



Findings from Business Survey

Prepared for



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Contacts:

Karyn Wong kwong@woolcott.com.au

Liz Sparham lsparham@woolcott.com.au

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 and medium business customers.
- The survey was scripted and hosted internally to ensure we were able to apply strict quality control procedures in the checking of set-up, and in monitoring progress on a daily basis.
- Sample was obtained through a reputable and quality assured research panel provider.
- Data was weighted for business size and location to ensure the total is representative of the Essential Energy network.

Summary

Vegetation management

- Proposed strategies for vegetation management were generally supported by the majority of business respondents, with the Southern region indicating slightly higher agreement with each strategy proposed.
 - Removing and selectively replanting vegetation was the most supported strategy (74% agreeing).
- When paired with quarterly bill savings some strategies saw support increase:
 - When presented with a monetary saving of \$2.30/quarter, overall support for increasing the average trimming cycle increased from 48% to 58%.
 - When presented with a monetary saving of \$4.50/quarter, overall support for passing on vegetation maintenance costs to Local Councils or private landowners increased from 52% to 61%.

Summary

Street lighting

- Over a third of respondents indicated they would contact Essential Energy in the case of a faulty streetlight (37%). This was highest in the North Coast area (44%). Most indicated they would contact local councils (59%).
 - Only 1 in 5 respondents were aware that this could be reported online.
- Over a half (55%) of respondents indicated they expected a streetlight to be repaired within 3 days from being reported, however the mean time span was 4.8 days.
 - When asked if a 7 day period was reasonable, 60% indicated it was.

Summary

Response times

- More than 4 in 5 respondents (85%) indicated a preference for the current practice for unplanned outages that impact a small number of residents, rather than lengthening response times (to up to 16 hours) for a reduction in costs by \$0.35 for all customers.
- There was also a preference (42%) for maintaining current practice in regards to timing of planned outages (9am-2pm).
 - However, a third (33%) indicated they would prefer an earlier and later timeframe for outages (7am-4pm) with an incentive of a \$0.50 reduction in quarterly bills for all customers.

Summary

Billing

- As for residential customers, Origin was the most popular electricity retailer for business respondents (44%), followed by AGL (20%).
- Less than half (46%) of respondents indicated that they were aware of different pricing options or plans offered by their retailer, and most simply alluded to “different plans/discounts/being cheaper” (21%), or receiving “discounts for paying on time/early” (20%).
- When prompted, the majority did not know which plans are offered by their retailer (54%) or even which plan they are currently on (61%).
- Awareness of different price options offered by Essential Energy was minimal (7%).
- More than half (56%) indicated that they would like to see their bill split into different components – generation, distribution and retail costs.

Summary

Reliability

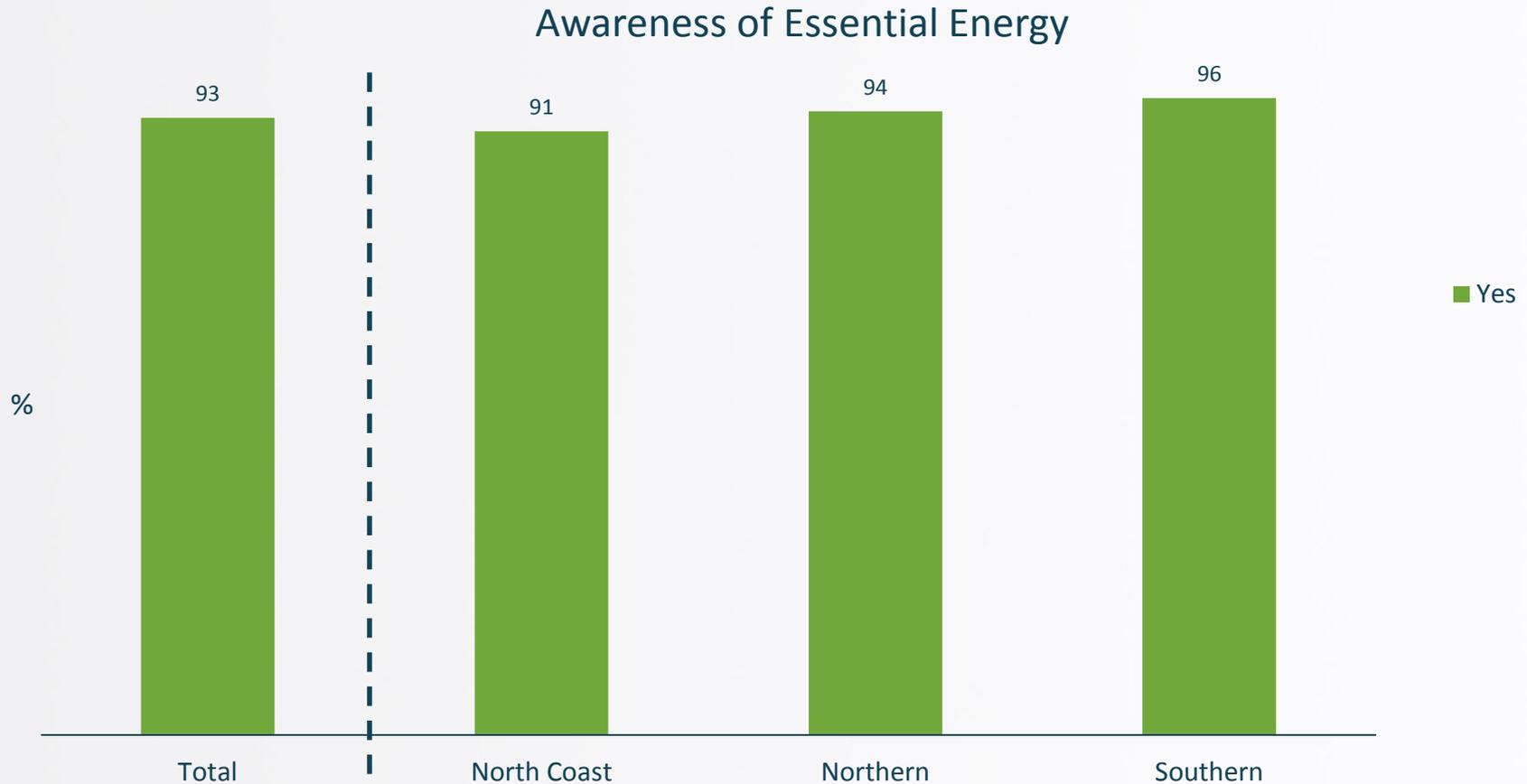
- Over half (52%) of business respondents agreed with Essential Energy increasing network charges to each customer by \$0.10 a quarter to complete reliability improvements in areas with lower availability.
- There was strong support for the Black Spot program (74% in agreement with the implementation), with support remaining strong (63%) with the suggestion of a minimal quarterly increase of \$0.06

Summary

Other operating expenditure

- Similar to residential respondents, there was little support across the business respondents for improving the quality of communication at a cost of \$0.30 or providing hourly updates during outages at a cost of \$0.35 (21% and 24% supported each respectively).
- Investment into R&D to ensure Essential Energy can adapt to support new energy technologies, at an increase of \$0.30 per quarter was supported more strongly (48%).

Awareness of Essential Energy was high



Q6. Have you heard of Essential Energy?

Base: All respondents (n=250); North Coast (n=114); Northern (n=74); Southern (n=62).

There was an awareness of Essential Energy providing services around electricity, poles and wires and network maintenance

Services provided by Essential Energy (recalled)	Total (n=233) %	North Coast (n=92) %	Northern (n=94) %	Southern (n=47) %
Electricity NFI^	36	34	40	28
They are the poles and wires people/do the maintenance of the network	24	23	21	31
Electricity and gas NFI^	15	11	14	22
Energy/power NFI^	11	14	11	6
They provide all the services to do with power/supply services	5	3	5	7
They read meters/our meter	4	1	7	2
They are electrical distributors/supply electricity to the retailers	3	3	1	6
They do the connections for electricity/ to houses	3	2	4	3
I only know the name	3	4	1	4
They own/provide the infrastructure for power	3	2	2	5
Solar NFI^	2	2	4	-
They restore power when there is an outage	2	3	1	2
They are our provider/they are the provider in our area/ used to be our provider	2	2	3	-
They are expensive/a bit pricey/put the prices up	2	-	4	-
They are locally based	1	1	2	-
They are an energy retailer	1	2	1	-
They are the providers/main providers of power to regional areas	1	-	-	3
They are the supplier of electricity/power in our region	>1	-	-	2
They provide info/advice on electricity/saving electricity	>1	1	-	-
They are okay/an affordable provider	>1	1	-	-
Other	2	5	-	2
Nothing / don't know	4	5	4	5

Q7. From what you know or have heard about Essential Energy, what services do you know they provide?

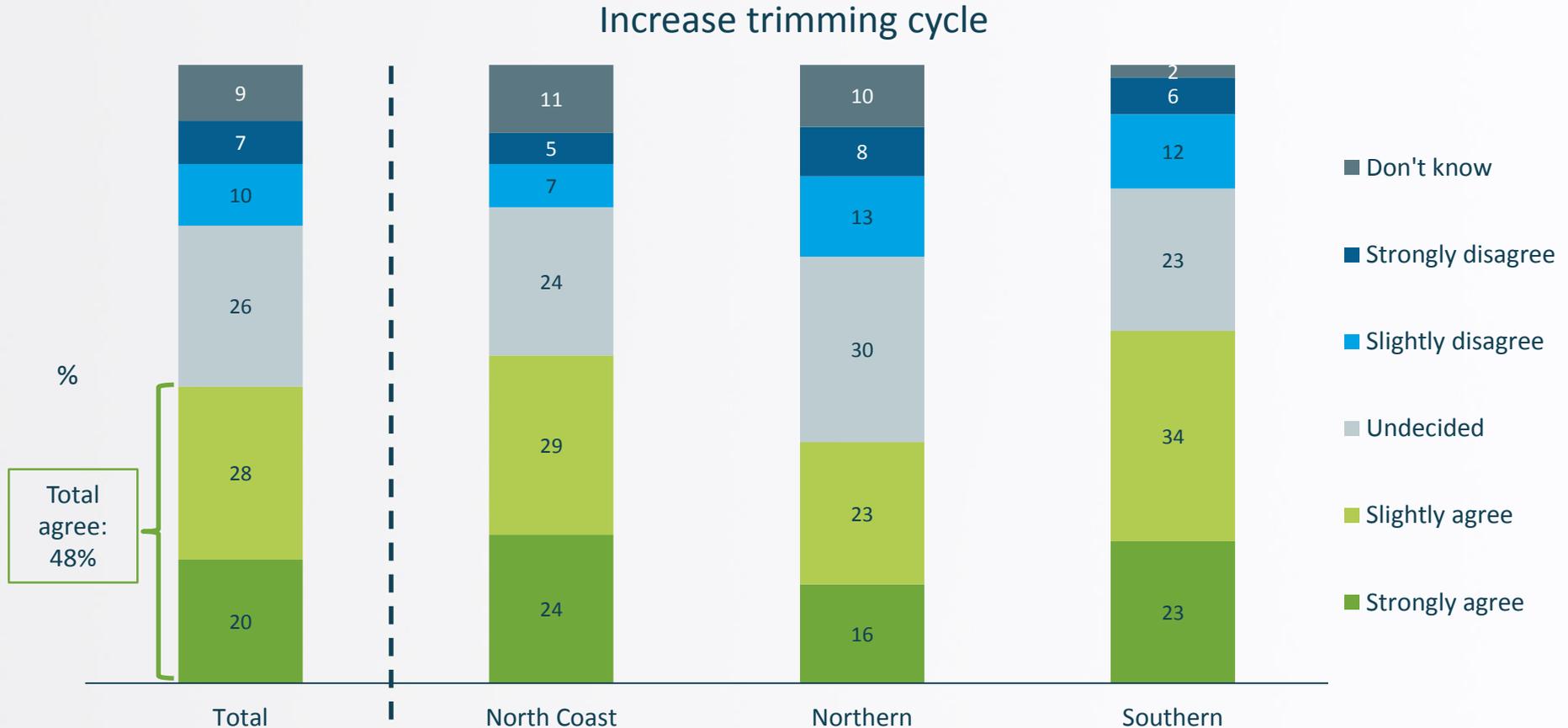
Base: Respondents who had heard of Essential Energy (n=233)

