Jemena Electricity Networks (Vic) Ltd

2016-20 Electricity Distribution Price Review Regulatory Proposal

Attachment 4-2

Newgate: JEN - Community and small business consultation: Qualitative research report

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NEWGATE RESEARCH

Jemena Electricity Network
Five Year & Strategic Planning

Community and Small Business Consultation: Qualitative Research Report

October 2014

Contents

Note to the Reader

This research was conducted in accordance with the international quality standard for market and social research (ISO 20252), to which Newgate Research is accredited.

In preparing this report we have presented and interpreted information that we believe to be relevant to achieve the objectives of this research project.

Where assumptions are made as a part of interpreting the results or where our professional opinion is expressed rather than merely describing the findings, this is noted. Please ensure that you take these assumptions into account when using this report as the basis for any decision-making.

Please note that both the qualitative findings and semi-quantitative results included throughout this report should not be considered statistically representative and cannot be extrapolated to the general population. However, we are confident that the results accurately reflect the views of the participants in the research.

Quotes from the research participants have been included in the report to further support the findings. Verbatim quotes are included in a purple font.

For enquiries, please contact Jasmine Hoye at Newgate Research on (03) 9611 1850 and cite project number: NGR 1404008.

Executive Summary

This executive summary outlines the main highlights from a qualitative research program conducted by Newgate Research on behalf of Jemena in relation to its electricity network in the north-western area of greater Melbourne. The research involved an extended focus group discussion and a four hour forum conducted in September 2014, with a total of n=48 customers, including n=40 residential customers and n=8 from small or medium enterprises (SMEs).

The primary focus of the research was upon customer reactions and preferences regarding Jemena's Five Year Plan, with feedback also gathered on a range of other issues including Jemena's longer-term strategy. Indicative semi-quantitative data was gathered via individual response questions and is provided throughout where relevant. Readers should note that this is not intended to provide a statistically robust measure of customer sentiment, rather it serves to complement the qualitative data.

Baseline Knowledge and Perceptions of the Electricity Sector

Overall levels of interest in energy issues were moderate at the beginning of the sessions, which might be expected given broad concern about energy costs. However this level of interest intensified once participants had more knowledge and information about the sector, Jemena, and issues of relevance to them. By the end of the sessions, interest increased from net 49% fairly or very interested to 88%.

Issues of most concern were rising costs and the need to grow the use of renewables, although many felt that they had 'missed the boat' on receiving tangible advantages (i.e. rebates) from installing solar.

Knowledge of the structure of the electricity supply chain and the purpose of smart meters was varied. The majority of participants were not engaged electricity users and had an incomplete understanding of smart meters and their potential benefits. Most knew that they had a smart meter, which can be used to track usage more closely, but were unclear on other advantages and mostly unaware of Jemena's online portal.

People's understanding of electricity pricing and bill structures was also limited and this affected their perceptions of value for money regarding their electricity supply. At the start of the sessions, the value for money of electricity was thought to be quite low, at net 61% quite / very poor value. However, at the end of the sessions, ratings improved: net poor dropped to just 25%, while the proportion who rated the value for money as fair or better rose substantially from net 37% fair / quite good / very good to 73%. Feedback from participants suggested this was due to them having gained more of an appreciation of what is involved in delivering electricity, current service levels, and Jemena's thinking and proposed approach to its Five Year Plan.

Safety and reliability were also seen as top priorities for the electricity sector, while key, unprompted future expectations of the industry included continual improvement of facilities and technology, the need to increase the use of renewables and make them more affordable, and the need to protect the environment.

Knowledge and Perceptions of Jemena

There was high recognition of the Jemena name among participants, with 91% indicating they had heard of it before being invited to attend the research, although this may be higher than it is among the general customer base as some may have been unable to recall if they had heard of the name before or after the recruitment process. Further, only a quarter (26%) thought they had very / quite good knowledge of what the company does, and around four in ten (42%) said their knowledge was just 'fair'. Some explained that Jemena looks after the 'poles and wires' and handles connections and disconnections, but very few could go

into greater detail. Only a few were able to describe Jemena's role in the energy market in any reasonable detail.

At the beginning of discussions, half (50%) of the participants felt neutral toward Jemena (neither positive nor negative) essentially because they had no experience with the organisation and felt unqualified to offer a view. A third were positive (34%) due to either positive interactions, the fact that they had not experienced any problems with supply, or because they had heard nothing bad from others. The 14% who felt negative reported poor resolution of supply problems or poor customer service experiences.

As people were given more information about Jemena and its plans, sentiment shifted markedly and was almost unanimously positive by the end of the sessions, when 96% of all participants reported feeling somewhat or very positive. At the end, the large majority (70%) were also very or fairly interested in knowing more about Jemena. This was especially true after learning more about Jemena as a company, its Five Year Plan and its plans for helping vulnerable customers.

Response to the Five Year Plan

The overall reaction to Jemena's Five Year Plan was positive. Many people felt it demonstrated careful weighing up of costs and benefits and showed consideration for customers, and there was interest in knowing more about the various concepts, where the data came from and how it had been verified.

Safety was almost universally important to participants: 96% either strongly or somewhat agreed it should be Jemena's number one priority. At the same time most people took a pragmatic view when asked how acceptable Jemena's thinking was in weighing up safety with the other key elements of price and service; most (85%) thought it was at least moderately acceptable, including more than two thirds (68%) who thought it was either completely or very acceptable.

The current average of one outage (referred to throughout the consultation as a 'blackout') per person per year was broadly acceptable to participants. Many of the blackouts were thought to be outside of Jemena's control e.g. storms and accidents involving power poles. Jemena's service was therefore considered to be highly reliable overall; 88% rated the reliability as either very / quite good.

Reliability was regarded as a very important priority for Jemena. Before the presentations, a few people thought Jemena should be constantly looking to improve, despite generally high ratings for the current service. Once the cost of improving reliability was presented against the relatively small gains from this investment, most participants (85%) supported Jemena's strategic option of maintaining reliability levels. This included SMEs, some of whom had previously volunteered that they might be prepared to pay for increased reliability.

Ratings of Jemena's responsiveness in restoring power after blackouts were reasonably solid at the beginning of the discussions and grew more positive at the end. Net very / quite good ratings rose from 58% at the beginning of the sessions to 89% by the end. This was due to a number of factors including a general perception that an outage of one to two hours was broadly acceptable and that 65% reported their last blackout was less than two hours in duration. Also, the average response time of 60 minutes was surprising to some, and deemed very acceptable, since many people expected it would be much longer.

When voting on the Five Year Plan options for responsiveness and the costs and savings associated with improving or relaxing responsiveness, the vast majority (85%) voted for similar levels of responsiveness to now. Around one in ten voted for a more responsive service and these were from businesses that had experienced significant power blackouts and/or costs associated with this. There was some unprompted

interest in Jemena offering a priority service for those wanting quicker restoration, although the feasibility of this was not covered within the research.

Using Electricity Differently

A key part of Jemena's draft plan involves considering ways to manage peak demand. This includes demand-based prices (referred to in the research as capacity charging), which it is considering gradually introducing over a 15 year period, and two demand response trials.

There was a resounding preference for behaviour change incentives to decrease peak usage (92%) over increased investment in 'poles and wires' to cater for increased usage on peak demand days (8%).

Discussion around capacity charging proved somewhat difficult due to the complex nature of the topic. Despite this, nine in ten participants thought they had at least a moderate understanding of the concept of capacity charging based on the explanation provided. However, only 15% thought they *completely* understood it. Most participants grasped the basic idea that it was about trying to reduce the pressure on the infrastructure by introducing a fairer pricing system, wherein those who put more pressure on the electricity system would be charged more.

Four in five (79%) thought that charging individual households according to the maximum capacity they use at peak times of the day was fairer than charging everyone at the same unit rate regardless of whether they place more or less demand on the electricity network than other customers. However, many were concerned about the use of a half-hour window and that a small slip-up in usage on just one day could cost them dearly. What many participants appeared to have missed, and should therefore be made much more prominent in communications about the concept, is the forecast that 80% of consumers would be better off if capacity charging is introduced.

Several participants raised the point that education would be critical to acceptance, including showing comparative examples of what a customer would be paying in the current and the new system, and information about practical changes people can make and the associated savings.

Most customers indicated that it was at least somewhat likely they would make changes to reduce their electricity use in the peak period if capacity charging were introduced. Indeed more than half thought it was *highly* likely (56% net very / definitely). Yet there was a lack of common understanding of how to make substantial changes, suggesting the behaviour change process could take quite some time and that customers will need sustained support to help them adopt the necessary changes over time.

Notably, despite the concerns about the specific impacts of implementing capacity charging, around three quarters (73%) thought it should be introduced in the next year or so and most of the remainder (23%) thought it should be phased in over the next five years. No-one felt that Jemena should wait to phase it in over 15 years as per its proposed approach.

There was strong support for Jemena's proposal to offer various trials to customers to help them reduce their peak usage and associated costs; most (net 85%) thought this was either completely or very acceptable. There was also strong interest in participating in the peak demand rebate trial, with the large majority (net 72%) saying either 'sign me up' (43%) or 'very interested' (30%), however expectations of the rebate amount were unrealistic and would need to be carefully managed and explored further. A fair proportion weren't really interested in the appliance remote control trial; 30% not at all, primarily because they do not have a smart air conditioner but also due to privacy concerns. However, many were interested; more than two out of five participants (net 43%) wanted to be signed up or were very interested.

Visual Amenity

The majority of participants thought Jemena's plans to do no more than it currently does regarding visual amenity was *highly* acceptable (net 64% completely / very acceptable) and that customers wishing to have improved visual amenity should be the ones that pay for it (net 75%).

When it came to their willingness to pay for the visual amenity improvements, people's overall support for Jemena's approach was further emphasised. Most were not at all willing to pay for the one-off costs of aerial cable bundling and insulation (83%) or undergrounding (80%). More than half (55%) felt the same way about more frequent tree pruning, and a substantial 46% also said this for more attractive substations. Of note is that around one in ten participants *were* highly willing (net very / completely) to pay for each of these, indicating that there is likely to be *some* appetite among a small minority of customers for these user-pays services.

Vulnerable Customers

Most participants agreed to some extent that Jemena should play a proactive role in assisting vulnerable customers (net 83% strongly / somewhat agree). Most were also at least moderately willing to contribute up to 70 cents per year towards this (net 85%). In turn there was majority support for each of the three practical options for assisting vulnerable customers, especially In-Home Displays which many participants were interested in buying for themselves.

There were some reservations among a few participants, for a variety of reasons including: wanting to first understand how customers are identified as vulnerable; a concern that the scheme could be taken advantage of; and a sense that it isn't Jemena's responsibility to help vulnerable customers.

Communications and Engagement

Participants appreciated Jemena was informing and consulting them about its Five Year Plan. The topics of most interest to them included education on how to keep electricity bills down (net 93% wanted to be informed and/or consulted on this), explanations of decisions Jemena has made that will affect its costs and consumer electricity prices (net 91%), information about the most efficient appliances (net 89%) and changes to regulatory and policy setting that may affect their electricity supply or bills (net 89%).

The most preferred methods of communication were letters and brochures in the letterbox (54%), subscribing to email newsletters via Jemena's website (50%), and television advertising (46%). Despite limited awareness of Jemena's online portal, participants thought it was a good service and many were interested to have a look and hopefully find out more about how they can save money.

Forum Evaluation

Participants also appreciated the opportunity to attend the forum, not only because they learnt more about Jemena but also because they were invited to provide feedback on its future plans. Two thirds (67%) gave the overall quality of the session the highest rating of 'very good', and everyone thought it was fair or better. All specific aspects of the forum received a solid average rating of 8 or more out of 10, where 10 meant 'excellent'. Facilitation was rated the highest (9.4), followed by the suitability of the location (9.1), and Jemena's openness and transparency (9.0). The presentations from Jemena were also rated highly (8.9).

Most participants left feeling they knew where they could get more information, ask questions or provide more feedback, and why Jemena had initiated the discussion, and that they and other participants were able to provide meaningful feedback on Jemena's draft plans.

Introduction

Background

The Jemena Electricity Network (referred to in this report simply as Jemena) provides electricity to more than 319,000 customers in the north-western area of greater Melbourne. Around nine in ten of these are residential premises, with roughly 35,000 being commercial and industrial customers. Jemena is one of five licensed electricity distribution networks in Victoria, with its catchment including major industrial areas, residential growth areas, established inner suburbs and Melbourne Airport.

Jemena is in the process of developing its Five Year Plan for submission to the Australian Energy Regulator (AER) as part of its Electricity Distribution Price Review (EDPR). This EDPR and Five Year Plan covers Jemena's electricity network operations in Victoria for the period from 1 January 2016 to 31 December 2020. The company is also in the process of developing a longer-term strategy for its electricity network.

Understanding the views and any concerns of its customers and other stakeholders is an essential part of this process, which will help Jemena to develop a suitable Five Year Plan and longer-term strategy that responds to the community's views. Jemena has committed to ensuring its Five Year Plan reflects the views of its stakeholders, while at the same time developing a deeper understanding its customer base.

As part of its EDPR, Jemena is engaging with its customers and stakeholders using a range of methods and activities which are suitable for different customer and stakeholder cohorts. This research report presents the findings from **qualitative** consumer research with 'mass market customers'—household and small or medium business customers (also often referred to as 'consumers', as distinct from large customers). The rationale for the approach taken is outlined further under Methodology.

Objectives

The primary objective of this qualitative research was to gather feedback to influence key elements of Jemena's Five Year Plan and key elements of its longer-term strategy.

Specific objectives were to:

- Explore current knowledge and perceptions of Jemena and its role in the electricity distribution industry;
- Identify the types of issues that customers are most interested in engaging on, and in turn how they would like to be engaged and communicated with;
- Understand customer reactions and preferences in relation to key elements of the Five Year Plan and longer-term strategy;
- Evaluate Jemena's efforts to engage with customers through the research process so that this information can be included in its EDPR submission to the AER; and
- Guide the development of questions in any potential quantitative research that Jemena may undertake in the future.

Methodology

Newgate Research conducted a qualitative research program amongst n=48 residential customers and small and medium businesses (SME) from across the north-western suburbs of Melbourne.

The research comprised two sessions that closely followed a discussion guide prepared by Newgate Research in consultation with Jemena. Each session featured the following elements:

- Completion of an initial questionnaire designed to provide indicative measures of awareness, knowledge and interest in electricity and Jemena (indicative in this context means the sample size was too small to provide statistically robust results as is done in quantitative studies).

- Unprompted questions and discussion of topics designed to determine what electricity consumers know about how their electricity is distributed and how they are charged for their consumption.

- Five presentations given by Jemena staff, each of which was followed by a round table discussion exploring reactions to its content. With the exception of the first presentation, all others were immediately followed by a set of individual response questions. The presentations were titled:
    - **About Jemena and why we want to hear from you**, presented by Ian Israelsohn
    - **Delivering electricity to our customers** (introduced Jemena's Five Year Plan, including Reliability & Responsiveness), presented by Johan Esterhuizen and Rob McMillan
    - **Using electricity differently to reduce costs** (covered pricing and demand management), presented by Rob McMillan
    - **The visual impact of our services on your local area** (covered visual amenity proposals), presented by Johan Esterhuizen
    - **Assisting vulnerable customers**, presented by Ian Israelsohn

The presentations used will be made available on the Jemena website.

- Questions throughout the sessions were designed to provide indicative measures of opinions about key topics covered. This included re-asking some questions that were asked at the start of the evening to gauge if and how opinions may have changed.

The two research sessions comprised a preparatory focus group discussion, followed by a deliberative forum, as outlined below.

- **A 3.5 hour focus group held in Coburg** (at JB Market Research) on Tuesday 9th September from 6pm - 9.30pm.
    - The primary purpose of this group was to test all of the materials being prepared for the subsequent deliberative forum. This ensured the materials would be clear and engaging for participants and would enable all important topics to be covered in the time allowed. These documents included the discussion guide, the five presentations to be given by Jemena staff and the sets of individual response questions to be asked during the forum. In the focus group, the individual responses to questions were fielded using paper questionnaires.
    - Some important refinements were made to the questions and presentations following this session to simplify or better explain the content and address key questions from participants.
    - The results of this group are included in the analysis unless significant changes to a question were made prior to the deliberative forum, and in that case we have only reported on the findings from the forum.

- There were n=7 residential customers participating, segmented as per the table below to ensure a good mix of customers. They were all the main or joint decision maker on which electricity company their household uses. Two SME customers were also recruited, but were unable to attend at the last minute.

Segment	Characteristics	No. of Participants
Lower income	Household income below $42,000	n=2
Lower-medium income	Household income between $42,000-$65,000	n=2
Upper-medium income	Household income between $66,000 and $100,000	n=2
Higher income	Household income above $100,000	n=1
TOTAL		n=7

- **A four hour deliberative forum held in Moonee Ponds** (Mooney Valley Racecourse) on 17th September 2014.
  - The session involved mix of individual response questions administered using handheld voting technology provided by IML (pictured), roundtable discussions, presentations from Jemena and a standing vote exercise.
  - Moonee Ponds was chosen as a middle-point for Jemena's electricity network customers in the north-west suburbs of Melbourne.
  - The forum comprised n=41 participants, including n=33 residential customers and n=8 SMEs.
  - At this forum, participants were seated at six tables, segmented largely by income to ensure that an excellent mix of customers participated (based on broadly indicative income brackets across Jemena's service area), with a dedicated SME table. There was one segment seated at each table.

Segment	Characteristics	No. of Participants
Lower income	Household income below $32,000	n=6
Lower-medium income	Household income between $32,000-$51,999	n=5
Medium income	Household income between $52,000 and $79,999	n=8
Medium-higher income	Household income between $80,000 and $129,999	n=6
Higher income	Household income above $130,000	n=8
SME business owners and managers	Business premises must be separate to home. Mix of different electricity retailers. Average quarterly bill with consumption of <160MWh per annum. Mix of different industries.	n=8
TOTAL		n=41

Recruitment was undertaken by specialist recruiter Australian Fieldwork Services using a recruitment script and screening questionnaire prepared by Newgate Research. Key elements of the approach follow:

- **Residential Consumers:** A mix of general community segmented by household income, with a mix of genders, ages and life stages at each table. All participants were the person in their household who usually or jointly pays the electricity bill and makes important decisions about how their household uses electricity. There was also a mix of customers of different electricity retailers, homeowners and renters including some who lived in an apartment, some were from a non-English speaking background, and some were single parents or receiving a government support payment.
    - Jemena also provided the contact details of four customers who are registered users of its online portal. Three of them participated in the forum, while one had moved to another area.

- **SMEs:** Owners and managers of small to medium businesses from across a range of local industries including an automobile window tinting factory, a car sales and fleet management company with solar panels at their two premises, a retail music business, a children's accessory business, a commercial printing operation, a real estate agent, an animation studio and a childcare centre. The number of employees ranged from three up to 35, with a mix of business tenures and types of premises, owners and tenants. All participants were the person in their business who usually or jointly pays the electricity bill and makes important decisions about how their business uses electricity.

In line with standard market research practices, all participants received an incentive for their time. Incentive amounts depended on how much time the research took, the location and whether it was for a residential or SME participant. Given SMEs are typically much harder to recruit and ensure their attendance on the day compared with residential participants, they were offered a higher incentive, as outlined below.

Incentives given for each session	Residential customers	SME customers
Focus group	$150	$200
Deliberative forum	$180	$220

Facilitation at both sessions was led by Newgate Research CEO Sue Vercoe, with deliberative forum table facilitation also conducted by Jasmine Hoye, Anne Higgins, David Stolper, Lauren Campbell and Bruce Dier. Note-taking was conducted by Jessica Stacey, Duncan McGauchie and Katherine Rich, along with Jemena employees Catherine Lee and Carle Rutledge. Production and operation of the IML Audience Response Technology was conducted by Katherine Rich.

A copy of the discussion guide can be found in the appendix to this report.

The semi-quantitative data from individual response questions asked in the focus group and deliberative forum were collated for analysis, and are shown throughout the report.

When comparing these results with any subsequent quantitative survey results, it will be important to keep in mind that while participants were recruited to broadly reflect the community, by the end of the forum they were likely to be more engaged with the topic and, as a result of Jemena's presentations and discussions at their tables, gained knowledge of the various aspects of the Five Year Plan. In other words, quantitative data obtained at the start of the sessions can be considered broadly indicative (but not statistically representative) of the customer base, while the data obtained during and at the end of the sessions is heavily influenced by information provided to participants during the sessions. In some of the

charts, arrows are used to show notable shifts in responses – these are not intended to denote statistically significant differences.

Please note that the qualitative research approach was suitable for the target audience in light of the complex nature of the topics that people were asked to consider, and the expectation that they would have low levels of baseline knowledge or understanding about the topics. As such, a reasonable amount of information needed to be provided to enable participants to suitably respond to the questions. The formal research recruitment process was also important in ensuring that the sample was broadly representative of the mix of people from across the customer base, as distinct from the types of customers who would have been likely to participate in an open forum without individual participant incentives.

RESEARCH FINDINGS

The research findings in this report are divided into the following eight sections:

A. **Baseline Knowledge and Perceptions of the Electricity Sector;**

B. **Knowledge and Perceptions of Jemena;**

C. **Jemena's Five Year Plan (including Reliability & Responsiveness);**

D. **Using Electricity Differently;**

E. **Visual Amenity;**

F. **Assisting Vulnerable Customers;**

G. **Communications and Engagement; and**

H. **Forum Evaluation.**

A. Baseline Knowledge and Perceptions of the Electricity Sector

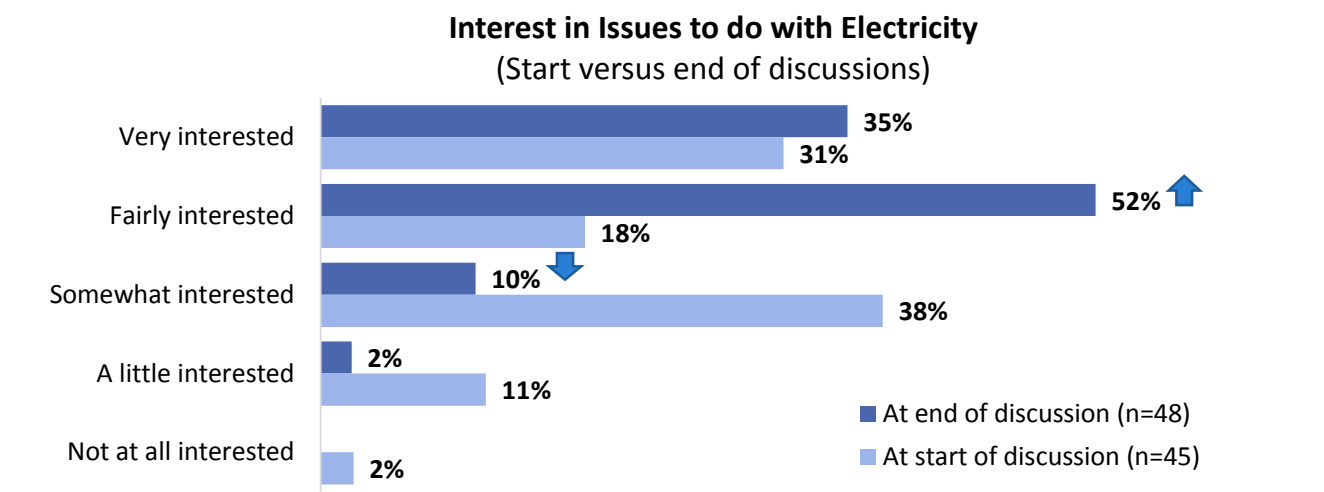
To contextualise our understanding of participants' views of Jemena, it was important to explore their levels of interest in, and knowledge about, the energy sector more broadly. This was done at the start of the sessions prior to any information or presentations of Jemena being provided to participants.

