Customer and Stakeholder Engagement Activities and Findings Part E

Endeavour Energy

Part E

Contents

Engagement Phase 1 (cont.)

CUSTOMER ATTITUDES TO ENDEAVOUR ENERGY'S FUTURE SERVICE DELIVERY

Customer Focus Groups

Final Report

June 2017

NEWGATE RESEARCH

REPORT PREPARED FOR

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DISCLAIMER

In preparing this report we have presented and interpreted information that we believe to be relevant for completing the agreed task in a professional manner. It is important to understand that we have sought to ensure the accuracy of all the information incorporated into this report.

Where we have made assumptions as a part of interpreting the data in this report, we have sought to make those assumptions clear. Similarly, we have sought to make clear where we are expressing our professional opinion rather than reporting findings. Please ensure that you take these assumptions into account when using this report as the basis for any decision-making.

The qualitative research findings included throughout this report should not be considered statistically representative and cannot be extrapolated to the general population.
For the quantitative research results, the base (number and type of respondents asked each question) and the actual survey questions are shown at the bottom of each page. Results may not always total 100% due to rounding errors.

This project was conducted in accordance with AS: ISO20252:2012 guidelines, to which Newgate Research is accredited.
Project reference number: NGR 1608014.

BESTPRACTICE CERTIFICATION MSRO ISO20252 MARKET, OPINION & SOCIAL RESEARCH

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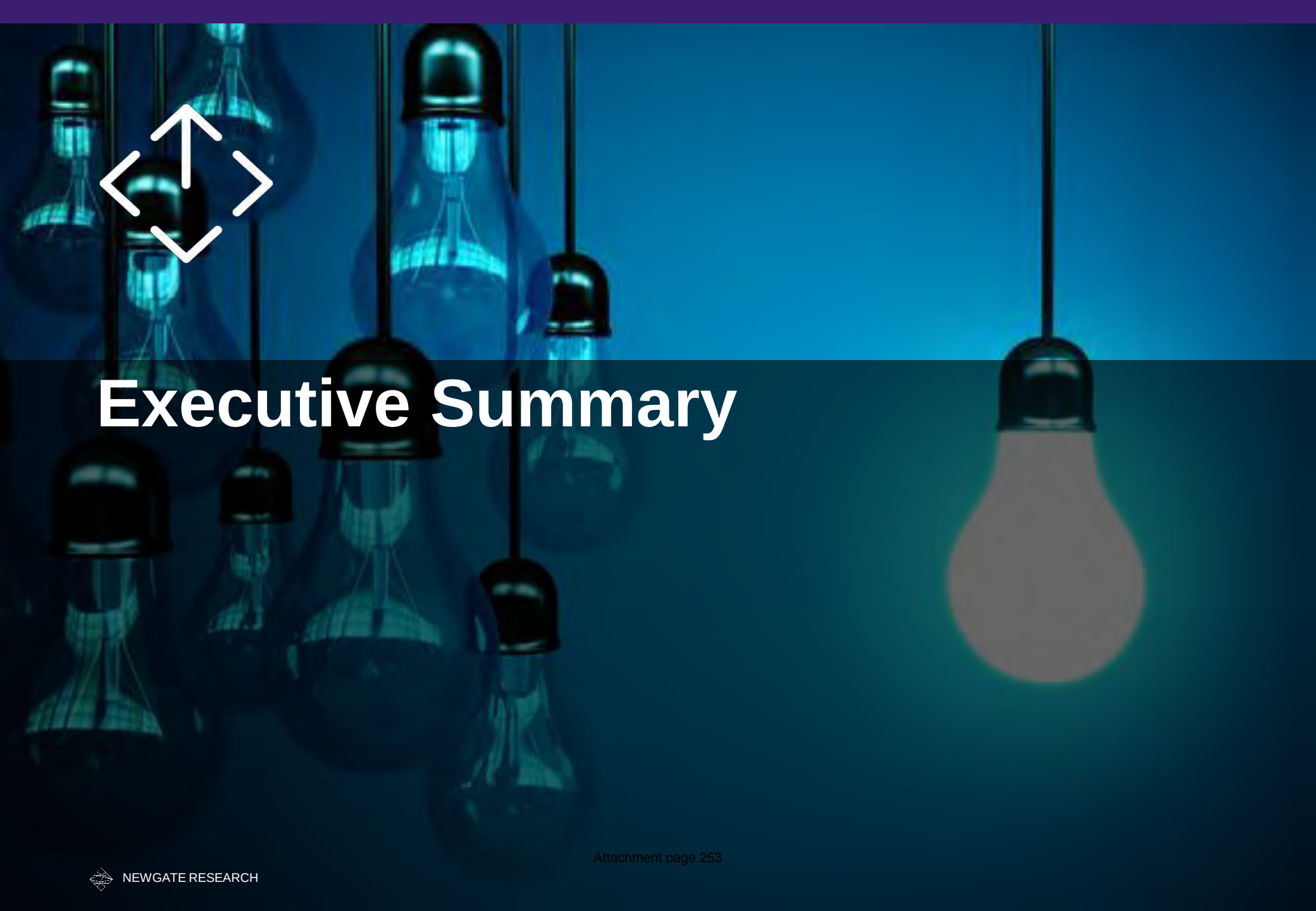


Executive Summary

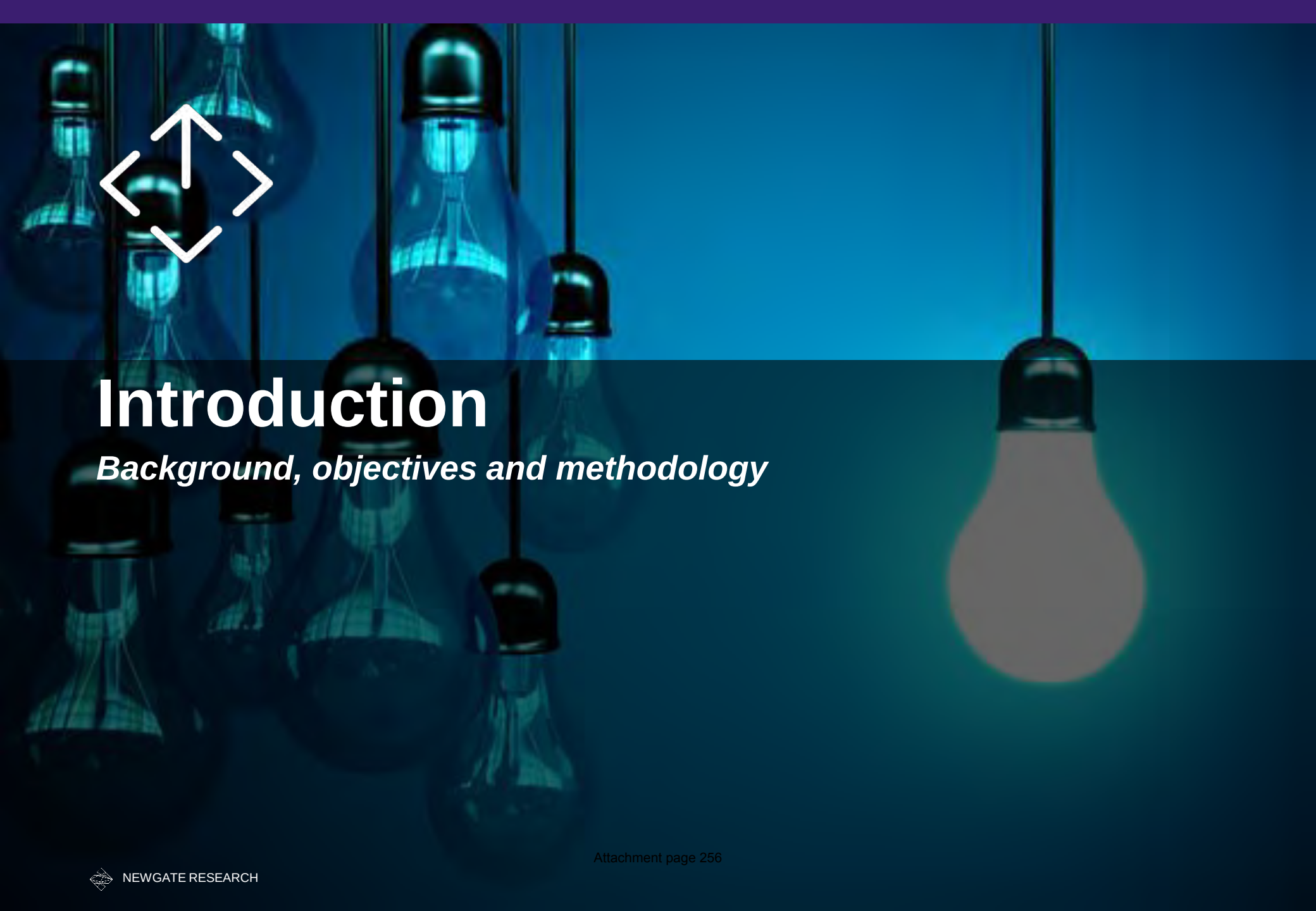
EXECUTIVE SUMMARY

This report presents results from a series of ten two-hour focus groups with Endeavour Energy customers in May 2017. Each group comprised around 8 or 9 participants, with 78 participants in total.

- Consumers' primary concern remains the affordability of electricity but there is increased interest in renewables. Energy security and reliability is becoming a more topical issue due to the recent issues in South Australia.
- They did not respond positively to any compromises that would lead to lower reliability, responsiveness or safety than they currently experience.
- There continues to be low levels of knowledge levels around what Endeavour Energy does, with some thinking it is a retailer. As a result, most have fairly neutral feelings about the organisation and find it difficult to comment about whether or not is customer focussed. It is generally seen as doing well at providing a reliable supply of electricity and addressing outages quickly when they occur.
- After being provided with information, including two videos and an information booklet, about Endeavour Energy and its customer touchpoints, the most frequent suggestions on ways to improve its customer focus included:
  1. Providing more information about its role and responsibilities – this is seen as a foundation of customer focus.
  2. Providing customers with information that is useful and about things they value - they feel Endeavour could provide credible information around how they can save money using smart meters, solar panels and battery storage.
  3. Improving efficiencies and reduce costs to make electricity more affordable – although they found it difficult to make specific suggestions in this area.
  4. Facilitating the transition to renewables by making household solar and storage solutions more accessible to consumers and proactively participating in battery storage and micro-grid trials.
  5. Continuing to improve communication around unplanned and planned outages – this included making good use of social media.
  6. Focus on the quality of tree-trimming – we asked participants if they would be interested in increasing the frequency of tree-trimming for an increased cost. Virtually no one supported this and instead some suggested less frequent but more aggressive tree-trimming to save on costs.
  7. Smart meters – many want to know how to get them and make the most of them.
  8. Undergrounding power lines – although interest waned once they understood the costs involved.
  9. Adopting the new planned outage notification as it looked more striking.
- Thinking about the future of the grid, participants liked the idea of it becoming more of a two-way platform however some question the likelihood of this happening unless there is an increased incentive for consumers to install solar via higher feed-in tariffs. In the longer-term, they are keen to see further investigation into large-scale battery storage solutions and microgrids.
- After seeing a brief infographics video, participants understood the principle of cost reflective pricing and were generally comfortable with the use of smart meters and time-of-use pricing. They had varied reactions to proposals around seasonal and peak pricing and were keen to see modelling showing the likely impacts on their bills.

ISSUES AND PREFERENCES BY CUSTOMER SEGMENT

Small to Medium Enterprises	Innovators and Early Adopters	Vulnerable Consumers
◆ Issues relating to outages were important because as one stated: “no electricity means no work”. ◆ Disliked the current practice of not providing back up generators or scheduling maintenance after hours because it impacted their business. ◆ Interested in participating in new technology trials in partnership with Endeavour Energy. ◆ Very keen to find out how smart meters could potentially benefit their business and some indicated they may shift the times they operate (if their business model allowed them to do so) to take advantage of time-of-use tariffs. ◆ Want to be informed of Endeavour Energy’s longer-term plans, ie: 20 years out to support them with their own business planning.	◆ They are highly engaged in in energy issues and very interested in new technologies including solar, batteries and microgrids. ◆ Very supportive of a shift to greener sources of energy. ◆ Those with solar are quite concerned about the lower feed-in tariff. ◆ Decisions to invest in solar were primarily driven by cost savings and return on investment although environmental benefits are a secondary benefit to some. ◆ Strong support for more radical options for the future of the grid and almost all saw microgrids as inevitable. ◆ Strong interest in smart meters and the introduction of time-of-use pricing as it would give them more control and choice over their bills and energy consumption. ◆ More open to modern forms of communication such as SMS, email and social media.	◆ They are very concerned with rising prices and are already moderating their energy usage but not noticing significant reductions to their bill. ◆ More likely to describe difficulty engaging with the energy market and are confused by the increase in retailer choice. ◆ Very interested in education programs and initiatives that will help them save money.. ◆ Moderate support for the grid transitioning to more of a two-way platform but doubted whether this scenario would take-off because of the initial cost outlay required to install solar and batteries. ◆ There is some scepticism about the introduction of new tariffs without clearly explaining the bill impacts. ◆ Favoured in-person communications, for example, shopfronts.



Introduction

Background, objectives and methodology

BACKGROUND AND RESEARCH OBJECTIVES

Endeavour Energy commissioned Newgate Research to undertake a two-phase research and engagement project to help shape Endeavour Energy's long-term planning and its regulatory submission to the Australian Energy Regulator in 2018.

This report details findings from ten focus groups with residential and small and medium business customers (SMEs) conducted as the exploratory part of this broader consultation program. The main objectives of this independent research were to explore and understand customer priorities and preferences and listen to their feedback on five key areas:

- Knowledge and attitudes towards electricity
- Knowledge and perceptions of Endeavour Energy
- Expectations in relation to the future of the network
- Reactions to specific tariff structures
- Preferences in relation to engagement and decision making

We understand Endeavour Energy plans to use the findings to guide its plans for the future and shape the remainder of its consultation program.

RESEARCH METHODOLOGY

This report is based on ten focus groups conducted between May 22nd and May 24th 2017 in some of Endeavour Energy's key service areas. The groups lasted for two hours and were moderated by Sue Vercoe, Katherine Kailis and Laura Barker of Newgate Research. Each group was observed by member/s of Endeavour's Executive and other senior managers and the AER's Consumer Challenge Panel member observed the groups in Parramatta and Camden. Each group comprised either eight or nine participants. In line with standard market research practice, residential participants were incentivised $120 and SMEs were incentivised $200. The sample breakdown is outlined below with further detail on segments provided over the page. All participants were the main or join decision-maker when it came to buying and using energy in their household or business. In each group, there was a good mix of age, gender, life stage and cultural and linguistically diverse backgrounds.

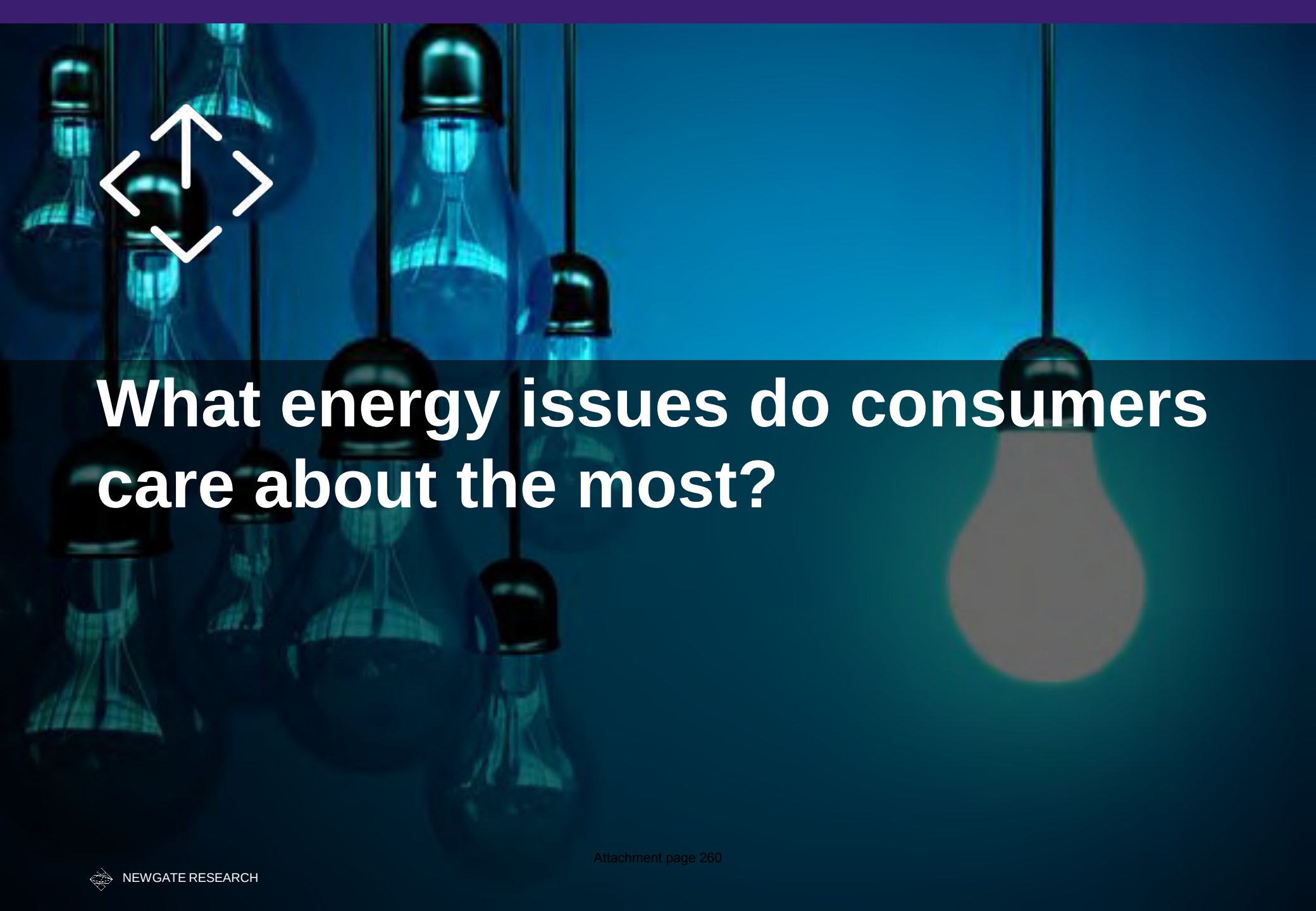
LOCATION	LGA RECRUITED FROM	PRIMARY SEGMENTATION
Parramatta	Parramatta, Penrith and Blacktown	Innovators / Early Adopters
		Small to Medium Business Owners
Camden	Camden, Liverpool and Campbelltown	Vulnerable Customers
		General Community Aged 45+
Bella Vista	The Hills Shire and Blacktown	General Community Aged 45+
		General Community Aged 18 – 44
Wollongong	Wollongong	General Community Aged 18 - 44
		Innovators / Early Adopters
Katoomba	Blue Mountains	Vulnerable Customers
		Small to Medium Business Owners

A NOTE ON SEGMENTATION

In addition to the general community, we spoke to some customer segments whose views Endeavour Energy were particularly interested in understanding. The definitions of each group used for the purpose of this exploratory phase of the research are shown in the table below.

PRIMARY SEGMENTATION	DEFINITION
Innovators / Early Adopters	▪ Individuals who self-identify as being amongst the first to either know about or adopt new technologies or services. ▪ For each group, we recruited at least three who already had solar panels installed at home and people who had actively investigated battery storage or electric vehicles.
Small to Medium Business Owners	▪ SMEs who employed between 2 and 200 people with a mix of energy usage profiles.

Vulnerable Customers	▪ For the exploratory phase, this included individuals who reported experiencing some financial difficulty and at least one of the following characteristics identified as common characteristics of vulnerable consumers as part of a 2016 study Newgate Research conducted for the Australian Energy Market Commission (AEMC):
	  ▪ Has an active Health Care Card
	  ▪ Most/ all income is from Government Payment
	  ▪ Receives a Government rebate / concession on energy bills or has a special payment arrangement with their energy retailer
	  ▪ Has someone in their household who has a chronic illness or disability.
	  ▪ In the last year had their household income reduced
	  ▪ In the last year had missed or been late paying energy bills



What energy issues do consumers care about the most?

ENERGY ISSUES, INTERESTS AND CONCERNS

AFFORDABILITY REMAINS THE MOST IMPORTANT ISSUE AND INTEREST IN RENEWABLES CONTINUES TO GROW

Endeavour Energy sought to understand what energy issues its customers are most concerned about. Key themes in initial discussions about what came to mind when thinking about electricity are outlined below in descending order of importance.

Affordability of energy bills: was the most common top of mind association with electricity and the issue people care most about, with the majority of participants commenting on how expensive their bills were.

- Vulnerable customers and Katoomba based small business owners were particularly sensitive to cost increases and focused on affordability issues.
- Most reported having made efforts to reduce energy usage to save money however in many cases they believed their efforts had not led to any noticeable reduction to their bill.
- Most were unsure of the reason behind electricity price rises in recent years and some suggested it was related to retailer greed or privatisation. People who had solar were acutely aware of reduced feed-in tariffs with some saying that their bills had since "sky-rocketed".

Renewables: also came up as a very strong unprompted theme for two reasons. Firstly, participants want to see Australia shift to "greener" sources of energy because they feel it is better for the environment and, secondly, as a potential way for consumers to save some money on energy costs, i.e. through solar. On balance, most agreed they are more concerned about affordability than renewables.

- Many were keen to see widespread adoption of solar and batteries because of the potential cost savings and increased control it could offer to households however many felt the initial cost outlay was prohibitive.
- Some felt the Australian Government was lagging behind other countries in its uptake of renewable energies.

> Big bills and how expensive it has become over the last 10 years, there seem to be more players in the market but bills are going up but than getting cheaper.
>
> - SMEs, Parramatta

> Look I would love to say I'm more concerned about green energy than cost, but once they can make green energy as affordable as they can, it is not an option for us. Everybody these days struggles, true?
>
> - General Community, Camden

> The rising costs are causing stress…I'm trying to think of ways to be more efficient with the use, but from my point of view that will require some major outlay.
>
> - SMEs, Katoomba

ENERGY ISSUES, INTERESTS AND CONCERNS

FUTURE RELIABILITY AND ENERGY SECURITY WAS THOUGHT TO BE A POTENTIAL PROBLEM IN THE FUTURE

Reliability and energy security: was not a high level concern, but there was a sense that it could potentially be a problem in the future– particularly as the Australian sector shifts to more renewable energy sources.

- Nearly all groups mentioned the blackouts in South Australia and some groups mentioned the closure of Hazelwood.
- Even though participants considered NSW "lucky" to date, quite a few referenced the recent hot summer and announcements about the potential for rolling black-outs in Sydney. One spoke of the "shutdown" of the Tomago Aluminium smelter in this context.
- Some mentioned that governments have been meeting on this issue.

Confusion as consumer choice in the retail sector increases: was noted as a particular issue among vulnerable and younger consumers.

- A few said they had stopped engaging with the energy market because of the difficulties experienced trying to select the best deal for their household.
- Some also commented that they did not know where to go to find credible information.

Other issues mentioned less frequently by participants included:

- Concern that gas and coal exports are causing price rises;
- Potential safety issues for residents living near substations;

There was talk during that really hot time last summer – a five minute news story about the same thing happening here that was happening in South Australia. It happens when people get home from work and puts on their air-conditioning at the same time.

- General Community, Bella Vista

I know they are selling gas overseas and they're exporting coal for cheaper than what we get it for here in Australia. They're looking to sell off what other bits of the power. Basically when you do that the company is going to want to recoup their costs and then the prices will probably go up.

- Innovators and Early Adopters, Parramatta

There's so many different electricity companies that you can go with now. So it makes it really hard because you go with one and then you think, "Oh, I wonder if I should change?" but you just stay with it because it's too hard to do that.

- Vulnerable Customers, Camden

WHAT DO CONSUMERS VALUE MOST ABOUT ELECTRICITY?

COMFORT, CONVENIENCE AND RELIABILITY – IT'S THERE WHEN YOU NEED IT MOST

- **Convenience:** Electricity is seen as central to the convenience of every day modern life. As one participant stated "it makes life easy".
  - Some focused on its value in terms of **staying in touch and connected** through the internet, emails and phone calls because it powers devices such as laptops and mobile phones.
  - Others talked about the fact that it **keeps food fresh and easy to prepare** through refrigeration and cooking appliances.
- **Reliability**: Comments suggest high value is placed on its reliability. Some admitted it was a service that they often take for granted, particularly on really hot or cold days.
- **Essential for business:** Business owners also spoke of the necessity of electricity for conducting business and facilitating innovation via electricity-operated devices.
- **Economic contribution:** Others spoke of the economic contribution the industry makes, with one describing it as the "lifeblood" of the community. This sentiment was particularly salient in regional locations.

I value the reliability, particularly during summer when we had that period where we could have lost power on the hottest days.

- Innovators and Early Adopters, Parramatta

Industry - it brings down a lot of jobs, creates a lot of skilled workers and gives back to the community at least on a large scale. So it does have its positive aspects.

- General Community, Wollongong

Without electricity you can't have a fridge connected, you can't have food and without electricity you can't cook food. So then you would have to buy food and that would just be another whole expense on top of that.

- General Community, Bella Vista

PERCEPTIONS OF RELIABILITY AND RESPONSIVENESS

MAJORITY WANT TO SEE THE STATUS QUO MAINTAINED; ACCEPTABILITY OF BLACKOUTS IS HIGHLY DEPENDENT ON THE CAUSE AND SURROUNDING COMMUNICATIONS

- Almost all are satisfied with the current levels of reliability and responsiveness. The number of blackouts experienced in the last year was typically estimated as zero to one except in Katoomba, where some guessed they had experienced a few.
- All participants, including those in Katoomba, felt the current levels are acceptable and so the broad majority are not interested in paying more to improve either.
  - Despite this, it is important to note that SMEs were more likely to have concerns about the length of outages as it had the potential to impact their profitability and ability to service clients. Some had already installed or were actively investigating backups to their supply.
  - Participants were generally more accepting of outages where:
    - There had been timely and clear communication on the reason for the outage and the time it would take to restore power;
    - It was caused by unforeseen circumstances such as the weather.
  - By contrast, a few commented that blackouts caused by peak demand on the grid were entirely unacceptable and indicative of poor planning on behalf of energy providers and the government.
- Only a very small number of participants were interested in paying less for lower reliability or responsiveness.
  - They said they would generally accept up to three outages per year if they only lasted for around one or two hours and occurred during the day. However, they would want to see at least a 15-20% reduction in their bill.
  - A couple in the vulnerable customer segment said they would be open to the idea of saving money for reduced reliability and that even a small decrease to their bill would make a difference.
  - Despite this, the majority felt a reduction in spending could have a snowball effect and end up compromising on safety and result in increased costs to fix bigger problems in the long term.
- Note that responses to these questions on service levels were inevitably influenced by behavioural factors including "status quo bias" and "loss aversion" and these will need to be considered carefully in the design of subsequent research phases.

> I was going to say, for business, the most important thing is – no electricity, no work. Everything we have relies on electricity. Even with no lights you have to shut your business down.
>
> - SME, Parramatta

> I think it is unacceptable if everyone turns their air-conditioner on there's a blowout, the grid should be able to handle everyone using the maximum potential that every household has.
>
> - Innovators and Early Adopters, Wollongong

What do consumers know about Endeavour Energy?

AWARENESS AND KNOWLEDGE OF ENDEAVOUR ENERGY

KNOWLEDGE LEVELS ARE TYPICALLY LOW – THERE IS CONFUSION BETWEEN THE ROLE OF ENDEAVOUR ENERGY AND THE RETAILER

- **Understanding of the energy supply chain:** Knowledge about the different stages of the electricity supply chain was typically low although around half could vaguely describe the steps involved. Few really knew what proportion of their bill that was distribution but tended to underestimate. Over half of the groups thought that retailers would take the highest cut, with most guessing around 50% but some up to 80%.
- **Awareness of Endeavour Energy and sources of information:** Across all groups, there was high awareness of the name Endeavour Energy after prompting as it was seen on cars, trucks and the uniforms of people doing maintenance work, meter readings or cutting trees;
  - Many also recognised it as the organisation to contact during a blackout – some had Googled information about outages and arrived at the Endeavour Energy website and a few were aware of the app.;
  - Some recalled receiving planned outage or construction works notifications.
- **Knowledge of Endeavour Energy**: Most said they knew just a little or nothing at all about Endeavour Energy or its role in the energy supply chain. When asked to describe what it does, participants typically said it had “something to do with service and maintenance of the power poles” and “handles stuff out in the field” or “is in charge of the grid”. Some said it supplies energy to households, or carries electricity from substations to the meter box. A couple described it as the wholesaler of electricity.
  - A common misconception was that Endeavour Energy was a retailer like Energy Australia, Origin or AGL. It became apparent that much of this confusion was due to the split of Integral Energy into retail (now owned by Origin) and distribution (now known as Endeavour Energy). A few said they had “called a few different places” before speaking to Endeavour Energy because they had searched for Integral on Google during an outage.

You know, it wasn't until you mentioned them that I realised, but that's who I rang when the power was out last time. Even though I don't get my bill from them, they were who I had to ring to let them know or get a recording.

- General Community, Wollongong

I know they exist. I know they do all the poles and wires in this area. Only because we shut down a few years ago when we got a notice from Endeavour Energy saying that there is going to be a 24 hour shut down so we organised a generator.

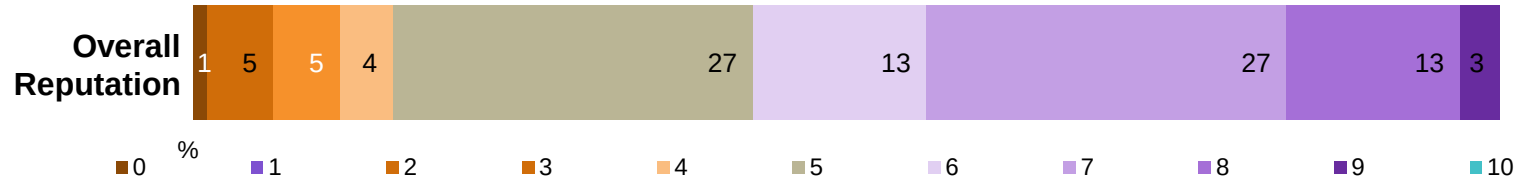
- SMEs, Parramatta

Years ago I think everybody was with Endeavour Energy. Then all of a sudden they got taken over, I was with Origin.

- General Community, Camden

ENDEAVOUR ENERGY'S OVERALL REPUTATION

MOST GAVE MID-RANGE RATINGS BECAUSE THEY DID NOT KNOW MUCH ABOUT THE ORGANISATION



- Before discussing Endeavour Energy in detail, participants were asked to fill in a worksheet and rate its reputation on a scale from 0 (very poor) to 10 (excellent). They were encouraged to do so based on their own experiences with the organisation as well as anything else they might have seen, read or heard about it.
- Results in the chart above show participants gave somewhat mixed, but mostly neutral scores of Endeavour Energy's reputation. The average rating was 5.8 and the performance score, which is the proportion who rated its reputation as 7 or more out of 10, was 42%.
- Most participants gave mid-range ratings between 5 and 7 because they said they did not know much about the organisation.
- Many of those who gave higher ratings said that although they had had limited interactions to date – they assumed that "no news is good news". A few also spoke of positive interactions with Endeavour Energy staff through the call centre or via friends who worked at Endeavour.
- Some of those who gave lower scores did so because they had limited interactions with Endeavour Energy and a couple mentioned unhelpful responses to requests for information on outages or new connections.
- The following slides provide detail on what Endeavour Energy is seen as doing well and not as well.

I can't give them high, I can't give them low because I don't know.

- Vulnerable Customers, Camden

Well, I've never had anyone ever give me bad feedback about them. They've never really done anything bad to me. But it's mainly just word of mouth. Back when we had Integral, people were always whingeing that something would happen and there was no communication, but now that overall reputation seems quite good.

- General Community, Wollongong

Q. Thinking about your own experiences with the organisation as well as everything else you've seen, heard or read about it, how would you rate the overall reputation of Endeavour Energy on a scale where 0 means you think it has a very poor reputation and 10 means you think it has an excellent reputation?

Base: All who responded (n=78).

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***Reputation score** = % of participants who gave a rating of 7 or more out of 10 (excluding 'don't knows').*

WHAT ENDEAVOUR ENERGY DOES WELL

PROVIDES A RELIABLE SUPPLY OF ELECTRICITY AND PRESENCE OF MAINTENANCE STAFF, PARTICULARLY IN A CRISIS

Before being given information about Endeavour Energy, participants were asked what they feel it does well. Key strengths are outlined below in broad descending order of importance:

- **Reliability of the electricity supply:** Many appreciated that they have had minimal interruptions to date.
- **Presence of maintenance staff:** There were several comments on how the presence of maintenance staff made people feel confident that issues were resolved quickly. Participants took notice of the branding on uniforms and vans.
- **Quick response times:** In particular during storms or flooding and where residents had reported safety issues.
- **Communications on scheduled maintenance**: The majority who remembered receiving a notification said that the lead time given was appropriate.
- **Good customer service through the call centre:** A few people talked about interactions with the call centre, with specific mention of short wait times and knowledgeable staff. One commented positively on the guidance given when obtaining a National Meter Identifier for a new home.
- **Maintenance works:** A couple had noticed works being undertaken efficiently in their local area and that the area had been left clean and traffic had been safely diverted.
- A couple also mentioned that lack of negative media attention meant Endeavour Energy must be doing a good job.

> As soon as something happens you see their trucks everywhere and as soon as there is a disaster they've got their booms up and they've got people putting the covers over the wires to make sure that you know other people aren't getting hurt. So given the circumstances of what they do when they do have blackouts because of natural occurrences they are there at any time and they try to fix it as best as what they possibly can. So if the power stayed out for days and days, you would give them a really low score, but they are out there repairing things.
>
> - General Community, Bella Vista

> I did report a dangerous situation out the front of the property, someone was there quick smart. I just sat on the front porch with a glass of wine and waited.
>
> - Vulnerable Customers, Katoomba

> I've never had a blackout, that's a plus.
>
> - Vulnerable Customers, Camden

WHAT ENDEAVOUR ENERGY DOESN'T DO SO WELL

AS MOST HAD LIMITED KNOWLEDGE OF ENDEAVOUR ENERGY, MANY SUGGESTED IT SHOULD FOCUS ON RAISING ITS PROFILE

Before being given information about Endeavour Energy, participants were asked whether there were areas that it doesn't do so well. These are outlined below in broad descending order of importance:

- **Company profile:** As most knew very little about Endeavour Energy most commented that it doesn't do a good job communicating about what it does and suggested it do more work to provide clarity to customers about where to go for information when they need it.
- **Unclear responsibilities delaying resolutions for customers:** A few reported instances where they had contacted both Endeavour Energy and their retailer and both engaged in blame-shifting rather than dealing with their concern.
- **It's a monopoly business:** Some felt that this means Endeavour Energy can charge customers whatever they want and "do what they want to do".
- **Estimated meter readings:** A couple of participants commented that some estimated meter readings were incorrect.
- **Tree-trimming:** A couple of participants in Katoomba felt that the quality of tree-trimming was variable and that the method used was inefficient. For example, one said trees have been cut in a way that encouraged growth towards the power lines rather than away from them.
- Some SME owners objected to Endeavour's practice of not providing back up generators and undertaking maintenance on the weekends when their business was closed and said that the two week lead time given for a planned outages was not sufficient for large, complex organisations that need to arrange for a backup generator.

> Maintaining the trees around the poles aren't necessarily done to the expectations of people and they have to come back repetitively rather than taking a little bit more time that had been requested from residents.
>
> - SMEs, Katoomba

> They only gave us two weeks notice to organise a generator. When you've got a business you're flat out keeping your head above water and then you have things like that happen. Look we survived, we're okay.
>
> - SMEs, Parramatta

> The fact that none of us know anything about it says something.
>
> - General Community, Bella Vista

ATTITUDES TO ENDEAVOUR ENERGY

IN THEIR WORDS

I think their presence when they're actually around doing maintenance is good because Integral Energy never really had advertising on the side of their trucks. It was just plain white. There were never any signs, back in the day anyway. Whereas now it's Endeavour Energy. You know it's an Endeavour Energy truck. It's actually marked. You know what's going on. You get an idea without even having to ask.

- General Community, Wollongong

I think they keep the power going pretty well, that's why I scored it reasonably high. They are not all over the media and the media is the first one to bash people if there's a problem. So because we don't see them too much they are obviously doing something decent.

- General Community, Bella Vista

It's the sort of thing that we only really get to talk about if there's a problem. So you hear people saying - cursing them because they've got no power or something like that, but, yeah. So they're not really going to have a great reputation because it's not the sort of thing people usually sit down and chat about and recommend to other people.

- Vulnerable Customers, Camden

I'd rate their reputation an 8, basically because apart from weather related issues, which we've talked about, we don't seem to have too much trouble with the distribution side of things. The only big interaction I've had with them was when a truck was going around a year or two ago checking things. I noticed an issue, this was at my house, and it only took a few minutes to fix, and they did what was needed to avoid what could have become a problem.

- SMEs, Katoomba

They tell you in advance what is happening, so you're prepared when there's going to be an outage. They were pretty good about it. They did their work and off they went.

- Early Adopters, Parramatta

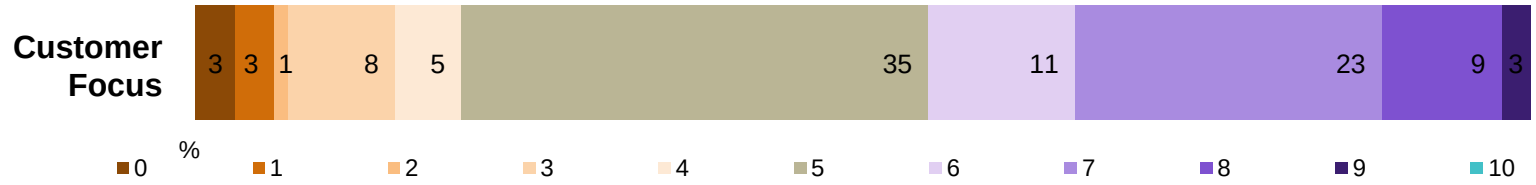
If I'm watching TV at night and it's a raging storm and the power goes out, I'd give it a couple of hours before getting worried. I'm only assuming it is in my immediate area that a tree is down or something. I don't expect anyone to go out in a lightning storm to try and reconnect my power.

- Vulnerable Customers, Katoomba

How can Endeavour Energy become more customer focussed?

ENDEAVOUR ENERGY'S CUSTOMER FOCUS

MANY ASSUMED IT MUST NOT BE VERY CUSTOMER FOCUSED BECAUSE THEY HAD LIMITED KNOWLEDGE OF THE ORGANISATION AND INTERACTIONS WITH IT TO DATE



- Before discussing Endeavour Energy in detail, participants were asked to fill in a worksheet and rate its performance on being a customer focussed organisation on a scale from 0 (very poor) to 10 (excellent).
- Results in the chart above show that most participants gave mid-range scores. The average rating was 5.5 and the performance score, which is the proportion who rated its reputation as 7 or more out of 10, was 35%.
- Most participants gave low to mid-range ratings because of limited interactions with Endeavour Energy to date and some questioned whether they were in fact even a customer of Endeavour Energy.
- The following slides provide detail on what participants thought Endeavour Energy could focus on to become a more customer focused organisation.

Q. How would you rate the Endeavour Energy's customer focus on a scale where 0 means you think it has a very poor reputation and 10 means you think it has an excellent reputation?

Base: All who responded (n=74)

** **Performance score** = % of participants who gave a rating of 7 or more out of 10 (excluding 'don't knows').*

HOW CAN ENDEAVOUR ENERGY BECOME MORE CUSTOMER FOCUSSED?

CUSTOMERS ARE LOOKING FOR MORE PROACTIVE COMMUNICATIONS ON WHAT ITS ROLE IS AND HOW IT CAN ASSIST THEM

Participants were shown a short video and fact sheet about Endeavour Energy and a graphic that set out customer touchpoints. They were then asked what Endeavour Energy could do to become more customer focussed. The table below analyses their suggestions and presents them in descending order of importance.

Issue	Why it is important to customers	Areas for improvement
Information about Endeavour Energy	All participants quickly understood that it was difficult for them to express an opinion about Endeavour Energy and its level of customer focus based on their existing levels of knowledge about the organisation.	• Participants strongly felt that improved communication about Endeavour Energy's roles and responsibilities was essential in underpinning an improved reputation and that it should focus on providing practical information for customers about situations in which they should call Endeavour Energy or seek information from its website. • Importantly, information about the breadth of Endeavour Energy's role generated substantial credibility and served to improve perceptions of the organisation, with participants suggesting it would make them more likely to trust Endeavour as the 'experts on the grid' (particularly in comparison to retailers as they now understood their role was quite limited).
Information they can use	Linked to the point above, participants were keen to see Endeavour Energy provide them with information they would find particularly useful. These related to the energy issues they are most interested in, as identified earlier in the report.	The 'sweet spots' participants identified included: • Provision of timely information on unplanned outages; • Practical information on ways in which consumers could save money by taking advantage of smart meters and time-of-use pricing and any other cost-reflective pricing tariffs, energy efficient appliances, solar panels and battery storage. They were keen to access this information via a website and suggested YouTube videos would be useful. There was some interest in a 'help line' and to a lesser degree, a 'bricks and mortar' information centre (as issues would be quite infrequent). The face-to-face option was more popular among vulnerable consumers; and • Who to call to report an issue with a street light (lower priority).

HOW CAN ENDEAVOUR ENERGY BECOME MORE CUSTOMER FOCUSSED?

PARTICIPANTS WANT TO SEE ENDEAVOUR REDUCE ITS COSTS AND ESTABLISHING ITSELF AS THE GO-TO IN THE EVENT OF AN OUTAGE

Issue	Why it is important to customers	Areas for improvement
Improve overall efficiency to reduce costs	Participants agreed that Endeavour Energy should be doing all it can to improve its efficiency and reduce costs – but found it very difficult to identify any efficiencies themselves based on their limited knowledge of the business. They did not respond positively to any compromises that would lead to lower reliability, responsiveness or safety than they currently experience.	Participants' specific suggestions for improved efficiency to reduce costs were limited to: • Faster roll-out of smart meters to reduce need to check meters in person; • Putting powerlines underground to reduce reliability issues related to trees falling on powerlines; and • Reducing its profitability.
Unexpected outages	Participants understood that the most frequent type of interaction with the organisation (even if they were not aware of it) would be to seek information on whether an outage had been reported and the time in which it would be fixed. Most reported getting this information by checking social media or searching on Google, with some calling their retailer and a few calling Endeavour Energy. One or two mentioned they had downloaded the Endeavour Energy app – they said they had deleted it later as outages are not that frequent.	• While noting the variety of channels being used to access this information and lack of clarity about 'ownership', most did not report any issues getting it in a timely manner. • Still, they suggested that Endeavour Energy could perhaps consider some further improvements in this area by raising awareness that it is the 'go-to' organisation in this situation. • Some suggested it could develop an app and were surprised to know this already existed. When this issue was explored further most admitted it is unlikely they would download it as they need it so seldom and they can easily get the information they need in other ways. • Others thought an SMS alert, similar to ones received when there are bushfires, would be useful. • A few commented that it would be helpful to have greater certainty about the likely length of an outage and that Endeavour Energy could perhaps do more to keep people updated on progress.

HOW CAN ENDEAVOUR ENERGY BECOME MORE CUSTOMER FOCUSSED?

FACILITATING RENEWABLES, EDUCATION ON SMART METERS AND IMPROVING COMMUNICATIONS ON PLANNED OUTAGES WERE SUGGESTED

Issue	Why it is important to customers	Areas for improvement
Facilitate renewables	Participants have a strong interest in Australia generating more electricity via renewables – both because it is better for the environment and because household systems could help them save money on their bills.	• Participants would like to see Endeavour contribute towards the use of more renewables to generate electricity in whatever ways it it can. They support its involvement in technology trials. A few wanted to see it play a more active role in the policy space, for example lobby the government to increase the solar feed-in tariff. • Participants expect Endeavour to make whatever investments are necessary to ensure customers can install solar panels and battery systems and be able to sell excess electricity back into the grid. • Participants see Endeavour as credible neutral party who they would trust to provide information on installing solar panels and battery systems.
Smart meters	Participants are very interested in smart meters because of the way they enable them to make more informed decisions about their electricity issues and save money via changing their consumption behaviour.	• While participants were told that Endeavour reads meters and is not responsible for installing smart meters, many still felt it would be a good source of information on how to get smart meters and how to take advantage of time of use pricing. • Some said it would be helpful if Endeavour could do a short YouTube video explaining how they can read their own meter to help avoid issues with estimated readings.
Communications around planned outages	Customers value the ability to plan around outages. A couple reported extended delays in reconnecting power due to planned outages and felt maintenance teams were unprepared when they arrived to carry out works. Others noted that planned outages were not always carried out at the notified times.	• The new design of planned outage notification was considered an improvement because it was more eye-catching and had a clearer date for action. However, some noted that it could easily be mistaken for an advertising leaflet, and that it did not look official. Suggestions were to address the notice like a letter, personalising it, or leaving it at the door, “like a card from the post office”. • When asked, all groups expressed a preference for the design of the new outage notification form. • While we understand Endeavour does not have access to customer emails, some suggested receiving an email would be also be effective.

HOW CAN ENDEAVOUR ENERGY BECOME MORE CUSTOMER FOCUSSED?

FOCUS ON THE QUALITY OF TREE-TRIMMING, NOT THE FREQUENCY AND EXPLAIN WHY UNDERGROUNDING POWER LINES IS NOT A PRIORITY

Issue	Why it is important to customers	Areas for improvement
Tree-trimming	Tree-trimming was not raised as a widespread issue amongst participants but a very small proportion of people felt passionate about it. Most felt safety was more important than visual amenity, particularly in Katoomba.	• We asked participants if they would be interested in increasing the frequency of tree-trimming for an increased cost. Virtually no one supported this and instead some suggested less frequent but more aggressive tree-trimming to save on costs. • Some noted that tree trimming must be done by experts as several mentioned seeing trees cut in ways that made them grow directly into the power lines. • A couple had heard that there would be foaming placed around lines to prevent future reliability issues and wondered what this would look like. • Some questioned whether the trees or the power lines came first and when prompted, there was some support for transplanting trees to the opposite side of the street. • In most groups discussion turned to undergrounding cables in established areas however it is clear that there was no real understanding of its expense and the difference it would make to customers bills. • A couple of participants suggested the concept of user-pays tree trimming, with some believing the cost should be borne by the property owner (when trees aren't located on council land).
Undergrounding power lines	Customers place high value on safety and care about the visual amenity of their neighbourhood.	• Participants suggested Endeavour explain to customers how much it would cost and consider prioritising areas where there are safety issues, i.e. bush fires

EXPECTATIONS OF ENDEAVOUR ENERGY

IN THEIR WORDS

I had to put in a complaint and I found that, between Endeavour and our retailer - I don't even know who it is at the moment - but they were would just pass the buck the whole time. So no-one would even, like, actually sort out my issue. I just kept going between - in between them both. You know what I mean? One would say, "Oh, no. You need to contact the distributor." The other one would go, "No. You need to contact the retailer." I found that really frustrating.

