



Findings from Business Survey

Prepared for



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Background & objectives

- Essential Energy is a NSW Government owned corporation with responsibility for building, operating and maintaining Australia's largest electricity network.
- The organisation is required to submit to the Australian Energy Regulator a regulatory proposal and tariff structure statement on a five year basis.
- This regulatory proposal is due to be submitted for the 2019-24 period by January 2018.
- A significant programme of customer and stakeholder engagement is being conducted to contribute to the development of the proposal.
- This survey forms part of that programme.

Research design

- An online survey was conducted with a representative sample of n=250 small to medium business customers. Sample was obtained through a reputable and quality assured research panel provider.
- In addition n=4 survey completes were obtained through the Essential Energy 'Your Say' website.
- The survey was scripted and hosted internally to ensure strict quality control procedures were applied in the checking of set-up, and in monitoring progress on a daily basis.
- Data was weighted for number of employees to be representative of the Essential Energy network area.

Summary

Awareness and role

- The vast majority of business respondents had heard of Essential Energy (88%) and most had a vague idea about what Essential Energy does (involved in electricity, supplier of electricity, poles and wires).
- Of the regions, awareness of Essential Energy and its role was slightly lower in the Southern region than other regions.
- Out of the potential reasons listed, businesses were most likely to contact Essential Energy to report a power outage (40%) or connect to the electricity network (29%).
- Reporting a power outage was the only situation where Essential Energy was the most likely to be contacted; in most other cases Origin was the preferred point of contact.

Summary

Communication

- More respondents thought it was easy (51%) to communicate with EE than difficult (6%), however a large number did not know (21%).
- Email was the preferred method of contact in all situations, though there was also a preference for text messages in the event of an unexpected power outage. Letters were also favoured for consultation on future plans, notification of planned outages and other subjects.

Summary

Reliability

- Most business respondents considered their electricity supply to be quite (53%) or very reliable (28%).
- There was no clear preference in terms of greater frequency/shorter duration or lesser frequency/longer duration (there was slight preference for more outages of shorter duration as for residents).
- Businesses were not willing to pay more for shorter outages or pay less for more frequent outages, most chose the status quo (particularly in the Southern region).
- Most respondents were not willing to pay \$20 more per quarter to avoid a 24 hour unplanned outage every 10 years (80%).

Summary

Servicing remote areas

- Most business respondents agreed that Essential Energy should invest more to ensure remote/worst served customers receive the same levels of service as other more populated parts of the network (47% strongly agreed and 26% agreed slightly).
 - Those in the Southern region were less likely to strongly agree (42%) and those in the Northern region were more likely to strongly agree (53%).
- Most (80%) agreed that EE should invest in researching microgrids for remote locations as an option.
- Over a third (39%) were not concerned about switching to locally sourced generation with a further 39% undecided. The main concern was about guaranteeing reliability.
- Over half (55%) would agree to a diesel generator being used to supplement battery storage for a microgrid with a further third undecided (31%).

Summary

Pricing

- There were mixed views regarding value for money, with more believing they were getting value for money (41%) than not (26%).
- Most were satisfied with the information provided on their bill (68%). Of those who were dissatisfied, most wanted more information on time of day usage and a breakdown of costs (retail, distribution and generation).
- Almost a half would prefer a price cap (49%) over a revenue cap (21%).
- Half disagreed with locational based pricing (43%) with a further third undecided or unsure (32%).
- Two thirds were in favour of reduced pricing for specific customer groups (56%) – when asked these groups included pensioners/elderly, medically vulnerable, financially vulnerable customers and those in remote locations.
- Just over half of businesses were in favour of Essential Energy charging more during peak times (51%) with a third against (32%). However, this was mainly in the North Coast region (61% in favour).

Summary

Future engagement

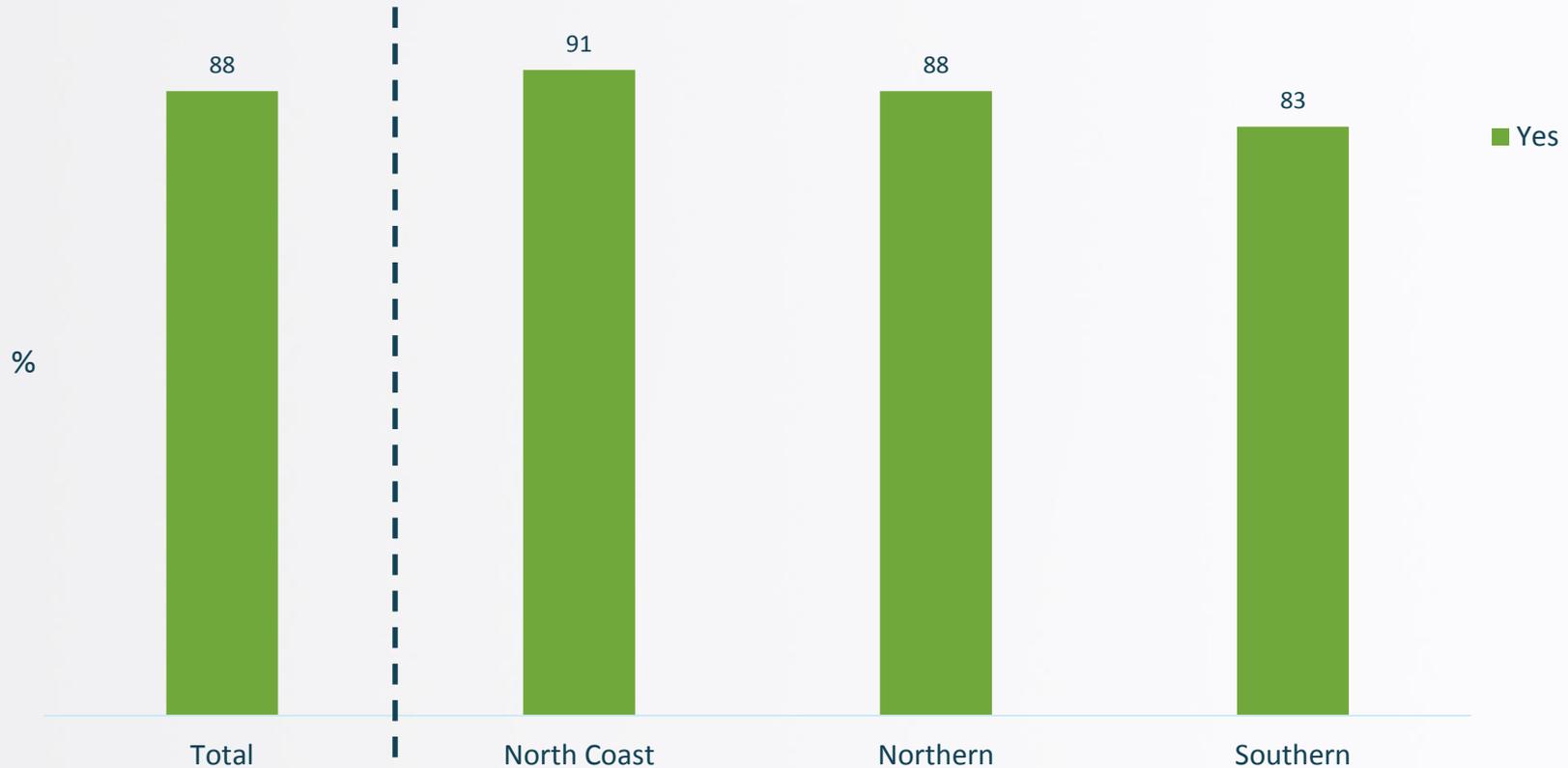
- Most were satisfied with Essential Energy's current engagement activities (79%).
- Of those who thought Essential Energy could be doing more, suggestions were mainly about providing more information to customers in a clear and easy to understand way.

Awareness and familiarity



Most businesses had heard of EE

Awareness of Essential Energy



Q8. Have you heard of Essential Energy?

Base: All respondents (n=254); North Coast (n=107); Northern (n=90); Southern (n=57).

Businesses generally had a good understanding of the services provided by EE

| Services provided by Essential Energy (recalled) | Total (n=225) % | North Coast (n=93) % | Northern (n=90) % | Southern (n=42) % |
|--|-----------------------|----------------------------|-------------------------|-------------------------|
| Electricity NFI [^] | 21 | 18 | 25 | 21 |
| They are the poles and wires people / do the maintenance of the network | 17 | 16 | 18 | 18 |
| Electricity and gas NFI [^] | 16 | 16 | 14 | 23 |
| Supplier of electricity/power in our region | 12 | 8 | 18 | 9 |
| They are our provider/they are the provider in our area/ used to be our provider | 6 | 3 | 7 | 9 |
| Energy / power NFI | 6 | 8 | 4 | 4 |
| They are electrical distributors / supply electricity to the retailers | 4 | 3 | 3 | 6 |
| They restore power when there is an outage | 4 | 2 | 7 | - |
| Solar NFI | 3 | 4 | 2 | 4 |
| They provide all the services to do with power/supply services | 3 | 6 | 1 | 2 |
| They provide info/advice on electricity / saving electricity / energy solutions | 3 | 2 | 5 | - |
| Other | 22 | 19 | 25 | 21 |
| Don't know | 7 | 8 | 7 | 4 |

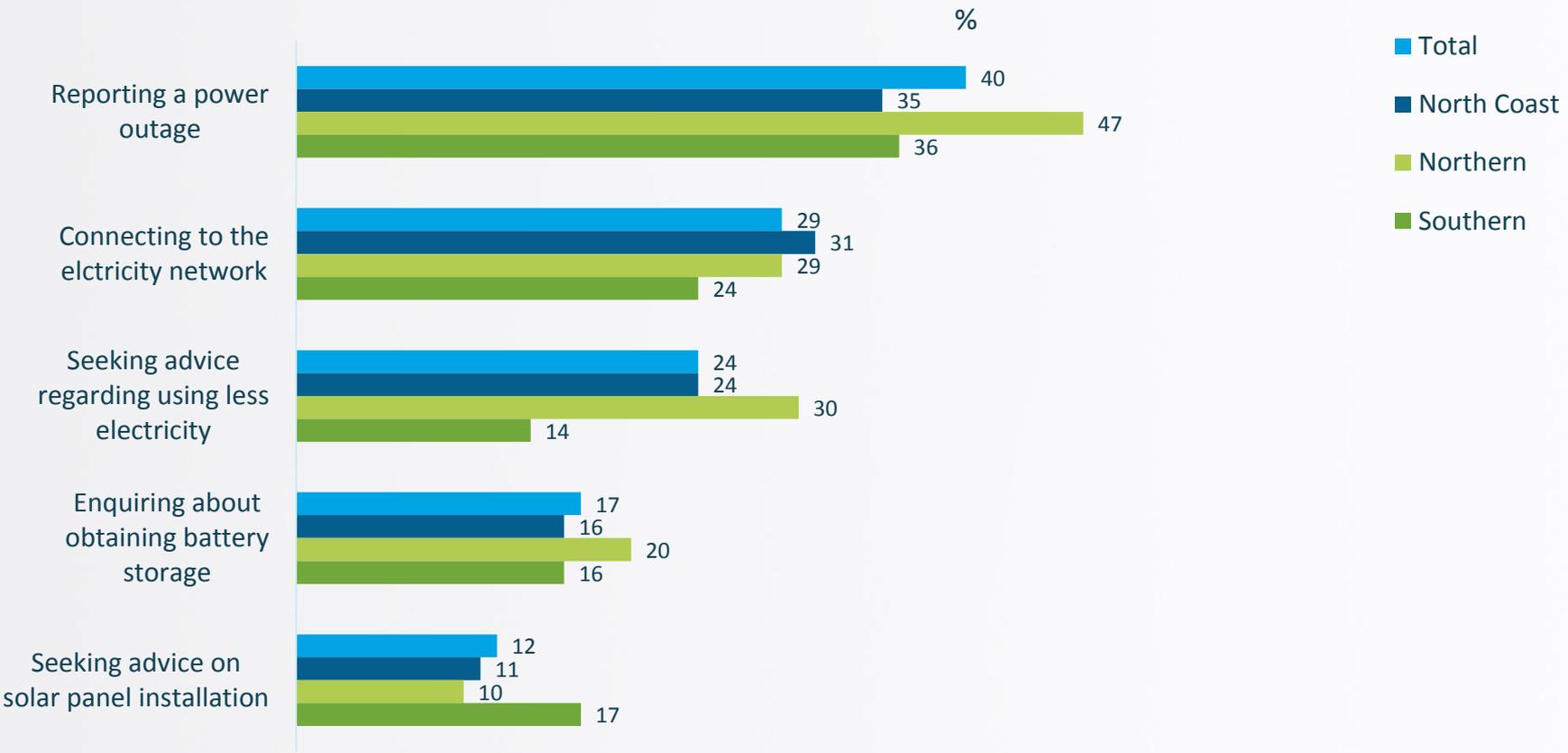
Q9. From what you know or have heard about Essential Energy, what services do you know they provide?

Base: Respondents who had heard of Essential Energy (n=225)

[^] NFI = no further information

EE was most likely to be contacted to report an outage or connect to the network

SUMMARY – Reasons for contacting Essential Energy



Q6. Firstly we'd like to ask you some questions about who you might call for different issues that might arise in and around your house and neighbourhood. You can select as many companies as you like...