Following are the results of individual response questions and discussions in both the focus group and the research forum around general interest, key issues and concerns on energy issues; knowledge of industry structure, smart meters, billing and pricing; perceptions of energy supply and thoughts on future challenges.

General Electricity Sector Knowledge and Perceptions

Moderate levels of interest in energy issues initially, but the forum had an intensifying effect

As can be seen in the chart below, at the beginning of both the focus group and research forum, almost half of all participants (net 49%) rated themselves as either fairly or very interested in issues to do with electricity, with three in ten (31%) rating themselves as very interested and just one participant (2%) saying they were not at all interested. Given the high level of concern participants have about energy costs (discussed in the next section) it could be expected that most participants had at least some level of interest.



Base: All participants (sample sizes shown on chart)
Q5 and Q39. How interested would you say you are in issues to do with electricity?

At the end of the research sessions, participants were again asked this question and, as shown above, interest levels had increased. Most participants were at this stage fairly or very interested (net 88%), with many saying that the information and discussions had given them more knowledge, which made them more interested – especially knowing that the topics were relevant to them.

There was also a significant fall in the proportion of people who said they were only a little or not at all interested, dropping from net 13% to only 2%. It is noteworthy that strong interest (those who said they were very interested) remained relatively stable (31% at the start of the discussions, 35% at the end).

Knowledge of the electricity system was very limited

Participants' knowledge of the electricity system and the way it is structured was very limited overall. Very few people had a clear idea of how electricity reached their home. There was naturally strong awareness of

the retailers, some consciousness of the element of generation, and broad understanding that the electricity comes through poles and wires, but very little knowledge about how distribution works and little or no mention of transmission.

> *I know what I learned in Grade 4 at school: that they burn coal and that makes electricity. (Residential customer)*

At a few of the forum tables, there were references to the wholesaling of the electricity to the retailers and assumptions that this was Jemena's role. Only a few people had a detailed knowledge of the energy system through their work or other interests and understood how it was structured.

Key Energy Issues and Concerns

Costs dominate concerns about energy

Rising electricity costs was the dominant concern about energy and this was consistent across participants of all income levels. There was confusion and concern about the level of competition in the market and the impact this was having on prices. With a perceived proliferation of new retailers, many people could not understand why prices were still rising or the frequency of the increases.

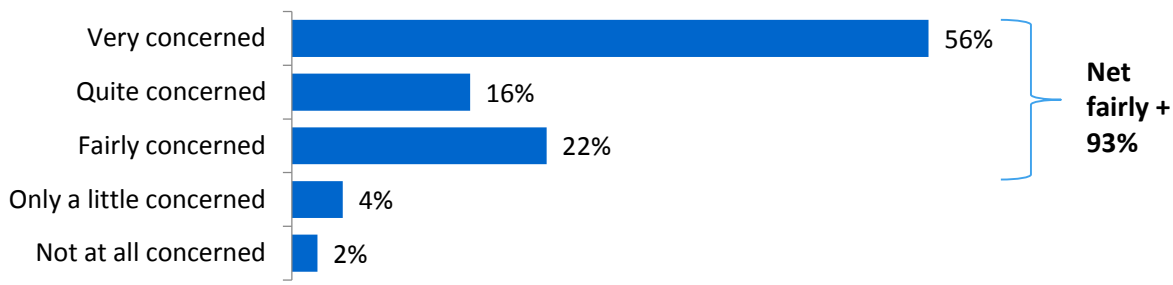
> *The cost keeps going up for the same electricity use. And all the companies that are out there, they're all off the same grid, so they're not really offering anything special. (Residential customer)*

> *The less electricity we use the higher the price is. They put the prices up to compensate so they can keep making their profits. (Residential customer)*

> *Prices have gone up too often and too quickly in four years. (Residential customer)*

> *The cost is not terrible yet; it is the [number] of cost increases. It goes up four times in twelve months. (Residential customer)*

This high level of concern about cost is reflected in the response to a direct question on the issue which was put to participants later in the discussion on billing and pricing. The chart below shows that the vast majority of participants (net 93%) were either fairly, quite or very concerned about current costs and that well over half (56%) were very concerned.



Base: All participants (n=45)
Q10. How concerned are you, if at all, about the current cost of electricity?

A couple of participants' concerns related to their ability to differentiate between retailer offerings:

> *The [retailer's] prices are so hard to discern, very complicated and they will give you an offer and within a month change it. (Residential customer)*

A couple also raised the difficulty they have understanding their bills and the pricing structure:

> *Trying to understand your bill and how tariffs are charged is complicated. (Residential customer)*

Renewable energy of moderate importance, with various perspectives on their impact

Issues around renewable energy were not as top of mind as costs, but were something of a concern among many participants. Those in the lowest income groups did not raise renewables at all as an issue for the sector, but in the low-to-middle income and SME groups, it was raised as a driver of higher costs.

> *Solar panels are forcing the price up. (Residential customer)*

> *The amount of renewable energy drives the prices up and they're expensive. (Residential customer)*

Across the focus group and forum, there were 11 participants with solar panels, which represents almost one in four participants (23%). This was incidental and not part of the participant recruitment process, and is somewhat higher than the incidence across Jemena's network, which we understand is at around 6% of customers. It may be a reflection of those with solar panels being more engaged and thus somewhat more likely than customers without solar panels in attending research sessions about electricity.

Those who were using solar energy in their home or business tended to be more engaged on the issue, but there was also interest from those who did not have solar, based on broader environmental concerns. A few participants in higher income groups raised concerns about limited investment in renewables and the need for industry, governments and the community to invest more. One spoke of the adverse impact that fears about wind turbines are having on the growth of that technology, and another mentioned the debate around the carbon tax in the media.

Some without solar feel they've missed the boat on rebates

As part of the discussion around renewables, a few of those without solar panels were eager to hear more from those who do have them, asking about the costs and the potential rebates. Some had heard about the time of use tariffs and reductions in the feed-in tariffs which apply with solar power and were somewhat put off this, believing they would outweigh any benefits in terms of rebates. Hence some people concluded that they had 'missed the boat' in terms of investing profitably in the technology.

> *It's too late for us to think about the investment in solar power now, we'd never get the value back. (Residential customer)*

Those who had solar spoke of the way the costs of installing solar panels had decreased, but also confirmed that the rebates had reduced significantly, reducing the overall benefit. However these people had usually chosen solar to reduce reliance on brown coal and still felt like they were making a contribution against climate change and for the good of the planet, or even to help with the resilience of the electricity system. One participant explained that they hadn't paid a power bill in the last two years since installing solar panels, despite their standard usage charges having increased as a direct result of their connection.

As soon as you go over to solar, there's a hike of 10c per kilowatt hour because of this so called time of use. It's a ridiculous thing, between 7am and 11pm. Who is awake after 11pm? Older people are getting ripped off. If you go to solar you have to go to time of use. Apparently it's Jemena that do this, it's not up to the retailers. (Residential customer)

Environmental factors concern people

Other concerns mentioned around solar by one or two people included the withdrawal of plans to build the Silex Mildura Solar Power Station Project in Carwarp near Mildura; and also some had encountered solar energy sales people who they considered to be rude and pushy.

Low Level Issues and Concerns

Low level issues and concerns (mentioned by only one or two people each) were:

- **Capacity** during summer when everyone needs air conditioning;
- **Customer service** by retailers, lack of customer orientation;
- **Doorknocking** tactics by retailers;
- Brown coal being sold off overseas, then **sold back as briquettes to Australia**; and
- The impact of the recent fires at **Morwell.**

Knowledge of Smart Meters

Most participants knew that they have a smart meter, but there were one or two people at each table who were unsure if they did. Quite a few also had no clear idea of its purpose.

I don't know what the smart meter is for. (Residential customer)

You first need to know what it can do, what you can get out of it. I've never even bothered to have a look at it because I don't know what it can do. (Residential customer)

I don't think there's any benefit for us. (Residential customer - low income)

Of those who could cite one or more advantages of smart meters, the main benefit was considered to be the ability to track energy usage more closely and detect problems. A few people also mentioned that they offer the ability to charge by time of day, but others were not clear on how this works. One or two people thought this might be linked to providing data on peak and off-peak usage.

They are for monitoring your power usage remotely. (Residential customer)

I don't know totally but I believe the ability to charge you at times; time of day and usage, and I think it can transmit information out instead of them having to come and read it. Variable timing and different pricing. (Residential customer)

If you're doing your washing in the middle of the night, the smart meter would know that, whereas the meter reader who came three months later would not know that. (Residential customer)

It is used to provide more flexible pricing and to change behaviour to reduce the load in peak times. (Residential customer)

Only a few people across all participants had sound knowledge of the meters and were actively managing their usage via the online portal. These people mostly spoke highly of the smart meter system and they also tended to be solar power users.

With the solar, I can press the button and see how many watts I'm generating and things like that. (Residential customer)

The smart meter is accessed by a centralised system to monitor power. I link to the website and the portal and I can look at my usage and I can see when the dishwasher went on. It is that detailed. (Residential customer)

From some of the comments, there was an expectation that smart meters would deliver cheaper prices, and these people voiced frustration that they had to pay for the meters and seemed to have only seen their bills rise as a result. One person also raised their frustration at being charged a callout fee when they reported a problem and nothing was wrong.

My bill went up hugely after they put the new meter in. (SME customer)

A small number of people mentioned that the meters save the electricity companies the cost of sending meter reading staff to their premises, with some participants expecting the savings to be passed on to them.

We should be getting a cheaper rate because they're not paying readers. They can be remote controlled and give more accurate readings. (Residential customer)

It's a live feed, so people don't have to come and check, and gives you more accurate data or what not. (Residential customer)

It should provide the benefit of us having lower prices because they don't have to send meter readers around. (Residential customer)

Low and low-to-middle income participants tended to have less understanding of how the smart meter might be linked to pricing, other than to venture that it might allow more pricing options. One person also mentioned that the design of the meters offered benefits in terms of running costs.

There's also less maintenance because there's no moving parts. They're supposed to run for fifty to a hundred years with no running costs. (Residential customer)

Across the discussions, a few people mentioned smart meters in association with health impacts either to themselves or people they know such as headaches, tinnitus, insomnia and leukaemia.

Understanding of Billing and Pricing

Vague understanding of fixed versus variable costs in billing

When asked about their understanding of the basis on which they are billed for energy usage, most participants were able to state that there are fixed and variable costs, although hardly any used those terms, and the level of detail given varied. They were more inclined to say there are "service and usage" charges.

Of those who could give any detail, some explained usage is charged at peak and off-peak rates, some described the fixed costs of supply (including infrastructure, wages and service), very few noted there is a green power cost, and a few cited discounts and rebates being applied – for example if one pays the bill on time. Others merely described a fixed infrastructure or supply cost plus usage.

> *I know my supply cost and my peak and my off-peak times but that's it. (Residential customer)*

> *You pay for a connection fee and then how much you use is on top of that. (Residential customer)*

> *There's a usage charge, off peak, high peak, and there's three options. (Residential customer)*

With the exception of those using solar power, very few were aware of Time of Use (TOU) tariffs or of the fact that it was now possible to switch to this billing mode in Victoria. Some assumed this is just about peak and off-peak rates, while most were unsure what TOU might be about.

Fixed costs thought to cover everything to supply the energy

Those who referred to fixed costs were not clear on the distinctions between the elements of generation, transmission and distribution / metering, rather they generically referred to 'getting energy to us' or 'supply costs'. As mentioned earlier, many participants had a concept of generation and distribution, but knowledge of transmission as distinct from distribution and how each of the elements fitted together was extremely low.

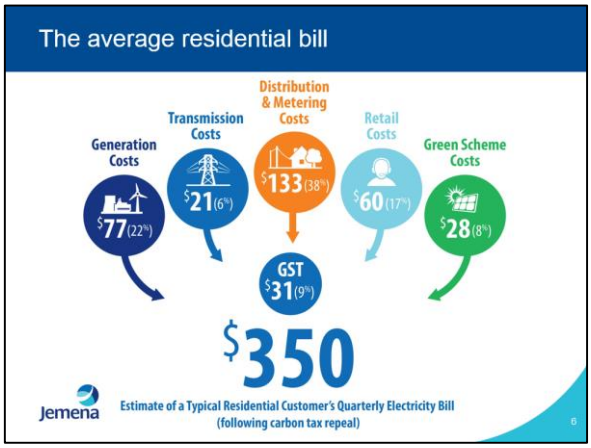
> *The bill is split into infrastructure, retailer and distributor costs. (Residential customer)*

Proportion of the bill for distribution a surprise

Due to lack of clarity as to the various elements in the supply process, few people were able to correctly quantify the proportion of the bill made up by distribution at the beginning of discussions. Guesses ranged between 20 and 80 percent with the majority believing the proportion would be at least over 50 percent. Again, it is important to note that many people were bundling together distribution with generation and other elements of fixed supply costs and generally referring to them as 'infrastructure'.

> *The cost of supplying all the infrastructure would be higher than the electricity itself wouldn't it? (Residential customer)*

After the first presentation by Jemena showing the elements which actually made up the bill (as pictured here), there was a range of responses.



Some people saw the 38% figure against distribution and were pleasantly surprised that this was lower than they expected, while business participants were more likely to think this proportion was about right.

> *Thirty eight per cent, that's a lot more than I thought – I thought it was twenty per cent. (Residential customer)*

Providing further evidence of their lack of knowledge and the newness of the information, some people still admitted to being unaware of the difference between transmission and distribution after the presentation, or demonstrated some confusion about the information presented (e.g. thinking that the distribution costs are higher in Victoria than in other states with state-owned distribution rather than vice versa).

> *Thirty eight per cent is too high, and it's higher than in NSW and Queensland which are state-owned. (Residential customer)*

A few of those who were aware that there are more than one or two elements to the supply process (before retailing) mentally calculated the total of generation, transmission and distribution and felt that their estimate (that this proportion was "a bit more than 50%") was fairly accurate even though it is significantly more than half. However others who had underestimated the distribution component naturally felt 38% was too high. One or two people were also curious as to how this proportion compares with other distributors in Victoria.

> *That's about what I thought. [Getting the electricity to you is] a bit more than half of the bill. (Residential customer)*

> *Your competitors in the rest of Victoria. How do they stack up against each other? I'm guessing Jemena is the most expensive because they're in the metropolitan area. (Residential customer)*

For some participants on high household incomes, understanding the proportion of the bill which represents distribution had an effect on their later assessment of potential pricing impacts of initiatives set out in the Five Year Plan i.e. where price impacts of initiatives were discussed, some commented that if this was 'on top of only 38% of the total bill', they would be happy to pay.

Other reactions to this information included questions about the green scheme costs: why they were at 8%, what they covered, who the funds were directed to, and who decides which projects are supported and how this is done. Sensitivity to this component was stronger among the lower income groups. One or two others were positive about the green component.

> *It's interesting that 8% of fees go to green energy. That's good. (Residential customer)*

One person questioned whether this portion was related to the carbon tax.

Perceptions of Value for Money

A substantial improvement in value for money ratings observed at the end of the forum

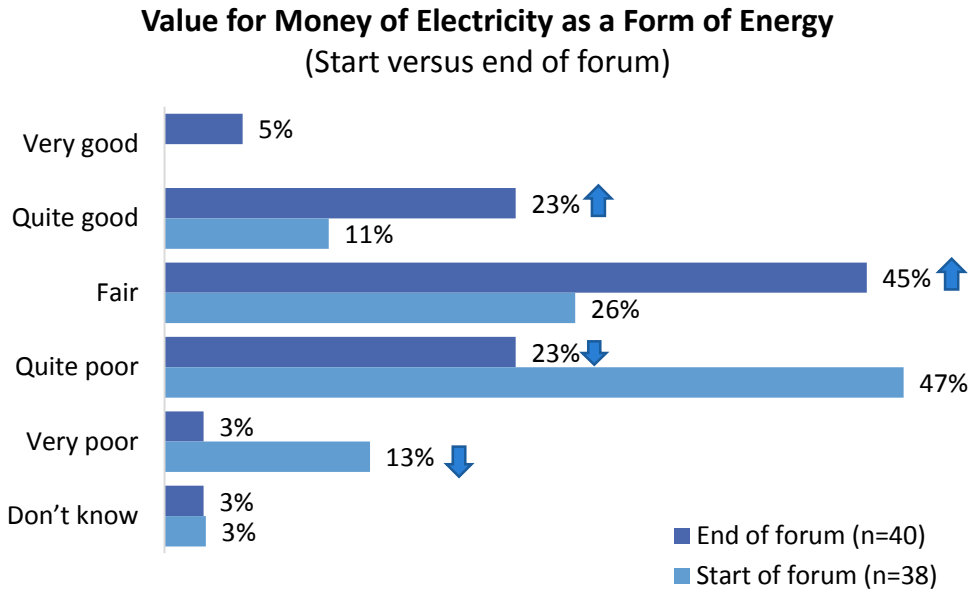
To gain some context for their responses in relation to billing and pricing, participants were also asked to rate their current electricity supply in terms of the value for money they believe it provides at both the start and end of the research forum (this question was not asked in the focus groups). The results of these questions are presented in the chart on the following page.

At the start of the forum, six in ten participants thought electricity was either quite or very poor value for money (net 61%), and around a quarter (26%) thought it was fair. Only one in ten (11%) thought electricity was quite good value and no participants rated it as very good value for money.

However, by the end of the forum, there was a large shift away from the poor end of the spectrum, with the net poor responses dropping to a quarter (25%), while the proportion who rated the value for money as fair

or better rose substantially from net 37% fair / quite good / very good to 73%. There was even a small proportion who, by the end of the forum, considered electricity represented 'very good' value (5%) where previously no-one had thought this.

Feedback from participants suggested this shift was due to them having gained more of an appreciation of what is involved in delivering electricity throughout the evening, as well as current service levels, and Jemena's thinking and proposed approach to its Five Year Plan.



Base: All forum participants (sample sizes shown on chart)
Q9 and Q42. How do you rate the value for money that electricity offers you as a form of energy?

Unprompted Electricity Supply Priorities

During the baseline phase of the discussions prior to any information or presentations from Jemena, participants were asked to articulate what is most important to them in terms of electricity supply, without any prompting. Their responses largely focused on cost and reliability, and are listed below in order of frequency of mention, using participants' own terminology:

- Cost / price / affordability / as cheap as possible;
- Reliability / continuous / uninterrupted supply;
- Safety (e.g. fallen power lines, Black Saturday);
- Customer service;
- Green component in how electricity is produced / want an increase in renewables;
- Reactions to blackouts and problems; and
- The look of the lines etc. – not too obtrusive in the environment or sagging.

I think price is very important, actually. (Residential customer)

It needs to be reasonably priced. That's the most important factor. (Residential customer)

That it's there when you need it. (Residential customer)

Life in the 21st century requires a better standard of reliability. We'd all be in a mess because of our reliance on technology if the power wasn't there. (Residential customer)

Reliability is the difference between a first world country and a third world country. (Residential customer)

Safety for those in the street and those working on it [the lines]. (Residential customer)

Being able to contact people and actually get to speak to someone, so: customer service. (Residential customer)

Provide a constant, uninterrupted supply. (SME customer)

Future Expectations of Energy Companies

Following the first presentation from Jemena, one of the roundtable discussion topics was what participants thought energy companies' future priorities should be, especially regarding technology. Their responses should be considered largely unprompted because the first presentation was a fairly basic introduction to Jemena and its role in the electricity supply chain, and it did not focus on the organisation's key challenges or future plans.

Participants expressed the following expectations of energy companies in the future (in broad descending order of importance and mentions):

- Continually update and roll out new technology as it becomes available, to replace ageing technology, improve reliability and reduce costs;
- Increase use of renewables e.g. solar, make them more cost effective;
- Protect the environment while making current infrastructure more efficient;
- Empower consumers with more information, especially about how they can reduce costs;
- Increase the amount of underground cabling for safety reasons and an improved look; and
- Consider more efficient ways to store and transport electricity (to reduce loss and wastage).

Pass on savings. Getting smarter technology is sometimes costing us more. I hope in the future costs to the end user do not keep rising. (Residential customer)

They should promote more solar energy…build more products and do more on the rebates. (Residential customer)

Empower people to know what they're using when and how their usage differs particularly in different seasons and different times of the day. (Residential customer)

B. Knowledge and Perceptions of Jemena

Initial Knowledge and Perceptions about Jemena

High recognition of Jemena's name, while knowledge of what it does was limited

At the beginning of the group and the forum, participants were asked if they had heard of Jemena before being invited to attend. Around nine in ten (91%) had heard of the company, and many of these were people who had observed its branded vehicles in local streets attending to problems. A few people also reported having had Jemena attend to outages, connections or connection problems on their own properties. The chart below shows the results of this question. However, it should be noted that participants *were* told that the research was being conducted on behalf of Jemena during the recruitment process, and some may have been unable to recall whether they had first heard about Jemena during the recruitment or before then, so this result may be inflated and should be used with caution.

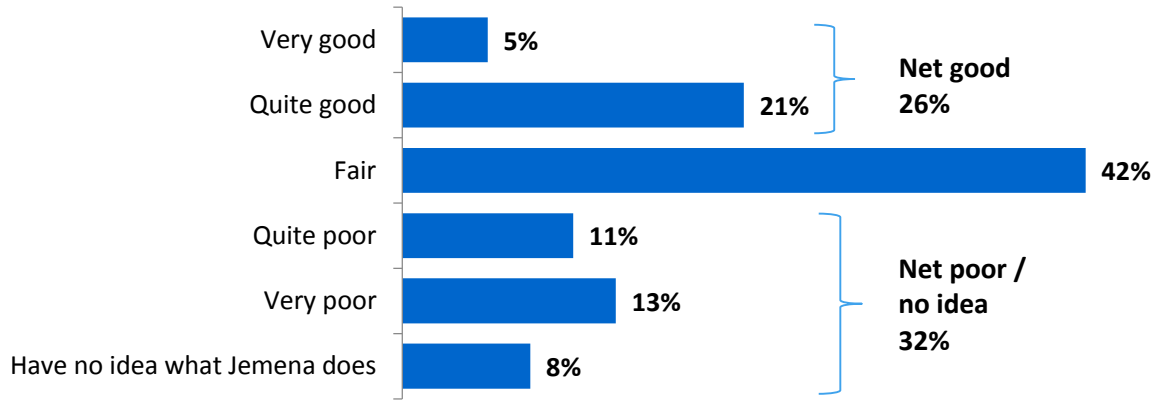
Heard of Jemena Prior to Attending the Sessions?

Base: All participants (n=45)
Q6. Before being invited to tonight's meeting, had you heard of Jemena?

Further, while there was a relatively high recognition of the Jemena name, the chart below shows that only around a quarter of participants (net 26%) claimed their knowledge of what Jemena does was either quite good or very good, while the majority (42%) claimed to have only fair knowledge. The remaining one in three (net 32%) claimed that their knowledge was either quite or very poor or that they had no idea what Jemena does.

I know nothing about Jemena. That's terrible, isn't it? (Residential customer)

Perceived Knowledge of What Jemena Does



Base: All forum participants (n=38)
Q7. How would you rate your level of knowledge about what Jemena does?