- Vulnerable Customers, Camden

I think they need to just get out there because, when you have a power outage and you don't know who to call. If they'd make a TV ad or something along the lines of a Yellow Page ad where they explain, "this is who you contact". Or maybe collaboration between them and the retailer where there's a mandatory spot on your bill that says "faults and issues", you need to call Endeavour Energy. So everyone knows where to direct their inquiry, that way there's continuity.

- General Community, Wollongong

When I scored their customer focus I put a three because I didn't know about them so obviously they're not very customer focused.

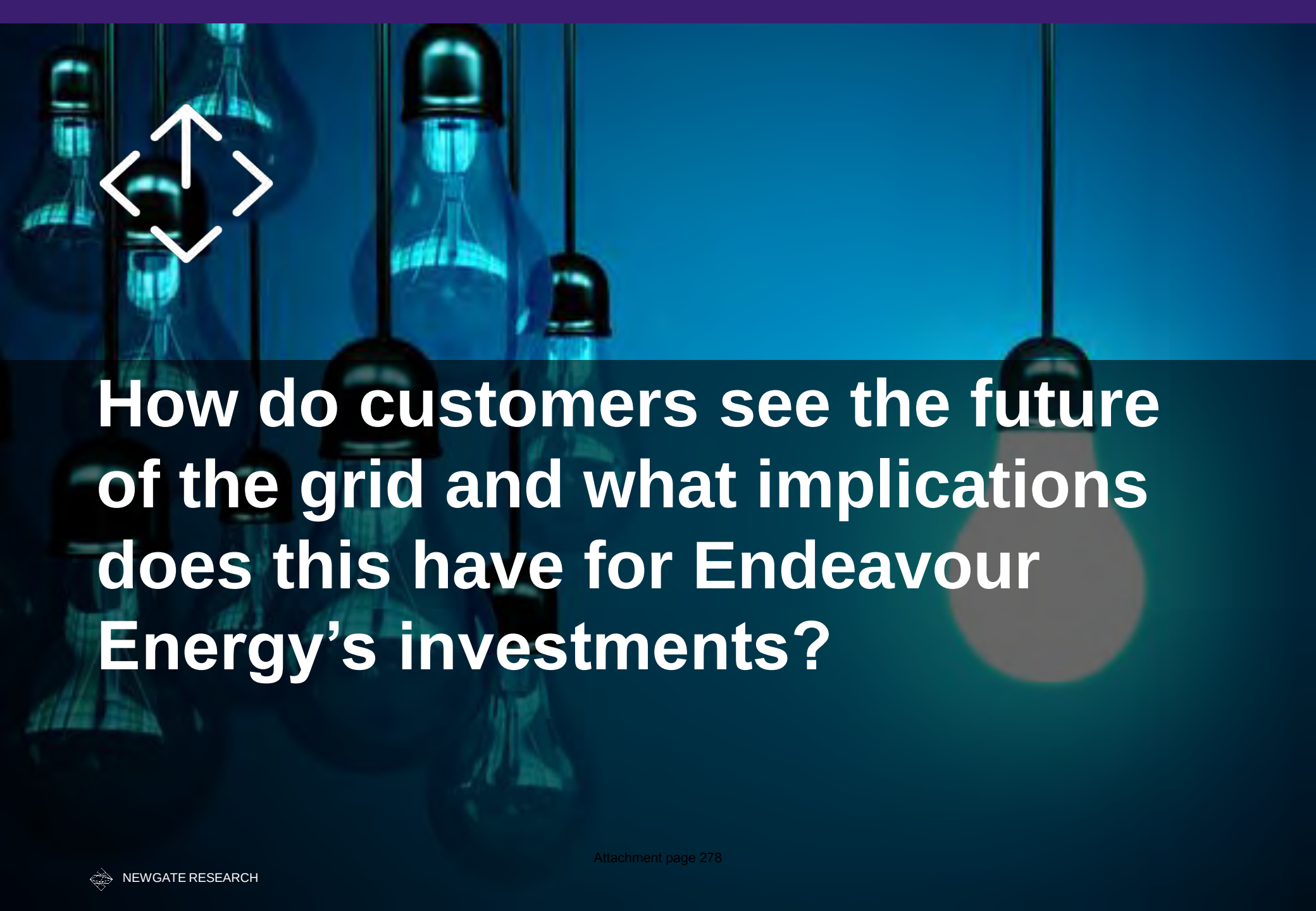
- Vulnerable Customers, Katoomba

They're saying they've got, like, 316,000 of these green boxes around New South Wales. Can they not advertise on those? Can they not put a sticker on there with their number, the app that you can go onto to download.

– General Community, Wollongong

They have to get more involved, they've got to get more involved in the people that they are servicing, come and talk to them. It is all well and good for us to come and talk in these groups and tell you what we think they should be doing, but maybe they should be picking areas and going to those areas and knocking on doors and getting people to tell them face to face what their problems are and hearing it from them.

- General Community, Bella Vista



How do customers see the future of the grid and what implications does this have for Endeavour Energy's investments?

FUTURE SCENARIOS

OPINIONS WERE DIVIDED ON THE MOST LIKELY SCENARIO HOWEVER THE CUSTOMER CENTRIC AND RENEWABLES SCENARIOS WERE MOST APPEALING

Participants were given information on four scenarios for the future of the grid outlined in the Electricity Network Transformation Roadmap which was developed by the Energy Networks Association (ENA) in conjunction with the CSIRO. Descriptions of each can be found in Appendix 2. They were then asked which scenario they thought was most likely to happen based on their own preferences. Many found the four scenarios quite difficult to understand and perceived them as mutually inclusive.

Scenario 1: Set and Forget
This scenario was considered moderately likely to happen for two key reasons: firstly, because they felt most consumers aren't interested in actively thinking about their energy usage and; secondly, renters, people who live in apartments and vulnerable consumers would not have as many choices available to them.

Scenario 2: Rise of the prosumer
Many saw the rise of the prosumer as part of the future but most felt that only a small proportion would fit into this category as it requires active involvement. This option was described as "fair" because it provides consumers with more choice. Participants liked that it offered a potential source of secondary income. A few noted, however that this scenario requires further scoping for renters and vulnerable consumers since it was felt that renters would be unlikely to respond to pricing signals depending on their rental arrangements.

Scenario 3: Leaving the grid
There was widespread concern that this scenario relinquishes "too much" control onto the consumer and was broadly considered to be "unrealistic" and "not economical", with guesses it would cost tens of thousands of dollars. Some thought this scenario was likely but it was tempered by a fear that reduced solar feed-in tariffs mean installation may become less attractive. Many also questioned how often batteries would need to be replaced. Others noted that Endeavour Energy would become redundant within this scenario and a number raised concerns regarding job cuts and the impact on the economy. A few participants found the idea of becoming "self sufficient" appealing but noted they would ultimately like to stay connected to the grid as a backup.

Scenario 4: Renewables thrive
Most found this scenario appealing and moderately likely. Renters are particularly open to the idea of centralised renewables for cost saving and environmental benefits since it does not require owning solar and battery storage systems. It was generally felt that large-scale renewable projects like wind and wave farms were already in development and that the government should continue its trajectory towards formulating policies and incentives that support a renewables focus. However, there was also a view that a 100% renewable target is neither ideal nor realistic and that future needs would be best met by a hybrid approach.

RESPONSE TO OPTIONS FOR FUTURE NETWORK INVESTMENT

TRANSFORMING THE GRID TO A TWO-WAY PLATFORM WAS MOST POPULAR DIRECTION TO TAKE IN THE SHORT TERM

Participants were given three high-level choices related to new technologies and future trends to help inform decision-making on the future investments. Each represent different points on a continuum. Responses to each of the scenarios are outlined below.

CONTINUE TO FOCUS INVESTMENT IN POLES AND WIRES	FACILITATE INCREASED HOUSEHOLD SOLAR AND BATTERY STORAGE	INVEST IN LARGE-SCALE BATTERY STORAGE SOLUTIONS AND MICROGRIDS
◆ Participants understood that the grid of the future requires some flexibility and that Endeavour Energy's business would gradually shift away a focus on traditional poles and wires as consumers demanded more control and choice. ◆ Despite this, continued investment in existing infrastructure was seen as important in maintaining reliability while new initiatives are trialled. ◆ A minority were concerned that moving away from a focus on poles and wires would see a complete overhaul of the existing infrastructure, the costs of which would likely be passed onto customers.	◆ Across all segments, there was strong support for Endeavour Energy making what ever investments are required to facilitate household solar and battery uptake over the next five years. ◆ This option was described as a "win-win" because it helps reduces bill cost, the government wins and Endeavour wins and it is not as expensive". ◆ Participants liked that consumers would be able to control their usage and a few noted that it could improve resale value on their homes. ◆ Many felt that the industry was already heading in this direction and support was driven by the potential for excess supply to be utilised. However, some questions were raised regarding the safety and cost of battery storage, in addition to the environmental implications of battery disposal. ◆ Others noted that solar is no longer as attractive as it once was and there would need to be greater incentives for individuals to participate.	◆ When asked about whether Endeavour Energy should invest in large-scale battery storage solutions and micro-grids, support was mixed. ◆ It was considered most appealing by early adopters due to its potential to save pressure on the grid. Renters also liked it because it didn't require them to purchase equipment themselves. ◆ Consumers saw Option 3 as "more of a 20-year prospect", but were broadly supportive of investment in trials within smaller communities and further investigating the implications of this scenario on the network during the next five years. They were interested in seeing transportable battery storage systems based on need. Others wanted more information about the impacts of this option on communities, such as safety, environmental and visual implications. ◆ A lack of understanding regarding large scale batteries and microgrids raised a number of questions for participants to feel confident voting for this option. These included: How long do batteries last? How much land would it need? What is a microgrid?

Consumer preferences in relation to cost reflective pricing

INTRODUCTION TO COST-REFLECTIVE PRICING

Participants were shown a short infographic video developed by Queensland University of Technology that explained time-of-use pricing and then provided with further detail outlined below, including why it is needed.

Most customers are now paying a flat rate for their electricity no matter when it is used but time-of-use pricing would mean that electricity is more expensive at some times of the day compared to others. By using price signals, it would encourage customers to use more electricity in off-peak times and less in peak times.

If customers respond to price signals then this would result in lower costs for customers because additional network investments could be avoided.

At the moment, Endeavour Energy builds infrastructure to ensure that people can use electricity at peak times without experiencing a power outage; for example, making sure they can use their air conditioning on really hot days. So, as the video explained, to help the infrastructure cope with high demand times, Endeavour Energy has designed a demand tariff that would charge customers more for using electricity at high demand times and less and low demand times. This would mean that those who are able to change the time at which they use electricity, particularly during high demand times can pay less and save money.

RESPONSE TO COST-REFLECTIVE PRICING

MOST THOUGHT IT WAS A GOOD IDEA IN PRINCIPLE, PARTICULARLY ONCE THE RATIONALE WAS UNDERSTOOD

- There was some awareness of time-of-use pricing in principle in the context of different charges for using electricity in peak and off-peak periods and so customers were generally accepting of the concept. Note however many were surprised to realise they only had an off-peak hot water system.
- When participants came to understand the rationale and benefits of cost reflective pricing (i.e. that it could mean less investment in the network and lower bills), acceptance grew further. However it is important to note that many found the issues involved very complex and difficult to understand. They wanted to see modelling to show the likely impact on their bill before expressing a firm opinion.
- Those who liked the concept the most appreciated the increased control and choice available to consumers, as well as the potential cost savings they could get if they changed their behaviour.
- The concept was met with indifference by many who felt that regardless of the incentive, they would not be willing to compromise on convenience or keeping cool during summer. These tended to be larger households with children or full-time workers with one saying "I can't really turn around to my boss and say 'oh I'm just going to duck home for an hour and do the washing because my electricity is cheaper now."
- Some SMEs felt that they would not be able to respond to price signals due to the nature of their business, for example, restaurants, motels or hairdressers who had no choice but to run air-conditioning to keep customers cool.
- Specific issues, questions and concerns raised by participants that should be addressed in the deliberative phase are set out below.

Issues raised	Questions / Concerns
Unfairly penalises vulnerable customers	Will they be able to afford timed appliances? How can people who rely on electricity to power medical equipment respond to price signals?
Frequency of price signals	Are peak and off peak rates dynamic, i.e.: do they change day to day based on demand? How will I know when the peak and off peak times are? How much higher will the cost be during peak times? And how much lower during off peak times?
Low knowledge levels	What information will be provided to help me control my usage? How exactly will it impact my bill? Will I need a smart meter?

> Once you know the peak, the off peak and the shoulder, you control it. So you can time certain things at certain points. When it's a flat rate, you don't have control over it, the company has the control.
>
> – Innovators and Early Adopters, Parramatta

RESPONSE TO DEFAULTING CUSTOMERS TO TIME OF USE PRICING

NO STRONG VIEWS EITHER WAY BUT CUSTOMERS ARE VERY INTERESTED IN FINDING OUT MORE ABOUT THE BENEFITS SMART METERS CAN DELIVER

- From December 1 2017, under changes introduced by the AER, all new electricity meters in NSW will be smart meters. Participants were asked what they thought about Endeavour Energy's proposed approach to default all new customers or existing customers who want to make changes to their home's supply to a Time of Use tariff, noting they would be allowed to opt-out.
- There was moderate support for this approach, particularly among those who understood the rationale and benefits of time-of-use pricing.
- Participants liked that the frequency of data collected by the smart meter meant their bills would be more reflective of their household's actual usage. A small minority who were already quite negative towards energy companies were more sceptical of smart meter introduction and felt that increased data were simply another way to "sting" customers.
- Energy literate participants were keen to be able to make decisions on opting in and out of time-of-use pricing on a quarterly or even monthly basis.
- In every group, there was a very high level of interest to find out more about smart meters, in particular how else they could assist customers make more informed choices on how to use energy and eventually save money, where to get them from and how much they cost.
- Many highlighted that clear, straight-forward communications (with no 'spin') would be critical as smart meters are rolled out in NSW to give consumers confidence that they will benefit from efforts to change their energy usage. A couple also felt it would be important to address lingering concerns about whether smart meters had a negative impact on health.

> The reason I like smart meters is because this gives me control over my usage and I can benefit from it by shifting my usage. Of course I can't shift everything, but whatever I can I would. That brings me savings.
>
> - General Community, Camden

> My gut is telling me that if it picks up that your entire household is using more power at a certain time, i.e. at 8pm when everyone is home, that your power bill is just going to soar. That is what my gut is telling me.
>
> - General Community, Camden

SEASONAL TIME OF USE PRICING

GENERALLY LOW SUPPORT BECAUSE AS IT REDUCES CONSUMER CONTROL AND ABILITY TO PLAN AND BUDGET

- Participants were also asked what they thought about a seasonal time of use pricing option whereby prices would be higher during high demand seasons in summer and winter and lower in autumn and spring, reflecting the costs of supplying it.
- Initially some participants were comfortable with the concept as it made sense that costs are higher in summer and winter as they use more energy then - but when they thought about it more they were confused on why it would cost more to supply electricity at these times of the year.
- Without a clear modelling to show likely impacts, overall support was low for the following reasons:
  - Customers would be charged a higher rate during their highest consumption times, meaning an increase in their annual electricity bill;
  - Some in Katoomba felt it would lead to very high bills (for households and businesses) particularly during Winter.
  - Variability in prices throughout the year would make it more difficult to budget.
  - Those who were struggling financially (such as the elderly or the unemployed) would lose out as they may be forced to go without heating or cooling during the seasons when they needed it most.
  - It would also be harder to communicate and achieve sustainable time of use behaviour change if it was not year around.
- A small minority said they would like to take advantage of lower costs during winter because they could cope without heating.

> You sort of get the double effect if your rates are higher and you're using more. It's not as if you can defer electricity to autumn. On the time of day you can say I'll start my washing machine at that time, but you can't say I'm not going to wash clothes till spring.
>
> - General Community, Parramatta

> You're not going to save anything. It's a catch 22, you're going to be back where you started.
>
> - SMEs, Parramatta

SMS NOTIFICATION OF UPCOMING PEAK DEMAND

OPINIONS WERE MIXED – SOME ARE NOT INTERESTED IN COMPROMISING ON COMFORT

- Participants were also asked in principle how they would respond to an SMS that asked them to reduce their energy usage during an upcoming particularly high demand period, for example on the top ten hottest days of the year, to reduce the load on the grid and avoid a blackout.
- Opinions were generally mixed on whether it would be effective and what the likely price impacts would be on people who did and did not change their behaviour. Again, many found it difficult to understand the rationale. It needs to be explored further in the deliberative forums.
- Those who thought it would be effective in changing their behaviour liked that it would make them more conscious of their energy usage. Some noted that warnings on the news of potential power shortages during last summer had prompted them to turn off their air-conditioning or spend some time in air-conditioned shopping centres to avoid outages.
- Some customers said they would need an incentive, potentially a discount on their bill for them to consider responding. Others thought a discount of $10-20 would not be worth compromising on comfort.
- Some felt it was unfair to ask people who use energy conservatively throughout the year to reduce their usage on the days they want to use it.

Issues raised	Questions / Concerns
Unfairly penalises vulnerable customers	Will those who can least afford it be forced to switch off their appliances and suffer during extreme weather?
How do we reduce usage?	There is low awareness of how to reduce usage, do we need to 'switch off' appliances entirely?
Issue is framed in terms of the grid, not the community	Who am I helping out if I reduce my usage? Is it just the grid or other consumers, for example those who rely on medical equipment?

I feel like if you are doing the right thing for the whole year so you make an effort to control your peak usage then there are expectations on four days a year or whatever it is that you shouldn't have to worry about. That is what we are paying for I think.

- General Community, Bella Vista

I personally would be really really pissed off. We've got a cooling only air con while all these people are sitting there cranking their air con up to warm in winter, we're paying for firewood. So I would be really pissed off if I was penalised for using a cooling only.

- General Community, Camden

Final advice from customers to Endeavour Energy

FINAL ADVICE TO ENDEAVOUR ENERGY

CUSTOMERS WANT TO SEE PROACTIVE INVESTMENT IN NEW TECHNOLOGY TRIALS, FURTHER INVESTIGATION OF MICROGRIDS AND THE INTRODUCTION OF PRICE SIGNALS FOLLOWING APPROPRIATE CONSULTATION

At the end of the groups, we asked participants what final advice they would give Endeavour Energy on how it consults customers or the issues it should be focusing on. Key themes in responses are outlined below in broadly descending order of importance.

- **Proactively invest in new technology trials and anything that will promote greater use of renewables:** Many were keen to see greater collaboration between Endeavour Energy and retailers on providing attractive solar/battery packages and credible information.
- **Introduce price signals:** but only after proper consultation that includes a more detailed explanation and modelling of price impacts of different tariff structures for different type of customers - they found it difficult to express a firm opinion without this information.
- **Use existing channels of communication:** to tell customers about what Endeavour Energy does and when to contact them e.g. information on meter boxes and substations. They are also keen for Endeavour to communicate how they can benefit from smart meters.
- **Continue consulting with customers:** to inform its future strategy.
- **Focus on your core business:** which was seen as maintaining a reliable electricity supply with minimal interruptions.
- **Give back to the community:** A few thought this could be achieved through running energy efficiency programs at schools.

Be transparent when it comes to where the tariffs are going. Ensure enough data is taken before making any decision

- SMEs, Katoomba

Remember to always involve the customer and user. You are here because of us.

- Vulnerable Customers, Katoomba

Bring costs and fees down, give the customer different tariffs and control of his or her daily usage.

- Innovators and Early Adopters, Parramatta

Advertise who you are! Provide stickers on meter boxes to call if a problem occurs.

- SMEs, Parramatta

FINAL ADVICE FOR ENDEAVOUR ENERGY

IN THEIR WORDS

Focus on the core of your business; capacity of supply, reliability of supply, being responsive when things go wrong, minimising the impact of planned work, and innovating to reduce costs.

- Early Adopters, Parramatta

Educating customers on what they actually supply, what they actually do. My big thing would be educating customers on smart metering and getting them to install them. That has got to be the biggest cost saving factor for a business or a household. If you can shift your usage, which domestic can without any problem, businesses can certainly try if they know they're going to save money.

- SMEs, Parramatta

Provide better education for the end user on power saving. Invest in new technologies to help manage power costs and invest in future proofing the network to allow for those new technologies. Then actively market the initiatives you are undertaking.

- SMEs, Parramatta

Focus on providing affordable, sustainable household power and help people to be self-sufficient. Consult with retailers and customers combined in relation to an issue. When you present an issue, you need to quantify suggestions with figures rather than just saying "save lots".

- General Community, Bella Vista

Invest in renewables and batteries - keep testing and improving. Be transparent when it comes to where the tariffs are going. Ensure enough data is taken before making any decision. Educate users about where the electricity comes from, how to best use it, and where improvements can be made.

- SMEs, Katoomba

APPENDIX 1

Discussion Guide

NEWGATE RESEARCH

NEWGATE

Endeavour Energy Residential and SME Research

Guide for Customer Focus Groups (NGR 1608002)

Updated - Wednesday, 24th May 2017

The following discussion guide is designed to assist the facilitator explore and understand community expectations of Endeavour Energy's services, prices and associated consultation and engagement activities, to guide the development of the organisation's 2018 Regulatory Proposal, as well as its longer-term customer strategy. The questions are provided as a guide and will not necessarily be asked verbatim. Not all questions will necessarily be asked, and participants may raise additional topics for discussion. Probing questions will be asked as required and as time permits.

Introductions
10 mins

Objectives: Set the ground rules for the discussion, make participants feel comfortable to share their opinions and let them know that their opinions are valued. Where relevant, moderator to introduce Endeavour Energy observers in the room by first name only

- Welcome everyone and thank you for coming along to tonight's discussion. My name is *[Introduce self, note-taker]* and we work for Newgate Research - an independent market and social research company.
- Today's discussion is about issues to do with electricity services for households and businesses in the area. We are doing several discussions like these in different parts of NSW as part of a broader public consultation process. The name of the client will become apparent as we get into the discussion and at the end of the group we'd be happy to explain how the findings will be used in more detail.
- The session will go for two hours and we have a lot to get through so if I do need to cut the conversation short at any stage please don't be offended, it just means that we need to move on so we finish on time.
- This is an open discussion and there are no right or wrong responses. Our purpose is to understand your opinions, needs and expectations. Saying 'I don't know' is perfectly acceptable.
- There's only two ways this group can go wrong, and that's if you talk the entire time or not at all. I really do need to hear from each and every one of you.
- Be respectful of others and share the 'air time' fairly – expect that there might be some differences of opinion.
- Newgate Research is a member of the market research industry associations and operates under very strict privacy laws. This means your participation is confidential and no participants will be identified in our report.
- We will make a recording of this discussion, just in case we don't catch everything in our notes. The recording will not be provided to any third parties.
- Please turn your mobile phones to silent and help yourself to food and drinks.
- Let's start by going around the table and **introducing ourselves**.
    - **Residential customers:** Please share your first name, what area you live in, how long you've lived there, whether you rent or own your premises, whether you live with other people, and what you do during the day. If you're retired, what sort of work you used to do. Please also tell us whether you would describe yourself as a low, medium or high energy user and the reasons for that.
    - **SME customers:** If you're here as a business owner or manager, tell us a bit about your business including its location, type of business, number of employees, how long you've been operating, whether you lease or own the premises, your role in the business. … Please tell us whether you would describe yourself as a low, medium or high energy user and the reasons for that. And you've been invited here to share your views as a business owner or manager so please keep your business hat on for tonight.

Knowledge and awareness and What's Important
10 mins

Warm-up. Explore unprompted attitudes towards electricity and listen out for what's important to customers and what they value. Exploring reliability and responsiveness upfront allows us to get an unprompted read on perceptions and help us to understand if it is a top of mind issue.

1. Unprompted Attitudes towards Electricity: I'd like to start off broadly by asking you to do a quick exercise to find out what comes to mind when you think about electricity. On your worksheet, please jot down a few thoughts and we will then discuss your responses.

- What comes to mind when you think about electricity? *Explore responses and issues*.
- What do you care about most relating to electricity?
- What do you value about electricity?

2. Topical Energy Issues: Is there anything else going on in relation to electricity at the moment? Anything in the news about projects, topics or issues you're aware of? *Explore responses and any issues of particular importance.*

3. Reliability and Responsiveness: Overall, how reliable is the electricity supply to your home/business? Do you have any or many interruptions?

- Have you ever experienced any problems in the area to do with electricity services? *Briefly explore experiences*.
- How many blackouts have you had in last year? When was the last blackout that you remember? *Explore:* Is this acceptable? How often would be acceptable to you?
- How long do they usually last – on average? *Explore:* Is this acceptable? How long would be acceptable?
- How many of those outages are planned and how many are unplanned electricity supply interruptions? Does whether they're planned or unplanned affect their acceptability to you?

Knowledge and Perceptions of Endeavour Energy 5 – 7 mins

This is a short listening exercise to understand:

- *Existing knowledge levels: These questions are asked upfront to get a true read on knowledge levels before we provide information. This will help to understand if there are any areas of confusion that will need to be taken into account during the deliberative phase of the research as well as in future communications.*
- *Perceptions of Endeavour Energy: This provides participants with an opportunity to say what they think the organisation does well and not as well and will inform subsequent discussion about Endeavour becoming more customer focussed*

4. Knowledge of Supply Chain: Next I'd like to briefly get a sense of your understanding of the electricity supply system. Can I please get a show of hands who thinks they know a lot, a moderate amount, a little, or nothing at all?

- Can anyone tell me how electricity gets to your home, for example, what is the first step?
- *[Moderator to draw up the diagram of four stages]* What proportion of your bill would you expect to come from generation, transmission, distribution vs retail?

5. Knowledge and Perceptions of Endeavour Energy: Have you heard of Endeavour Energy? We will be focusing on Endeavour Energy for the rest of the discussion.

- Put your hand up to let me know if you feel you know a lot about Endeavour Energy, a moderate amount, a little bit or virtually nothing at all about them? Where do you think they fit in the supply chain?
- *[Hand out booklet]* Before we get talking about Endeavour Energy, here's a booklet that we will use for the remainder of the discussion. On the first page, there are two ratings questions that I'd like you to fill out on your own. It asks about Endeavour Energy's overall reputation and customer focus. When you rate its overall reputation, I want you to focus on everything you've seen, heard or read about it.
- Let's quickly explore the things you know or think Endeavour Energy does. *Write/add to list on board. Start with those who know the least. Probe for roles, responsibilities and touchpoints*.

- What rating did you give for its overall reputation? What do you think Endeavour Energy does well? What do they not do so well? *Write/add to list on board*

Expectations of Endeavour Energy's Customer Focus as the Network changes
20-25 mins

Assess reactions to information about Endeavour Energy (including whether perceptions change as a result of information), understand how participant behaviour will shape Endeavour Energy's future plans and explore expectations of Endeavour Energy as the network changes.

6. Who is Endeavour Energy (Workbook Section 1, 2, 3): I'm now going to show you a video on electricity networks and then ask you to read some information on what Endeavour Energy does. *[Show video – Endeavour Energy – moderator to point out that as part of being a customer focused distributor, it is asking customers what their priorities should be for the coming years]*

I'd now like you to read through Sections 1, 2 and 3 of the information book and put a tick by anything you like or find interesting, a X next to anything you dislike or find concerning and a question mark next to anything you have questions about. Once you've finished reading we will come together as a group to discuss.

- Discuss: What did you find most interesting? Concerning? What were your questions about this information?

8. New energy technologies: *[Hand out worksheet 2]* Could you please fill in this worksheet to answer a question on new energy technologies including solar, home batteries and electric vehicles.

- Does anybody have any of these technologies?
- Why or why not did you invest in these technologies? *Probe motivations - reduce energy cost, environmental/ sustainability reasons, to 'get off the grid' or 'sell to the grid', etc.*
- What kept you from investing in energy efficient equipment? *Probe, lack of interest, too expensive, too much time to research. Probe solar and batteries*
- What were/ are the main barriers for investing in solar power?
- What were/ are the main barriers for investing in battery systems?
- What role do you think electricity networks should play in renewable energy sources, battery storage, new emerging technologies and the clean energy future?

7. Your network is changing (Workbook Section 4): There are lots of changes happening in the way electricity is provided and used at the moment that will change

the way Endeavour Energy operates the network in the future. Please have a look at Section 4 of your information booklet entitled 'The Network Is Changing' which highlights some of these changes. As you read, place a tick against anything you liked or found interesting, place a X on anything you disliked or found concerning.

- Discuss: What did you find most interesting? Concerning? What were your questions about this information?
- Does it make you think differently about anything we have discussed before?

Future scenarios **10 mins**

Understand the reasons why customers see some scenarios more likely than others. Knowing which scenario customers prefer will help inform Endeavour's CAPEX decisions.

10. Future scenarios: As we have said, much of what Endeavour Energy decides to do, including how it spends money and sets prices and service levels, will depend on customer preferences. If you have a look at Section 5 in your workbooks, as you can see there are 4 different scenarios for the future of the network and the implications each would have on customers.

I want you to rank the scenarios from 1 – 4, with 1 being the scenario you think is most likely to happen and 4 being the least likely. *Discuss reasons for ranking, focus on which scenario participants see themselves in the next 5 years, 10 years and why*.

- Keeping these scenarios in mind, should Endeavour Energy focus on growing its permanent poles and wires network or work with customers on temporary flexible demand management solutions?
- In these scenarios, what role would you like to see Endeavour Energy play in each? *[Explore whether customers would like to work with EE or, for example, their retailer]*

9. Expectations: As you now know, network businesses like Endeavour Energy have an obligation to have the long-term interests of its customers reflected in its plans for the future, including what it plans to spend money on and the prices it will charge.

- Considering what Endeavour Energy does, what do you think should they focus on? In the short-term? And in the long-term? *[Probe for how customers would define sort and long-term]*
- Can you go back to your workbook to see if you think it's customer-focused? Get ratings and briefly discuss why or why not
- What do you think a customer focused network business of the future would look like?

Customer Touchpoints 10 mins

Explore perceptions of customer touchpoints with Endeavour Energy now and each of these could be made more customer focussed in the future

11. Touchpoints: *[Hand out Worksheet 3]* Please have a look at this graphic with touchpoints where customers sometimes come into contact with Endeavour Energy.

DIRECT TOUCH POINTS: ringing to report an outage, construction of a new substation in their area, communicating planned outages (including communications to customers who rely on medical equipment), unplanned outages, connection and disconnection, tree-trimming etc.
INDIRECT TOUCH POINTS: Receiving a bill from a retailer, actual electricity supply.

Take a look at these points and then we will discuss your own experiences to date at these touchpoints and ways you think each touchpoint could be improved. *[For planned outages and works notifications in particular, ask if participants have received or seen a notification that there is a planned outage in their area and what they recall about it, whether the information is useful. Explore ideas for each, write on board.]*

- Which of these improvements would you expect in the shorter term e.g. next two years, next five years, ten years? Which should they focus on first and which can be done over time?
- *Specific probe:* What do you think about the planned interruptions notification letter?

Specific Trade-offs 20 mins

Get high level, in-principle feedback from customers on some specific scenarios for Endeavour Energy to use when developing options to present at deliberative forums.

We'll explore some specific ideas Endeavour Energy is considering for its 5 year plan now…

12. Approach to Cost Reduction: Endeavour Energy is going through a process of reflecting on how it can work to provide a safe and reliable supply of electricity while trying to find ways to be more efficient and ultimately reduce its costs and charges to customers. In doing this, it needs to keep the long-term interests of customers in mind.

- Can you think of any activities or ways in which Endeavour Energy could do things to become more efficient or reduce prices?
- Are there any services would you be prepared to pay more for? This could include some of the services we discussed earlier?
- There are several trade-offs that can be made to how Endeavour Energy operates that would reduce the cost. Safety and profitability (because it is a regulated business) aren't negotiables, but some options could include: reducing reliability, response times or the services offered.
    - What, if anything, would you be prepared to receive decreased service on in order to pay less?
    - I've said safety is a non-negotiable, but do you agree with that?

13. Reliability: If you turn to Section 7 in your booklet, there is some information in there about Endeavour Energy's current reliability levels. At the moment the average EE customer experiences one outage a year that lasts for an average of 80 minutes. What do you think about this?

Something EE could do to change cost and service would be to increase its service levels to reduce the average number of outages customers experience for an increased charge, or it could do less maintenance and allow more outages as part of reducing costs to customers, or, it could keep the same reliability for around the same network charges overall. What do you think about this trade-off in principle? Would

you rather pay less and have less reliability or pay more for great reliability or would you prefer the status quo?

- Think back to the number of UNPLANNED outages you have in any average year (e.g. due to storms, trees falling down, animals striking the lines etc.).
    - *REDUCED OUTAGES:*
        - If the number of outages was to be reduced, how many would it have to be per year, in order for it to be worth paying more for?
        - And please write down how much you would be willing to pay for this improved service? Please write that number down just underneath the chart in your workbook.
    - *INCREASED OUTAGES:*
        - If the number of outages was to be increased, how many more outages per year would be acceptable? Please write that number down. And how much would expect to save?

14. Responsiveness: Similarly, the charges could be adjusted if the time it takes to reconnect the power after an unplanned outage is changed. This is linked to how many Endeavour Energy crews are on standby at any one time. What do you think of the idea of reduced prices in return for longer wait times for outages to be restored, or paying more for shorter wait times? *Explore unprompted, then explore potential savings for different wait times*.

- Think back to the average length of UNPLANNED outages you have in any average year.
    - *REDUCED OUTAGE TIMES:*
        - If the time it takes to restore your power was to be reduced, how much shorter would it have to be on average for it to be noticeable to you? Please write that number down.
        - And how much more you would be willing to pay for this improved service?
    - *INCREASED OUTAGE TIMES:*
        - If the time it takes to restore your power was to be increased, how much longer would it have to be on average for it to be noticeable to you? Please write that number down.
        - And how much you would expect to save if this were the case?
    - *MAINTAIN:*
        - Are you willing to maintain the same level of responsiveness so that for most people crews are located no longer than 30-40mins away?

15. Tree-trimming: Each year Endeavour Energy spends about $55 million on managing vegetation around the electricity network. About 85 per cent of Endeavour Energy's network is in bushfire prone areas that have strict tree trimming requirements to meet agreed industry standards.

- Some people say that Endeavour should trim trees more lightly more frequently – say every six months instead of every year. This would inevitably cost customers more. How important is the safety of the network in relation to the appearance of the street? Where should the balance between safety and amenity sit?
    - Would you pay more so that Endeavour trims trees more lightly more often? How much would you pay per quarterly bill?

Time of Use Pricing and Tariffs	15 mins
As with earlier trade-offs, understand whether in principle, customers support cost reflective pricing models and explore responses to some specific options Endeavour Energy is proposing, including perceived 'winners' and 'losers. ' Where necessary we explore what additional information they feel they would need to make a more informed decision so that information can be provided at the deliberative forums.	

16. Time of Use Pricing and Tariffs: Please refer to Section 8 of your information booklet. The way in which customers are using our network is changing. It has become more important to make sure that network prices provide signals that allow customers to make informed choices about how and when to use the network based on the costs of providing the services they use.

If customers respond to price signals then this would result in lower costs for customers because additional network investments could be avoided. I'll show you a video that explains a bit more about this now. *[Show QUT Video on TOU pricing]*

At the moment, Endeavour Energy builds infrastructure to ensure that people can use electricity at peak times without experiencing a power outage; for example, making sure they can use their air conditioning on really hot days. So, as the video explained, to help the infrastructure cope with high demand times, Endeavour Energy has designed a demand tariff that would charge customers more for using electricity at high demand times and less and low demand times. This would mean that those who are able to change the time at which they use electricity, particularly during high demand times can pay less and save money.

- In principle, how do you feel about paying more at high demand times?
- How do you think this type of pricing would impact your electricity use personally?
- Do you think it would be possible for you to reduce the power you use or to move the time at which you use electricity to avoid higher peak charges on really hot days?
- Do you have any concerns about this?
- What sort of communications would you need to benefit from this change?
- Who do you think would be the winners if this tariff was introduced? And the losers?

20. SMS: I'm interested to know, what if on the top ten hottest days of the year, you received an SMS asking you to reduce your usage on this day to reduce the load on the system so that it doesn't cause a blackout. How would you respond?

17. Seasonal pricing: Another option that could be introduced is high demand and low demand costs that are different in winter and summer. This would reflect the differing amount of electricity used in each season and so more closely reflect the cost of supplying electricity.

- In principle, how do you feel about this approach?
- Note that it would mean that network charges would be higher in summer and in winter, but much less in spring and autumn. Would this be a concern?

18. TOU tariffs: From December 1 2017, under changes introduced by the AER, all new electricity meters in NSW will be smart meters. Other customers that want to switch to a smart meter would need to do so through their retailer. This means that there will be improved data on how customers use energy that will allow customers to take more control of their energy use and their bills.

The approach EE is proposing is that new customers or existing customers who want to make changes to their home's supply will have a Time of Use tariff. Customers will be allowed to opt-out of this arrangement. This means customers who don't want to can stay on their current standard rate for energy.

- In principle, how do you feel about this approach? How do you think this would impact you?
- What do you think are the benefits? Do you have any concerns?
- Who do you think would be the winners if this type of tariff was introduced? And the losers?
- Should Endeavour shift everyone onto this arrangement?

Engagement Preferences and Decision Making **5-10 min**

Seeks customer input on how they would like to participate in ongoing customer consultation

Now I'd like to spend some time talking about the way that Endeavour Energy could or should get feedback from customers to help guide the development of its 5-year plan.

- To what extent do you think Endeavour Energy should be communicating with people in the community like yourself about what it does and its five year planning process?
    - Are there any particular issues we have discussed today that you feel are of considerable interest and importance? Which ones? Why?
    - How involved would you like to be in the process? Do you just want to be kept informed or actually be involved more in the decision making process?
    - Are there any ways that Endeavour Energy could communicate with people that would really grab their attention or make them want to be involved? *Prompt with potential channels as necessary – e.g. website, community events, surveys, forums etc.*

Closing **3 mins**

Just in closing, please turn to the last page in your work book and write down what advice you would give Endeavour Energy on how it consults customers and the issues it should be focusing on?

APPENDIX 2

Focus Group Booklet

NEWGATE RESEARCH

1 WHO WE ARE

Endeavour Energy is responsible for building, operating and maintaining an electricity distribution network which serves 2.4 million people across Sydney's Greater West, the Blue Mountains, Southern Highlands, Illawarra and South Coast of NSW. We build, operate and maintain a safe and reliable electricity distribution network for some of the largest and fastest growing regional economies in NSW.

We are one of three electricity distribution businesses operating in NSW, along with Ausgrid and Essential Energy.

Our network area includes Sydney's North West and South West Growth Centres – areas similar to Wollongong and Canberra in size, and earmarked by the NSW Government for current and future housing. Between them, these centres cover 27,000 hectares and will be home to more than 500,000 people in more than 180,000 dwellings over the next 5-10 years.

We maintain:
- 185 major substations
- 316,000 distribution substations
- 45,500 km of power lines
- 429,000 power

We serve:
- 2.4 million people
- 24,500 square kilometres of NSW
- 951,801 commercial & residential customers

2 WHAT WE DO

Endeavour builds and operates a 'poles and wires' network that transports electricity from large generators, via high voltage transmission systems, to homes and businesses in our network area.

We also provide a 'two-way' service, which enables customers with solar panels to export electricity generated into our network. More than 10 per cent of our residential customers have solar panels installed.

Our core functions include...

Maintaining 429,000 power poles and 45,500km of overhead power lines and underground cables

Safely building new zone substations, distribution substations, and poles and wires, including in new growth areas

Responding to emergencies like storms, floods bushfires and snow which damages the network

Maintaining 316,000 distribution substations

Tree trimming to maintain safety clearances, prevent outages from branches and trees falling on power lines, and to reduce the risk of bushfires

Customer service functions for 2.4million customers

Promote public safety

3 WHAT MAKES UP YOUR BILL?

There are a number of services and costs which make up your electricity bill.

Our costs, which we will call distribution costs, make up about one third of a typical household bill.

Endeavour Energy is not a retailer, like Energy Australia, Origin or AGL. Retailers buy electricity from energy generators and sell it to customers through a distributor.

The range of electricity costs and their contribution to a typical residential bill are shown in the diagram below. Our costs are within the orange rectangle.

	GENERATION	TRANSMISSION	DISTRIBUTION	GREEN SCHEMES	RETAIL		
CONTRIBUTION TO AVERAGE HOUSEHOLD BILL	36%	5%	36%	8%	15%	=	100%
ANNUAL COST TO AVERAGE HOUSEHOLD	$524	$68	$518	$123	$218	=	$1452
CONTRIBUTION TO MEDIAN SMALL TO MEDIUM BUSINESS BILL	38%	5%	31%	11%	15%	=	100%
ANNUAL COST TO MEDIAN SMALL TO MEDIUM BUSINESS BILL	$1034	$137	$827	$292	$404	=	$2695

4 YOUR NETWORK IS CHANGING

Australia's national science agency CSIRO, and the peak national body Energy Networks Australia, have partnered to develop an Electricity Network Transformation Roadmap.

The roadmap aims to help networks like Endeavour Energy put customers at the centre of their decision-making and plans, so that customers have more choice and control over their energy usage.

The electricity network used to rely on traditional sources of electricity supply, like large coal-fired power stations. In future, more electricity will be generated through renewables like wind, sun and water. New technology like smart meters, batteries and solar developments mean customers will have a lot more control about how and when they use electricity, and also how they are charged for it. The research* suggests a scenario where very little energy will be produced by coal. It suggests the following mix by 2050…

30% of energy will be generated by rooftop solar panels

50% will be generated by wind

10% will be generated by large-scale solar projects

10% will be generated by water and gas

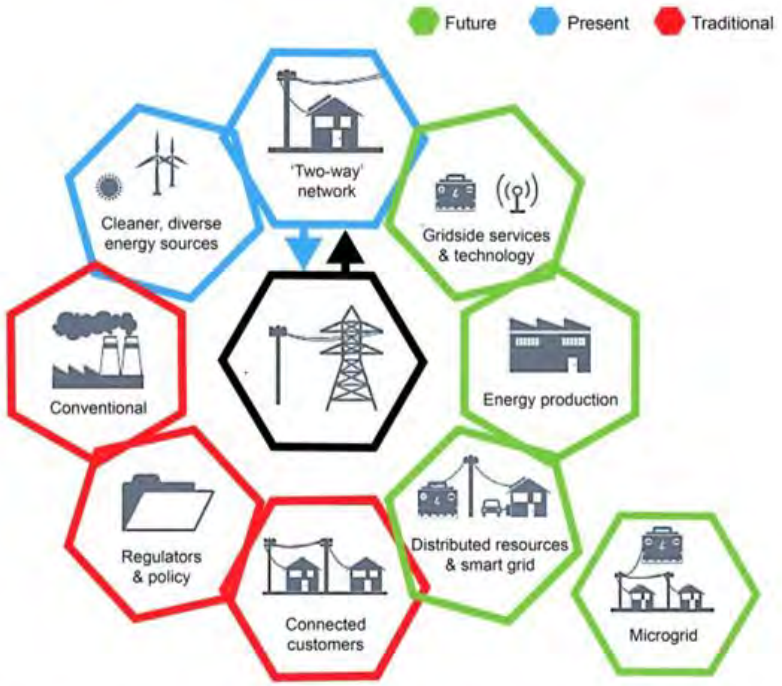
What are the benefits for Australia?

Networks across Australia will reduce their spending by **$101 billion** by 2050.

What are the benefits for customers?

Average household savings of **$414** per annum compared with a 'business as usual' scenario.

Below: In future, energy production and delivery will change due to new technology and customer involvement.



Source: CSIRO and Energy Networks Association 2015, *Electricity Network Transformation Roadmap: Interim Program Report*.

A summary of the key elements of the Transformation Roadmap is provided below, along with the steps that Endeavour Energy is putting in place now to help lead the transformation.

What does the Roadmap say...	What we will continue to do...
Customers: New technologies will provide customers with greater choice and control.	• Tariff reform to provide customers with efficient price signals. Our implementation is subject to metering, customer impacts and the views of all stakeholders.
Environment: Increasing integration of renewable technologies will reduce carbon emissions.	• Residential and network battery storage trials so we can better understand the services which battery storage technology can provide.
Technical: Networks will need to develop new planning and monitoring approaches in facilitating these new technologies to retain existing security and reliability levels.	• Enhancing our asset monitoring control and information systems, so we can realise and maximise the efficiency and performance benefits of emergent technologies.
Regulatory: In order for customer changes, environmental changes and technical changes to occur by 2050, governments and regulators need to design and implement effective market processes. Customers need to be educated and have available to them the tools to understand and control their energy needs, including usage.	

5 SCENARIOS FOR THE FUTURE

Below are four possible scenarios relating to how customers might interact with network businesses in the future.

Scenario 1: 'Set and forget'	Scenario 2: 'Rise of the prosumer'
	 Customer-centric model where customers consume, trade, generate and store electricity.
Scenario 3: 'Leaving the grid'	**Scenario 4: 'Renewables thrive'**
	

Graphic source: CSIRO, *Change and choice - The Future Grid Forum's analysis of Australia's potential electricity pathways to 2050*, December 2013.

6 CUSTOMER TOUCH POINTS

We provide as number of points of communication which our customers can use to resolve issues and stay updated with power outages, restoration times, streetlight faults and construction projects. Our main touch points are our:

Call centre

- 24 hour emergency contact number 131 003.
- General enquiries 133 718 (Mon to Fri - 8am to 6pm).
- Outgoing calls to vulnerable customers during significant events, like storms.

Smart phone and web-based communications

- Outage app for smart phone users provides up-to-date outage information and allows people to report faulty street lights.
- Website and online enquiries: www.endeavourenergy.com.au.
- Social media: Twitter - www.twitter.com/endeavourenergy.
- YouTube - www.youtube.com/user/EndeavourEnergyTV.

Our people

- Field staff upgrading and maintaining the network, and speaking with customers each day.

Direct mail

- Endeavour Energy, PO Box 811, SEVEN HILLS, NSW 1730
- Letterbox drops before capital and maintenance works

NEWGATE RESEARCH

PLANNED INTERRUPTION TO YOUR ELECTRICITY SUPPLY

Dear Customer,

Endeavour Energy is undertaking essential maintenance in your area as part of maintaining a safe and reliable electricity supply.