^ NFI = no further information

Vegetation management



Just under half agreed with increasing the average trimming cycle in urban areas

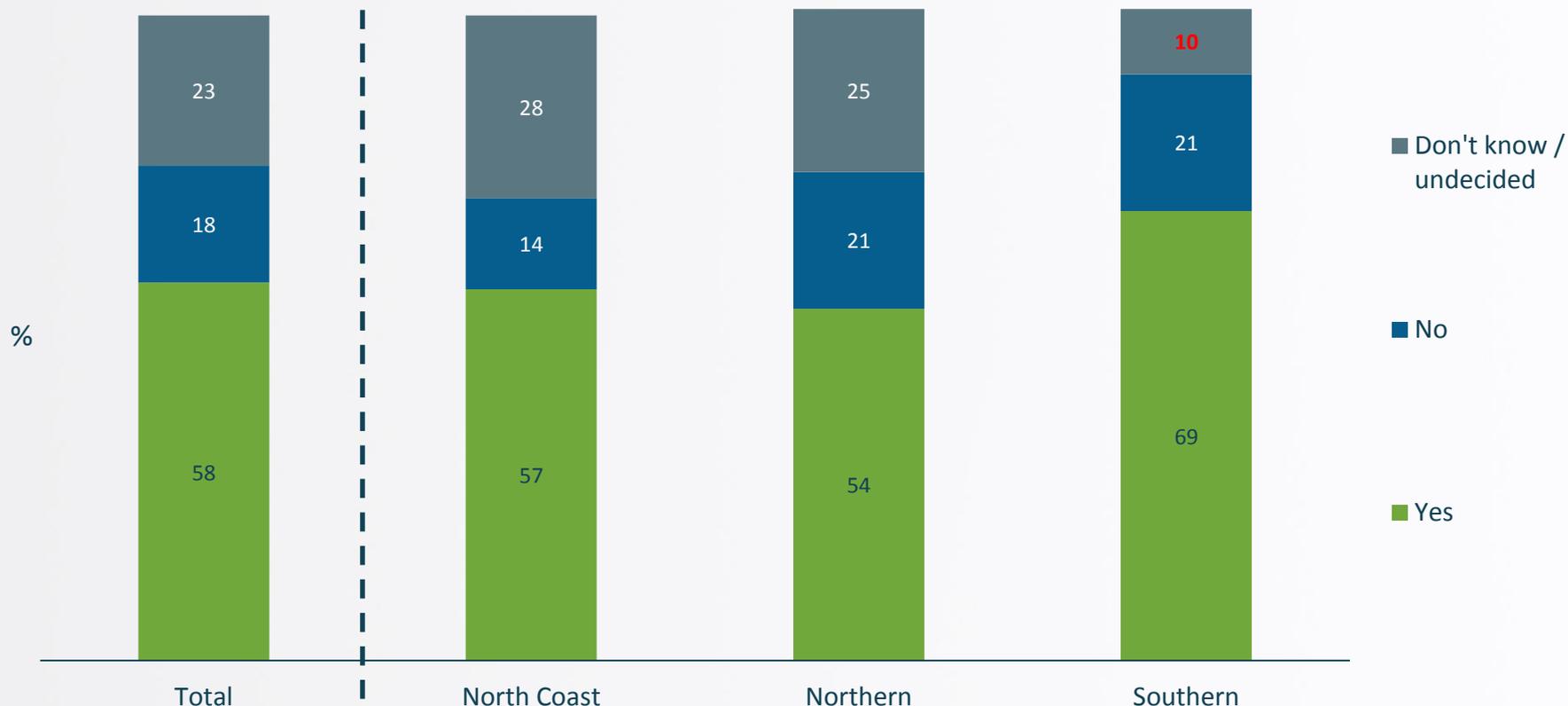


Q8. To what extent do you agree or disagree with increasing the average trimming cycle by about 6 months in urban areas.

Base: All respondents (n=250); North Coast (n=114); Northern (n=74); Southern (n=62).

Support to increase the average trimming cycle with a reduction in bills was slightly higher

Increase trimming cycle to save \$2.30 per quarter

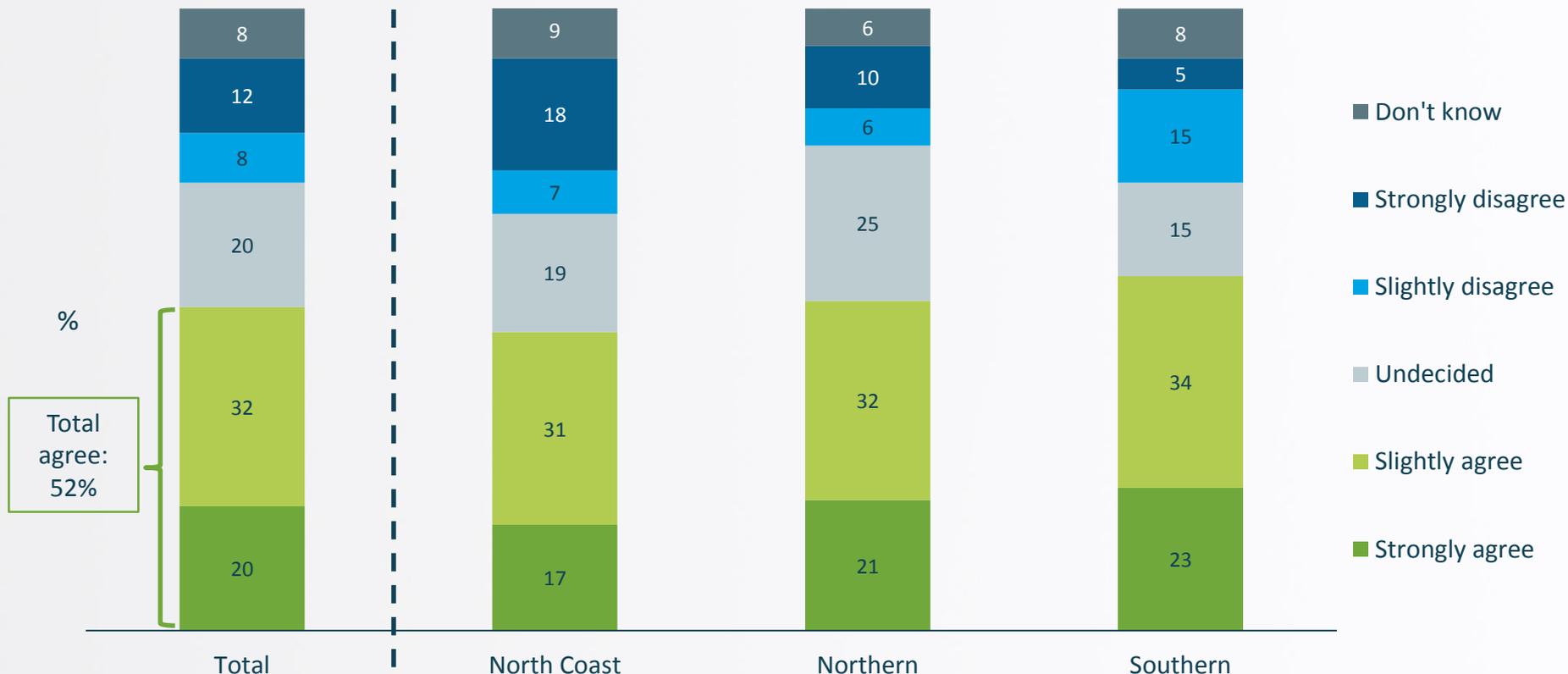


Q9. And would you support this strategy if it saved customers an average of \$2.30 per quarter.

Base: All respondents (n=250); North Coast (n=114); Northern (n=74); Southern (n=62).

Around half agreed with the strategy of passing costs onto Local Councils and landowners

Pass costs onto local Councils and private landowners

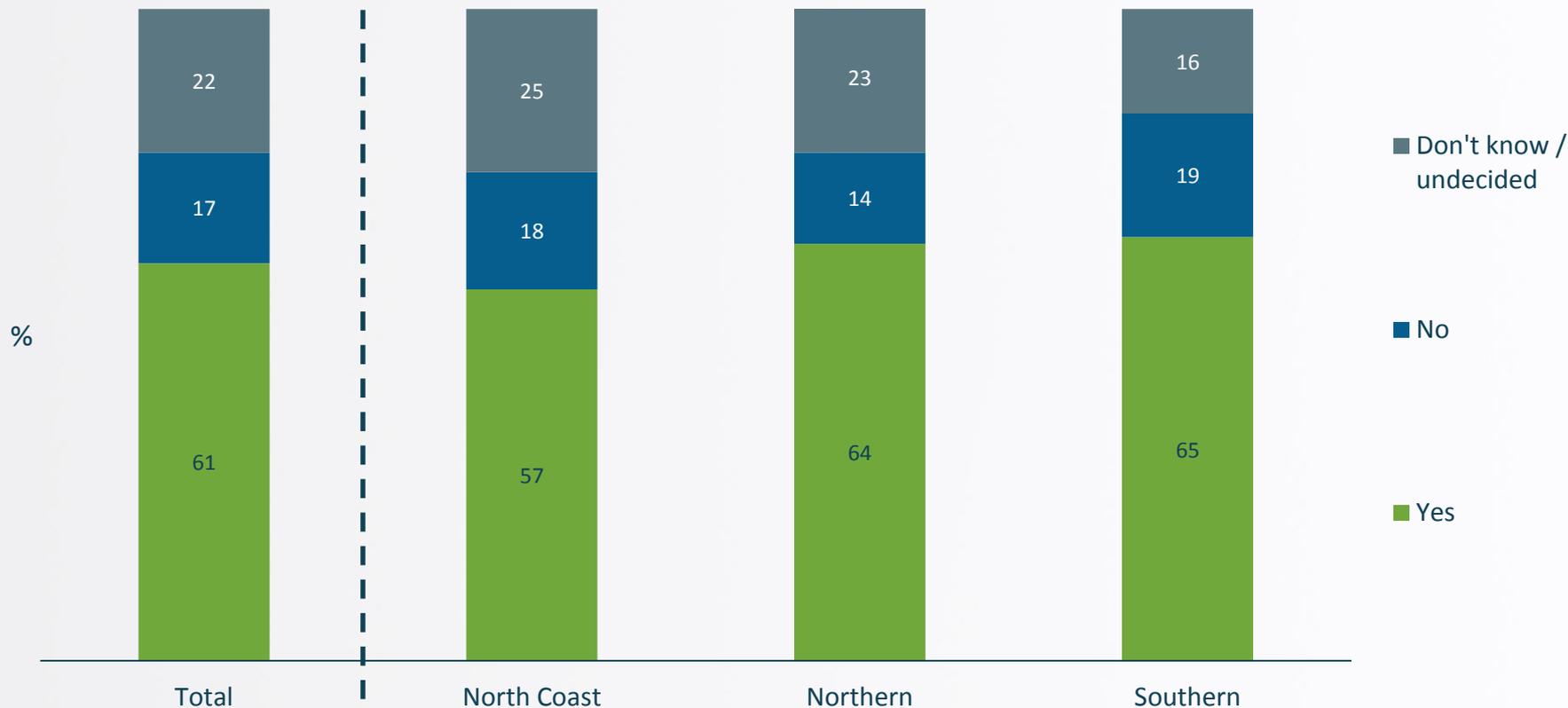


Q10. Another strategy used elsewhere in Australia would be to pass costs of vegetation maintenance onto local Councils and private landowners in circumstances where the wrong type of tree was planted after the power line was constructed, to what extent do you agree or disagree with this strategy?

Base: All respondents (n=250); North Coast (n=114); Northern (n=74); Southern (n=62).

A reduction in bills for this strategy increased support slightly

Pass costs onto local Councils and private landowners to save \$4.50 per quarter



Q11. And would you support this strategy if it saved customers an average of \$4.50 per quarter?.

Base: All respondents (n=250); North Coast (n=114); Northern (n=74); Southern (n=62).

Just under half agreed with stacking vegetation instead of processing into woodchips

Safely stacking vegetation in some rural areas

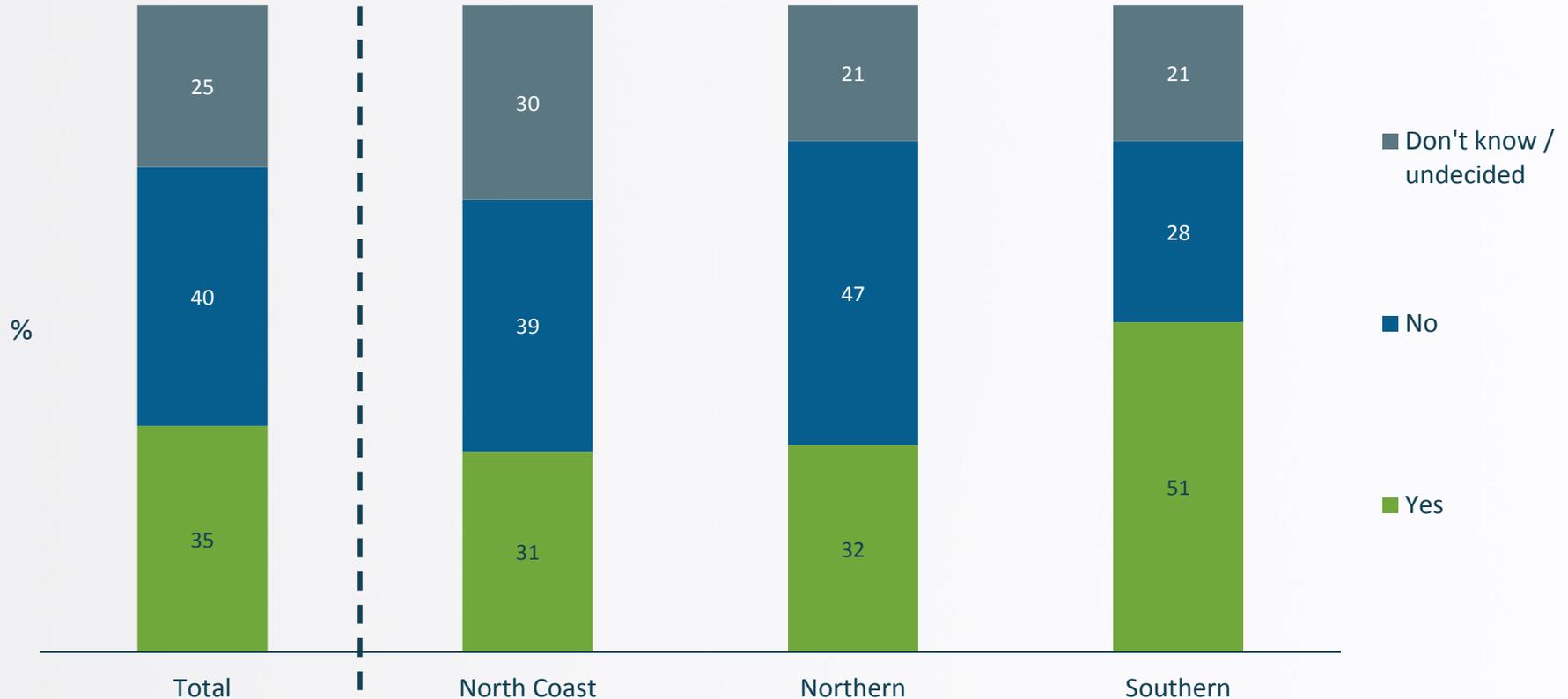


Q12. Essential Energy could also reduce costs by neatly stacking vegetation that has been cut in some rural areas rather than processing it on site into wood chips. To what extent would you agree or disagree with this strategy?