These results are supported by findings from the roundtable discussions which revealed disparate knowledge levels and a number of responses that were based on incomplete information or misconceptions. Only a handful of participants were relatively accurate in their understanding of Jemena's role prior to the presentation. Just a few participants were able to articulate that retailers purchase energy from the generators which is then delivered to customers by the transmission and distribution companies. A small minority had a grasp on the idea that Jemena looked after the 'poles and wires', and/or were aware of Jemena's role in organising service connections and disconnections.

> *Victoria is split into five distributor sectors. Generators sell power to a biller and you pay the biller. Jemena maintains and supplies the power lines and poles in our area. (Residential customer)*
>
> *The power lines, street poles. Connections and disconnections. (Residential customer)*
>
> *They maintain infrastructure on a street level. (Residential customer)*

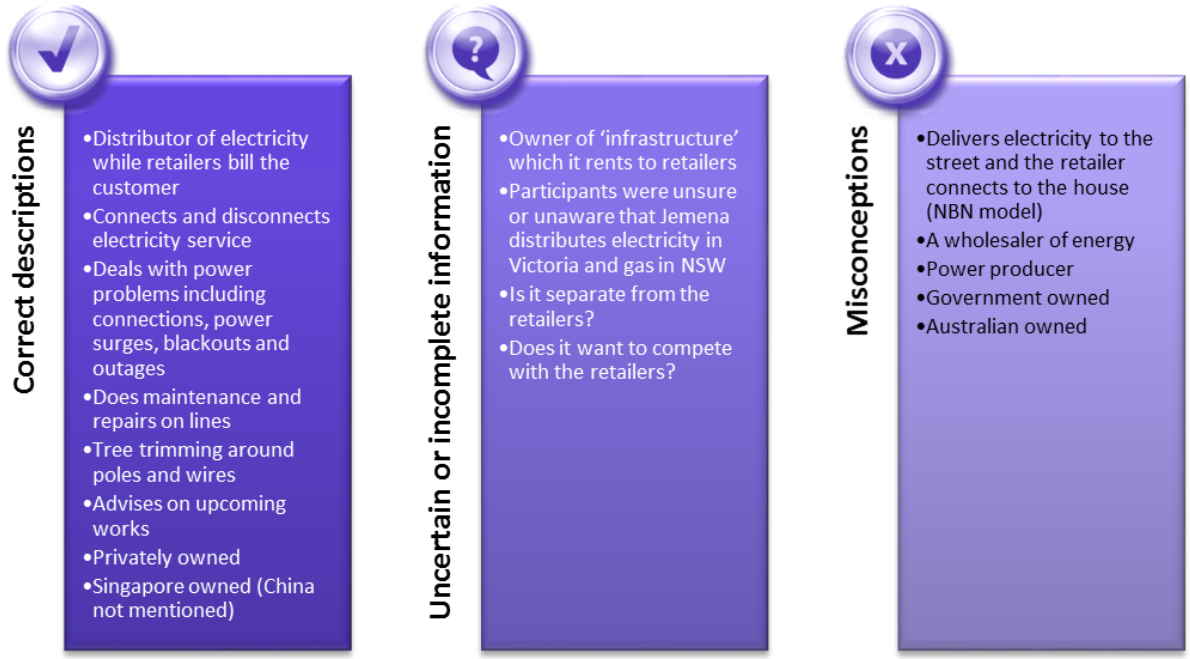
The greater knowledge gaps came from a limited understanding of how Jemena fits into the supply chain and the exact elements for which it is responsible. This led to misunderstandings among a few that Jemena had a role as a producer or as a "wholesaler"; that it purchased the energy from generators and that retailers take care of the connections rather than Jemena.

> *Jemena looks after the electricity infrastructure. (Residential customer)*
>
> *They're a wholesaler of power. (Residential customer)*
>
> *Jemena is not a supplier. They purchase energy off the generators. (Residential customer)*

Understanding of Jemena's ownership was split fairly evenly, with around half believing or assuming it was Australian or government-owned and the other half aware of or assuming private foreign ownership.

> *I always thought they were all Australian. (Residential customer)*

The graphic below summarises what participants in the discussions correctly knew, what they were uncertain about, and some of their misconceptions. These are shown in broad descending order of mentions.



Feelings towards Jemena

Majority were neutral at the start of discussions

In order to understand whether and why the research may have affected sentiment towards the company, participants were asked to rate their feelings toward Jemena at both the beginning and the end of the research forum.

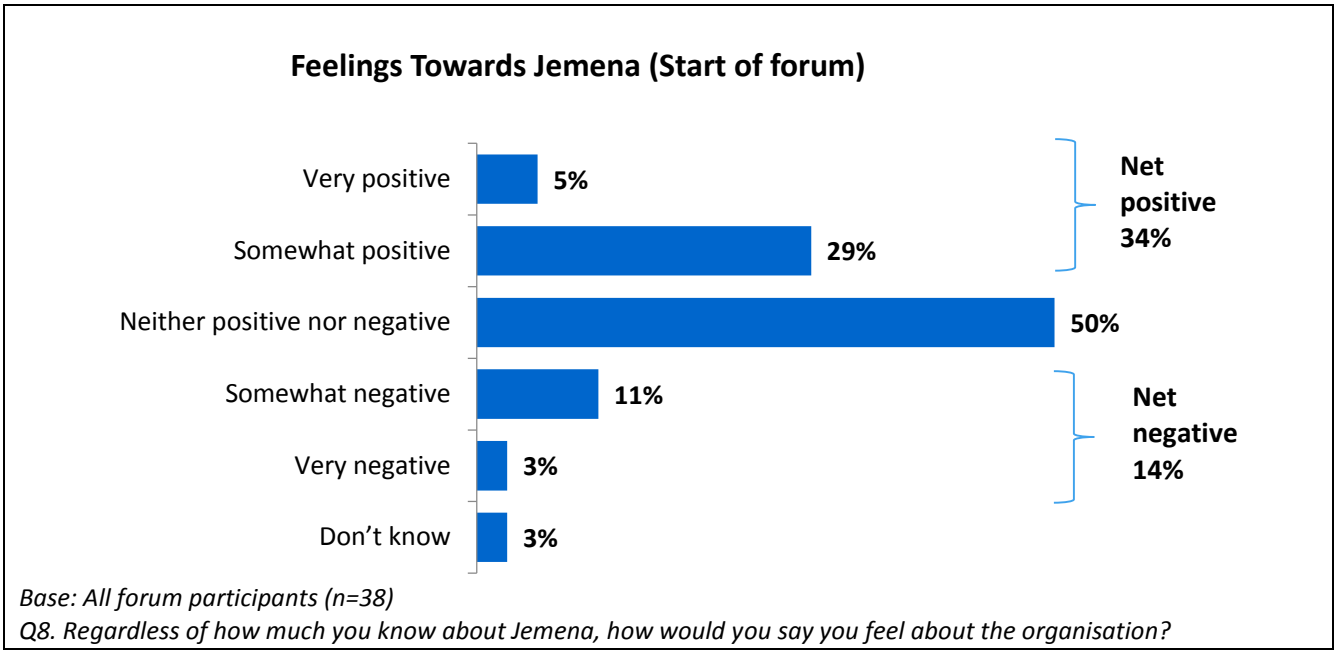
As shown in the chart on the following page, exactly half of respondents (50%) stated they were neither positive nor negative about Jemena at the start of the sessions. For many, this was because they had no direct dealings with Jemena and therefore did not feel able to express an opinion.

Among those with a view, positive sentiment outweighed negative, with around a third (net 34%) either somewhat or very positive, and only 14% either somewhat or very negative. The table discussions revealed that positive sentiment was based either on having had positive interactions with Jemena, the fact that they had experienced no problems with supply, and/or that they had not heard anything bad from others.

> *I received a letter from Jemena and that was the first I had heard of them. It was saying they were doing some work in the area and there might be disruptions. I thought it was good. I was happy to know what they were doing. (Residential customer)*
>
> *They're easy to deal with and quick. (Residential customer)*
>
> *I think they're great. Very efficient. (Residential customer)*
>
> *They connected my solar, came when they were supposed to, and I didn't have a problem. (Residential customer)*
>
> *I haven't heard any bad stories. (Residential customer)*
>
> *I've had no need to call them. (Residential customer - who felt positive)*

The negative perceptions were generally related to supply issues or blackouts that had not been resolved to the participants' satisfaction (e.g. a surge that destroyed appliances and inadequate compensation), or incidences of perceived poor service.

> *They weren't nice to me when I had problems and I had to go to the ombudsman. (Residential customer)*
>
> *We've had five appointments for them to show up with the smart meter and we got a dirty letter saying we weren't there. But we were there. (Residential customer)*



Base: All forum participants (n=38)
Q8. Regardless of how much you know about Jemena, how would you say you feel about the organisation?

Sentiment shifts during discussions were mostly positive, although some divisions appeared

During the forum, the table facilitators monitored sentiment after each Jemena presentation to understand their impact. While all presentations raised questions, broadly there were three which appeared to enhance positive sentiment:

- The 'About Jemena' provided information which participants felt helped them understand Jemena better. It is worth noting that there was some discussion about Jemena's ownership following the presentation, where this was broadly accepted and not seen as unusual, although some participants were surprised. A few were concerned that the profits go offshore and that Australia can't afford to own the company, while a few defended Jemena by saying that it employs lots of Australians.
- The 'Delivering electricity to our customers' (Five Year Plan overview) presentation was appreciated as it appeared to demonstrate forward thinking and detailed consideration of the costs and benefits of its plans.
- The 'Vulnerable Customers' presentation was also positively viewed as evidence of Jemena giving back to the community.

It's owned by China and Singapore, like most things. (SME customer)

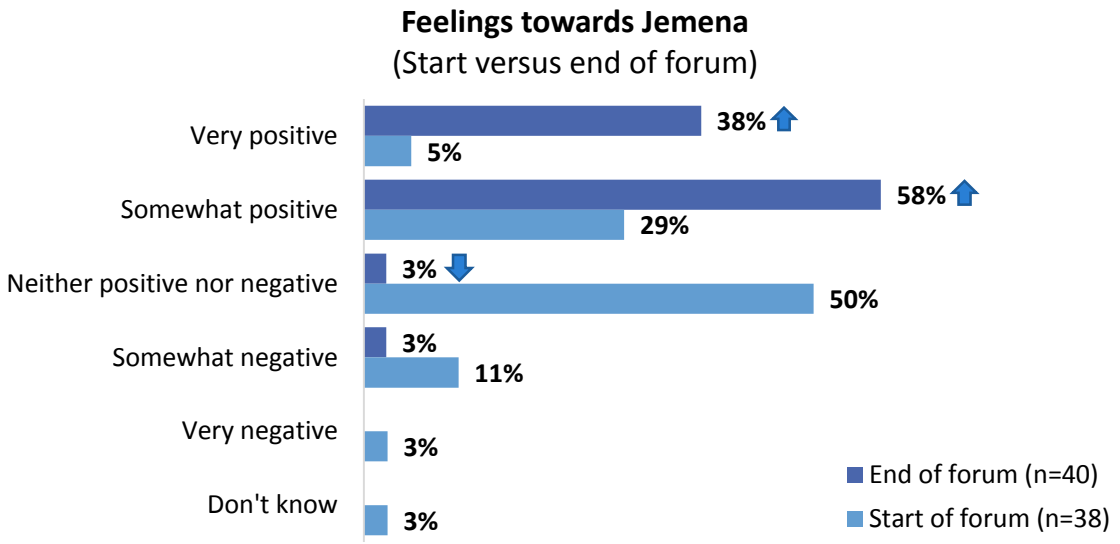
Somewhat surprisingly, the Visual Amenity presentation caused a handful of people to rethink their view of Jemena on the basis that they felt Jemena should be undertaking some of those activities as part of its role as a responsible corporate citizen and therefore not passing the cost on to customers.

The presentation which was most divisive was the 'Using Electricity Differently' presentation addressing the question of capacity charging. Broadly speaking, the divisions were along income lines, with those on lower incomes somewhat confused by the concept and frightened by the idea of being charged for the month based on one half hour's maximum demand during peak times. Some of those on mid to higher incomes tended to acknowledge this fear, but balanced this with the greater good of lowering peak load and reducing costs for all.

More specific reactions, questions and concerns around these presentations are detailed later in this report.

Overall sentiment shifted, with nearly all participants feeling positive towards Jemena at the conclusion

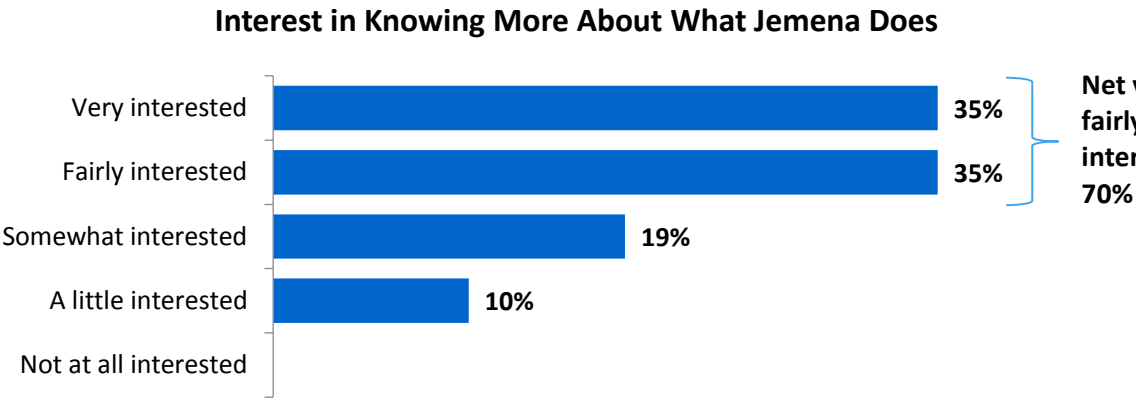
To validate the changes being detected throughout the discussions, participants were asked to rate their feelings again at the end. As can be seen below, the proportion of people who were neutral dropped dramatically from 50% to only 3% while positive sentiment rose markedly. Net positive sentiment rose from 34% somewhat / very positive to an almost universal 96%.



Base: All forum participants (sample sizes shown on chart)
Q8 and Q43. How would you say you feel about Jemena as an organisation?

Solid interest in knowing more about Jemena by the end of the forum

At the end of the forum discussions, participants were also asked about their interest in knowing more about Jemena and, as the following chart shows, interest was very strong. Seven in ten (70%) participants indicated they were either very or fairly interested, and most (90%) were at least somewhat interested. This suggests there would be value in communicating with customers about issues of relevance to them, especially considering the role this tends to play in enhancing sentiment towards the organisation.



Base: All participants (n=48)
Q45. How interested are you in knowing more about what Jemena does?

C. Jemena's Five Year Plan and Preferences for Reliability and Responsiveness

Having examined broad interest in energy issues and specific knowledge and perceptions of Jemena, participants were presented with Jemena's current thinking and proposals for its next Five Year Plan.

This section provides context for the analysis via understanding participants' priorities for energy supply, then discusses the overall response of participants to the Plan, followed by detailed responses to Jemena's current thinking in relation to reliability of supply (frequency of blackouts) and responsiveness (time to restore power after a blackout).

Prompted Priorities for Energy Supply

As discussed in section A of this report, the research sought to understand how customer priorities for energy supply might shift when they are given more information and detail.

After the unprompted exploration of what was most important to participants and before the Five Year Plan presentation, they were asked to indicate the relative importance of key aspects of electricity supply. This was done via individual worksheets with a list of six aspects and the option for nominating other aspects. Participants were asked to allocate 100 points across these elements, where they could assign as many or as few points as they wished next to each item to reflect its relative importance to them. At the end of the forum they were asked to repeat this exercise to indicate whether any of the elements had become more or less important to them, or whether they held the same views.

The table below shows the average points out of a possible total of 100 that were allocated to each of those six elements before and after the presentations, ranked from highest to lowest priority. The results show that price was by far the most important priority, but that safety became more important once people had gained a greater understanding of Jemena's approach to safety and the potential implications of an unsafe system. The perceived importance other elements remained relatively constant.

PRIORITIES	Before	After
Price	29.4	27.0
Safety	21.5	24.1
Reliability	16.1	15.0
Responsiveness	12.7	12.8
Helping vulnerable customers	10.8	11.1
Aesthetics	7.6	7.5
Something else	1.9	2.4

The priorities listed by the participants who selected 'Something else' included supporting a Renewable Energy Target, sustainability, efficiency of supply, providing immediate usage information in the home, making use of innovation to replace old equipment, and education of customers on energy usage.

Response to the Five Year Plan Presentation

Positive reaction to the overall approach Jemena is taking

The response of participants to the presentation of the Five Year Plan was broadly positive. Many participants felt the presentation showed that Jemena had thought carefully about its options for the future,

weighing up the costs and benefits. They felt grateful that the cost to consumers of some of the options seemed to have been considered and some gained the impression that Jemena had sought to minimise this impact. There was also sense of gratitude that Jemena had decided to consult with the community, and this reflected positively on ratings of Jemena later in the sessions.

> *It's a good process to get feedback on a Five Year Plan. (SME customer)*

> *I never thought you'd come down to the grass roots. I thought you just sat there in your glass towers…it's good that you give us, the common man, your customers and not just big customers, the chance to say what we feel. (Residential customer)*

Despite this overall positive view, there was a little cynicism among a small number of participants that the consultation may have merely been compulsory, and some wondered if their views would really be listened to and actually impact on Jemena's future plans.

> *It shouldn't be a 'tick the box' exercise. (Residential customer)*

> *It's a good idea [to consult] because you get the feel of what the public feels. However is it really going to make any difference? (Residential customer)*

A handful of participants also questioned the data presented to the forum, including how the modelling was derived and how the pricing had been arrived at. SMEs also asked if the numbers presented had been audited. This indicated there was a degree of interest among some participants to see more of the detail.

> *I'm not sure I believe the relative cost numbers, that it would be that much more for [reliability] to be better. (SME customer)*

> *I don't like just being given stats like that and having to choose an option. I want to know more about whether these things they are saying are true. (Residential customer)*

SME participants, as well as one or two residential participants, asked some questions as to why Jemena would be aiming to maintain standards, rather than constantly looking to improve, and why improvement is not already costed into bills as a 'business as usual' investment.

> *They should always look to be better, not maintain the same. (SME)*

A couple of participants also found the presentation of the Plan to be difficult to understand, and felt that it required additional explanation.

A couple of the most engaged participants also wanted to know more about how Jemena was factoring solar and other renewable energy into its planning, especially considering the contribution that local generation can have towards reducing the overall load on the system and energy losses in the transmission and distribution process.

> *The service is good, but the money, that's a different story, and that's part of the trade-off with the feed-in tariff. We only get about 15% of the energy that's generated actually reach our doorstep, but when I'm supplying into the grid, that's reducing that loss because now you've got more local generators, so where's the feedback on that? (Residential customer)*

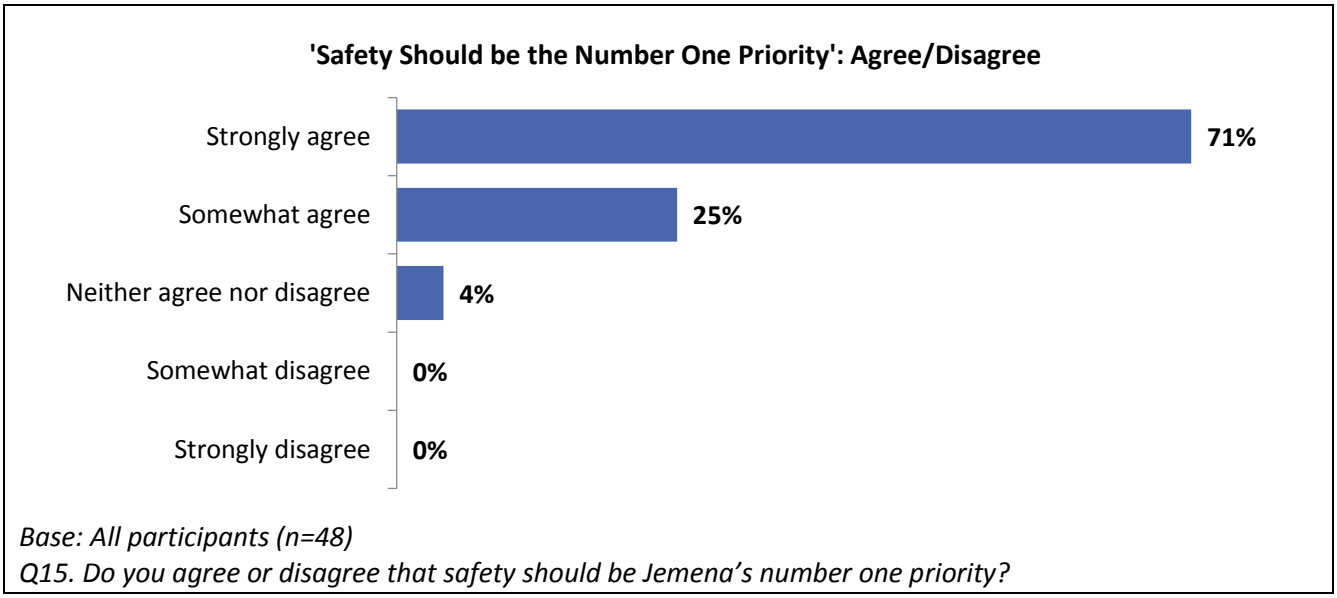
Safety universally seen as important, and proposed trade-offs in service and price are broadly acceptable

When asked about safety and its importance after the presentation, almost all participants felt it was an extremely important priority for electricity providers. This is supported by its high ranking in the priority allocations discussed in the previous section, as well as in the chart below which shows almost universal agreement that safety should be the number one priority (net 96% agree strongly / somewhat).

Participants thought this was important not just for the community but for Jemena's own staff. One or two also questioned where you would 'draw the line' on safety i.e. where do you stop, or make cuts on safety?

> *Safety is a non-negotiable, and the most important priority. (Residential customer)*

> *You can't put a budget on safety, can you? You can't say 'Well this is our safety limit. Once we've reached it, you've got to work on live power lines'. (Residential customer)*



Base: All participants (n=48)
Q15. Do you agree or disagree that safety should be Jemena's number one priority?

While the presentation showed safety as a major priority, it was depicted as something which must be balanced by Jemena along with service and price, and in further discussions, most people were pragmatic about the idea that cost does factor into safety decisions.

> *We can't just say 'spend as much as you like [on safety] to make it absolutely bulletproof'. Then we'd all be paying a million a year. (Residential customer)*

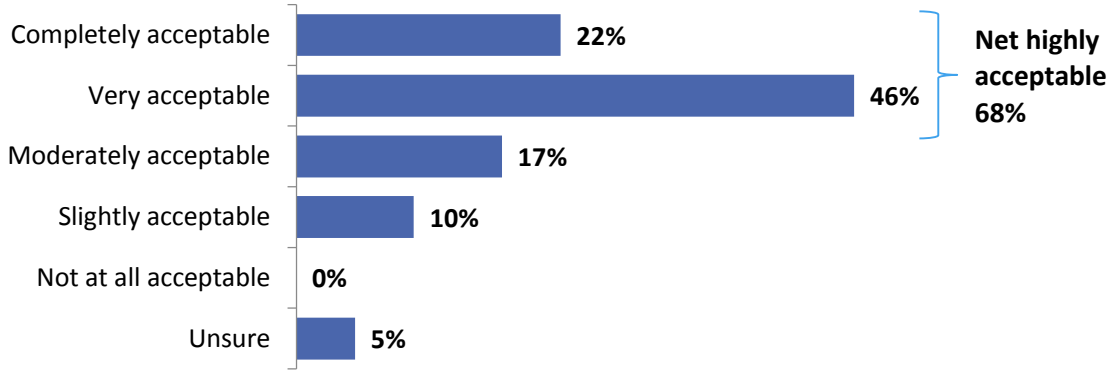
> *If it were a total safety thing, it'd all have to be underground. So cost does come into it. (Residential customer)*

> *Safety is a priority, but there's a limit. (Residential customer)*

So when asked about the acceptability of Jemena's thinking on the balance between service, safety and the prices customers pay in

its Five Year Plan, the broad response was that this was acceptable: a net of 85% thought it was at least moderately acceptable, with a substantial 68% seeing it as very or completely acceptable, as shown in the chart below.

