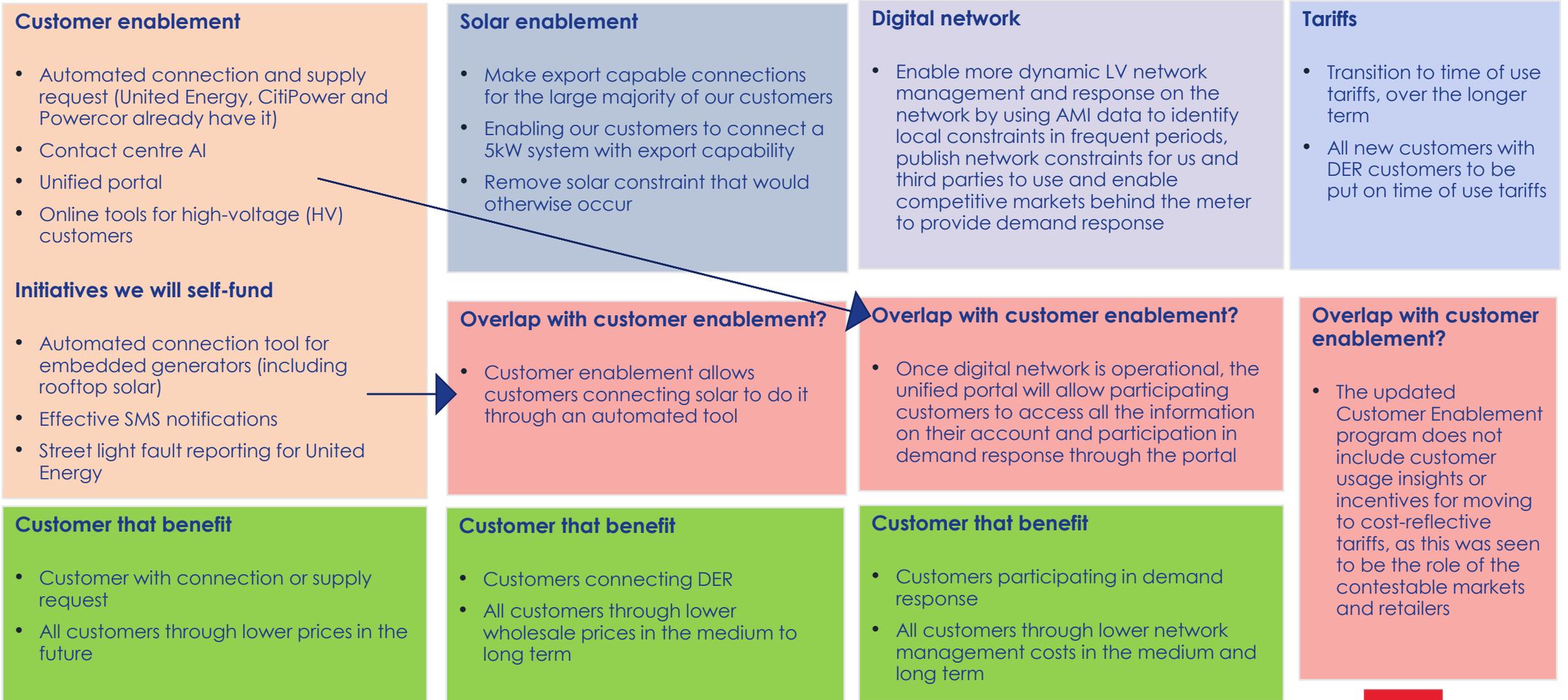
- Usually customers will connect or request supply upgrades through builders or property developers, who charge the customer for the service – the easier the connection process is the less the service is expected to cost
- These customers benefit from faster connections and over time cheaper cost of connection through easier processes
- United Energy has about 15,000 connection requests per year

All customers, including residential, commercial and vulnerable customers, through savings in our operations – regardless of whether they have DER or not

- Automation of service, once implemented, will bring savings to our operations through fewer hours spent on processing requests and ultimately fewer staff required to complete the job
- These savings will be passed onto all our customers through lower on-going costs, reflected in network tariffs in the period after the implementation of the program