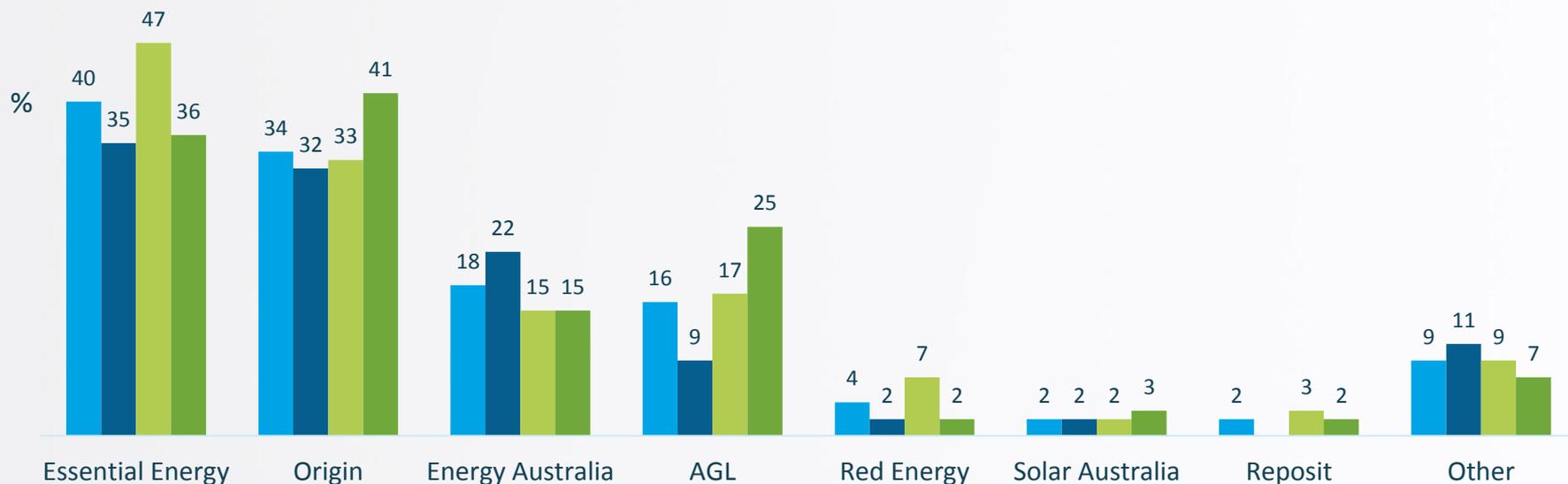
Base: All respondents (n=254); North Coast (n=107); Northern (n=90); Southern (n=57)..



EE and Origin were the most likely to be contacted to report an outage

Wanting to report a power outage

■ Total ■ North Coast ■ Northern ■ Southern



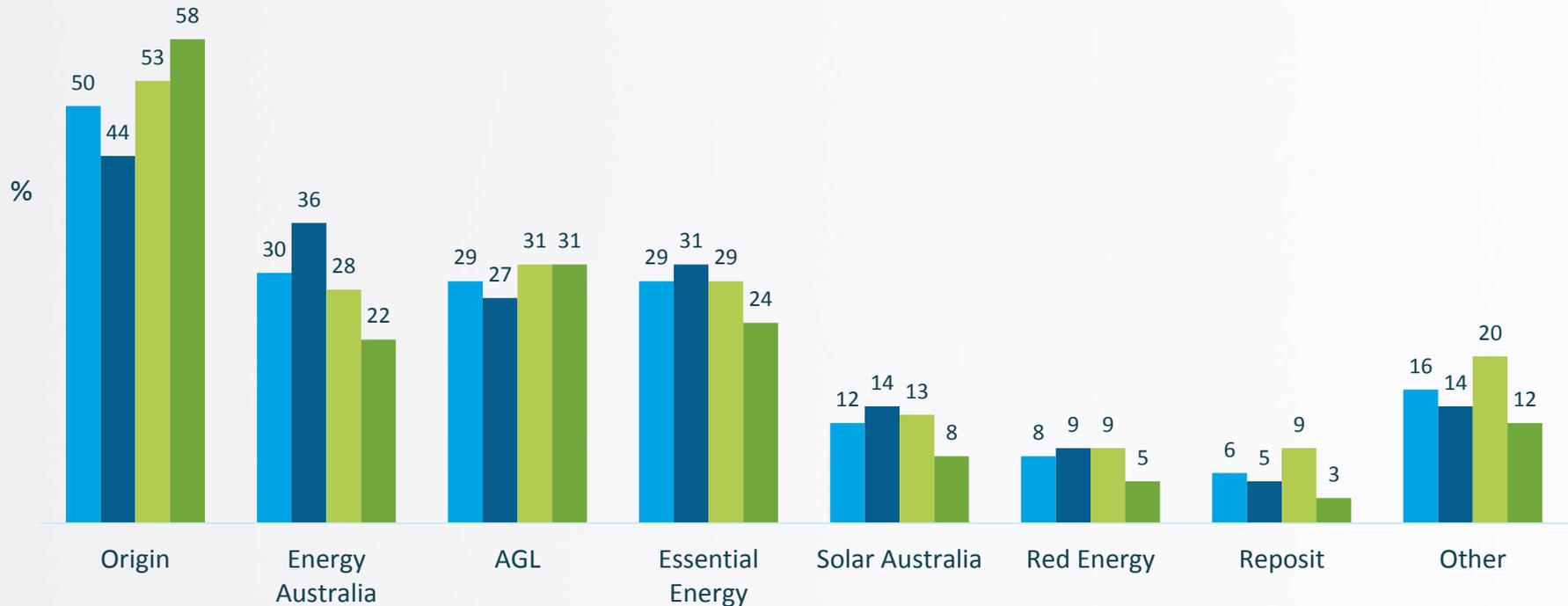
Red Energy was unprompted and captured from 'other' responses

Q6. Firstly we'd like to ask you some questions about who you might call for different issues that might arise in and around your house and neighbourhood. You can select as many companies as you like... Wanting to report a power outage
Base: All respondents (n=254); North Coast (n=107); Northern (n=90); Southern (n=57).

Origin was the most likely to be contacted to connect to the network

Contact if connecting to the electricity network

■ Total ■ North Coast ■ Northern ■ Southern



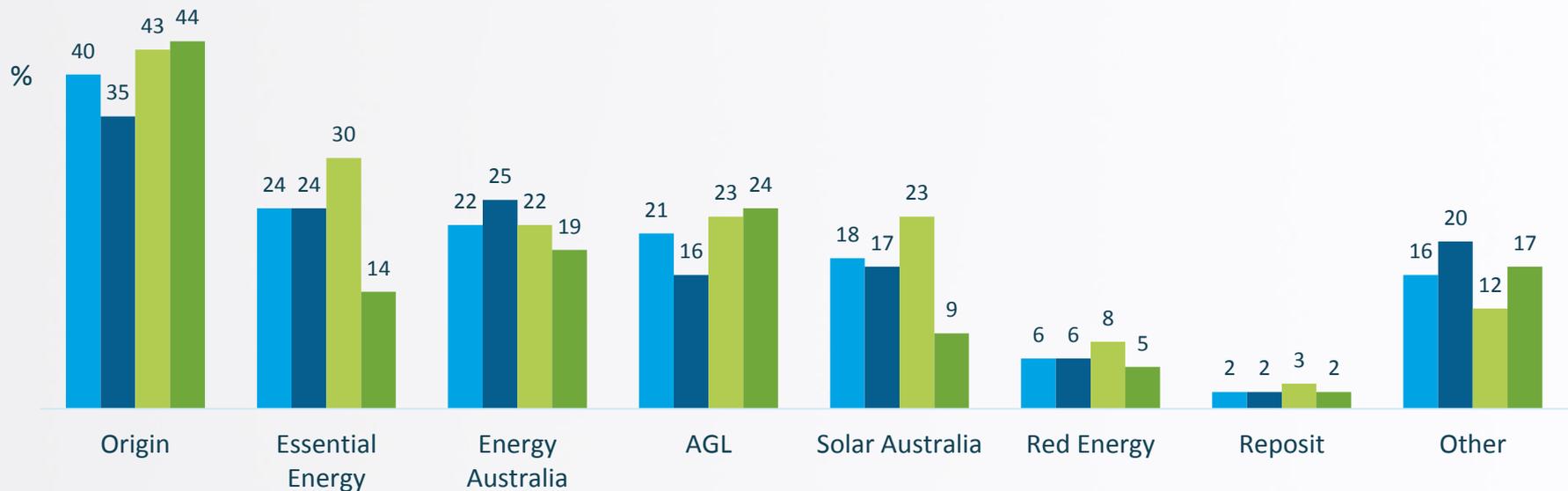
Q6. Firstly we'd like to ask you some questions about who you might call for different issues that might arise in and around your house and neighbourhood. You can select as many companies as you like... Considering connecting to the electricity network e.g. moving to a new building

Base: All respondents (n=254); North Coast (n=107); Northern (n=90); Southern (n=57).

Origin was the mostly likely to be contacted to seek advice using less electricity

Seeking advice regarding using less electricity

■ Total ■ North Coast ■ Northern ■ Southern



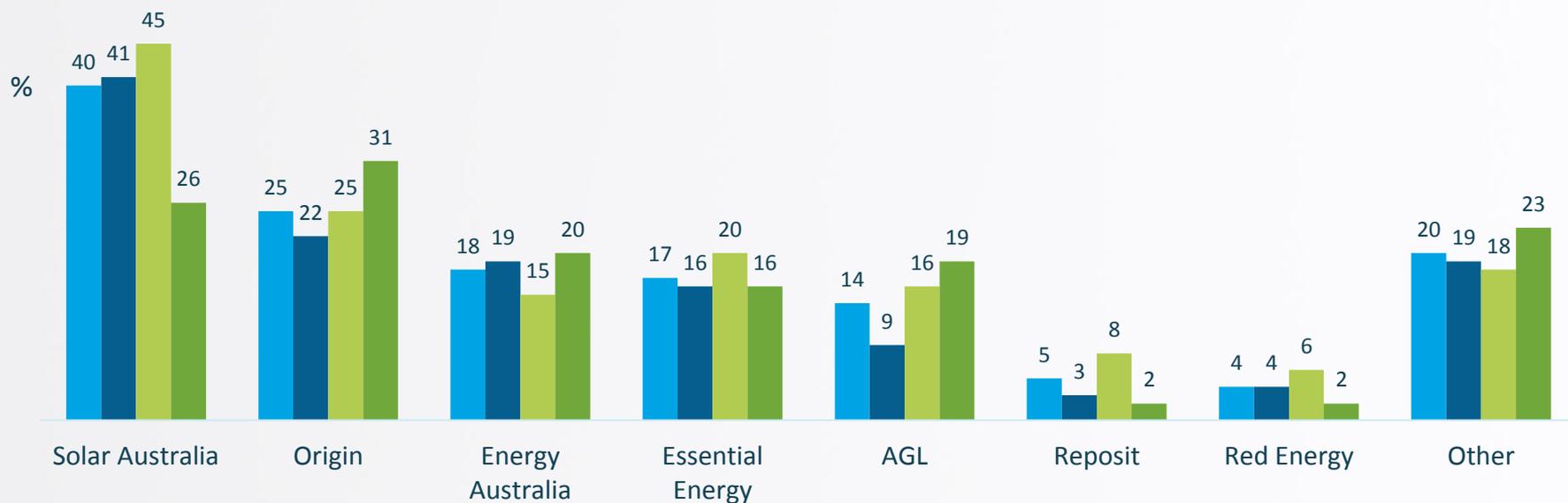
Q6. Firstly we'd like to ask you some questions about who you might call for different issues that might arise in and around your house and neighbourhood. You can select as many companies as you like... Seeking advice regarding use less electricity

Base: All respondents (n=254); North Coast (n=107); Northern (n=90); Southern (n=57).

Solar Australia was the most likely to be contacted about battery storage

Enquiring about obtaining a battery storage

■ Total ■ North Coast ■ Northern ■ Southern



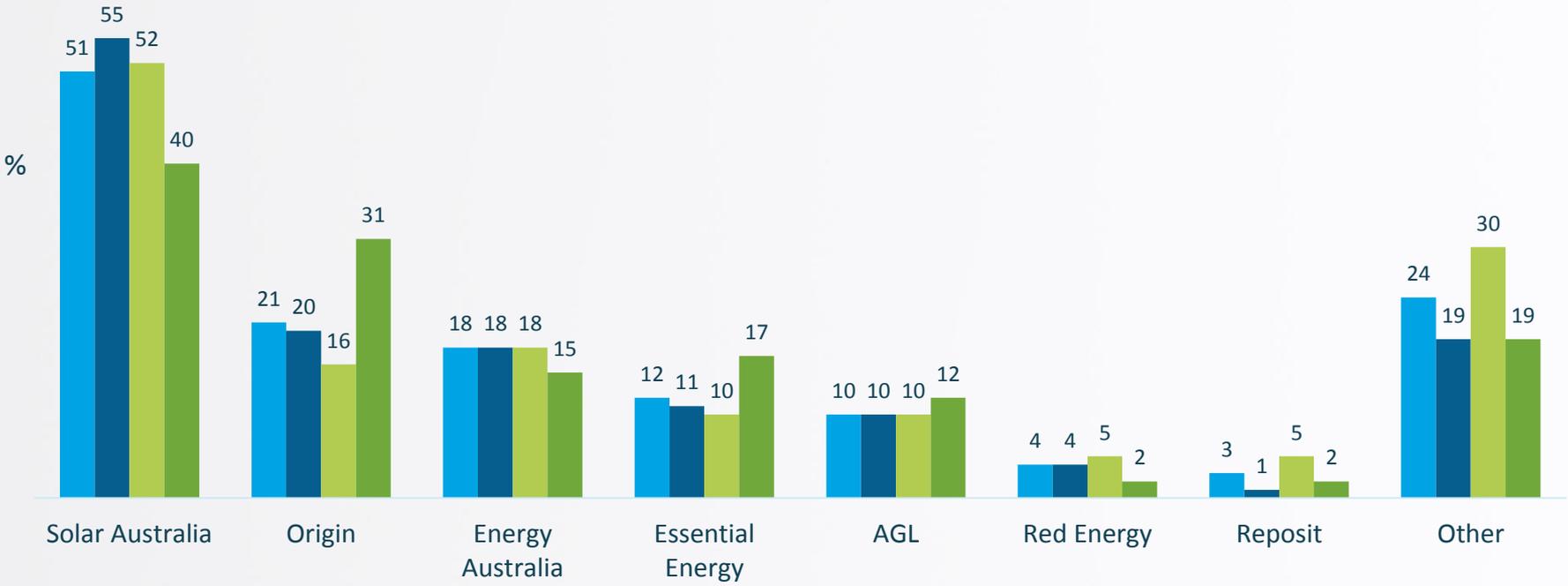
Q6. Firstly we'd like to ask you some questions about who you might call for different issues that might arise in and around your house and neighbourhood. You can select as many companies as you like... Enquiring about obtaining a battery storage

Base: All respondents (n=254); North Coast (n=107); Northern (n=90); Southern (n=57).