Acceptability of Proposed Balance Between Service, Safety Levels and Price



Base: All forum participants (n=41)
Q16. How acceptable to you is Jemena's thinking on the balance between service and safety levels, and the prices customers pay?

However it should be noted that a handful felt there should be a proviso that reliability must also be maintained, and a further one or two felt that a trade-off was not needed, since the companies should be reinvesting back into safety by concentrating on delivering operational efficiencies.

> *That's normal. It shows an efficient business. (Residential customer)*
>
> *I think the trade-offs are fine. What more could you have? (Residential customer)*
>
> *I would challenge the trade-off. They say 'unless you give me more money, we won't improve the service'. No, I want better service because they should focus on efficiencies. (Residential customer)*

There was also some low-level scepticism that Jemena was not thinking of trading off safety, but instead was 'buttering people up' for a price increase.

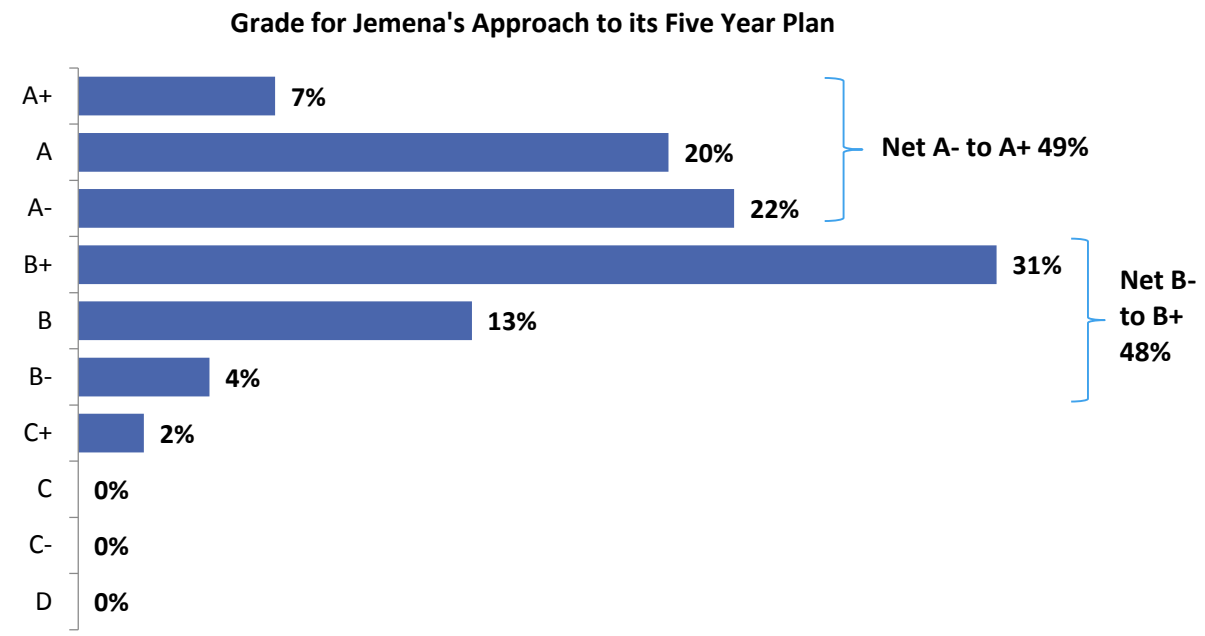
> *I don't think they're thinking of making trade-offs between safety and cost. They're not likely to lower their standards. They're just trying to soften the blow when the service charges go up. But we're saying we want improved service at the same price. (SME)*

Overall Assessment of Jemena's Approach to its Five Year Plan

Participants broadly approved of the Five Year Plan

As a final assessment of their view of the Five Year Plan, participants were asked at the very end of the research sessions (after all presentations were completed) to give it a 'grading' from an A+ to a D.

As can be seen in the chart on the next page, around half (49%) graded the plan in the As; and 48% graded it in the Bs, with the most common grading being a B+. This should be considered a strong performance given the general level of involvement that people have on electricity issues, their baseline concerns, and the nature of some of the new concepts outlined to participants.



Base: All participants (n=45)
Q44. If you had to give Jemena a grade for its approach to its Five Year Plan, what grade would you give?

Reliability

Perceptions of Current Reliability

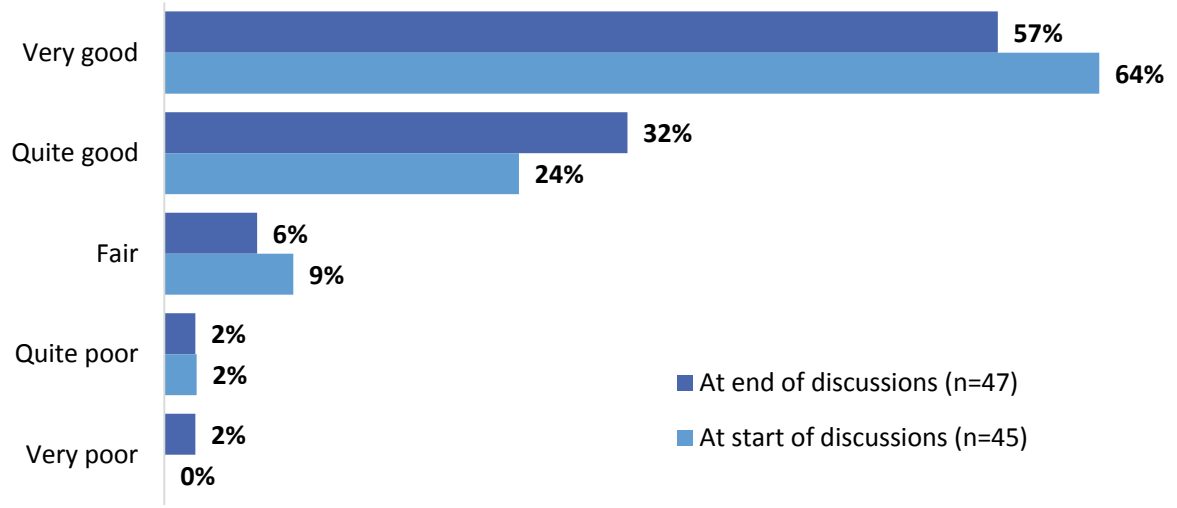
Jemena's supply is generally considered reliable, with most blackouts seen to be outside of its control

At the very beginning of discussions, before Jemena's Five Year Plan or details of the current level of reliability were presented, participants were asked to rate the level of reliability they received in their electricity supply.

As shown in the chart on the next page, a net of 88% rated the reliability as very good (64%) or quite good (24%). Only around one in ten (9%) rated reliability as fair and just 2% thought it was quite poor – these were people who had reported experiencing a few blackouts, especially during the most recent summer.

Interestingly, at the very end of the discussions, participants were asked to again rate their perceptions of the reliability of their electricity supply and the results showed a small shift in the intensity of response. While the net quite / very good result remained stable at 89%, there was a drop in the proportion who gave a 'very good' rating, from 64% to 57%. This may have been due to some participants' preference for Jemena to improve rather than maintain reliability, and the costs associated with this, which was discussed at the tables after the reliability presentation and is considered later in this section of the report.

Current Level of Reliability of Electricity Supply
(Start versus end of sessions)



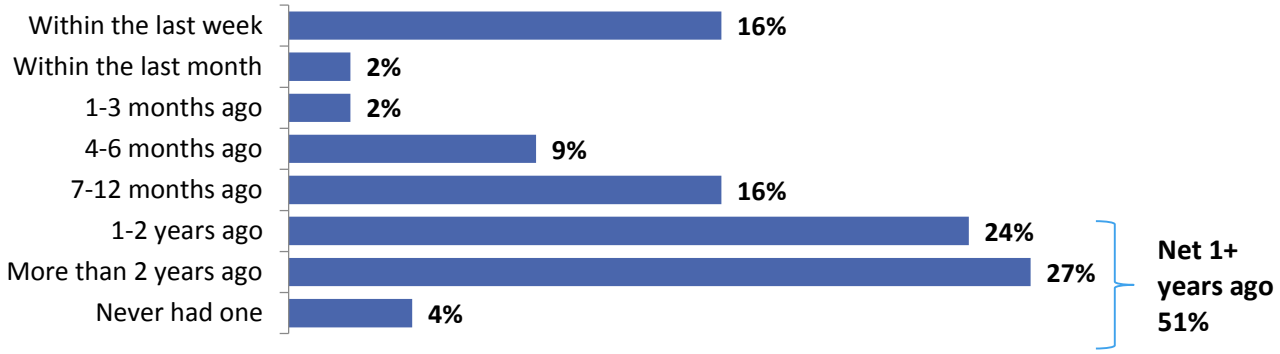
Base: All participants (sample sizes shown on chart)
Q11.and Q40. How would you rate the current level of reliability of your electricity supply?

When questioned further on their initial ratings at the start of the forum, the majority either reported few recent blackouts, or struggled to remember the last one they had experienced. For many, this was because they were not home when the blackout occurred and were only alerted to it when they had to reset clocks and appliances.

> *Most people said it happened while they were out anyway, so it didn't impact them so much. (Residential customer)*

This is borne out in the chart on the following page which shows that, when asked to nominate when their most recent blackout occurred, half (51%) said it was at least a year ago (24% said 1 to 2 years ago, and 27% said it was more than 2 years ago). However a small number had experienced a blackout in the previous week (16%), which was due to a major storm in Melbourne.

Most Recent Power Blackout



Base: All participants (n=45)
Q12. Roughly when was your last power blackout?

When it was explained that the current performance is an average of around one blackout per customer per year, this aligned well with people's experiences overall, and they were largely accepting of this level of service.

There was also a broad view that, when blackouts did happen, it was usually because of circumstances out of Jemena's control e.g. a storm or a car hitting a power pole, which suggested Jemena's performance was seen judged more on its responsiveness than its reliability. However, this was because people largely had no real issues with reliability and it is important to note that participants acknowledged that maintenance of the infrastructure is an important part of reliability.

> *Blackouts are not frequent in my area, unless there is an accident or a storm or something like that. It's not something that's the fault of the electricity company. (Residential customer)*
>
> *We just don't have them often. (Residential customer)*
>
> *It has to be a significant weather event, or a possum. (Residential customer)*
>
> *Black Saturday, or cranking the air conditioner and it overdoses the board. (Residential customer)*

Interestingly, some participants mentioned that knowing why a blackout had occurred generally gave an indication of whether the incident was controllable and who was responsible, which in turn seemed to increase acceptance of the blackout event, or at least convey a sense of openness and transparency.

> *What's going on? Has there been an accident, has there been work on the lines? And if so, why haven't we been told? (Residential customer)*

A few people suggested that blackouts could occasionally be caused by overuse of air conditioning, and that Jemena potentially had some control over this because it was responsible for ensuring there is enough capacity in the system to cope with such loads.

A couple of the SMEs also mentioned issues with power 'spikes' where the electricity goes out only momentarily, but trips their backup system and drains batteries which require replacement more frequently, or requires resetting of appliances. This was of concern because it added to their business costs.

Overall, the discussions confirmed that service levels were generally considered reliable, although some on higher incomes and some SMEs would be happy to pay a little extra for more reliability.

> *I'm happy with my service, but if it's 70c a quarter for increased reliability, then no problem. (Residential customer)*

While some participants thought that in principle Jemena should strive for continuous improvement, the cost of improving reliability over the longer-term was considered prohibitive – as such, there was a strong preference for Jemena to maintain similar levels of reliability as part of its longer-term (rather than five-year) outcomes

Considering that reliability of supply was regarded as a key priority, several participants thought it should be business as usual for Jemena to continuously seek to improve reliability. In some but not all cases, this was an in-principle expectation rather than a result of any specific concerns about reliability of supply at their premises. Some people specifically raised concerns on behalf of crucial facilities such as hospitals and aged care facilities, as well as businesses, believing reliability would be critical for them.

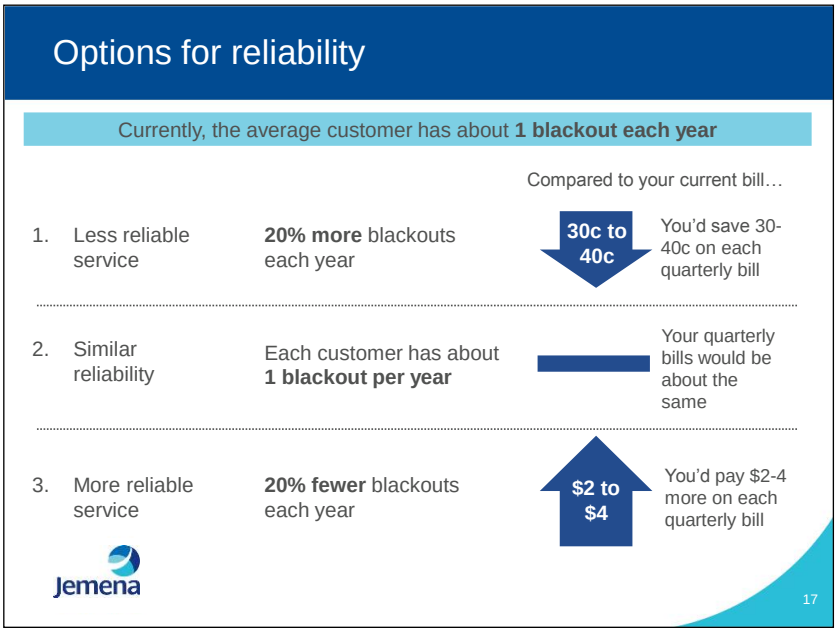
For some people, reliability is everything, if you're a business. (Residential customer)

I run a business. I rely on it. (Residential customer)

Some from higher income households even ventured that they would be happy to pay a little extra for more reliability. This opened up debate on who should pay for increased reliability, with some believing that given reliability is more critical for businesses, perhaps they should pay the greater share for improvements.

I'm happy with my service, but if it's seventy cents a quarter for increased reliability, then no problem. (Residential customer)

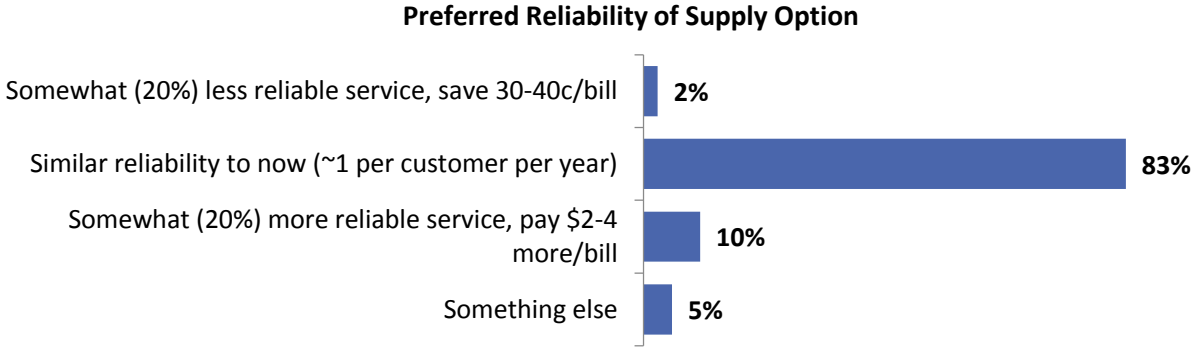
If you're a business, you've got to have your power. But if you're sitting at home during the day and you've lost your power for an hour, it doesn't matter so much. But I think it should be shifted more toward business. If it's going to cost more to increase reliability, maybe businesses should cover that. (Residential customer)



However, seeing the presentation with details on the costs of such improvements versus the projected benefits came as a considerable shock to many participants. There was surprise at the relatively small gains that could be achieved for such costs, and this forced a reconsideration of current reliability levels and their acceptability for some participants.

The cost of raising the level of reliability is not really worth it. It's not in proportion. (Residential customer)

Hence when asked to vote for their preference in terms of the options for either downgrading, maintaining or improving reliability over the longer-term, the graph below shows that the overwhelming majority (83%) preferred to maintain current levels of reliability.



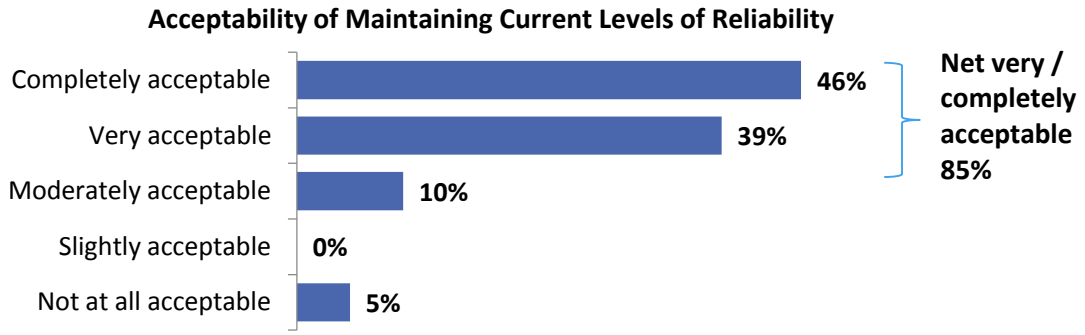
Base: All forum participants (n=41)
Q17. Which of these three reliability of supply options would you most prefer?

Very few were interested in Jemena working towards providing a service which was 20% less reliable within its longer-term strategy, especially when the resulting saving on their quarterly bills would be only 30-40 cents. Most people did not consider this a worthwhile sacrifice. For some this was just about keeping the bills the same and ensuring no more changes. For others, their philosophy was 'If it ain't broke, don't fix it' as few could see any cost benefit based on the numbers presented. Only one in ten (10%) preferred the 20% increased reliability option, even at a cost of $2-4 more per bill.

Most business participants also voted for similar reliability levels to now, indicating they were comfortable with an average of one blackout a year, although they said this would be acceptable as long as it was fixed within the average response time of an hour. One audio business was even prepared to pay for improved reliability because of the sophisticated power purifying equipment they have to improve the quality of their product. This suggests that the reliability needs for businesses are likely to be more nuanced than for residential participants.

> *I want excellence. (SME customer)*
>
> *I'm getting excellence now. I've only ever had one problem in seven years and I don't call that anything out of the ordinary. (SME customer)*

So, when asked to rate the acceptability of Jemena's proposed approach of maintaining its current levels of reliability in the Five Year Plan, a strong majority (85%) considered this idea either completely or very acceptable as shown in the following chart, and a further 10% saw this as moderately acceptable – equating to a net of 95% of participating rating this at least moderately acceptable.



Base: All forum participants (n=41)
Q18. Jemena is thinking of maintaining current levels of reliability (number of blackouts) in its draft 5 year plan. How acceptable would it be to you if Jemena proposed to maintain current levels of reliability in its draft 5 Year Plan?

Of the 5% who thought this was not at all acceptable, one participant thought reliability should be lifted without an impact on consumer prices. He had noted from the presentation that Jemena's operating costs were decreasing and felt the savings from this should be reinvested into reliability rather than charging the costs on to customers.

Responsiveness

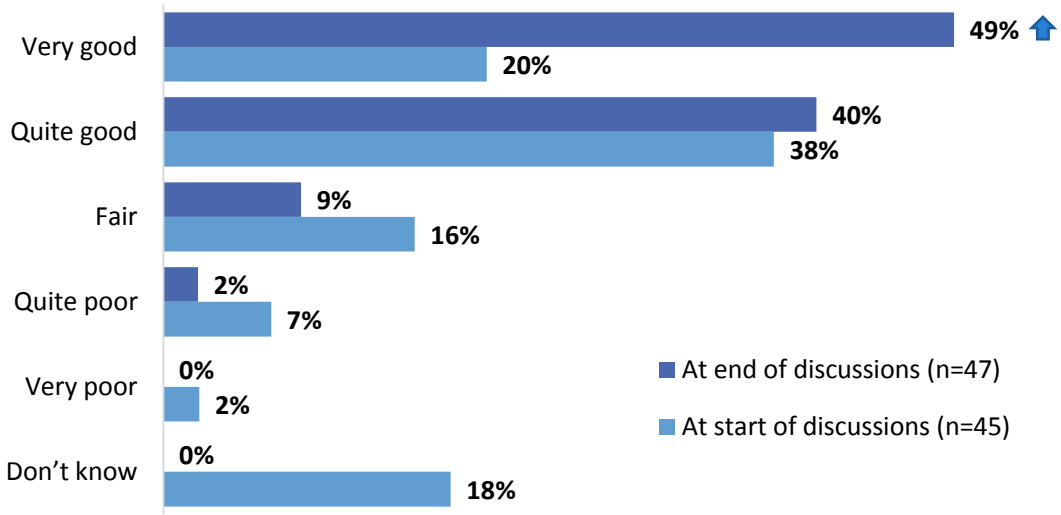
Initial Perceptions of Responsiveness

As for reliability, participants were asked to rate the current level of responsiveness to blackouts at the very beginning of the research sessions before any discussions had occurred.

A fair majority of around six in ten (58%) thought the responsiveness in restoring power after blackouts was either 'quite' or 'very good', while 16% thought it was fair and around one in ten (9%) thought it was 'quite' or 'very poor'.

A significant 18% could not answer, possibly due to a number of people reporting that outages had occurred while they were not at home.

Current Level of Responsiveness in Restoring Electricity Supply
(Start versus end of sessions)



Base: All participants (sample sizes shown on chart)
Q13 and Q41. How would you rate Jemena's current level of responsiveness in restoring power after blackouts?

In discussions, many participants thought that the current level of responsiveness was acceptable, with an outage of up to one or two hours generally thought to be a reasonable amount of time to restore power. For most residential participants, the key concern with outages was the spoiling of food in their fridges and freezers, and many believed that spoilage was not likely in around two to three hours, but some indicated concern if an outage was much longer than this. A few were concerned about the effects an outage may have on those who relied on electricity for their health and wellbeing, such as those on life support, dialysis and the elderly.

