

19 August 2019

Mr Chris Pattas
General Manager, Networks
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Dear Mr Pattas

Customer Service Incentive Scheme – response to Issues Paper

Evoenergy welcomes the opportunity to provide comments and feedback on the Australian Energy Regulator's (AER's) Customer Service Incentive Scheme (CSIS) Issues Paper. Evoenergy supports the development of an incentive scheme to improve the delivery of customer services by electricity distribution firms. Evoenergy supports the goal of AusNet's proposed CSIS which is to enhance incentives to place a greater focus on meeting the needs of customers by applying a more holistic incentive scheme than the existing telephone answering parameter contained in the Service Target Performance Incentive Scheme (STPIS).

The proposal by AusNet for a CSIS has led Evoenergy to consider how such a scheme would apply to Evoenergy. The concept of CSIS aligns with our strategic direction to continue strengthening engagement with our customers and stakeholders and to drive a focus on our customers throughout the organisation. Evoenergy fully supports AusNet's proposed CSIS for application to AER's regulatory distribution determination for AusNet noting that it was developed as part of the 'New Reg' process with the agreement of AusNet's Customer Forum.

The Issues Paper seeks feedback on the effectiveness of the current incentives that distributors use to improve customer service as well as the design of a CSIS that may broadly apply to electricity distribution firms. The AER notes that if they decide to progress the scheme generally or as part of AusNet's distribution determination, there will be further opportunity to comment on a draft CSIS.¹ Evoenergy intends to make more detailed comments when the AER consults on a draft CSIS.

This submission raises several points about the implementation of a CSIS for Evoenergy.

1. Evoenergy will seek the views of its customers on the CSIS

Evoenergy intends to engage with our customers about the proposed CSIS. This matter will be placed on the agenda for Evoenergy to discuss with its Energy Consumer Reference Council (ECRC) in the near future.² Evoenergy will also discuss with consumers their views about the application of a CSIS for Evoenergy's distribution network.

Broad support from Evoenergy's customers to trial a new incentive scheme would be desirable, given that costs will be involved to establish and operate a scheme as well as possible impacts on customers' bills from the operation of the incentives.

¹ AER (July 2019) Issues Paper Small Scale Incentive Scheme for Customer Service p.2

²Information about the ECRC is provided on the Evoenergy website <https://www.evoenergy.com.au/consumer-engagement-program/energy-consumer-reference-council>

2. Evoenergy will need time to consider the design of a CSIS that is appropriate for the ACT

The specific design of a CSIS that is appropriate to the circumstances of Evoenergy will require further consideration and analysis by Evoenergy. The model proposed by AusNet may not be the most suitable form for Evoenergy. One key reason is that Evoenergy's performance on a range of consumer service measures is overseen by the Independent Competition and Regulatory Commission (ICRC) through the Consumer Protection Code that applies to energy, telecommunications and water utilities in the ACT.³ The ICRC is currently undertaking a review of this code. Evoenergy awaits the conclusion of the ICRC's review to assess the compatibility of a proposed CSIS with the consumer protection measures regulated by the ICRC.

There are likely to be different approaches taken by the AER and the ICRC for the regulation of consumer services so it will be important to ensure the frameworks do not result in duplication of penalties or contain inconsistencies. There is also the option of excluding from the CSIS any measures that are covered by jurisdictional regulation where guaranteed service level payments are made as currently occurs under the STPIS framework.⁴

The interrelationship between the parameters in the STPIS and a draft CSIS will need to be reviewed as part of the overall framework. For example, an alternative option to the CSIS is making more use of the other parameters in STPIS for customer service that are already there. Only telephone answering is currently measured but there is scope to develop measures for response to written enquiries and new connections within the STPIS arrangements.⁵ If the CSIS is progressed further, we agree with the AER's approach that the call waiting measure should not apply under STPIS and replaced with a new measure in the CSIS and the revenue at risk is amended accordingly.⁶ Objective measures of customer service delivery are preferable for the development of targets for incentive based penalties and rewards.

3. The AER's draft CSIS should allow for different schemes for distribution firms

The AER's approach to the implementation of CSIS across distributors should be flexible so that there is scope for different approaches to be adopted by different distribution firms. The approach described in the Issues Paper proposed by AusNet may not be the appropriate model of CSIS for Evoenergy. For example, the parameters and targets proposed are selected to address the interests of AusNet's customers which may be different to the preferences of Evoenergy's customers.

4. Costs incurred by distribution firms to establish and operate the CSIS should be proportional to the benefits to customers of improving incentives for customer services

Experience gained by distribution firms that trial the CSIS in upcoming regulatory determinations, such as AusNet, could assist the design of a cost effective scheme for Evoenergy. Their findings could be used to inform Evoenergy's engagement with customers about the potential benefits and costs of a scheme. Insights into aspects of the proposed trials

³ Australian Capital Territory (June 2012) Utilities (Consumer Protection Code) Determination 2012; Disallowable instrument D12012-149

⁴ AER (Nov 2018) Final Decision Explanatory Statement Amendment to the Service Target Performance Incentive Scheme (STPIS); Establishing a new Distribution Reliability Measures Guideline (DRMG) p.27

⁵ AER (Nov 2018) Service Target Performance Incentive Scheme Version 2.0 p.16

⁶ AER (July 2019) Issues Paper Small Scale Incentive Scheme for Customer Service p.1 and p.15

that work well and the challenges faced by distributors would facilitate Evoenergy in designing a cost effective scheme that could be trialled by Evoenergy in the future.

If you wish to discuss any aspect of Evoenergy's submission, please contact Patricia Cameron on (02) 6248 3812 or patricia.cameron@actewagl.com.au

Yours sincerely

A handwritten signature in black ink, appearing to read 'Fiona Wright', with a long horizontal stroke extending to the right.

Fiona Wright

Acting General Manager Evoenergy