Solar Australia was the most likely to be contacted regarding solar panel installation

Seeking advice on solar panel installation

■ Total ■ North Coast ■ Northern ■ Southern



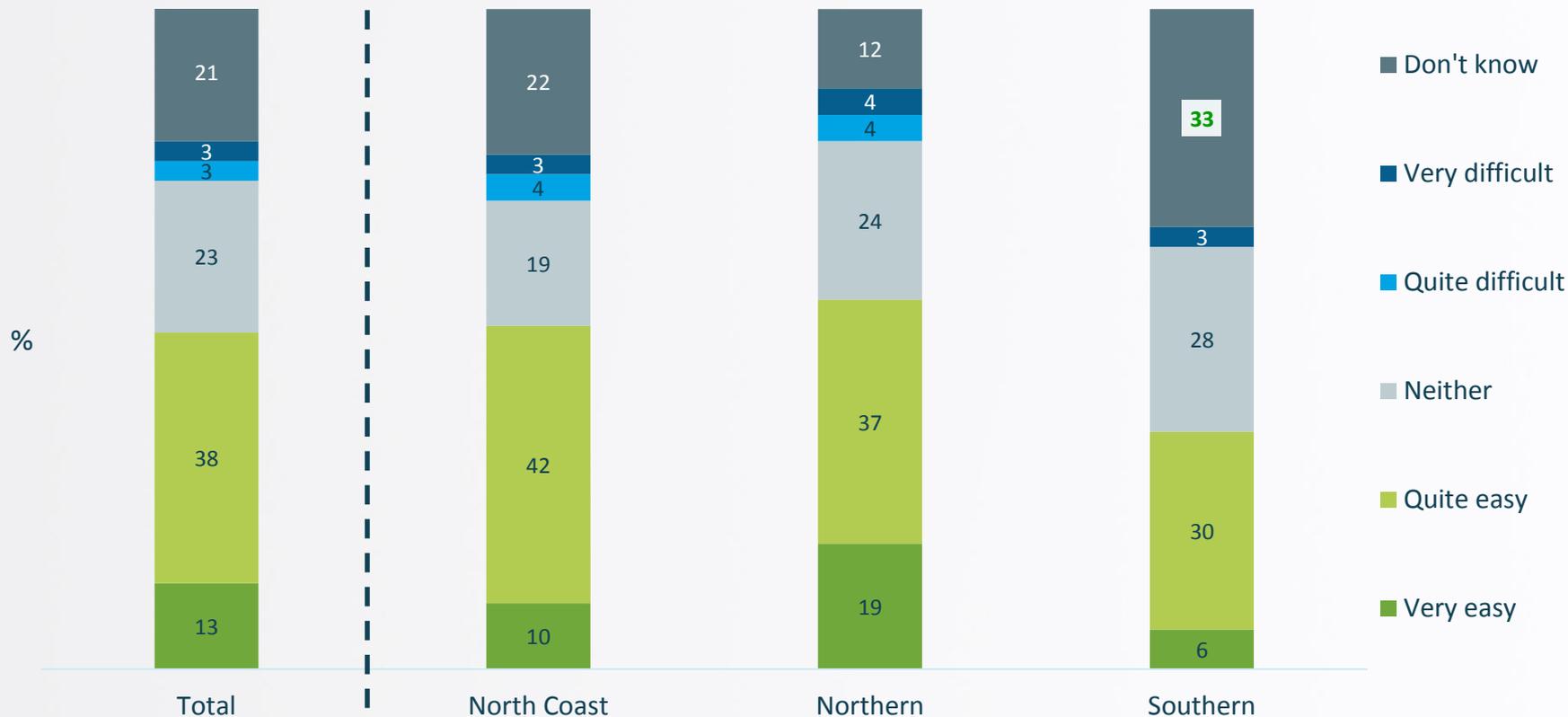
Q6. Firstly we'd like to ask you some questions about who you might call for different issues that might arise in and around your house and neighbourhood. You can select as many companies as you like... Seeking advice on Solar Panel installation

Base: All respondents (n=254); North Coast (n=107); Northern (n=90); Southern (n=57).



Businesses were either satisfied or unsure about how easy it is to communicate with EE

Ease of communicating with Essential Energy

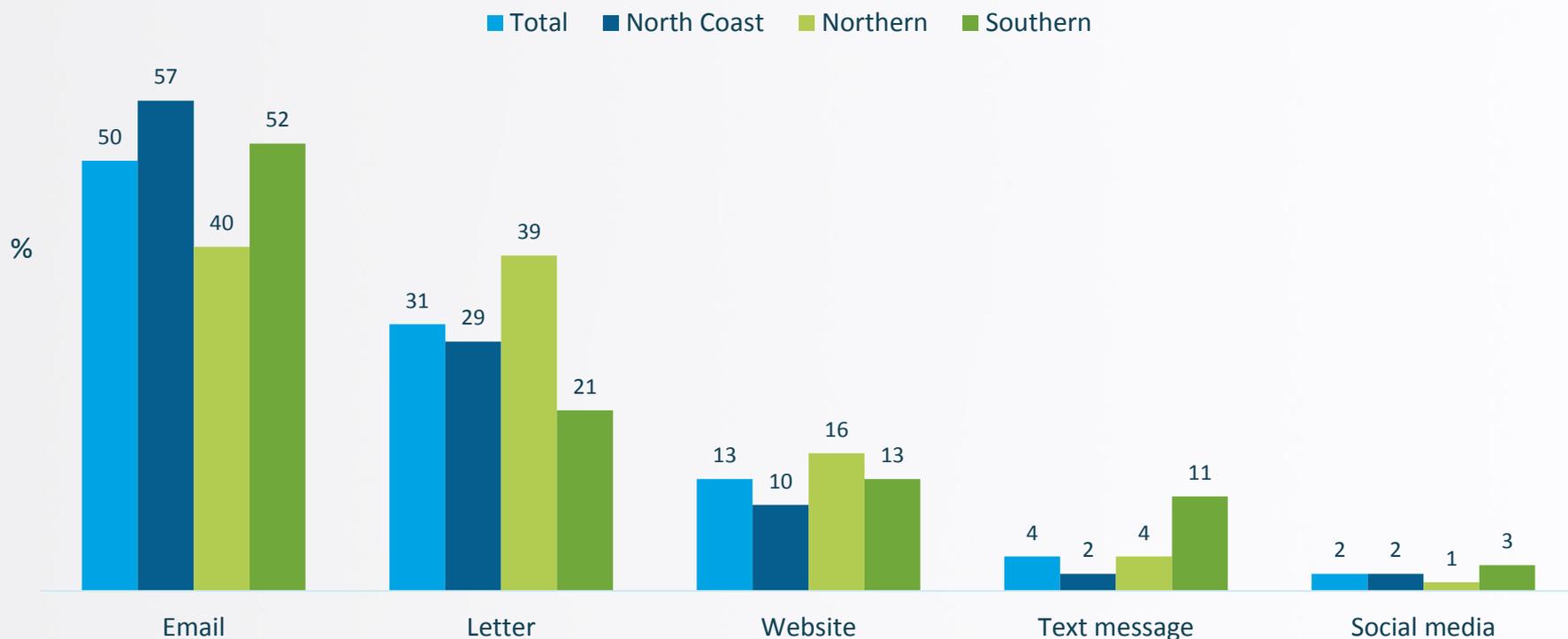


Q10. How easy do you feel it is to communicate with Essential Energy?

Base: Respondents who had heard of Essential Energy (n=225); North Coast (n=93); Northern (n=90); Southern (n=42)

Emails or letters were preferred for consultation

Preferred method of contact – Consultation on future plans and pricing structures

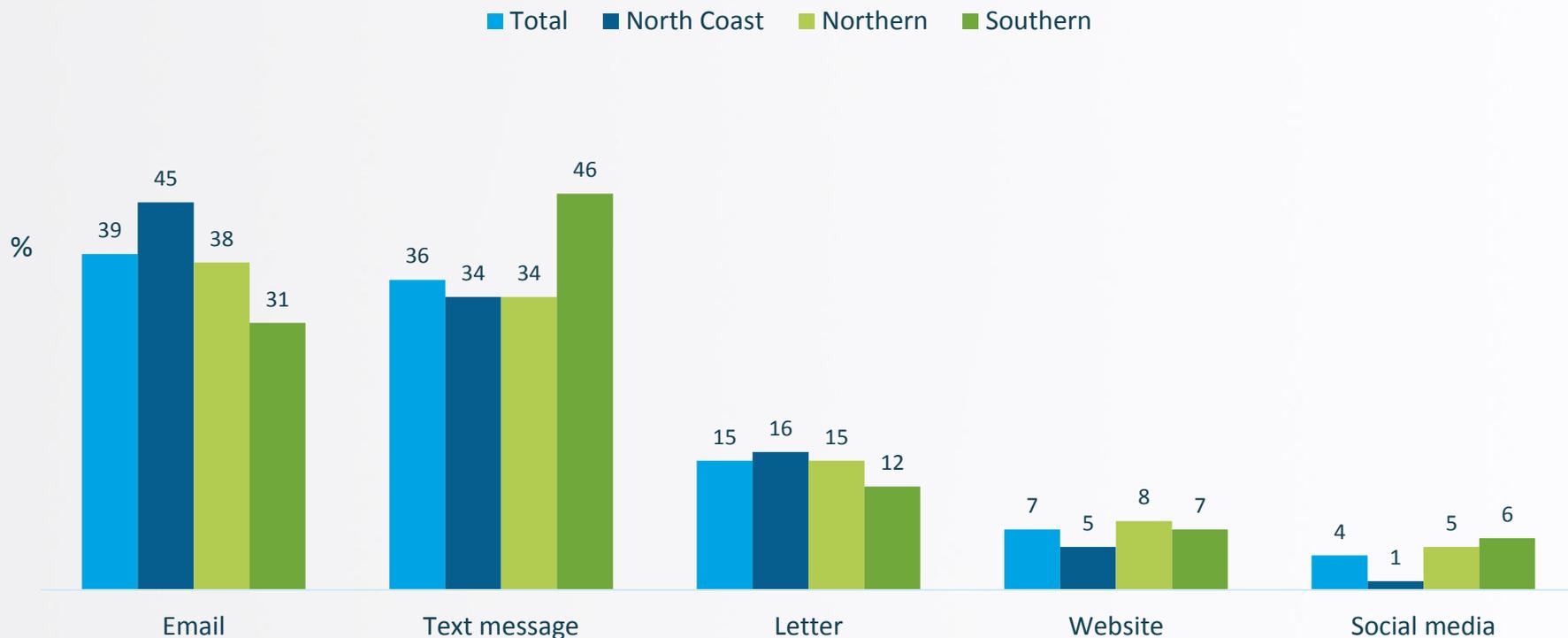


Q11. Which method of communication would you prefer Essential Energy to use to communicate with you about the following? Consultation on future plans and pricing structures.

Base: All respondents (n=254); North Coast (n=107); Northern (n=90); Southern (n=57).