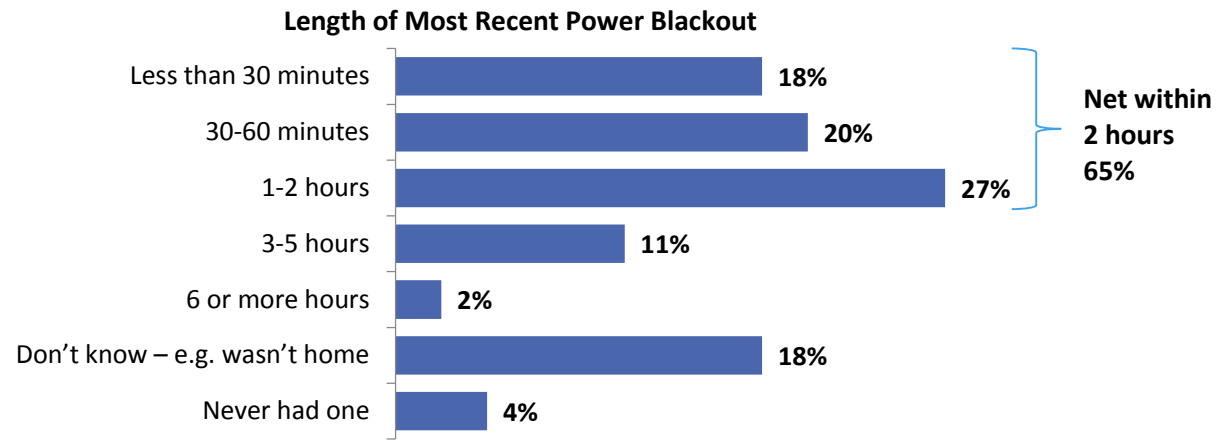
It is important to note that quite a few participants experienced difficulty assessing responsiveness until they were informed about the average time that Jemena currently takes to respond to blackouts. When told this was around 60 minutes, many participants indicated this was less than they had expected, which contributed to a marked improvement in the responsiveness ratings at the end of the discussions, when 89% rated Jemena's responsiveness very / quite good, compared with 58% at the beginning.

My perception was that it would be longer than that. (Residential customer)

They're doing better than I thought. I didn't expect responses were that quick. (Residential customer)

Participants were also asked to estimate the length of their last power blackout, and the chart on the following page shows that two thirds (65%) of participants' most recent blackout lasted for no more than two hours, while a little over one in ten (13%) said it was three or more hours. Given the above analysis, this would appear to support participants' broad consensus that they did not believe there were significant problems with responsiveness.

I've always been impressed with how quickly it's gone back on and how few blackouts there are. It's great! (Residential customer)



Base: All participants (n=45)
Q14. How long did your last power blackout last?

However some residents and most business participants raised the point that tolerance levels for the duration of blackouts were considerably lower in the business context. Some SME participants indicated they might be prepared to pay more for a priority payment system if it meant quicker response times – especially in business-critical or community-critical operations (e.g. health care, IT systems). Some businesses even suggested that they would like to see some sort of alert system in place to visually alert owners of any impending or current disruptions which might impact their businesses.

I would pay a lot more, $5 or $10 more per power bill if I was prioritised. (SME customer)

The response time is more important than the blackouts themselves; how long it takes to fix. That's my biggest bug-bear. I understand blackouts happen, but when are you going to fix it and have the power back on? (SME)

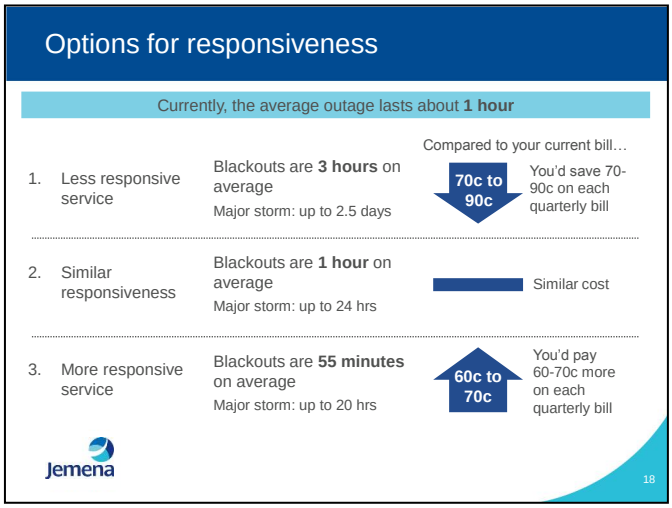
Among residential customers, however, some called for a bit of common sense when it comes to perceptions of responsiveness, given the logistics involved in sending out response teams and the various factors which may be out of Jemena's hands in responding to an outage.

If there's wild storms out there, well you're going to have to be patient aren't you? (Residential customer)

Responsiveness levels should be maintained – the costs outweigh the benefits of improving

As with reliability, participants were presented with three main options that Jemena was considering in relation to responsiveness within its longer-term strategy, described as follows:

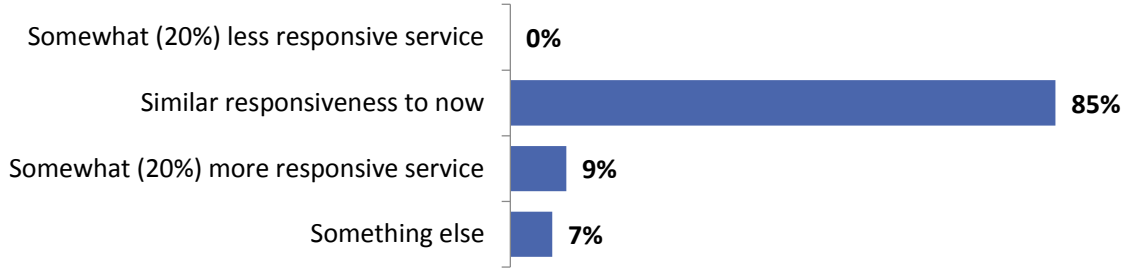
- **A somewhat (20%) *less* responsive service:** customers would save on average 70 to 90c per bill, but it would take up to 3 hrs to fix on average (up to 2.5 days after a major storm);
- **Similar responsiveness to now:** ~1 hr on average (up to 24 hrs after a major storm); or
- **A somewhat (20%) *more* responsive service:** customers would pay on average 60 to 70c more per bill, with about 55 minutes to fix on average (up to 20 hrs after a major storm).



The results below show that no participants were willing to accept less responsiveness, and that the vast majority (85%) would like responsiveness levels to remain the same. Discussions revealed that the main reason for voting for similar levels to now was the modelling which showed that the likely gain in responsiveness would be in the order of only five minutes, which participants felt was 'neither here nor there'.

> *It doesn't make sense to pay more to save a little bit of time. Blackouts are going to happen. You can't control the weather. (Residential customer)*
>
> *I'm happy with the service at the moment and I don't want to pay an extra 60 cents or 70 cents to reduce the time from an average blackout by five minutes (Residential customer)*
>
> *Just stay the same as now. (Residential customer)*

Preferred Responsiveness Option

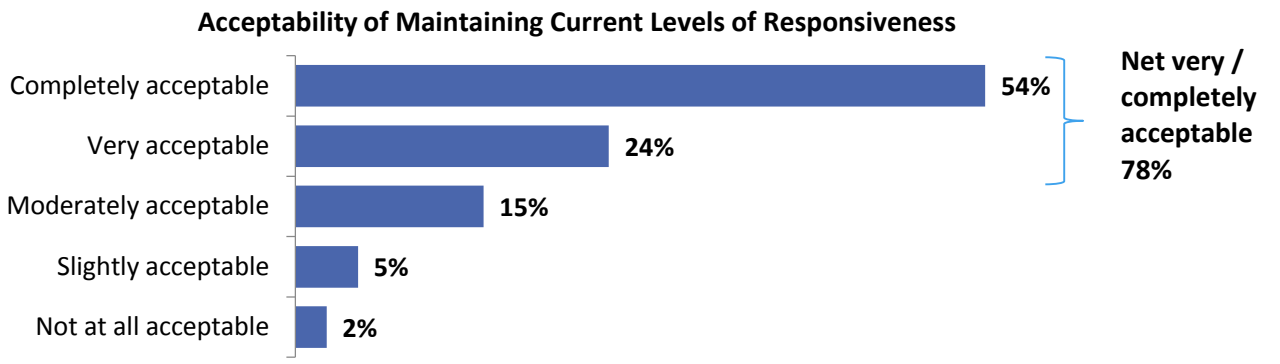


Base: All participants (n=46)
Q19. Which of these three responsiveness options (for the time it takes to restore power after blackouts) would you most prefer?

Around one in ten (9%) said they would like to see responsiveness improve and some of these were businesses, or people who worked in businesses which had been impacted by long outages (one said he had experienced blackouts in the order of eight hours). SME participants and one residential customer also

suggested customers should be offered the option to choose a faster response time if they were prepared to pay more for this priority service. They thought there would be merit in Jemena exploring this idea further.

In light of these discussions, when participants were asked to rate the acceptability of Jemena's current thinking to keep responsiveness at similar levels to now, 78% said it was completely or very acceptable, while a further 15% thought it would be moderately acceptable, such that nearly all participants (93%) thought this was at least moderately acceptable.



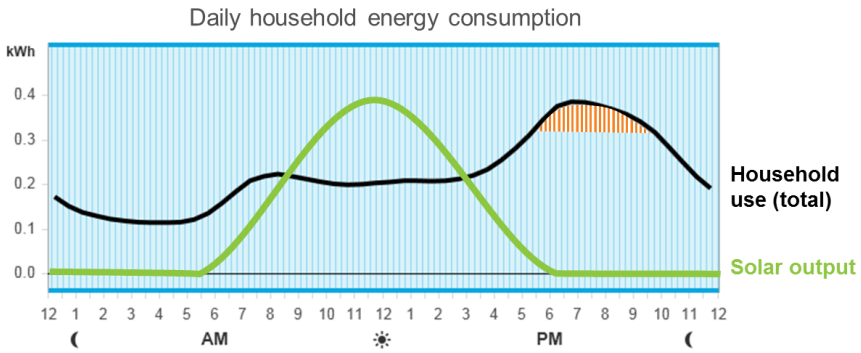
Base: All forum participants (n=41)
Q20. Jemena is thinking of maintaining current levels of responsiveness (time to fix blackouts) in its draft 5 year plan. How acceptable would it be to you if Jemena proposed to maintain current levels of responsiveness in its draft 5 year plan?

D. Using Electricity Differently

A key part of Jemena's draft plan involves considering ways to manage peak demand. The third presentation to research participants was structured around explaining why this is important, and mechanisms Jemena would like to introduce to avoid having to increase its infrastructure investment and associated costs to customers. This included the concept of demand-based pricing (referred to in the research as capacity charging), which it proposes to gradually introduce over a 15 year period, and two demand response trials.

Questions from the audience after the presentation were largely around how the peak times were determined and what the influences were:

- *How are the peak and off peak periods determined?*
- *With the graph that shows use throughout the day and the solar output, if there was no solar power generated at all, would that affect the peak? Would it still be 8-10pm?*
- *Is there anything in your Five Year Plan to encourage more solar panels, to take the pressure off the system during the day? There should be a carrot and a stick – rebates and a stick asking you to use electricity in off-peak times.*
- *Why wouldn't you have a third period? Looks like there's three different usage levels throughout the day, and the third peak level doesn't kick in until about 4pm.*
- *A comment: It depends on your household as to when or if you are able to move some of that.*



Following the presentation, participants were asked to respond to a series of questions via their handsets before discussing the concepts at their tables, then there was a standing vote exercise on capacity charging.

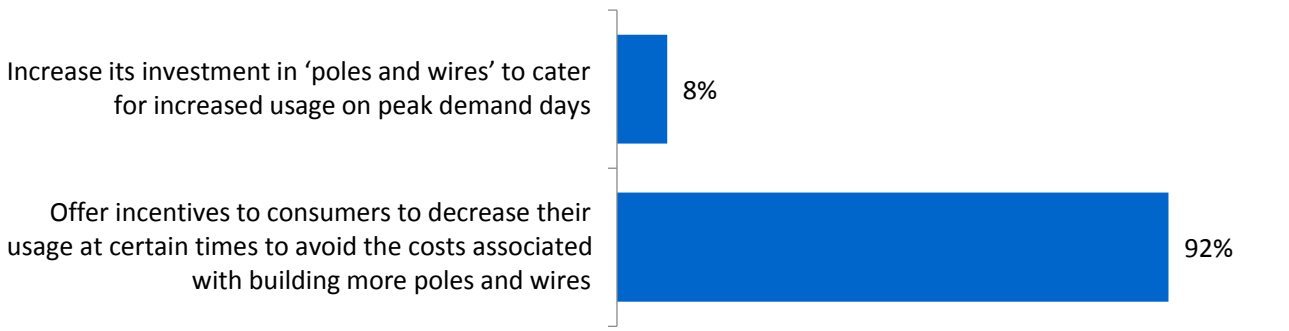
Preferences for Charging: Increased Infrastructure or Demand Response Incentives?

Participants were asked whether, in principle, they would prefer Jemena to increase its investment in 'poles and wires' to cater for increased usage on peak demand days, or offer incentives to consumers to decrease their usage at certain times to avoid the costs associated with building more poles and wires.

Their resounding response was a preference for behaviour change incentives (92%) over increased infrastructure (8%). Incentives were largely preferred because increasing capacity was considered unnecessary and some participants recognised that people will use it if it's there.

> *That's what I regard as gold-plating. (Residential customer)*

> *If you build more, people will use it. Building more infrastructure to cater for one week per year does not make sense. It's like going and buying a two bedroom house for a family member that comes for two nights per year. (Residential customer)*



Base: All participants (n=48)
Q21. Which of these would you prefer Jemena to do?

Among the small number of customers who preferred increased infrastructure, there were no common characteristics. While most participants preferred incentives because they thought it might help reduce bills, a few were sensitive to the fact that it would be difficult for some people to change their energy use behaviours. The cigarette pricing policy was cited as an example in which there are still lots of people smoking despite substantial price increases. However, some other participants thought that pricing signals would be effective in changing people's electricity use behaviours.

> *Changing behaviour over time requires changes to pricing, because once people get hit in the hip pocket enough times, then they'll change their behaviour. (Residential customer)*

In a later question, nine in ten (90%) also indicated that they understood why Jemena wants to move towards prices that better reflect the costs of delivering electricity to customers with different electricity needs. Discussion revealed that they understood this was a way to help bring down costs and better distribute the costs among customers.

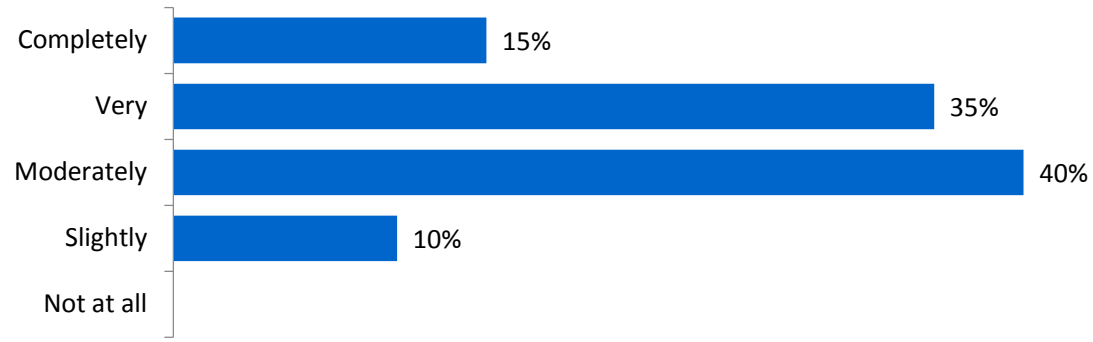
Participants felt positive towards Jemena for thinking about ways in which it can help people save money, and some described the organisation as progressive and flexible. There was undoubted support for the idea that spending less on a 'gold plated' electricity system and investing more in a system that more easily manages the summer peak periods is a worthy objective if it will potentially save consumers money.

> *Flexibility is a good thing – they're thinking ahead. People do want to save money. (SME customer)*

Capacity Charging Comprehension and Reactions

Most participants thought they had a good grasp of the basic concept of capacity charging

Nine in ten participants (90%) thought they had at least a moderate understanding of the concept of capacity charging based on the explanation provided in the presentation. However, only 15% thought they completely understood it, and the subsequent conversation revealed a degree of confusion about this complex topic.



Base: All participants (n=48)
Q22. How well do you feel you understand the concept of capacity charging, based on the explanation just given to you?

Having said this, most participants grasped the basic idea that it was about trying to reduce the pressure on the infrastructure by introducing a fairer pricing system, wherein those who put the most pressure on the electricity system would be charged more. Some also thought it was a good idea because it is the customer's responsibility to manage their usage. Several noted that there could be other benefits like fewer blackouts.

> *I understand the fact if you want more appliances at once you need more infrastructure. Like an elevator, if there's too many people in there it won't work. If you contribute to using power when everyone wants it, you'll pay for it. (Residential customer)*

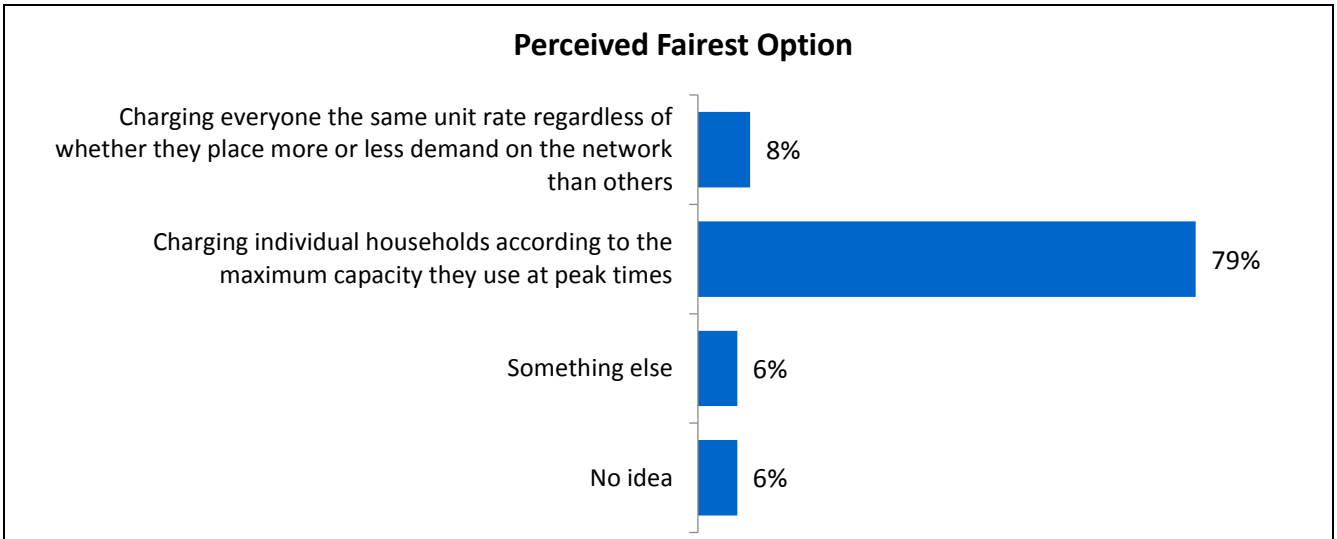
> *Your household capacity is in a certain period of time. You can break your usage down to half hour blocks. Of the half hour blocks where you have a lot going, that half hour might be your peak for the month. You'll be charged on that for x amount of your bill. (Residential customer)*

> *I think the idea is that if you're putting more demand on the system, you pay more. (SME customer)*

> *Jemena will charge you more when their network is under the most pressure to try to get you to reduce your usage. (Residential customer)*

Four in five participants (79%) thought that charging individual households according to the maximum capacity they use at peak times of the day was fairer than charging everyone at the same unit rate regardless of whether they place more or less demand on the electricity network than other customers (just 8% thought this was fairer).

A few were unsure either way (6%), or thought something else would be fairer (6%) – one example given was that there could be three different rates throughout the day because there appeared to be three tiers of usage.



Base: All participants (n=48)
Q23. Which of the following do you think would be fairer for everyone?

When asked who they thought would benefit from capacity pricing, a few people were unsure, but common mentions were: those who don't use much power, those without children, full-time workers, and people without air conditioning, while a few people understood that most customers would ultimately benefit. Many realised, though, that they may have to make changes for these benefits to be realised.

> *I think everyone would benefit – we're all using power. (Residential customer)*

> *You're not going to benefit unless you're prepared to change… You have to change your habits. (Residential customer)*

> *A single person gets treated better than a person who has a family; they get charged more because they've got kids...if they want to use the computer or you've got the kids' washing to do, it's very difficult. (Residential customer)*

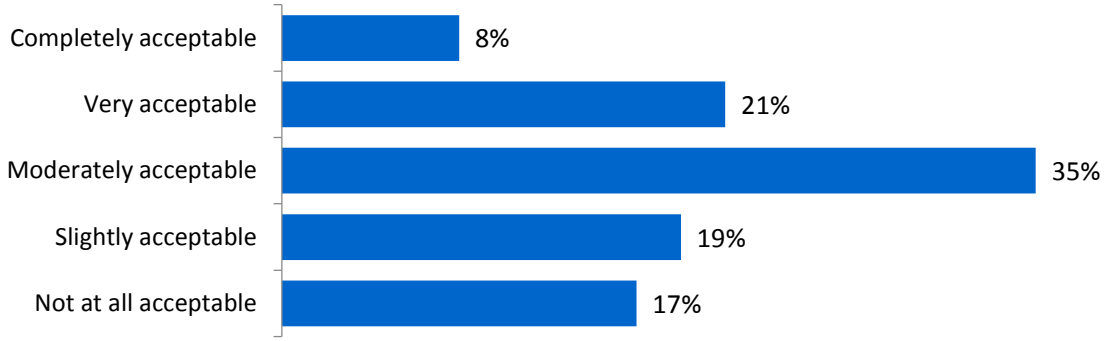
Quite a few participants were confused about whose responsibility it was to set usage charges, and that they had thought it was up to the retailers.

> *The concept was a bit different. I thought of it as a retailer thing, during the questions, the peak usage during a half hour period. I think it's quite a difficult concept for a lot of people to understand, and a bit unfair for people who don't have the option to buy better appliances. Most would turn things off but people can't afford to buy things that are more efficient. (Residential customer)*

When it came to the more specific nature of the capacity charging, wherein customers would be charged based on the maximum amount they use in any half-hour between 10am to 8pm on weekdays, two thirds (65%) thought this was at least moderately acceptable, while around one in six (17%) didn't see this as acceptable at all.

Those from lower income households tended to be less accepting; they were somewhat confused by the concept and frightened by the idea of being charged for the month based on one half hour in peak time. By comparison, those on mid to higher incomes were more accepting – while they tended to acknowledge this fear, but felt the balance was tipped by the greater good of lowering the peak load and reducing costs for most customers.

Acceptability of Paying for Electricity Based on Maximum Amount Used in Any Half-Hour During Peak Period



Base: All participants (n=48)
Q25. How acceptable to you is the idea of paying for your electricity based on the maximum amount you use in any half-hour between 10am to 8pm on weekdays?

The roundtable discussions on the details of capacity charging showed a degree of both fear and confusion, especially among those in the lower income groups. Many participants picked up that it involved a "carrot and stick" approach designed to change people's behaviours but they didn't grasp very clearly how it would actually work and feared they may end up worse off, indicating a need for more information about the concept and its practical application. A few also indicated that while they may not personally benefit, it was still a good idea because it will make people more energy conscious.

> *I'm not comfortable with the half an hour maximum use at one time of the whole day. That's too much weighing on one half an hour. (Residential customer)*

> *It's not going to be good for me but it is a good thing. We can't keep building more infrastructure, and anything that makes people think about the energy they use is a good thing. (Residential customer)*

> *I was losing concentration with the graphs, I can't do graphs. When they started bringing in the solar part of it I totally lost it. (Residential customer)*

Some participants did understand that cutting Jemena's costs would involve savings that could be passed on to customers, but they had no idea how much would be saved. This tended to cause a degree of fear and for the "stick" side of the equation to dominate responses. This was particularly apparent among female participants and working people who saw only limited scope to alter their appliance usage patterns, especially mothers, and this sentiment was also more noticeable on the highest income table.