This means your electricity supply is planned to be interrupted to allow crews to safely complete this work on:

Day:

Expected between the hours of: and

If you require electricity for life support equipment, please call us on 131 003.

We recommend you take some basic precautions before the interruption including:

- disconnecting any electronic equipment such as computers, printers, fax machines, media players, televisions and electronic timers from the power outlets
- switching off three phase motors such as those used in air conditioning units and garage doors
- avoiding opening fridges or freezers during the interruption
- making sure your alarms will operate without mains power.

You do not need to switch off or adjust your solar energy system before or during the interruption.

Unforeseen circumstances such as weather may force us to postpone this interruption. If this is the case, we will issue you with a new notice prior to the rescheduled interruption.

Our website www.endeavourenergy.com.au contains helpful information about preparing for interruptions.

Please be aware that Endeavour Energy will not be liable to pay compensation for damage, loss, or inconvenience suffered due to the interruption.

Contact us
For information before the interruption, please contact Endeavour Energy on **131 003.**

On the day of the interruption, please contact Project Manager:

Emergencies: 131 003

If English is not your first language, please use our free translation service by calling 131 450.

131 450
Dịch Vụ Thông Ngôn Và Phiên Dịch: 131 450
131 450
131 450
अनुवाद और दुभाषिया सेवा – 131 450
Servizio di traduzione ed interpretariato: 131 450
Servicio de Traducción e Intérpretes: 131 450
Serbisyo sa Pagsasalin-wika at Pag-interprete: 131 450

Call 131 003
www.endeavourenergy.com.au

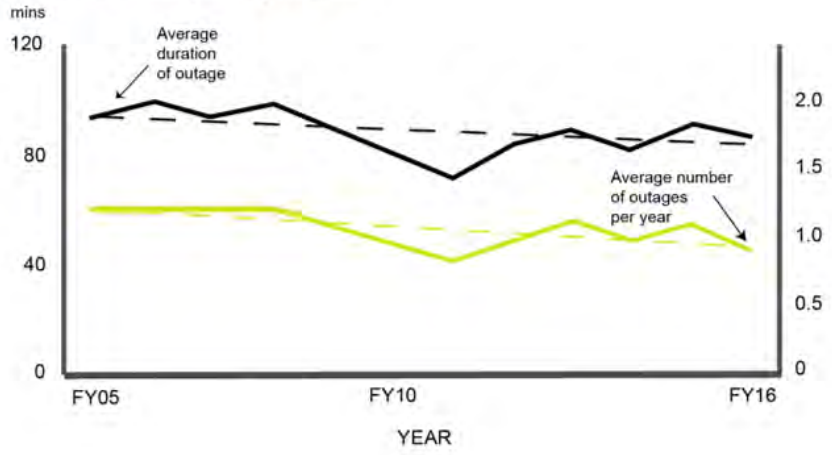
Endeavour Energy

7 RELIABILITY AND RESPONSIVENESS

Current reliability

On average, Endeavour Energy customers face about 1 outage per year that lasts for approximately 80 minutes.

Our network reliability in the past decade



8 TIME OF USE PRICING AND TARIFFS

The way that customers are using our network is changing. It has become more important to make sure that network prices provide signals that allow customers to make informed choices about how, and when, to use the network based on the costs of providing the services they use.

This can result in lower costs for customers. It is important that changes in tariffs are rolled out over time to give customers time to adapt and to ensure that vulnerable customers are not left behind.

Basic vs Smart meters

Seasonal pricing and impact on electricity prices

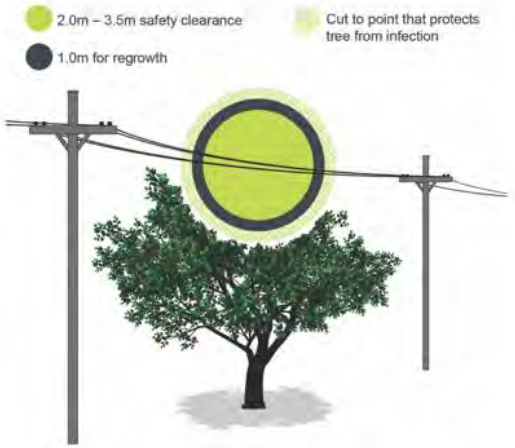
9 TREE TRIMMING

Each year Endeavour Energy spends about $55 million on managing vegetation around the electricity network to ensure trees are a safe distance from the poles and wires and to reduce the chance of branches falling on wires. This helps to minimise outages, and reduces bushfire risk.

About 85 per cent of our network is in bushfire prone areas which have strict tree trimming requirements.

CURRENT PRACTICE

On average, we aim to keep 2 to 3.5 metres between power lines and trees, and on some occasions, an additional 1 metre may be removed to allow for regrowth.



Helicopters inspect power lines as part of our bushfire safety program

THANK YOU

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Level 14, 110 Eagle Street
Brisbane QLD 4000

NEWGATE RESEARCH

ENDEAVOUR ENERGY CUSTOMER RESEARCH: RESIDENTIAL AND SMALL TO MEDIUM ENTERPRISE ENGAGEMENT

Final Report

3rd October 2017

NEWGATE RESEARCH

REPORT PREPARED FOR

Endeavour Energy

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CONTENTS

Executive Summary

EXECUTIVE SUMMARY

This report presents the results from a comprehensive deliberative research and engagement program with a total of 106 of Endeavour Energy's customers across the Parramatta and Wollongong regions.

It was designed to better understand customer expectations to inform Endeavour Energy's long-term planning process, including its regulatory submission to the Australian Energy Regulator.

The research involved a broad mix of 96 customers who participated in a two-day online community, followed by a four-hour face-to-face forum and a short follow-up online survey, as well as 10 customers who participated in a four-hour rehearsal focus group.

It follows an earlier phase of research that involved 10 focus groups with 78 customers. A report on the findings of the focus groups was completed by Newgate Research in June 2017. The report will inform Endeavour Energy's future plans.

Throughout all phases of engagement, Endeavour Energy and Newgate Research worked closely to align engagement practices with the Australian Energy Regulator's Consumer Engagement Guideline for Network Service Providers, November 2013 (the Guideline) and the National Electricity Rules (the Rules).

Customer priorities: The following priorities were found to be of high importance for virtually all customers:

- A reliable uninterrupted supply of electricity
- Fast restoration of power after an unexpected blackout
- Safety of customers, the community and employees of energy companies
- Affordable electricity bills
- Special services available for people on life support when there is a scheduled or unexpected blackout
- Understanding how to pick the best energy plan for their household from an energy retailer.

They value the comfort, convenience and social connections it facilitates through technology.

Cost reflective pricing: The concept of cost reflective pricing and the Australian Energy Market Commission's requirement to transition to this form of pricing was explained. The majority of customers supported its introduction: 70% of participants gave this a relatively high fairness rating of 7 or more out of 10, 74% rated its introduction as highly important to them personally (with a rating of 7 or more out of 10) and 80% indicated they would choose one of the two options tested over the current Flat Tariff approach.

Some Small to Medium Enterprises (SMEs) questioned whether they could shift their usage to benefit from cost-reflective pricing, whilst continuing to provide for their customers.

Of the two cost-reflective tariff options outlined to participants, a 'Seasonal Time of Use' tariff was preferred over a 'Seasonal Time of Use Demand' tariff. Final voting showed 44% selected the 'Seasonal Time of Use' tariff and 36% selected 'Seasonal Time of Use Demand'. The remaining 20% preferred the current Flat Tariff.

The majority of customers thought it would be highly acceptable for Endeavour Energy to introduce either of the cost reflective options, with 65% giving an acceptability rating of 7 or more out of 10 for 'Seasonal Time of Use' and 60% for 'Seasonal Time of Use Demand'.

It is important to note that more vulnerable customers preferred the Flat Tariff structure and the 'Seasonal Time of Use' over 'Seasonal Time of Use Demand', the reasons for this are outlined over the page. Overall though, the majority of participants (57%) said the 'Seasonal Time of Use Demand' tariff would be most effective in achieving Endeavour's goal of avoiding or delaying investment in the network.

EXECUTIVE SUMMARY

Reliability: Two-thirds of customers said they were comfortable with paying $3-4 more per year over 5 years for improved reliability because they thought it was important to minimise interruptions to supply (particularly for businesses), and to improve reliability on the urban fringe and regional areas where blackouts are more prevalent. There is a strong preference for a smooth price path.

Tree-trimming: The majority (57%) of customers favoured maintaining the frequency of tree-trimming at the current cost of $60 per year, while 35% were in favour of more vigorous trimming every two years, at a reduced cost of $45. There were many strong opinions on this topic.

New technology trials: Customers showed strong support for proposed investment in trialling new technology and starting to adapt the network so it can be ready to respond to customers' future technology choices, such as storage batteries and electric cars, with 80% of customers in Parramatta saying they would support a $2-3 increase on their bill to fund this.

Vulnerable customers: Customers thought that Endeavour Energy does have an important role to play in supporting vulnerable customers, but the broad majority felt it would be doing enough if it keeps working on maximising efficiency and keeping its proportion of electricity bills as low as possible.

Generators for small and medium businesses: Customers had mixed opinions about whether a generator or after-hours service should be provided in the event of a planned outage for SMEs. The broad majority agreed that if the service were to be introduced, small business customers should wear the cost.

CUSTOMER DIFFERENCES BY SEGMENT

Highly Vulnerable Customers

- Less likely than other customer segments to consider cost reflective pricing as fair and acceptable – and this was very important to them personally (i.e. they felt strongly about it).
- While some were comfortable with the idea of reducing their usage during the summer peak, they still preferred the existing flat tariff to either of the cost reflective tariff options. The main reasons were the simplicity and sense of control this gives them. Further, many felt they would be unlikely to get any benefits from cost-reflective pricing options because they were unable to afford a smart meter, solar panels, storage batteries or energy-efficient appliances with timers. Those who had family members with a disability or who relied on medical equipment at home were concerned it may unfairly increase their bill.
- Less likely to support additional payments to improve reliability and investment in new technologies. They were not able or prepared to pay extra, particularly when they felt the changes would have little, if any benefit to them personally.

Small to Medium Enterprises

- More likely than other segments to consider cost reflective pricing as fair and acceptable, but less likely to feel it was important to them personally.
- Many thought they would be unlikely to be able to shift their electricity usage during peak times. Despite this, they were interested in investigating their options through a cost-benefit analysis.
- The ‘Seasonal Time of Use Demand’ tariff was most popular because the SMEs were focused on the long-term, and saw this as having the most potential to decrease their electricity bills.
- They were likely to support an increased charge to improve reliability because outages have more of a direct impact on their bottom line.
- More supportive of investment in new technologies and a strong interest in finding out more about how it could benefit their business.

Innovators and Early Adopters

- More likely than other segments to consider cost reflective pricing as fair and acceptable.
- The ‘Seasonal Time of Use’ tariff was most popular with this segment because they felt that it provided them with more control over their usage.
- More supportive than other segments to have reliability improved as they felt it was important to invest in the infrastructure and that the proposed bill increase was manageable.
- Not surprisingly, more supportive than others about investment in new technologies because this was considered an innovative way of reducing strain on the grid and providing customers with more choice and control over their energy usage.

Introduction

Background, objectives and methodology

BACKGROUND AND RESEARCH OBJECTIVES

Endeavour Energy commissioned Newgate Research to undertake a two-phase research and engagement program to help it ensure the priorities of its customers are reflected in its long-term planning and to help inform 2019-2024 regulatory submission to the Australian Energy Regulator (AER). The first phase of the project was completed in May 2017 and involved ten focus groups with residential and SME customers. The findings were used to shape the key areas for consultation for the second phase.

This report details findings from the second phase which comprised deliberative research and engagement with a broad mix of Endeavour Energy's residential and SME customers, which saw them participate in an online community, one of two deliberative forums and a short follow-up online survey. Information, presentations and methods to attain customer preferences were closely aligned with the various specifications of the the Guideline and the Rules.

The main objectives of this research were to explore and understand customer preferences in the following key areas:

- What's important and what they value most about electricity
- Knowledge and perceptions of Endeavour Energy
- How Endeavour Energy can become more customer focused
- Pricing and tariff structures
- Reliability
- Vegetation management
- The future of the electricity grid
- Forms of support for important customer segments including SMEs and vulnerable customers
- Evaluation of the overall consultation

This was a comprehensive program conducted with a good cross-section of Endeavour Energy's customers and Newgate Research is confident the findings can be considered broadly reflective of their opinions on these complex matters.

Endeavour Energy's Chief Operating Officer, executives, regulatory team, and customer and stakeholder engagement branches were closely involved in all stages, working together to discuss early outcomes, consider broad topic areas and refine engagement materials. Members of Endeavour Energy's Customer Consultative Committee were given the opportunity to have input into the question line and invited to the forums. Considerable time was spent preparing communications materials and easy-to-understand modelling of different tariff outcomes to help build customers' capacity to provide meaningful feedback.

STAGES OF THE DELIBERATIVE RESEARCH AND ENGAGEMENT PROGRAM

1

PHASE 1: 10 FOCUS GROUPS

Ten x 2-hour focus groups with n=9 participants each, held in Parramatta, Bella Vista, Camden, Katoomba and Wollongong.

2

REHEARSAL FOCUS GROUP

One x 4-hour focus group held in Parramatta.

n=10 participants recruited to represent SMEs, early adopters and customers experiencing varied levels of vulnerability.

3

ONLINE COMMUNITY

One x 2-day online community, 30-40 minutes per day with n=96 participants who were scheduled to attend deliberative forums in the following week.

4

DELIBERATIVE FORUMS

Two x 4-hour deliberative forums in Wollongong (n=42 participants) and Parramatta (n=53 participants)

Customer groups represented were SMEs, early adopters and customers experiencing varied levels of vulnerability.

5

EXIT SURVEY

5-minute online survey giving participants the opportunity to reflect on their responses to central questions around pricing structures and Endeavour Energy's role in the NEM. This was completed by 66 participants.

METHODOLOGY

- Details of recruitment for the second research phase outlined in this report are listed in the table below and on the next page. Note that segments at the test focus group were mixed and at the forums participants from the same segment sat together.
- Participants in the test focus group were given a cash incentive in appreciation for their time. Participants in the three stage deliberative program were given a cash incentive on the evening of the forum covering their involvement in each stage. One participant was involved in the online community but was unable to attend the forum.

ACTIVITY	TABLE / SEGMENT	NUMBER OF PARTICIPANTS	INCENTIVE AMOUNT
Test Focus Group Parramatta 1st August	SMEs	2	$400
	Early Adopters	2	$230
	High, Med and Low Vulnerability	2 of each	
Online Community 2nd – 3rd August	n=96 participants recruited to the deliberative forums		-
Wollongong Deliberative Forum 8th August	SMEs	9	$500
	Early Adopters	9	$300
	High Vulnerability	7	
	Medium Vulnerability	8	
	Low Vulnerability	9	
Parramatta Deliberative Forum 8th August	SMEs	9	$500
	Early Adopters	9	$300
	High Vulnerability	8	
	Medium Vulnerability	9	
	Low Vulnerability	18	
Online Exit Survey 21st August – 1st September	n=66 responses from participants at the deliberative forums		-
	Total	**106**	

A NOTE ON CUSTOMER SEGMENTATION

In keeping with the Guideline we identified a range of relevant 'end user' segments or consumer cohorts to be engaged during this phase of engagement. This followed extensive work Endeavour Energy had done to group different types of consumers, their attributes and their priorities. We spoke to customers whose views Endeavour Energy were particularly interested in understanding. The definitions of each group are shown in the table below. Note that our key segmentation criteria for the general community was different levels of vulnerability. We used findings from the 2016 Australian Energy Market Commission Study conducted by Newgate Research that states all customers sit on a spectrum of vulnerability. The study can be found online: http://www.aemc.gov.au/getattachment/feb45d05-2b12-4d0c-b66f-3ca1c4dc2347/Understanding-vulnerable-customer-experiences-and.aspx

SEGMENTATION	DEFINITION
Innovators / Early Adopters	At least six were recruited who already had solar panels, the remainder having actively investigated solar, household battery systems, home energy management systems, and/or electric vehicles.
Small to Medium Business Owners	SMEs who employed between 2 and 200 people with a mix of energy usage profiles.
Highly Vulnerable Customers	Individuals who identify as experiencing some financial difficulty and at least two of the following: • Most/all of the household's income is from Government payments; • Is a single parent (the primary care giver, with at least one child living with them); • Only one income earner in the household; • Had a significant reduction in household income in the last year or two; • Cares for someone in the household or are themselves living with a disability or serious illness; • Receives a Government concession on energy bills or has a special arrangement with their retailer; • Identifies as Indigenous or Torres Strait Islander or recently migrated from a non-English speaking country; • Provides the primary source of financial support for extended family members. In addition, this segment includes those who, in the last year, had missed or been late paying energy bills.
Medium Vulnerability	A mix of low income retirees and mid income families where only one adult is employed full-time. May include those who identify as experiencing some form of financial difficulty, but have not missed or been late paying their bills and do not have a special payment arrangement. They will have at least two indicators of vulnerability: • Be retired with most of their income from Government payments; • Be retired and receives a Government rebate / concession on energy bills; • Be retired and have someone in the household living with a disability or serious illness; • Have a mortgage; • Have at least one child in their household; • Is a parent but not in full-time employment.
Low Vulnerability	Those who do not identify as experiencing financial difficulty, nor are on a special payment arrangement with their energy provider and have not been late paying bills. Includes a mix of wealthier retirees and households of at least two full-time workers and tend to own their home. They are likely to use a lot of energy without concern.

Online community: What do consumers care about the most?

WHAT CUSTOMERS VALUE ABOUT ELECTRICITY

COMFORT, CONVENIENCE, TECHNOLOGY AND THE CONNECTIONS IT FACILITATES

*As previously outlined, an online community was hosted to test initial thinking of forum participants around different energy topics.*We began the online community by asking participants to think about what they value most about electricity and upload an image that best represents this. The strongest themes in responses are outlined below.

COMFORT

The ability to *"keep my family warm in winter and cool in summer"* was the strongest theme in participant responses.

Participants liked that they did not have to worry about their electricity supply. Things like warm showers/baths made them feel that their families were taken care of.

CONVENIENCE

Many responses focused on how easy electricity had made their lives. Some reflected on those who were less fortunate and may not have access to it.

"I value what it brings to the world we live in, how simple it makes life's tasks. Electricity is integral to the way of life in a modern world. It is necessary just for us to be able to live in the manner in which we do. It has become something that most of us can not do without."

TECHNOLOGY

Customers acknowledged that electricity has enabled a vast advancement in technology over the past decade. Several mentioned everyday devices and appliances such as phones, computers, tablets and fridges, which are seen as both convenient and essential – especially in our modern society where these are now standard.

Indeed, many discussed how their professions relied on computers and without electricity they would not be able to fulfil their role.

CONNECTION

Customers valued the experiences that electricity can facilitate such as the ability to spend quality time with the family watching movies or sharing a meal.

They also valued the connection between themselves and the rest of the world through the internet.

"That we have the ability to operate a TV…The best movies are family videos of when the kids were younger. We have great memories captured on film that we can watch together on the TV."

Other lower level themes mentioned included: the importance of electricity in life support, its reliability and the importance of renewable or 'greener' energy.

ELECTRICITY PRIORITIES

VIRTUALLY ALL CUSTOMERS CONSIDER RELIABILITY, AFFORDABILITY, SAFETY AND RESPONSIVENESS AS THE MOST IMPORTANT ASPECTS OF ELECTRICITY SUPPLY

In the exploratory **focus group phase**, we found that affordability remained the most important priority, that interest in renewables was growing, that energy reliability/security was becoming more top of mind and that customers found it difficult to make energy choices for their household or business, particularly when selecting their retailer and plan.

In the online phase of the research, participants were presented with a list of the key energy issues mentioned by consumers in the previous research phase, and asked to categorise each into high, medium or low importance to them personally.

The following priorities were found to be of **high importance for virtually all customers**

- **A reliable, uninterrupted supply of electricity**
- **Fast restoration of power after an unexpected blackout**
- **Safety of customers, the community and employees of energy companies**
- **Affordable electricity bills**
- **Special services available for people on life support when there is a scheduled or unexpected black-out**
- **Understanding how to pick the best energy plan for my household from an energy retailer**

Some priorities had much lower levels of consensus as being of high importance. Further, a handful of customers did not know what some of these factors were. The priorities presented below have significant proportions of customers rating them of **low importance or were unknown to customers**

- **Large-scale battery storage for electricity**
- **Solar energy feed-in tariffs**
- **Underground powerlines**
- **How to get and benefit from a smart meter**

Customers were also asked if there were any other energy priorities they felt should be on the list. Most suggestions revolved around easier to understand bills, with specific mention of increased transparency and cost breakdowns, and bills based on actual meter readings not estimates. Some suggested discounts for pensioners.

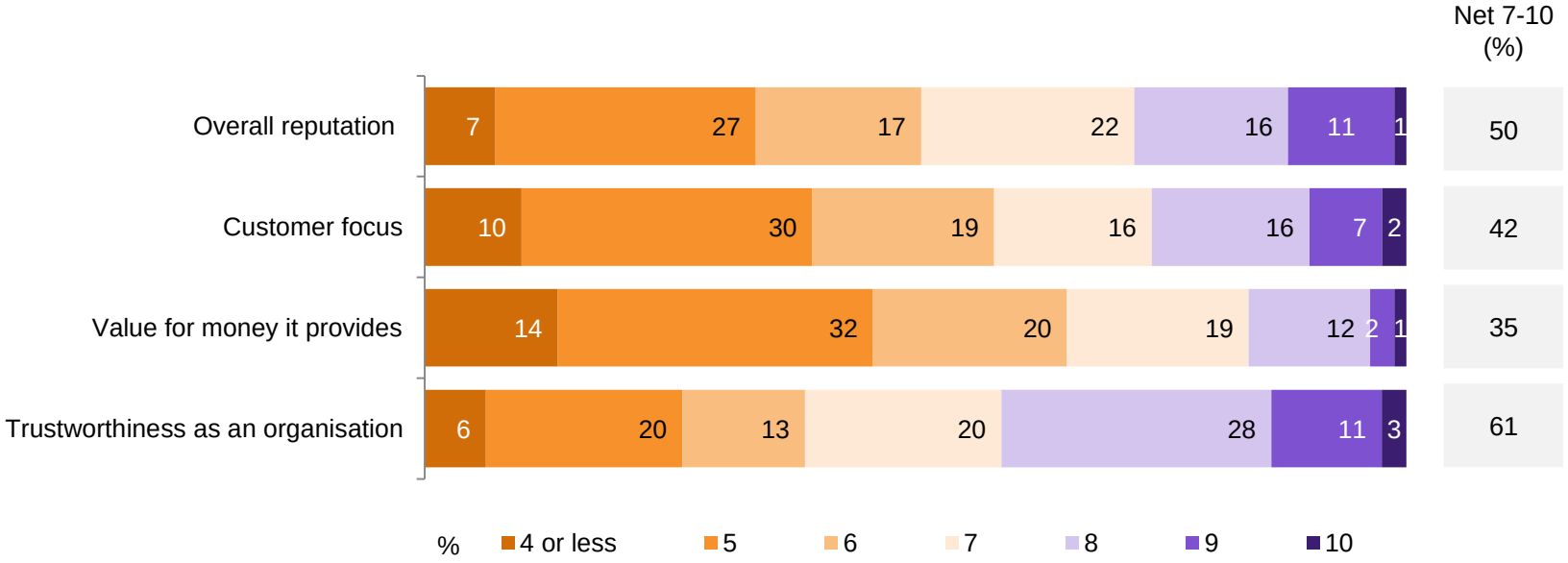
Base: 96 Q: Here is a list of things that people in previous research have told us about what's important to them when it comes to electricity and the way it is supplied to them. We'd like you to categorise these into 'High', 'Medium' and 'Low' importance to you personally. Please let us know if there is anything else you think is important that wasn't on the list.

Online Community: What do customers think about Endeavour Energy?

CUSTOMER ATTITUDES TOWARDS ENDEAVOUR ENERGY

INITIAL QUANTITATIVE METRICS

- Before being given information on Endeavour Energy, customers were asked to rate Endeavour Energy on four key aspects. The results are set out in the table below.
- These results are similar to those from the focus group where participants explained the reasons for their scores. Many said they gave relatively neutral scores because they don't know much about the organisation. Lower scores were sometimes related to issues Endeavour Energy is responsible for, like vegetation management and meter readings, but low scores were often related to broader issues like affordability and use of renewable sources of energy.



Base: n=80-81, participants who responded in the online community excluding those who said they had not heard of Endeavour Energy. Q. On a scale of 0 to 10 where 0 means poor and 10 means excellent, how would you rate Endeavour Energy on the following attributes?

RESPONSE TO INFORMATION ON ENDEAVOUR ENERGY

INFORMATION WAS CONSIDERED HELPFUL TO CLARIFY ENDEAVOUR ENERGY'S ROLE IN THE ENERGY SUPPLY CHAIN HOWEVER THIS DID NOT ALLAY BILL CONCERNS

In the focus group phase of the research program, we spent time exploring customers' knowledge of Endeavour Energy and sources of information. We found that the majority of customers had heard of the name Endeavour Energy but most were not clear on its role within the electricity supply chain.

In the online community, participants were shown a short video and fact sheet to introduce them to Endeavour Energy with a focus on its role within the energy supply chain. Customers felt the video was informative, clear and effective in helping them understand *"who and what Endeavour Energy is and does"*.

Common themes in **knowledge gaps** or the things people were **surprised about** included:

- There are three distributors in NSW, with some wanting to know if and how they collaborate.
- That it is not a retailer - a significant proportion had assumed it was.
- The extent of Endeavour's responsibility as "maintainers of the network" and that it included activities such as tree-trimming, street lights and even meter reading, with many commenting "I thought this was a council job".
- That Endeavour's proportion of the bill isn't higher considering the breadth of its responsibilities.

Participants **wanted to know more** about:

- How their bill was broken down, specifically what Endeavour Energy spends the 33% of their bill on. Some expressed concern that this proportion was too high but most felt it was reasonable considering the size of the network, the nature of the tasks involved and the importance of reliability.
- Some questioned why retailers charge what they do when Endeavour does the "heavy lifting". Consistent with the focus groups, many participants questioned why the retailer can't be cut from the supply chain.
- A few wanted to know whether underground powerlines were part of Endeavour's plans for the future and how this could contribute to its role in reducing interrupted supplies during storms or accidents.

"Great video that put into perspective what is involved in maintaining the electricity network and how much work is required in having a reliable electricity network."

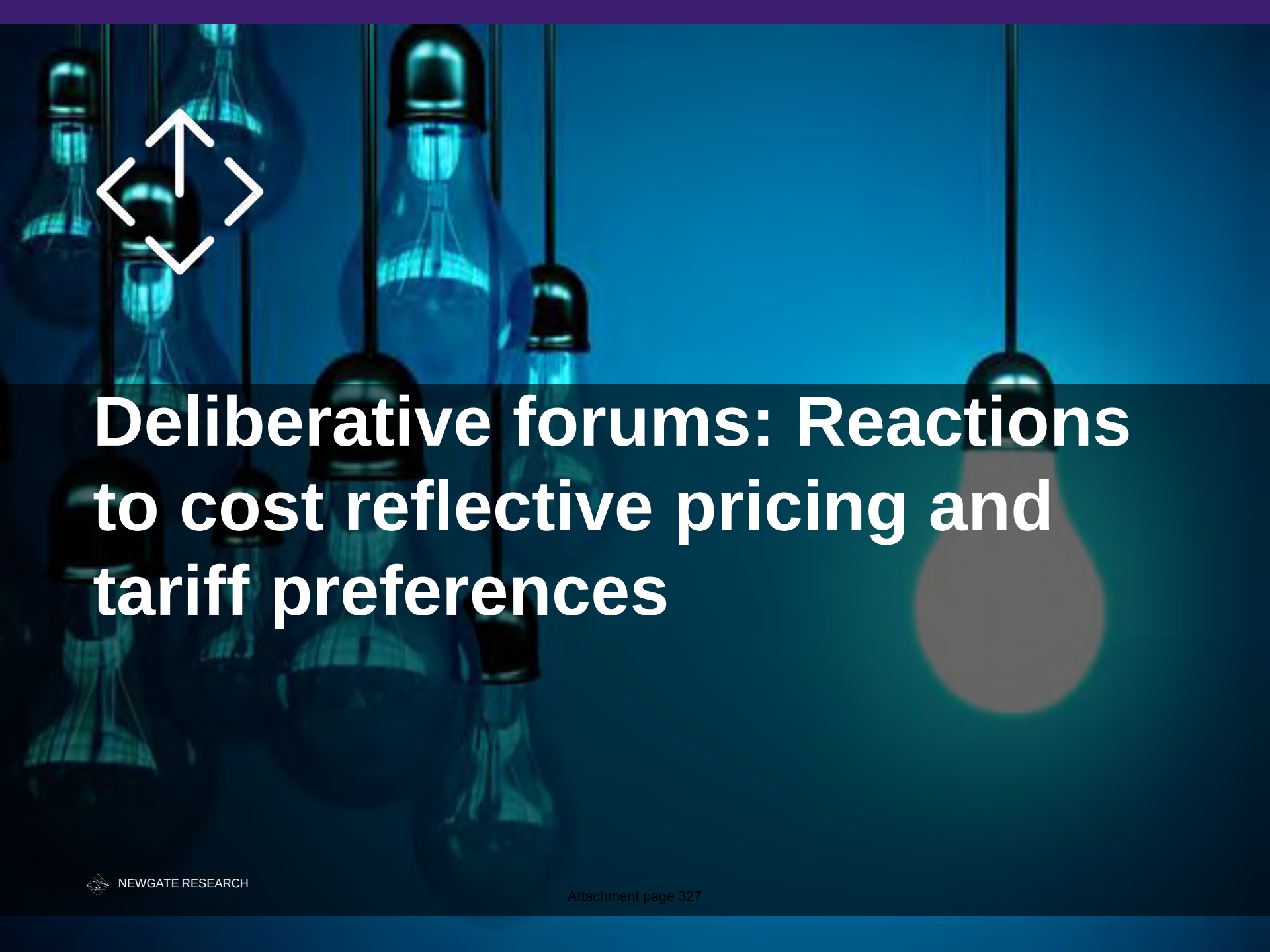
-Parramatta Participant

"I did not realise Endeavour Energy was just a network and not a retailer. I guess that is why I am so familiar with the name. I just had a look at my energy bill which is from AGL and I can see that Endeavor Energy is actually my network provider however I did not realise this until now."

-Wollongong Participant

"This was very interesting as I did not know that these energy networks looked after the grid. I didn't know they were responsible for the cutting of the trees either, as I thought this was a council job. I did not realise that my supplier Origin energy was only a retailer."

- Parramatta Participant



Deliberative forums: Reactions to cost reflective pricing and tariff preferences

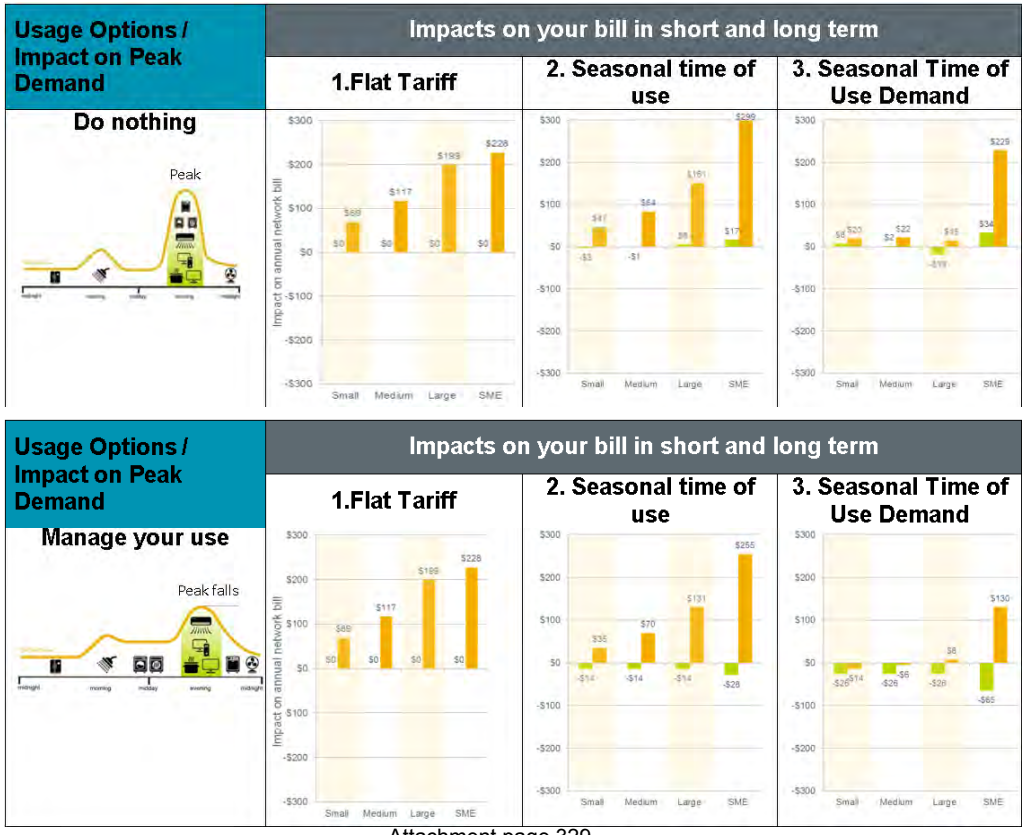
INTRODUCTION TO COST REFLECTIVE PRICING AND ENDEAVOUR ENERGY'S TARIFF OPTIONS

Appendix B provides a detailed run sheet of the deliberative forums. This includes the engagement methods, information provided, topics and key speakers. In line with the Guideline, we used plain English, pictures, graphics and tangible options to effectively communicate subjects and attain preferences. Presentations were followed by questions and answer sessions to build knowledge and understanding before priorities were tested.

To build knowledge before attaining preferences around tariffs, participants were given a presentation by Endeavour Energy's Chief Operating Officer, Rod Howard, to introduce the concepts of peak demand and cost reflective pricing. This presentation included a short infographic video developed by Queensland University of Technology that explained time of use pricing. There is a link to the presentation in the appendix and screenshots from the presentation and video are shown in the images below. This was followed by a Q&A period and then table discussions.

INTRODUCTION TO COST REFLECTIVE PRICING AND ENDEAVOUR ENERGY'S TARIFF OPTIONS

Rod Howard then explained the existing flat tariff structure and two cost reflective tariff options – Seasonal Time of Use and Seasonal Time of Use Demand that Endeavour Energy is considering for its next regulatory period. To aid customers in understanding the implications of the tariff structures on residential customers with small, medium or large energy usage, households with solar or batteries, and small to medium business customers, each person was given an A3 worksheet showing modelled impacts. This modelling was developed in response to customer requests in the focus groups. The format was tested in the rehearsal focus group and then refined further prior to the main forums. Some examples are shown below but see a link to the document in the appendices.



REACTION TO COST REFLECTIVE PRICING PROPOSAL

THE CONCEPT WAS MET WITH SOME INITIAL CONCERN BUT ULTIMATELY MOST SUPPORTED ITS INTRODUCTION

- Initially, many customers reacted to the concept of 'cost reflective pricing' with some concern that they would be charged more for electricity overall and they would be forced to use all of their appliances at inconvenient times.
- However, following the explanation and discussion, they became much more supportive of the idea that the way customers are charged for electricity should reflect their usage and the burden they put on the network.
- The key facts that made this approach more acceptable included
  - the explanation of the strain placed on the grid during peak periods in the summer months
  - that customers who used less electricity were effectively cross subsidising those who used a lot
  - that there is potential to bring down future energy bills if people change their behaviour in response to price signals as this can delay or avoid the need for network investment (particularly in the context of technological change).

PERCEIVED BENEFITS OF COST REFLECTIVE PRICING

- There is a clear monetary incentive for individuals to shift behaviour
- It reduces cross-subsidies between low and high users of electricity (and to a lesser degree, those with and without solar)
- Peak periods don't apply on weekends
- There is potential to bring overall bills down further in the longer term by reducing the need for network investment

ISSUES & CONCERNS IN RELATION TO COST REFLECTIVE PRICING

- Its introduction is reliant on widespread introduction of smart meters – most would like to see this happen as soon as possible
- Questions around whether the peak will shift e.g. to just after the end of the peak period at 8pm as customers wait to turn on appliances
- Difficulty for businesses to shift behaviour and questions around whether these increased costs would be passed on to consumers
- A lack of data and information to help customers choose the right tariff for their household
- The likely savings are not significant enough to warrant significant behaviour change
- The peak and shoulder period combined (7 hours) is too long and would limit their likelihood of changing behaviour - some suggested a 5 hour peak/shoulder period
- Some saw the shoulder period as an additional charge in comparison to the flat tariff

FAIRNESS OF AND INTEREST IN COST REFLECTIVE PRICING

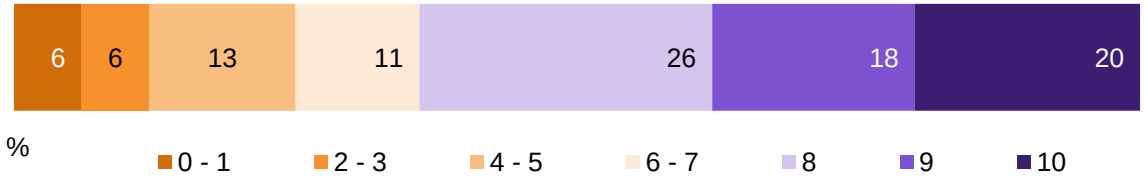
FOLLOWING INFORMATION PROVISION, THE LARGE MAJORITY OF CUSTOMERS FELT THAT COST REFLECTIVE PRICING WAS IMPORTANT TO THEM, AND FAIR IN PRINCIPLE

- 74% rated its introduction as important to them personally and 70% of customers felt it was at least quite fair

Importance of the issue of cost reflective pricing to customers personally

Average rating	Nett high ratings (7+)
7.2	**74%**

In principle fairness for customers to be charged for electricity based on how much demand they put on the system



Average rating	Nett high ratings (7+)
7.2	**70%**

Q: How important is this issue to you personally where 0 = not at all important and 10 = completely important*?* (n = 86) *Q: In principle, how fair do you think it is for each customer to be charged for electricity based on how much demand they put on the system where 0 =not at all fair and 10=completely fair?* (n = 84) *Note that given the small sample size, segmentation analyses should be interpreted as indicative only, rather than as a statistically representative sample of the wider target population.*

FAIRNESS AND INTEREST IN COST REFLECTIVE PRICING

DIFFERENCES BY SEGMENT

SMEs were less likely to see cost reflective pricing as important to them personally (53% rated it highly at 7 or more, vs. 74% of *all* participants). Some commented that the savings they could make on their electricity bill as illustrated in the modelling would not be substantial enough to warrant changing how they go about their business operations.

Fewer high and low vulnerability customers saw cost reflective pricing as fair compared with other segments (58% of highly vulnerable customers and 60% within the low vulnerability group gave a 7 or more). There was some uncertainty that they would be able to shift their usage during the peak times. Some of those in the high vulnerability segment said they were already using as little electricity as possible and some in the low vulnerability segment had large families and worked full time and saw the changes as an inconvenience.

Innovators/ Early Adopters and SMEs saw cost reflective pricing as *fairer* than other segments (71% of SMEs and 80% of Innovators / Early Adopters rated this 7 or more).

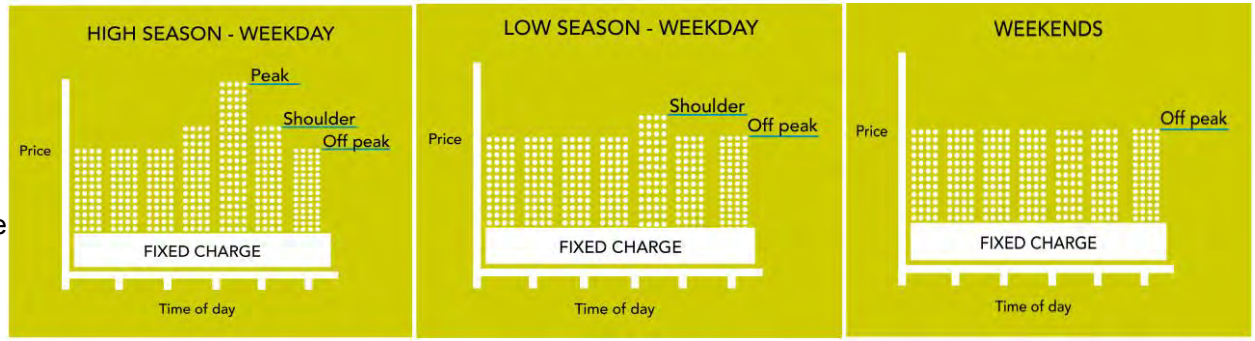
COST REFLECTIVE TARIFF OPTIONS PRESENTED

SEASONAL TIME OF USE AND SEASONAL TIME OF USE DEMAND

The features and structure of the two cost reflective tariff options Endeavour Energy is considering are outlined below.

SEASONAL TIME OF USE

- fixed charge
- energy based charge that varies depending on the time of day and time of year that energy is consumed
- cheaper in 'off-peak' periods and more expensive in 'peak' periods. The peak occurs between 3pm and 8pm on the week days of the hotter months
- smart meter required



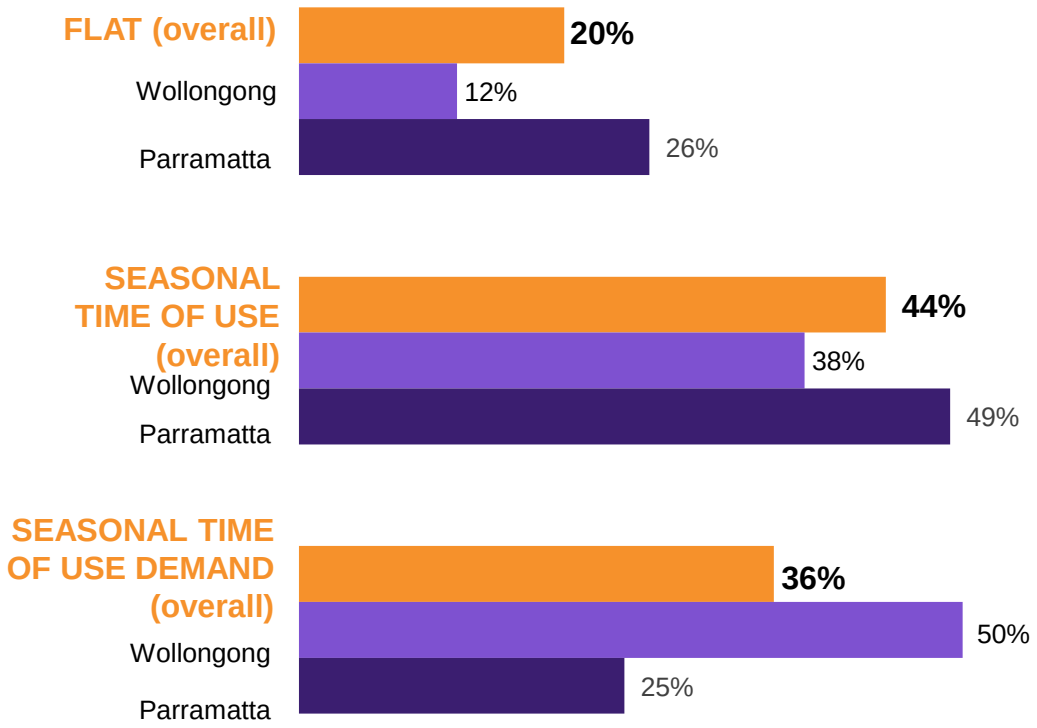
SEASONAL TIME OF USE DEMAND

- fixed daily charge
- an energy based charge that varies depending on the time of day and time of year energy is consumed
- cheaper 'off peak' periods and more expensive in 'peak' periods
- includes a seasonal monthly demand charge for maximum consumption
- smart meter required

TARIFF OPTIONS: PREFERENCES

80% OF CUSTOMERS WOULD CHOOSE ONE OF THE COST REFLECTIVE PRICING OPTIONS OVER A FLAT TARIFF; OVERALL 'SEASONAL TIME OF USE' WAS PREFERRED OVER 'SEASONAL TIME OF USE DEMAND'

Preferred Pricing Structure



DIFFERENCES BY CUSTOMER SEGMENT

Flat tariff was most popular amongst highly vulnerable customers

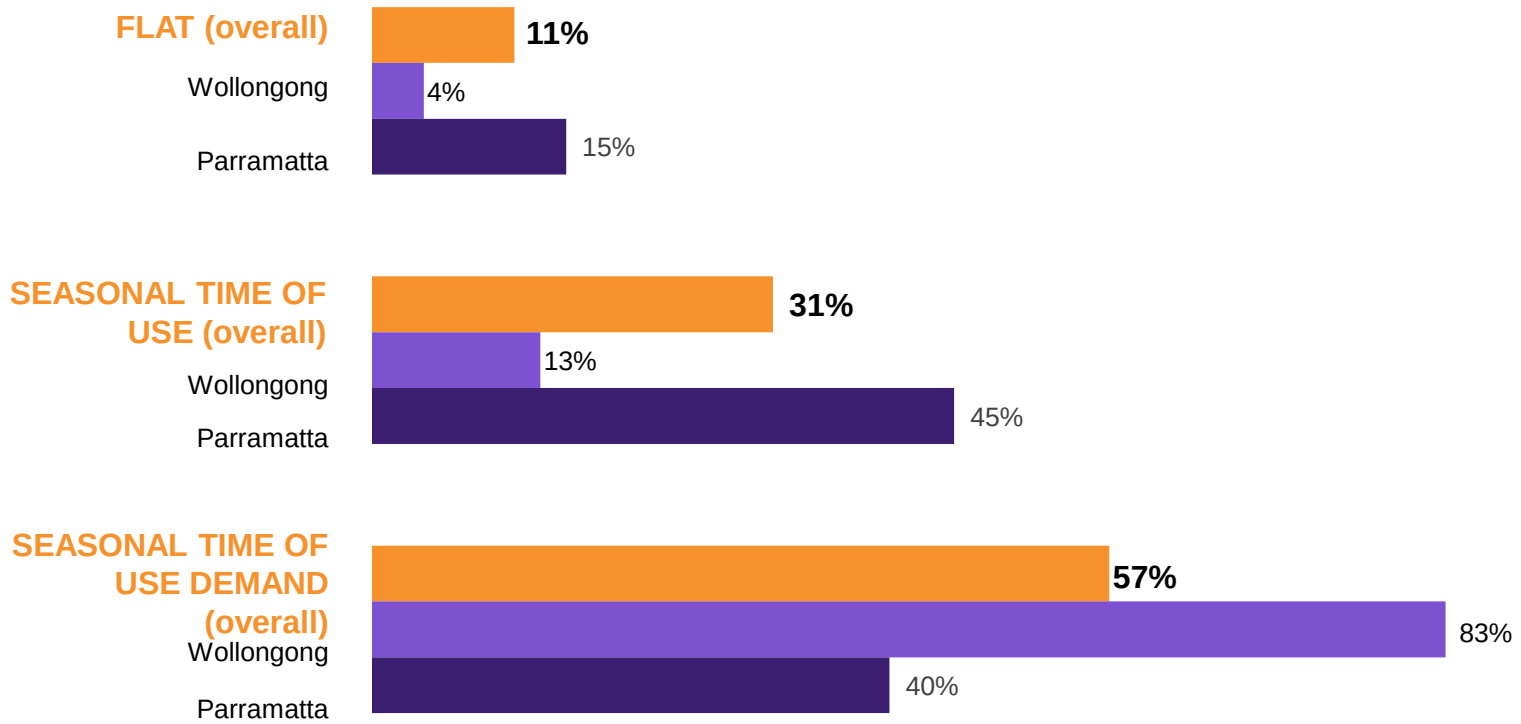
Seasonal time of use was more popular in Parramatta. This may be because there were more low vulnerability customers at this forum who typically had households with children and both parents working full-time. They felt it would be more manageable to respond to the Seasonal Time of Use price signals.