Emails or text messages were preferred for notification about unexpected power outages

Preferred method of contact – Unexpected power outages

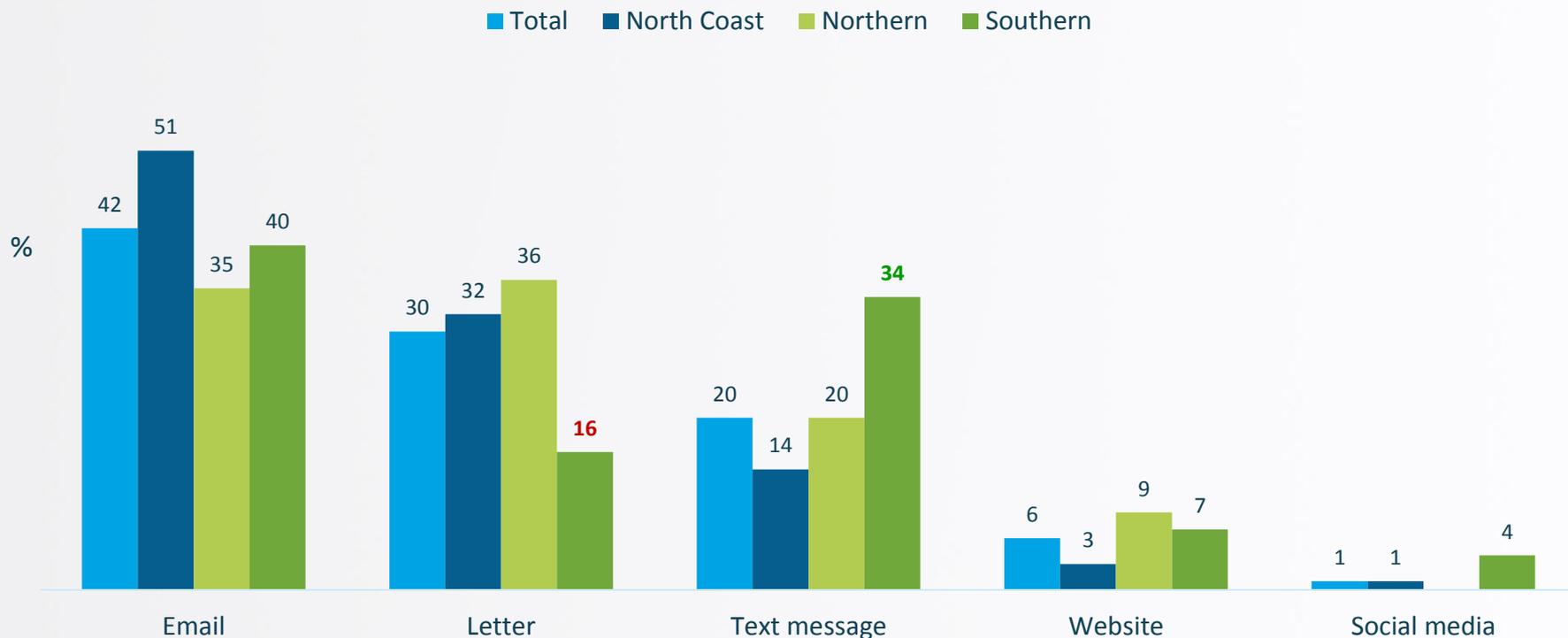


Q11. Which method of communication would you prefer Essential Energy to use to communicate with you about the following? Unexpected power outages.

Base: All respondents (n=254); North Coast (n=107); Northern (n=90); Southern (n=57).

Emails or letters were preferred for notification about planned power outages

Preferred method of contact – Planned power outages



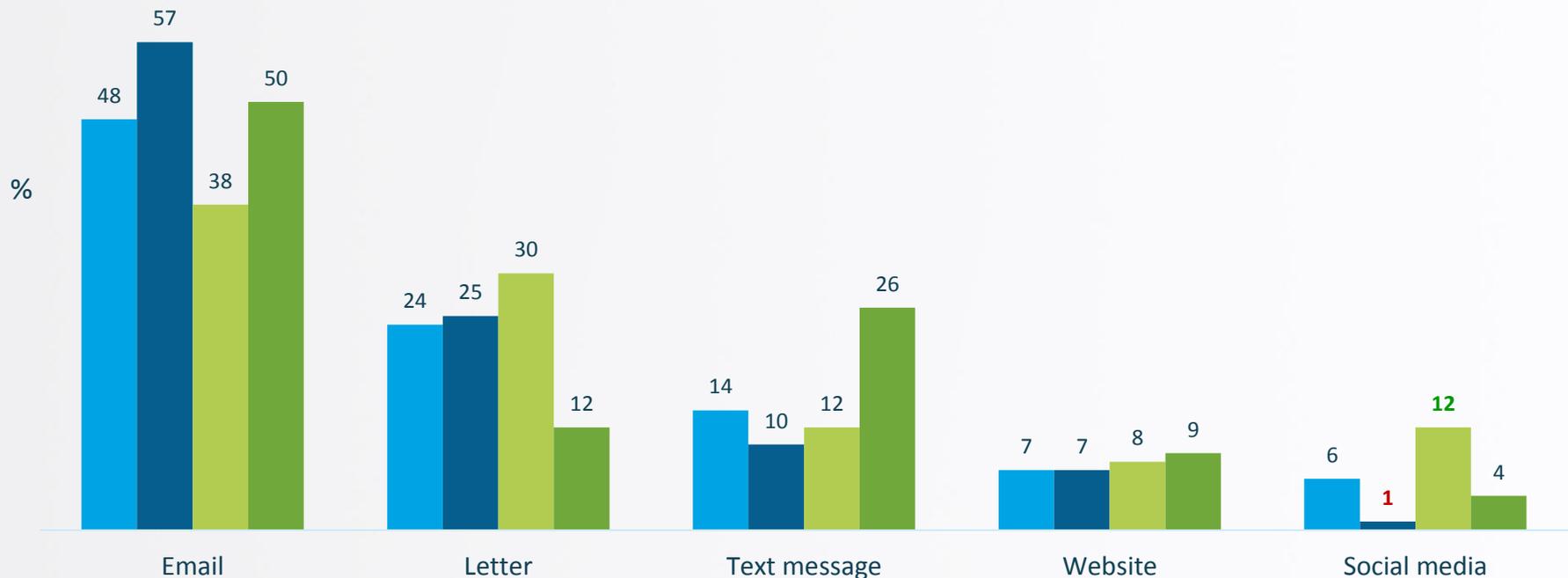
Q11. Which method of communication would you prefer Essential Energy to use to communicate with you about the following? Planned power outages.

Base: All respondents (n=254); North Coast (n=107); Northern (n=90); Southern (n=57).

Emails or letters were preferred for 'other' subjects

Preferred method of contact – Other e.g. meter changes, streetlights, damaged equipment, tree trimming

■ Total ■ North Coast ■ Northern ■ Southern



Q11. Which method of communication would you prefer Essential Energy to use to communicate with you about the following? Other e.g. meter changes, streetlights, damaged pole or electrical equipment, tree trimming.

Base: All respondents (n=254); North Coast (n=107); Northern (n=90); Southern (n=57).

Most businesses think their electricity is reliable

Reliability of electricity supply

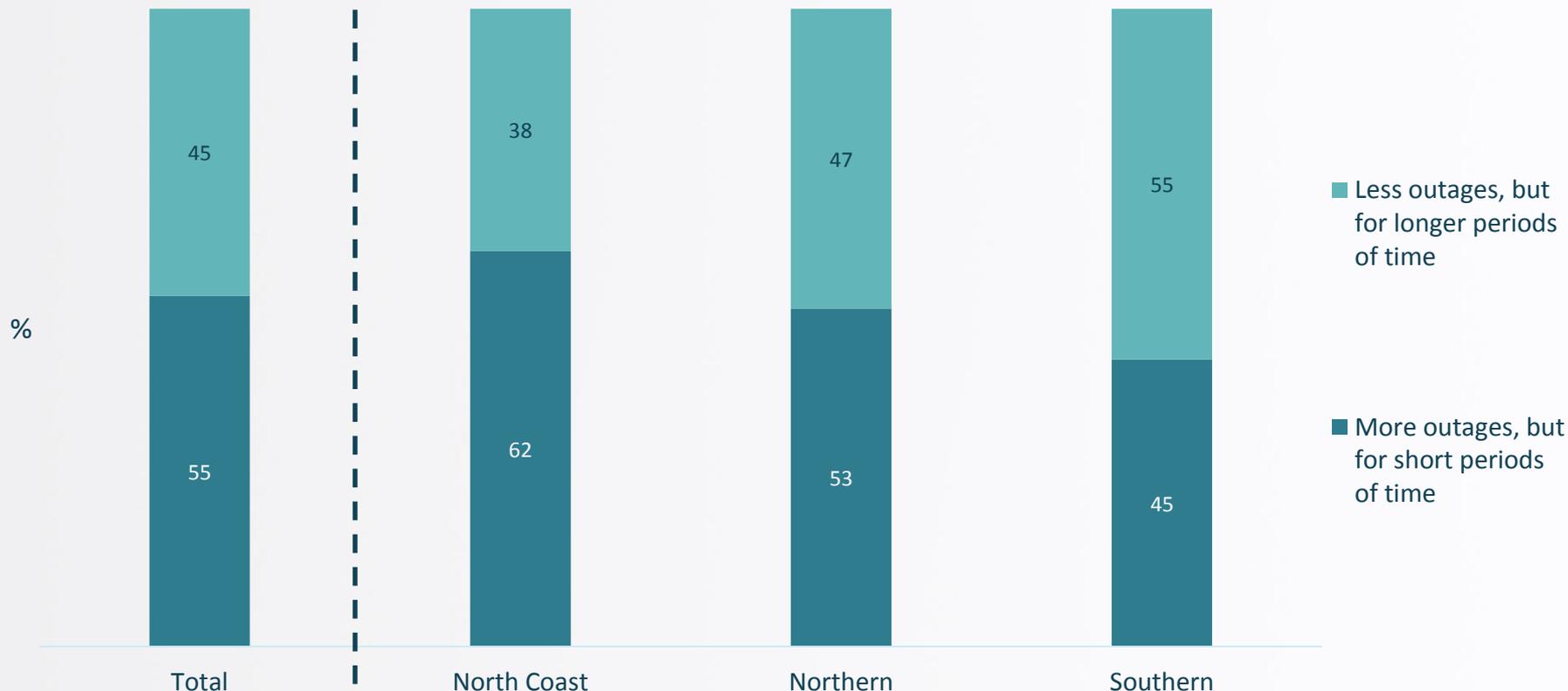


Q12. How reliable do you think your electricity supply is?

Base: All respondents (n=254); North Coast (n=107); Northern (n=90); Southern (n=57).

There was a fairly even split trading off the frequency and duration of outages

Frequency vs duration outage trade-off



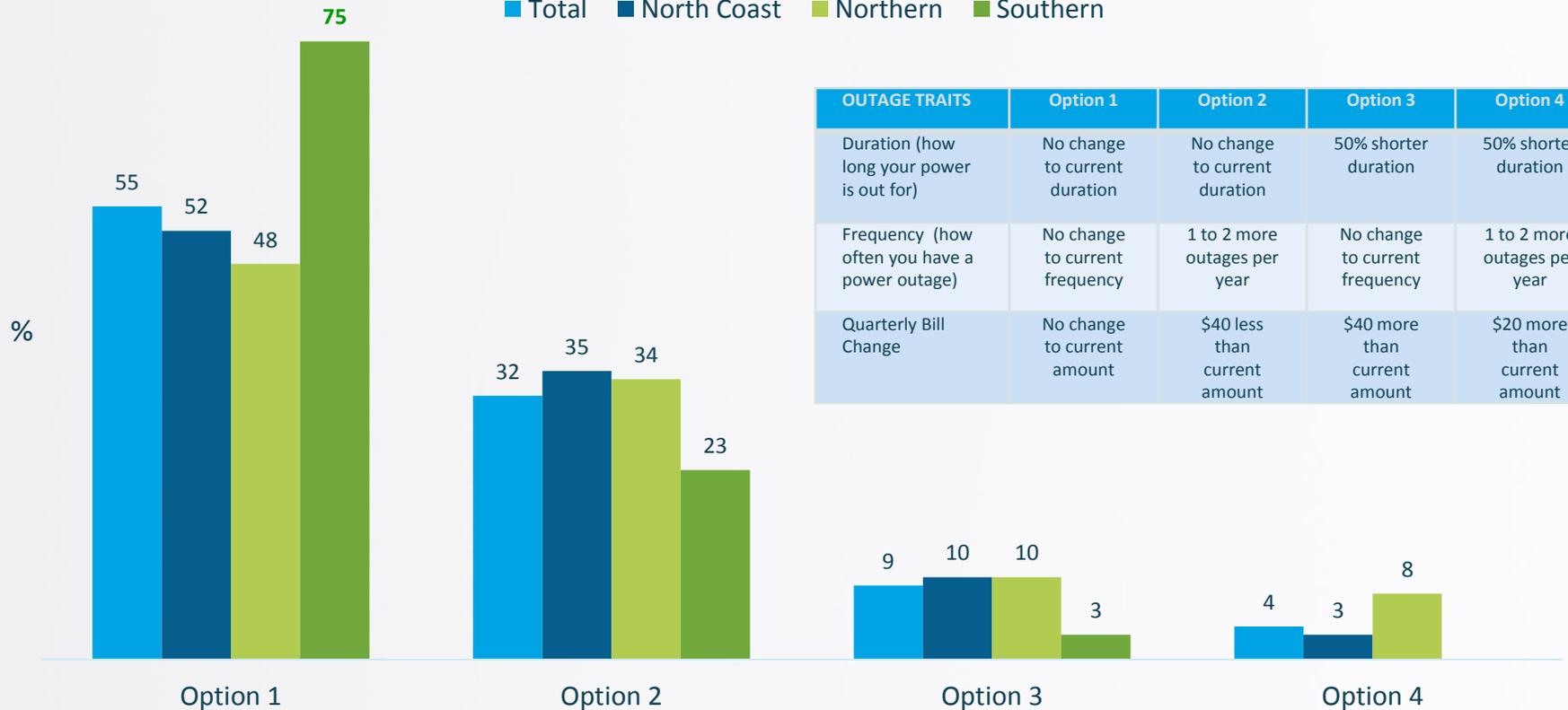
Q15. If you had to trade off frequency of outages against the length of time you were without power, which would you choose?