> *It's not nice to be charged that rate when you spike for whatever reason, it's like being penalised for that spike. I want to be conscious but that is not fair. (Residential customer – high income)*

Most people understood that capacity charging would involve staggering usage of appliances so that not too many are used at once, in order to reduce peak demand.

> *We need capacity pricing or there might be more blackouts. Capacity pricing helps level the demand. (Residential customer)*

> *It really is a cynical whack at anyone with an air conditioner. How do we handle all the air cons? (Residential customer)*

However, many were worried about the charge being determined on the basis of the highest usage in any given half hour, and the impact of a momentary lapse or something their children might do which meant they would be charged more – especially low income participants on tight budgets. They felt that events somewhat out of their control, such as the energy consumption behaviour of others in the house, or an extreme weather event, or simply their working schedule could mean they would be forced to use energy or stack appliances at certain times, and they would then be punished financially for this.

> *So you have one really bad half hour and it costs us the earth! I thought we wanted user pays for what they use. (Residential customer)*

> *That half an hour's what worries me. (Residential customer)*

What many participants appeared to have missed, and should therefore be made much more prominent in communications about the concept of capacity charging, is the forecast that 80% of consumers would be better off if the new system were introduced.

> *It's dangerous. You might lapse in that one half hour because the kids turn something on. (Residential customer)*

There was also some confusion about whether there would still be a peak and off-peak rate and how this would work.

> *So there's two rates: 10am to 8pm is one rate. Outside then is another rate. You will be charged dependent on those two rates. (Residential customer)*

> *I said 'something else'; I was thinking there should be three levels of peak times and charges, but I wasn't sure I had the concept right. I wish I could change my answer now; I don't see why I should pay more for a small peak use. (SME customer)*

When prompted to consider what issues or questions they might have, responses further revealed people's lack of understanding and concerns – for example:

- Wanting more information on how the half-hour block was selected,
- Wondering if they would receive notice of when a reading would be taken, or whether this would be random;
- Whether the monthly reading refers to a monthly average, or the highest spike during their monthly usage;
- A few were concerned about whether they would be always charged at that rate or if it would be adjusted – while others had understood that it would be changed each month based on the highest reading in any half hour in the previous month's peak times. Reiterating this helped people to realise they would not be stuck under one billing rate.

Several participants raised the point that **the key to acceptance would be education** about how capacity charging works and how customers can benefit from the system, and others concurred. This included showing some worked examples of what a customer would be paying under both the current and the new system. Such communications would also need to be coupled with information about very practical changes people can make and how much energy and money different actions can potentially save.

> *And if you're educated as to how to best use it, it's going to be better for everybody. (Residential customer)*

We all take things for granted, including energy and we need to know that these things are precious and using electricity wisely means we can save money. (Residential customer)

We take things for granted and since the drought I'm sure we all use less water. If it's brought to our attention and there's an incentive of having a cheaper rate, maybe we'll accept it. (Residential customer)

We need a comparison table showing you this is what you were paying before and this is what you'll be charged under capacity pricing. (Residential customer)

For some customers you could send out two bills – one if you had capacity pricing and one that is 'normal'. So you can compare it over a month. (Residential customer)

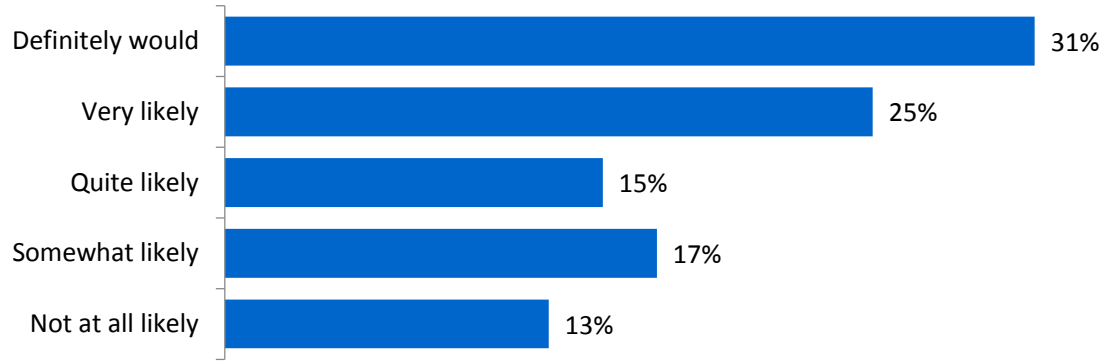
Last summer we had a bad week; I had the fan on twice. I live by myself and I cope well. Some people think if it's going to be 35 degrees they'll just put the air-conditioner on whether they need it or not. Some have it on all night. There could be hints on keeping your house closed during the day, saying to people 'we use too much electricity and energy; cook your evening meal earlier in the day', prompt people to look at things like that. (Residential customer)

High expectations that capacity charging would prompt customers to make changes

Participants on one table came up with a message along the lines of 'stagger, don't stack your appliance use' as an easy to understand catch phrase that could be used to help remind people how they should take advantage of capacity charging.

Most customers indicated that it was at least somewhat likely they would make changes to reduce their electricity use in the peak period if capacity charging were introduced. Indeed more than half thought it was highly likely; 56% said 'very likely' or 'definitely would'. Just over one in ten (13%) said they were not at all likely to make changes – these tended to be females, from higher income households or SMEs.

Likelihood of Making Changes to Reduce Maximum Electricity Use During Peak Period if Capacity Charging is Introduced



Base: All forum participants (n=48)
Q26. If you were charged based on the maximum amount of electricity your household / business uses during any half-hour period between 10am and 8pm, how likely would you be to actually make changes to try and reduce your maximum electricity use in this time?

The majority thought they could spread out their use of appliances to reduce their peak, although some regarded this as impractical – especially the SME representatives. The discussion also revealed that most

participants lacked knowledge of their actual electricity use, let alone a sense of how much they could save by making changes.

> *You can't turn off your air conditioning, you need that, but you could – for example, not run the washing machine and the electric jug at the same time. The elective appliances you might turn off. (Residential customer)*

> *I work and there's not a lot I could do. With four kids I do a lot of washing. There's only a small amount that I could spread out. (Residential customer)*

> *Don't leave my laptop on all day, I could do that. (Residential customer)*

Participants cited a range of ideas for making changes, although there were no standout common mentions. Their ideas were mentioned by just one or two people at each table and included turning off lights, turning off computers when they are not in use, consolidating television usage, changing to LED lighting, only using the clothes dryer when raining, using a timer for the washing machine, turning some more appliances on to standby or not running the kettle at the same time as the washing machine.

Only a few of the SME participants thought they could probably make changes in how or when they do things in the business, but these appeared to have very minimal energy saving potential (e.g. turning off the lights in rooms not in use or turning off the lights for an hour when the children at the childcare centre have their afternoon nap).

> *Just don't have the lights on all the time in the boardroom. (SME customer)*

One person stated they had implemented smart wiring so they could control their appliances via Wi-Fi, which had enabled them to alter their lifestyle entirely and do things like washing at different times. Another stated they had already done things like running the air-conditioner throughout the day at 22 degrees so that the house was cooler when they got home and therefore didn't make as big a spike when they got home.

Many people, however, expected that they could only make minimal changes and wondered if not doubted whether this would be enough.

> *I can't delay putting the food on. I leave at 7am and get home at 6pm. I can do the washing at 4am but the necessary things will still happen. (Residential customer)*

> *Those things you can do are more the gravy. It would be the really high cost stuff that you can't avoid. Your peak and maximum in the peak will still be high but we get the impression that someone is cashing in on people who are hitting those peaks. (Residential customer)*

> *I can't do some things at different times. I will get stung. (Residential customer)*

Indeed, the idea of switching on air conditioners early and staggering their usage during peak times was new for many. They seemed reluctant to accept that this could be done without making their homes uncomfortable – if not for themselves personally, then for other occupants such as children or the elderly.

Some participants (again, especially SME customers) felt that they simply didn't know enough about how they could change their electricity use to be able to know whether they could benefit or would be penalised. Some of them suggested it would be useful to have an energy audit done by a consultant to identify how they could make changes.

From a business point of view, I don't think it works. It's impossible for most businesses to change the way they structure themselves. I'd rely on an expert consultant to come in and show me. Off the top of my head, I can't think of a single way to do it. (SME customer)

I don't think I could adjust my business – we're on our computers all day. (SME customer)

Among residential customers, there was some exchange about the amount of power saved when appliances are plugged in rather than left on standby. Those who already do this believed that it saves a lot of power, though they could not quantify this in any way. Those who do not do this tended towards a view that the amount of the electricity saved is minor and not worth the bother.

In addition, a few had upgraded to more efficient appliances (e.g. instant hot water service), while some people weren't prepared to spend money to do this unless direct incentives were put into place; not realising that there would be an inherent incentive through the increased energy efficiency. However, a small minority (especially those with lower incomes) did realise that curbing or changing their usage would reward the customer with a smaller bill.

It's a tough call – they're better off having some incentives, if you do actually curb your power use. It should be measured over a longer period though, like a month. (SME customer)

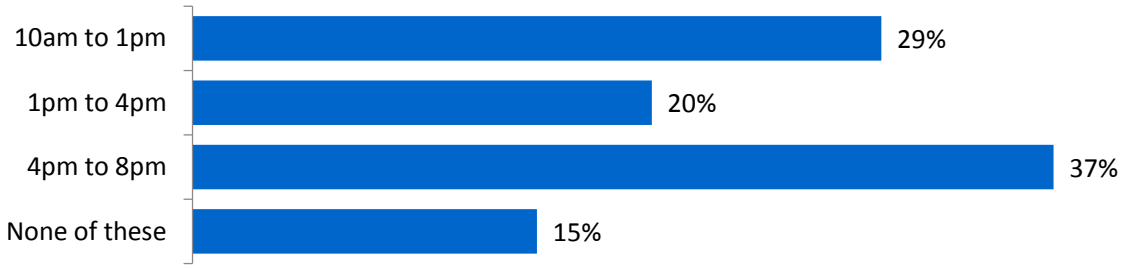
To me it really wouldn't matter, just the fact that you're reducing your usage is reward enough. (Residential customer)

Mixed views on when it would be easiest to shift usage in the peak period

Responses were quite mixed when it came to nominating the specific time block in which it would be easiest for people to change their electricity use.

The most popular overall was between 4pm and 8pm (37%), which many people said was the only block in which they would be at home, while those who preferred between 10am and 1pm (29%) were more likely to be stay at home parents, while those who opted for the 1pm to 4pm block (20%) were more likely to be retirees.

Best Time Blocks For Reducing Maximum Electricity Use?



Base: All forum participants (n=41)
Q27. Imagine you were charged based on the maximum amount of electricity your household uses during any half-hour period within the peak time blocks during weekdays… Thinking about your current electricity use, in which of these time blocks, if any, would it be easiest for you to reduce your maximum electricity use?

My kids have a TV each, and there are three kids, so we'd probably consolidate TV watching a bit. (Residential customer)

I think it's a good idea in principle, but it's not always practical. Take my household…when I was working I was limited; I had to do my chores when I got home from work. I had to use the washing machine, I had to cook and that's when the air conditioner and the TV came on. (Residential customer)

The easiest time for most SMEs to shift their power use was between 4pm and 8pm. The childcare centre representative, however, thought the 1pm to 4pm timeslot would be easiest because the children often take a nap at that time, so they could potentially make changes the children wouldn't be affected by or notice. A couple of SMEs realised that the charge could provide a good incentive for change – e.g. one thought they could stagger shifts and another thought it could encourage retailers to change their opening times.

Who wants to start at midnight? (SME customer)

In retail you don't have a choice – you have to be open at certain times. (SME customer)

We could stagger start times, which we do a bit of now – start at 6, finish at 3. (SME customer)

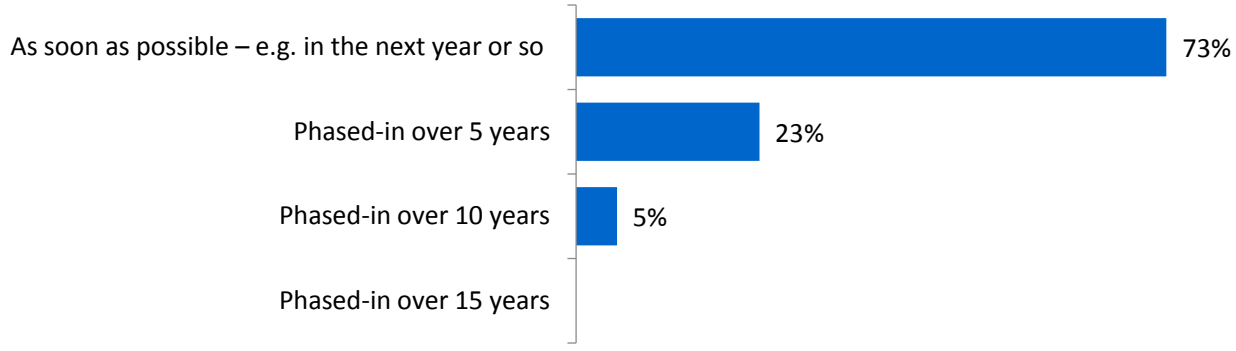
The discussion around how customers would respond to capacity charging suggested that, similar to changing behaviour regarding water usage, changing electricity behaviour will be a lengthy process and that customers will need sustained support, education and reminders over time.

A strong sense the transition to capacity charging should occur as soon as possible if introduced

Participants were asked how soon Jemena should transition to capacity pricing and as can be seen in the chart below, most agreed that it should be sooner rather than later. They understood that it has implications for infrastructure reliability and supply of electricity, and that customers would benefit sooner.

Notably, despite the concerns about the specific impacts of implementing the charging system, around three quarters (73%) thought it should be introduced in the next year or so and most of the remainder (23%) thought it should be phased in over the next five years. No-one felt that Jemena should wait to phase it in over 15 years as per its proposed approach.

Timing for Introducing Capacity Charging to Households and Small-Business Customers

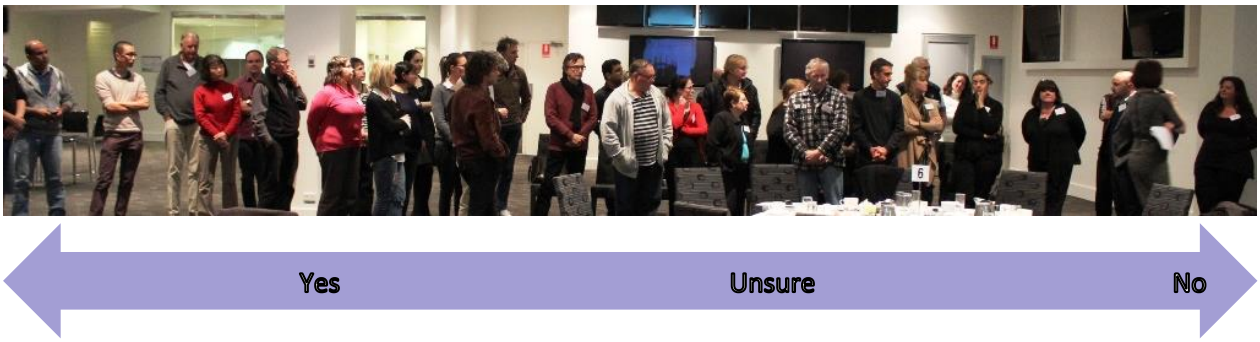


Base: All forum participants (n=40)
Q28. If Jemena were to introduce capacity charging to households and small-business customers, when do you think it should do this?

If we're talking about infrastructure implications, why would you wait? (Residential customer)

Vote with Your Feet

To round off the discussion on the topic, participants were invited to stand and vote with their feet on whether they supported the idea of Jemena introducing capacity charging. They were asked to position themselves along an imaginary line across the room where the pillar towards the left in the photo below meant they fully supported Jemena moving to capacity charging (i.e. where the 'Yes' is indicated in the arrow below) and the right hand wall meant they preferred the current approach (i.e. 'No'). Standing in the middle of this line represented being unsure either way. Participants were then invited to explain why they stood where they did.



The image shows that the majority of participants were still at least somewhat supportive, although a few were unsure because they had realised in the discussions that there were more details that they needed before being able to say, or they can become confused about the concept. They felt that if they could see some more specific information about how they are likely to be affected and that if they were actually likely to save money, then they would probably support the shift.

Only a few remained opposed and these were more likely to be SMEs and those who felt they really couldn't shift their energy use.

> *Having to change power usage means a negative cost against my business. Jemena is benefiting and it will cost me more money just to save a fraction. I pay for use anyway. (SME customer)*

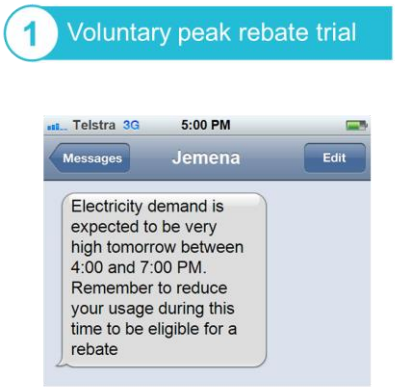
Rob McMillan then explained that Jemena would only be seeking changes in peak usage from customers who could easily change their behaviour, and participants were asked where they would position themselves knowing this. Many shifted closer to the position of supporting the introduction of capacity charging, but there was a strong sense that this would need to be emphasised in communications about the change because they had not understood that from the presentation.

Response to Voluntary Trial Concepts

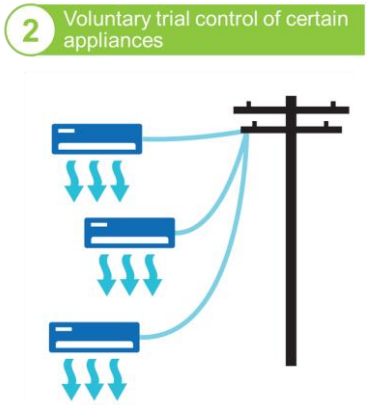
Participants were highly supportive of Jemena's proposed voluntary demand response trials

Reactions to Jemena's two voluntary demand respond trial ideas were explored. They were described as follows:

1. **A voluntary peak rebate trial**
   - Encouraging customers to use less electricity at peak times by offering payments to customers who use less electricity than normal on peak days
   - How it works:
     - We warn the day before a peak that it is a peak day (via SMS)
     - You save energy during the peak
     - You receive a bill rebate

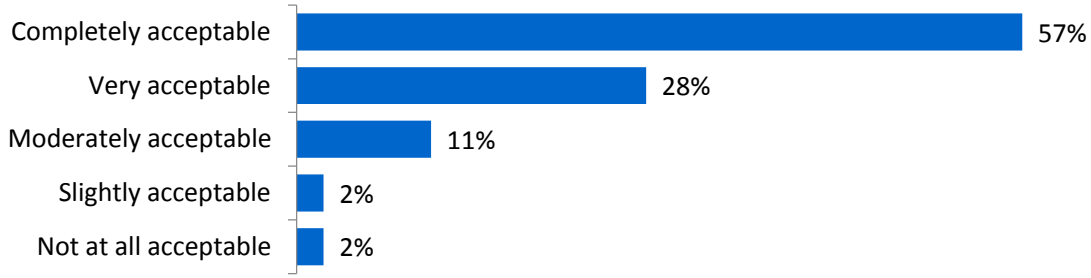


2. **A voluntary trial control of certain appliances**
   - Air conditioners are one of the most energy-intensive appliances in a typical household
   - We are considering a voluntary trial where new 'smart' air conditioners reduce the strain they put on the network at peak times
   - Customers on the trial get cheaper electricity because we can lower costs by slightly adjusting air-conditioner settings in peak times
     - Trials in South Australia have shown this makes no difference to the comfort levels of a home
   - Many air conditioners sold over the past few years will be compatible with this trial



Using their individual handsets, participants indicated strong support for Jemena's proposal to offer various trials to customers to help them reduce their peak usage and associated costs. Most (net 85%) thought this was either completely acceptable (57%) or very acceptable (28%). Just 2% - i.e. 1 participant - thought it was not at all acceptable.

Acceptability of Offering Various Trials to Customers to Help Reduce Peak Usage and Associated Costs?

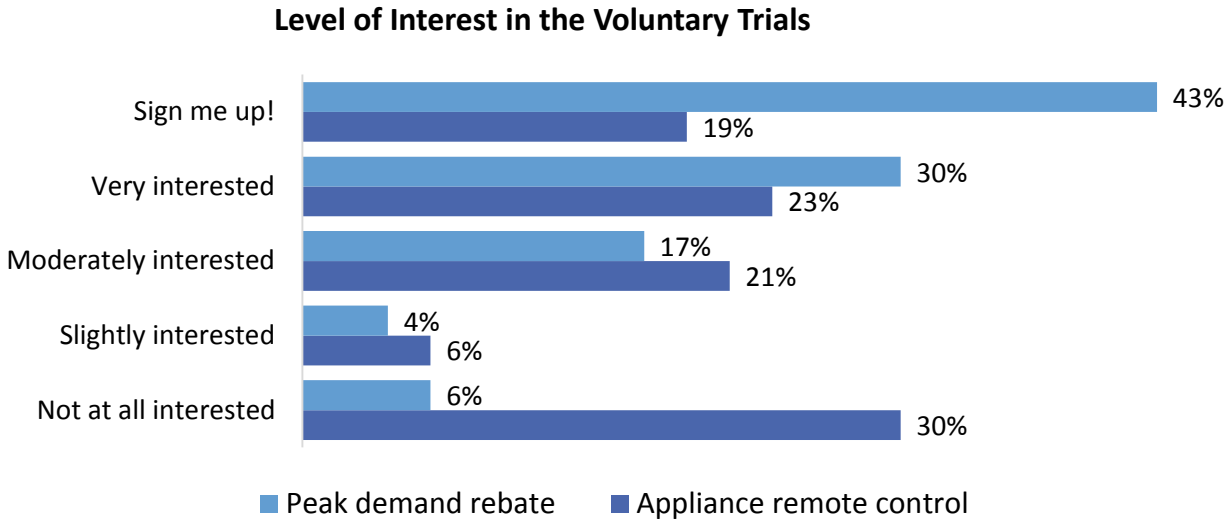


Base: All participants (n=47)
Q29. How acceptable to you is Jemena's proposal to offer various trials to customers to help them reduce their peak usage and associated costs?

To further verify support, in turn people were asked how interested they were in participating in the trials if Jemena were to proceed with them.

There was strong interest in the peak demand rebate trial, with the large majority (net 72%) saying either 'sign me up' (43%) or 'very interested' (30%).

While a fair proportion weren't really interested in the appliance remote control trial (30% not at all), many still were. More than two out of five participants (net 43%) wanted to be signed up (19%) or were very interested (23%).



Base: All participants (n=47)
Q30. & Q31. How interested would you be in participating in Jemena's voluntary … trial?

Most of the SME participants weren't really interested in the trials for their businesses, largely because they didn't know how they could make changes. However a few of them said they would appeal for the home rather than their business.

> *It's more for home than for business. (SME customer)*

Peak demand rebate trial appealed to many for the potential financial benefits – and not just the rebate

With the peak demand rebate, many participants understood they could benefit not just from the rebate but also the reduced energy costs, while a few also recognised they would also be helping to prevent overloading the system and avoiding blackouts.

> *A rebate; that would be great. (Residential customer)*

> *I would go in it to see how it works. (Residential customer)*

> *If you talk to me in dollars in my pocket. Has to be personalised in your bill, like every electricity bill I'll save $100. That would be amazing. (Residential customer)*

Expectations of what level of rebate would entice customers to participate were briefly explored. The discussion suggested that expectations were not particularly realistic - i.e. 10-20% of the total bill, or $50-$100 per bill, while SME customers tended to cite amounts around $500-$1000 per year.