Q. What is your preferred pricing structure? (n = 95; Wollongong n = 42; Parramatta n = 53)

TARIFF OPTIONS: VIEWS ON EFFICACY

PUTTING PERSONAL PREFERENCES ASIDE, 'SEASONAL TIME OF USE DEMAND' WAS CONSIDERED MOST EFFECTIVE TO KEEP COSTS DOWN AND AVOID OR DELAY HAVING TO SPEND MONEY TO INCREASE THE CAPACITY OF THE NETWORK

Structure most effective in achieving Endeavour's objective to keep costs down and avoid or delay having to spend money to increase the capacity of the network

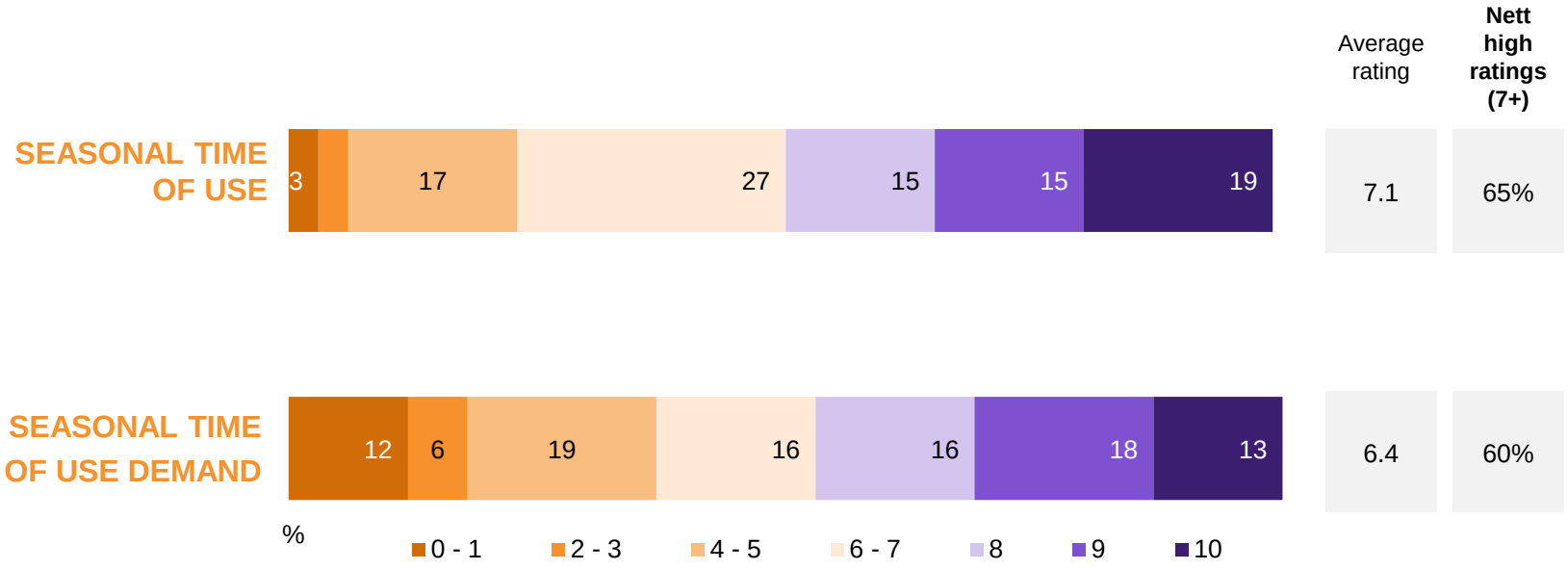


Q: Which pricing structure do you think would be most effective in achieving Endeavour's objective to keep costs down and avoid or delay having to spend money to increase the capacity of the network? (n = 95; Wollongong n = 42; Parramatta n = 53)

TARIFF OPTIONS: ACCEPTABILITY

BOTH OPTIONS WERE CONSIDERED BROADLY ACCEPTABLE IF THEY WERE TO BE INTRODUCED, BUT 'SEASONAL TIME OF USE' IS MORE ACCEPTABLE OVERALL

Acceptability of pricing structure



Q: How acceptable would it be to you if Endeavour Energy was to introduce a Seasonal Time of Use Tariff? (n = 86)

Q: How acceptable would it be to you if Endeavour Energy was to introduce a Seasonal Time of Use Demand Charge? (n = 89)

Scale: 0 = not at all acceptable and 10 = entirely acceptable

TARIFF OPTIONS: ACCEPTABILITY

DIFFERENCES BY CUSTOMER SEGMENT

Fewer highly vulnerable customers saw the cost-reflective options as acceptable (40% rated the acceptability of Seasonal Time of Use highly at 7 or more, vs. 65% of *all* participants and only 27% rated the acceptability of Seasonal Time of Use Demand highly at 7 or more, vs. 60% of *all* participants).

Innovators and Early Adopters saw Seasonal Time of Use as *more acceptable* than other segments (75% rated this 7 or more).

SMEs saw Seasonal Time of Use Demand as *more acceptable* than other segments (75% rated this 7 or more).

Q: How acceptable would it be to you if Endeavour Energy was to introduce a Seasonal Time of Use Tariff? (n = 86)

Q: How acceptable would it be to you if Endeavour Energy was to introduce a Seasonal Time of Use Demand Charge? (n = 89)

Scale: 0 = not at all acceptable and 10 = entirely acceptable

SPECIFIC BENEFITS AND CONCERNS OF TARIFF OPTIONS

KEY BENEFITS AND CONCERNS ARE OUTLINED IN ORDER OF IMPORTANCE – THESE EXCLUDE COMMENTS RELEVANT TO COST REFLECTIVE PRICING OVERALL

	BENEFITS	ISSUES / CONCERNS
OPTION 1: SEASONAL TIME OF USE	• More predictable - some felt this could support the development of consistent usage habits • Many thought it would be less likely to penalise large families than the option with the demand component • Many already thought they had time of use pricing so it was not seen as a big change	• A few felt the savings were not significant enough to warrant behaviour change. As one SME said *"all this effort for $220!?"*
OPTION 2: SEASONAL TIME OF USE DEMAND	• Seen as offering most potential for cost savings • More likely to be effective in reducing overall demand on the network • Provides stronger price signals and is the more cost reflective approach of the two – very much "tailored" to how much energy the household uses • More appealing to solar customers or those who were planning to install solar and / or batteries in the next five years because of the significant cost savings	• Some felt basing the price on an average of five maximum demand points in a month isn't enough – some said ten would be more cost-reflective • Bills would be more uncertain • Many were confused with how the demand component would be calculated in practice • Large users with little control over their usage during the peak could be "stung", specifically, businesses like restaurants that are busiest on Friday afternoons and large families with young children and families with children where both parents worked

KEY DIFFERENCES BY SEGMENT

	Perceived benefits of cost reflective pricing to them	Rationale	Most popular tariff option
Highly vulnerable customers 	**Limited to none**	• It would introduce added complexity and uncertainty to electricity bills. Most participants found both tariff structures difficult to understand, particularly the demand component. This made them more suspicious that their bills were going to rise. • Many were worried about the cost of smart meters and whether they would be allowed to install one if they were renting or living in Department of Housing properties. • Many felt they would not be able to save as much money as other users because they were unable to install solar or batteries either due to the initial cost outlay or because they rented. • Some noted they were already using as little power as possible, forfeiting heating and cooling, and therefore could not reduce their usage during the peak any further.	**Flat tariff**
Low / Medium Vulnerability 	**Mixed opinions**	• Much of the low vulnerability segment was made up of families with children at home where both parents worked. Some of them felt they would be unable to change when they use electricity significantly, but were comfortable with the concept and the majority found Seasonal Time of Use acceptable. This was their preferred tariff option overall. There were more of this segment in the Parramatta forum which may explain the popularity of Seasonal Time of Use at this forum. • The medium vulnerability segment was mostly made up of families or couples where one or both adults did not work, or retirees and tended to feel more comfortable with Seasonal Time of Use Demand as they felt they could shift their usage.	**Seasonal Time of Use / Seasonal Time of Use Demand**
Innovators and Early Adopters 	**Mixed opinions**	• Some noted they couldn't change how they currently use electricity due to their business model. • Some said they would do a cost benefit analysis on the potential impacts on their bill and then decide whether or not to change their behaviour. • Some in leased premises said they were unsure about whether they could obtain a smart meter and felt it would not be feasible to install solar or batteries • In the end, most selected the Seasonal Time of Use Demand option because they could see the macro benefits and believed it would lead to overall cost reduction in the long term.	**Seasonal Time of Use Demand**
SMEs 	**Significant**	• Most liked that it would provide them with more control over their usage and therefore more potential cost savings.	**Seasonal Time of Use**

SEASONAL TIME OF USE PRICING

IN THEIR WORDS

It's too good to be true because you are saving money no matter what you are doing.

- Wollongong Participant

If we have a family it's very hard for everyone to agree on consumption. Wife and children…you can't really control them.

- Parramatta Participant

There is much more to gain financially with solar and batteries.

- Parramatta Participant

I'm happy to pay an extra $117 a year to do nothing.

- Parramatta Participant

I don't like the seasonal time of use pricing. I don't see any benefit for me. It just add headache.

- Parramatta Participant

I think electricity is a basic right, and I don't think it should be complicated by a different set of numbers.

- Parramatta Participant

Peak and shoulder are 7 hours. If you are able to make the parameters smaller it would make it more reasonable for people to respond. 5 hrs is probably the upper limit.

- Wollongong Participant

If my energy provider could give me a scenario based on my previous 12 months in black and white - that would make a big difference.

- Parramatta Participant

SEASONAL TIME OF USE DEMAND PRICING

IN THEIR WORDS

I'm responsible under a demand tariff so I like it – my concern is that we lose control of it by the time it goes through the retailer's hands.

- Wollongong Participant

I don't like the 5 days of the month averaging. Its not enough. It doesn't seem like its reflective of my actual usage.

- Wollongong Participant

Everyone is moving to smarter homes with smart devices - this type of tariff makes sense to move to a smart home.

- Parramatta Participant

I only recently put solar panels in two months ago. I'm still trying to investigate putting batteries in. Any education to do that will help spur me on.

- Parramatta Participant

Wollongong is a summer town. Restaurants and cafes will be stung at their busiest.

- Wollongong Participant

We have a busy schedule. There's no way we can move more than 5%.

- Parramatta Participant

The Seasonal Time Of Use demand stood out for me. It sounded like your account was going to be more personalised rather than today's flat tariff. What you're actually using and paying for.

- Wollongong Participant

It's a bit hit and miss, you could have 5 crazy days in a month.

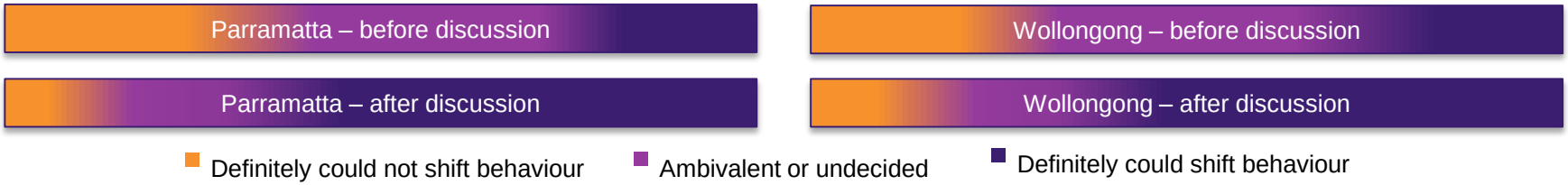
- Parramatta Participant

CONTINUUM: PERCEIVED ABILITY TO REDUCE USAGE DURING PEAK TIMES

AFTER BEING GIVEN INFORMATION ABOUT THE DIFFERENT PRICING OPTIONS, MORE PARTICIPANTS FELT THEY WOULD BE ABLE TO REDUCE USAGE DURING THE PEAK

Context: As a warm up in the online community we asked participants whether they had changed how they used electricity over the last five years. Nearly all reported efforts to reduce their usage to save on bills. While for most this was through switching off lights or purchasing efficient appliances, some reported implementing behavioural changes such as turning on the dishwasher at night time (noting that most of these people did not have a smart meter and were not on time of use pricing). A handful of customers said they used *more* or had not changed, mainly due to lifestyle factors including increased time at home, more appliances and having children.

Before and after discussions on cost reflective pricing participants were asked to stand on an imaginary line, or continuum, where one side of the room represented an opinion that they definitely could shift their behaviour during peak times of 3 – 8 pm on weekdays and the other side of the room represented an opinion where they definitely could not. The results are shown below.



The main reasons given by those who said they *could not* shift their behavior included:

- SMEs felt they could not shift as they were unable to run essential appliances or machinery outside of the current times
- Large families and those who worked 9 – 5 felt their opportunities to change were limited
- No desire to shift behavior and compromise on convenience

During the forum the main reasons given by those who said they could shift their behavior included:

- They already avoided using electricity at peak times
- It would give them greater control over their bill
- There was a clear incentive to save money
- They thought they would have new technologies such as apps that could give them data on and help them control their electricity consumption

Q: How much do you think you could shift your behaviour in peak times (3 – 8 pm weekdays) based on the price signals explained to you? The left wall represents an opinion that you definitely could not shift your behaviour to reduce your usage in peak times and the right wall represents an opinion that you definitely could shift your behaviour in peak times.

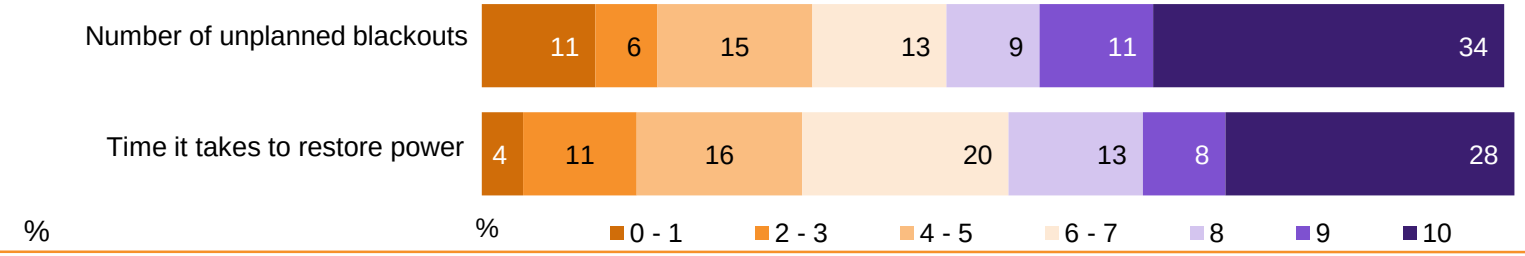
Reliability

ACCEPTABILITY OF RELIABILITY AND RESPONSIVENESS

MOST WERE HAPPY WITH THE CURRENT LEVELS SOME INDICATED THAT THEY WOULD PERSONALLY ACCEPT MORE BLACKOUTS IF IT DID NOT INCONVENIENCE THEM

- Satisfaction with current levels of reliability was initially explored in the online community. Most said they had typically experienced 0 – 2 blackouts in the last year, but there was some variability in the number of blackouts experienced. Participants estimated that most blackouts had lasted for about 30 minutes up to a few hours. For reference during the time the research was conducted, the average blackout length across Endeavour Energy's area is 80 minutes.
- The chart below describes how participants rated the current levels of acceptability they had experienced, with 63% rating it a 7 or more out of 10 where 0 was not at all acceptable and 10 was completely acceptable.
- Thinking further on acceptability of the number of blackouts in the future, some indicated they would personally accept up to 2-3 blackouts per year if it did not inconvenience them, e.g if the power was restored within 2 - 4 hours and it occurred while they were out and/or did not last long enough to spoil their refrigerated food.
  - Some noted that 2 – 4 hours would be less acceptable depending on the household, such as those with young children, the elderly and people on life support.
  - Some said they were more accepting of blackouts occurring during severe storms or accidents and would not want to see the safety of maintenance staff compromised to restore power. Some commented that they were less accepting of blackouts when they were caused by demand on the network.
- For most, expectations of responsiveness were proportionate to the level of control they perceived Endeavour Energy might have over the cause of the unplanned interruption.
  - Severe storms and unexpected weather events were an acceptable justification for longer response times – around 4 hours. Participants expected a faster response time for accidents such as trees falling on the wires – most stating about 2 hours.
- Despite this, virtually all felt maintaining an uninterrupted supply of electricity that is restored quickly is of high importance.

Acceptability of the number of unplanned blackouts and the time it takes to restore power



Base: n=96 Q: Thinking over the last year a) How acceptable do you think the number of unplanned blackouts you have experienced is? b) How acceptable do you find the time it takes to have the power restored? Scale: 0 = Not at all acceptable and 10 = Completely acceptable

RELIABILITY PREFERENCES

NEARLY TWO-THIRDS WERE COMFORTABLE WITH PAYING $3-4 MORE PER YEAR OVER 5 YEARS FOR IMPROVED RELIABILITY. IF THERE WAS AN INCREASE, THERE IS A STRONG PREFERENCE FOR A SMOOTH PRICE PATH.

Context: After being presented with information on Endeavour Energy's current reliability levels and its requirement to cater to the residential and industrial growth areas of Sydney, participants were asked to select from three reliability options. The results and the rationale for each are outlined below.

RESULT	64% Selected Option 1: Pay $3-4 more for improved reliability	36% Selected Option 2: Pay the same to maintain the current level of reliability	0% Selected Option 3: Pay $1 less for lower reliability
RATIONALE	◆ Important to minimise interruptions to supply – for households but particularly for businesses ◆ Improve the supply on the urban fringe and regional areas where blackouts are more prevalent ◆ Create more jobs for maintenance staff	◆ Current levels are acceptable ◆ Don't want to pay more for electricity ◆ Paying more for small incremental improvements is not worth it ◆ Not interested in subsidising improved reliability growth areas as it had little impact no them personally – should be paid for the developer / home-owner / council	◆ Described as a "silly" option as it would be counter-intuitive to the long term goal of reducing the investment required in the network ◆ It would end up costing more in the long-run ◆ Lower levels of reliability for such a savings is not worth it
DIFFERENCES BY SEGMENT/ LOCATION	◆ Very popular among SMEs, many who said their productivity had been negatively impacted by blackouts in the past ◆ Popular with Early Adopters who felt it was important to invest in the infrastructure and the bill increase was manageable	◆ Most popular amongst high and low vulnerable customers	None – no participants wanted to pay less for lower reliability

NEWGATE RESEARCH

Base: n= 88 Q: What is your preference in relation to future reliability? Option 1 Pay $3 – 4 more annually for improved reliability; Option 2Pay the same for the same level of reliability; Option 3: Pay $1 less annually for lower reliability.

RESPONSE TO RELIABILITY OPTIONS

IN THEIR WORDS

If the extra cost is just for maintenance then it's ok, but I don't want to pay for others.

- Wollongong Participant

To me a blackout for 80 minutes or 76 minutes, there is no difference. Wasn't a feasible reduction at all.

- Wollongong Participant

We want our bills to come down. The growth areas have nothing to do with Illawarra, we're not Western Sydney.

- Wollongong Participant

Reliability is important to me. For an uninterrupted supply I'd happily pay $3 extra per year.

- Parramatta Participant

I don't think the 80min is the right statistic. No one cares about that, the 3 min isn't helpful. If it made a big difference for rural customers that would make a difference.

- Wollongong Participant

I'd rather pay a little now so it doesn't cost a lot more in the future.

- Parramatta Participant

Blackouts are expensive to businesses and a drain on economy. To mitigate risk in downtime seems sensible for $4 a year.

- Parramatta Participant

I live in an old area. I don't want to have to pay extra for just the new areas. I want the money to improve in my area as well.

- Parramatta Participant

How is option 3 (pay less for reduced reliability) an actual option?

- Wollongong Participant

Vegetation management

VEGETATION MANAGEMENT PREFERENCES

MOST FAVOURED MAINTAINING CURRENT FREQUENCY

Context: Customers were generally surprised at how much vegetation management costs Endeavour Energy each year. The content was refined following feedback from customers and observers at the Wollongong forum. In the Parramatta forum they were provided with three vegetation management options to choose from that focused on the frequency of tree-trimming. Note there were no differences by segment and the results are outlined below.

RESULT	8% Selected 'More frequent': Pay $90 a year and trim twice a year	57% Selected 'Maintain status quo': Pay $60 per year and trim yearly	35% Selected 'Less frequent' Pay $45 per year and trim every two years
RATIONALE	◆ To avoid trees being "butchered" ◆ Looks better – contributes to property values	◆ Do not want to pay any extra on electricity bill but understand the safety/reliability rationale for trimming vegetation	◆ More concerned with cost and safety than aesthetics so happy to trim the trees more aggressively

While most are happy with the status quo, this is a fairly emotive issue and several consistent themes emerged in discussions across locations and customer segments:

- **Aesthetics:** Some commented that they were unhappy with the aesthetics of the current approach to tree trimming, but this concern was secondary to safety. Many were interested to hear that the current approach had been developed in consultation with arborists.
- **Shared responsibility:** Many felt councils should be partly responsible for tree maintenance costs. They felt it was not fair for Endeavour Energy to shoulder the full cost and suggested that councils should proactively work with Endeavour Energy to provide vegetation management services.
- **"User pays":** Several suggested a user pays system should be considered, where those living in areas with a lot of trees pay slightly more for trimming than those where there are fewer trees.
- **Tree health:** Some customers raised concerns about whether the severity of tree trimming adversely affected the health of the tree.
- **Underground/bundling of wires:** Some questioned why Endeavour wasn't considering these as alternative way of maintaining safety levels while reducing the need to trim vegetation. Some wanted to see cost/benefit modelling around undergrounding.

Expectations of the future of the grid

EMPOWERING CONSUMERS TO MAKE THE RIGHT ENERGY CHOICES

HOUSEHOLD SOLAR AND BATTERY STORAGE AND CLEAR INFORMATION ON HOW TO REDUCE ENERGY CONSUMPTION WERE CENTRAL TO CONSUMERS FEELING EMPOWERED AND MAKING INFORMED CHOICES

Endeavour Energy sought to understand how they could best support their customers' future energy choices. To understand the drivers and barriers to feeling empowered we asked participants to mark up on a spectrum of empowerment their current position on energy choices and where they would like to be in five years. As illustrated by the placement of the blue dots, the majority of participants did not currently feel empowered to make the best energy choices, and virtually all would like become more empowered in the next five years. The key factors that influenced whether they feel empowered are outlined below.

Easy to access, clear information: One of the key barriers to customers feeling more empowered was the limited information available on their energy consumption and how they are charged. They said they were often too busy to seek out this information and it was too difficult understand what was on their bill.

Empowerment is having the choices explained clearly and knowing what the options are.

- Parramatta Participant

Having more choice: Customers often said they did not have much choice beyond selecting their retailer when it came to electricity. This feeling was exacerbated for those who rented, lived in apartments or share houses.

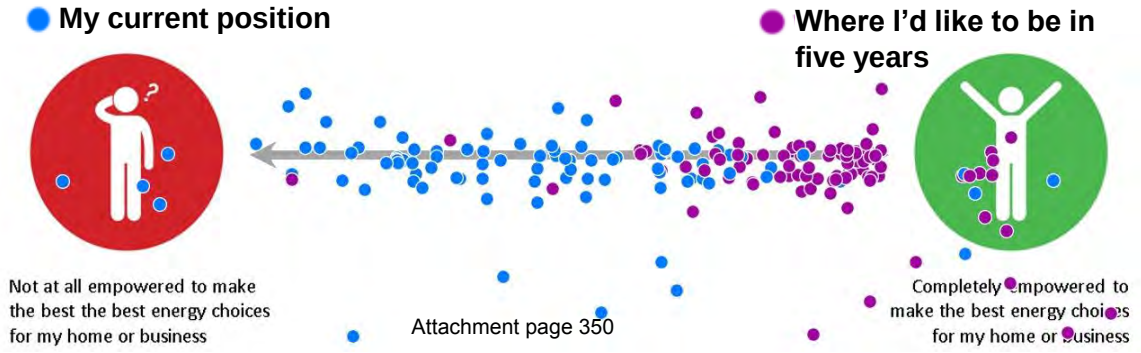
Apart from choosing my retailer, I can make few choices.

- Wollongong Participant

New technologies and household renewables: Installing household solar and batteries was closely linked to empowerment in customers' minds. Interestingly, solar customers did not indicate that they currently felt more empowered than those without.

I feel not being empowered is strongly related to the fact we don't have solar.

- Parramatta Participant



NEWGATE RESEARCH

FUTURE OF THE GRID

CUSTOMERS WERE VERY FOCUSED ON THE FUTURE AND HOW CHANGES WILL IMPACT WHAT'S IMPORTANT TO THEM – RELIABILITY, AFFORDABILITY AND CHOICE

- **Optimistic about the future**: After reading information about the future of electricity in the online community and hearing a presentation on some of the initiatives Endeavour Energy is considering, most felt optimistic. Many believed the changes would empower consumers to make better energy choices to address some of the issues that were important to them and create more of a level playing field between consumers and organisations in the energy supply chain.
- **Customers were keen to see Endeavour Energy take on a more proactive role** although they were not sure how much control Endeavour Energy has to facilitate the type of transformation they are looking for in terms of a shift to greater use of renewables and far greater uptake of solar and battery storage amongst residential customers. Nevertheless, they wanted it to contribute to transformation to the best that it can.
- Many said they would like to receive communications on how they can benefit from the changes underway as they related to the key outcomes they were interested in: affordability, reliability and choice.
- In particular they felt Endeavour Energy was well placed to educate the community about battery storage, both on a large scale and at home. Common themes in their questions related to their cost, lifespan and whether there were any safety risks associated with them.

I feel very optimistic and hopeful for the future of the power industry. It seems we are in for an overhaul!

- Parramatta Participant

I think there needs to be a big education piece around this and make people aware of it. Even by having homes almost like hubs to trial the connections and ensure its reliability and benefit.

- Online community

I believe that the huge changes proposed or imagined will come at great financial cost to all, i cant see your average person upgrading their house(charging station's in units, rentals or high rise for everybody?) or car in the near future.

- Online community

FUTURE OF THE GRID

THERE WAS STRONG SUPPORT FOR PROPOSED INVESTMENT TO TRIAL NEW TECHNOLOGY AND ADAPT TO CUSTOMERS' TECHNOLOGY CHOICES

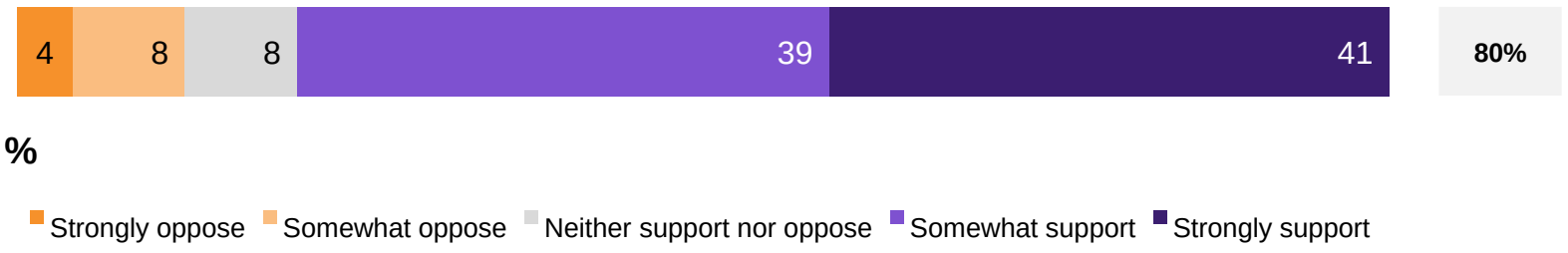
- Optimism about changes underway in the industry underpinned participant's' support for investment in new technologies.
- Following feedback from participants and observers at the first forum in Wollongong, the question line was refined so that participants in the Parramatta forum were asked if they would support payment of an additional $2-3 per year on their household bill to trial new technology and start adapting the network so it can be ready to respond to customers' technology choices and 80% supported this.
  - Support was based on the potential to reduce peak demand and the flow-on effect this would have on lowering customer bills
  - Those who were less supportive did not want an increase to their bill and were not interested in funding technology trials that would benefit areas other than their own.

DIFFERENCES BY CUSTOMER SEGMENT

SMEs and Innovators and Early Adopters were more supportive in new technologies

Highly vulnerable customers were less supportive

SUPPORT FOR $2 – 3 MILLION INVESTMENT PER YEAR

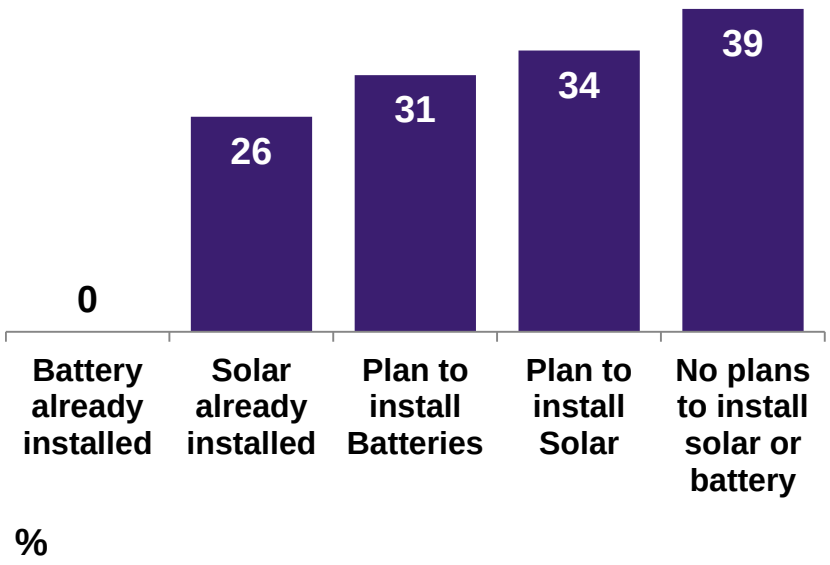


Q: We are proposing an investment of $2-3 million per year ($2-3 per household) over the next five years to trial new technology and start adapting the network so it can be ready to respond to customers' technology choices such as electric batteries and electric cars. How do you feel about this? (1) Strongly support – (5) strongly oppose (n = 49)

ENERGY TECHNOLOGY ADOPTION

IN THE NEXT FIVE YEARS AND AROUND A THIRD SAW THEMSELVES INSTALLING SOLAR PANELS

SOLAR AND STORAGE BATTERIES



The chart on the left shows the proportion of participants who already had solar panels or battery storage or planned to install them in the next five years. Note that around half who planned to install solar intended to install batteries as well. This data was gathered in the initial online community.

The **main motivators** to install solar or batteries in order of importance included:

- **Financial:** The potential to save money on electricity bills
- **Environmental values:** To conserve energy and look after future generations
- **Control and convenience**: Some liked the idea of becoming more self sufficient

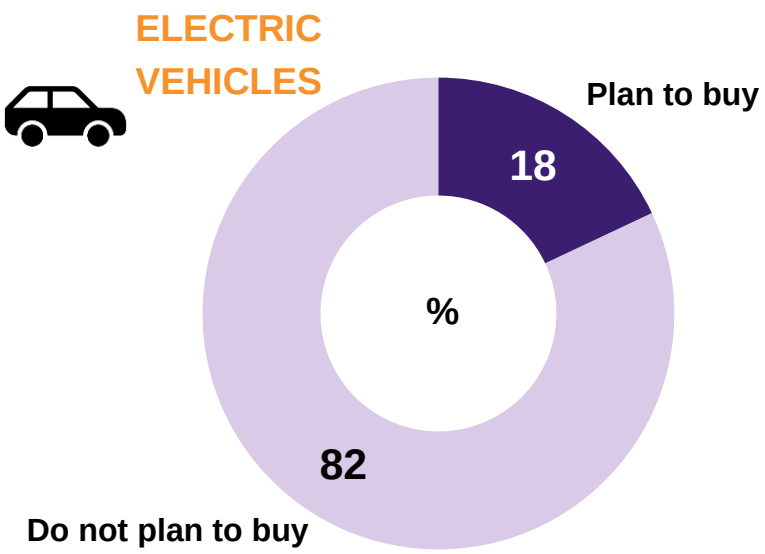
The **main barriers** to install solar or batteries in order of importance included:

- **Initial cost outlay:** Which was considered prohibitive for most
- **Reduced feed-in tariffs:** Which meant that the initial cost outlay wouldn't be worth it
- **Household situation:** In that it is difficult for people who live in rentals, share houses and apartments

Q. In five years' time, do you think you will have solar panels and/or electricity storage batteries installed at your home or business? Please select the option(s) that best describe(s) you below. n=96. Note Results do not add up to 100% because participants could select more than one option.

ENERGY TECHNOLOGY ADOPTION

ALMOST ONE IN FIVE SAID THEY PLANNED TO BUY AN ELECTRIC VEHICLE IN THE NEXT FIVE YEARS



The **main motivators** to purchase an electric vehicle included:

- **Financially beneficial:** A few said the high cost of petrol made them appealing and one SME had investigated it for his fleet as a way to reduce business operating costs
- **Lower emissions means its better for the environment**: and therefore future generations

The **main barriers** to purchase an electric vehicle included:

- **Lack of information:** Specifically, how and where they were charged, whether they had the capacity to travel long distances and how environmentally friendly they were in comparison to other vehicles.
- **Too expensive:** Some said they would consider if the price dropped dramatically
- **Not planning on purchasing a new car**
- **Look and feel is unappealing:** with one participant saying most electric vehicles are not yet “stylish”

Base: n=96 Q. In five years' time do you think you will own an electric vehicle? Please select the option that best describes you below : I already have an electric vehicle; Yes, I plan to buy an electric vehicle; No, I do not plan to buy an electric vehicle.

Support for business and vulnerable customers

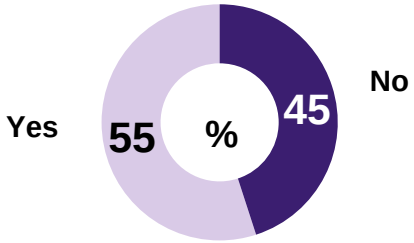
SUPPORTING SMALL & MEDIUM BUSINESSES IN PLANNED OUTAGES

THERE WERE MIXED OPINIONS ABOUT WHETHER A GENERATOR OR AFTER-HOURS SERVICE SHOULD BE PROVIDED - AND IF SO, WHO SHOULD PAY

Several years ago Endeavour Energy cancelled a program through which it provided generators, free of charge, to SMEs during planned outages as part of efficiency efforts. Cancelling this program saved $7m a year and the feedback received has been mixed. The lack of this service was raised by some SME participants in Phase 1 focus groups. This decision was revisited in this research program.

In the forums, Endeavour explained the rationale for their previous decision and asked customers whether they believed a program should be introduced to either provide SMEs with a back-up generator or conduct the planned outages after work hours, both of which would cost approximately $7m a year which would equate to approximately $7 per household annually. Participants were asked tat, if this was to be introduced, whether this cost should be shared across all customers or only shared across SME customers. The results and key themes in discussions are shown below.

Do you believe that Endeavour should provide a back-up supply at no cost to small businesses for planned outages?



The good in me says everyone should pay $7 but then how would it be applied equitably to different businesses with different power needs?

- Parramatta Participant

- Many recognised that SMEs were important to the economy and therefore interruptions to their supply should be minimised as far as possible.
- Some businesses pointed out that they paid their electricity bills and felt entitled to reliability of supply as a result – regardless of how this was achieved.
- There were mixed opinions about whether a program should be introduced but overall just over half (55%) supported it. There was relative indifference as to the right approach (generator or after-hours).
- If it was introduced, most felt that SME customers should bear the cost rather than consumers overall. Note however that some participants suggested a better option would be for Endeavour Energy to offer generators as a paid opt-in service to affected customers in more of a true ‘user-pays’ scheme.

*Base: n=89 Q: Do you believe that Endeavour should provide a back up supply at no cost to small businesses for planned outages? Keep in mind that this will result in either the network proportion of all residential customers’ bills would rise by $7 each year **or** the network proportion of all small to medium business customers would rise by $87.50 each year*

SUPPORT FOR VULNERABLE CUSTOMERS

THE MAJORITY BELIEVED ENDEAVOUR WAS DOING ENOUGH HOWEVER THERE WAS SOME INTEREST IN IMPROVING SERVICES FOR LIFE SUPPORT CUSTOMERS

There was broad consensus that Endeavour Energy does have a responsibility to support vulnerable customers, but participants struggled to identify ways they could do this. Some pondered the definition of a 'vulnerable customer' (wanting to make sure the support was provided to those who needed it most). Ultimately, the clear majority said they believed the organisation was doing enough by focusing on efficiency and reducing its proportion of their bills. Many commented that Endeavour could "only do so much" as the bill was issued by the retailer. Nevertheless, some valuable suggestions were made and these included:

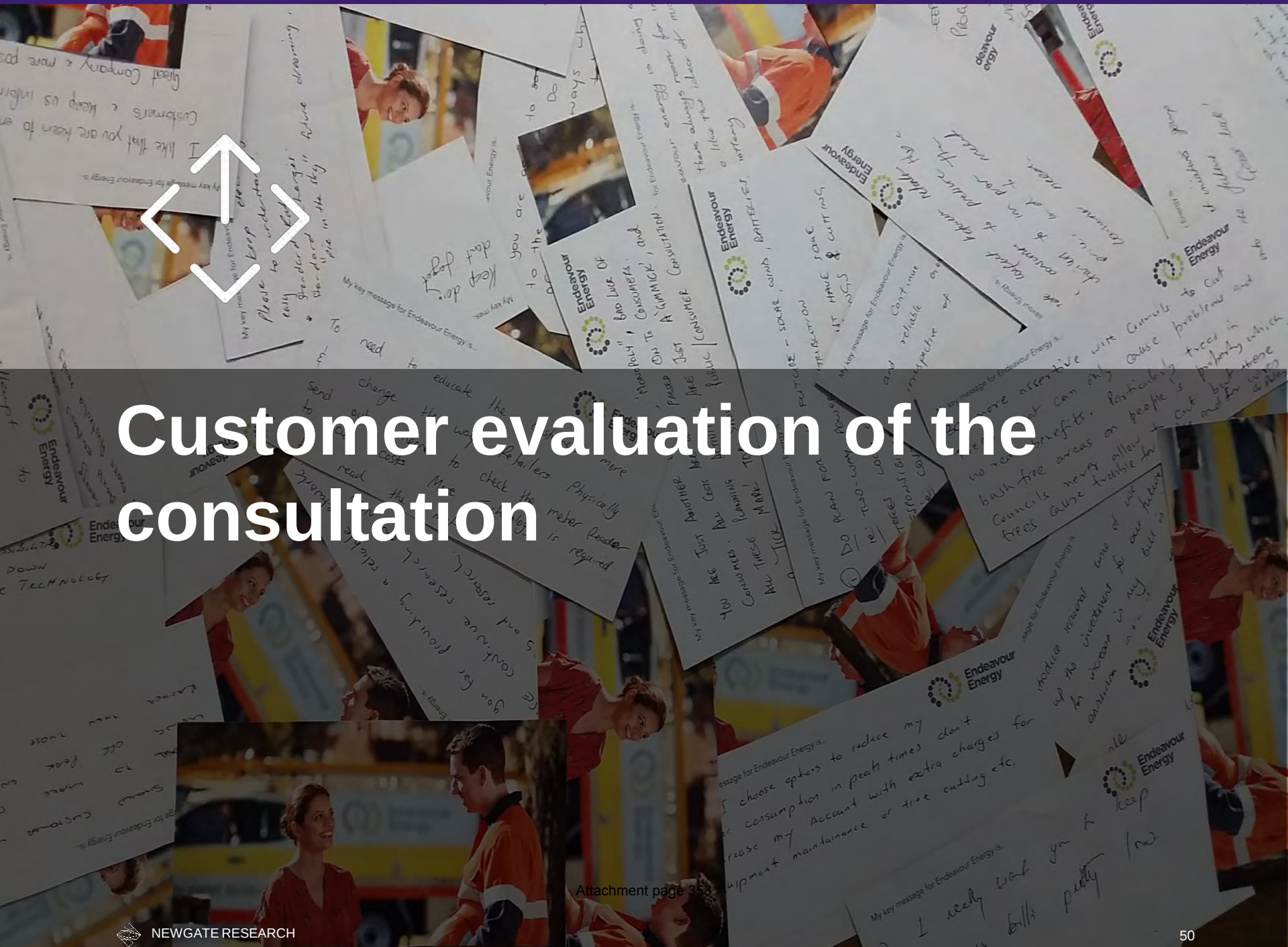
- **Focus on life support customers:** This received the most support overall due to the criticality of supplying electricity to this customer group. As a starting point, most suggested further research to find out more about what actions or communications would be most effective in assisting people in this situation. Specific suggestions included:
  - **In-language communications:** Many felt that communications with customers (including SMS, letters and by phone) should be in the language the customer speaks at home. Some felt it would be important to ensure Endeavour Energy's first interaction with the customer was in-person, rather than over the phone or by mail, to ensure that they were aware of the support available.
  - **Provide a back-up supply:** Some also thought it would be a good idea to provide life support customers with batteries, so that they did not experience interruptions to supply.
- **Energy efficiency education:** Some liked the idea of Endeavour Energy providing vulnerable customers with tips on how to reduce their energy consumption, particularly as cost-reflective tariff structures were rolled out. There was certainly acknowledgement that vulnerable customers could be negatively impacted because they were less likely to be able to afford new appliances with timers or solar/batteries or choose to get a smart meter installed.
  - Some noted that it may be difficult to target vulnerable customers in particular but suggested that many could benefit from information on the Endeavour Energy website, particularly if it included some easy-to-understand Youtube videos.
  - When prompted, participants liked the idea of a 'train the trainer' program that would allow appropriate people to deliver information directly to hard-to-reach communities, potentially in-language.

My husband is on life support, he's home alone when I'm at work, he doesn't speak English. Have SMS and letters in different languages.

- Parramatta Participant

Information on how to actually save money, like how to turn appliances off at night time.

- Wollongong Participant



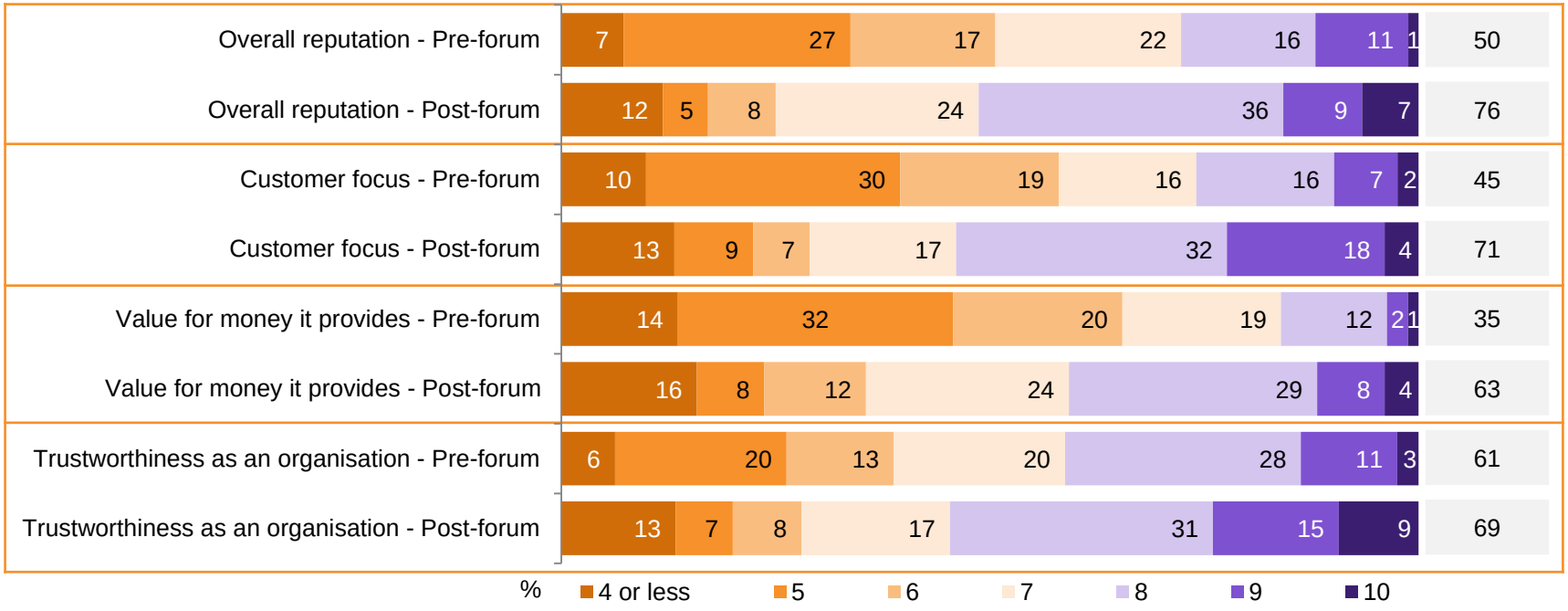
Customer evaluation of the consultation

CUSTOMER ATTITUDES TOWARDS ENDEAVOUR ENERGY

OVERALL PERCEPTIONS OF ENDEAVOUR ENERGY IMPROVED FOLLOWING THE CONSULTATION

- Participants were asked to rate Endeavour Energy on several attributes on the online community (before being exposed to any materials about them, just based on what they had read seen or heard about it) and during the exit survey (after having completed the online and deliberative forums).
- Scores tended to become more positive after the forums but also somewhat more polarised. There was a significant increase in the proportion of positive scores and an slight increase in strongly negative scores. Discussion suggests some of the lower scores may be related concern about whether Endeavour Energy's efforts would be able to improve overall affordability of their bill.

