

Customer engagement in BAU

**CP APP02 - Customer engagement in BAU -
Dec2020 - Public**

Revised regulatory proposal 2021–2026

This page is intentionally blank

Contents

1	BACKGROUND	4
2	ENERGISED 2021–2026: IMPLICATIONS.....	5
3	BAU CUSTOMER AND STAKEHOLDER ENGAGEMENT	7

1 Background

In 2014, a World CLASS Operations Program began a journey to dramatically improve customer and stakeholder engagement in line with changing expectations and roles in the electricity supply chain.

The program was sponsored by our Chief Executive Officer (CEO) and involved seven workstreams led by an executive team member. One of these was focused on customer and market operations to respond directly to shifting consumer demand and attitudes and develop high performing core processes and cost effective services that customers' value.

This work led to the redefinition of our values and strategic pillars which clearly set customers at the centre of what we do. Our vision became to provide safe, reliable and affordable electricity to our customers. We value being customer and community minded and demonstrate this through two of our five strategic pillars directly: to deliver customer outcomes and improve stakeholder engagement.

Since then, the business evolution has included the following initiatives:

- introducing customer satisfaction metrics and research methodologies for assessing service standards and establishing high performance targets.
- improving engagement processes developed under the Energised 2021–2026 program which involved over 11,000 customers and stakeholders providing input supporting the development of our regulatory proposals and informing decision-making on major projects.
- establishing a Customer Consultative Committee in 2017 to seek advice on issues and initiatives to drive the right customer and business outcomes and improve our responsiveness to changing needs of communities and customers.
- launching a practical stakeholder engagement framework in 2017 which aligns with International Association of Public Participation (IAP2) spectrum and best practice requirements and is deployed to support communities impacted by major project and field-based works.
- introducing in 2018 an innovative, high profile advertising and marketing program as an investment in building direct relationships with customers based on greater awareness of the role of distribution networks and trust in our performance.
- developing in 2019 a new Customer Strategy for 2020–2025 which comprehensively sets out a plan for the continued evolution of a wide range of customer services including digital service delivery and end-to-end process reviews to improve outcomes for customers.

2 Energised 2021–2026: Implications

As reported in the regulatory proposals submitted in January 2020, a shared engagement program undertaken by Powercor, CitiPower and United Energy involved around 11,000 customers and stakeholders in a program which was accessible, inclusive, transparent and measurable.

The critical starting point was to co-design a vision for the future of the energy market taking a long-term view to 2035. Our stakeholders acknowledged that over time, increasing consumer power and interests in environmental factors were likely to lead a 'green power' era in which greater investment in alternative energy sources and policies encourage more ambitious renewable energy targets.

The first two of four stages of the Energised 2021–2026 engagement process were to explore customer values and priorities as well as scenarios for our energy future. This was effective in establishing expectations of our business and priorities for customers. Across the three networks, surveys disclosed what our customers value from electricity:

1. reliable supplies
2. affordability
3. safe environment for customers and workers
4. ability to use electricity when you want or receive savings for reducing use
5. providing a safe network that in the case of Powercor and United Energy, also mitigated bushfire risk
6. data and network security
7. ease of solar exports and battery charging
8. ease of connections
9. ease of using data to make informed choices.

It is from these findings that we summarised the network priorities in order to meet customer expectations as being to:

- provide a resilient network with an emphasis on asset safety and reliability
- lower the cost of services to improve electricity affordability
- be flexible to options for products and technology enabling customers to make energy choices.

This engagement also revealed our customers needed to learn more about who we are and what we do for subsequent consultation and collaboration on investment proposals to be successful. Only 50 per cent of survey participants could correctly identify us as their electricity distributor. It is hard for customers to comment on network inspection, maintenance, upgrade and investment proposals when they have limited understanding of our operations. This was particularly relevant in the context of broader market and policy issues during the consultation period and other studies which showed customers have low trust in the energy industry generally and do not distinguish differences between energy supply chain participants.

These insights generated significant implications for our business-as-usual approach to stakeholder engagement, outside of regulatory reset processes:

- The priorities and expectations identified are relevant inputs into ongoing decision-making within our networks as part of ensuring customer needs are central to our business.
- Having established a long-term future scenario, we need to track perceptions to understand when and how customer expectations change to more consumer power and green power drivers to ensure we respond.