Base: All respondents (n=254); North Coast (n=107); Northern (n=90); Southern (n=57).

Option 1 (status quo) was the most popular of the trade offs, particularly in the Southern region

Preferred outage trade-off scenario

■ Total ■ North Coast ■ Northern ■ Southern



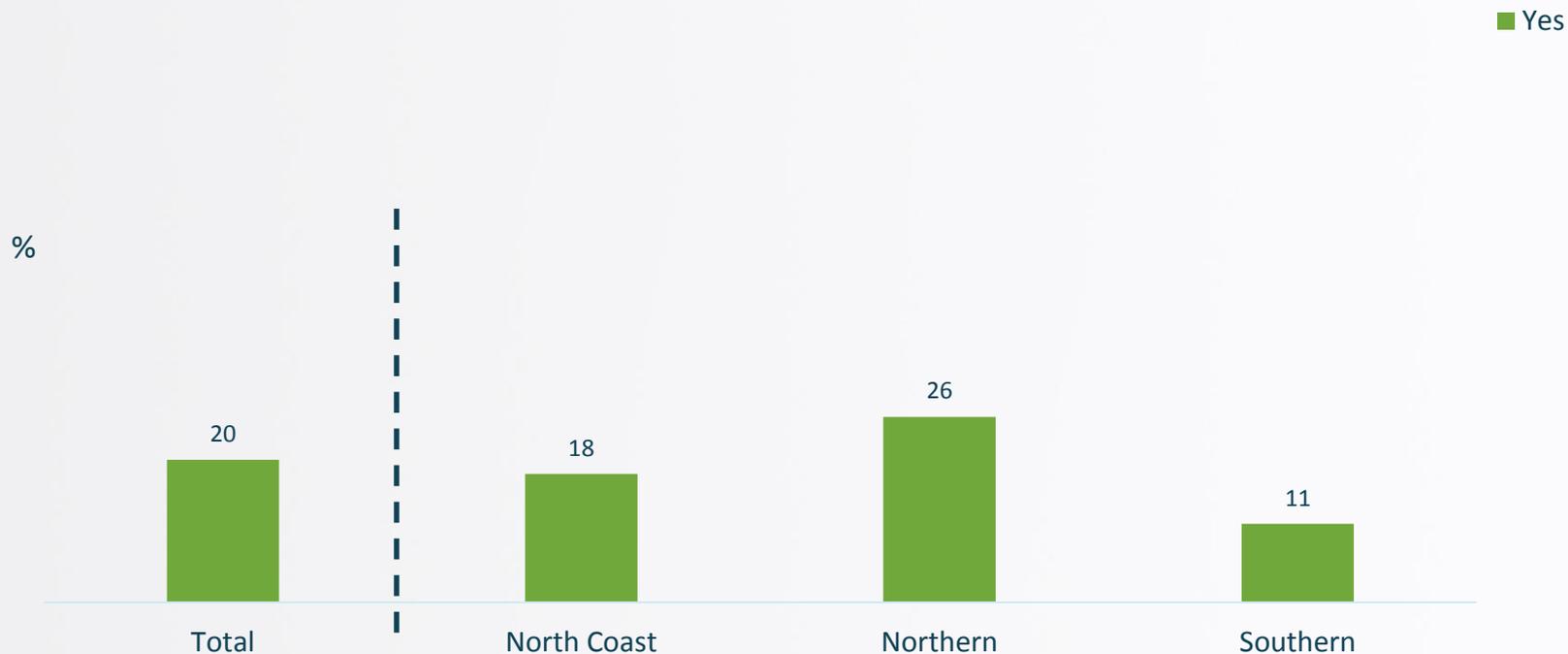
| OUTAGE TRAITS | Option 1 | Option 2 | Option 3 | Option 4 |
|---|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| Duration (how long your power is out for) | No change to current duration | No change to current duration | 50% shorter duration | 50% shorter duration |
| Frequency (how often you have a power outage) | No change to current frequency | 1 to 2 more outages per year | No change to current frequency | 1 to 2 more outages per year |
| Quarterly Bill Change | No change to current amount | \$40 less than current amount | \$40 more than current amount | \$20 more than current amount |

Q13. Power outages happen from time to time for a variety of reasons. Thinking about the following future scenarios, which would be your preferred scenario?

Base: All respondents (n=254); North Coast (n=107); Northern (n=90); Southern (n=57).

Few businesses were willing to pay to avoid an unplanned outage

Willingness to pay to avoid unplanned outages

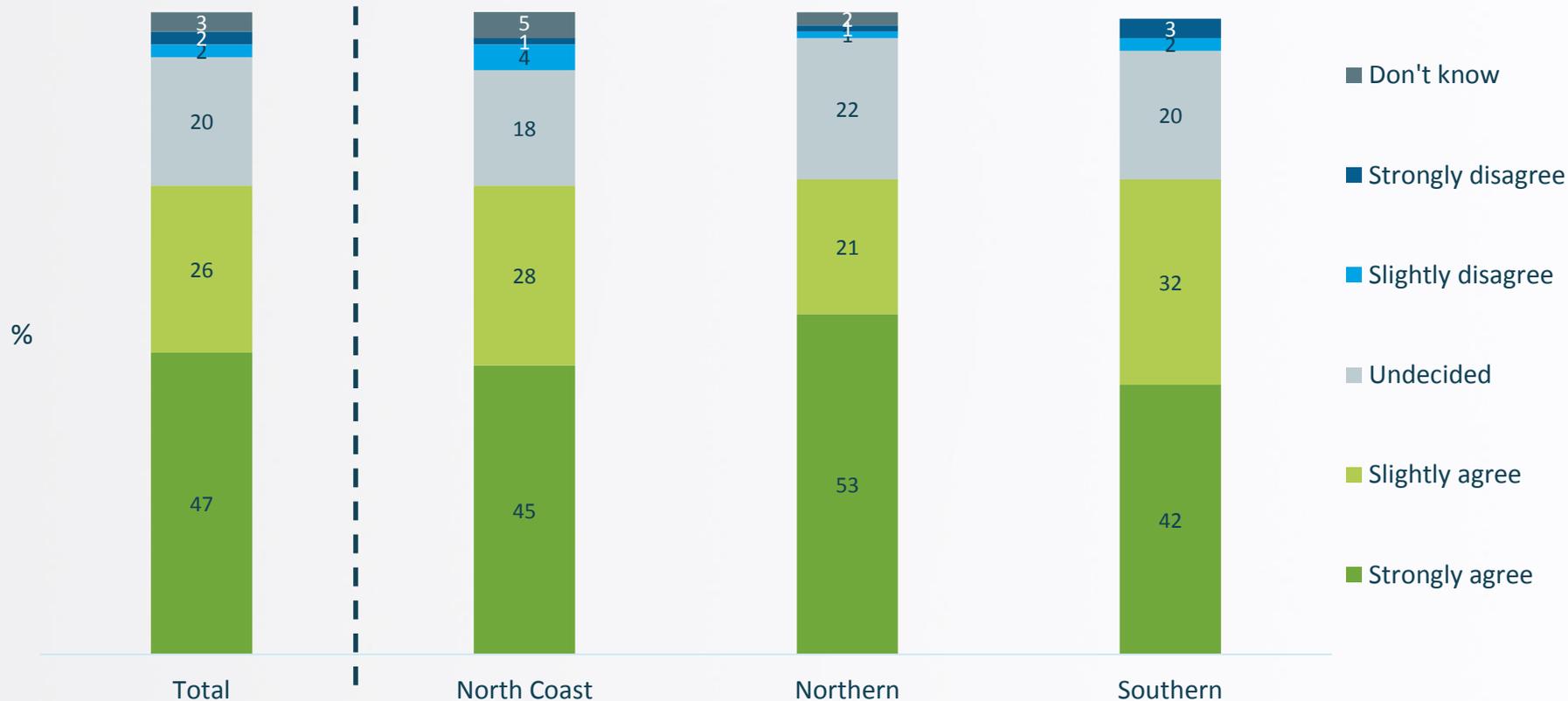


Q14. Would you be willing to pay \$20 more per quarter for improvements which would avoid a 24 hour unplanned outage every 10 years?

Base: All respondents (n=254); North Coast (n=107); Northern (n=90); Southern (n=57).

Most businesses agreed that EE should focus on its worse served customers

Focus on the remote/worse served customers

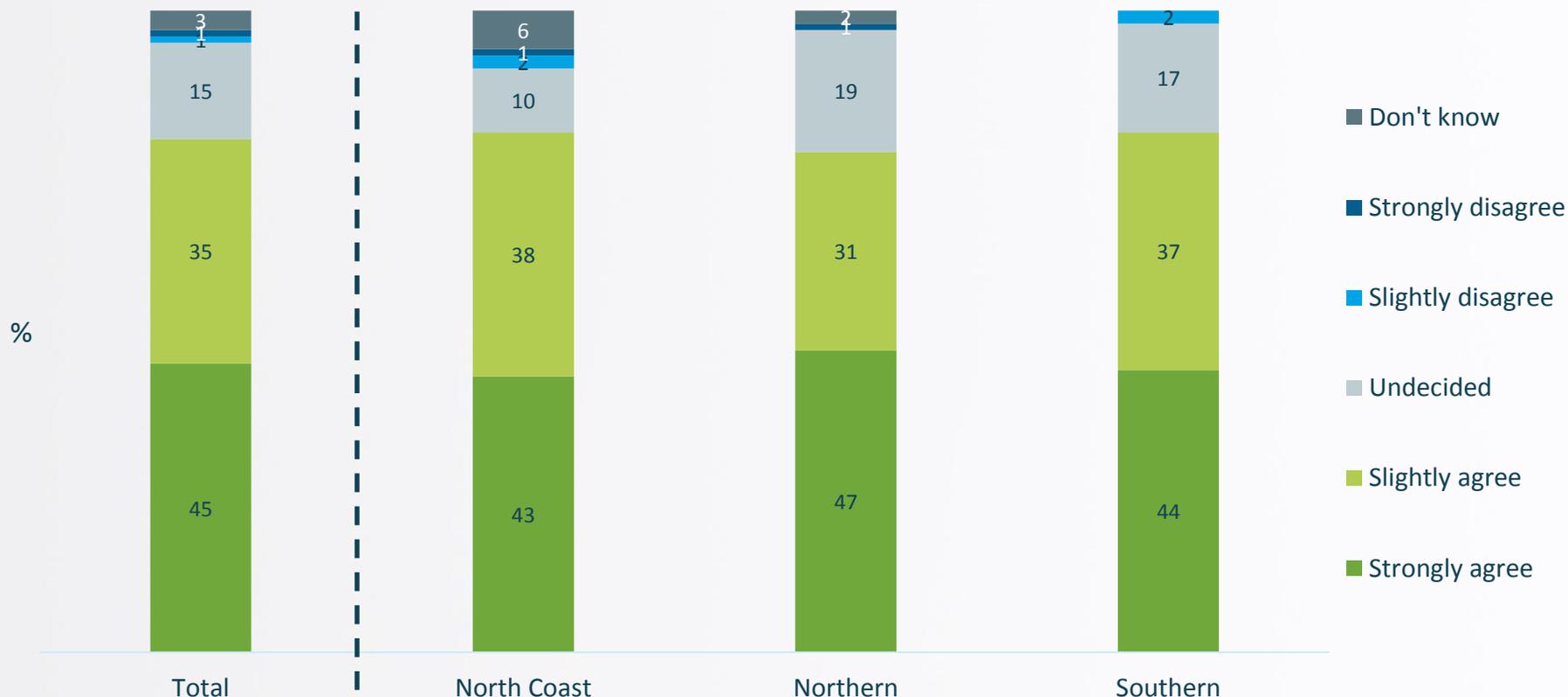


Q16. To what extent do you agree or disagree that Essential Energy should invest more to ensure remote/worse served customers receive the same levels of service as other more populated parts of the network?

Base: All respondents (n=254); North Coast (n=107); Northern (n=90); Southern (n=57).