Base: All respondents (n=250); North Coast (n=114); Northern (n=74); Southern (n=62).

Support decreased with the low cost savings

Safely stacking vegetation in some rural areas to save \$0.38 per quarter

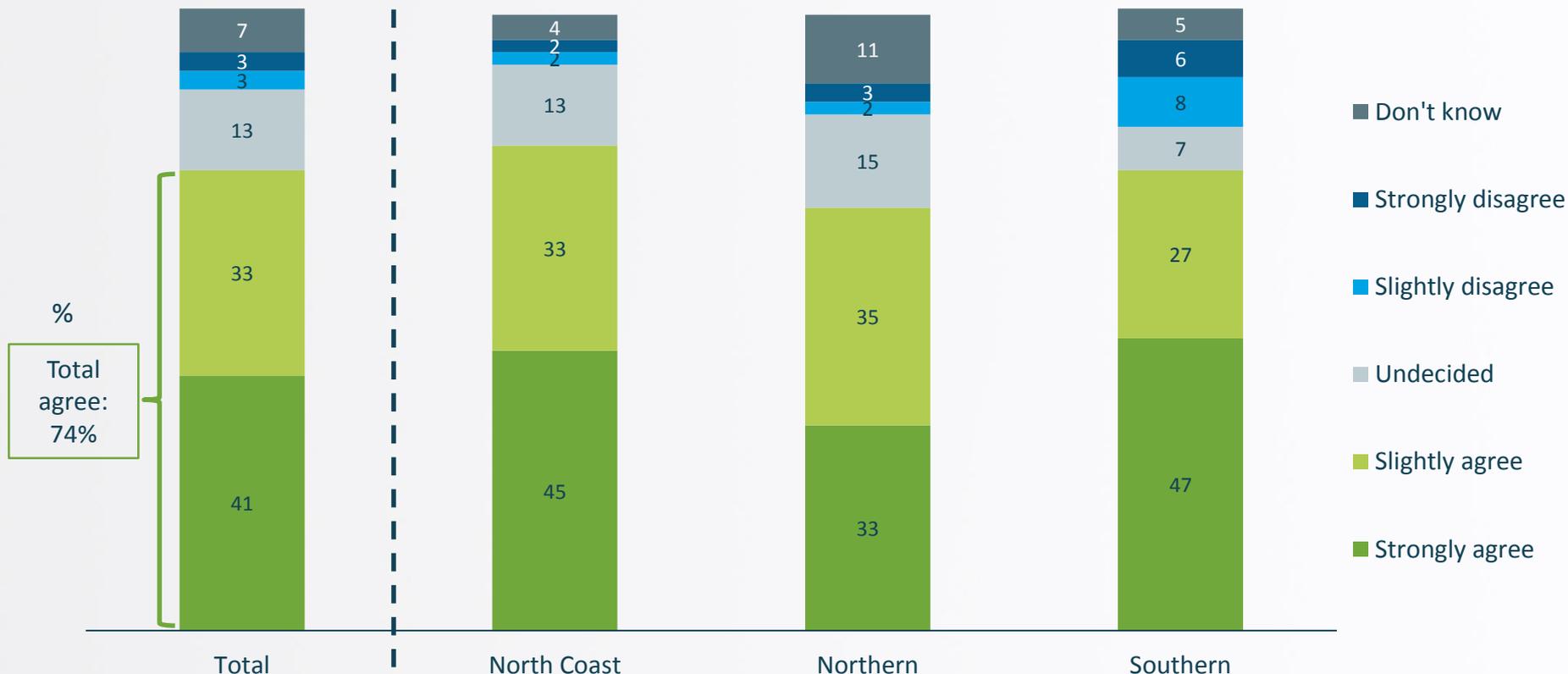


Q13. And would you support this strategy if it saved customers an average of \$0.38 per quarter?.

Base: All respondents (n=250); North Coast (n=114); Northern (n=74); Southern (n=62).

There was strong support for removing and selectively replanting

Permanently remove some vegetation and selectively replant

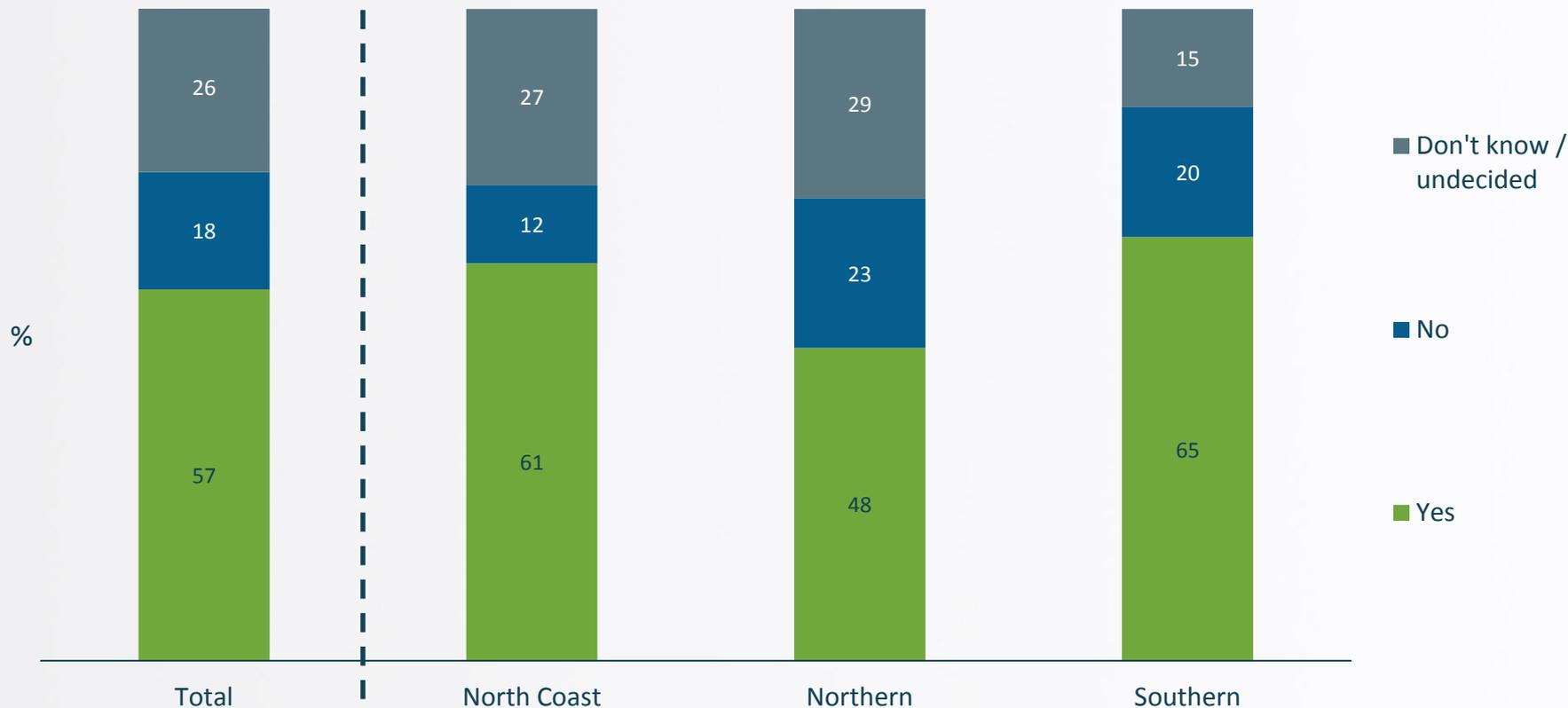


Q14. Costs could also be reduced if Essential Energy could permanently remove vegetation and selectively replant more appropriate types of vegetation. To what extent do you agree or disagree with this?

Base: All respondents (n=250); North Coast (n=114); Northern (n=74); Southern (n=62).

Even though the cost savings were low for this strategy it still received a majority of support

Permanently remove some vegetation and selectively replant to save \$0.49 per quarter



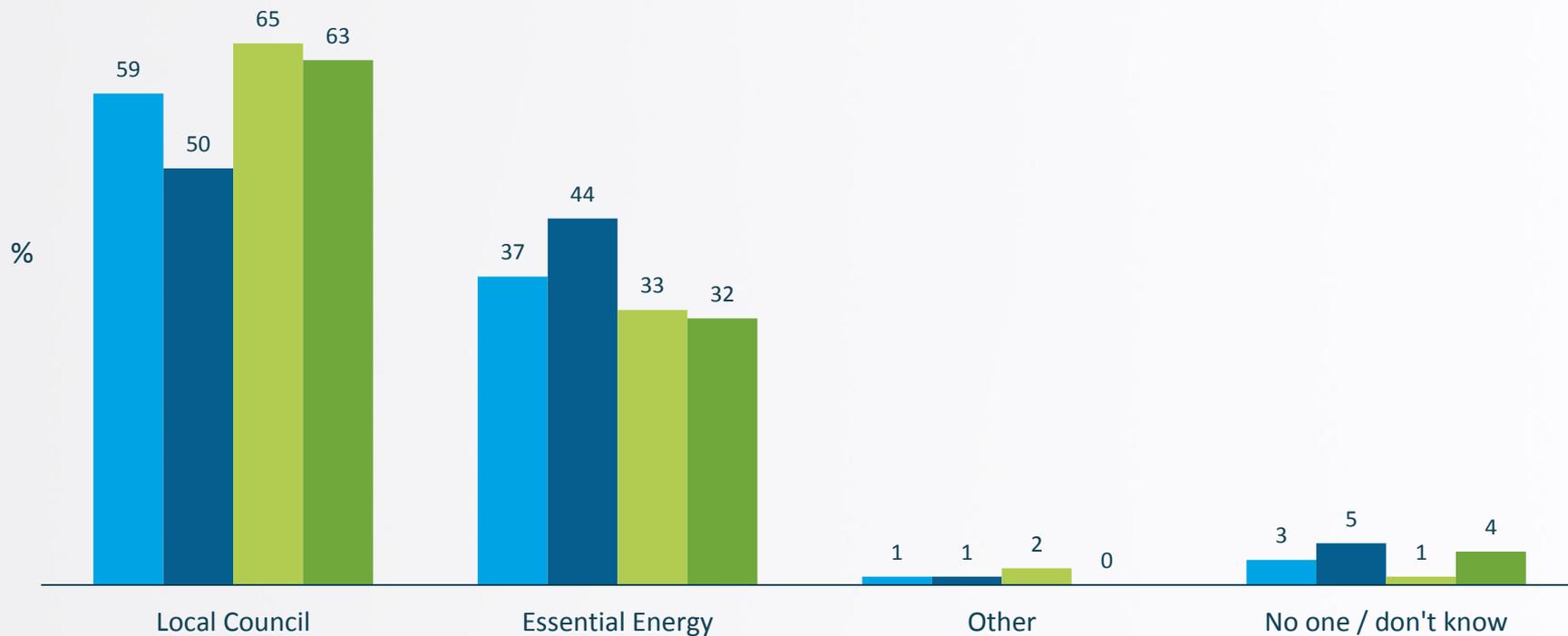
Q15. And would you support this strategy if it saved customers an average of \$0.49 per quarter?.

Base: All respondents (n=250); North Coast (n=114); Northern (n=74); Southern (n=62).