- We need to do more to educate customers on who we are, what we do and the value created by network investment and performance in order to build more effective relationships.
- We need to differentiate our networks in a way that inspires trust in our performance.

3 BAU customer and stakeholder engagement

Accordingly, we have developed a strategy for continual customer and stakeholder engagement as part of our business-as-usual operations.

With a goal of ensuring customer needs and priorities are at the centre of what we do, this strategy involves:

1. Customer research—implementing a longitudinal research study into customer perceptions and priorities to constantly monitor and report on trends and insights relevant to network decision-making.
2. Escalated governance—further strengthening the internal governance framework for assessing and considering customers insights at Board and executive levels.
3. Customer Advisory Panel (CAP)—sustaining the CAP on an ongoing basis to provide a regular sounding board and representative body to ensure decisions and plans developed by us best meet customer needs.
4. Industry collaboration—working with credible industry and community organisations to ensure we actively participate in programs which address the needs of customers and stakeholders.
5. Stakeholder engagement and communication—a continual program of mass communication, digital information and targeted stakeholder engagement to build high awareness of our network and its performance.

We believe benefits of this approach will be realised for our customers by:

- sustaining our position as the least cost rural network for customers to support affordability objectives for customers
- contributing positively to the safety and resilience of communities within our network region
- ensuring we are facilitating customer choices for distributed energy resources and technologies which generate environmental benefits
- continuously improving our customers' experience with us online, in the field, and in person
- better tailoring customer facing initiatives and services for customers with specific needs including financially vulnerable and those dependent on electricity for vital life support.

Ahead of the next regulatory reset process, we also believe the benefits of this approach will be realised within our business by strengthening our cultural alignment internally with customer centric objectives and establishing a more substantial research foundation for the development of future regulatory proposals.

3.1.1 Customer research

We routinely utilise a number of research instruments managed by various independent providers to assess customer perceptions, trust and priorities. The table below provides an overview of each instrument and its scope.

Table 1 Customer research series

Instrument	Series start date	Frequency	Scope	Output
Customer experience (Quantum)	August 2020	Quarterly	Service streams assessed: <ul style="list-style-type: none"> • Customer effort • Interaction experience • Customer expectations • Perceptions of our effort 	Total customer experience score
Brand health tracker (Sagacity)	September 2019	Monthly	<ul style="list-style-type: none"> • Network awareness • Understanding of distribution business roles • Customer values and priorities tracking • Customer perceptions • Advertising effectiveness 	<ul style="list-style-type: none"> • Trust Index • Customer priorities ranking • Findings by Local Government Area • Provider awareness • Familiarity with role
Social media sentiment (Social Studio)	February 2020	Monthly	Tracks all commentary on social media including owned digital channels (website, Facebook, LinkedIn)	<ul style="list-style-type: none"> • Reach • Impressions • Sentiment (positive, negative, neutral)
Media publicity (ISentia)	January 2018	Quarterly	<ul style="list-style-type: none"> • Most frequent messages reported • Positive or negative sentiment • Volume of publicity received and media channels 	Media impact score
Project based feedback	Ongoing as required	On completion of customer projects	Metrics reviewed in February 2020 to include Trust Index and values questions	<ul style="list-style-type: none"> • Trust Index • Customer priorities ranking
Community outreach (Consultation Manager)	February 2019	Monthly reporting	Qualitative information gathering from community outreach programs on: <ul style="list-style-type: none"> • Stakeholder perceptions • Current issues or needs • Local and regional priorities 	Qualitative and quantitative reporting on trends regarding community issues and priorities

Source: CitiPower

These initiatives form a longitudinal study of customer perceptions, needs and priorities. They build on the findings of the Energised 2021-2026 program by continually tracking trends and opportunities.

As at 30 October 2020, the results of this program of research indicate customer and stakeholder satisfaction and trust in our performance are increasing. In summary the insights generated are:

- The higher a customers’ awareness with us as their distribution network and greater their familiarity with network services, the more likely they are to trust our performance. However, there remains a low level of knowledge about the role of distribution networks.
- Reliability remains the highest priority for customers but network safety (particularly bushfire risk mitigation) is increasingly important and something that we are well recognised for providing.