However, a few participants felt that they would not need any further rebate or incentive beyond the reduction in the cost of their bill, which they would achieve through reducing their usage. This was particularly the case if it can be made clear on their bill how much they have saved or even *would* save by changing their load at peak times.

> *That's what I thought the value was going to be, reducing your overall bill. (Residential customer)*

There was some suggestion that the scheme could offer greater rebates for greater reductions in energy, although customers did not have enough information to articulate what that might look like.

The discussion around the incentives suggested that further exploration of the implementation and marketing of the trial should be undertaken, and that as part of managing expectations, customers should be asked to respond to particular realistic rebate amounts.

Remote control trial raised privacy and personal control concerns for some

There were three main concerns people had with the remote control trial:

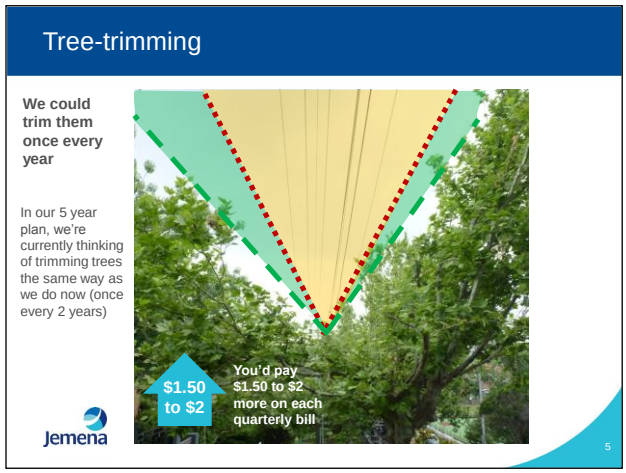
- Firstly, that someone else would have control over one's appliances, where they wanted to know if they would be able to over-ride the control if they wanted to. Many simply preferred to use electricity as and when they wish.
- Secondly, they didn't like the feeling that Jemena would be 'watching', which gave some people a sense that the trial could infringe on their privacy.
- Thirdly, many were concerned about the cost involved in buying suitable appliances that could be controlled remotely.
- Those who were renting also felt that they couldn't take part because even if they wanted or could afford to buy a smart appliance, their landlord may not let them.

> *I don't like the idea of someone else having control of the air conditioner. I want to put it on when I put it on. (Residential customer)*
>
> *That centralised control of air conditioners sounded dodgy, like big brother. (Residential customer)*
>
> *Big brother is watching. (SME customer)*
>
> *We're operating outside the peak period, but this is just another cost to my business; who will pay for my new air conditioners? (SME customer)*
>
> *I don't feel comfortable someone else controlling it. (Residential customer)*

E. Visual Amenity

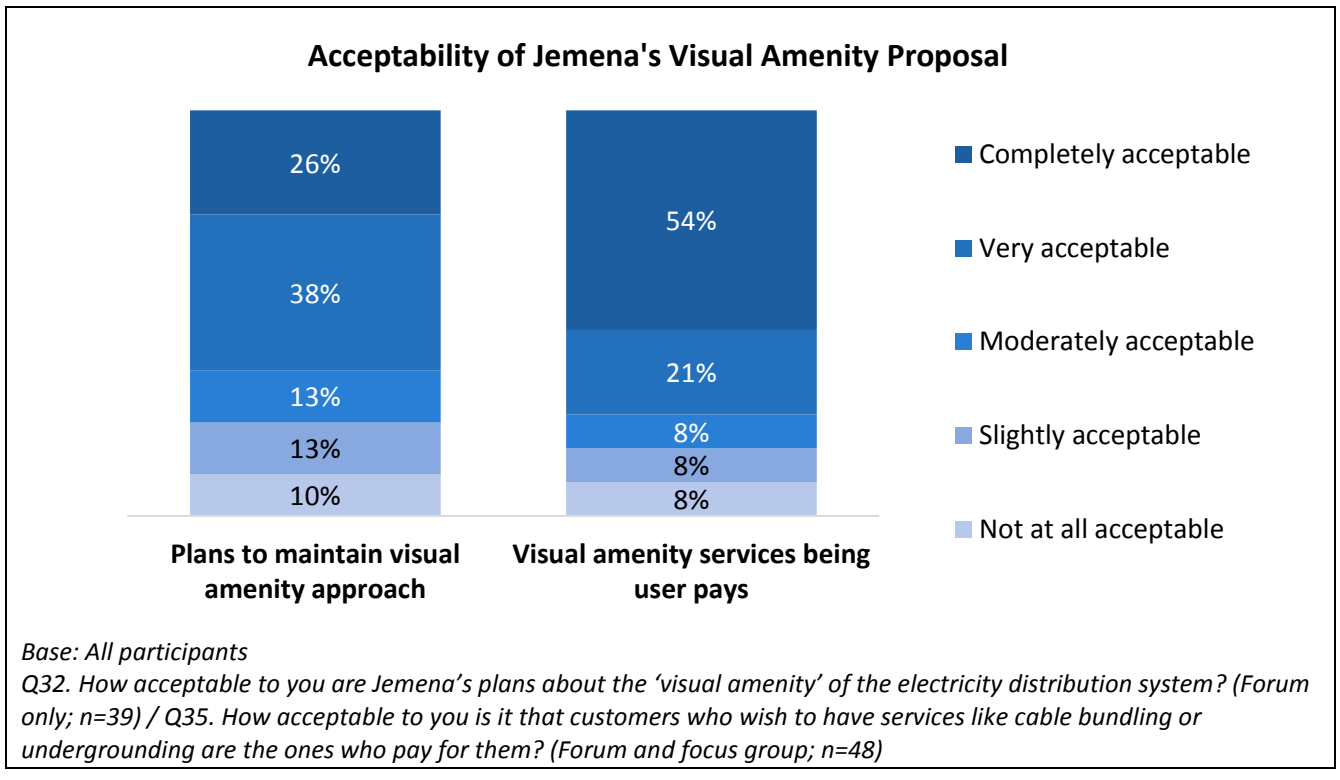
The fourth presentation from Jemena was about its approach to visual amenity. In response to queries from customers about its practices, Jemena wanted to gauge reactions to the idea of customers paying for improved visual amenity services, including ongoing costs and one-off costs:

- **More frequent tree pruning** at $1.50-$2.00 more per bill (a step increase that would be ongoing);
- **More attractive substation design** at 40-50c more per bill (a step increase that would be ongoing);
- **Bundling and insulation of overhead lines** at $1,500-$2,000 per household in streets wanting this (a one-off cost); and
- **Undergrounding of overhead lines** at $10,000-$15,000 per household in streets wanting this (a one-off cost).



The large majority saw Jemena's proposed approach to visual amenity as highly acceptable

Participants were asked to indicate how acceptable they thought Jemena's plans about the 'visual amenity' of the electricity distribution system were, noting that its thinking is *not* to do any of the additional measures. In turn they were asked how acceptable it is that customers who wish to have services like cable bundling or undergrounding should be the ones who pay for them.



Base: All participants
Q32. How acceptable to you are Jemena's plans about the 'visual amenity' of the electricity distribution system? (Forum only; n=39) / Q35. How acceptable to you is it that customers who wish to have services like cable bundling or undergrounding are the ones who pay for them? (Forum and focus group; n=48)

Only around one in ten people thought both of these were not at all acceptable (10% and 8% respectively), where most participants thought they were at least slightly acceptable. Further, the majority of participants thought Jemena's plans to do no more than it currently does was *highly* acceptable (net 64% completely / very acceptable) and that customers wishing to have improved visual amenity should be the ones that pay for it (net 75%).

In the following discussion, most participants felt that Jemena's approach to the visual amenity should be maintained. Even though many would like to see improvements, the costs were seen to outweigh the benefits. They understood and agreed with Jemena's approach, which also made many participants feel more positive towards Jemena.

> *It is important to me, but when it costs that much just to get a little bit of a better visual, it's not worth it. (Residential customer)*

Participants were highly unwilling to pay for visual amenity improvements

When it came to their willingness to pay for the visual amenity improvements, people's overall support for Jemena's approach was further emphasised. Most were not at all willing to pay for the one-off costs of bundling and insulation (83%) or undergrounding (80%). More than half (55%) felt the same way about more frequent tree pruning, and a substantial 46% also said this for more attractive substations.

I've got used to poles. (Residential customer)

> *Leave it as it is – the visuals looked like a waste of money. Not interested. (Residential customer)*

> *Those principles are good, and it's a rational and reasonable approach to doing things. (Residential customer)*

Around one in ten participants were highly willing (net very / completely) to pay for each of these, indicating that there is likely to be some appetite among a small minority of customers for these user pays services. There was strong agreement in the round table discussions that individuals who wished to change the appearance of their street should foot the bill themselves. Many people felt that the uptake of these services would be very small, and it was probably not something that Jemena should devote a lot of time to marketing.

> *Everybody pays for what they want in my opinion. I don't want to pay $10,000 because the rest of the street wants something. (Residential customer)*

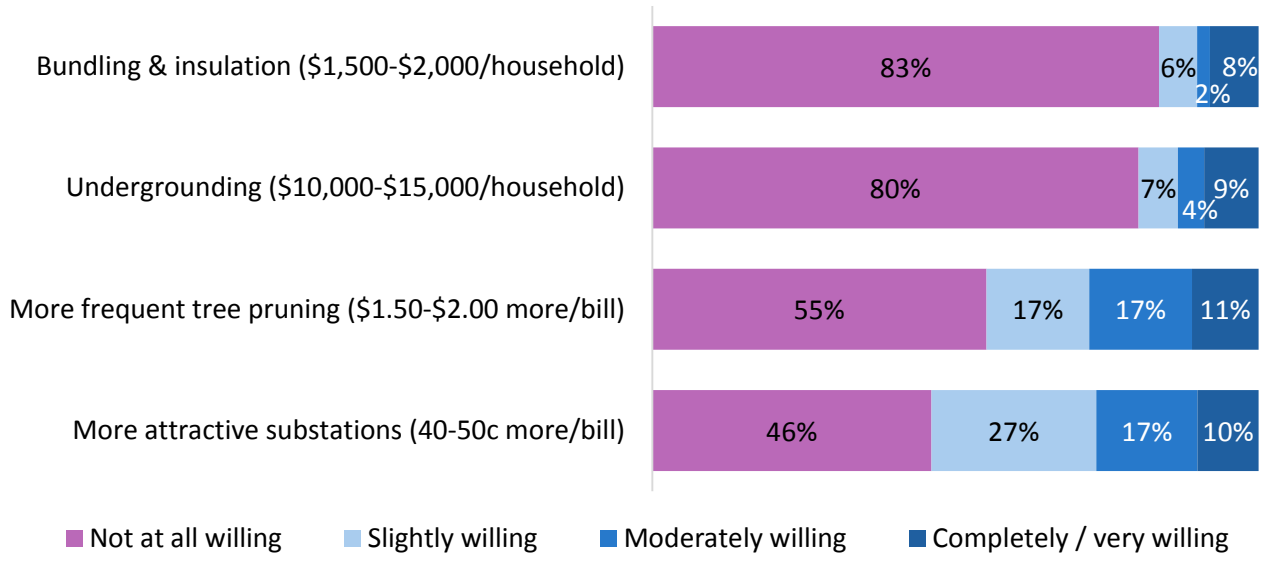
> *If you want it, pay for it. That's right. (Residential customer)*

> *Can't see them selling this at $15K, it would be a PR nightmare. (Residential customer)*

A few people thought that Jemena should be funding the visual amenity of its infrastructure itself as part of its corporate citizenship and not passing this cost on to customers.

> *As a company making a profit in Australia, I can't see how they can put facilities in without making them look good and then just pass on all the costs to the customer. I'd like to see the costs Jemena are associating with the installations. (Residential customer)*

Willingness to Pay for Visual Amenity Services



Base: All participants (n=46-48)
Q33a/b, Q34a/b. How willing would you be to pay for…?

Most were not concerned about tree trimming, especially SMEs – many of whom didn't have trees at their business premises anyway. Some people commented that there wasn't much difference in how the trees looked when pruned annually or every second year anyway.

> *I don't care about that at my business – I'm there to earn money. (SME customer)*

> *There's not much difference between the visual impact of pruning them twice rather than once. (Residential customer)*

Many people questioned whether the bundled cables or 'beautified' substations looked any better than the normal ones, and a few thought the idea of wrapping them in vinyl was a poor idea, where artists could be supported to paint directly onto the substations. A few even felt that Jemena should leave the decoration of substations to street and graffiti artists, while some others didn't like this idea (perhaps assuming it may be an unattractive form of graffiti). Some participants admitted that they didn't even notice the substations or know where they are (a few didn't even know *what* they are).

Some noted that their opinions on this topic would be different if they lived near one of the substations. A few made the point that people who buy near power substations would have enjoyed a discount on their property price anyway, because of its proximity to the substation.

> *Substations are little boxes, right? (SME customer)*

Vinyl wraps are a terrible idea – kids peel them off… Support local artists to use graffiti rather than stupid vinyl; original art. (Residential customer)

I've never noticed an unattractive substation to be honest. (SME customer)

If there was a substation in your street, you'd have voted the other way, to improve it. (Residential customer)

The presentation prompted a few to ask whether Jemena undertakes regular maintenance of substations that includes lawn mowing, cleaning graffiti, landscaping etc., with some suggestion that overgrown grass is a problem around the infrastructure. A few participants were sensitive but accepting of the extent of tree pruning and they weren't prepared to pay more for more frequent pruning. Some also questioned whether it was Jemena's responsibility to do tree pruning or the local councils.

With my home there is a beautiful tree out the front, I called the council about the tree because it did need a bit of a trim. Two days later they came and my tree was completely, like, butchered, so they didn't have to come back for 5 years. (SME customer)

Tree pruning, you're a bit like 'oh that's harsh'' when it is done, but then it's okay. (Residential customer)

Council should take responsibility for the overground poles but then there would be costs involved. (Residential customer)

There was some discussion of the undergrounding, in that people felt it should be done for new suburbs, and acknowledgement of the difficulties involved in retrofitting this into existing areas, especially if not everyone in the street wanted to or could afford to pay for it.

One SME had paid for undergrounding at their home because they *had* to, not because they wanted to improve the visual amenity. A couple of the participants from high income households were willing to pay for undergrounding, especially if they were likely to stay at their property for at least 15 years.

In contrast, the one-off visual amenity costs held no appeal to those who were renting. Not only were they beyond their budget, but the ideas held no value for them because they were not intending to stay there in the long-term.

Power underground would be great but not at that cost. (Residential customer)

I possibly would be prepared to pay if I was going to be there for 10-15 years. (Residential customer)

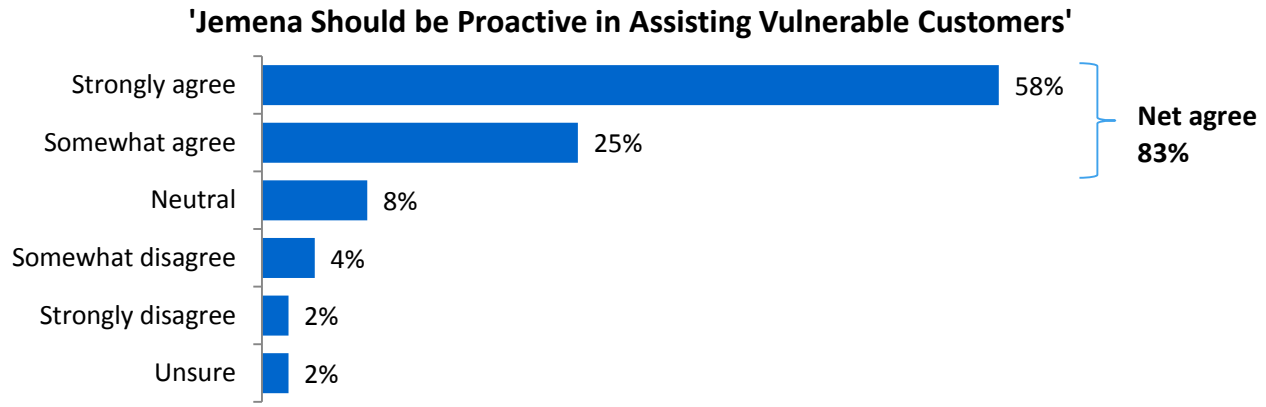
It's very expensive. I think for future suburbs it's a good idea to bury them but I'm not prepared to pay for it. (Residential customer)

F. Assisting Vulnerable Customers

The final presentation from Jemena was about its current and proposed approach to supporting vulnerable customers. It was outlined that Jemena would like to do more, including enhancing communications and information for customers from a non-English speaking background (NESB), providing funding to support organisations providing low / no interest loans for more energy efficient appliances, and trialling in-home displays to help customers take better control of electricity costs. In turn, participants were asked if they thought Jemena should be proactive in assisting vulnerable customers, how willing they were to pay around 70 cents extra per year to enable this, and which of the specific options they supported.

Most participants agreed that Jemena should be proactive in assisting vulnerable customers

The chart below shows that most participants agreed to some extent that Jemena should play a proactive role (net 83% strongly / somewhat agree), with a solid majority (58%) agreeing *strongly*.



Base: All participants (n=48)
Q36. Do you agree or disagree that Jemena should be proactive in assisting vulnerable customers?

In general the presentation on assisting vulnerable customers further improved sentiment towards Jemena. Most participants were impressed that Jemena was already helping vulnerable customers, let alone considering doing more. However, a few thought the company could be doing more, and that it could be funding some of that itself rather than asked customers to do so.

> *I didn't know anything about Jemena before. They've shown a human side, a more caring side. (Residential customer)*
>
> *My third highest (priority) is vulnerable customers; I think it's harder and harder to pay for electricity and bills as the cost of living is going up. (Residential customer)*
>
> *But they can still do more – you're talking a multi-million dollar company here. (Residential customer)*

By contrast, a very small minority thought that Jemena *shouldn't* be doing things to support vulnerable customers or were unsure about this, mainly because there are other organisations that are in place to directly support people who are having difficulty paying their bills. Some of these participants were also conscious that this adds to their own costs, and were becoming somewhat nervous by that stage and wondering what the net expected change to their bills was across *all* of the proposals considered throughout the forum.

I don't know that it is Jemena's responsibility. (SME customer)

I think it's more something Jemena should be doing themselves without putting it on the customer, it should be tax deductible anyway. It's not a huge amount of money for a three billion dollar business. But maybe it's your social responsibility? (Residential customer)

I still don't understand – I pay the bill to the retailer. I still want to see the total cost of all these proposals – what do they all add up to? (SME customer)

Participants in the lowest income group were most strongly in favour of assisting vulnerable customers, with some volunteering that they considered themselves to be vulnerable. Their point allocations for assisting vulnerable customers in the priorities worksheet were also the highest of all tables at the forum, both before and after the presentation: the average number of points out of 100 that they allocated to this was 16 before and 17 after the presentation, compared with 9.7 and 10.1 among all other forum participants respectively.

I think it's a very good thing for Jemena to help vulnerable customers. (Residential customer)

SME participants were also mostly encouraging of Jemena assisting vulnerable customers. In fact after the presentation, their average priority point allocations for doing things to help vulnerable customers rose from 10 to 16 out of 100, while the overall average remained at 11 points both before and after the presentation.

I'm happy to pay extra to help. It's our responsibility to help others who are less fortunate. There should be a fair spread of support across generators, distributors and retailers though. (SME customer)

Across all participants, many wanted to see that the other players in the supply chain were doing their bit too. Quite a few thought that the retailers should play the primary role in assisting vulnerable customers because they are the ones that issue the bill.

Technically the retailer should do it; at the end of the day, it's them you're paying your bill to. (Residential customer)

Your retailer is the one that passes on or doesn't pass on the savings that Jemena is giving them. (Residential customer)

Retailers should be the ones to help. (SME customer)

A few participants felt that private companies assisting in this manner would take some pressure off charitable organisations and government bodies, while others stressed that Jemena is a power company and helping vulnerable customers is not its core responsibility.

It's an energy company, it's not in the welfare business. (Residential customer)

The government should [help] but I don't think it will. (Residential customer)

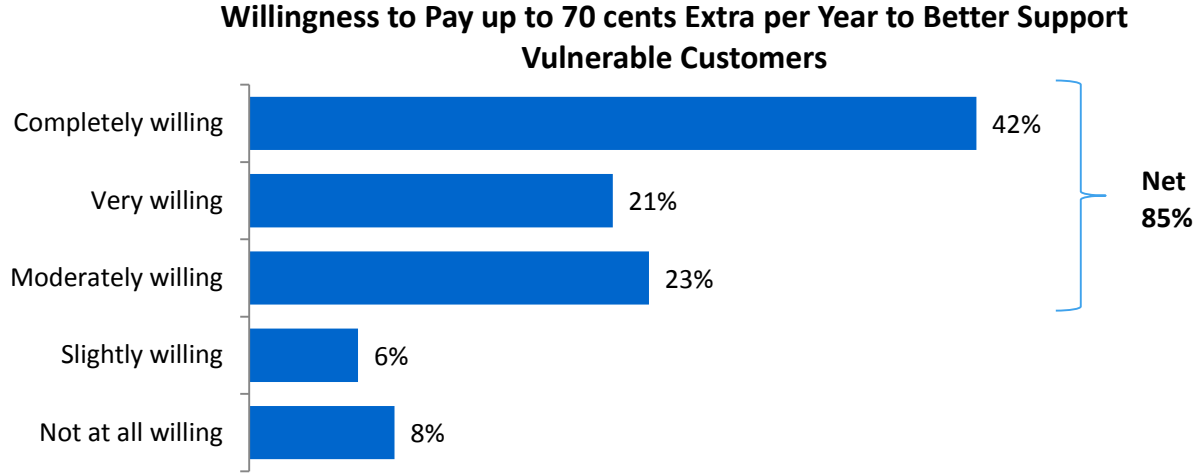
Majority of participants willing to help support vulnerable customers

The chart below shows how willing participants were to pay up to 70 cents extra per year to better support vulnerable customers. Most (net 85%) were moderately to completely willing to contribute, including those on the low income table.

Even I am (willing to pay for hardship initiatives). (Residential customer)

I reckon $10 extra a quarter is ok. (SME customer)

I think they are all useful for vulnerable customers and they should all be implemented. (Residential customer)



Base: All participants (n=48)
Q37. How willing would you be to pay up to 70 cents extra per year so that Jemena can better support vulnerable customers through the activities outlined in the presentation?

There were, however, reservations for assisting vulnerable customers among some participants, who wanted to understand how it is determined which customers are classified as vulnerable. They did not want to pay extra if there was potential for people to take advantage of the scheme who didn't need it. This will be an important communication consideration in ensuring the public understands that it is not Jemena's responsibility to decide who is vulnerable, but rather the government and charitable organisations.

I don't want to give to someone who doesn't deserve it. (Residential customer)

What do you class as 'vulnerable'? I do think it is a good idea though. (SME customer)

Some participants also wanted to be assured that vulnerable customers were being educated about energy saving before an investment was made.

If I'm paying for this, I want to know what they're doing to change their circumstances. (Residential customer)

The four participants (8%) who were not at all willing to pay were from middle lower income households; their lack of support could be a reflection of the fact that they may not be able to afford the added cost while *also* being ineligible to receive the support because they are not within the lowest income bracket. Newgate Research has observed this issue in other research with vulnerable customers who were not in low income households, but had financial commitments (e.g. mortgage, children's schooling costs) that meant they had significant difficulty paying some of their utility bills.