Most businesses were in favour of researching microgrids to service those in remote locations

Invest in researching microgrids

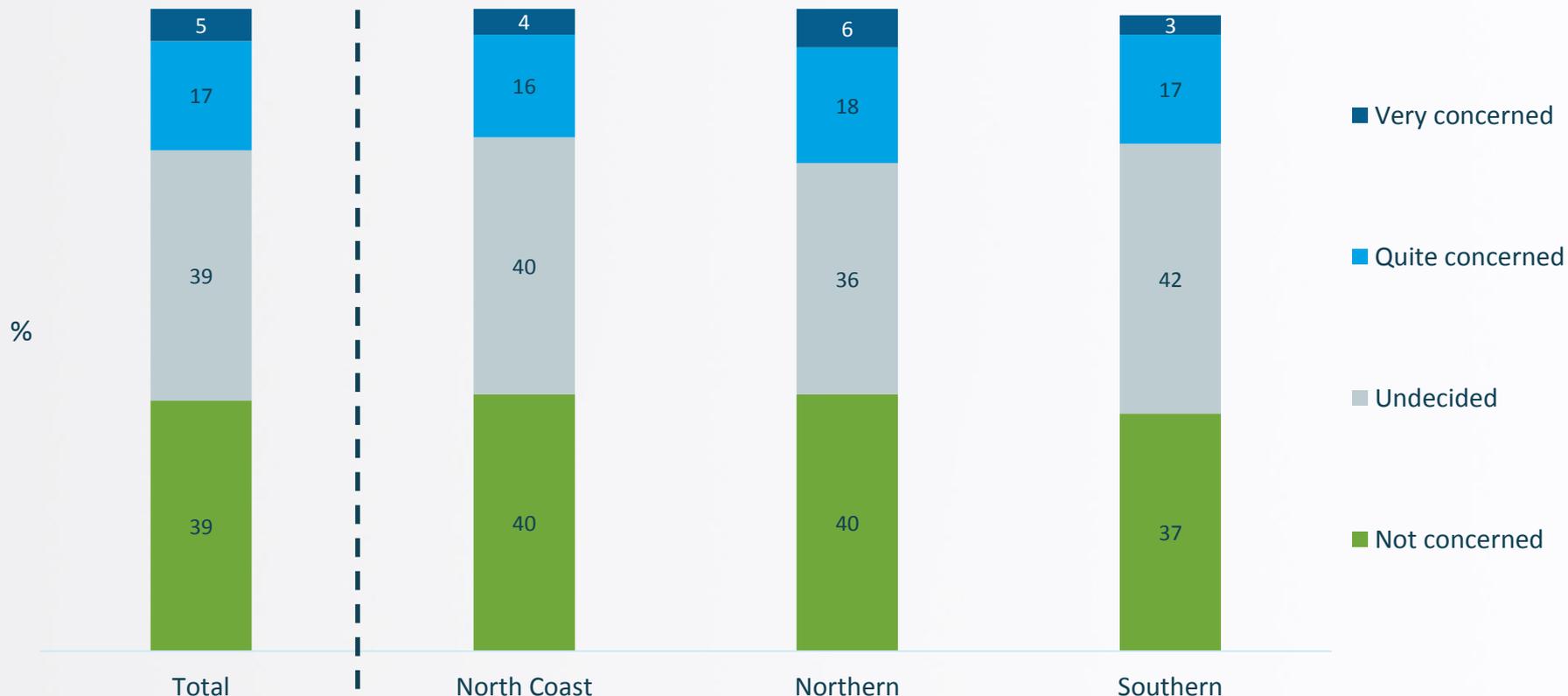


Q17. To what extent do you agree or disagree that Essential Energy should invest in researching this [microgrids for remote locations] as an option?

Base: All respondents (n=254); North Coast (n=107); Northern (n=90); Southern (n=57).

Most businesses were either not concerned or undecided about switching to locally sourced generation

Concern over changing the source of power



Q18. If Essential Energy could guarantee the maintenance of reliability and price levels, to what extent would you be concerned if they changed the source of generation for your connection?

Base: All respondents (n=254); North Coast (n=107); Northern (n=90); Southern (n=57).

Of those who were concerned, the most common reasons were reliability, price and general uncertainty

| Why would you be concerned? | Total (n=55) % |
|---|-------------------|
| I would be concerned about reliability / outages / more outages | 34 |
| Renewable power is expensive / I'm worried about the cost | 14 |
| I don't know enough about this to feel confident / don't know where the power is coming from | 11 |
| I don't like or want renewable power / don't believe it is sufficient / coal still works better | 5 |
| Electricity supply should be better and cheaper in this day and age / not worse | 4 |
| They can't guarantee supply / will send us back to the stone age | 2 |
| Other | 10 |
| Don't know / not answered | 30 |

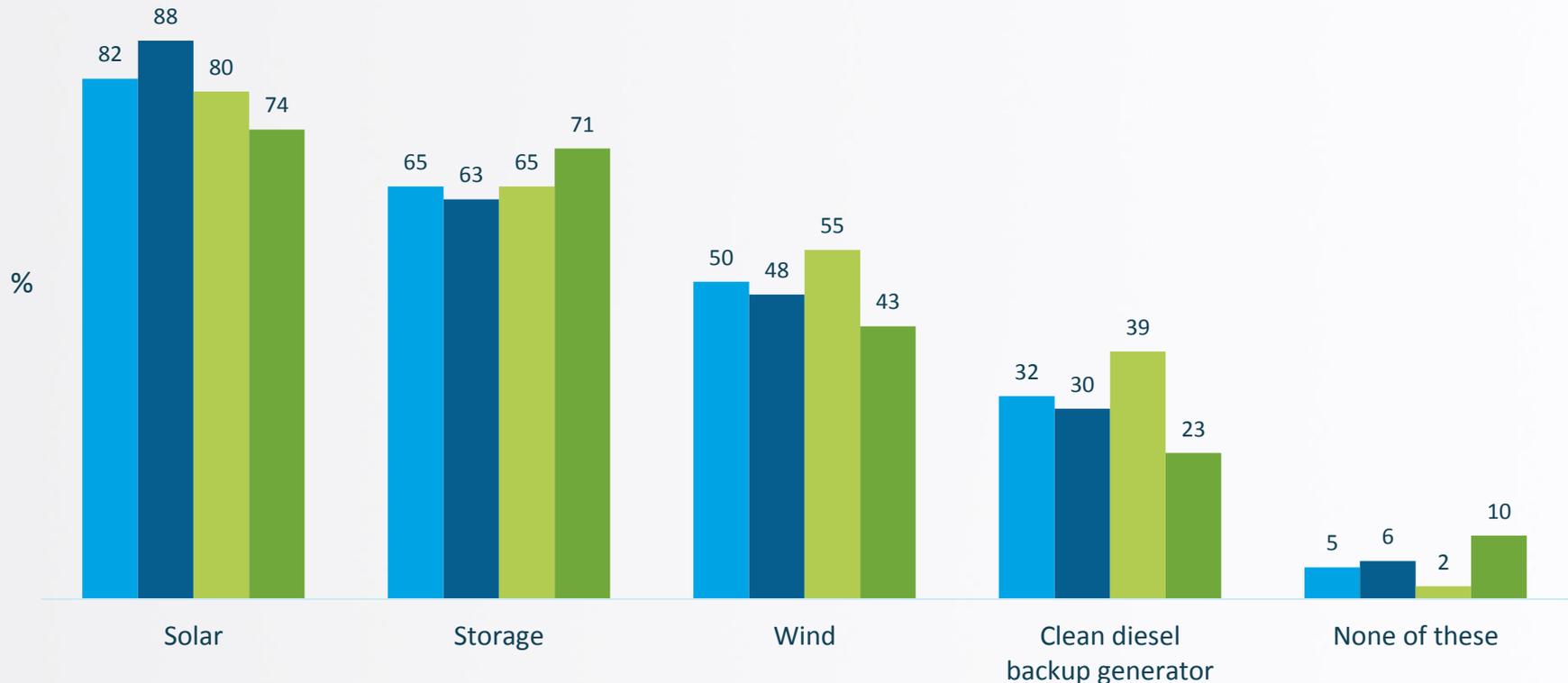
Q19. Why would you be concerned?

Base: Respondents who answered "very concerned" or "quite concerned" for Q19 (n=55).

Solar, storage and wind had the highest levels of support for use within a microgrid

Support for technologies within a microgrid

■ Total ■ North Coast ■ Northern ■ Southern

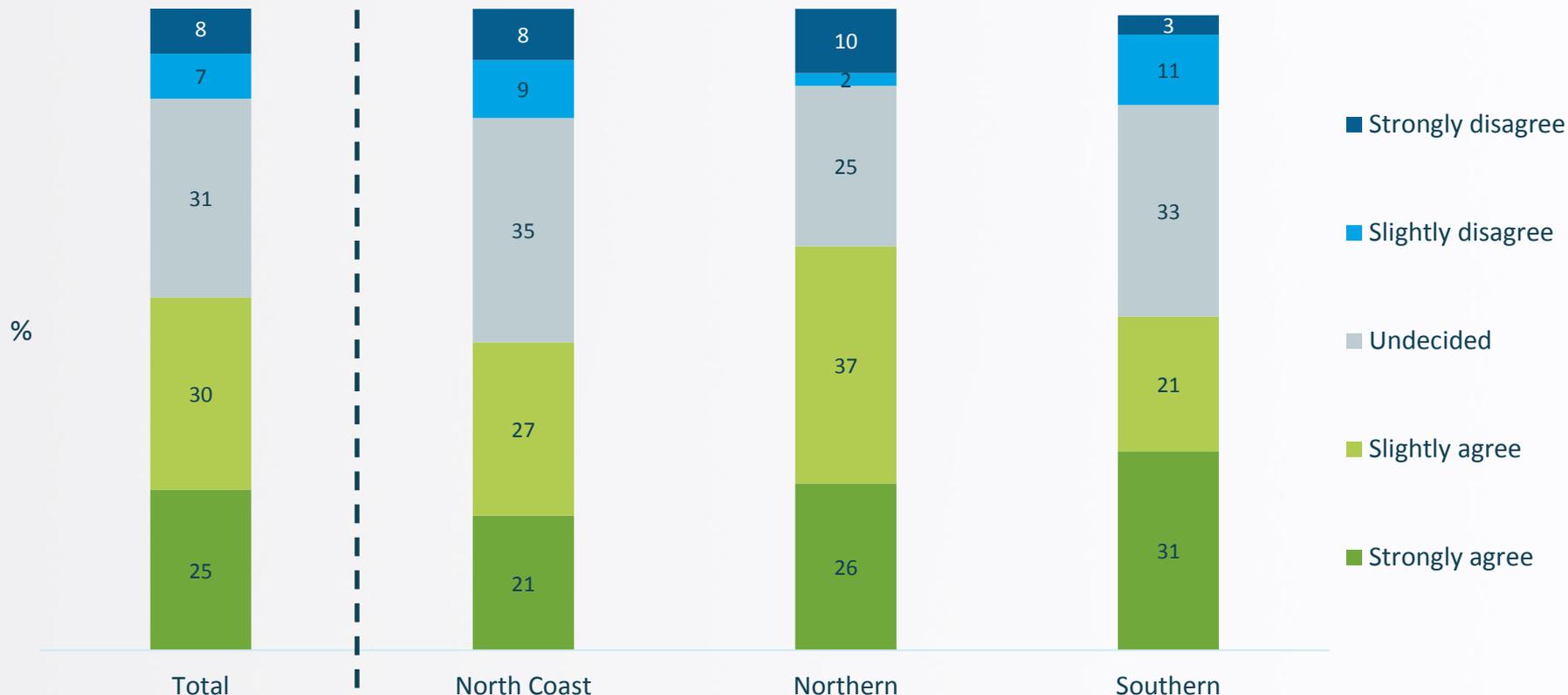


Q20. There are some possible technologies they could introduce in your area to develop a microgrid. Please select the mix of technologies you would be happy to see in a microgrid that was developed in your area? You may select as many or as few as you like.

Base: All respondents (n=254); North Coast (n=107); Northern (n=90); Southern (n=57).

Most businesses were either in favour or undecided about having a backup diesel generator

Support for using a diesel generator as a backup

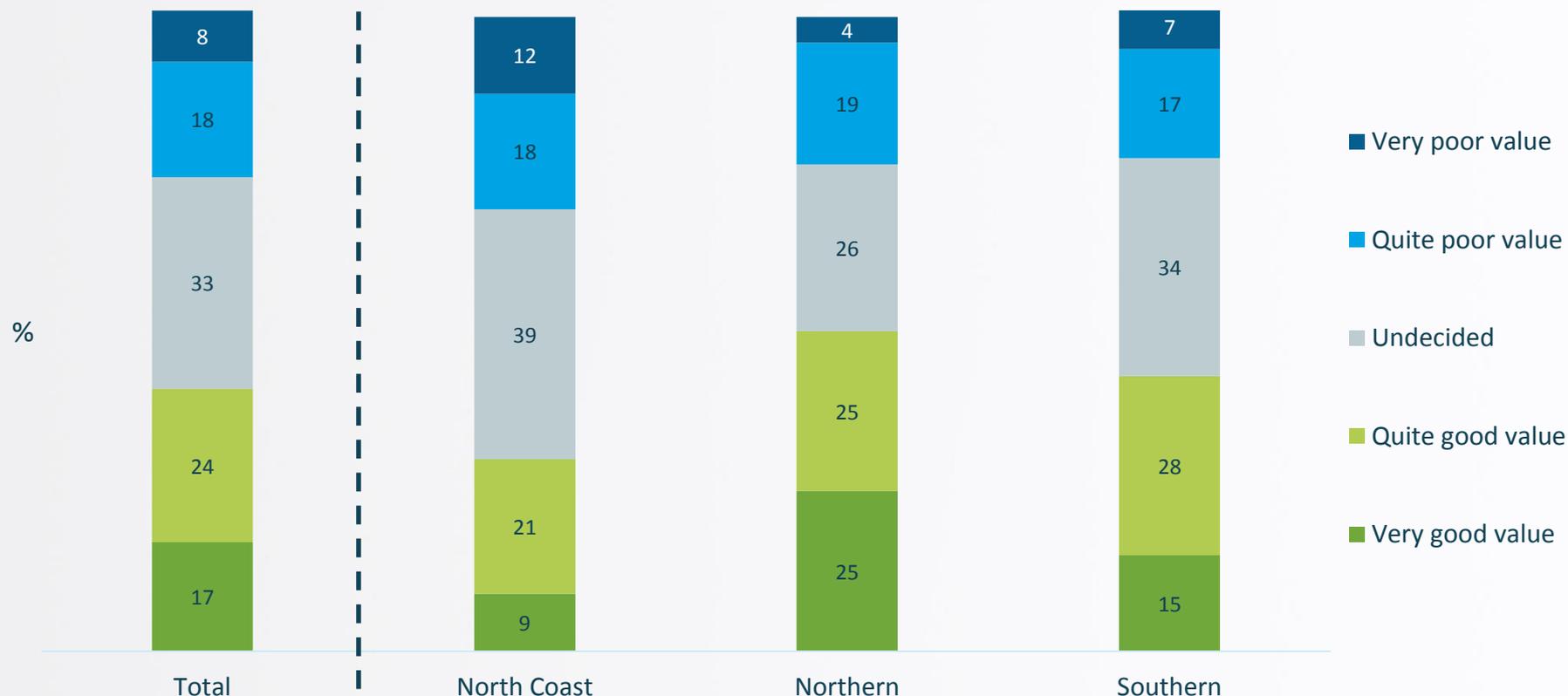


Q21. If a microgrid was being developed in your area, to what extent would you agree to a diesel generator being used to supplement battery storage, during outages and peak load, if it was the cost effective option? Would you ...