- Media coverage of our community-based activities is more positive and impactful than industry averages with the majority of articles published this year focused on customer assistance, reliability and infrastructure upgrades.
- Social media is a key influencer with 12% of customers saying social media content helped shaped their perceptions and the majority of sentiment expressed online positive.
- Customers are likely to have had a positive experience with us but improving communication with customers is a key opportunity for improvement across all service lines.

In addition to these formal research instruments, we also continuously obtain qualitative feedback from customers and stakeholders through:

- Our contact centre as our frontline Customer Service Agents liaise with and respond to customer inquiries via telephone and digital platforms
- A community outreach program to engage regularly with local government, state and federal parliamentary representatives to understand local needs and priorities and share information about relevant network operations.

3.1.2 Research consolidation and reporting

As part of our improved approach for business-as-usual, we are committed to synthesising these research results into a quarterly insights series which will be shared transparently with multiple audiences including our Customer Advisory Panel, consumer advocates, members of the Customer Challenge Panel and identified stakeholders. We will also publish the reports online on the Powercor.com.au website.

3.1.3 Escalated governance

The quarterly insights report is also an important tool used internally to ensure our Board, executive and senior management team have a deep understanding of customer needs and priorities.

As shown within this revised proposal, the governance structure for the development of our regulatory proposals comprises internal investment committees, a dedicated executive Reset Committee and specific Board committees devoted to regulatory matters.

The customer insights report, as well as studies and findings on relevant macro-economic, social and political factors, will be reported through this governance structure.

In this way, all leaders within our business from the Chairman to project managers will be able to fully consider the needs of our customers and stakeholders in making various business decisions and plans. These include:

- Major projects—customer and stakeholder engagement plans in support of major projects, field operations and customer-initiated works will refer to customer research, community-based analysis and targeted consultation when undertaking project design and work planning.
- Consumer products—the design and development of new products and initiatives to deliver a service or benefit to customers will take into consideration the customer insights into needs and preferences. This includes initiatives such as the development of new our online services, customer communication processes and demand management programs.
- Technical research—the development of innovative customer solutions is typically supported by research and development often partly funded by federal or industry grants. We expect greater understanding of the needs of customers will lead to more relevant and influential research programs and outcomes.
- Risk management—planning for network and non-network investments requires an analysis of risks and opportunities. The risk framework has been expanded by identifying customer and stakeholder categories

drawn from the insights gained through research, consultation and environmental scanning. These include risk events caused by disruption, financial impacts, choice constraints, and high quality expectations. By improving the identification of these risks and opportunities, greater action can be taken to mitigate or optimise accordingly.

- Advocacy programs—our participation in policy initiatives and advocacy for consumer interests is also informed by the research insights and environmental scanning. This year for example, we have participated in the Australian Government’s Technology Investment Roadmap Discussion Paper public consultation and the Victorian Government’s VRET2 market sounding initiative to support renewable energy development.

3.1.4 Customer Advisory Panel

In August 2020, we established a Customer Advisory Panel (CAP) to assist us in developing our future program of works through collaboration and representation of customer and stakeholder views and preferences. We consider the CAP to be a significant part of our evolution as a business which actively involves customers in our decision making.

The establishment of the CAP follows the previous reliance on two forums to capture customer and stakeholder feedback: the Energy Futures Customer Advisory Panel (EFCAP) formed in 2017 and the Customer Consultative Committee.

We propose that as part of our business-as-usual approach, we continue with the smaller, agile CAP only as a way to:

- critically, and constructively, review and evaluate feedback received from customer and stakeholder groups on defined scopes of study
- actively collaborate with us and other panel members to determine and agree solutions to these scopes of work which may include operational plans, regulatory and policy issues
- actively collaborate with us and other panel members to define the mechanism and metrics for tracking progress against those commitments.
- provide advice to us as to how we can best communicate our commitments and outcomes with external stakeholder groups.

While the CAP has met frequently during the development of this revised regulatory proposal, we suggest that as part of business-as-usual operations, the group would meet eight times per annum:

- a quarterly meeting to discuss specific topics defined under a calendar of activity
- one meeting to follow up the outcomes of each quarterly meeting to review and decide on a proposed plan of action taking into consideration CAP feedback.