Just over a third of business respondents indicated they would contact Essential Energy to report a faulty streetlight, but most mentioned local council

Contact to report faulty streetlight

■ Total ■ North Coast ■ Northern ■ Southern

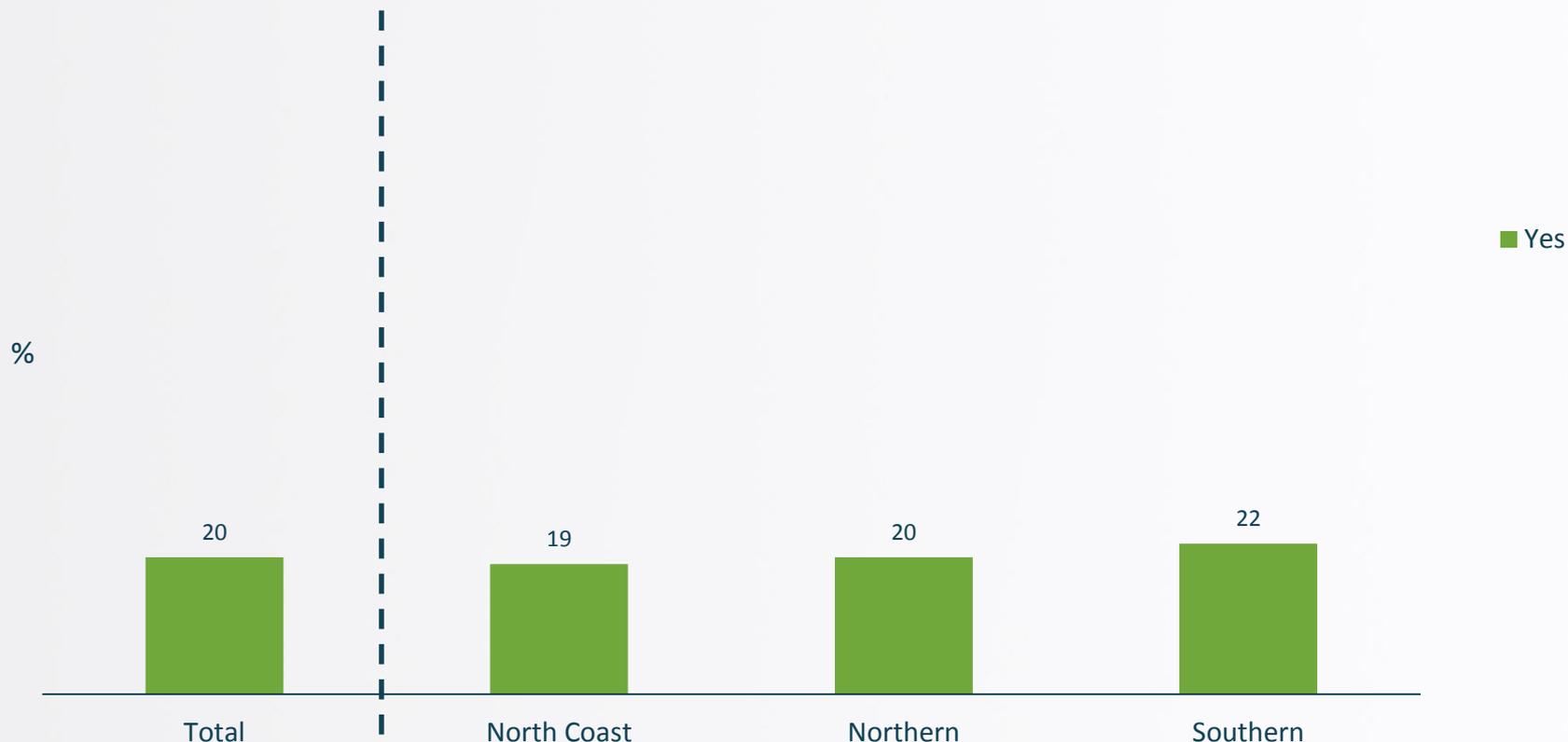


Q16. Who would you contact to report a faulty streetlight?

Base: All respondents (n=250); North Coast (n=114); Northern (n=74); Southern (n=62).

Only 1 in 5 respondents were aware that a faulty streetlight can be reported online

Awareness of being able to report a faulty streetlight online

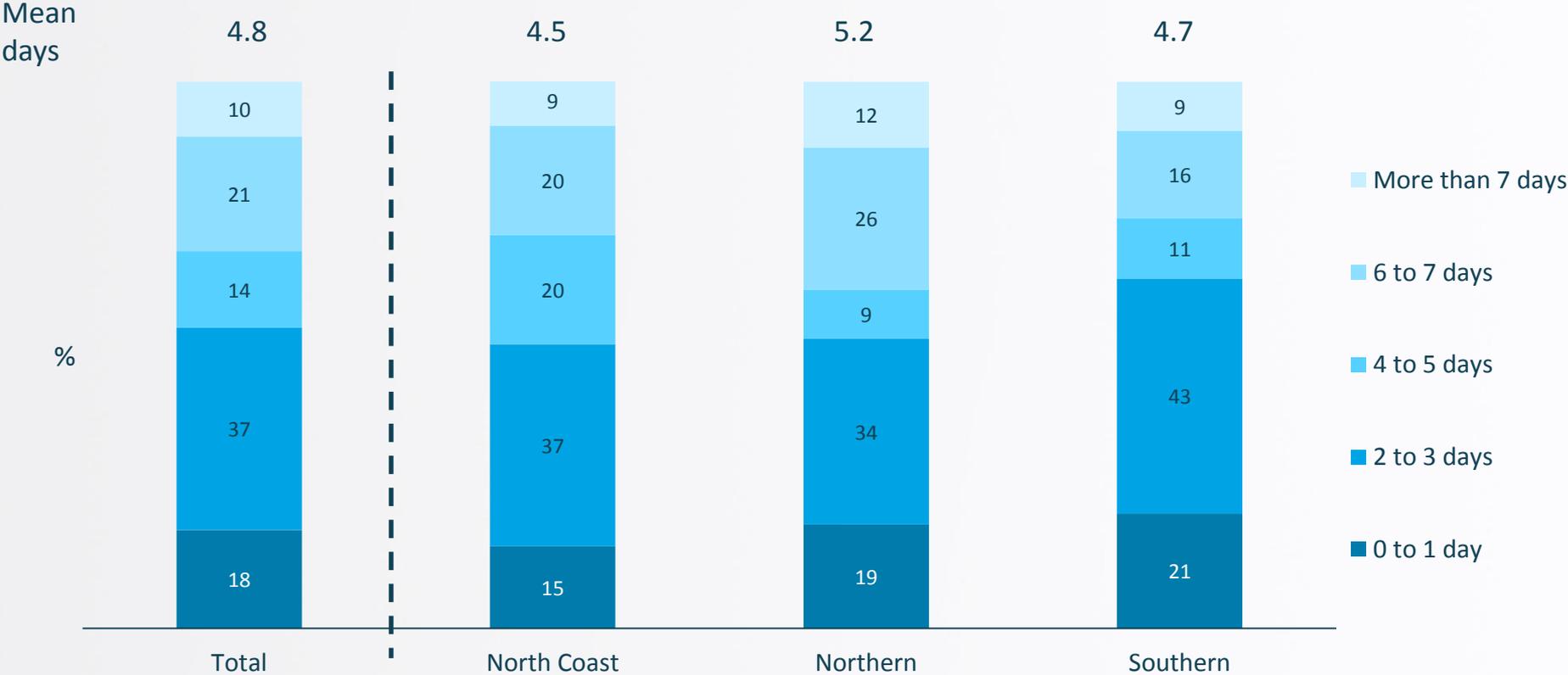


Q17. Did you know that you can report a faulty streetlight online?

Base: All respondents (n=250); North Coast (n=114); Northern (n=74); Southern (n=62).

Over half of respondents thought that a faulty streetlight should be repaired in less than 3 days

Number of days to fix a faulty streetlight

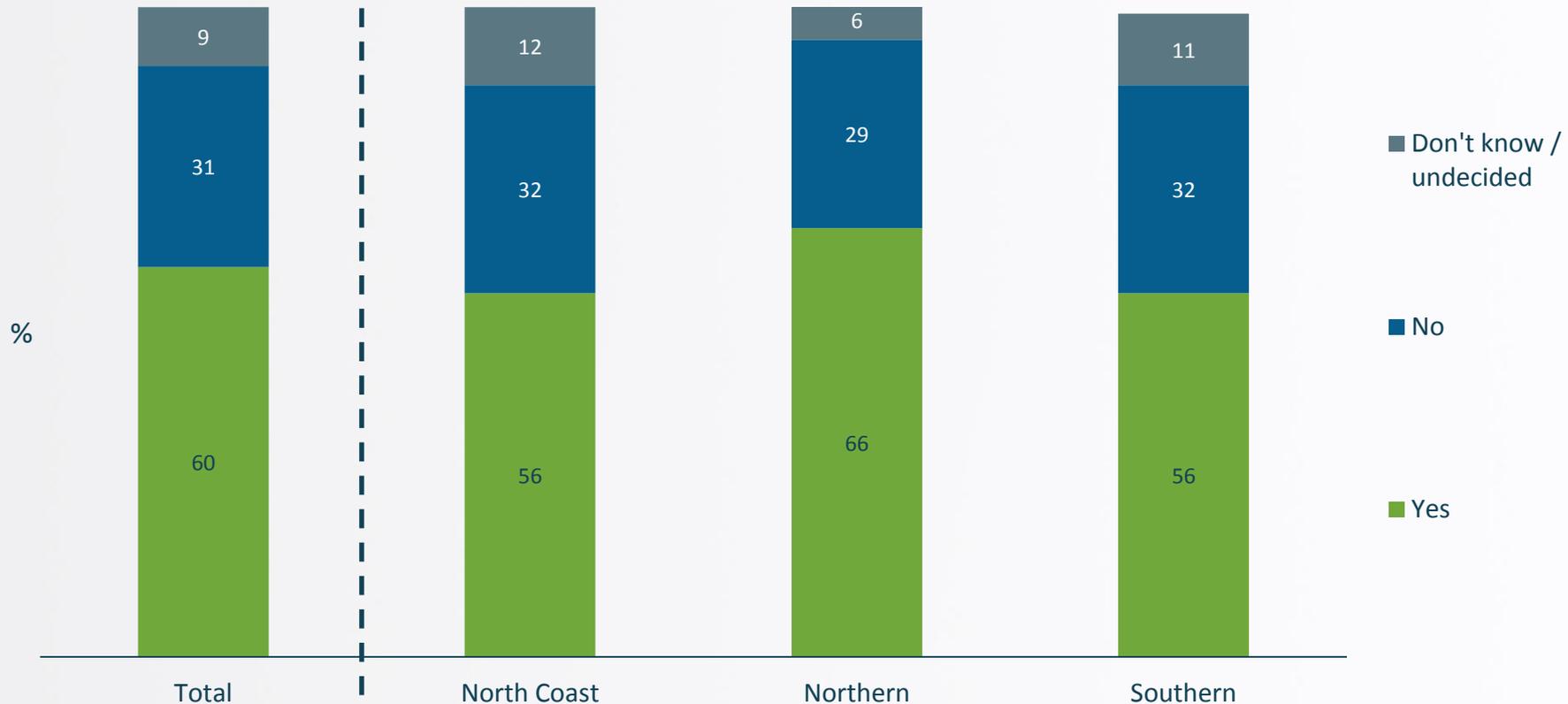


Q18. How long after a streetlight fault has been reported do you think Essential Energy should have to fix it?.

Base: All respondents (n=250); North Coast (n=114); Northern (n=74); Southern (n=62).

When posed a 7 day repair timeline, the majority of respondents believed this to be reasonable

Is repairing a faulty streetlight within 7 days reasonable?

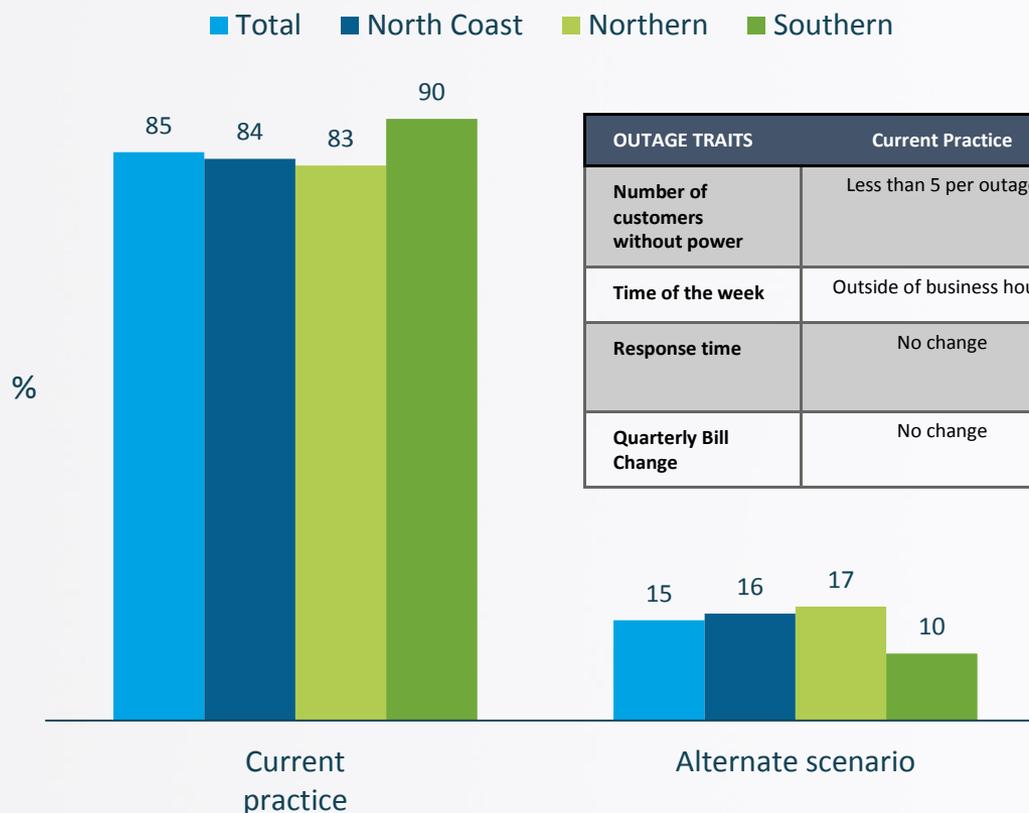


Q19. Do you think doing repairs within 7 days on average from the time the streetlight fault is reported would be reasonable?