Net 7-10 (%)

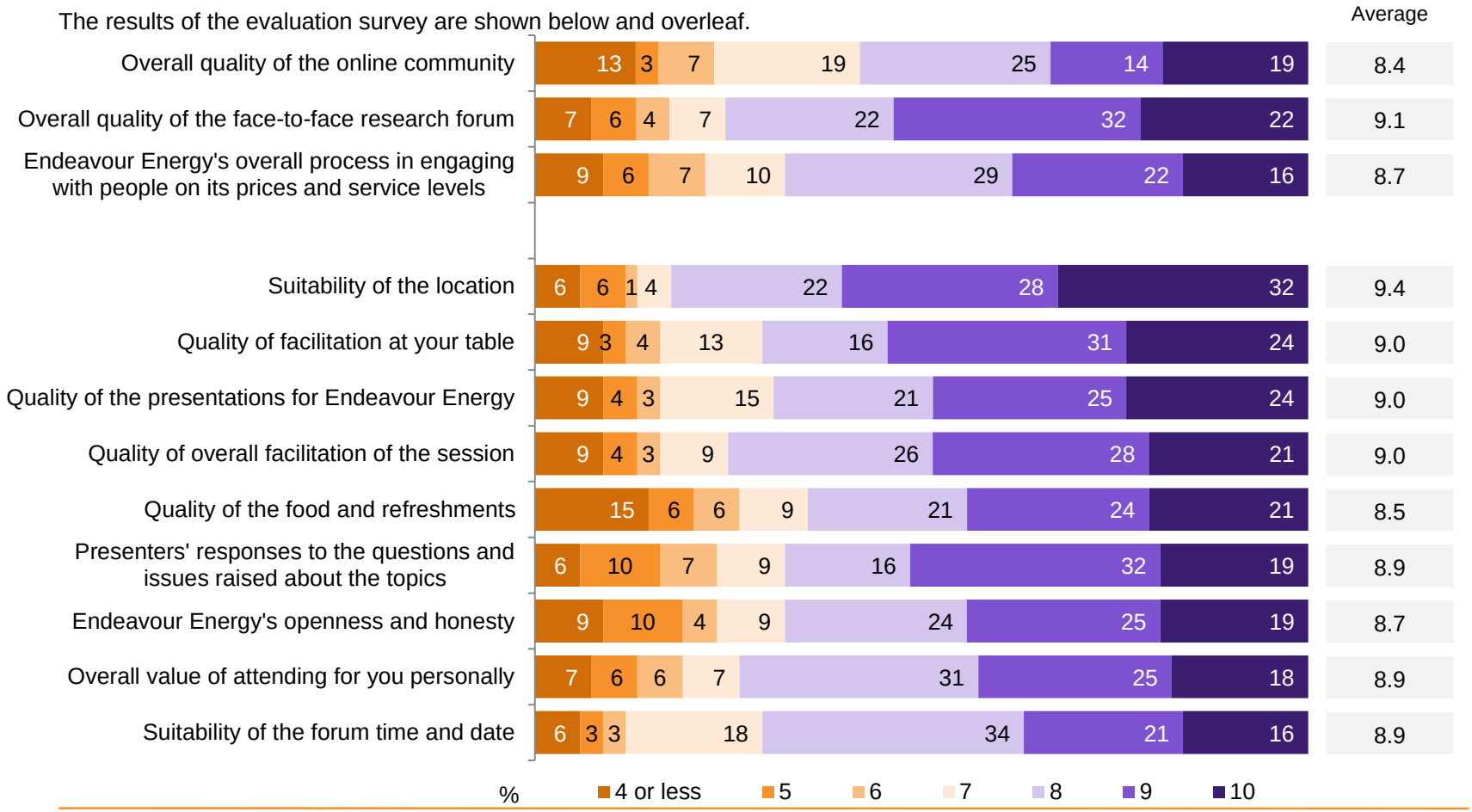


Base: Pre-forum (n=80-81), participants who responded in the online community excluding those who said they had not heard of Endeavour Energy. Post-forum (n=67), participants who responded to the online exit survey. Q. On a scale of 0 to 10 where 0 means poor and 10 means excellent, how would you rate Endeavour Energy on the following attributes?

CUSTOMER EVALUATION OF THE CONSULTATION

THE AVERAGE RATING GIVEN FOR THE OVERALL QUALITY OF THE OVERALL PROCESS WAS HIGH AT 8.7 OUT OF 10

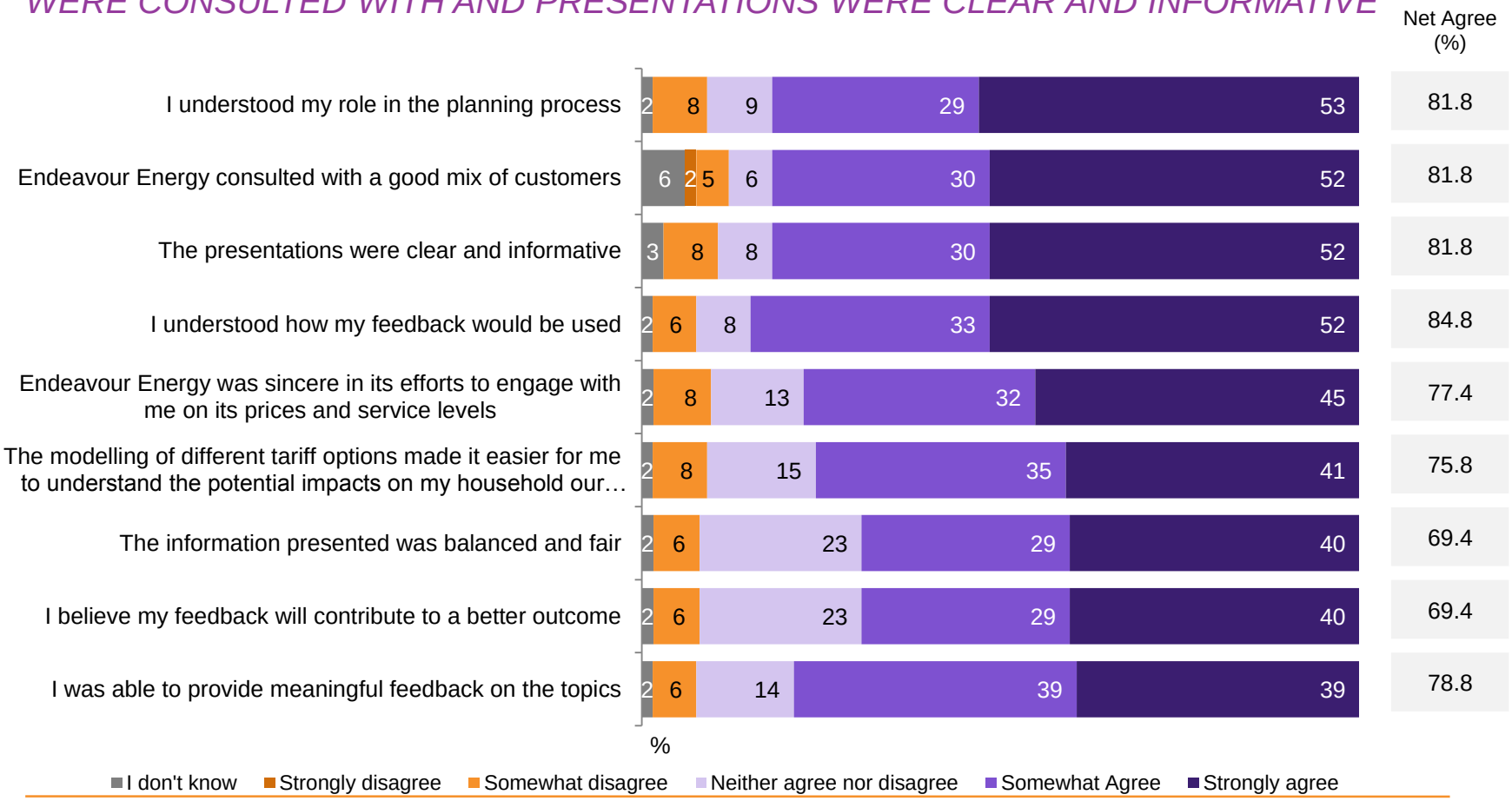
The results of the evaluation survey are shown below and overleaf.



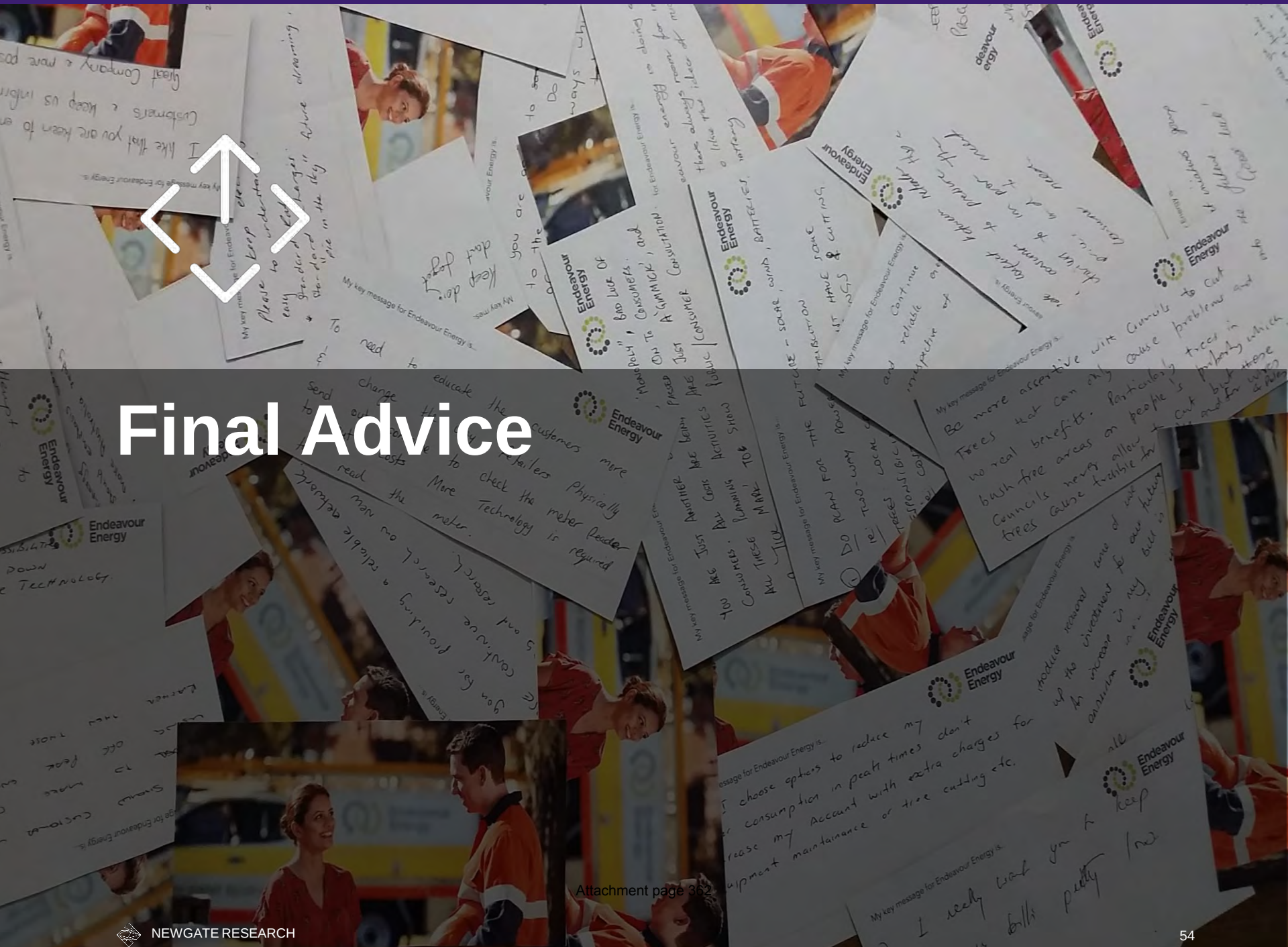
Base: (n=67), all participants who responded to the online exit survey. Q. How would you rate the overall quality of the Endeavour Energy [online community and face-to-face research forum] you participated in? And how would you rate the following aspects of the research forum? Please use a scale of 0 – 10 where 0 means poor and 10 means excellent.

CUSTOMER EVALUATION OF THE CONSULTATION

THE BROAD MAJORITY AGREED THAT THEY UNDERSTOOD THEIR ROLE IN THE PROCESS AND HOW THEIR FEEDBACK WOULD BE USED, A GOOD MIX OF PEOPLE WERE CONSULTED WITH AND PRESENTATIONS WERE CLEAR AND INFORMATIVE



Base: (n=66), all participants who responded to the online exit survey. Q. To what extent do you agree or disagree with the following statements?



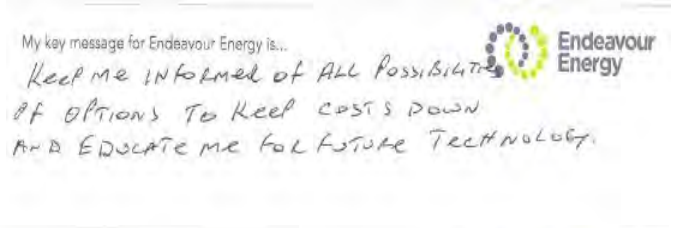
Final Advice

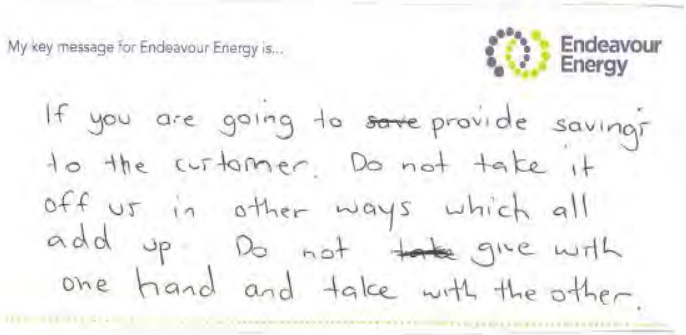
FINAL ADVICE FOR ENDEAVOUR ENERGY

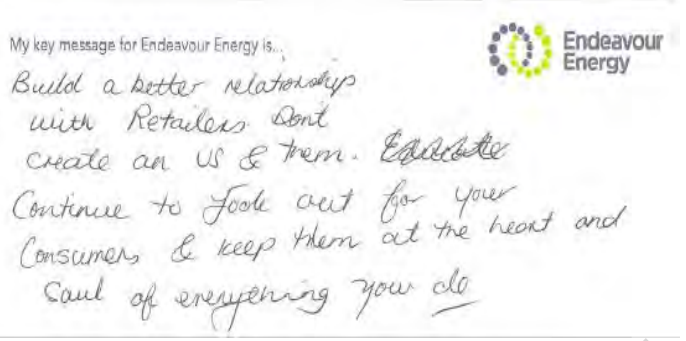
FOCUS ON OVERALL EFFICIENCY, INNOVATION AND NEW TECHNOLOGIES, TRANSPARENCY ON BILLS AND WORKING WITH RETAILERS

At the end of the forum participants were asked to write a short postcard to Endeavour Energy, providing words of advice or stating what issues discussed were most important to them. The main themes from these cards are noted below in descending order of how frequently they were mentioned.

High frequency	**Reducing costs to help bring down electricity bills overall.** This was the most common theme in responses in line with the idea captured at the beginning of the research program, that affordability is the highest priority for consumers. However, there were mixed motivations behind this core message. Some referenced their frustration that the majority of the research program seemed to be focused on ways that their bills might increase. Others were pleased that Endeavour Energy was attempting to bring costs down through their cost-reflective pricing options.
	Invest in innovation and new technologies. A few wanted Endeavour to lobby for government support to do so, rather than passing costs on to consumers.
	Greater transparency in charges. Participants wanted more information about what was on their bills and felt this was important in helping them understand how it potentially be reduced.
	Work with retailers to ensure savings were passed on to consumers. This was a consistent concern for some in the forums, that even though Endeavour Energy was regulated, their retailer was not, and so Endeavour's savings could be taken as profit by the retailer. This was linked to the above suggestion, that greater transparency in charges and more information on their bills would protect consumers from this situation.



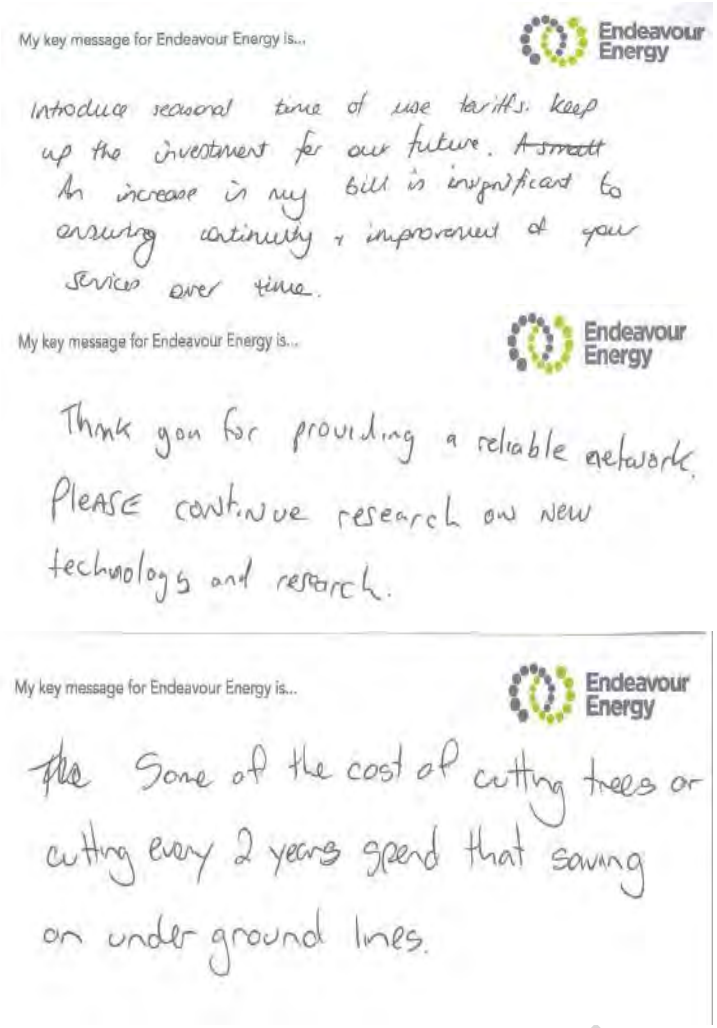




FINAL ADVICE FOR ENDEAVOUR ENERGY

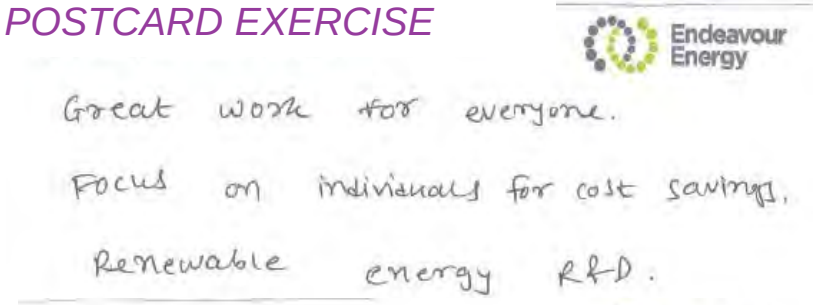
FOCUS ON OVERALL EFFICIENCY, INNOVATION AND NEW TECHNOLOGIES, TRANSPARENCY ON BILLS AND WORKING WITH RETAILERS

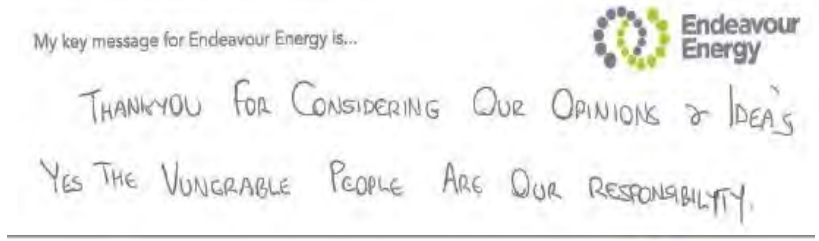
Medium frequency	**Have a greater customer focus** in planning and network charges. Several customers praised Endeavour's attempts at customer consultation, though still felt they could be doing more to ensure that customers' needs were addressed.
	Educate consumers on how to reduce costs and use new technologies. These comments related to both the potential ability to shift their behaviour under a Time of Use pricing scheme, how to use new technology (such as smart meters) and how to make the most of energy saving technologies and techniques.
	Reliability in the network was a central concern for some, however there were mixed views about whether reliability should be improved or maintained. The common theme in these words of advice was that a safe, reliable electricity supply was essential for participants' daily life.
	Provide **support for vulnerable customers** and those temporarily experiencing hardship
Lower frequency	Reduce costs associated with **vegetation management.** Some participants were frustrated at the costs associated with vegetation management and it is noteworthy that some maintained a high level of frustration over the issue in the time between the forums and the exit survey. This indicates that while it is not a key issue for all, for some it is an issue of great import.
	Fund smart meters. A few felt that if Endeavour Energy required customers to install smart meters, then Endeavour Energy should (or a retailer) shoulder the cost.

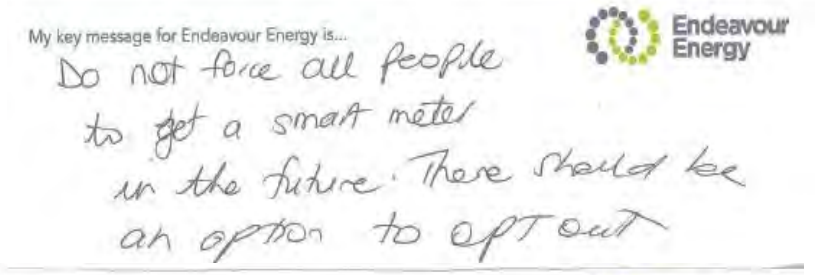


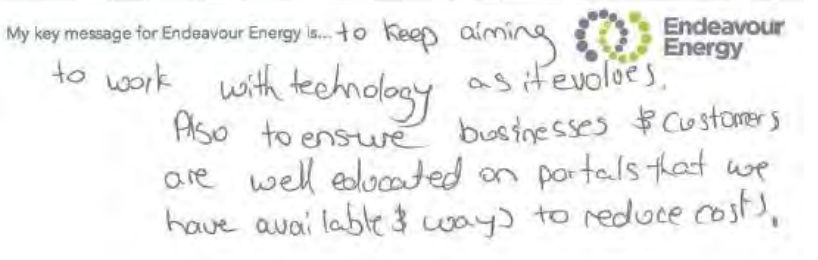
A WORD OF ADVICE FOR ENDEAVOUR ENERGY

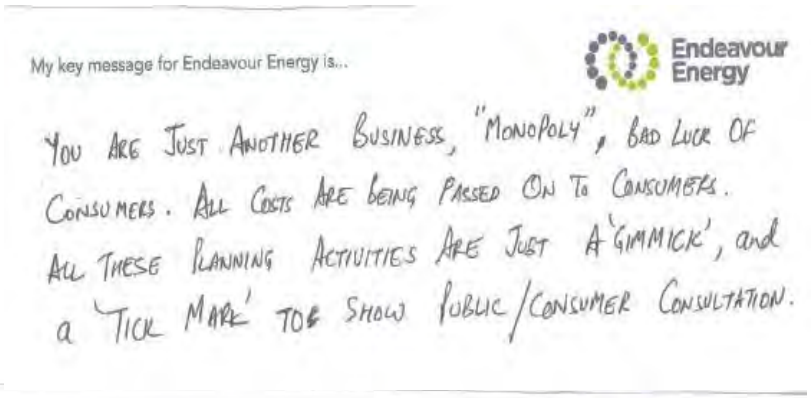
POSTCARD EXERCISE

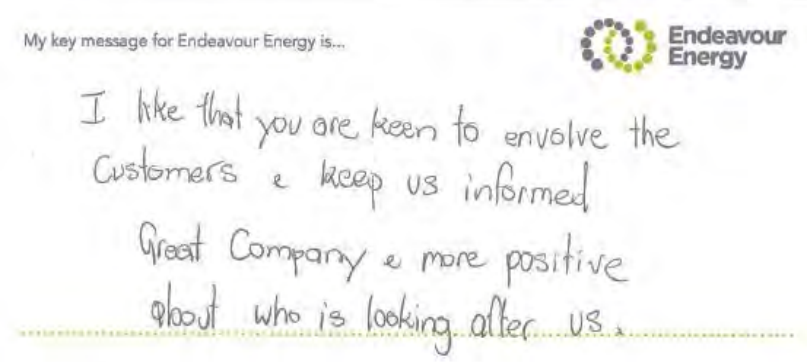


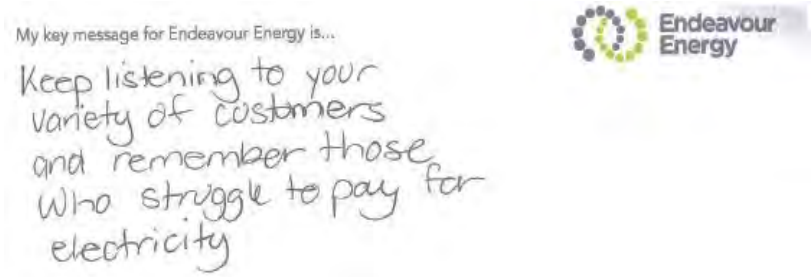












THANK YOU

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NEWGATE RESEARCH

ENDEAVOUR ENERGY CUSTOMER RESEARCH: RESIDENTIAL AND SMALL TO MEDIUM ENTERPRISE ENGAGEMENT

Appendices

NEWGATE RESEARCH

QUESTION LINE

Online community, deliberative forum, follow-up survey

NEWGATE RESEARCH

APPENDIX A: DISCUSSION GUIDE – ONLINE COMMUNITY

Hello everyone and welcome to the online community!

A huge thank you for joining. Newgate Research is running this important three-phase consultation on electricity services and prices in your area.

We're doing this consultation for Endeavour Energy. It is all about understanding your expectations, preferences and ideas. **Basically, you are here to help shape Endeavour's future services and prices from 2019 to 2024.**

As you know, this online community is the first phase of the consultation. The next phase is the face to face forum in either Wollongong or Parramatta and then the final phase is a short online survey.

This community is made up of around 100 people from all walks of life, who live in NSW – either in the Parramatta area or Wollongong. You will meet many of the participants face-to-face at next week's live forum. You have been asked to take part to speak for yourself, and other 'people like you'. If you hold a certain opinion then it is likely that others do too, so please be open and honest in telling us what you really think.

Information you share will remain **non-attributable** – you can read more about your privacy below.

Before we kick off, please read the 'housekeeping' information below.

APPENDIX A: DISCUSSION GUIDE – ONLINE COMMUNITY

How it works

You will be emailed in the morning with new questions or activities. You just need to work your way through each day's questions, which should take you only around 20 to 30 minutes to complete but if you'd like to spend more time on it, that is totally fine.

Please try and log in twice a day: once to complete your answers and then once later on to read what others have said and add comments. As the discussion progresses, the moderator may ask you to elaborate on some of your responses to get a bit more detail or ask a clarifying question.

You'll be able to see other peoples' responses once you've responded to each question yourself – this is to ensure we're hearing what **you** think first, and then have a chance to respond to what others think.

And remember, we need you to participate in all activities on both of the first two days to receive your full thank you payment at the forum next week.

Your privacy

As you know, this forum is being conducted confidentially. You will see that your profile has just your first name (and the first letter of your surname if others in the forum have the same first name as you).

This means your comments are effectively anonymous as we do not give our clients the full names of the people participating. A few people from Endeavour Energy and other stakeholders like consumer advocates and representatives from the regulator may log in from time to time to see how the conversation is progressing but they will not be able to see any of your personal details or interact with you at all.

Newgate Research is bound by strict privacy rules within the Codes of Practice of the Australian Social and Market Research Society (AMSRS). To view our privacy statement go to http://www.newgatecomms.com.au...

Making the most of the community

For everyone to get the best out of this experience, please do chat with each other and comment on each other's posts. As we've said, we've deliberately invited a mix of people of different ages and backgrounds, so we're expecting a range of different opinions on the things we're going to be asking you about. As we can't see you face-to-face or observe any nodding heads, your comments and 'likes' will help us to get a sense whether others agree with certain points that have been said or whether there are different views.

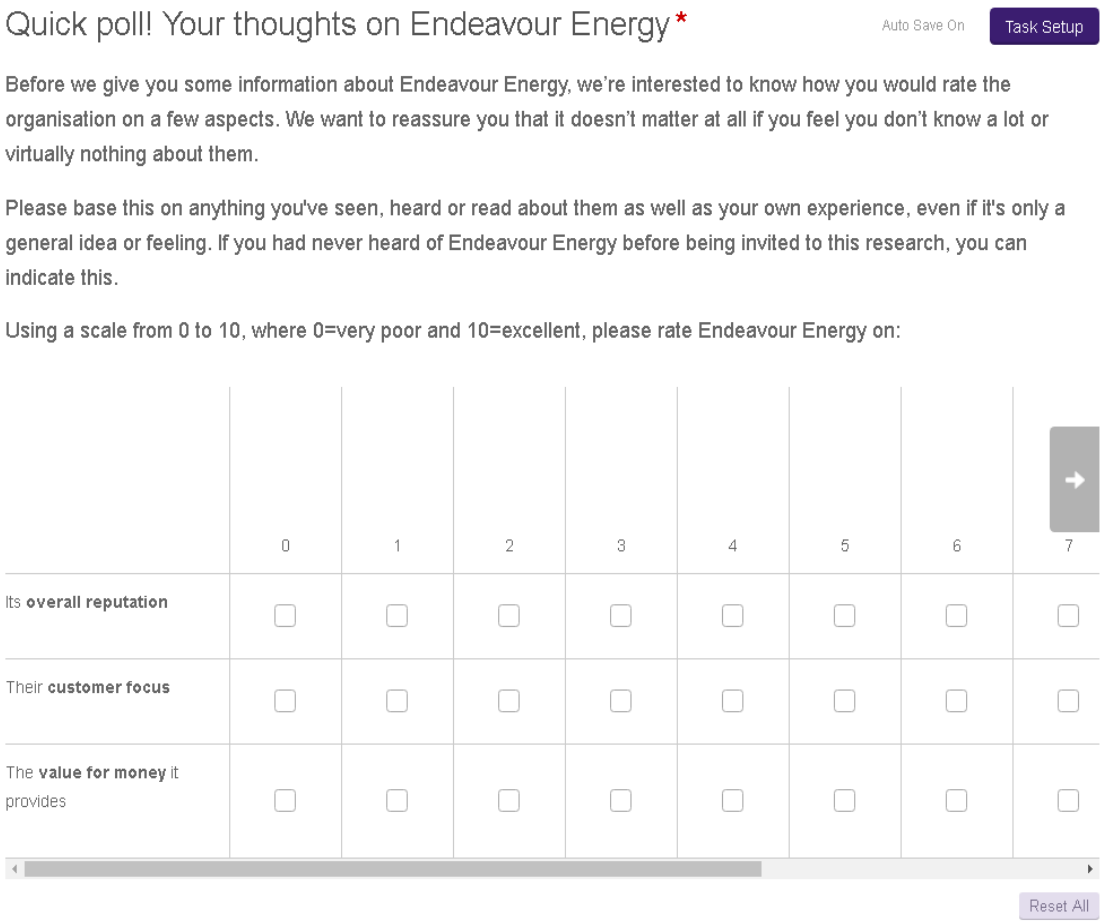
And remember: there are no right or wrong answers here. No idea is a bad idea, or too big or small! We value **all** your ideas, questions and comments.

If you have any questions...

Please don't hesitate to contact your facilitators Katherine and Lucy via this platform. If you have any technical difficulties please email Lucy at Lucy.Belling@newgateresearch.com.au. Our details are also in the welcome email you received.

Any comments or questions so far?
Last post Aug 4, 2017

APPENDIX A: DISCUSSION GUIDE – ONLINE COMMUNITY



Quick poll! Your thoughts on Endeavour Energy *

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Before we give you some information about Endeavour Energy, we're interested to know how you would rate the organisation on a few aspects. We want to reassure you that it doesn't matter at all if you feel you don't know a lot or virtually nothing about them.

Please base this on anything you've seen, heard or read about them as well as your own experience, even if it's only a general idea or feeling. If you had never heard of Endeavour Energy before being invited to this research, you can indicate this.

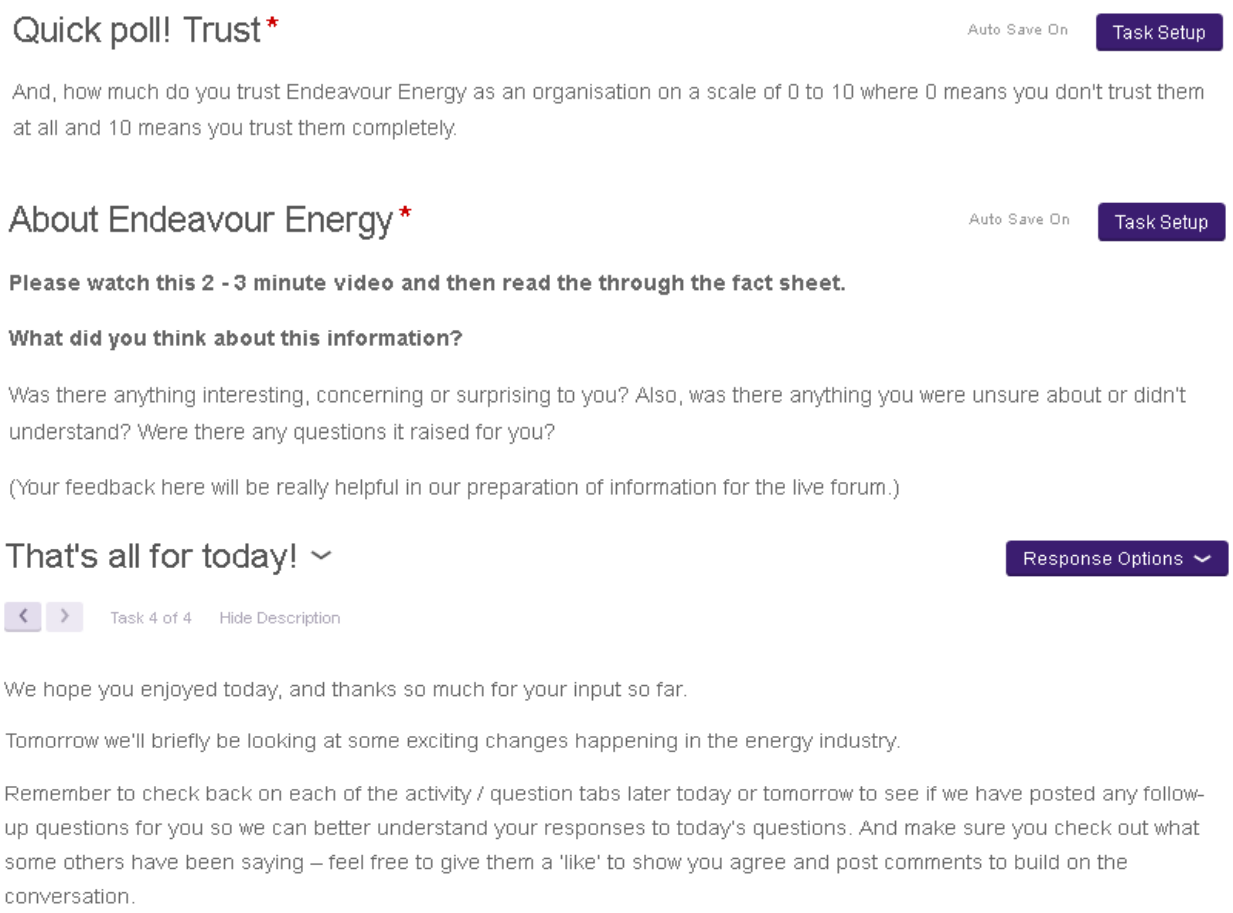
Using a scale from 0 to 10, where 0=very poor and 10=excellent, please rate Endeavour Energy on:

	0	1	2	3	4	5	6	7
Its **overall reputation**	☐	☐	☐	☐	☐	☐	☐	☐
Their **customer focus**	☐	☐	☐	☐	☐	☐	☐	☐
The **value for money** it provides	☐	☐	☐	☐	☐	☐	☐	☐

Reset All

Additional comments about your ratings

APPENDIX A: DISCUSSION GUIDE – ONLINE COMMUNITY



Quick poll! Trust *

Auto Save On | Task Setup

And, how much do you trust Endeavour Energy as an organisation on a scale of 0 to 10 where 0 means you don't trust them at all and 10 means you trust them completely.

About Endeavour Energy *

Auto Save On | Task Setup

Please watch this 2 - 3 minute video and then read the through the fact sheet.

What did you think about this information?

Was there anything interesting, concerning or surprising to you? Also, was there anything you were unsure about or didn't understand? Were there any questions it raised for you?

(Your feedback here will be really helpful in our preparation of information for the live forum.)

That's all for today!

Response Options

Task 4 of 4 | Hide Description

We hope you enjoyed today, and thanks so much for your input so far.

Tomorrow we'll briefly be looking at some exciting changes happening in the energy industry.

Remember to check back on each of the activity / question tabs later today or tomorrow to see if we have posted any follow-up questions for you so we can better understand your responses to today's questions. And make sure you check out what some others have been saying – feel free to give them a 'like' to show you agree and post comments to build on the conversation.

APPENDIX A: DISCUSSION GUIDE – ONLINE COMMUNITY

Unplanned blackouts *

Auto Save On | Task Setup

Please fill in the blanks in the questions below related to **unplanned blackouts**.

Please note that planned blackouts are when Endeavour does works on the poles and wires and lets customers know beforehand. Unplanned blackouts may be caused, for example, by storms, damage to the poles wires, or unusually high demand on the network.

Complete your response by filling in the blank spaces below.

Thinking over the last year, roughly how many unplanned blackouts have you experienced and how long did they last (on average)?

On a scale of 0 – 10 where 0 means not at all acceptable and 10 means completely acceptable…

a) How acceptable do you think the number of unplanned blackouts you have experienced is?

b) How acceptable do you find the time it takes to have the power restored?

What would be an acceptable number of unplanned blackouts per year and what would be an acceptable length of time to have the power restored? Please briefly tell us your reasons for this.

I'm interested to know if there are any other factors that would change what you consider to be acceptable.

APPENDIX A: DISCUSSION GUIDE – ONLINE COMMUNITY

The future of the electricity network *

Auto Save On | Task Setup

The energy industry is undergoing a lot of changes that will influence the way Endeavour goes about its business. Endeavour wants to know how you – its customers – think it should be planning for the future, in response to some of these changes. Please read this fact sheet and then respond to the questions below.

YOUR NETWORK IS CHANGING

CUSTOMERS ARE DRIVING CHANGES

Technology is changing dramatically.

In future, home and grid batteries, solar and electric cars will allow customers to have a lot more control about how and when they use electricity, and also how they are charged for it.

Our network must be ready so that customers can make the most of new technology. For example, customers with electric cars will need enough charge stations in public locations, as well as at home and at common destinations.

Our role is to get the network ready so that consumers can connect solar, batteries and smart meters that will be supplied by retailers and meter operators.

We must build the infrastructure so people can connect when they want to.

WHAT WILL THE FUTURE OF ENERGY LOOK LIKE?

Above: In future, energy production and delivery will change due to new technology and customer involvement. (Source: CSIRO and Energy Network Association 2015, Electricity Network Transformation Roadmap: Interim Program Report.)

More electric cars and charging stations

Smart homes with solar, battery and car charging station

More grid-connected battery storage systems

More home batteries to store energy from solar panels

Complete your response by filling in the blank spaces below.

What was interesting to you about this, if anything? How do you think it affects you personally – whether positively, negatively or otherwise? How will it change the way you use energy in the future, if at all?

Is there anything else you think Endeavour should be doing to meet the expectations of its customers?

APPENDIX A: DISCUSSION GUIDE – ONLINE COMMUNITY

Making energy-related choices *

Auto Save On | Task Setup

We would like to know how you feel about your ability to make the best energy-related choices for your home or business. This could be in terms of providers, appliances and technologies, when and how to use energy, paying for energy, accessing information etc.

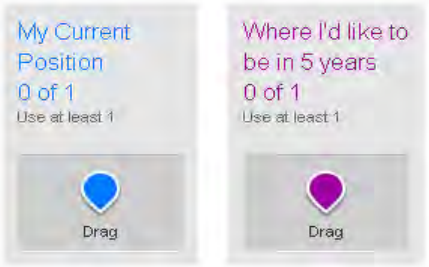
On the image below, please mark-up
• Where you think you currently sit on this 'spectrum' in **blue.**
• Where you would like to be sitting on this spectrum five years from now in **purple.**

To place a marker, simply drag and drop the marker icon onto the image below.

Then there are two further questions to answer in the commentary box below.

1. Please tell us about the reasons behind your **current** position on this spectrum – please be as specific as possible so we can really understand your experiences and where you're coming from.

2. If you didn't place yourself at the **empowered** point on the line, what would being completely empowered to make the best energy choices for your home or business look like to you? What would you be doing differently if you were completely empowered? We're particularly interested to know if there is something you feel you would need to know more about. Is it about having better appliances or technologies? Or tools to help you make decisions? Or perhaps more information on particular topics?



1. Tell us the reasons behind your current position on the spectrum. 2. What does being empowered to make the best energy choices look like to you? What would you do differently if you were? What appliances, technologies, information or tools would you need to be empowered?

NEWGATE RESEARCH

APPENDIX A: DISCUSSION GUIDE – ONLINE COMMUNITY

Supporting small and medium businesses * Auto Save On Task Setup

Business customers are an important customer segment for Endeavour Energy. There are about 40,000 small to medium businesses across Endeavour Energy's area and they include office based businesses like technology companies, medical centres and solicitors; light industrial and manufacturing like car repairers, food processors and furniture makers; and service businesses like hairdressers and butchers.

Endeavour Energy used to supply generators to small and medium businesses or do the work after hours when completing planned maintenance after usual business hours. A few years ago it decided to stop doing this in an effort to cut costs and to keep everyone's electricity bill as low as possible. This saves all customers a total of $7m a year in costs, which roughly equates to a **$7** reduction to the electricity bills of all households and businesses. It also helped Endeavour Energy keep its network charges for small to medium business the lowest in NSW. However, it also means that businesses have to make their own arrangements for a back-up energy supply or rearrange work schedules if there is an unplanned blackout.

Some businesses have said they don't think it is fair and want generators provided during planned maintenance, or want the work completed after hours which means Endeavour Energy would have to pay higher overtime rates for its workers. These costs would add back $7m to Endeavour Energy's overall costs and these would need to be paid by customers. (Remember that Endeavour Energy's profitability is regulated so the costs must be passed on).
Endeavour Energy would like your feedback on the approach it should take going forward.

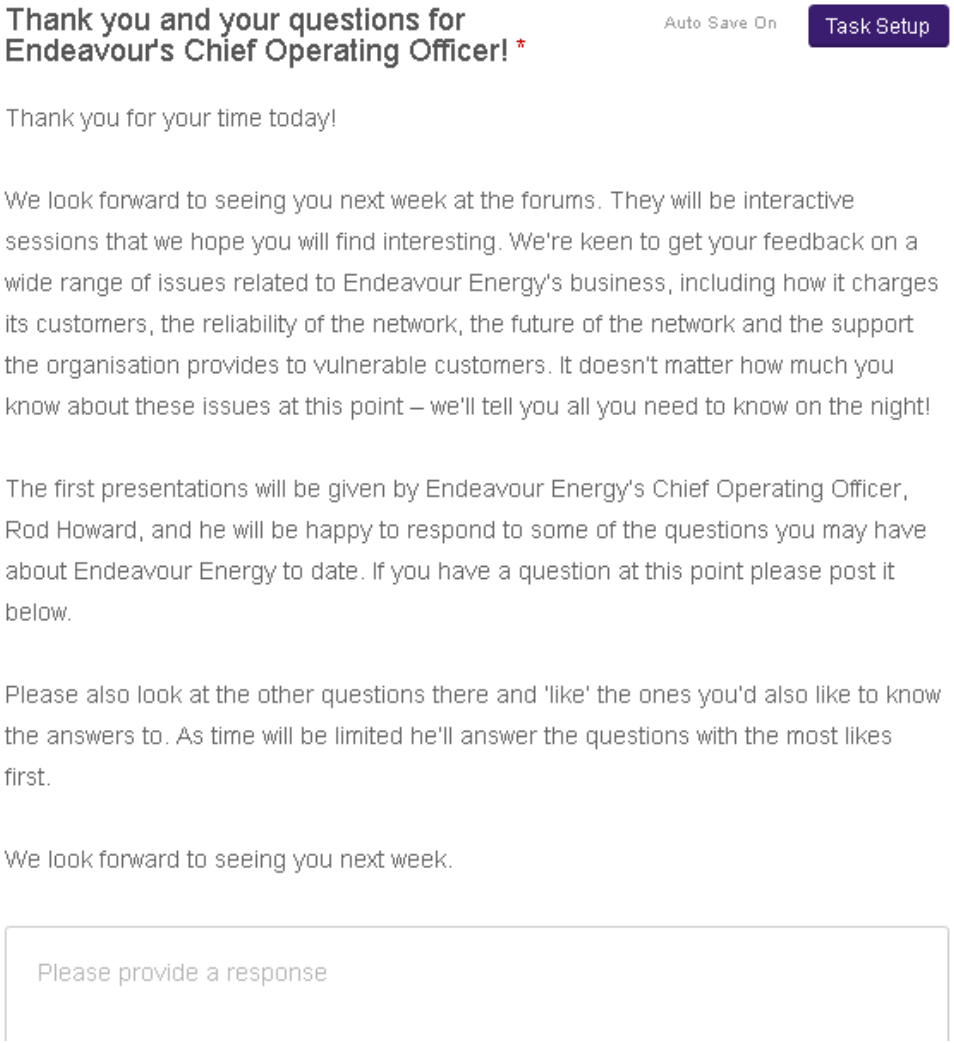
Complete your response by filling in the blank spaces below.