The CAP is governed by a terms of reference which all members sign on to. We would expect the frequency of meetings and calendar of activity would be likely to vary as planning commences for the next EDPR process. This would be determined in collaboration with CAP members.

3.1.5 Industry collaboration

In light of the emerging power of consumers within the energy market and the focus of governments and communities on emissions reduction opportunities, our participation in collaborative opportunities is increasingly important.

For some time, we have been members of working groups convened by organisations such as Australian Industry Group, Energy Networks Australia, Electric Vehicle Council and Clean Energy Council. We have also attended forums arranged by advocacy bodies such as the Energy Consumers Association.

However, we are now more frequently engaging in partnerships with these and other organisations which require more active participation in policy and programs, and generate significant benefits for customers and communities. We find these are particularly relevant to supporting customers with advice on their priorities of energy safety, affordability and reliability as well as independent information about energy choices.

For example, from 2019 to 2021, we have partnered with the Western Bulldogs Community Foundation and Australian Energy Foundation to conduct energy literacy education for participants in the Daughters of the West mental health program and CALDplay for refugees and migrants in the western suburbs of Melbourne. This was extended to a digital platform called ‘#Lineylessons’ supported by social media in five languages. In the first quarter of operation since its launch in July 2020, the online platform was visited by over 100,000 customers.

As part of our planning for the 2020-2021 summer season, we have formed partnerships with credible, independent organisations to promote safety, reliability and energy affordability to customers:

- In October 2020, we extended our partnership with the Australian Energy Foundation to help educate customers on how to manage energy costs and improve energy efficiency during the coming summer. This is particularly relevant to the ongoing issues associated with bill shock arising from a winter in COVID-19 imposed lockdown.
- In October and November 2020, we hosted webinars with over 20 local government authorities in collaboration with regional greenhouse alliances to promote demand management programs and energy efficiency messages which can be shared throughout their constituencies.
- In November and January 2020, we are publishing information in magazines, newsletters and social media issued by the Victorian Farmers Federation to promote electrical safety on farms and advice on preparing for extreme weather events which may impact on electricity reliability.

As part of our business-as-usual processes, we intend to further develop these types of collaborative opportunities with industry organisations, consumer advocacy and other non-government organisations at a state and community level. This will further expand the reach and impact of important customer services and information while also gaining further insights relevant for business decision-making.

3.1.6 Stakeholder engagement and communication

As previously indicated, the opportunity to educate and inform customers about the role of distribution networks is important to building trust in our performance. To this end, we have improved our communication under an integrated marketing strategy that involves three levels of engagement.

- Brand marketing—this mass media advertising program educates and informs customers and also establishes expectations for the type of experience customers will have when they engage with us. Its success is measured by two main factors captured under our customer research program: the influence on levels of trust in our performance in providing reliable, safe and affordable electricity and the level of understanding customers have for the role of networks.
- Stakeholder engagement—this program is integrated with the network teams responsible for projects and field operations. Its role is to proactively engage with customers and communities to ensure they are aware of why critical works are required in their neighbourhood and to minimise the risk of disruption. Increasingly, we are looking at ways to consult with customers on project design and works planning to listen to their needs and expectations and factor this into the solutions. This program also involves work with stakeholders investigating innovative developments such as community energy or microgrid projects and coordinating our involvement.
- Consumer marketing—initiatives such as demand management programs, solar pre-approvals and new online services offer a benefit to customers and also support network outcomes. The intent behind

consumer marketing initiatives it to influence customer action or behaviour to take up new products and services offered by us. The value proposition for these products and services is defined by the benefits delivered to customers in fulfilling their needs or priorities and enabling choices.

We are committed to continuing to develop and deploy this integrated strategy which aims to ensure all forms of engagement are accessible, inclusive, clear, timely, transparent and measurable. The strategy adopts recognized best practice principles defined at an industry, state and international level through references such as:

- Australian Energy Regulator, Consumer Engagement Guideline for Network Service Providers
- Electricity Networks Australia, Customer Engagement Handbook
- Victorian Auditor General Office, Public Participation in Government Decision-making: Better Practice Guide which uses the IAP2 as its guiding framework
- Victorian Government, Charter of Human Rights and Responsibilities Act 2006 (Victoria).