Base: All respondents (n=250); North Coast (n=114); Northern (n=74); Southern (n=62).

There was a strong call for no change to power outage responsiveness in rural/remote areas

Responding outside of business hours



OUTAGE TRAITS	Current Practice	Alternate scenario
Number of customers without power	Less than 5 per outage	Less than 5 per outage
Time of the week	Outside of business hours	Outside of business hours
Response time	No change	up to an additional 16 hours without power per outage
Quarterly Bill Change	No change	-\$0.35

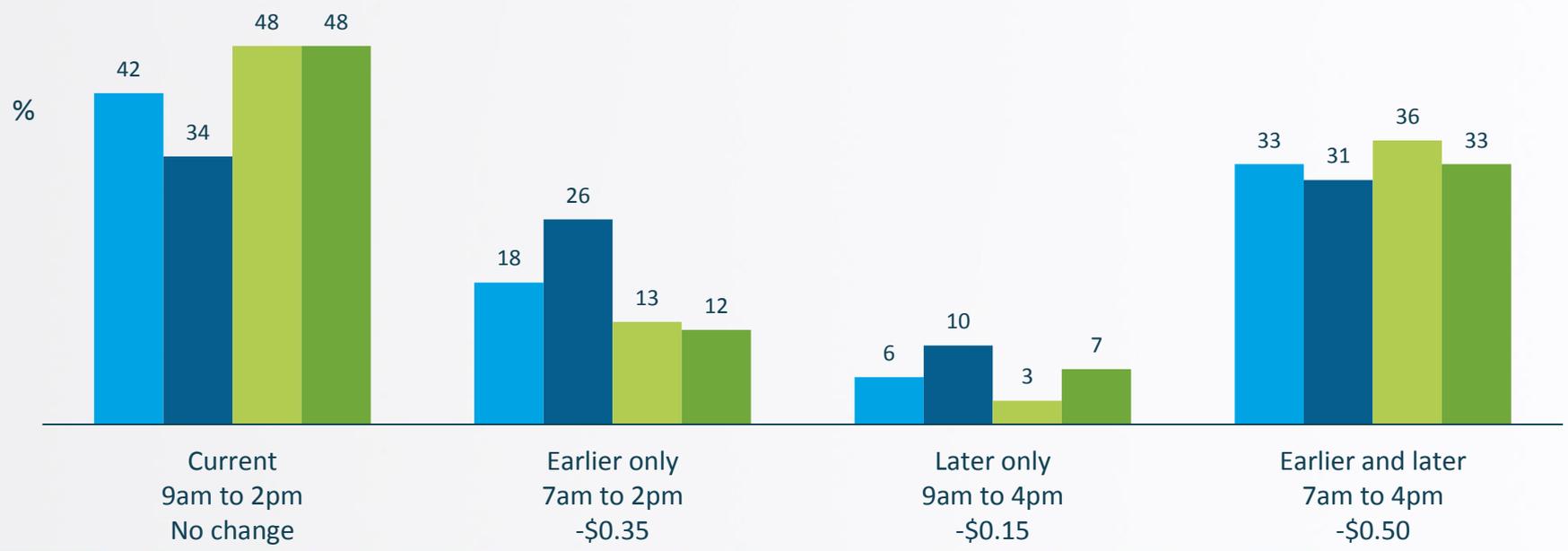
Q20. On average, Essential Energy supplies power to customers 99.9% of the time (excluding planned maintenance work and major weather events). They typically respond to power outages outside of business hours within one hour, and restore supply in under two and a half hours on average. The following alternate scenario would lengthen response times for a small number of customers, but reduce electricity costs for all customers. Which would be your preferred scenario?

Base: All respondents (n=250); North Coast (n=114); Northern (n=74); Southern (n=62).

Although the largest proportion preferred no change in times of planned outages, there was some sentiment towards earlier & later outages

Preferred planned outage times option trade-off

■ Total ■ North Coast ■ Northern ■ Southern



Q21. Do you think that Essential Energy should start work on some outages earlier (i.e. prior to 9am) provided there is prior notification and it is reasonable given factors such as weather? Which of the following options do you prefer?

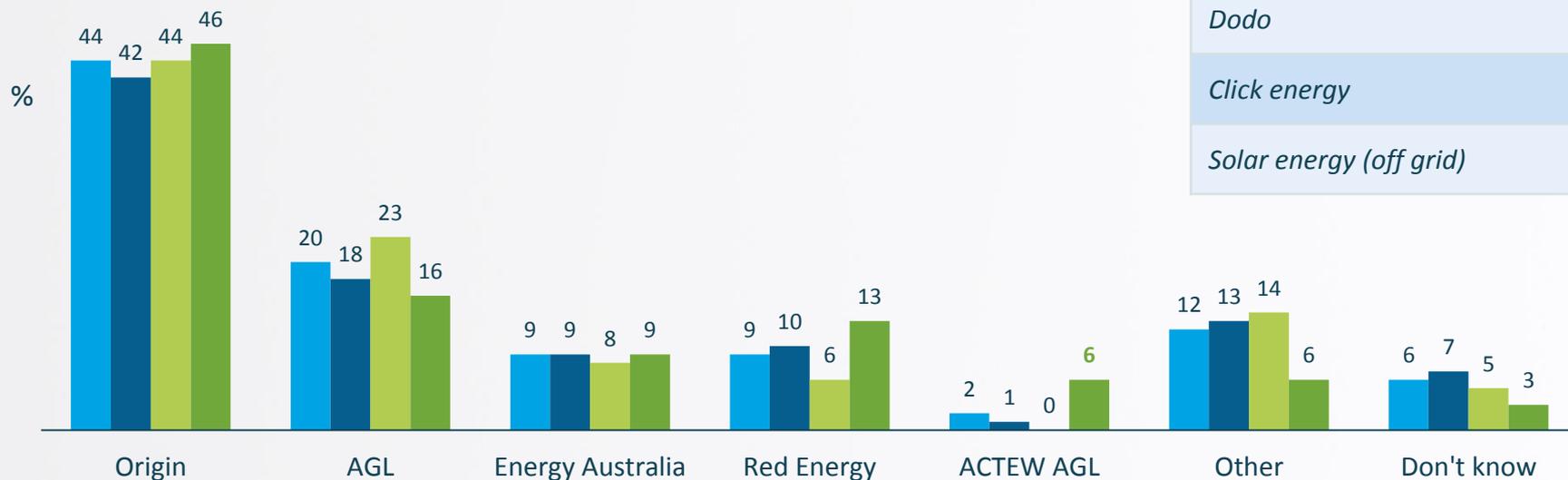
Base: All respondents (n=250); North Coast (n=114); Northern (n=74); Southern (n=62).



Origin was the primary electricity retailer, with AGL second

Current electricity retailer

■ Total ■ North Coast ■ Northern ■ Southern



Other - examples

Alinta

Dodo

Click energy

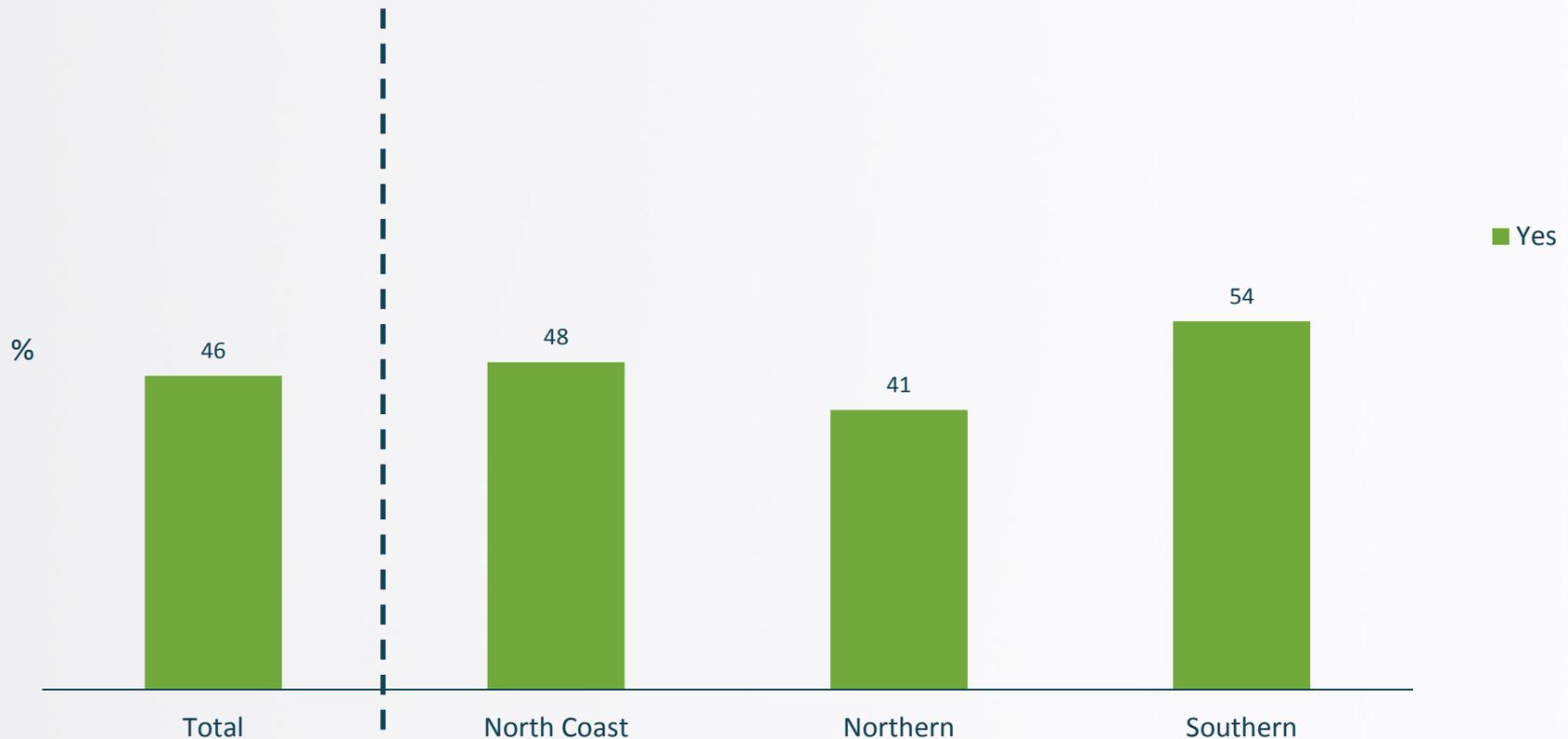
Solar energy (off grid)

Q22. Who is your current electricity retailer (i.e. who sends you the electricity bills)?

Base: All respondents (n=250); North Coast (n=114); Northern (n=74); Southern (n=62).

More than 2 in 5 respondents were aware of pricing options and/or plans offered by their retailer

Awareness of different price options/plans offered by retailer



Q23. Essential Energy is not a retailer, however are you aware of any different price options or plans offered by your retailer?

Base: All respondents (n=250); North Coast (n=114); Northern (n=74); Southern (n=62).

Awareness of discounts, particularly for paying on time/early was highest

Awareness of different price options/plans

Which options are you aware of?	Total (n=116) %	North Coast (n=48) %	Northern (n=41) %	Southern (n=27) %
Different plans / discounts / cheaper NFI^	21	24	17	20
Discount for paying on time / early	20	17	26	16
Discount for direct debit	9	16	3	7
Peak and off peak	8	7	10	7
Solar rebate / better solar rate	7	9	3	9
Green energy NFI^	7	9	5	4
Discount for bundling gas and electricity	4	3	2	10
Time of use	4	4	5	3
Pre purchase / predictable plan	4	2	7	4
Pensioner discount	3	4	3	-
None	5	-	12	4
Other	7	11	5	3
Don't know	27	27	23	34