Please select one of the options below that best reflects your opinion on the approach that Endeavour Energy should take on this issue.
a) Endeavour should continue with its current approach and not provide generators or after hours maintenance to businesses
b) Endeavour should provide backup generators at no cost to businesses that are disrupted by the planned maintenance work Endeavour undertakes
c) Endeavour should complete planned maintenance after hours at no cost to businesses
d) I don't mind which of these two options they choose but they should ensure continuity of supply for business

Regardless of your personal opinion, if this service to businesses is reintroduced, how do you think the cost should be shared amongst Endeavour Energy's customers?
a) The cost should be shared by all customers - residential and business - meaning the network proportion all household bills would increase by $7. So for example, the average network proportion of a household bill of $510 would increase by $7 to $517 and the average network proportion of small to medium businesses bill of $1750 would increase to $1757.
b) The cost should be paid by business customers only, meaning the network proportion of small to medium businesses' bills would increase by $87.50. So this means the the average network proportion of business bills of $1750 would increase to $1837.50.

Do you have any other comments you'd like to make on this issue?

APPENDIX A: DISCUSSION GUIDE – ONLINE COMMUNITY



APPENDIX B: DISCUSSION GUIDE – DELIBERATIVE FORUM

NEWGATE RESEARCH

Endeavour Energy Deliberative Research
***DRAFT* Forum Agenda and Discussion Guide (NGR 1608002)**
Monday, 4 September 2017

Forum Introduction (10 mins)	**6pm**

Who?

- Welcome everyone and thank you all very much for attending this research forum tonight. My name is Sue from Newgate Research and I am facilitating the forum this evening.
- I would like to introduce my colleagues [names] who are helping out tonight.
- As you know, our client is Endeavour Energy. You were introduced to who they are and what they do in the online community.
  - We have a number of senior Endeavour people here tonight – some who will be doing presentations and answering the questions and others who are just observing. To kick things off I'd like to introduce Rod Howard, Endeavour's Chief Operating Officer, who would like to personally welcome you here this evening.
  - *Rod to speak for 1-2 minutes*

What & Why?

- Thank you Rod. So I'll take a few minutes now to go through a bit more about what we're all here for tonight and some housekeeping.
- In forming this group we have brought together a good cross-section of the community including a mix of people of different life-stages as well as a mix of residential electricity customers and business owners and managers.
- From what you've shared in the online forums, we already know:
  1. Some of the energy issues you are interested in;
  2. Your expectations of Endeavour and for the future of the grid
  3. Your initial thoughts about a program for business customers it is considering rolling out
- The broad purpose of tonight is to get your feedback on some more complex issues that will help Endeavour develop plans for the future that are consistent with what you, their customers, expect. We want to know:
  1. What you think about some different pricing structures for electricity Endeavour is considering for their customers;
  2. What you think about different options in terms of the reliability of the grid; as well as
  3. Your thoughts about some programs they are considering rolling out.
- Your feedback, and the feedback from other forums, will have a direct influence on the decisions that Endeavour makes - and this includes the pricing for your electricity bill - so this session is very important in help-

ing their decision-making process. Endeavour will be preparing a document for the energy regulator that summarises community feedback, alongside that from other stakeholders, and explaining what actions they are taking in response to that feedback.

How?

- There will be a mix of activities tonight and this will include
  - Several presentations from Endeavour about the options they want your feedback on;
  - Opportunities for you to ask questions of Endeavour's senior executives;
  - Guided discussions at your tables and at stand-up continuum exercises; and
  - Voting on different options using the hand-held voting pads to get your preferences.

Housekeeping

- There are no right or wrong answers and it doesn't matter how much you know about the issues we will be talking about today.
- There are probably only two ways that tonight could go wrong. You could not contribute at all and that would make our job of reporting on your preferences quite hard, or you could speak so much that you don't give others an opportunity to say what they might want to say. It is important that you are aware of this and make sure you don't dominate conversation at your table and are not always the first person to respond to a question.
- We do have a lot to get through so sometimes we will need to stop the conversation at a certain point and move on so we apologise in advance if we cut you off. I also have a bell to help me get your attention when we need to move along.
- Everything you say is completely confidential and we are not trying to change your views or sell you anything.
- [Parramatta and Wollongong] As we mentioned when you were asked to join us, we are videoing the sessions to create a short 2-3 minute video of highlights that will be publicly available.
- Please help yourselves to food and refreshments as we go. We'll also have a quick 10-minute break where we'll bring out some cheese, fruit and cakes at about 8.00 but otherwise we'll work through.
- Location of toilets / exits / Mobile phones off or on silent please - we need your full attention! Please duck out if you do need to make a call.

Handset Voting Warm-Up
6.10pm (5 mins)

You should all have a handset in front of you. Please pick it up and we'll show you how to use it, which you'll be doing a few times tonight. You answer by entering a number that corresponds to a particular option or choice. Please remain quiet when you do this and don't say your answer

APPENDIX B: DISCUSSION GUIDE – DELIBERATIVE FORUM

out loud. Sometimes we'll show you the results but we probably won't have time to do that for every question. Those of you on table 1, please respond to all of the questions tonight with your company hat on.

1. Just as a warm-up, please enter your table number:
    1. 1
    2. 2
    3. 3
    4. 4
    5. 5
    6. 6

2. Please enter your age group:
    1. 18-24
    2. 25-34
    3. 35-44
    4. 45-54
    5. 55-64
    6. 65 or over

3. What is your gender?
    1. Female
    2. Male

4. Are you the owner or senior manager of a business?
    1. Yes
    2. No

5. And, please select which option applies to you…?
    1. I have solar panels installed at my household or business
    2. I have one or more electricity storage batteries at my household or business
    3. I have neither solar panels nor a storage battery

Introduction to Endeavour Energy
6.15pm (15 mins)

Chair: I will now ask Rod Howard back up to give you a quick recap on who Endeavour is and what it does, as well as answer some of the questions you posted in the online community.

Endeavour Presentation #1 (10 mins + 5 mins Q&A): *to recap content covered in the online forum and introduce detail about Endeavour's vision. Q&A as informed by online forum posts.*

Introducing Peak Demand and the Shift to Cost Reflective Pricing
6.30pm (35 mins)

Chair: Rod is now going to present some more information on the factors that contribute to your electricity bills and some changes they are considering to their pricing structure.

Endeavour Presentation #2 (15 minutes + 5 mins Q&A): *on peak demand and the introduction of cost reflective pricing*

Table discussion (10 minutes)

APPENDIX B: DISCUSSION GUIDE – DELIBERATIVE FORUM

Chair: Now we have ten minutes to discuss the shift to cost reflective pricing at your tables.

Table moderator:

- What were your thoughts on that presentation? Was there anything in particular that jumped out to you? What did you find interesting / surprising / concerning?
- How do you feel about the move towards cost-reflective pricing? *[If necessary recap definition – this means that people's electricity bills would reflect the cost of providing them electricity but the overall amount collected by Endeavour Energy in its network tariffs would be the same]*?
  - What do you like about? What positive outcomes could there be?
  - What don't you like about it? What negative outcomes could there be?
- What kinds of things do you think people could do to shift their electricity usage outside the peak – outside 3- 8pm on weekdays?

Continuum #1 (5 mins)

Chair: We're now going to do an exercise we call a Continuum. You will be invited to stand on an imaginary line to represent how you feel about some of the issues we've discussed. *(Explains what to do).* How much do you think you could shift your behaviour in peak times (3-8pm weekdays) based on the price signals explained to you?

  - This wall represents an opinion that you definitely **could not** shift your behaviour to reduce your usage in peak times
  - That wall represents an opinion that you definitely **could** shift your behaviour to reduce your usage in peak times.

Cost Reflective Pricing Options
7.05pm (60 mins)

Chair: Rod is now going to talk about the way pricing for the distribution part of your bill works now and then explain two cost reflective pricing options that Endeavour is considering. The first part of the presentation will go for about 15 minutes and then we will have time for you to ask questions.

[Table moderator to hand out worksheet showing the different types of tariffs and the impact on bills – note this shows the what would happen to their current bill if the tariff was introduced today and the average annual increase over a ten year period.]

Endeavour Presentation #3 (10 mins + 10 mins Q&A) *on Flat tariff, Seasonal Time of Use and Seasonal Time of Use Demand pricing.*

Table Discussion (15 minutes)

Chair: Now you will have the opportunity to reflect on this pricing option at your tables, then we will do an activity together as a group.

Table moderator:

- Tell me how you feel about that presentation? What was of most interest? Of most concern?
- How do you feel about the **flat tariff** approach being used now?

APPENDIX B: DISCUSSION GUIDE – DELIBERATIVE FORUM

- That wall represents an opinion that you definitely **could** shift your behaviour to reduce your usage in peak times.

Cost Reflective Pricing Options
7.05pm (60 mins)

Chair: Rod is now going to talk about the way pricing for the distribution part of your bill works now and then explain two cost reflective pricing options that Endeavour is considering. The first part of the presentation will go for about 15 minutes and then we will have time for you to ask questions.

[Table moderator to hand out worksheet showing the different types of tariffs and the impact on bills – note this shows the what would happen to their current bill if the tariff was introduced today and the average annual increase over a ten year period.]

Endeavour Presentation #3 (10 mins + 10 mins Q&A) *on Flat tariff, Seasonal Time of Use and Seasonal Time of Use Demand pricing.*

Table Discussion (15 minutes)

Chair: Now you will have the opportunity to reflect on this pricing option at your tables, then we will do an activity together as a group.

Table moderator:

- Tell me how you feel about that presentation? What was of most interest? Of most concern?
- How do you feel about the **flat tariff** approach being used now?
  - Do you understand it? Does anyone have any questions about it?
  - What do you like about this type of pricing, if anything?
  - What do you dislike about it, if anything?
- And how do you feel about the idea of **Option 1 - seasonal time of use tariff**?
  - Do you understand it? Does anyone have any questions about it?
  - What do you like about this type of pricing, if anything?
  - What do you dislike about it, if anything?
  - What types of people do you think would benefit from this type of tariff? What types of people do you feel would be disadvantaged?
- Finally, how do you feel about the idea of **Option 2 - seasonal time of use demand tariff**?
  - Do you understand it? Does anyone have any questions about it?
  - What do you like about this type of pricing, if anything?
  - What do you dislike about it, if anything?
  - What types of people do you think would benefit or be disadvantaged from this type of tariff? Would it differ to the seasonal time of use tariff?

Continuums # 2 - 5 (15 mins)

Chair: How acceptable do you think Option 1, a seasonal time of use tariff, is?

- This wall represents a view that find it completely acceptable
- That wall represents a view that you find it completely unacceptable
- Or you can stand anywhere along the line – if you stand right in the middle it means you find it neither acceptable nor unacceptable.

APPENDIX B: DISCUSSION GUIDE – DELIBERATIVE FORUM

Chair: If you had a smart meter and you could choose Option 1 pricing, how likely would you be to do so?

- This wall represents a view that you would definitely do so
- That wall represents a view that you would definitely not do so

Chair: How acceptable do you think Option 2, a seasonal time of use demand tariff, is?

- This wall represents a view that find it completely acceptable
- That wall represents a view that you find it completely unacceptable
- Or you can stand anywhere along the line – if you stand right in the middle it means you find it neither acceptable nor unacceptable.

Chair: If you had a smart meter and you could choose Option 2 pricing, how likely would you be to do so?

- This wall represents a view that you would definitely do so
- That wall represents a view that you would definitely not do so

Chair: Now that you know more about how these options would work, how much do you think you could shift your behaviour based on the price signals explained to you.

- This wall represents an opinion that you definitely **could not** shift your behaviour to reduce your usage in peak times
- That wall represents an opinion that you definitely **could** shift your behaviour to reduce your usage in peak times.

Lead facilitator to invite comments from participants at different ends of the spectrum and in the middle, then check if anyone has changed their mind based on what they have heard – providing an opportunity to shift their position in the room.

Handheld Voting (10 mins)

Chair: What we will do now is to ask you to provide your opinions on these pricing structures using the hand-held voting pads. Before we do this I'd just like to remind you again that each of these pricing structures are revenue neutral and will not result in any change to the overall amount of money that Endeavour earns from electricity customers, but some customers will be charged more and some will be charged less.

- In principle, how fair do you think it is for each customer to be charged for electricity based on how much demand they put on the system? [Scale 0 = completely unfair, 10 = completely fair]
- How acceptable would it be to you if Endeavour was to introduce the following pricing structures: *[Scale 0 = completely unacceptable, 10 = completely acceptable]*
  - Seasonal time of use
  - Seasonal time of use demand charge
- What would be your preferred pricing structure? *[Please select one]*
  - Flat tariff
  - Seasonal time of use
  - Seasonal time of use demand charge

APPENDIX B: DISCUSSION GUIDE – DELIBERATIVE FORUM

- Which pricing structure do you think would be most effective in achieving Endeavour's objective to keep costs down and avoid or delay having to spend money to increase the capacity of the network? *[Please select one]*
  - Flat tariff
  - Seasonal time of use
  - Seasonal time of use demand charge

- How important is this issue to you personally? *[Scale 0 = Not at all important, 10 Extremely important]*

Lead facilitator leads forum-wide discussion on the results after each question.

Does anyone have any comments on these results before we move on?

Break (10 mins) **8.05pm**

Chair: We will now have a 10-minute break

Reliability **8.15pm (30 mins)**

Chair: Rod is now going to briefly talk to you about Endeavour's investment in reliability. Following this we will have a very brief table discussion and vote on which option you think would be best for customers.

Endeavour Presentation #4 (10 mins + 5 mins Q&A): *Reliability (to include feedback from the online community).*

Table discussion (10 minutes)

Table moderator:

- What were your reflections on that presentation?
- What do you think about the three investment options?
- *[Hand out worksheet outlining quarterly bill impact over the next five year period for reduced reliability (and what this means), improved reliability (and what this means) and status quo (how many blackouts are currently experienced on average]* Place a tick next to the option would you prefer. *Explore reasons.*

Voting exercise (5 mins)

- What is your preference in relation to future reliability?
  - Pay more for improved reliability
  - Pay the same for similar reliability
  - Pay less for lower reliability

Vegetation Management **8.45pm (15 mins)**

Endeavour Presentation #5 (5 minutes):

Table discussions (10 mins)

- What are your reactions to that presentation?
- How do you feel about the current approach to tree trimming?
  - What do you like about it?
  - What do you think could be improved?

APPENDIX B: DISCUSSION GUIDE – DELIBERATIVE FORUM

Voting exercise (5 mins)

- **How acceptable do you think Endeavour's proposed approach to vegetation management is?**
  (scale of 0 – 10 where 0= not at all acceptable and 10=completely acceptable)

Future Energy Choices, Innovation and Network Investments 9.00pm (25mins)

Chair: As you now know from the online communities, the energy market is undergoing significant changes, many of which are driven by you, the customer. We'd like to welcome a new speaker, Jenny Steadman who is [title] at Endeavour Energy to talk to you a little about the future of the network and the various types of technology that Endeavour is trialling. There are no particular options to put to you in this part of the session as Endeavour Energy is really reacting to what is going on in the market and the choices that individual customers make. However, they are interested in your thoughts on this topic so we'll take a few minutes to discuss it at your tables after the presentation.

Endeavour Presentation #6 (10 minutes plus 10 mins Q&A): *Future of the network.*

Table Discussion (5 minutes)

Table moderator:

- What were your reflections on that presentation? What interested you most?
- What do you think of Endeavour's plans to make the network more flexible?
- *[Hand out worksheet on Endeavour's plans for the future asking customers to rate the acceptability of its plans on a scale of 0-10 where 0=not at all acceptable and 10=completely acceptable]*

Vulnerable Customers 9.25pm (20 mins)

Endeavour Presentation #7 (5 minutes plus 5 mins Q&A): *Vulnerable customers.*

Table Discussion (10 minutes)

Table moderator:

- What were your reflections on that presentation? What interested you most?
- Do you feel Endeavour Energy should take a hands-on role to help vulnerable customers beyond its efforts to work as efficiently as possible to keep prices low? Why? Why not?
- What kind of role do you feel it would be most appropriate for Endeavour Energy to play?
- And what do you think about its' approach to life support customers? Could it be improved in any way?

Small to Medium Business Customers 9.45pm (10 mins)

APPENDIX B: DISCUSSION GUIDE – DELIBERATIVE FORUM

Endeavour Presentation #5 (2 minutes): *To include feedback from the online forums.*

Table Discussion (5-7 minutes)

Table moderator:

- Do you feel Endeavour Energy should reinstate a program to ensure continuity of supply for its small to medium business customers?
- Who do you think should be responsible for wearing the cost? *Explore reasons*
- *[Hand out worksheet that revisits options] Moderator to discuss if any-one had changed their opinion since the online community and explore reasons*

Conclusion	**9.55pm (5 mins)**

- Chair to let people know that there is a 'postcard to Endeavour' on the table and we'd encourage them to write down any final pieces of advice they have to Endeavour either in relation to the five year plan.
- Chair to thank people for attending and remind them that the information presented is in draft form and subject to change as a result of consulta-tion. Remind them that online survey will come in a few days and that this will ask questions about what you thought of this engagement and any other final reflections you have.
- Rod to say a final thank you and explain again how the findings will be used.
- Incentives handed out by table facilitators.

APPENDIX C: DISCUSSION GUIDE – ONLINE EXIT SURVEY

Survey Introduction

Thank you for taking the time to complete this survey. Additional feedback you provide will be used to help Endeavour Energy's decision-making process for its future services and prices from 2019 to 2024, and to evaluate the consultation process.

Please start the survey now by clicking **Continue** below.

Main Survey

1. Now that you know a lot more about Endeavour Energy and its plans for the future, we wanted to re-ask four ratings questions from the online community. On a scale of 0 to 10 where 0 means poor and 10 means excellent, how would you rate Endeavour Energy on the following:

	Very poor										Excellent
It's overall reputation based on everything that you've seen, heard or read about it	0	1	2	3	4	5	6	7	8	9	10
Its customer focus	0	1	2	3	4	5	6	7	8	9	10
The value for money it provides	0	1	2	3	4	5	6	7	8	9	10

2. And how much would you say you trust Endeavour Energy as an organisation?

I don't trust it at all										I trust it completely
0	1	2	3	4	5	6	7	8	9	10

3. Pricing Options and the shift to cost reflective pricing

Sometimes people change their mind after going home from a forum and reflect on things the topics that were discussed so we're re-asking some questions.

Please indicate your final recommendation to Endeavour Energy in terms of which pricing option you would ultimately prefer for the next five-year pricing period (2019 – 2024). You may feel exactly the same way as you did in the forum, or you may have changed your mind since then.

As a reminder, the table below shows what the various options would mean for your household or business.
[INSERT RELEVANT TABLE]

a. **Option 1: Flat tariff** (include short description/ graphic from presentation)

b. **Option 2: Seasonal Time of Use tariff** (include short description/ graphic from presentation)

c. **Option 3: Seasonal Time of Use Demand tariff** (include short description/ graphic from presentation)

d. I really don't know / need more information

4. Was the option you selected here different from the one you selected during the forum?

a. Yes
b. No

APPENDIX C: DISCUSSION GUIDE – ONLINE EXIT SURVEY

c. Can't remember/Not sure

5. If you selected a different option, please include the reasons you feel differently now. *OPEN RESPONSE BOX, NOT COMPULSORY*

6. Do you have any final comments or questions about the research session on the other topics covered? This included reliability, vegetation management and support for vulnerable customers? *OPEN RESPONSE BOX, NOT COMPULSORY*

7. Do you have any final suggestions for improving future sessions or the way Endeavour Energy engages with its customers? *OPEN RESPONSE BOX, NOT COMPULSORY*

NEW PAGE: The remaining questions are about the session itself. Please give us your honest feedback so we can make these sorts of sessions better in future.

8. How would you rate the overall quality of the Endeavour Energy two-day **online community** you participated in the week before the forum?

Very poor										Excellent
0	1	2	3	4	5	6	7	8	9	10

9. How would you rate the overall quality of the Endeavour Energy face-to-face **research forum** you attended?

Very poor										Excellent
0	1	2	3	4	5	6	7	8	9	10

10. And how would you rate the following aspects of the research forum? *[GRID]*

a. The overall value of attending for you personally
b. The suitability of the forum time and date
c. The suitability of the location
d. The quality of the food and refreshments
e. The overall quality of the presentations from Endeavour Energy
f. The presenters' responses to the questions and issues raised about the topics
g. The quality of overall facilitation of the session
h. The quality of facilitation at your table, including ensuring all participants could contribute
i. Endeavour Energy's openness and transparency
j. Endeavour Energy's overall process in engaging with people on its prices and service levels

Very poor										Excellent
0	1	2	3	4	5	6	7	8	9	10

11. To what extent do you agree or disagree with the following statements? *[GRID]*

a. Endeavour Energy consulted with a good mix of people
b. The presentations were clear and informative
c. The modelling of different tariff options made it easier for me to understand the impacts of different tariff structures on my household
d. The information presented was balanced and fair
e. I was able to provide meaningful feedback on the topics
f. I believe my feedback will contribute to a better outcome

APPENDIX C: DISCUSSION GUIDE – ONLINE EXIT SURVEY

g. Endeavour Energy was sincere in its efforts to engage with me on its prices and service levels

Strongly Agree	Somewhat Agree	Neither Agree nor Disagree	Somewhat Disagree	Strongly Disagree	Don't Know
1	2	3	4	5	6

Closing

Thank you very much again for your time and participation in this important research process. Your feedback will help us to ensure we have consulted with consumers in a meaningful way. When you submit your responses you will be directed to Endeavour Energy's Have Your Say page, which will be updated with information throughout the consultation process.

End of document

APPENDIX D: DELIBERATIVE FORUM AND FOCUS GROUP ATTENDEES

ENDEAVOUR ENERGY

Name	Role
Rod Howard	Chief Operating Officer
Michael Ghattas	General Manage, Finance
Bruce Rowley	General Manager, Customer and Corporate Services
Ty Christopher	General Manager, Asset Management
David Neville	General Manager, Strategy and Transformation
Jenny Steadman	Manager, Strategic Development
Kate McCue	Manager, Corporate Affairs
James Tydd	Stakeholder and Community Relations Manager
Jon Hocking	Manager, Network Regulation
Daniel Bubb	Network Pricing Manager
Patrick Duffy	Regulatory Strategy Manager
Shelley Zerni	Customer Relationship Manager
Meghan Bibby	Manager, Customer Services
Stuart Medbury	Customer Advocacy Manager
Shaun Munroe	Quality Improvement Manager
Manny Santiuste	Customer Contact Manager
Peter Langdon	Manager, Asset Strategy and Planning
Terry Niemeier	AER Program Office Manager

Name	Role
Jason Lu	Capacity Planning Manager
Maree Zammit	Program Director, Network
Steve Lette	Manager, Operational Performance
David Mate	Mains Assets Manager
Peter Payne	Media Manager
Frank Bucca	Network Demand Manager
Albert Pors	Power Quality and Reliability Planning Manager
Sam Chen	Corporate Development Manager
Tony Kavaliauskas	Manager, Network Connections

Name	Organisation
Louise Benjamin	AER Consumer Challenge Panel
Mark Henley	AER Consumer Challenge Panel
Tim Harrison	Public Interest Advocacy Centre

APPENDIX E: DELIBERATIVE FORUM PRESENTATION AND PARTICIPANT MATERIALS

ENDEAVOUR ENERGY DELIBERATIVE FORUM

SUE VERCOE

NEWGATE RESEARCH

Endeavour Energy

WHO ARE WE?

WHAT AND WHY?

We already know from the online forums:

- Some of the energy issues that are important to you
- Your expectations of Endeavour Energy and for the future of the grid
- Your initial thoughts about a program for small to medium business customers

WHAT AND WHY?

Help Endeavour Energy develop plans for the future that are consistent with what their customers expect of them.

1. What you think about some different pricing structures for electricity that Endeavour Energy is considering for its customers.
2. What you think about different options in terms of reliability of the grid.
3. Your thoughts about some programs Endeavour Energy is considering rolling out.

Your feedback, and the feedback from similar sessions, will have a direct influence on the decisions that Endeavour Energy makes, including the pricing for your electricity bill.

Endeavour Energy

HOW?

- Presentations from Endeavour Energy about themselves and the options they want your feedback on.
- Opportunities for you to ask Endeavour Energy representatives questions and get answers from them.
- Discussions at your tables and stand-up continuum exercises around the room.
- Voting on different options using the hand-held voting pads to get your preferences.

Endeavour Energy

INTRODUCING YOUR HANDHELD KEYPADS

- Tonight, we'll be asking you to participate by using handheld voting devices. We'll try a couple of practice questions.

Enter the number that corresponds to your response – press firmly to ensure your vote is counted, then press SEND

If you make a mistake just re-enter your response

Please don't say your answer out aloud

Endeavour Energy

WELCOME

ROD HOWARD

CHIEF OPERATING OFFICER

ENDEAVOUR ENERGY

Endeavour Energy

SYDNEY'S GREAT POWER OUTRAGE

A CITY ON THE BLINK

REVEALED Surging electricity prices leave 60,000 homes in danger of disconnection

ANNABEL HENNESSY

THOUSANDS of households across Sydney are on the verge of having their lights turned off as the government is forced to hand out a record number of rescue cheques to help families pay their electricity bills.

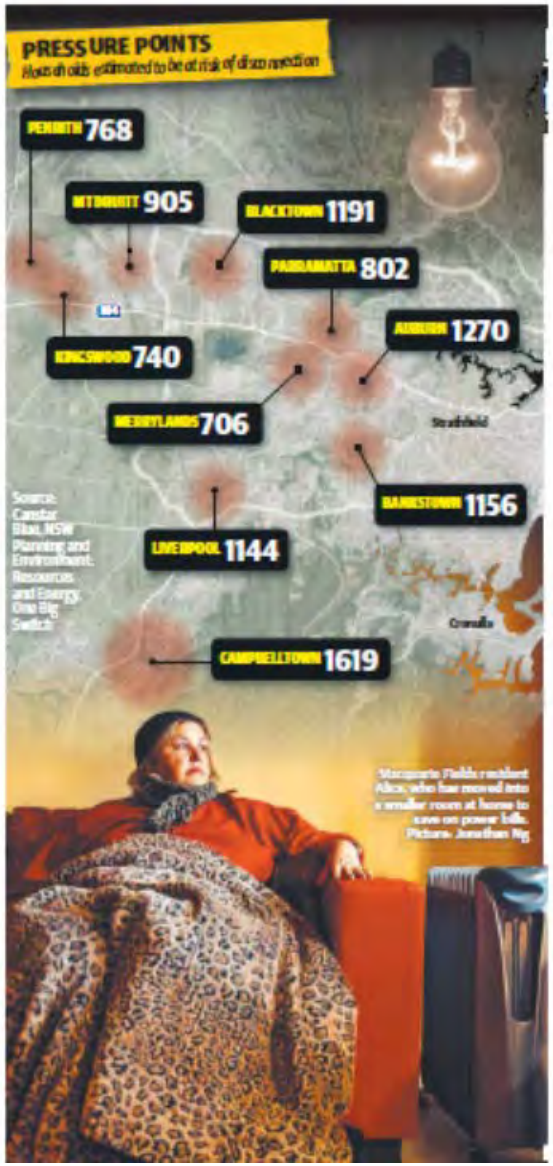
An analysis by The Daily Telegraph can reveal there are roughly 68,000 homes across NSW at risk of having their power cut. The worst-affected area is Campbelltown, where there are about 1619 households on the brink, while there are 1270 homes in Auburn in strife.

The top 10 metropolitan postcodes receiving emergency help are all in Western Sydney, with the government now spending $17.1 million each year simply helping families keep the power on.

Its scheme gives emergency $50 vouchers to households at risk — with the average household requiring five vouchers.

The Daily Telegraph can also today reveal Energy Minister Don Harwin is so concerned about rising costs to families he has ordered the Independent Pricing and Regulatory Tribunal to investigate soaring bills amid accusations energy providers are price-gouging customers. Mr Harwin revealed he was making the emergency support vouchers digital to help speed up access for families in crisis.

FULL REPORTS PAGES 4-5



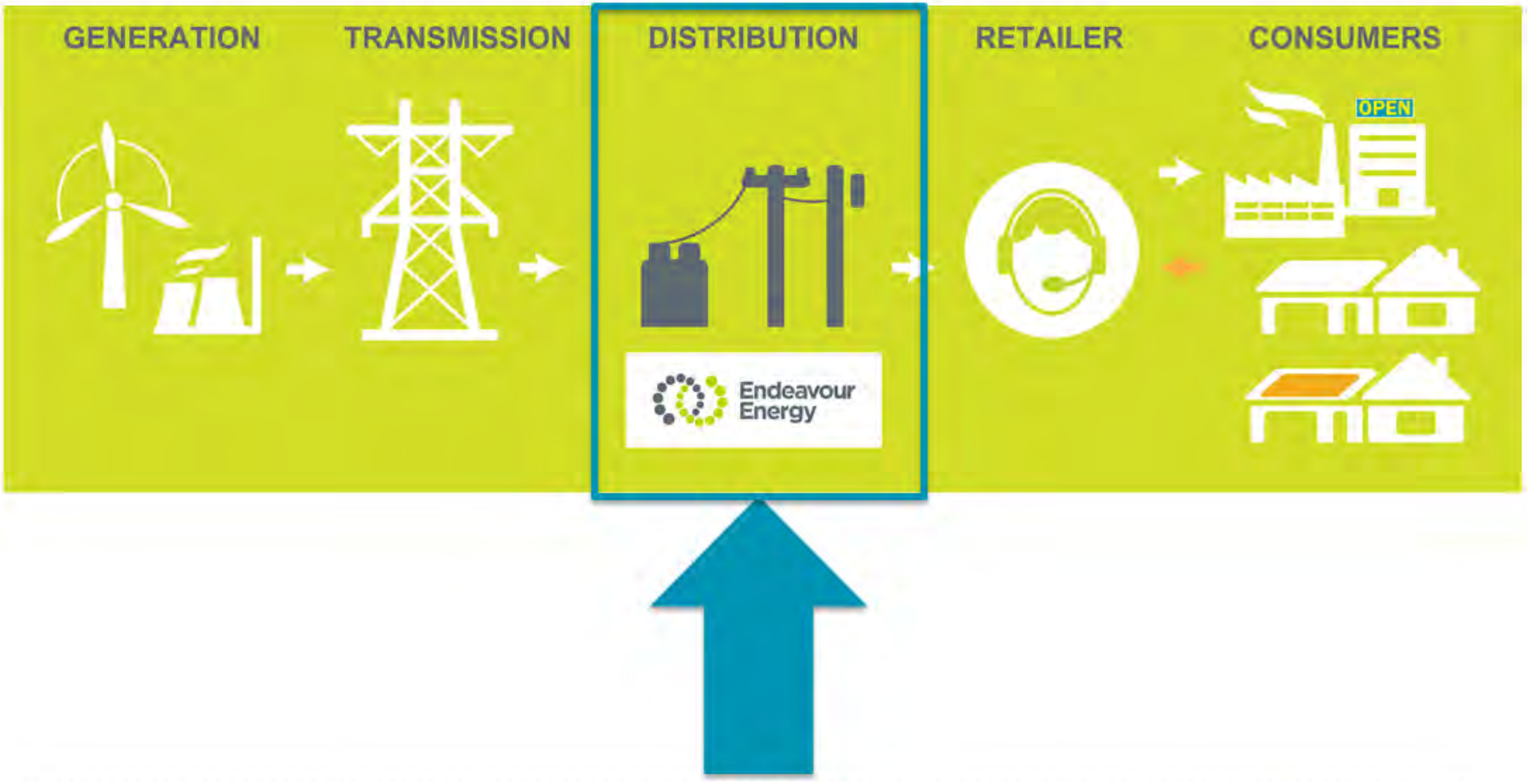
Daily Telegraph, 25 July 2017

Endeavour Energy

WHAT IS ENDEAVOUR ENERGY?

Endeavour Energy

OUR ROLE IN THE SUPPLY CHAIN



WE SERVE...

2.4
MILLION PEOPLE

24,500
SQ KM AREA

952,000
HOMES AND BUSINESSES

20,000
LIFE SUPPORT CUSTOMERS

185
MAJOR SUBSTATIONS

32,000
DISTRIBUTION SUBSTATIONS

50,000
KM OF POWER LINES

432,000
POWER POLES

Endeavour Energy

OWNERSHIP CHANGE

Pre June 2017

NSW GOVERNMENT

Post June 2017

MACQUARIE

bc imc

AMP CAPITAL

QIA
QATAR INVESTMENT AUTHORITY
Building the Future with Global Vision

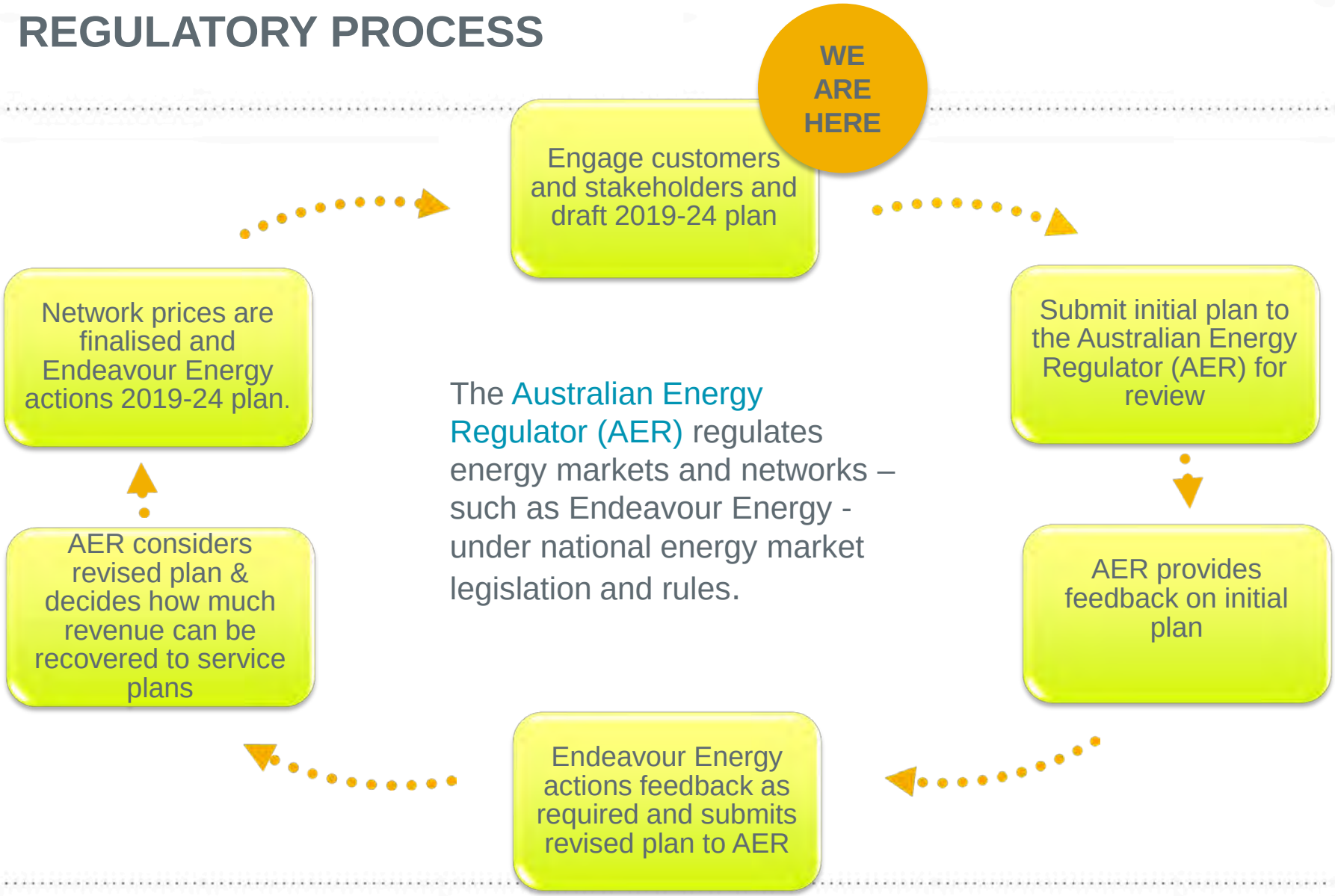
NSW GOVERNMENT

Endeavour Energy

WHAT DOES THE CHANGE MEAN FOR CUSTOMERS?

Endeavour Energy

REGULATORY PROCESS



Endeavour Energy

THREE KEY THEMES WE NEED YOUR THOUGHTS ON

	Theme	Feedback to date
1	Providing affordable, safe and reliable electricity	• Customers value safety and reliability at least cost • Customers are confused about why electricity prices are going up • Customers are increasingly concerned about security of supply
2	Investing for customer and economic growth	• How customers use, produce and value electricity is dramatically changing. • Endeavour Energy must factor in these changes when planning for the future
3	Enabling customers' energy choices	• Interest in renewables is driven mainly by the potential to reduce bills • Customers want us to prepare the network to facilitate the transition to renewables; such batteries, electric cars, battery storage and micro grids.

Endeavour Energy

HOW YOUR FEEDBACK WILL BE USED

We need your honest feedback so we can develop plans for the future based on the priorities of our customers. Your feedback will be used to develop plans that will be submitted to the Australian Energy Regulator in January 2018. We want to know your thoughts on:

- the reliability and affordability of your electricity supply
- different options by which you could be charged for your electricity
- energy issues of priority to you
- what you expect from us in planning for customer and economic growth
- what we should be doing to help enable customer energy choices in the future

Endeavour Energy

Q & A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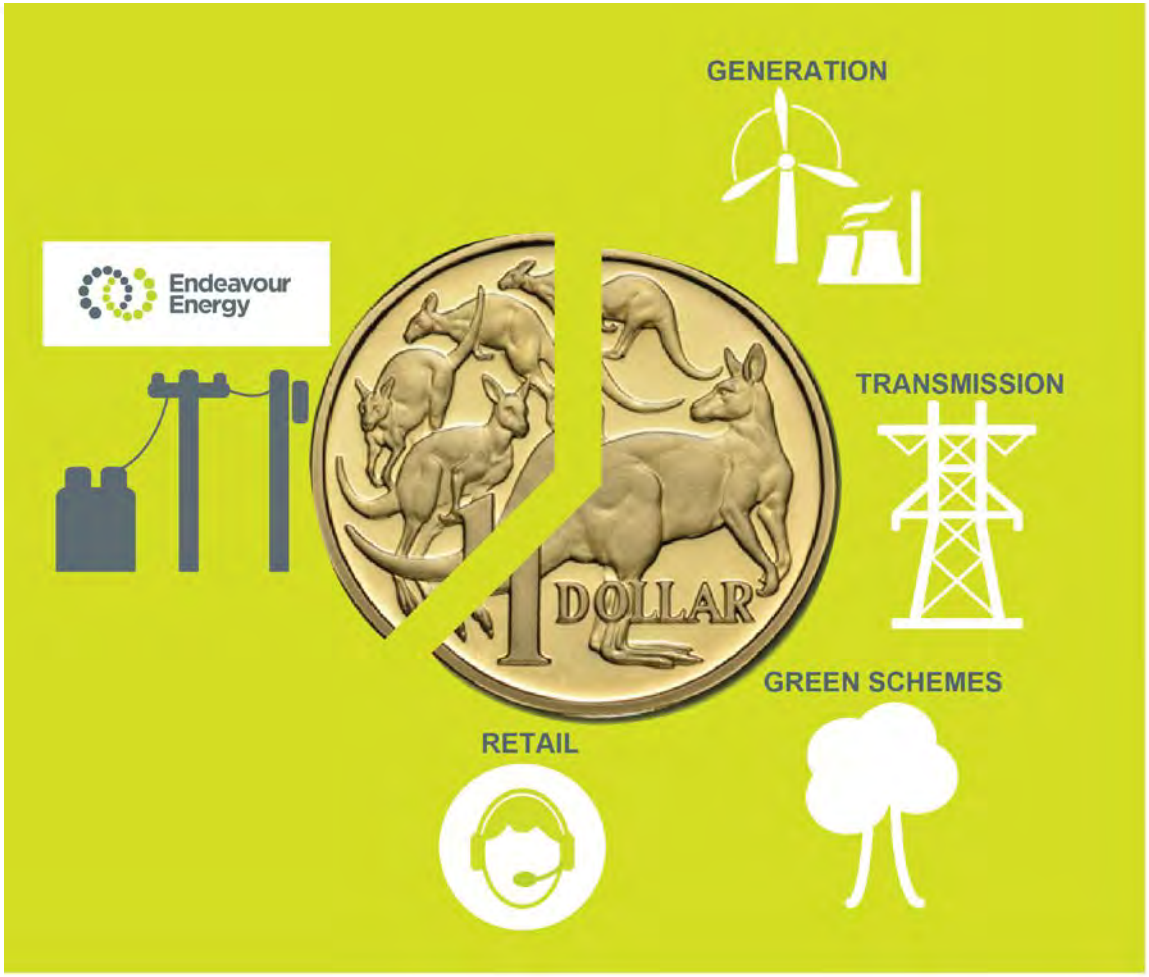
PROVIDING SAFE, AFFORDABLE AND RELIABLE ELECTRICITY

Endeavour Energy

WHERE DOES YOUR DOLLAR GO?



About 33% of your electricity bill goes to Endeavour Energy to pay for network costs and services

This amounts to about

$510 per year for the average residential customer &

$1750 per year for the average small to medium sized business

Endeavour Energy

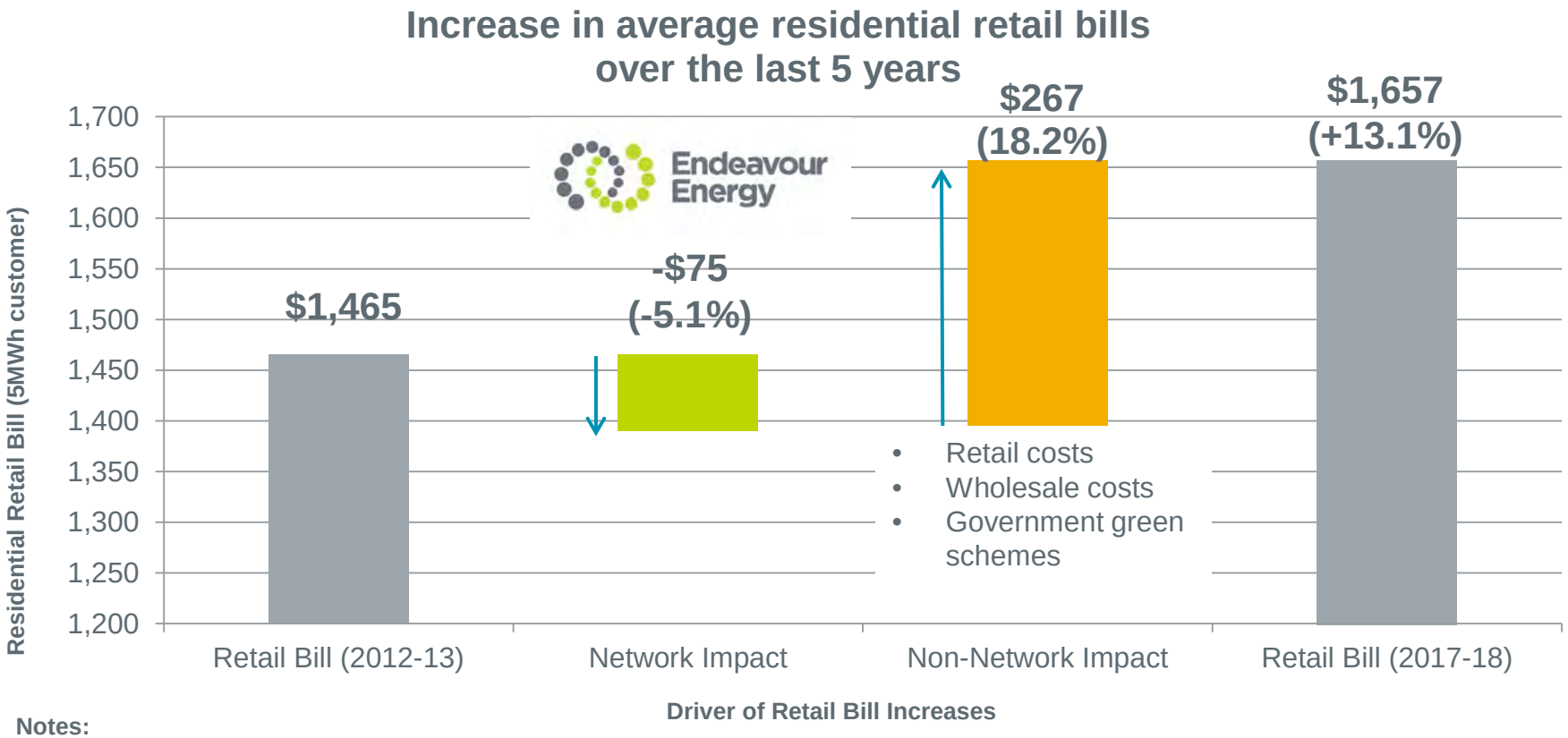
WHERE DOES THAT 33 CENTS IN EVERY DOLLAR GO?

Building and maintaining poles, wires and substations, customer service

Tree trimming, public safety, emergency and storm response, streetlight maintenance

Endeavour Energy

WHY HAS YOUR TOTAL ELECTRICITY BILL INCREASED?



Notes:

- Calculated on the basis of Origin Energy's standing offer for residential customers in Endeavour Energy's network
- Network impact includes Distribution, Transmission and Climate Change Fund contributions
- Non-Network impact includes Generation, Government Green Schemes and Retail Services

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WHAT DOES THE NEXT 5 YEARS LOOK LIKE?

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DEMAND FOR ELECTRICITY

Demand for electricity is a key driver of network bills

Demand represents consumption from the network at a given point in time.

Peak demand is when the community is using a very large amount of electricity at the same time.

Networks must build the capacity to service peak demand, otherwise there are **power outages**.

