



19 August 2019

Chris Pattas
General Manager
Australian Energy Regulator

By email: regulatoryinnovation@aer.gov.au

Dear Chris

Re: SMALL SCALE INCENTIVE SCHEME FOR CUSTOMER SERVICE

CitiPower, Powercor and United Energy welcome the opportunity to respond to the Australian Energy Regulator's (AER) issues paper on Small Scale Incentive Scheme for Customer Service.

We support networks having the option to propose broader measures of customer service for inclusion in a small scale incentive scheme:

- the current incentive based solely on answering fault calls is too narrow and may lead to underinvestment in other forms of customer service
- flexibility in the scheme design is important to ensure networks can propose customer service measures which are reflective of their customer preferences.

The current incentive is too narrow and may lead to underinvestment in other forms of customer service

The current incentive scheme is based solely on number of fault calls answered within 30 seconds. While answering fault calls promptly is important, this is a narrow measure of customer service. The incentive scheme should target a broader range of customer experiences because:

- in today's modern age of technology there are a multitude of different ways networks and customers can communicate which provide convenient and cost effective options, for example SMS and webchat
- customers' value responsiveness to a broader range of enquiries, for example vegetation management, connections and customer projects, planned interruptions, public lighting.

Consequently, the current scheme creates an incentive for networks to focus investment in managing faults calls which may lead to overinvestment in this area and underinvestment in other forms of customer service.

Flexibility is needed as customer service preferences vary across networks

The AER should provide flexibility for networks to propose customer incentive schemes which reflect their customers' preferences and are targeted towards addressing aspects of underperformance relative to customer expectations.

The value customers' place on different aspects of customer services will vary between networks. For example Powercor customers are impacted by our customer service in relation to vegetation management and bushfire mitigation, which is not as relevant to CitiPower customers.

Further, the current level of customer service will differ across networks depending on which aspects of customer service they have prioritised to date. It would be most efficient for networks to propose incentives which address current areas of underperformance.

Therefore the AER should allow flexibility in relation to parameters of a customer incentive scheme, including the revenue at risk, the measure of performance and target level, the incentive rate and whether to trial first or implement immediately. Flexibility in the design of the small scale incentive scheme is consistent with the purpose of the scheme which is intended to promote innovation.

Should you have any queries about this submission please do not hesitate to contact Megan Willcox on (03) 9236 7048 or mwillcox@powercor.com.au.

Yours sincerely,



Brent Cleeve

Head of Regulation, CitiPower, Powercor and United Energy