Base: All respondents (n=254); North Coast (n=107); Northern (n=90); Southern (n=57).

Satisfaction was mixed for the value for money of business's electricity supply

Satisfaction with value for money



Q7. How would you rate your electricity supply in terms of value for money?

Base: All respondents (n=254); North Coast (n=107); Northern (n=90); Southern (n=57).

The majority of businesses were satisfied with the information on their electricity bill

Satisfaction with information on electricity bill



Q23. How satisfied are you with the amount of information provided on your electricity bill, i.e. breakdown for services?

Base: All respondents (n=254); North Coast (n=107); Northern (n=90); Southern (n=57).

Of those dissatisfied, over half would like information on peak vs non-peak usage times

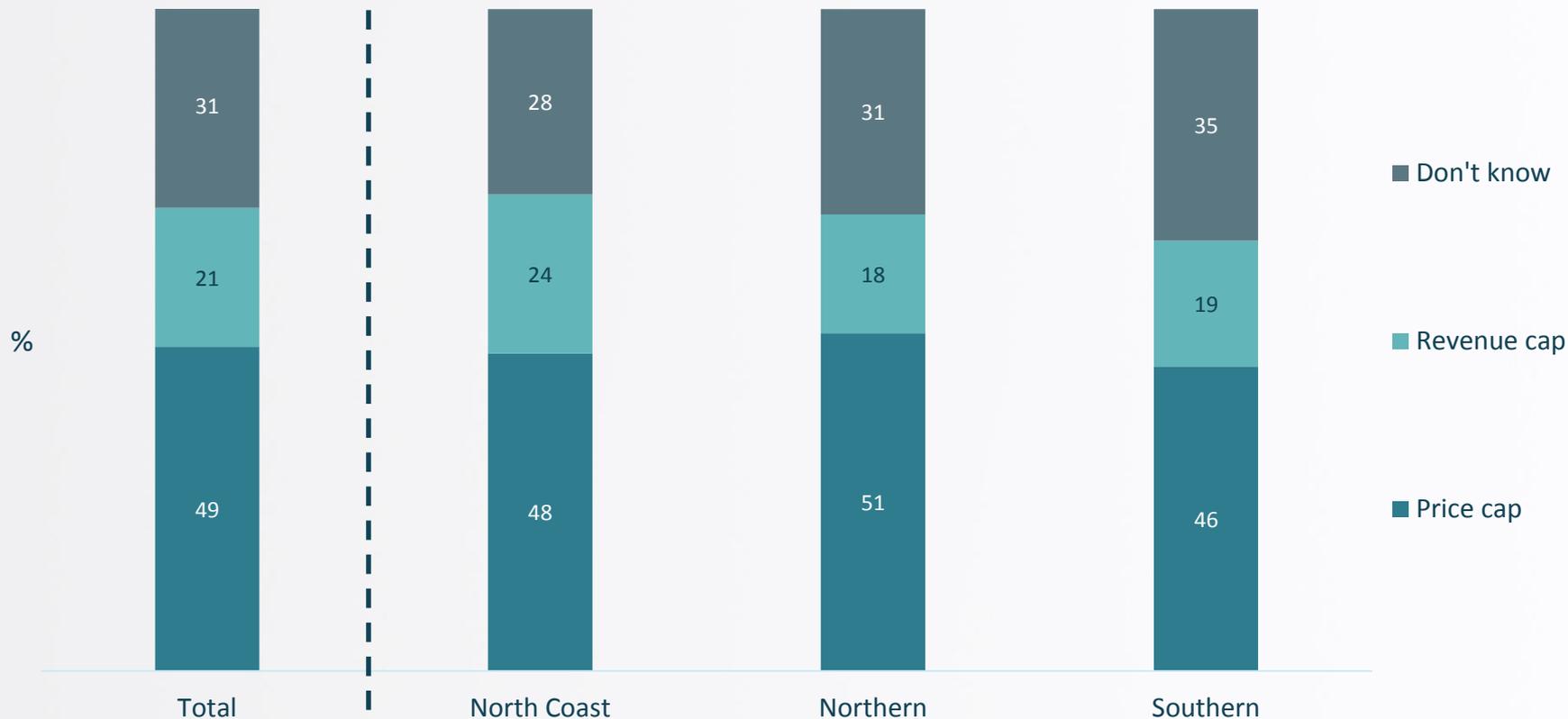
| What information would you like to see? | Total (n=25) % |
|--|-------------------|
| Information on how changing the time of day you use electricity could reduce your bill | 52 |
| Distribution costs shown separately | 19 |
| Retail costs shown separately | 13 |
| Generation costs shown separately | 7 |
| All of the above | 4 |
| Usage information in a clear format that I can understand | 4 |

Q24. What information would you like to see?

Base: Respondents dissatisfied with the information on their electricity bill (n=25)

Half of businesses would prefer a price cap, but almost one third were undecided

Preferred pricing models

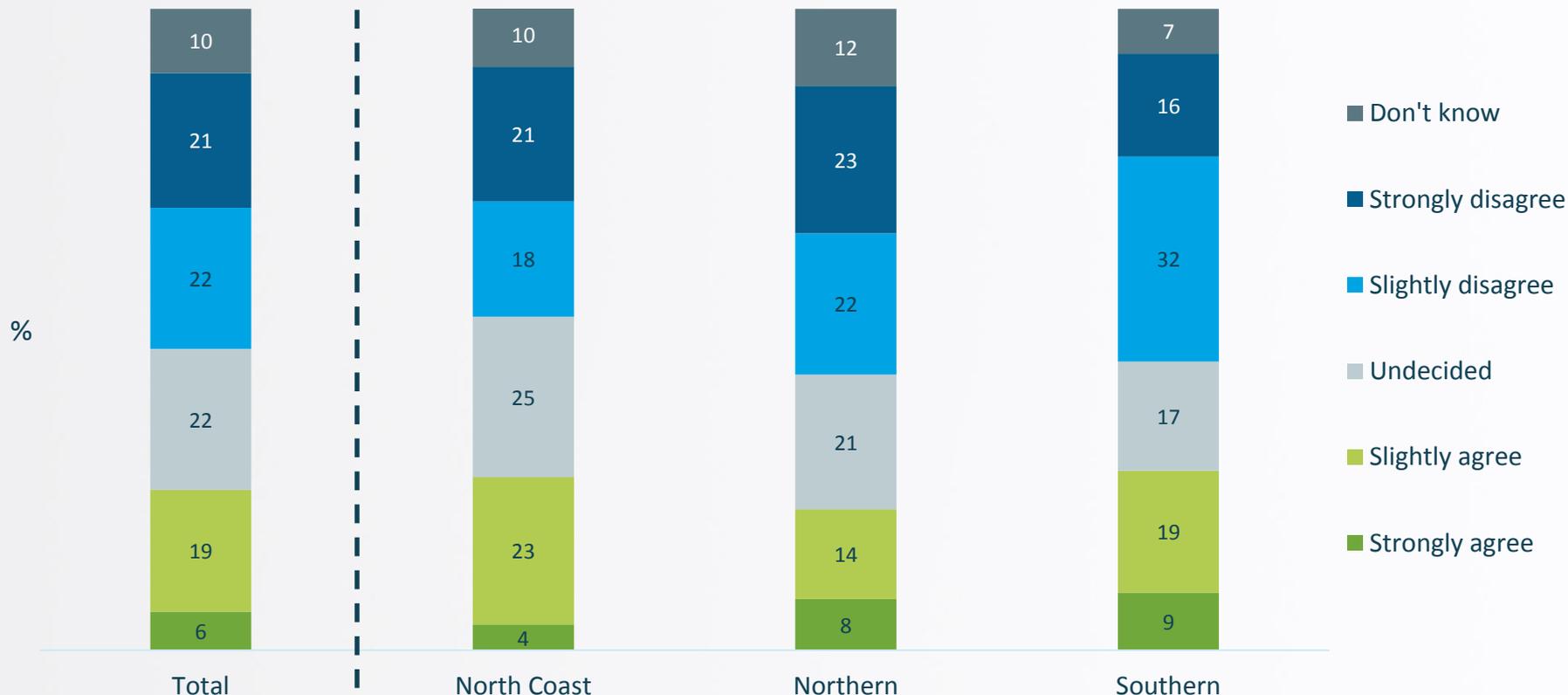


Q22. Which would you prefer your electricity supply to operate under?

Base: All respondents (n=254); North Coast (n=107); Northern (n=90); Southern (n=57).

More businesses were against location based pricing than for it, however one third were undecided

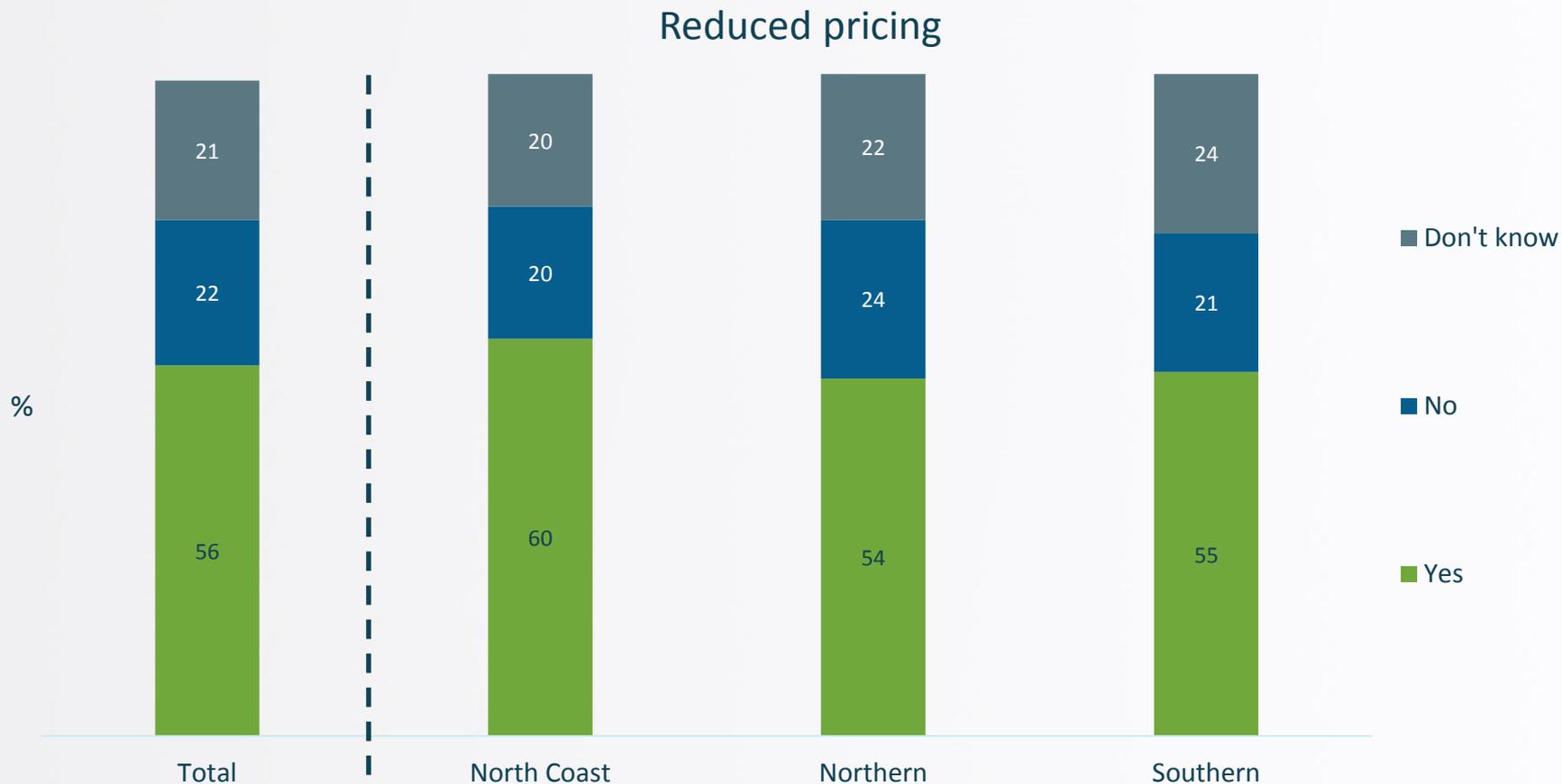
Location based pricing



Q25. To what extent do you agree or disagree that Essential Energy should charge customers different amounts based on whether it costs more to supply their electricity e.g. customers in rural locations?

Base: All respondents (n=254); North Coast (n=107); Northern (n=90); Southern (n=57).

The majority of businesses were in favour of reduced pricing for specific customer groups



Q26. Essential Energy does not currently provide any reduced pricing for specific customer groups. Should Essential Energy consider providing discounted pricing to some customers?