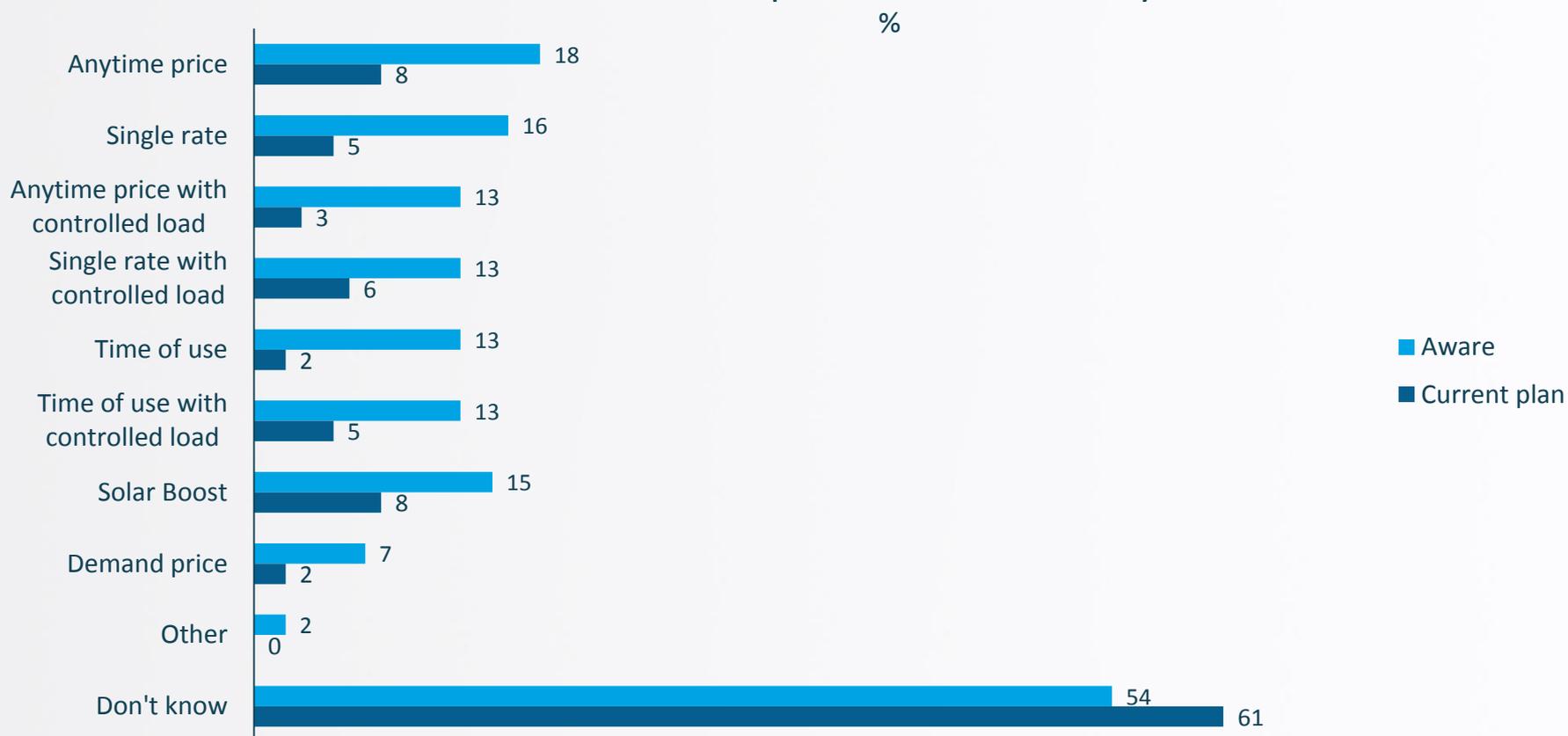
Q24. Which options are you aware of?

Base: Respondents who were aware of different options/plans (n=116); North Coast (n=48); Northern (n=41); Southern (n=27).

^No further information

Over half did not know which plans their retailer offers and almost two thirds did not know the plan they are on

Awareness of retailer plans – Total summary



Q25. Which of the following do you think your retailer offers?

Q26. Which plan are you on?

Base: All respondents (n=250); North Coast (n=114); Northern (n=74); Southern (n=62).

There was minimal awareness of price options offered by Essential Energy

Awareness of different price options offered by EE

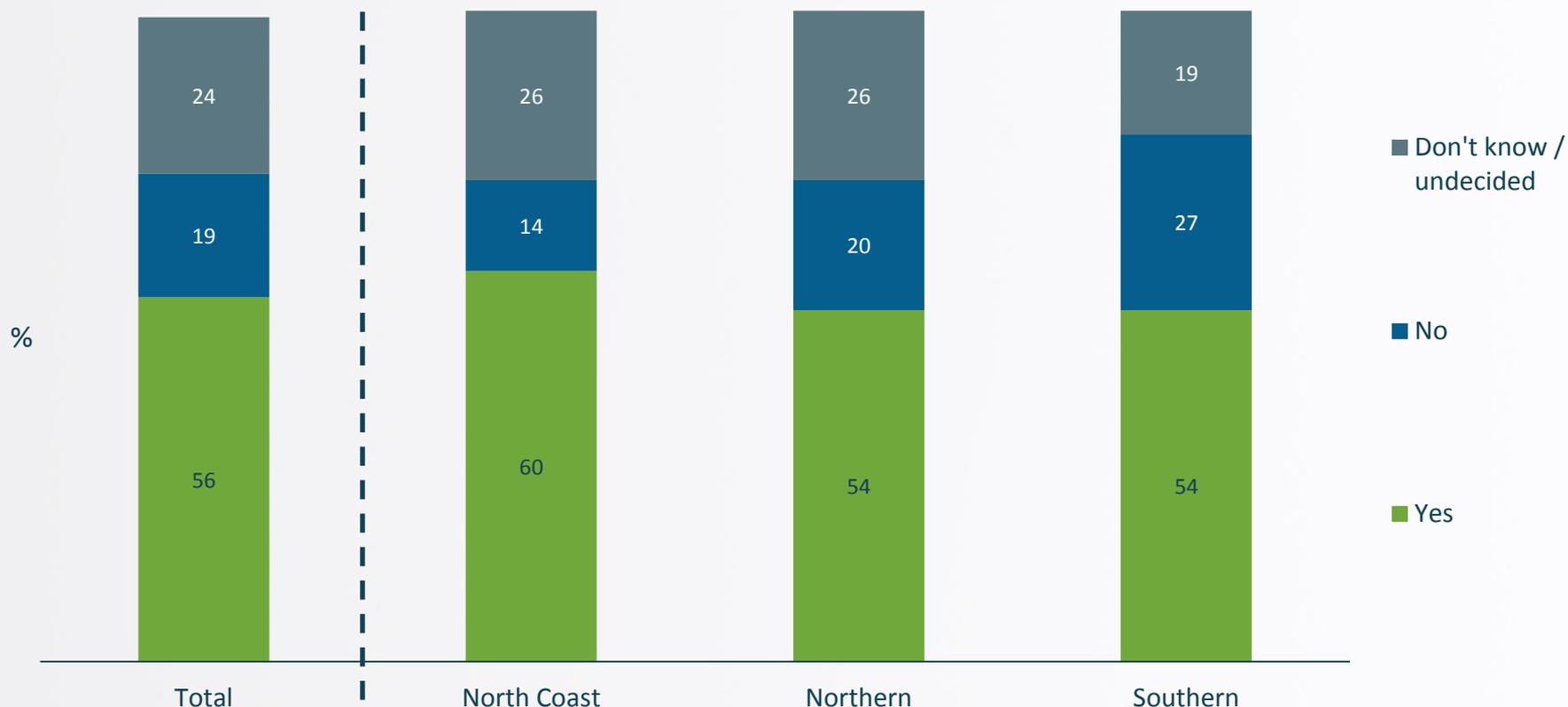


Q27. Are you aware of any different price options offered by Essential Energy (i.e. your distributor)?

Base: All respondents (n=250); North Coast (n=114); Northern (n=74); Southern (n=62).

Most respondents indicated that they would like to see their bill split into different components

Incidence of wanting bill split into different components



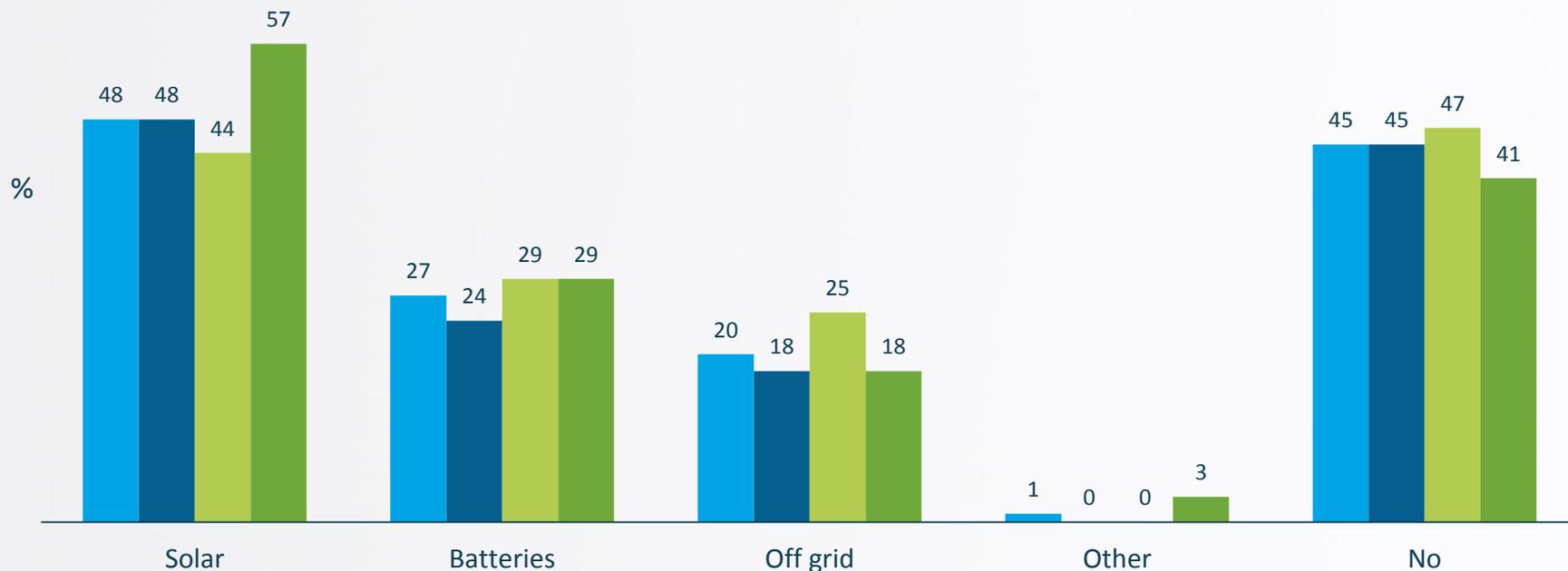
Q28. Would you like to see your bill split into different components e.g. generation, distribution and retail costs?

Base: All respondents (n=250); North Coast (n=114); Northern (n=74); Southern (n=62).

There was a large majority who had not considered any new technologies for electricity

Consideration of new technologies for electricity

■ Total ■ North Coast ■ Northern ■ Southern

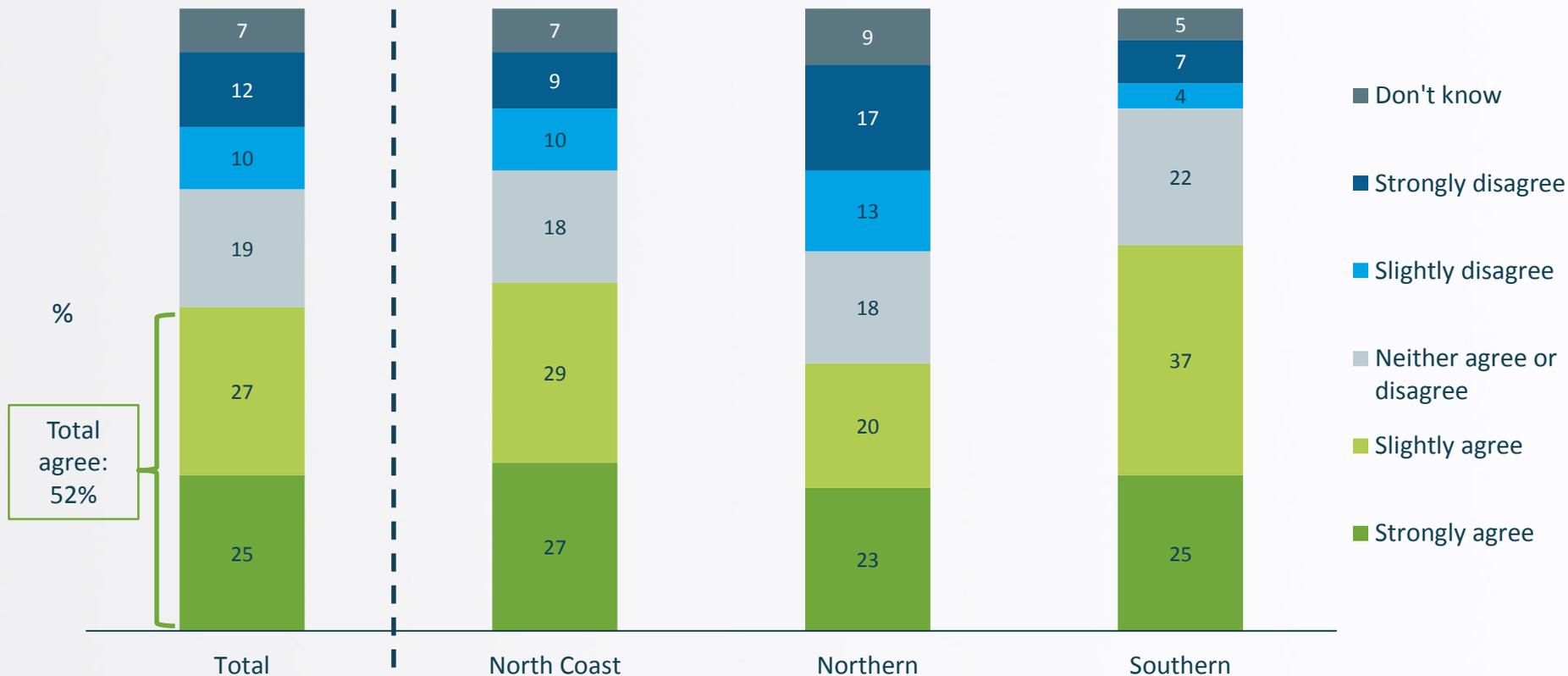


Q29. Have you considered adopting any of the following new technologies for your electricity?

Base: All respondents (n=250); North Coast (n=114); Northern (n=74); Southern (n=62).