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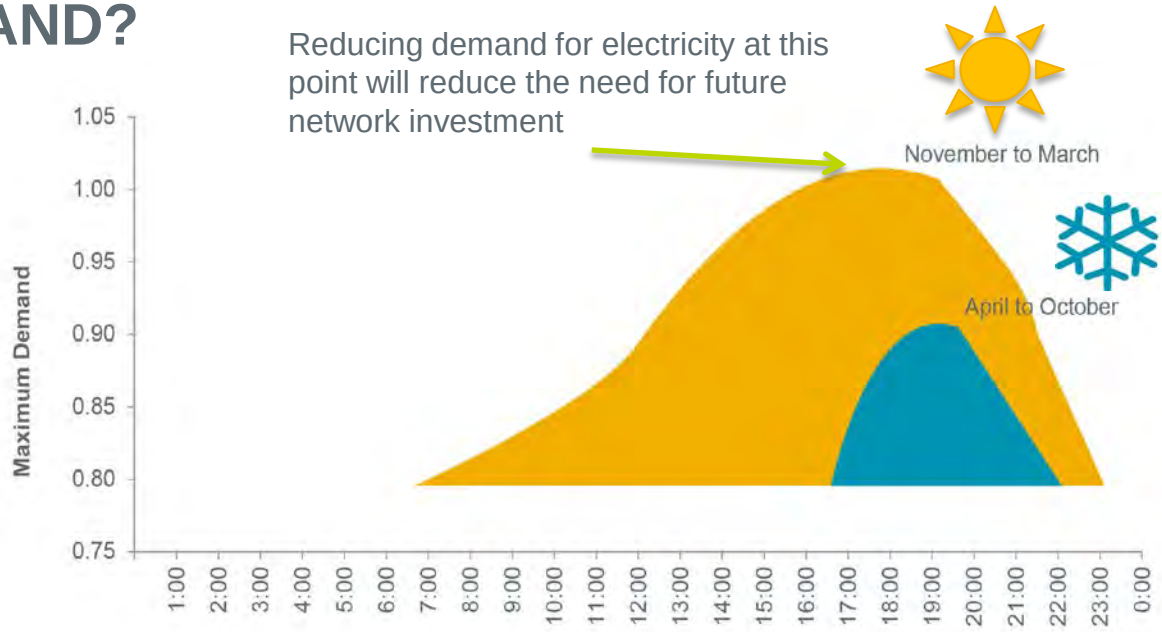
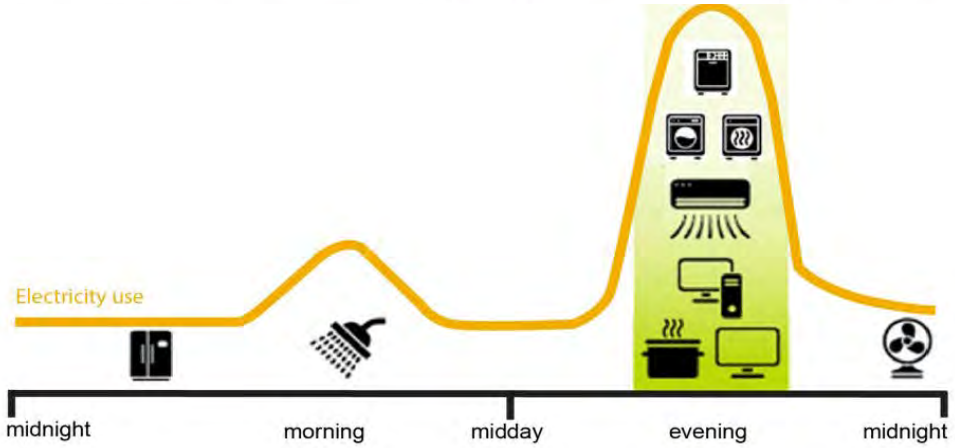
WHEN IS PEAK DEMAND?

- Peak much higher during warmer months



- Example of appliances that may be on during the peak



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OLD AND NEW METERS

Old ‘basic’ meter

- nearly everyone here has this meter
- records total electricity used
- meter reader records your use every 3 months and gives figure to retailer who sends you a bill
- cannot be on time of use pricing plan with this meter

New ‘smart’ meter

- records electricity use every 30 mins
- provides more information about the times you use your electricity
- you need this type of meter to be on a time of use pricing plan
- allows more choice and control
- retailer rollout has started

PRICING THAT REFLECTS COST

- The way that customers use our network is changing.
- It has become more important to make sure that network prices provide signals that allow customers to make informed choices about how, and when, to use the network based on the costs of providing the services they use.
- Simply put, a new electricity pricing model which gives customers greater choice and fairly rewards those who exercise that choice

Circa 1960s

Now

Endeavour Energy

HOW YOU ARE CHARGED – YOUR TARIFF

Your tariff is made up of one or more of the following components:

- A **fixed charge** - an annual supply charge that is applied to each connected customer. The amount does not vary with the amount of electricity a customer uses.
- An **energy charge -** a charge that is applied to each unit of electricity consumed in cents per kilowatt hour (kWh). Depending on the particular tariff, the consumption charge may also vary with the time of day
- A **demand charge** component – a charge that is applied to some tariffs. A customer is charged according to a maximum demand that their home/business uses in a particular period.

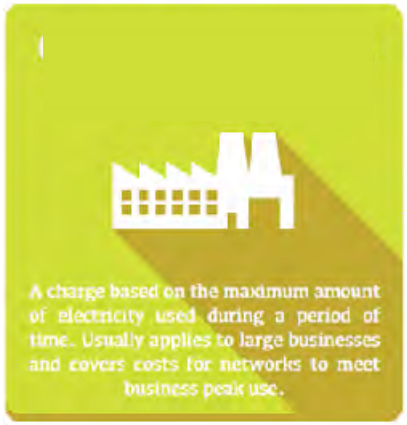
SEVERAL TYPES OF TARIFFS

FLAT TARIFF

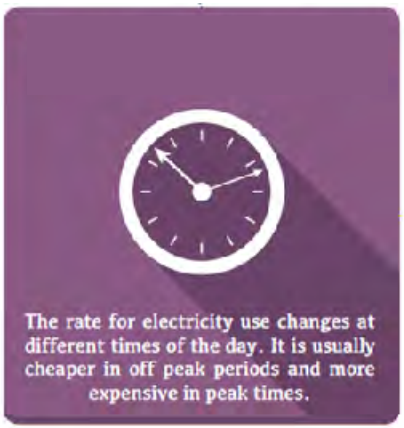
INCLINING BLOCK

DECLINING BLOCK

DEMAND CHARGE



TIME OF USE



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WHAT IS TIME OF USE PRICING

Source: Brisbane City Council and Queensland University of Technology

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TIME OF USE PRICING – PROS AND CONS

- **More control**: If you change when you use electricity you can have a lower bill.
- **Lower prices:** Lower peak demand, therefore less investment needed, therefore lower prices in the longer term
- **Efficient use of technology:** people will be motivated to employ technology that benefits themselves and the network so as to reduce peak demand and bills.
- Need a **smart meter**
- Some customers will have to shift their **behaviour** to benefit

- More complicated compared to a flat tariff.

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Q & A / TABLE DISCUSSION / ACTIVITIES

PRICING OPTIONS

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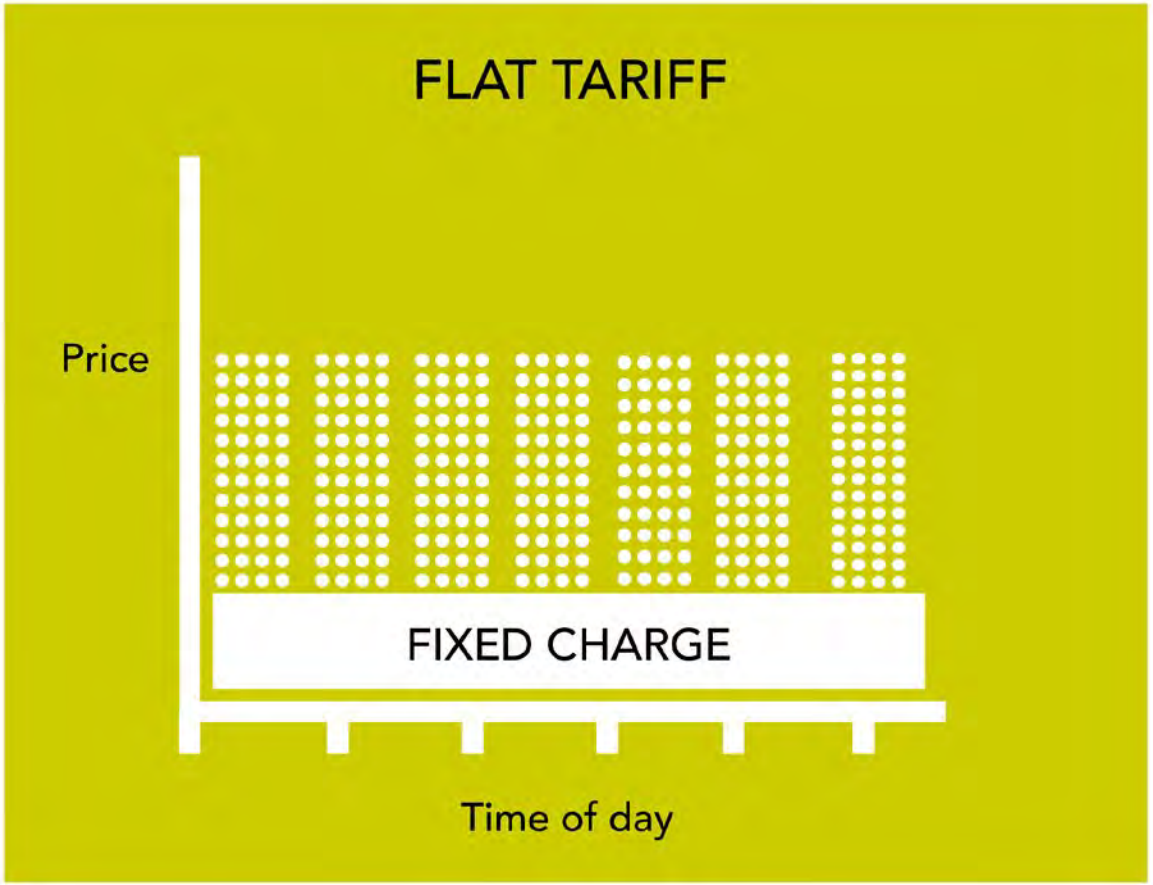
1 FLAT TARIFF – OUR CURRENT STRUCTURE

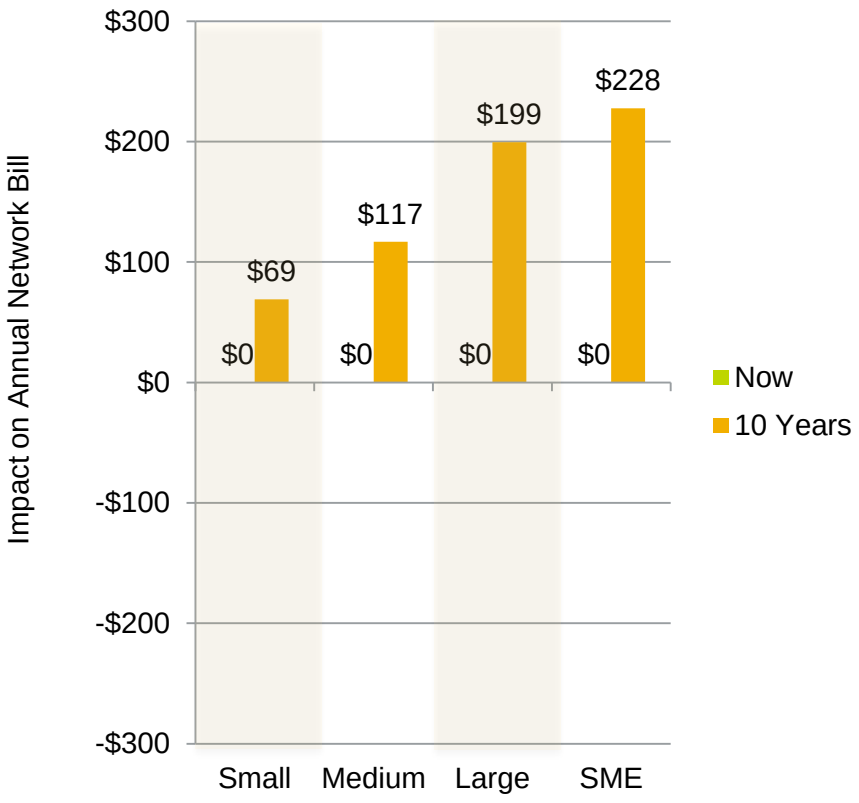


- flat rate regardless of when and how much you consume
- simple, transparent and predictable method that is easy understand
- current residential tariff structure
- smart meter not required

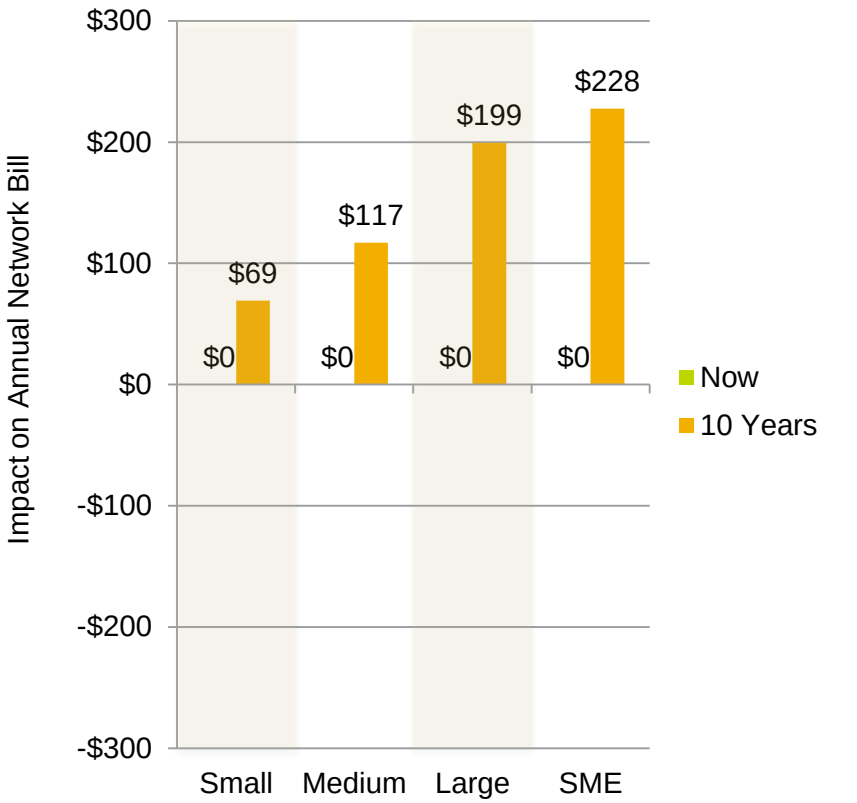
Endeavour Energy

1 FLAT TARIFF & YOUR BILL

Do Nothing



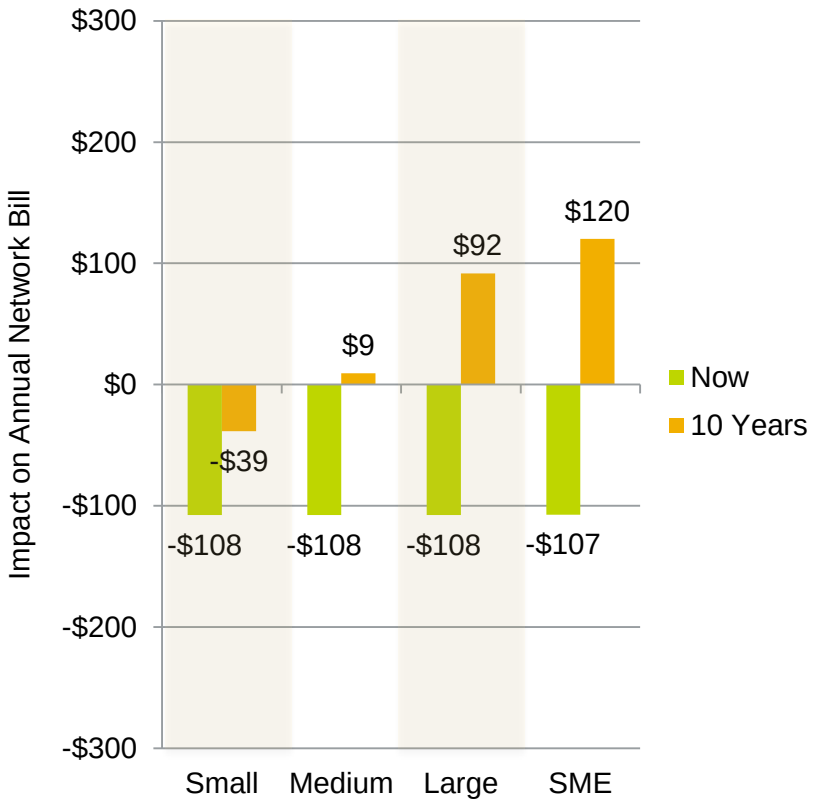
Manage Use



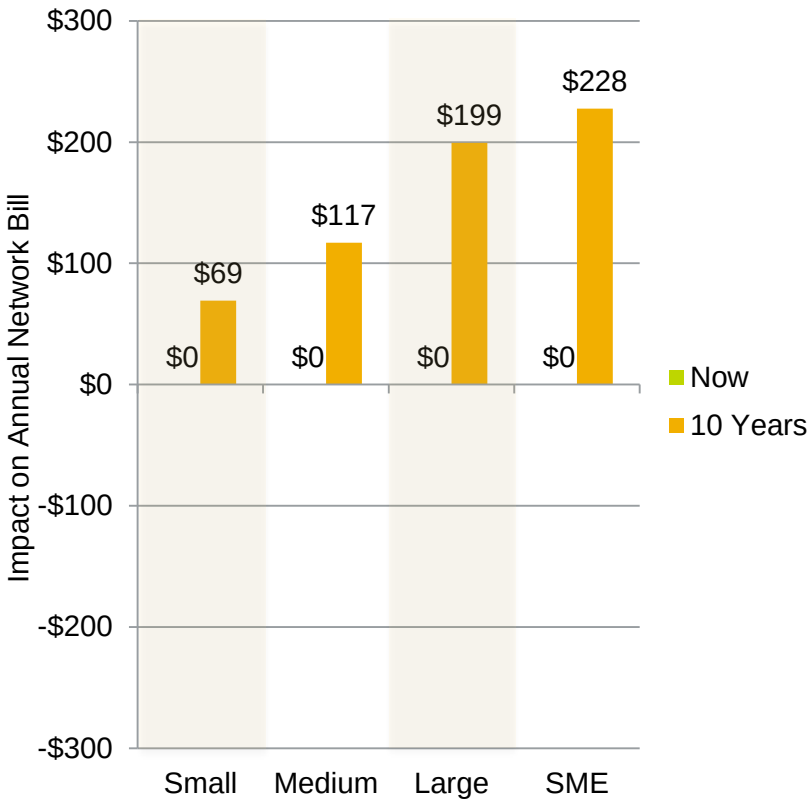
Endeavour Energy

1 FLAT TARIFF & YOUR BILL

Install Solar



Install Battery



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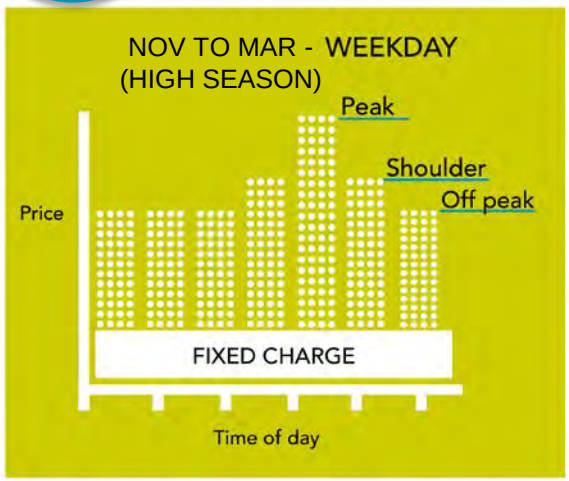
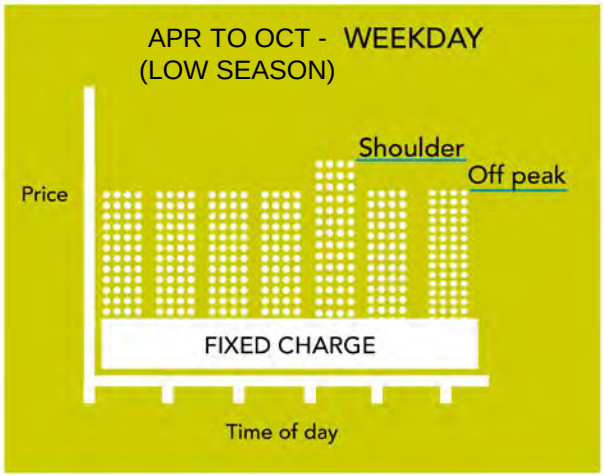
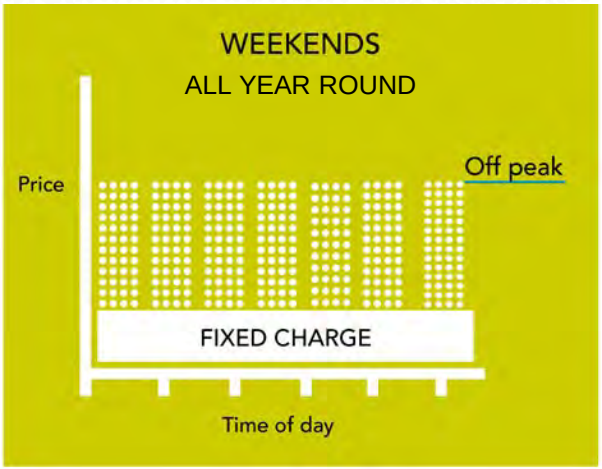
2 SEASONAL TIME OF USE PRICING







- fixed charge
- energy based charge that varies depending on the time of day and time of year that energy is consumed
- cheaper in ‘off peak’ periods and more expensive in ‘peak’ periods. The peak occurs between 3pm and 8pm on the week days of the hotter months
- smart meter required

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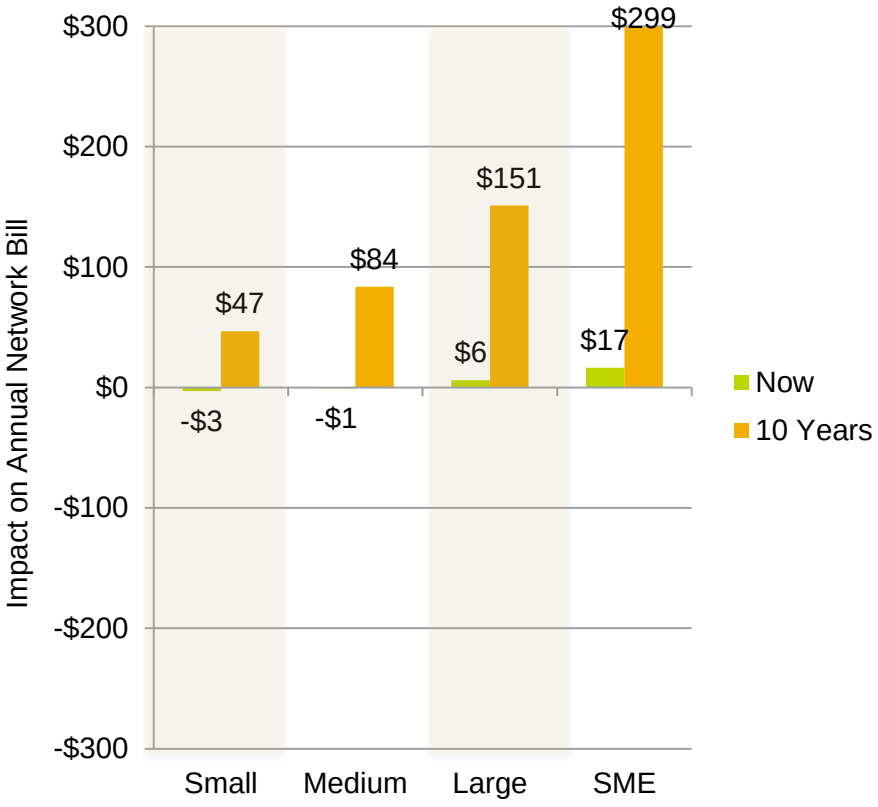
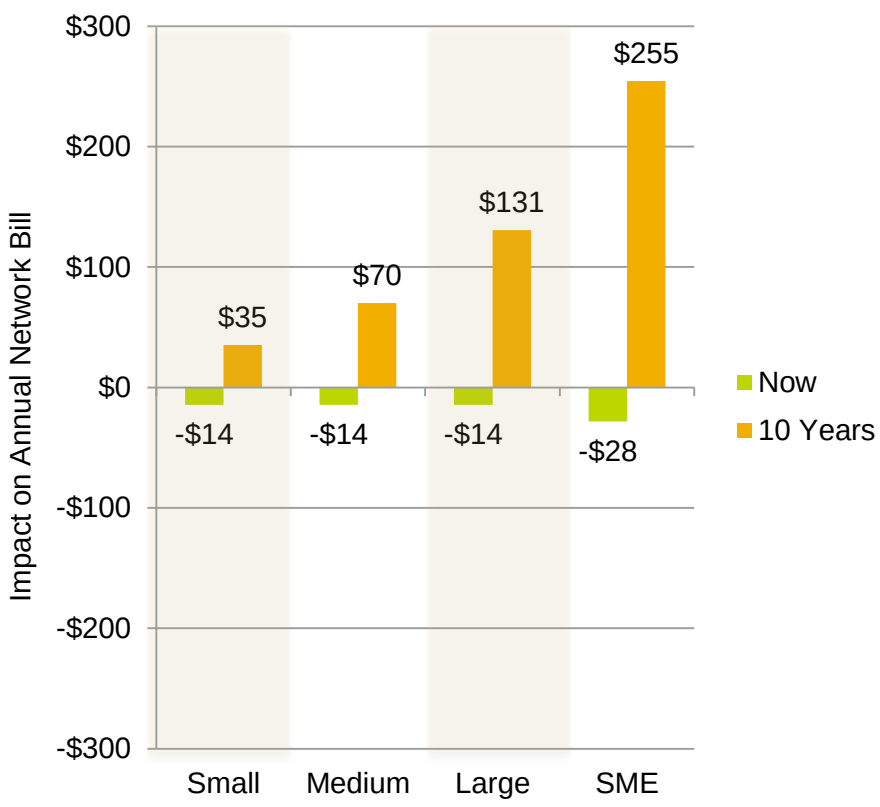
2 SEASONAL TIME OF USE PRICING & YOUR BILL

Do Nothing



Manage Use



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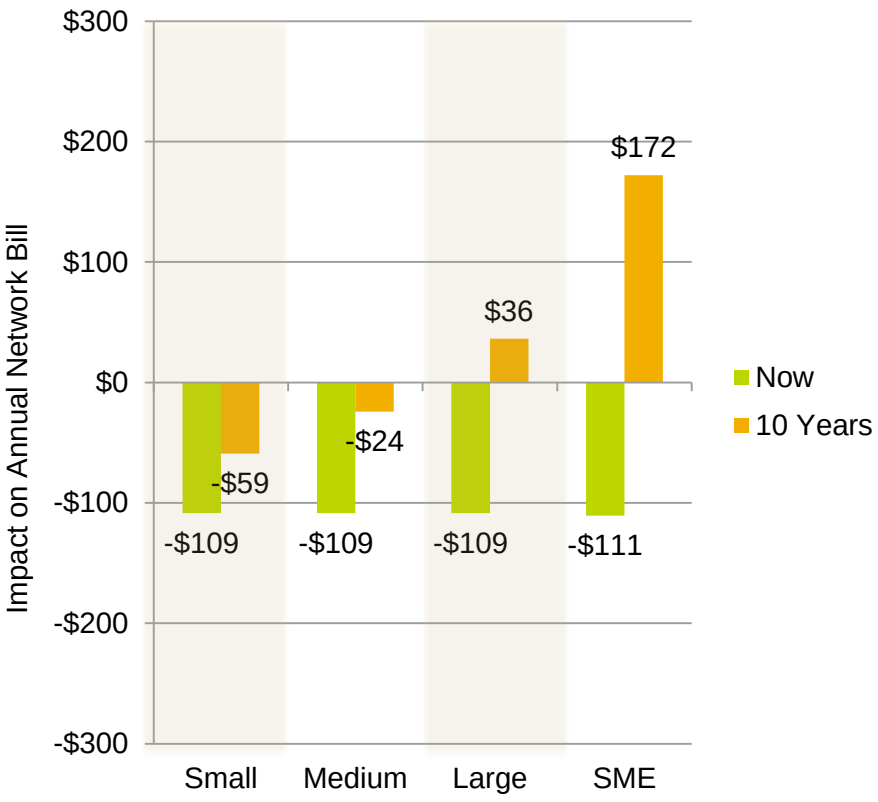
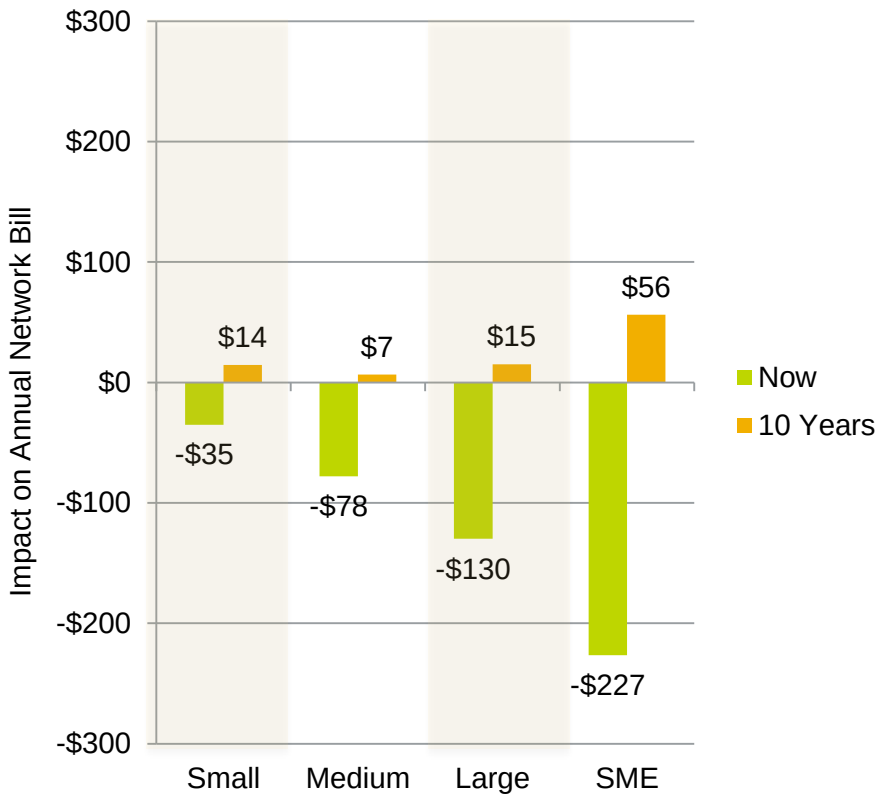
2 SEASONAL TIME OF USE PRICING & YOUR BILL

Install Solar



Install Battery



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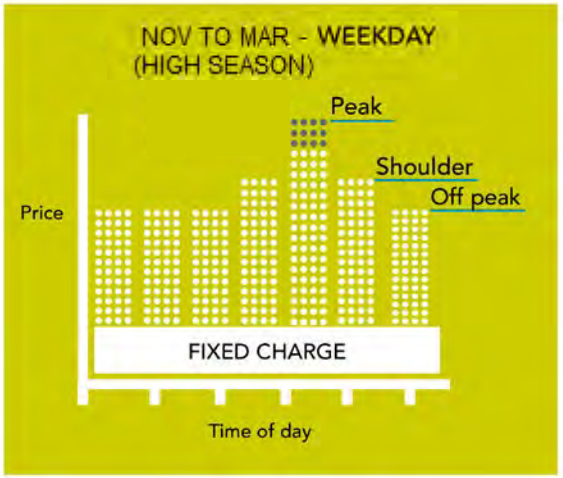
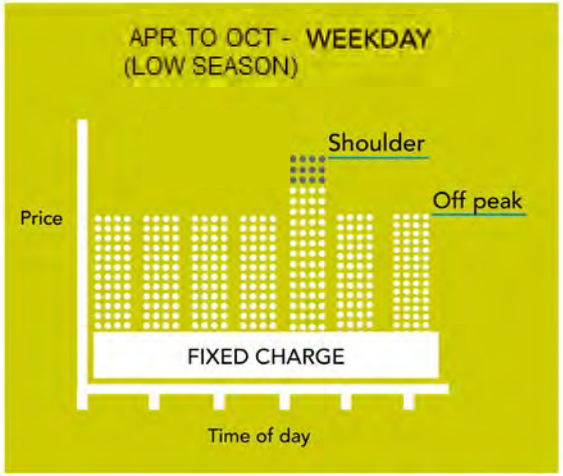
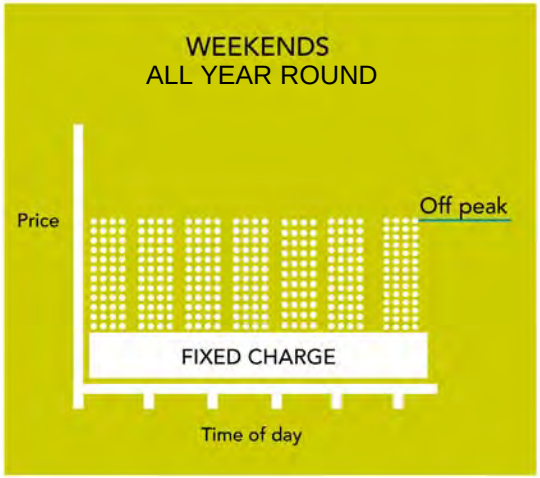
3 SEASONAL TIME OF USE DEMAND PRICING







- fixed daily charge
- an energy based charge that varies depending on the time of day and time of year energy is consumed
- cheaper ‘off peak’ periods and more expensive in ‘peak’ periods
- includes a seasonal monthly demand charge for maximum consumption

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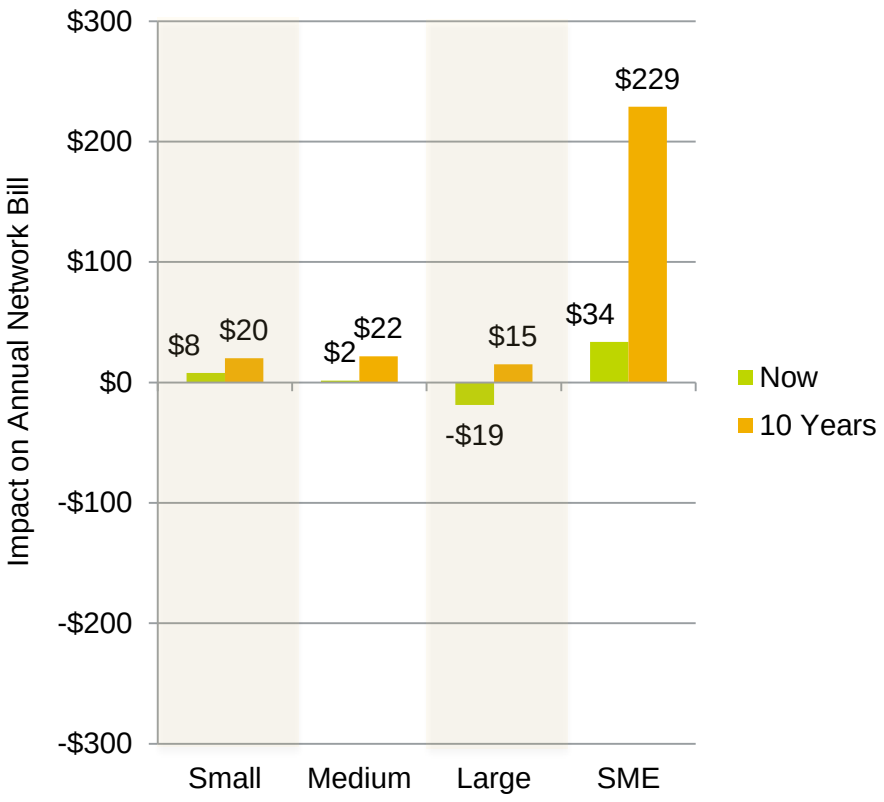
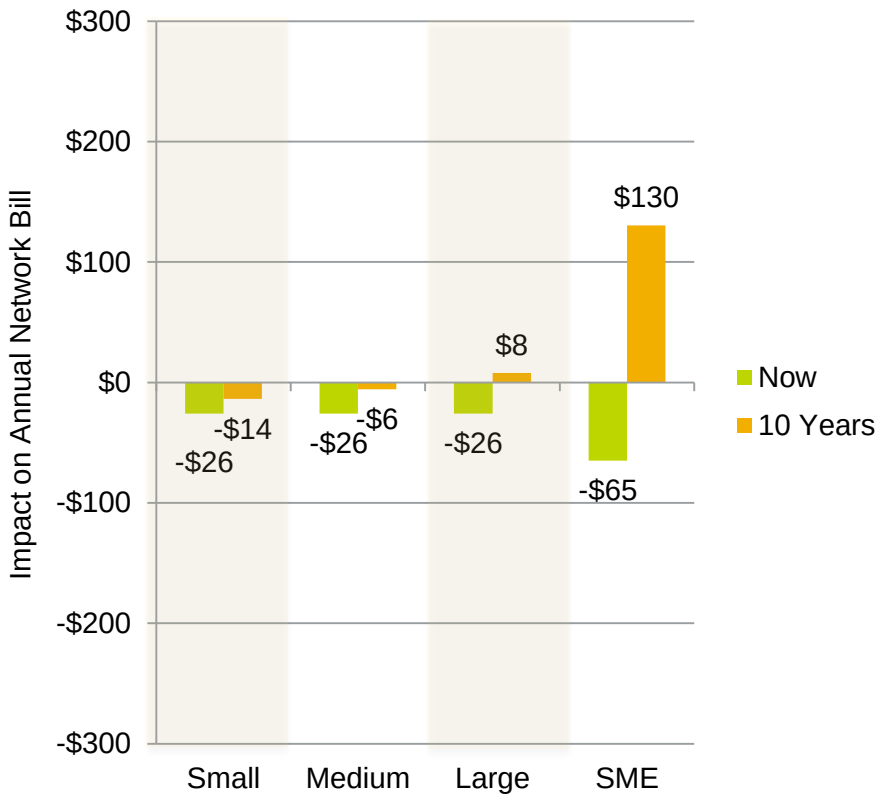
3 SEASONAL TIME OF USE DEMAND & YOUR BILL

Do Nothing



Manage Use



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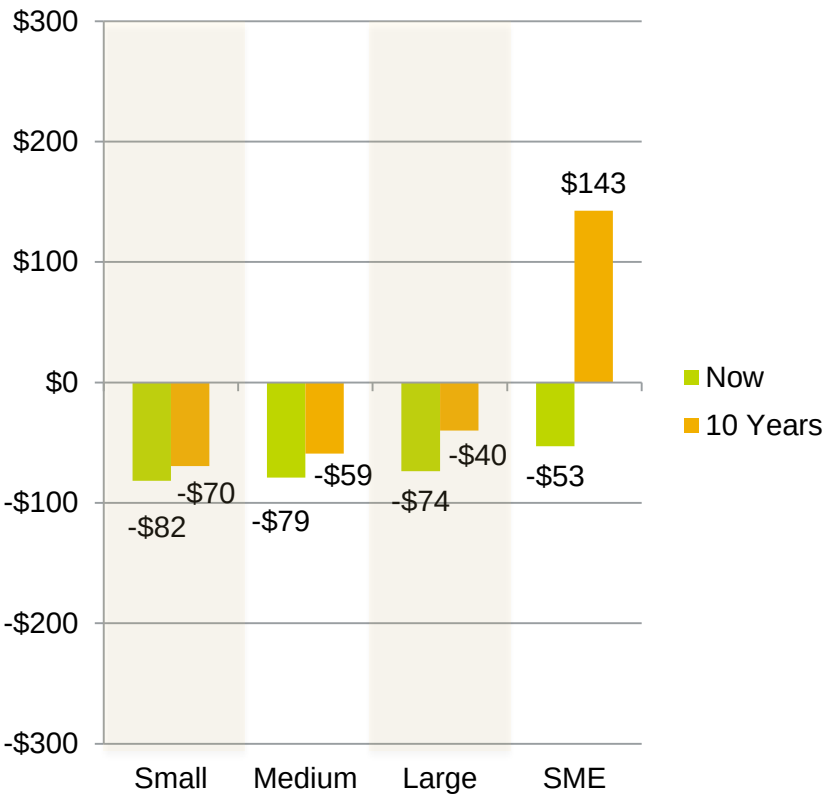
3 SEASONAL TIME OF USE DEMAND & YOUR BILL

Install Solar



Install Battery

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Q & A / TABLE DISCUSSION / CONTINUUM EXERCISE / VOTING

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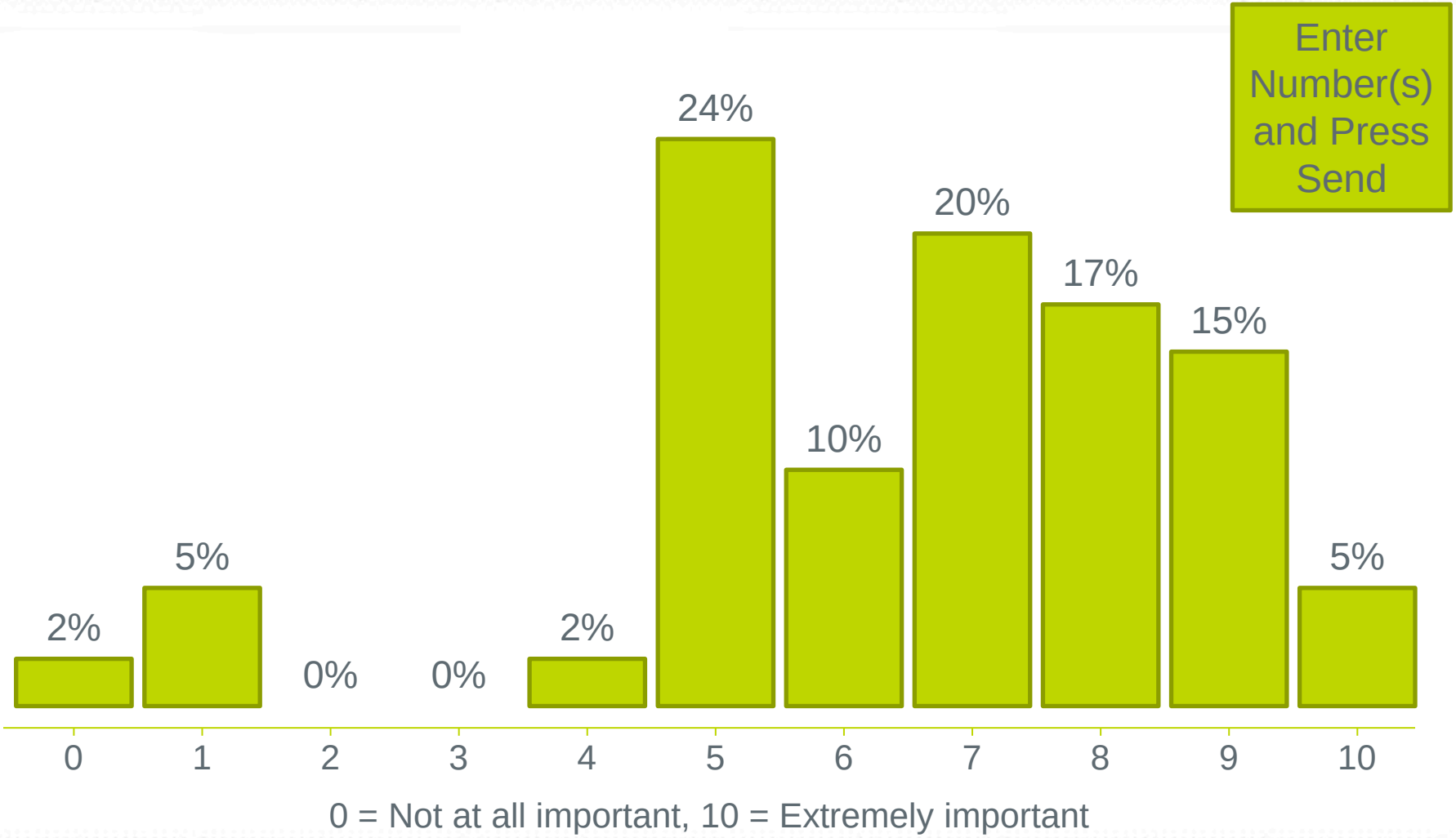
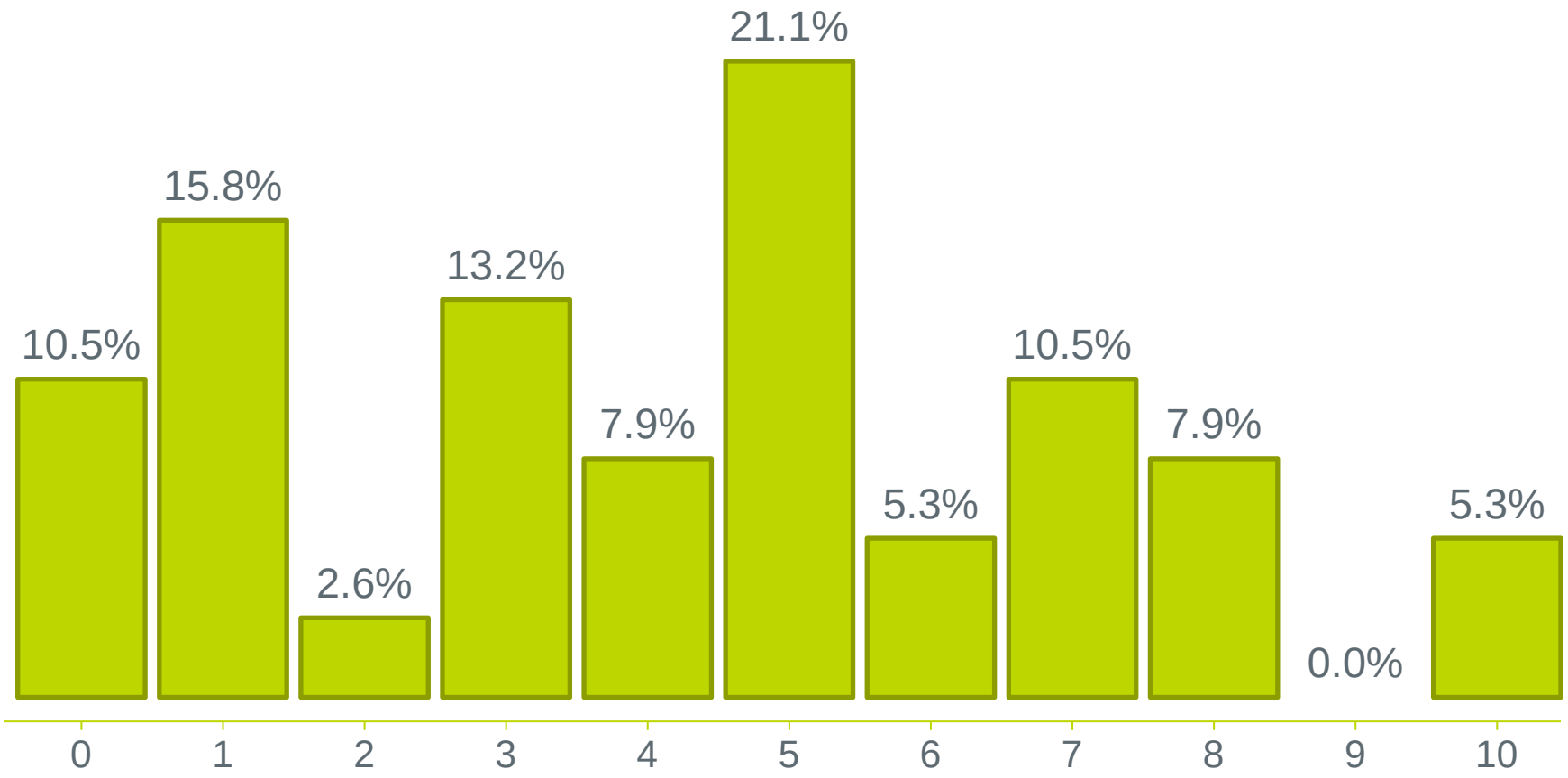
In principle, how fair do you think it is for each customer to be charged for electricity based on how much demand they put on the system?