Base: All respondents (n=254); North Coast (n=107); Northern (n=90); Southern (n=57).

Of those in favour of reduced pricing, most identified vulnerable customer groups

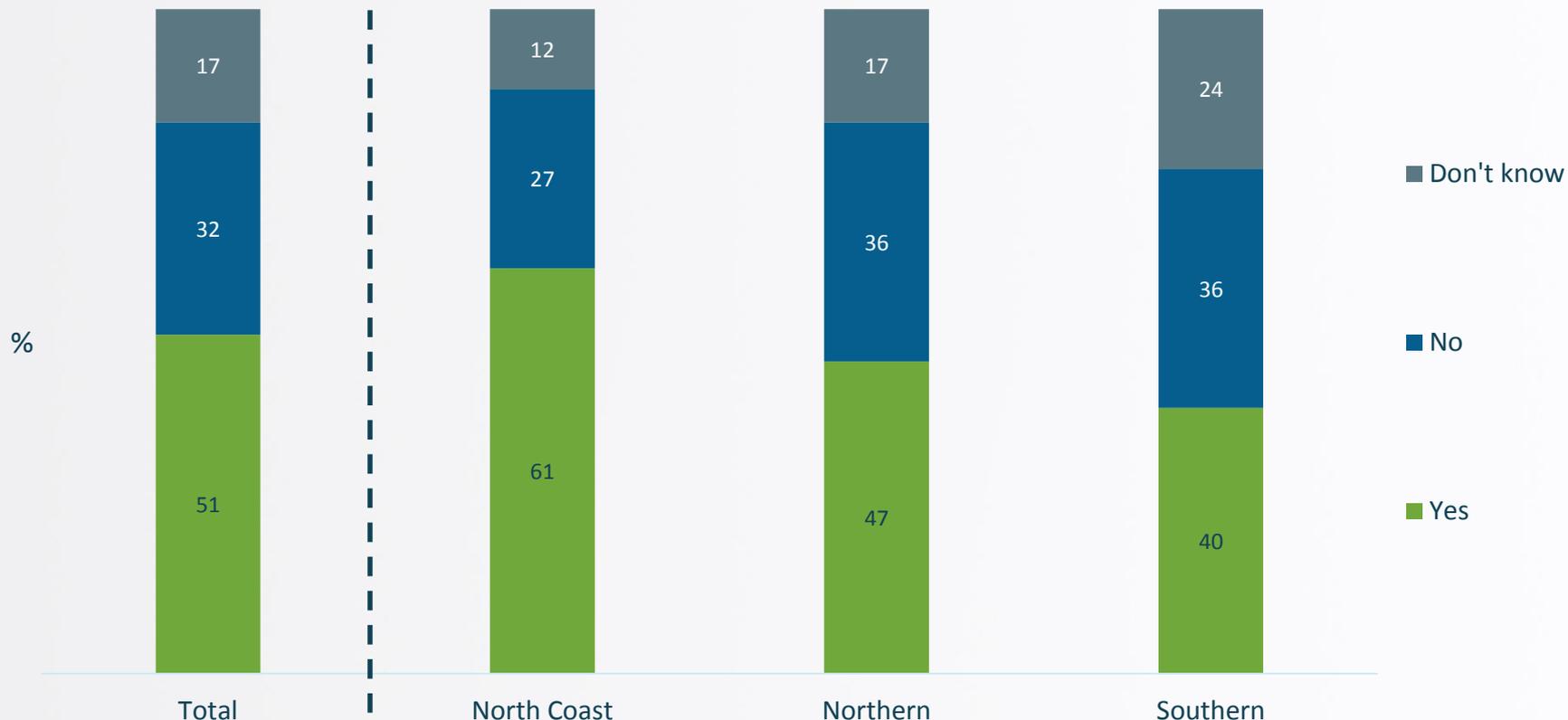
| Which customers should get reduced pricing? | Total (n=143) % | North Coast (n=64) % | Northern (n=48) % | Southern (n=31) % |
|--|-----------------------|----------------------------|-------------------------|-------------------------|
| Financially vulnerable | 37 | 39 | 36 | 36 |
| Medically vulnerable | 29 | 38 | 14 | 39 |
| Pensioners / elderly | 28 | 22 | 34 | 28 |
| Remote location customers | 16 | 19 | 12 | 19 |
| All of the above | 9 | 12 | 10 | 3 |
| Everyone / me | 4 | 5 | 3 | 4 |
| Hospitals / nursing homes / emergency services | 3 | - | 8 | - |
| Other | 19 | 16 | 25 | 16 |
| Don't know / not answered | 6 | 3 | 9 | 7 |

Q27. Which customers (e.g. financially vulnerable, medically vulnerable, specific industries, those living in remote locations) do you think should get reduced pricing)?

Base: Respondents who said "yes" to Q26 (n=143)

Half of businesses were in favour of charging more during peak times with one third against

Charging more for usage during peak times



Q28. Should Essential Energy charge customers more when they use electricity during peak times (as we do currently), rather than share the costs across all customers?

Base: All respondents (n=254); North Coast (n=107); Northern (n=90); Southern (n=57).

Most businesses think that EE should be doing more to educate customers, but few had specific ideas

| Other ways to educate customers about peak vs non peak demand | Total (n=254) % | North Coast (n=107) % | Northern (n=90) % | Southern (n=57) % |
|---|-----------------------|-----------------------------|-------------------------|-------------------------|
| More advertising / education / communications NFI^ | 20 | 26 | 15 | 22 |
| Yes NFI^ | 14 | 4 | 21 | 18 |
| Show customers what is increasing their bill / tell us when peak and off peak is | 9 | 12 | 8 | 7 |
| I don't know that much can be done / businesses have to operate in business hours | 8 | 5 | 11 | 3 |
| Run education/provide info about the effects of various options/actions | 7 | 7 | 8 | 3 |
| Just provide cheaper electricity all the time | 5 | - | 6 | 11 |
| Offer more rewards/discounts for reducing peak usage | 4 | 7 | 2 | 3 |
| Send information on energy usage on bills / make the bills clearer e.g. costs incurred in peak and off peak | 4 | 9 | - | 3 |
| Talk to customers/listen to them/hear their concerns | 4 | 3 | 4 | 3 |
| Provide smart meters/an app to see real time usage | 3 | 5 | 3 | - |
| Educate customers to turn things off if they aren't being used | 3 | 3 | 4 | - |
| Help businesses to spread/even out their power usage | 3 | 3 | 2 | 3 |
| Subsidise storage/batteries | 3 | 3 | 2 | 3 |
| Other | 17 | 15 | 18 | 20 |

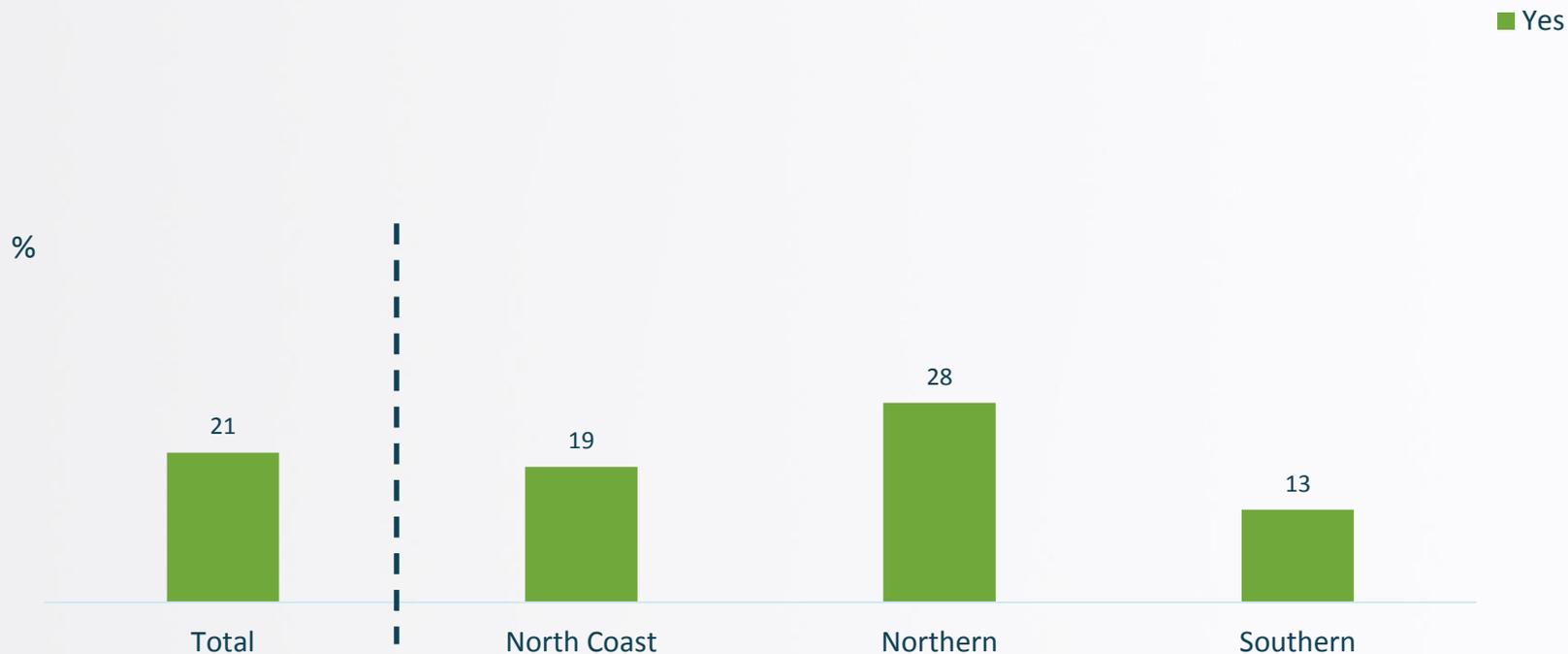
Q29. Do you think there are other ways Essential Energy can assist customers to understand the impact of using electricity at different times of the day and year, and try to encourage businesses to even out their electricity usage?

Base: All respondents (n=254)

^ NFI = no further information

Most businesses were satisfied with EE's current engagement efforts

Proportion who think further engagement is needed



Q30. Is there anything else you feel we should be doing to engage with our customers and stakeholders?

Base: All respondents (n=752)

Of those dissatisfied, some wanted further communication and education from EE, as well as lower prices

| What else should essential energy be doing? | Total (n=53) % |
|---|----------------------|
| Talk with your customers / get out and about / listen / hold meetings | 14 |
| Provide better education on saving power | 11 |
| Stop overcharging / reduce the price | 10 |
| Keeping us informed/up to date on the plans | 6 |
| Put yourselves on TV / have more media coverage | 8 |
| Look into alternative energy / keep up with technology | 6 |
| Do a mass mailout / postal survey | 9 |
| Make the usage info on bills easier to understand | 4 |
| Other | 29 |
| Don't know / nothing | 11 |

Q31. What else should Essential Energy be doing?

Base: Respondents who said "yes" to Q30 (n=53)

Nature of business

| What does your business do | Total (n=254) % | North Coast (n=107) % | Northern (n=90) % | Southern (n=57) % |
|--|-----------------------|-----------------------------|-------------------------|-------------------------|
| Retail / online retail | 18 | 24 | 14 | 12 |
| Property services | 15 | 10 | 20 | 16 |
| Agriculture / horticulture / forestry | 10 | 8 | 11 | 12 |
| Professional / legal / business services | 8 | 10 | 6 | 9 |
| Manufacturing | 7 | 7 | 10 | - |
| IT / Telecommunications | 5 | 6 | 5 | 3 |
| Transport | 4 | 8 | 3 | - |
| Personal services / welfare | 4 | - | 4 | 11 |
| Culture / poetry | 4 | 6 | 3 | 4 |
| Medical | 2 | 2 | 1 | 2 |
| Sports / training / instruction | 2 | 3 | 1 | - |
| Accommodation | 2 | 3 | 2 | - |
| Wholesale | 2 | 1 | 3 | 2 |
| Other | 14 | 11 | 15 | 17 |
| Not answered | 4 | 2 | 3 | 12 |

Q3. First of all, what exactly does your business do?

Base: All respondents (n=254)

Industry

| Industry of business | Total (n=254) % | North Coast (n=107) % | Northern (n=90) % | Southern (n=57) % |
|--|-----------------------|-----------------------------|-------------------------|-------------------------|
| Retail trade | 15 | 16 | 17 | 7 |
| Agriculture, forestry, fishing and hunting | 12 | 6 | 14 | 16 |
| Manufacturing | 6 | 5 | 8 | - |
| Property and business services | 6 | 7 | 5 | 7 |
| Personal services | 6 | 4 | 8 | 9 |
| Accommodation, cafes and restaurants | 4 | 4 | 7 | - |
| Transport and storage | 3 | 6 | 3 | - |
| Health and community services | 5 | 5 | 5 | 4 |
| Cultural and recreational services | 4 | 4 | 5 | 5 |
| Construction | 3 | 5 | 1 | 3 |
| Mining | 2 | 2 | 2 | - |
| Wholesale trade | 2 | 4 | 2 | - |
| Finance and insurance | 2 | 1 | 3 | - |
| Education | 2 | 1 | 1 | 6 |
| Communication services | 1 | - | 1 | 4 |
| Government administration and defence | 1 | 2 | - | 2 |
| Other | 27 | 30 | 18 | 37 |

Q4. And what industry does your business operate within?

Base: All respondents (n=254)