Cost of program	NPV net benefit	Cost to average customer (bill impact)	Benefits to connecting customers	Average saving per customer (business savings from automation resulting in lower prices)
\$6.9m over 2021-2026; \$5m saving from synergies with CP/PAL	\$0.7m over 2021-2026	~\$1.90 p.a. in 2021-2026 for IT systems; <\$0.50 p.a. for maintenance after 2026	>\$1.6m p.a. value from early connections (\$80 per customer per day, reduced from original proposal)	~\$0.50 p.a. from 2022/23; benefits higher than costs from 2026 as IT systems paid off

How Customer Enablement fits within our proposal for 2021-2026



Cost benefit analysis of total Customer Enablement program

We have updated the cost benefit analysis to be over five years instead of ten, to demonstrate benefit sooner and reduce potential for sunk investment. Benefits of customer time, experience, satisfaction are difficult to quantify

Initiative and cost	Automation of connections and supply requests	Contact centre AI	Unified portal and track and trace	Online tools for HV customers
Benefit streams	<ul style="list-style-type: none"> • At least one day faster connection/supply • Value of faster connection at \$80 per day (updated) • Time saved from not doing manual requests • Operational savings from not doing manual requests 	<ul style="list-style-type: none"> • Less time spent on calls due to faster recognition of issue • Faster resolution of issue due to history of calls/actions • Operational savings from fewer calls 	<ul style="list-style-type: none"> • Time saved from not having to log into multiple portals • No need to contact the call centre to find out the progress of a request • Operational savings from fewer calls 	<ul style="list-style-type: none"> • At least one day faster connection/supply • Value of faster connection at \$80 per day (updated) • Time saved from not doing manual requests • Operational savings from not doing manual requests
Quantified benefits	<p>NPV benefit: ~\$0.7m during 2021-2026</p> <p>Net benefit maintained in sensitivity analysis</p>	<p>Benefits difficult to quantify and can vary from \$0.5 net benefit to -\$0.5m net cost in sensitivity analysis</p>	<p>Benefits difficult to quantify and can vary from \$0.5 net benefit to -\$0.5m net cost in sensitivity analysis</p>	<p>NPV benefit: not quantified but likely to be more than \$0.2m during 2021-2026</p>

Benefits assumptions

All three networks together	Value \$2019	Reasoning	Change for the updated proposal
Residential customer value of time, per minute	\$0.18 / min	Based on Australian Bureau of Statistics - 6302 .0 - Average Weekly earnings, Australia Nov 2018, assumed 16 hours per day valued	The values have remained the same but we have reduced the number of estimated benefiterers by half
Commercial customer value of time, per minute	\$0.76 / min	Based on Australian Bureau of Statistics - 5676.0 - Business Indicators, Australia, Mar 2019 and Australian Bureau of Statistics - 8165.0 - Counts of Australian Businesses, including Entries and Exits, June 2014 to June 2018, assumed 16 hours per day valued	
Average customer value of time, per minute	\$0.25 / min	Weighted average of the two above based on residential and commercial customers	
Customer time saved			
Calling the contact centre	\$0.04m	Based on actual data on average time spent on calls, assuming a conservative 10% reduction in calls to the contact centre	
Spent on accessing portals	\$0. 3m	Based on estimated number of customers accessing our portals per year. We have assumed not growth in the number compared to today, which is a conservative estimate and a reduction compared to the original proposal	We have reduced the number of estimated benefiterers by half to provide a conservative sensitivity analysis
Faster customer connections (United Energy only)			
Time spent on filling out manual applications	\$0.2m	Based on actual number of connection and supply requests and conservative estimate of 30 minute saving from automating applications	We have reduced the value of customer time using the average rather than commercial time (as usually these are completed by commercial customers)
Value of earlier connection	\$80 per day	Based on daily charge to fast track connections	We have significantly reduced the value of early connections, as per AER's consultants EMCa's recommendation
Operational benefits			
Reduced calls to the contact centre	\$0.7m	Based on reduction in number of calls to the contact centre from fault calls as well as the number of calls reduced from introducing speech analytics; assumed reduction in 8 staff	
Savings from automated operations	\$0.4m	Time saved from processing manual applications; assumed reduction in 5 staff	