Endeavour Energy

How acceptable would it be to you if Endeavour Energy was to introduce a Seasonal Time of Use Tariff?

Enter Number(s) and Press Send

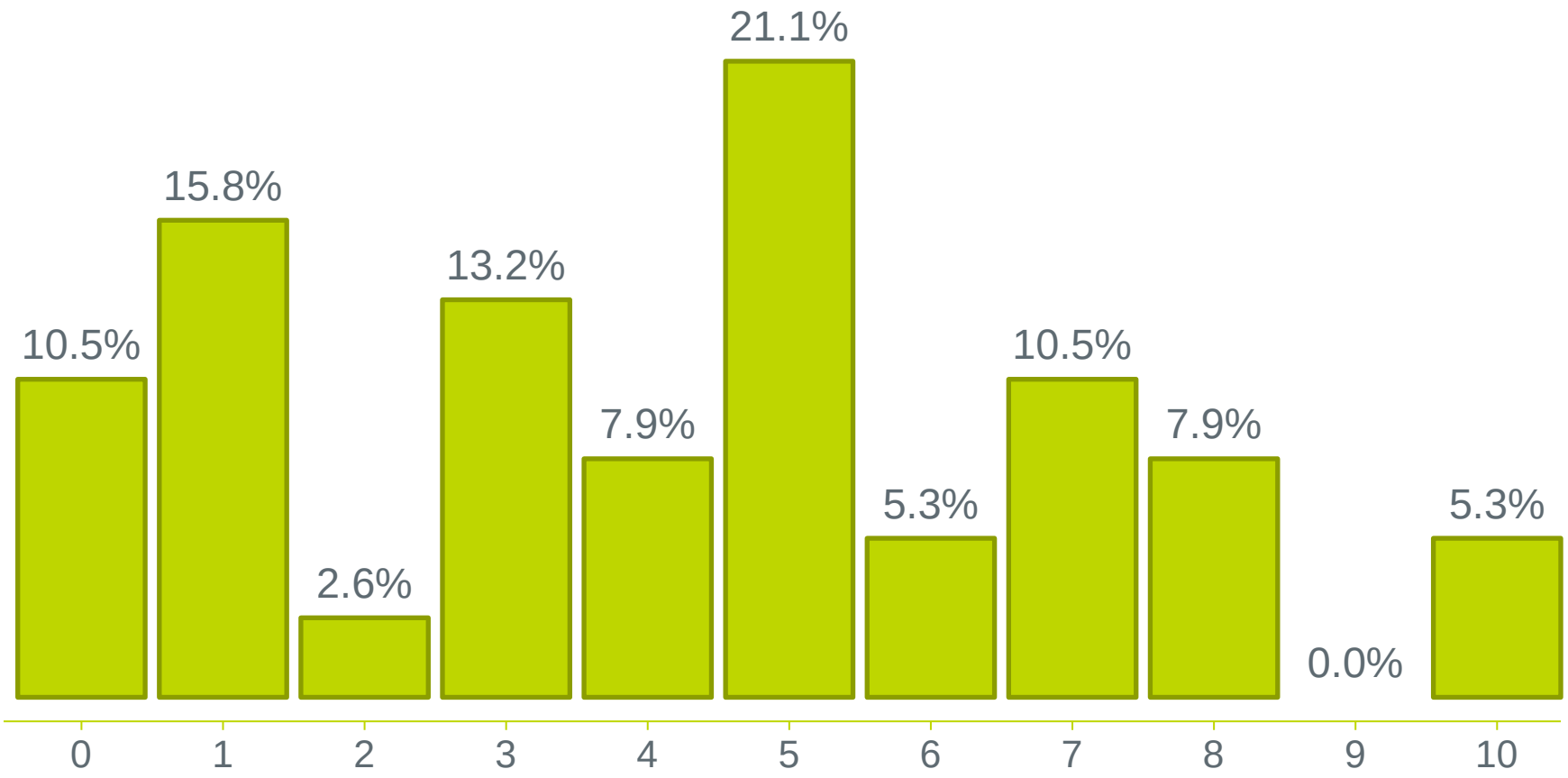


0 = Completely unacc., 10 = Completely accept.

Endeavour Energy

How acceptable would it be to you if Endeavour Energy was to introduce a Seasonal Time of Use Demand Charge?

Enter Number(s) and Press Send

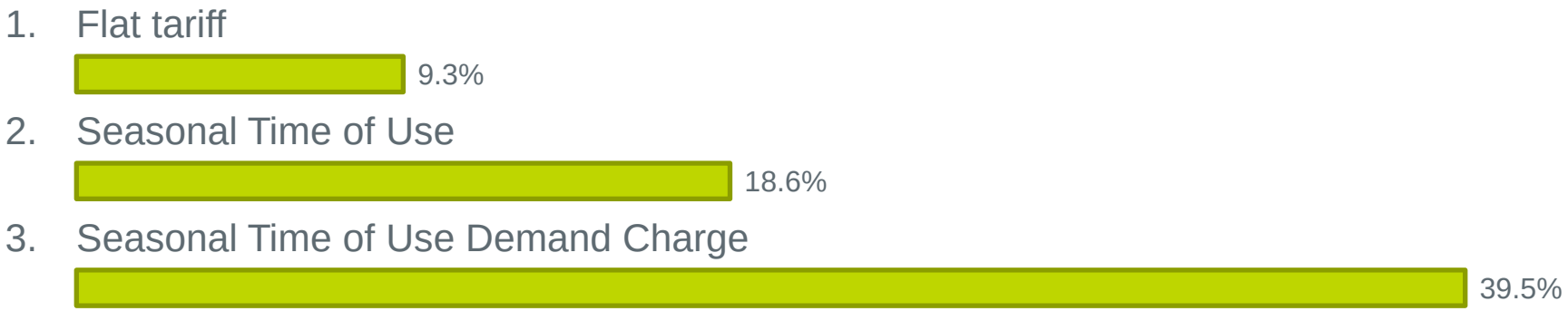


0 = Completely unacc., 10 = Completely accept.

Endeavour Energy

Vote Now

What would be your preferred pricing structure?



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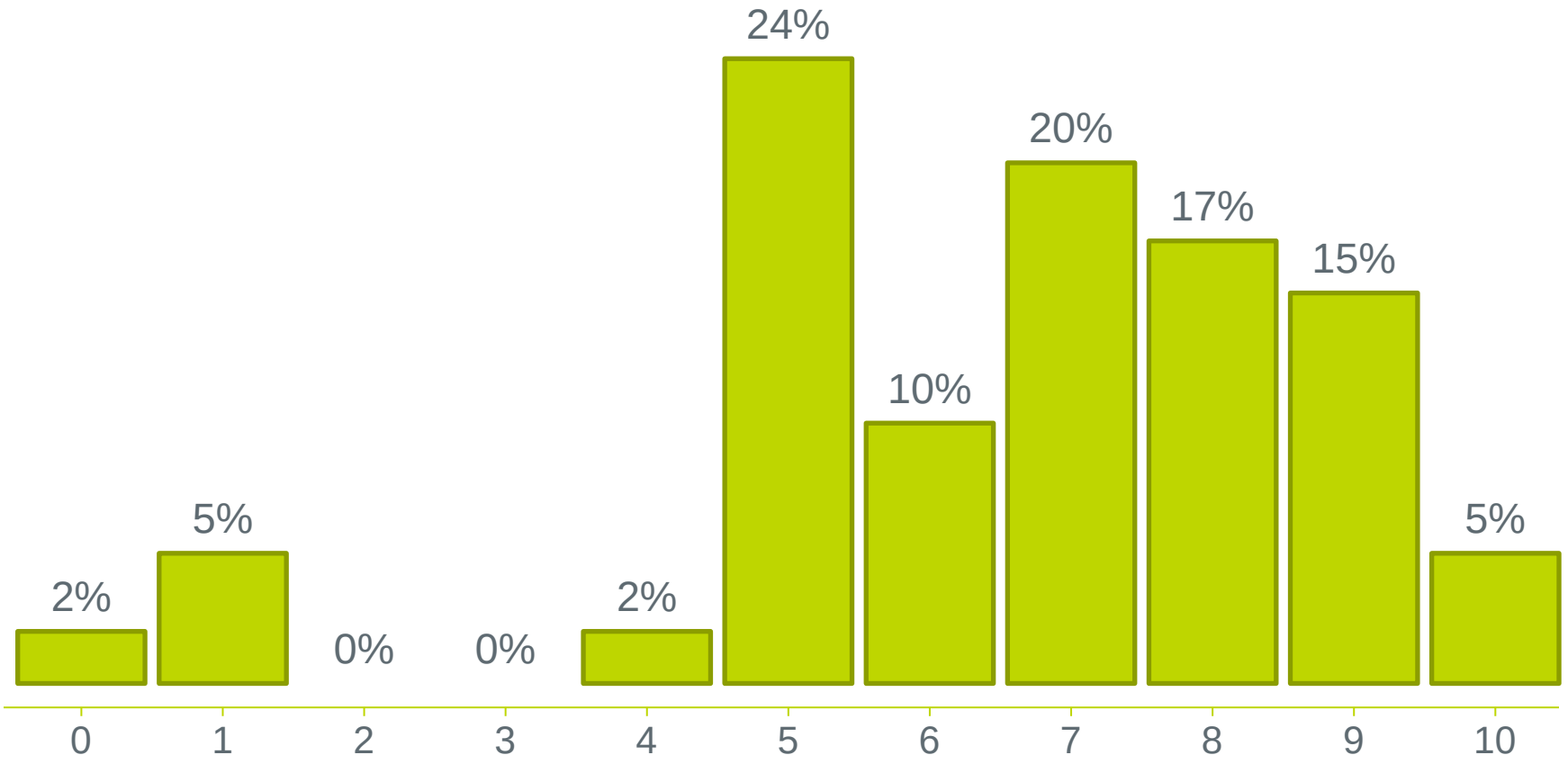
How important is this issue to you personally?

Enter Number(s) and Press Send



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BREAK – 10 MINS

HOW RELIABLE IS YOUR ELECTRICITY SUPPLY?

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WHAT IMPACTS RELIABILITY?

Your electricity supply can be impacted by many factors including:

- consecutive hot days which place sustained strain on the network
- storms
- trees and branches falling on power lines
- equipment failure
- Planned maintenance requiring an outage in order to maintain worker and customer safety

Endeavour Energy

HOW RELIABILITY IMPACTS YOUR BILL

To keep the lights on we need to fund the people and equipment required to:

- trim trees to maintain safety clearances and help prevent bushfires
- undertake routine maintenance
- replace old assets
- inspect the network
- respond to emergencies like equipment failures, vandalism, storms and vehicle collisions into power poles
- build substations and electricity lines in new growth areas to support about 20,000 new customers in our network each year

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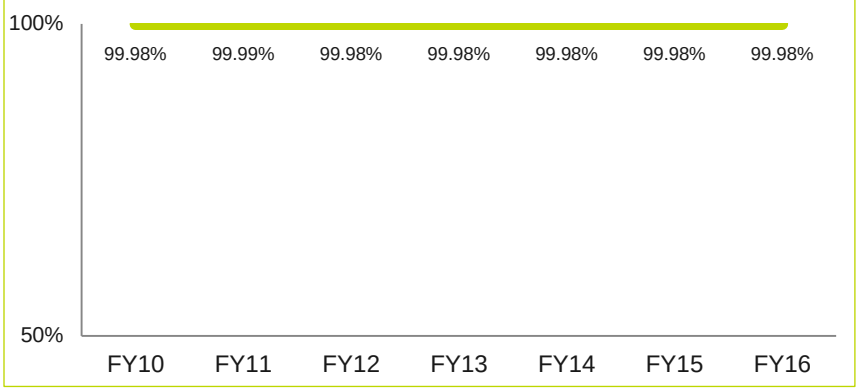
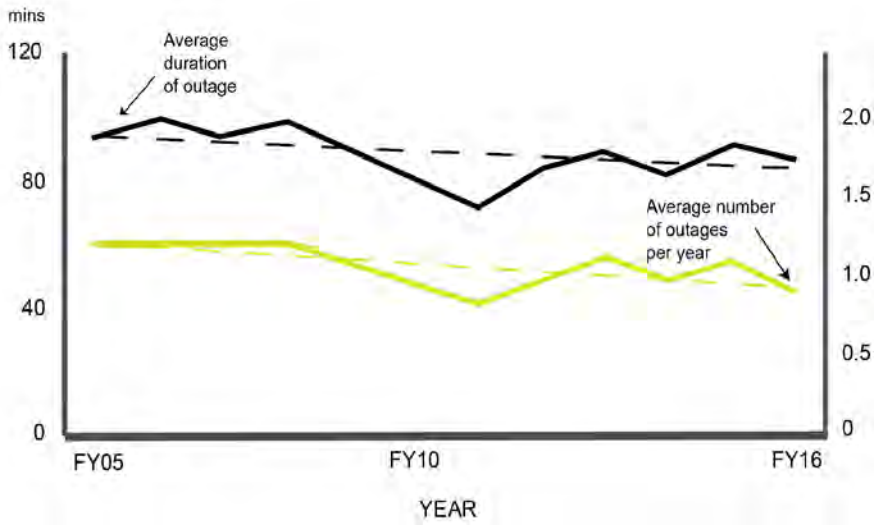
OUR RELIABILITY?

On average, Endeavour Energy customers experience about 1 outage per year that lasts for approximately 80 minutes.

Average percentage of time customer supply is available





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RELIABILITY – NEED TO SERVICE THE NEW AND OLD

1. **Replacement and maintenance** of older assets for a safe and sustainable supply and maintain reliability
2. **New connections in growth areas** - ensure that capacity is available to facilitate growth in new connections
3. **Reliability specific programs** - based on licence conditions compliance: targeting worst performing areas, maintains overall reliability performance.

Endeavour Energy

RELIABILITY – PROTECTING THE NETWORK

- “Smart grid” systems designed to see where a tree has touched the powerlines, and minimise the number of customers impacted
- Covered powerlines that do not turn off, or cause fires when tree branches touch them

OPTION ONE – MAINTAIN CURRENT RELIABILITY

We plan to make sure we **invest now** to make sure we keep the **same level of reliability over the next five years.**

Under this plan, there would be no increase in bills associated with reliability improvements.

Customers have told us safety is also important.

Our plans for the next five years will see the safety of our networks and operations maintained to the same levels and improve over the longer term.

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OPTION TWO – HIGHER RELIABILITY / HIGHER BILL

- Improves reliability by at least **3 minutes** across whole network
- Increases annual bill by less than the cost of a cup of coffee

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OPTION THREE – LOWER RELIABILITY / LOWER BILL

- We could invest less on reliability than we currently do, which would reduce your bill by less than $1 per year.
- This could mean that over time we will not meet certain performance requirements.

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RELIABILITY AND GROWTH

Greater Western Sydney
- 1 million more people from 2011 and 2031

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BUILDING TO SUPPORT GROWTH

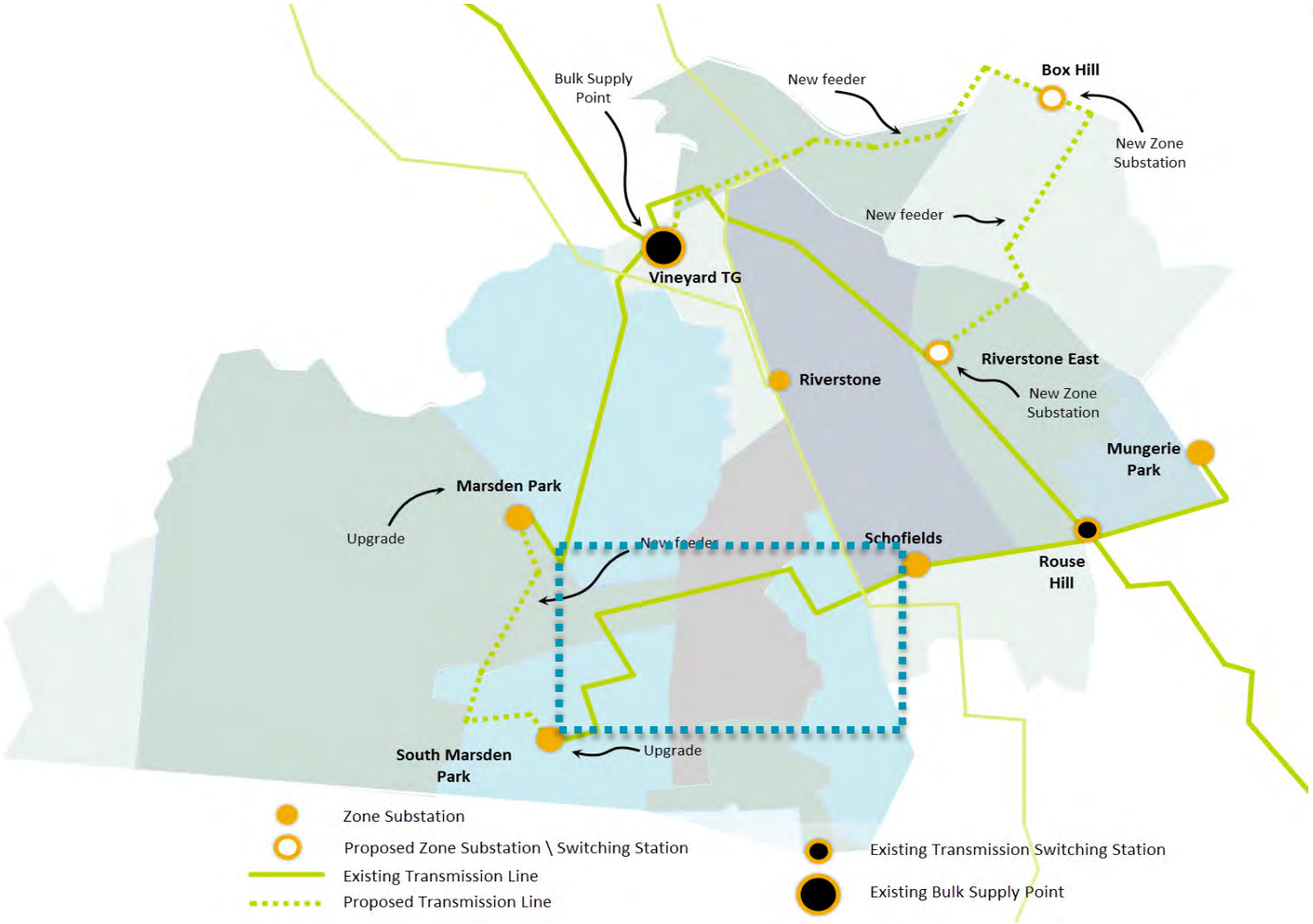

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TABLE DISCUSSION / VOTING EXERCISE

Endeavour Energy

Vote Now

What is your preference in relation to future reliability?

1. Pay $3 – 4 more annually for improved reliability

9.3%

2. Pay the same for the same level of reliability

18.6%

3. Pay $1 less annually for lower reliability

39.5%

Endeavour Energy

VEGETATION MANAGEMENT

Endeavour Energy

VEGETATION MANAGEMENT – A BIG TASK

Over 85 % of Endeavour Energy's franchise area is bushfire prone

$60 million per year to maintain safe clearances

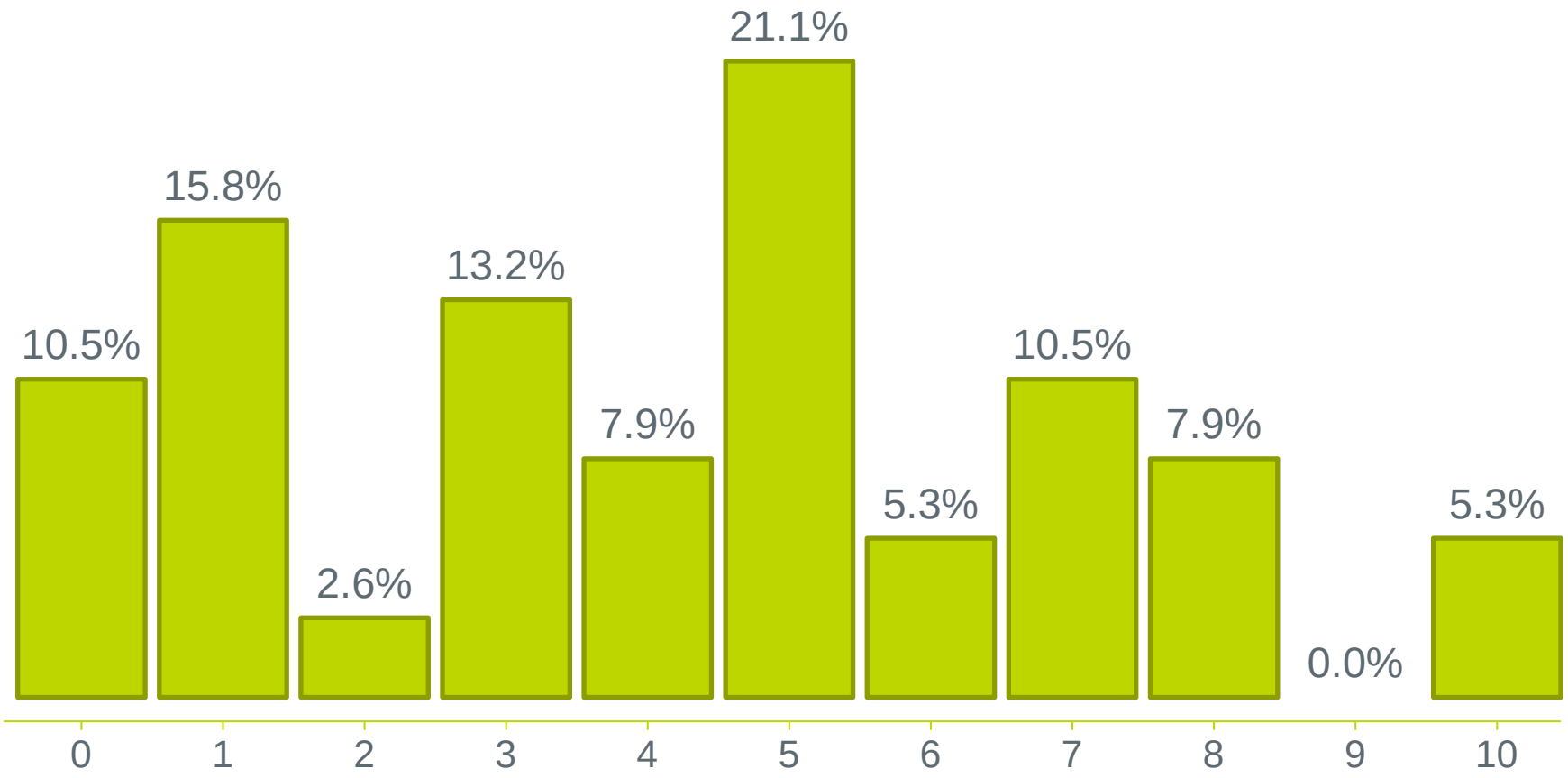
Endeavour Energy

TABLE DISCUSSION / VOTING EXERCISE

Endeavour Energy

How acceptable is Endeavour Energy's proposed plan for vegetation management?

Enter Number(s) and Press Send



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FUTURE ENERGY CHOICES

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EARLY DAYS OF ELECTRICITY IN AUSTRALIA

Sydney's GPO connected to the power network
Circa 1900

Source: wikivisually.com

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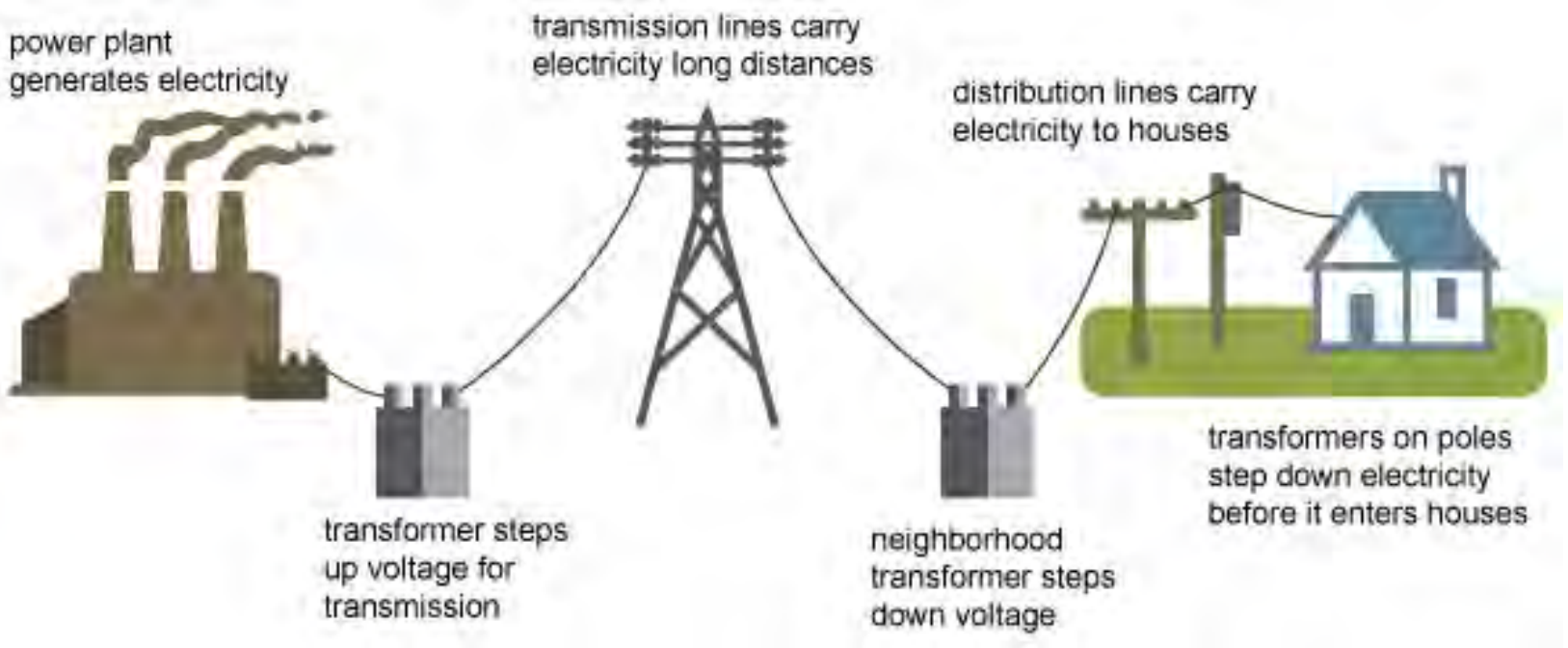
TYPICALLY A ONE-WAY FLOW OF ELECTRICITY



Traditionally a one-way flow of electricity

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SOLAR PANELS ARE NOW A VIABLE ENERGY SOURCE

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BATTERIES CAN STORE ENERGY FOR LATER USE

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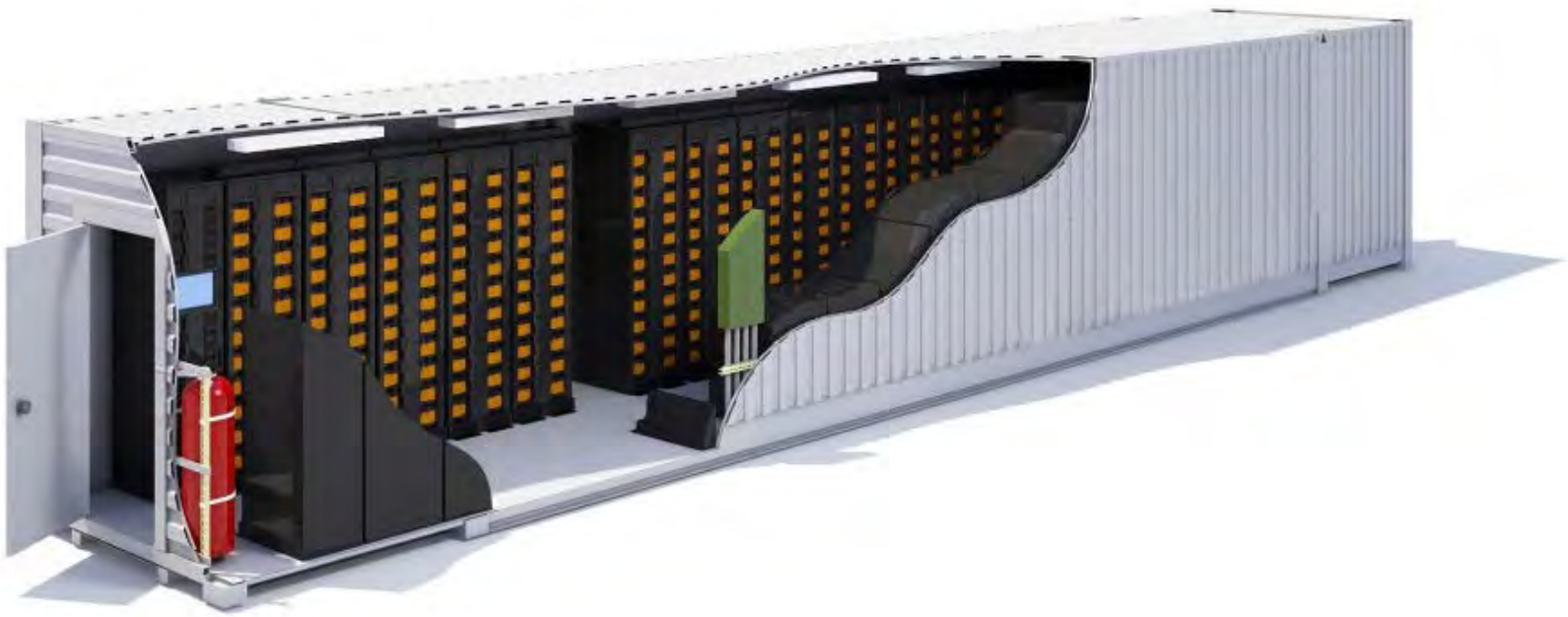
GRID CONNECTED BATTERIES ARE ALSO AVAILABLE



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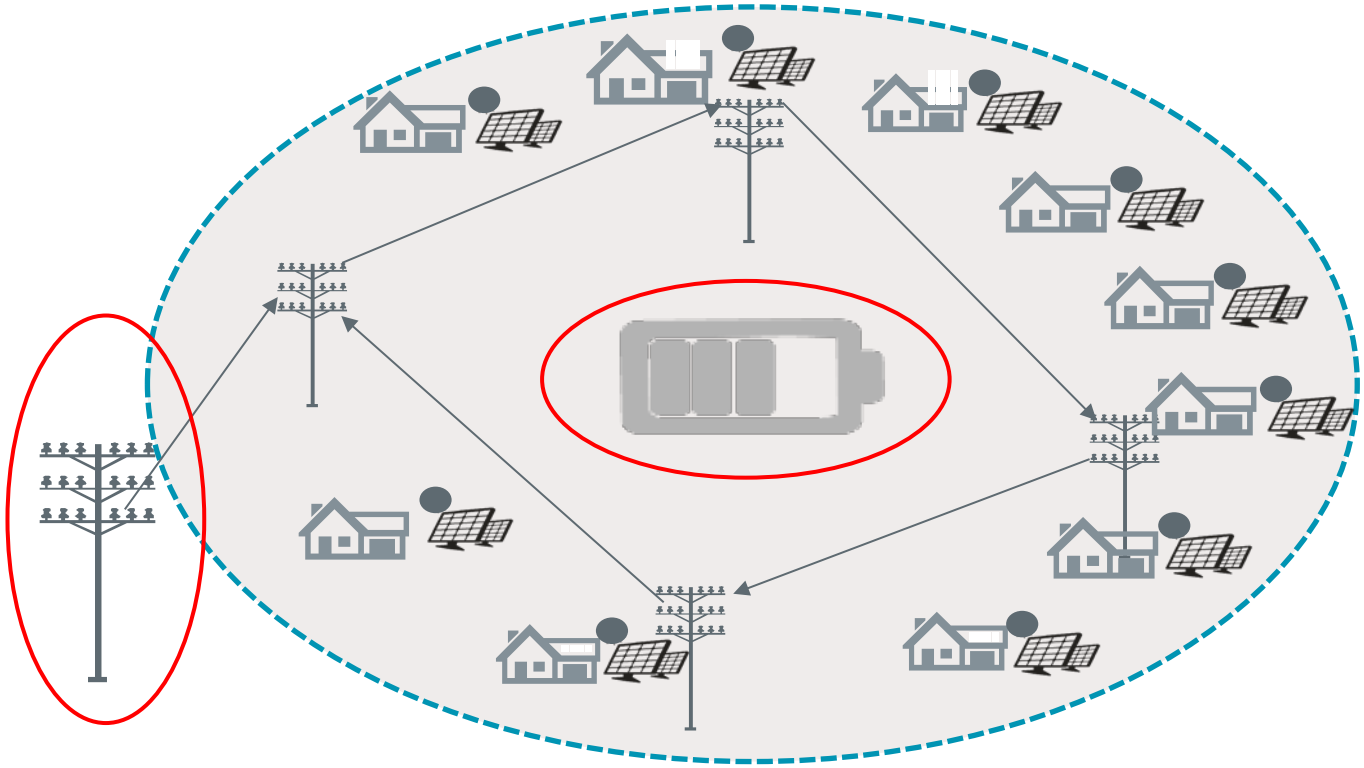
A MICROGRID IS A SMALL-SCALE POWER GRID



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TECHNOLOGY TRIALS AND THE FUTURE

HOME BATTERIES – NORTH WEST SYDNEY

- manage load growth, demand, power quality, and supply interruptions
- reduces network investment which keeps downward pressure on network charges.

Endeavour Energy

BATTERY STORAGE TRIAL IN DAPTO

Endeavour Energy kicks off first grid-connected battery storage trial

February 2, 2017

Source: Energy Source & Distribution (www.edsnews.com.au)

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ELECTRIC VEHICLES BECOMING POPULAR

Source: GraphicCompressor / stock.adobe.com

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ELECTRICITY HAS NOW BECOME INTERESTING

Security

- Professional security alarms
- 24/7 service
- Video surveillance
- Law enforcement call

Peace of Mind

- IP cameras + motion detectors
- Smoke / CO2 detectors
- Door lock remote control
- Lighting automated/remote control

Energy Efficiency

- Smart Thermostat
- Smart Plugs
- Remote AC controller

eHealth

- Tele-Diagnostic
- Elder falls alarm
- Blood pressure
- Glucose levels

Media

- TV + Cable channels
- Online streaming services
- Applications
- News

Connected Car

- Infotainment
- Remote door lock/unlock
- eCall/bCall
- Remote diagnostics

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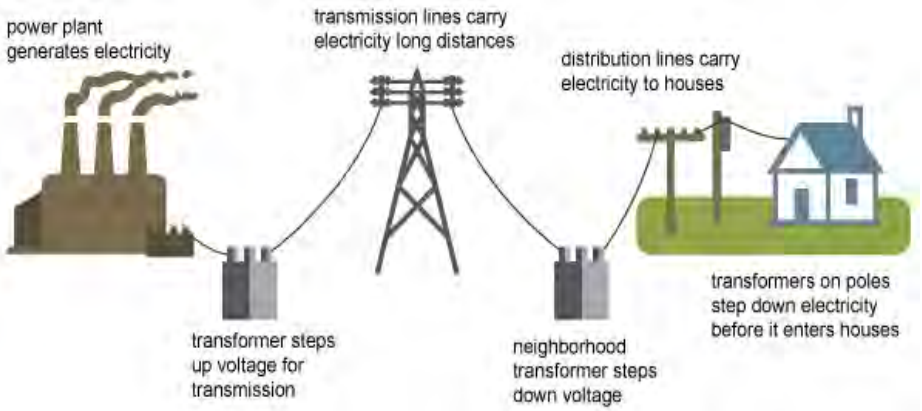
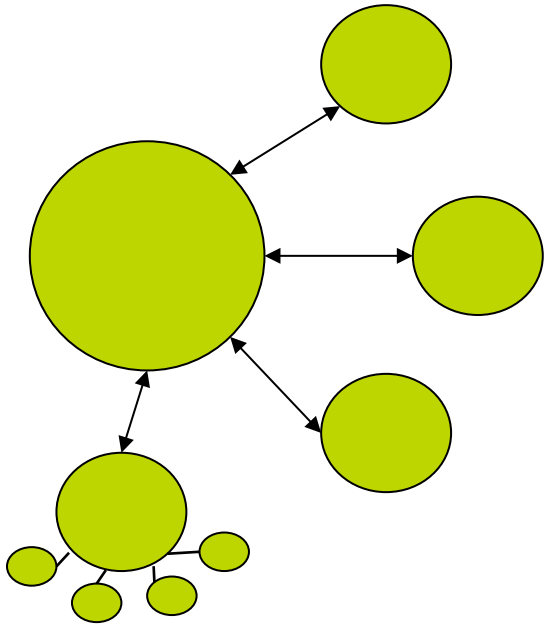
FROM A ONE-WAY FLOW TO AN INTERCONNECTED NETWORK



Traditionally a one-way flow of electricity



Now an interconnected network

WHAT'S IMPORTANT

- Safe and secure network
- High level of reliability
- Accommodates your future energy choices
- Fair to our diverse customer base with protections for our vulnerable customers

TABLE DISCUSSION / VOTING EXERCISE / ACTIVITY

Endeavour Energy

SUPPORTING VULNERABLE CUSTOMERS

Endeavour Energy

LIFE SUPPORT

- Extensive public safety strategy for managing life support customers.
- Notifications of planned outages four days in advance.
- Call centre communications during unplanned outages.
- Mobile outage app for real-time updates.
- Life support database, and assisting with action plans.

Endeavour Energy

FINANCIAL HARDSHIP

- Some stakeholder feedback suggests that networks, retailers and government all have a role to play in supporting customers facing financial hardship.

- Through our network ‘hardship policy’ we provide options to those people unable to pay for the upkeep of their part of the network (tree trimming, power pole installation, meter box replacement) through flexible, interest-free payment options.

- In exceptional circumstances we may waive part or all of the customers’ costs.

- We always seek to negotiate an appropriate course to rectify defects, ensure safety and not disconnect supply. We are, however, required to disconnect customers by law if asked by a retailer to do so. This is generally for non-payment.

TABLE DISCUSSION / VOTING EXERCISE / ACTIVITY

Endeavour Energy

SUPPORTING SMALL TO MEDIUM BUSINESS CUSTOMERS

Endeavour Energy

TABLE DISCUSSION

Endeavour Energy

FINAL COMMENTS

- Thank you for participating in today's forum.
- Please make sure to return your handheld devices.

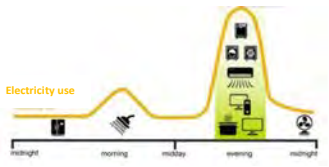
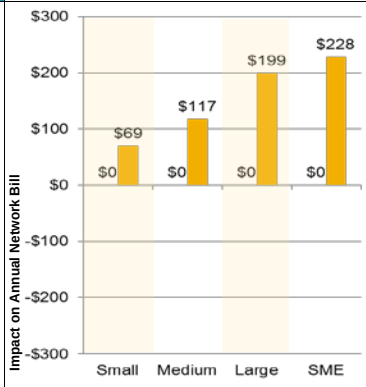
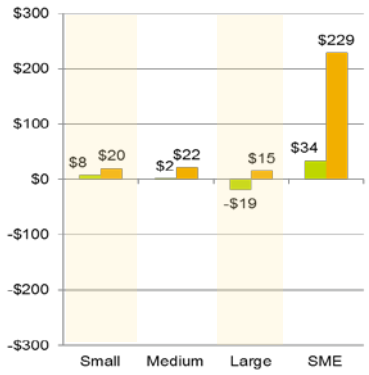
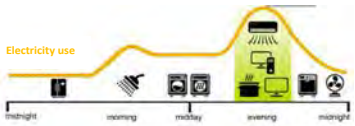
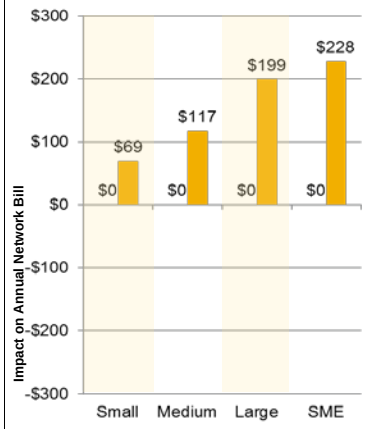
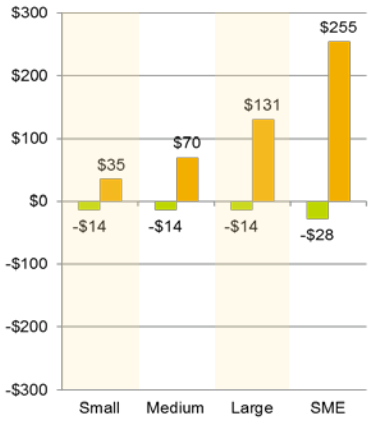
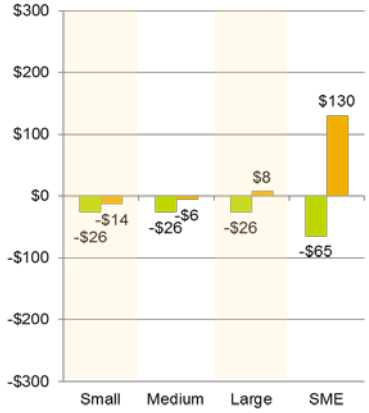
Endeavour Energy

APPENDIX F: TARIFF OPTIONS WORKSHEET

WHAT TYPE OF CUSTOMER ARE YOU?

Segment	Typical profile	Number of people	Annual Consumption (kWh)	Typical yearly electricity bill
Small	Small house or unit. Essential electrical appliances.	Single person or couple.	2,460	$1000
Medium	House or unit. Broader range of appliances	Couple or family of 3 or 4 people	5098	$1650
Large	Larger house, swimming pool & ducted air-conditioning.	Family of 5 or more people	9644	$2850
Small business (SME)	Restaurant Retail shop	Less than 20 employees	11804	$3750

APPENDIX F: TARIFF OPTIONS WORKSHEET

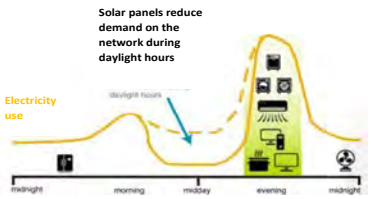
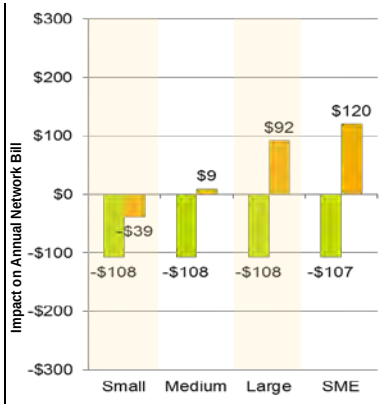
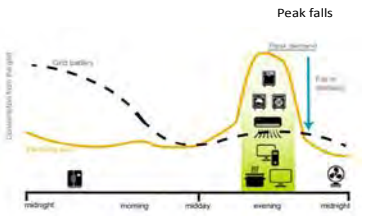
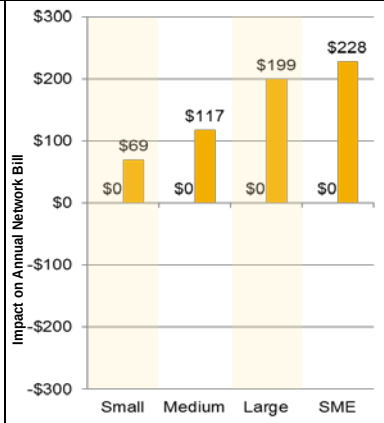
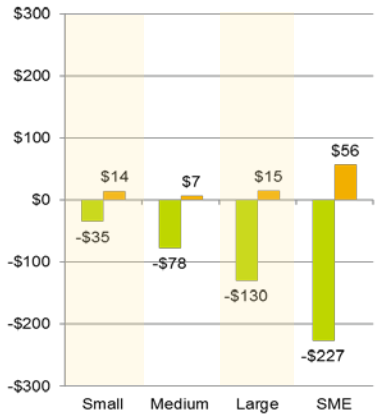
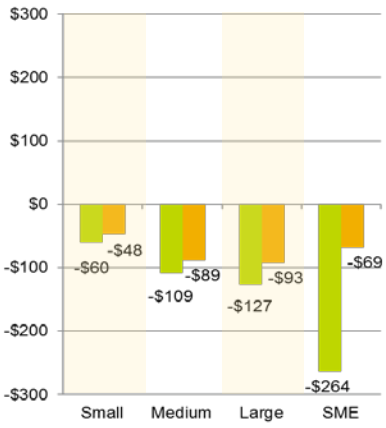
Usage Options / Impact on Peak Demand	Impacts on your bill in short and long term		
	1.Flat Tariff	2. Seasonal time of use	3. Seasonal Time of Use Demand
Do nothing Peak 			
Manage your use Peak falls 			

Key

Impact on your annual bill if tariff came into effect today

Impact on your annual bill over a ten year period

APPENDIX F: TARIFF OPTIONS WORKSHEET

Usage Options / Impact on Peak Demand	Impacts on your bill in short and long term		
	1.Flat Tariff	2. Seasonal time of use	3. Seasonal Time of Use Demand
Install Solar 			
Install Battery 			

Key

- Impact on your annual bill if tariff came into effect today
- Impact on your annual bill over a ten year period

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THANK YOU

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