Just over half of respondents supported a 10c/qtr increase for reliability improvements in areas with lower availability

Increase charges to improve reliability in areas with lower availability

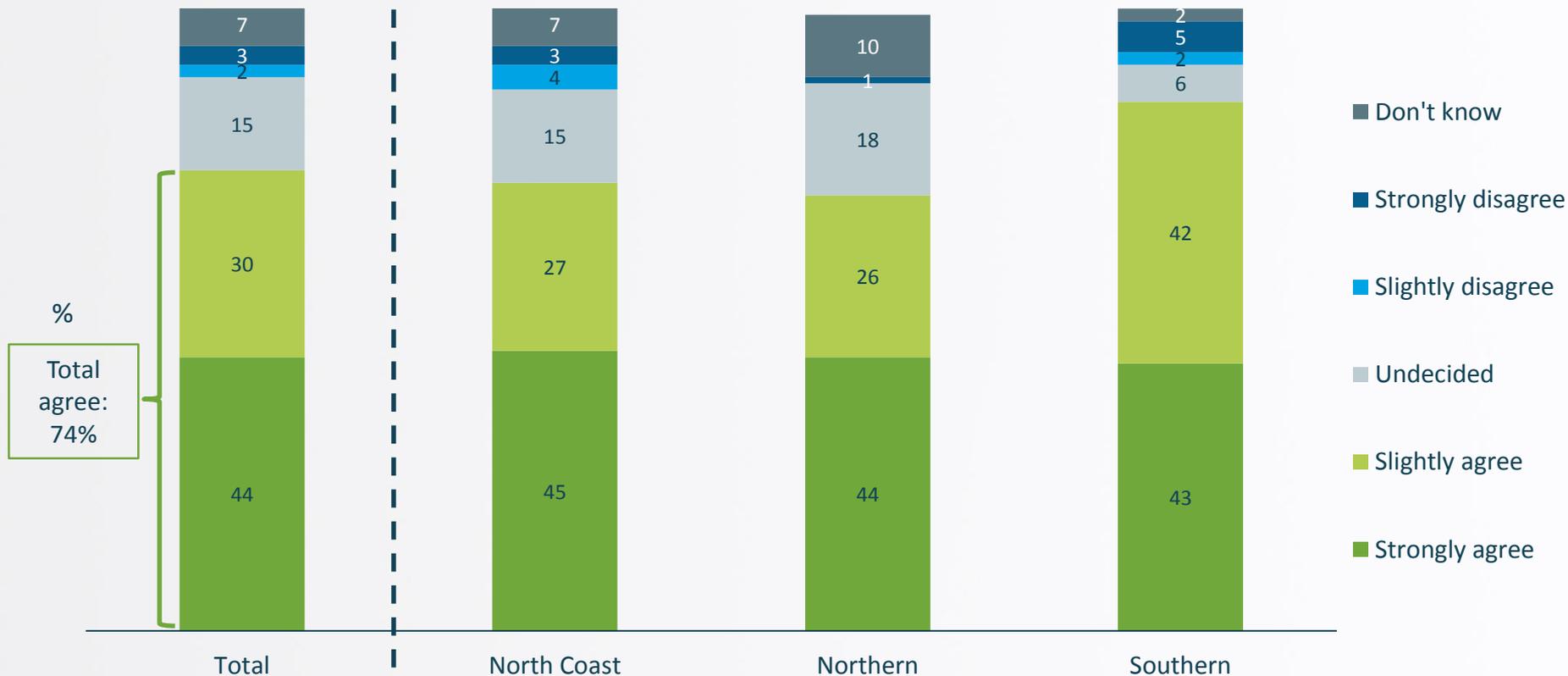


Q30. To what extent would you agree or disagree with Essential Energy increasing network charges for each customer by \$0.10 per quarter to complete the reliability improvements in areas with lower availability?

Base: All respondents (n=250); North Coast (n=114); Northern (n=74); Southern (n=62).

There was overwhelming support for the Black Spot program

Black spot program to target poles at risk of vehicle collision

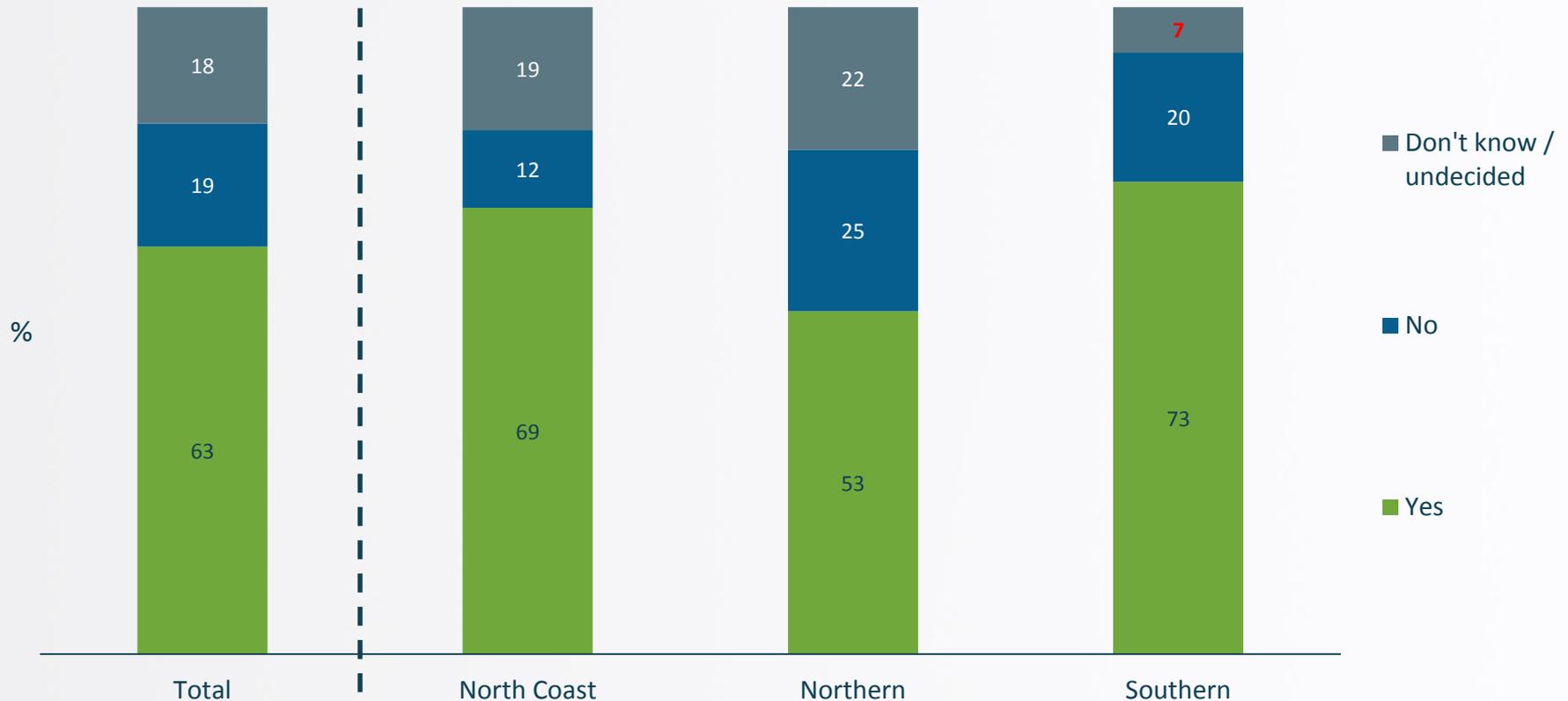


Q31. Do you agree or disagree with Essential Energy implementing a black spot program that targets poles which are at high risk of being involved in vehicle accidents?

Base: All respondents (n=250); North Coast (n=114); Northern (n=74); Southern (n=62).

There was still strong support for the program even with a slight monetary increase

Black spot program to target poles at risk of vehicle collision at a cost of \$0.06 per quarter

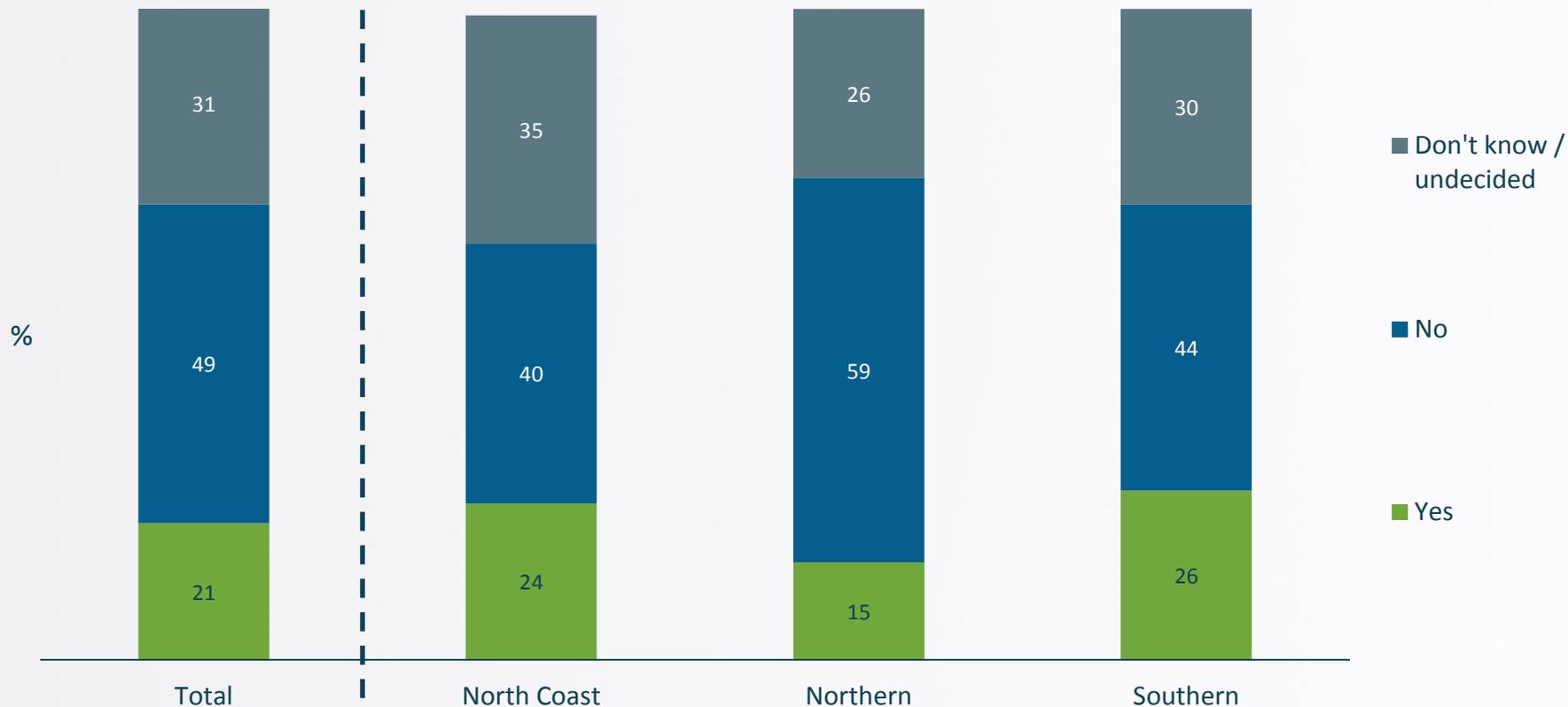


Q32. And would you support this strategy if it increased costs to customers an average of \$0.06 per quarter?.

Base: All respondents (n=250); North Coast (n=114); Northern (n=74); Southern (n=62).

Just one in five respondents supported a monetary increase for improvements to communication quality

Improve quality of communications at a cost of \$0.30 per quarter

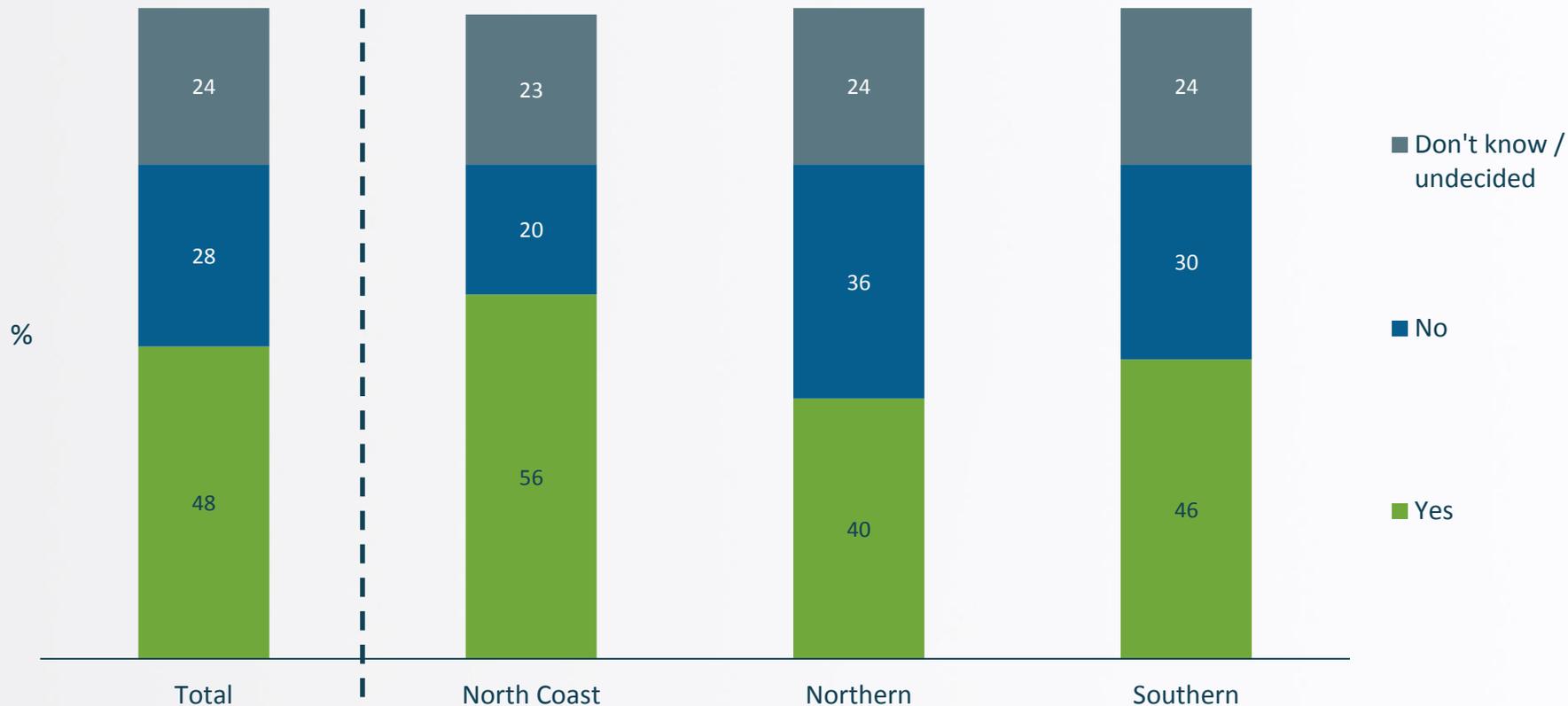


Q33. Should Essential Energy increase the amount they spend on communicating with customers to improve the quality of communication, at an increase in network charges to customers of about \$0.30 per quarter?

Base: All respondents (n=250); North Coast (n=114); Northern (n=74); Southern (n=62).

Nearly half of respondents supported a monetary increase for investment into R&D

Invest in R & D to adapt to support new energy technologies

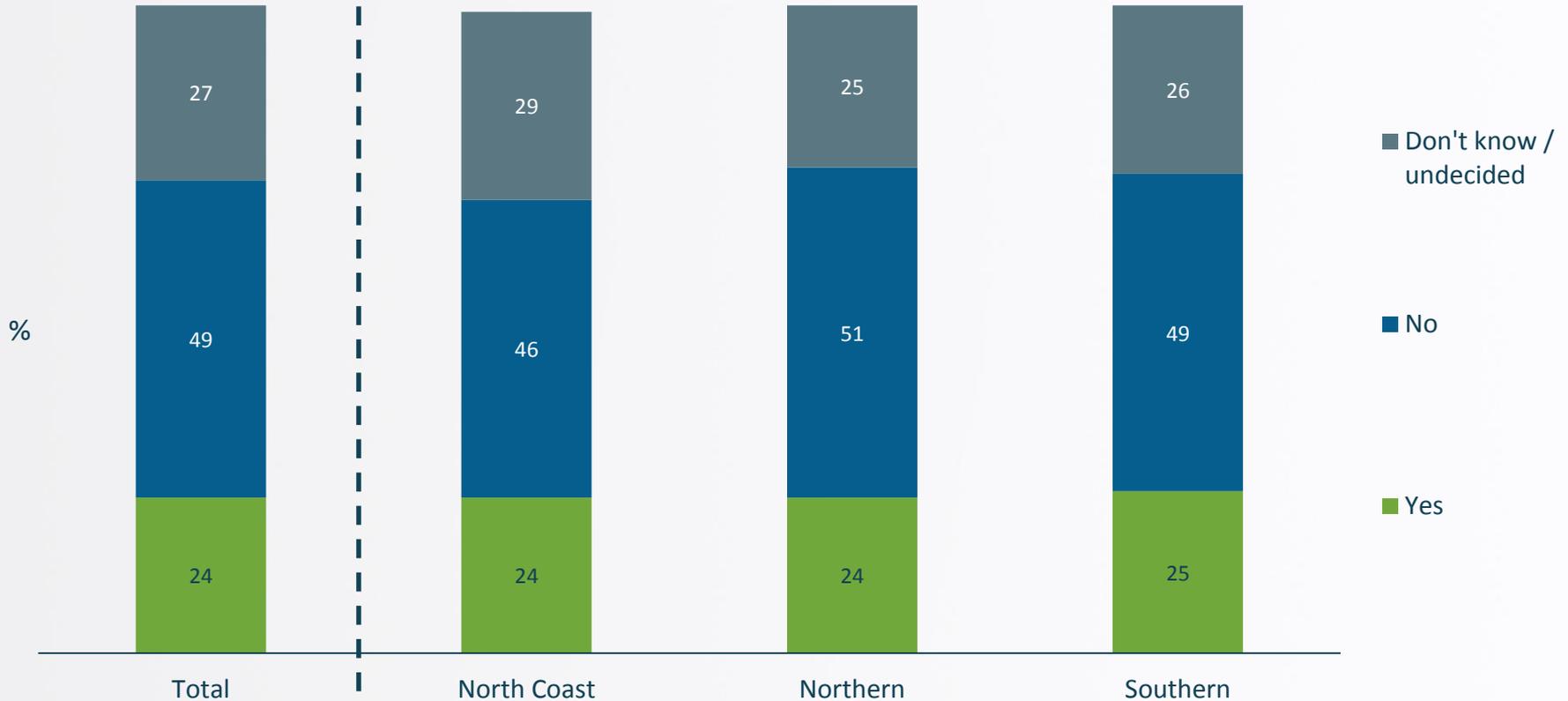


Q34. Should Essential Energy invest in research and development to ensure they can adapt to support new energy technologies, at an increase in network charges to customers of about \$0.30 per quarter?

Base: All respondents (n=250); North Coast (n=114); Northern (n=74); Southern (n=62).

Support was low for a monetary increase that would allow customers to be updated hourly during outages

Provide hourly updates during outages at a cost of \$0.35 per quarter



Q35. Should Essential Energy invest in improved communication which allows customers to be updated hourly during outages, at an increase in network charges to customers of about \$0.35 per quarter?

Base: All respondents (n=250); North Coast (n=114); Northern (n=74); Southern (n=62).

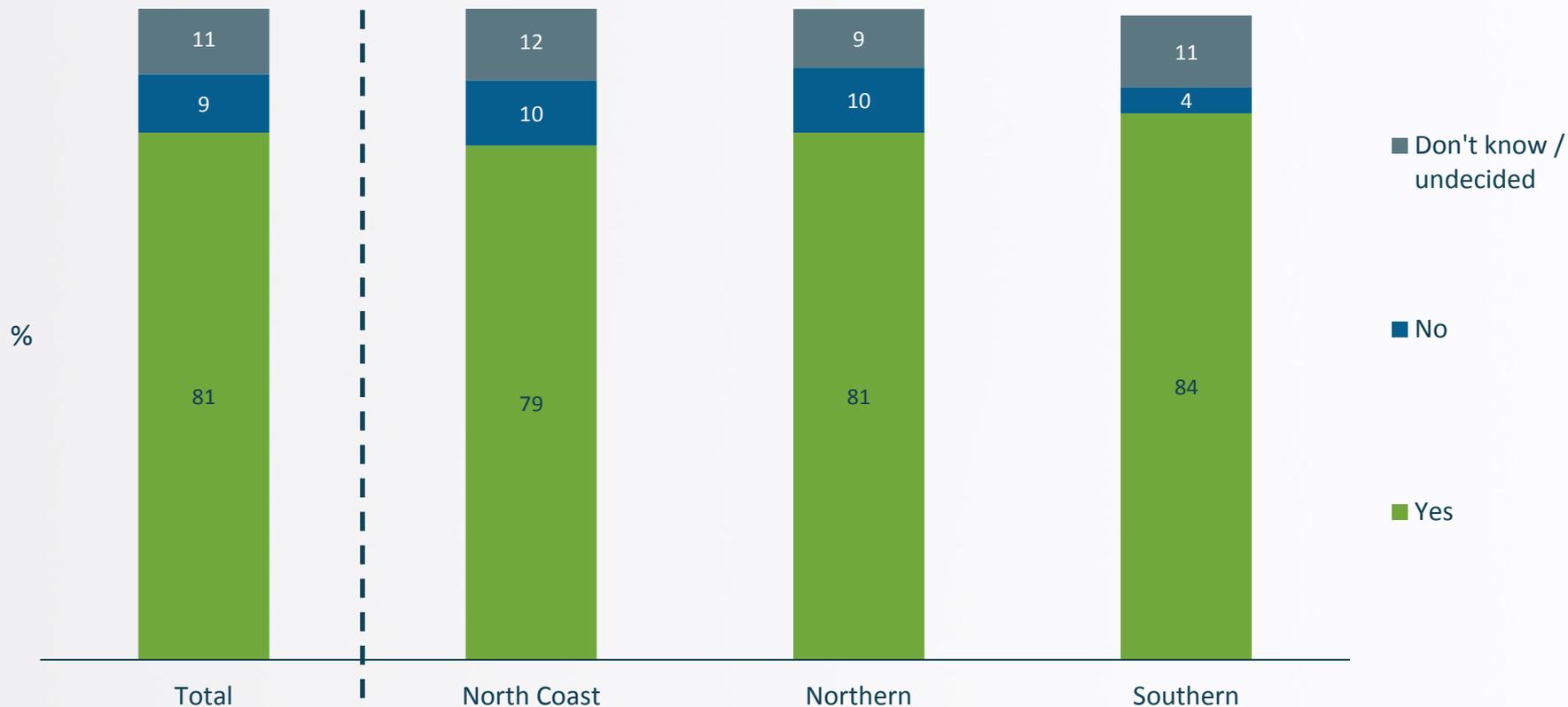


Engagement evaluation



Respondents generally agreed that surveys were a good source of feedback

Agreement that surveys are a good source of feedback



Q36. Do you agree or disagree that surveys such as these are a good way of Essential Energy obtaining feedback from customers?

Base: All respondents (n=250); North Coast (n=114); Northern (n=74); Southern (n=62).

High pricing was the main comment made by respondents

Further comments about electricity distribution	Total (n=250) %	North Coast (n=114) %	Northern (n=74) %	Southern (n=62) %
Prices are way too high/please do something about prices	6	4	10	2
Good survey / thanks	3	4	3	-
Look to the future/invest in renewable energy	2	1	1	3
All these different companies and different plans are crazy/annoying waste of time	1	4	-	-
I haven't experienced outages/am happy enough	1	2	-	3
Stop making justification for putting up prices/cover your own costs	1	1	2	-
These improvement works should be done at no cost to the consumer	1	2	1	-
Service/supply fees are ridiculous	1	-	2	2
Bills are hard to understand/it should be easier to make proper comparisons	1	2	-	2
Rural areas are different/some options are not applicable to rural areas	>1	1	-	-
Other	9	8	10	8
Don't know / nothing	75	75	72	82

Q37. Do you have any further comments about your **electricity distribution** that you do not feel are covered by this survey?

Base: All respondents (n=250); North Coast (n=114); Northern (n=74); Southern (n=62).

Business size

	Total (n=250) %	North Coast (n=114) %	Northern (n=74) %	Southern (n=62) %
Business size				
Sole trader	60	61	60	57
1-4 employees	28	27	28	31
5-10	7	7	7	9
11-19	3	3	3	1
20-199	2	2	2	2

Q4. How many employees do you have in your business, by employees I mean full time equivalents other than the proprietor?

Base: All respondents (n=250)

Industry

	Total (n=250) %	North Coast (n=114) %	Northern (n=74) %	Southern (n=62) %
Gender				
Accommodation, cafes and restaurants	6	7	5	5
Agriculture, forestry, fishing and hunting	7	3	8	13
Communication services	1	1	-	2
Construction	5	3	6	8
Cultural and recreational services	4	4	4	4
Education	3	-	5	7
Finance and insurance	1	1	-	2
Health and community services	4	4	3	8
Mining	2	2	2	-
Personal services	11	13	13	2
Property and business services	4	4	3	9
Retail trade	12	15	9	10
Transport and storage	6	9	5	1
Wholesale trade	2	3	3	-
Other	27	28	25	28

Q3. And what industry does your business operate within?

Base: All respondents (n=250); North Coast (n=114); Northern (n=74); Southern (n=62).

Business specs

	Total (n=250) %	North Coast (n=114) %	Northern (n=74) %	Southern (n=62) %
Position				
Owner / Proprietor	67	66	71	62
Senior Management	7	9	4	8
Other employee	26	25	25	30
Years of operation				
Less than 1 year	21	20	18	27
1-2 years	10	5	14	12
3-5 years	16	12	22	14
6-10 years	14	17	11	13
More than 10 years	39	46	35	34

Q40. What is your position or title within your organisation?

Q41. How many years has your business been operating?

Base: All respondents (n=250)

Location

	Total (n=250) %	North Coast (n=114) %	Northern (n=74) %	Southern (n=62) %
Location				
Inner regional	70	90	47	76
Outer regional	29	10	51	24
Remote	1	-	2	-
Business premises				
Own	44	42	42	53
Rent / Lease	23	28	23	14
Other	5	5	3	7
NA (Business run from home)	28	25	32	26

Q1. What is the postcode of your where your business is located?
Q42. Does your business own or rent/lease its business premises?

Base: All respondents (n=250)