In-Home Displays the most popular option for assisting not only vulnerable customers but the broader customer base in general

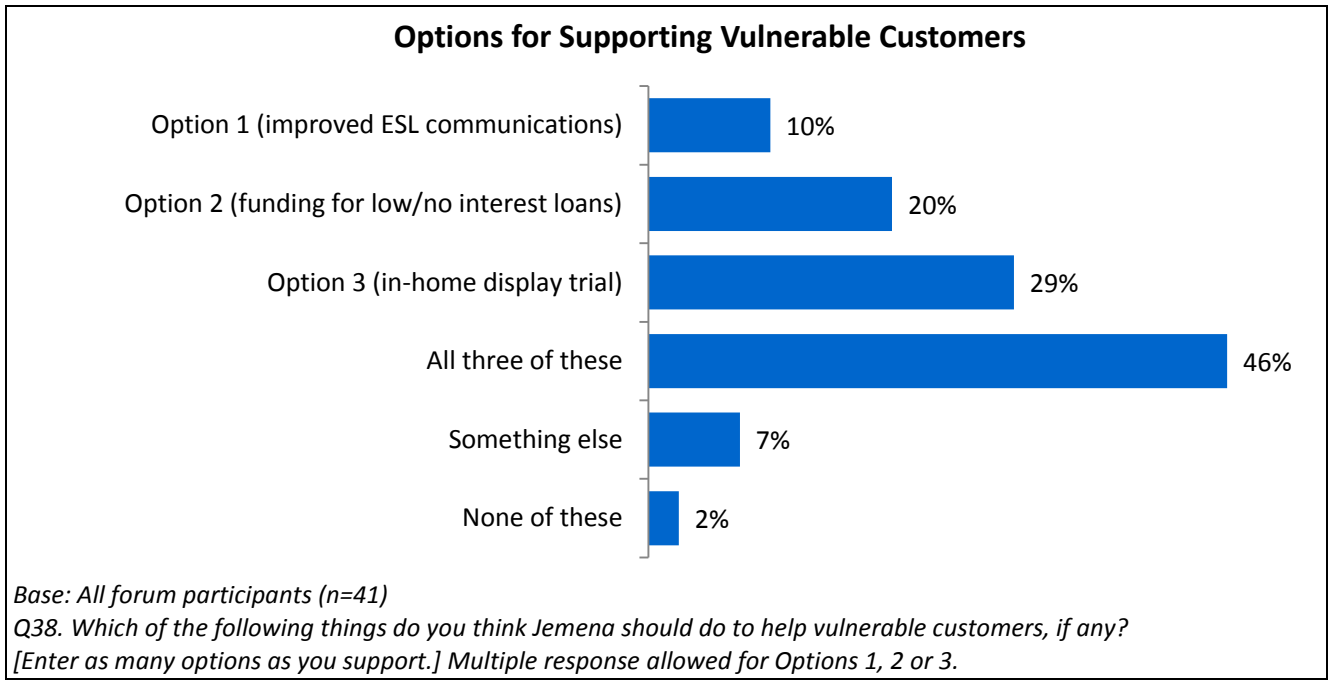
During the presentation Jemena outlined the three practical options it was considering for assisting vulnerable customers, as outlined below. Participants were then asked which if any of these they supported.

1: Improve communications for customers with English as a second language

2: Funding for low/no-interest loans to allow vulnerable customers to upgrade old appliances to help manage electricity bills

3: In-home energy display trial (for 500 customers) to help them take better control of electricity costs, including education about how this works

The chart below shows that almost half of the participants (46%) thought Jemena should do all three options, while just 2% (1 participant) thought it shouldn't do any of these. The response was similar in the focus group although the data are not combined due to a change in the order of how the options were presented.



Base: All forum participants (n=41)
Q38. Which of the following things do you think Jemena should do to help vulnerable customers, if any? [Enter as many options as you support.] Multiple response allowed for Options 1, 2 or 3.

> *Offering all three options has its merit – something companies can offer their customers. (Residential customer)*

When considering absolute support levels, the in-home energy displays (IHDs) piqued the most interest, with three quarters of all participants (net 76%) supporting this option. Indeed, practically all participants thought this technology would be helpful for customers in general and not just vulnerable customers; nearly all agreed they could benefit from using such a device themselves. In particular, participants on the lower income tables were very interested in taking part in the trial themselves.

At least half of the room including all participants on the high income table suggested they would pay for their own IHD at $120-$130 per unit, particularly if it alerted them when they were approaching their budget for electricity.

> *I think they are all useful for vulnerable customers and they should all be implemented. (Residential customer)*

> *The meters is a good example . . . at least that way you're educating people by providing those meters and you're trying to change their behaviour. (Residential customer)*

> *I love that last idea [IHD trial]. There would be so many people who would never look at it though. It would be too technical for some. (Residential customer)*

An idea that came up in the open forum was for Jemena (to consider hiring or loaning them out for short periods of time – e.g. one to four weeks, so that once people better understood their energy use they could return it. Newgate suggests this could potentially be offered by the local councils through libraries.

> *That gadget is fantastic but you probably only need it for one week to modify your appliance use, so why not have a loan system for one week and a cost of $10, let's say? (Residential customer).*

While there was less interest in improved communications for customers from a NESB (net 56% support) or for low or no interest loans (net 66% support), they were still supported by the majority of participants. The low cost of both of these options was seen to make the discussion almost redundant for many participants, who tended to feel that the scheme should just be implemented.

> *The cost is very minimal, hardly worth talking about, but the assistance is very valuable. A lot of new immigrants don't understand the language, don't understand how things work; they come from third world countries. I think it's a good idea for someone to assist them. (Residential customer)*

> *I wasn't sure about the first option; what value was that going to add or the communications they were going to provide. (Residential customer)*

> *I think the loan for vulnerable customers is a great idea and it will save them so much money. (Residential customer)*

One SME participant commented that the no / low interest loan was beneficial for everyone, mentioning that energy efficient appliances would help to keep the costs down by minimising capacity while also helping vulnerable customers to reduce their bills.

> *The no interest loan is a win/win situation – old fridges use more power; that makes bills higher, and also means more power demand. (SME customer)*

One participant recalled the time when an appliance could be paid off over time through their electricity bill and thought this could be considered as another valid alternative to the options presented. Another thought that this was still possible.

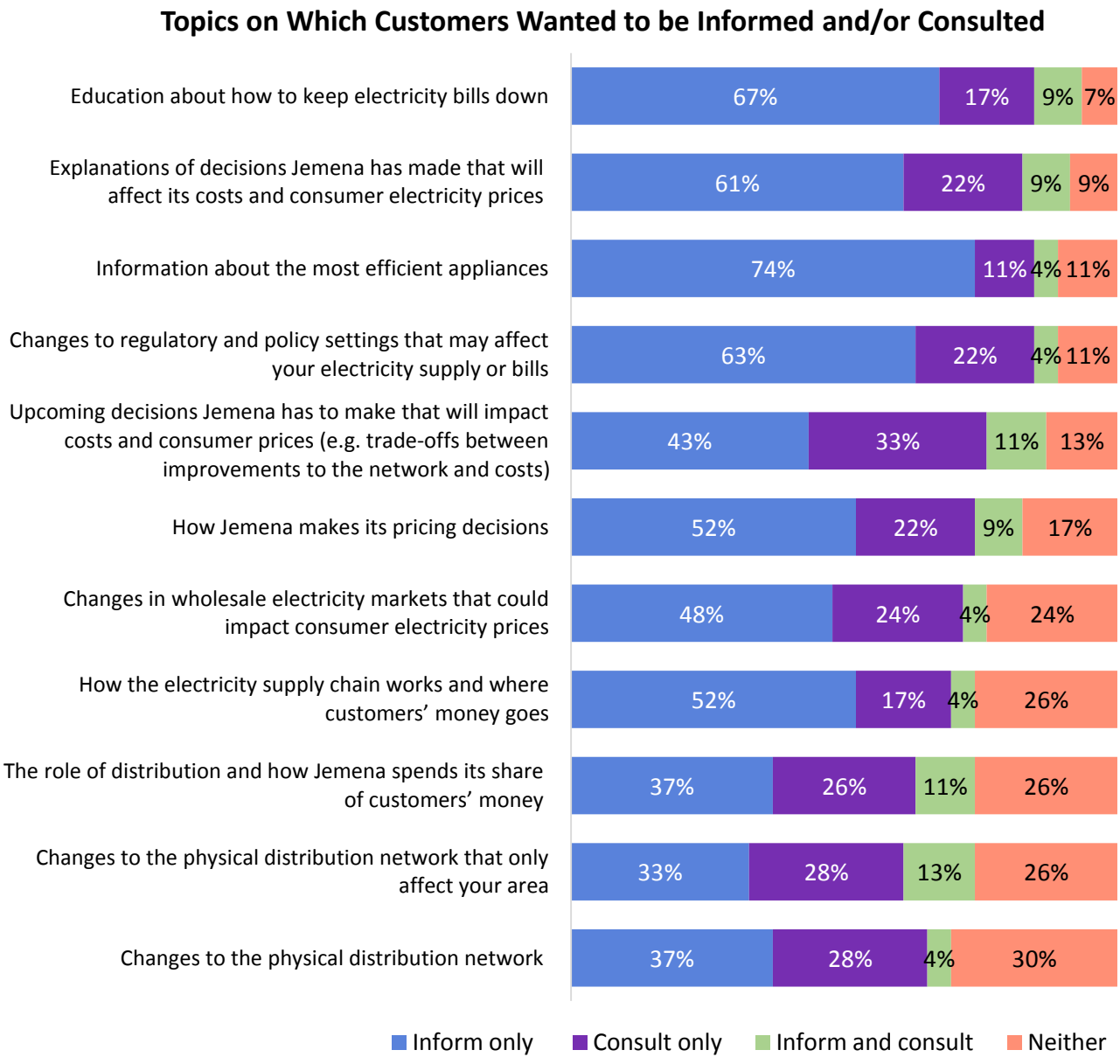
> *When the government owned the system, you could buy a product from them and add it to your bill over time – that was good. (SME customer)*

G. Communications and Engagement

Solid interest in information and to a lesser extent being consulted, while participants appreciated Jemena was informing and consulting them about relevant aspects of its Five Year Plan

Towards the end of the sessions participants were asked about whether they would like Jemena to inform or consult with them on a range of topics. Whilst there was not a lot of time to discuss responses participants completed a worksheet about the types of topics they were interested in, and their preferred communications channels.

The chart below shows the response to each of the potential communications topics, where participants could indicate whether they wanted to be informed and/or consulted about each topic, or neither.



Base: All Participants (n=46)
Results shown are from the worksheet titled: Topics you would like to be informed or consulted about

Many participants wanted to at least be informed about each of the topics. Interest was highest for the following topics: education on how to keep electricity bills down (net 93% indicated they'd like to be either informed, consulted or both), providing explanations about how decisions Jemena has made that will affect its costs and consumer electricity prices (net 91%). There was also a lot of interest in being informed and/or consulted about the most efficient appliances (net 89%), or changes to regulatory and policy settings that may affect electricity supply or bills (net 89%).

There was less interest in being informed or consulted about changes to the physical distribution network (net 30% neither wanted to be informed nor consulted), or changes to the physical distribution network that only affect their area (net 26%), the role of distribution and how Jemena spends its share of customers' money (net 26%), and how the electricity supply chain works and where customers' money goes (net 26%).

In general across all topics the participants from lower income households were less likely than those from higher income households and SME participants to want to be consulted, but they did consistently want to be informed across all the topics.

Notably, those from lower income households tended to be less informed about events in the news and less savvy in understanding how the energy sector works, including how they can get a good deal for themselves. Quite a few of these participants spontaneously mentioned throughout the evening how useful it was to receive more information about Jemena and what it does. They seemed to feel more empowered by the information, and felt that Jemena should continue to inform and engage with customers. However a couple doubted whether Jemena should do this because of potential conflicts of interest (i.e. promoting ways customers can save because this could reduce its own income). They were not sure who should provide this education but thought that Jemena should certainly feed information into whoever does.

> *It's good that we can have an input at this stage. (Residential customer)*

Whilst many participants from higher income households felt it was good that Jemena was consulting with the community so that they can better understand its position, some felt strongly that Jemena should remain in the background unless it needs to step up and address a specific problem. A couple were concerned that the only time consumers need to know it exists is when the power lines need fixing, and this is considered a negative association. A couple were also conscious that communications are a cost they may have to fund.

> *How is it going to improve? It should be an invisible company. If there is a problem we see them, and that's not great. (Residential customer)*

> *If they promote themselves, what is the benefit? (Residential customer)*

> *Do they really need to promote themselves … I think they're better off without being in the public eye because we don't need to know about them unless there is a problem. (Residential customer)*

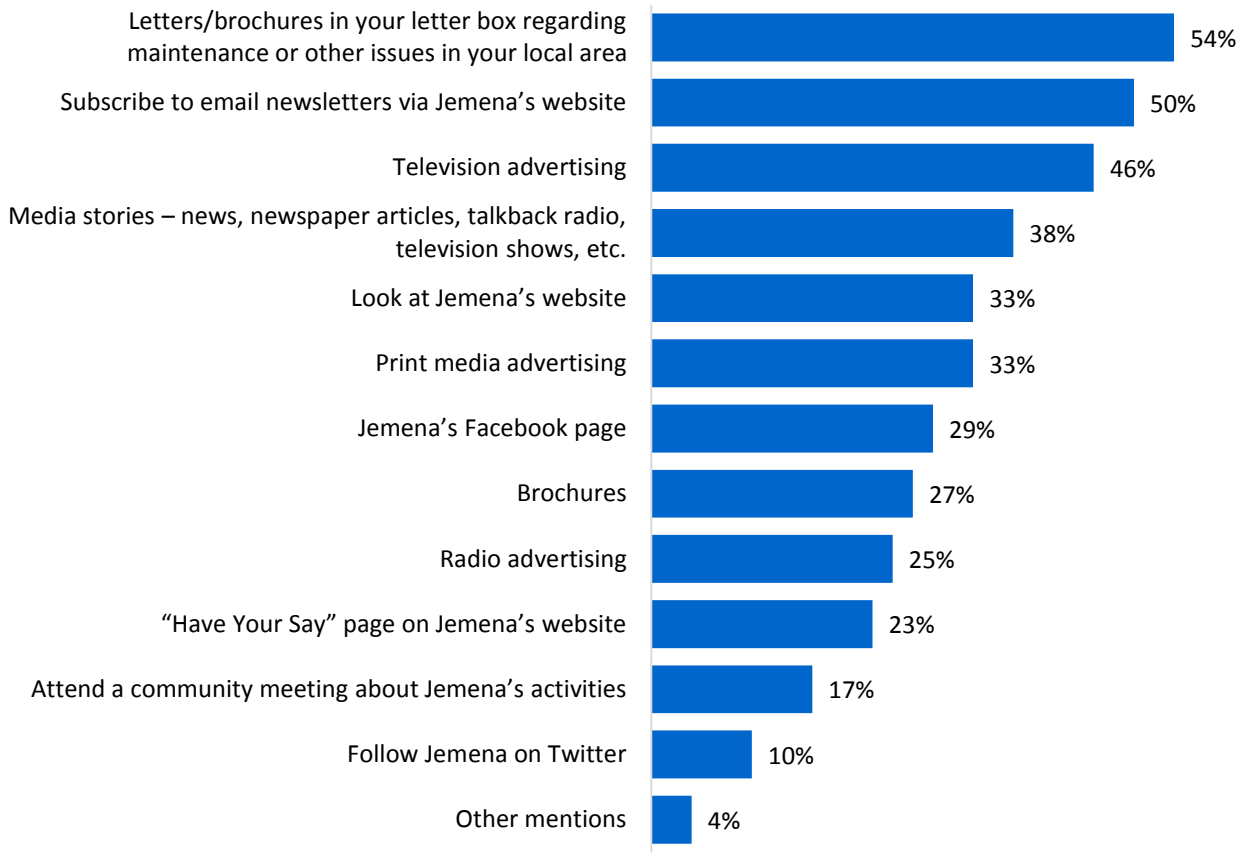
However, overall participants agreed that Jemena should consult with the community and explain its position because it is important for customers to understand the system so they can make better decisions about their energy usage.

> *If people understand how things work then they have a better understanding of the system and how it supports them. (Residential customer)*

Participants preferred to receive messages via brochures and letters in the mail

The following chart shows participants' preferred communications methods for informing and consulting with customers. This data was collected via a worksheet on which participants could select as many channels as they wished.

Preferred Communications Methods for Informing and Consulting Customers (all mentions)



Base: All participants (n=48)
Results shown are from the worksheet titled: Means for delivering messages. Participants could select as many options as they preferred.

A wide mix of different channels was preferred, with the most preferred methods of communication via: letters and brochures in the letterbox informing customers about maintenance and other local area issues (54%), subscribing to email newsletters via Jemena's website (50%) which was particularly common amongst participants from high income households and business customers. Many participants also chose television advertising (46%) as their preferred method of communication. Looking at Jemena's website was mentioned by a third (33%) of participants as a preference for communication.

Information sent on or with the electricity bill was thought to be a good way for Jemena to communicate with customers, especially if capacity pricing is introduced – an idea which may need to be explored with retailers. Several participants wanted to see information about how much they could save in dollar terms if they shifted their usage. One participant used a comparative example of a credit card bill that explains how much they can reduce their interest if they pay more than the minimum monthly payments.

Talk to me about dollars in my pocket. It has to be personalised to my bill. For example, every electricity bill I'll save $100; that's something worth changing for. (Residential customer)

Send out old bills and show how much you'll save. (Residential customer)

Brochures inside the bill. (Residential customer)

The least preferred option was following Jemena on Twitter (10%) with mostly SME and higher income participants mentioning this. Medium to high income earners were the most likely state as a preference that they would communicate with Jemena via the "Have your Say" website, with only one low-income household participant mentioning this as a preference.

Suggestions for communications not mentioned on the worksheet included a text message to let interested customers know that new information had been posted on the website and a phone application of the web portal which could also provide information.

A text message to follow updates on the web page. (Residential customer)

Few knew of Jemena's web portal but many were interested to see what they could learn from it

There was limited awareness of Jemena's web portal. When mentioned throughout the forum participants thought that it is a good service for Jemena to have and many said they would be interested to go online to check their energy usage and see what information it provided. They considered it a good way to become more informed and engaged about their electricity usage, and potentially ways they could make changes to reduce their costs.

Didn't know that Jemena had this website we could log onto. (SME customer)

I like the idea of the portal, where can I find it? (Residential customer)

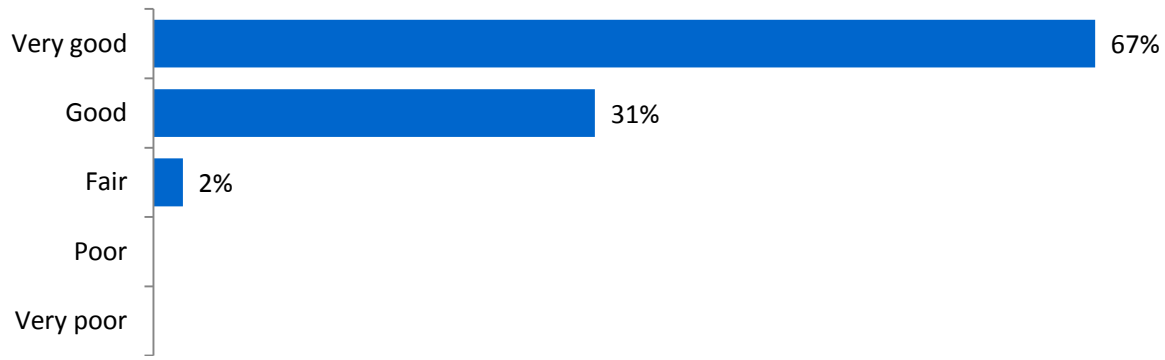
I think I will use it. (Residential customer)

It was, however, suggested by a few participants that the portal may not be the best way to help vulnerable customers because they may not have access to the internet. This highlights the importance of outlining that the IHDs don't require an internet connection if Jemena chooses to roll out and promote the IHD trial for vulnerable customers.

Vulnerable customers won't look at the website. For example, at my work we look after lots of kids and supply their school reports electronically, but the parents don't see them because they don't have access to the net. (Residential customer)

H. Forum Evaluation

At the end of the sessions participants were asked to rate the overall quality of the session and were invited to provide comments to Jemena's staff or the facilitators on how they could be improved in the future. The chart below shows that all participants gave a positive rating of fair, good or very good. Indeed, two thirds (67%) gave the highest rating of *very good.*



Base: All participants (n=48)
Q46. Jemena's aim tonight was to explore community knowledge and perceptions of the company and gather feedback on its five-year plan. In that light, how would you rate the overall quality of today's meeting?

Participants were also given a brief evaluation form to rate key aspects of the evening. The table below shows the average rating of each aspect given at the forum, with all aspects receiving a solid average rating above 8.0 out of 10, where 0 meant very poor and 10 meant excellent. The focus group responses were similar, however the question wording was slighting different and therefore the responses are not included here.

Facilitation of the session was the highest rated aspect (average rating of 9.4 out of 10), followed by the suitability of the location (9.1), and Jemena's openness and transparency (9.0). The presentations from Jemena were also rated highly (8.9 on average) and participants highly valued attending the session (8.9).

How would you rate the following aspects of today's meeting? *(0=very poor, 10=excellent)*	Average Rating
The facilitation of the session, including ensuring all participants could contribute	9.4
The suitability of the location	9.1
Jemena's openness and transparency	9.0
The overall quality of the presentations, in terms of being engaging, clear and informative	8.9
The overall value of attending	8.9
Jemena's overall process in engaging with people on its draft plans	8.7
The suitability of the time and date	8.5
The quality of the food and refreshments	8.1

Base: All forum participants (n=41)

As shown in the table below, participants left feeling they knew where they could get more information, ask questions or provide more feedback (with an average rating of 9.0 out of 10, where 0 meant 'not at all' and 10 meant 'totally'); most understood why Jemena had initiated the discussion (9.0), and that they and other participants were able to provide meaningful feedback on Jemena's draft plans (8.7 and 8.8 respectively).

To what extent do you… *(0=not at all, 10=totally)*	Average Rating
Know how you can find more information, ask further questions or provide more feedback on the plans	9.0
Understand why Jemena engaged with you on its draft plans	9.0
Think other people were able to provide meaningful feedback on Jemena's draft plans	8.8
Think you were able to provide meaningful feedback on Jemena's draft plans in your preferred way	8.7
Believe your feedback will contribute to a better outcome	8.4
Understand the information given to you about its draft plans	8.3

Base: All forum participants (n=41)

Participants were also given the opportunity to comment openly on the forum. Most comments were of gratitude or generally complimentary. A selection of these is shown below.

Better visuals in presentations. (Residential customer)

At times not enough time allocated to explore all answers. (Residential customer)

A little bit long-winded in some areas of explanation by different speakers. (Residential customer)

Thanks for asking our opinions. (Residential customer)

Thank you! Very comfortable environment. Learnt a lot. (Residential customer)

Appendices

Appendix 1: Deliberative Forum Discussion Guide

NEWGATE

Jemena Deliberative Forum
Discussion Guide
17 September 2014, 6-10pm

Session Introduction and Initial Voting	**6.00 – 6.15pm**
Chair *5 mins*	**WELCOME AND INTRODUCTION** • Welcome everyone and thank you all very much for attending this research forum this evening. • My name is Sue Vercoe from Newgate Research and I am the facilitator for this evening on behalf of a company called Jemena. • This group is broadly representative of people living in the north-western suburbs of Melbourne, and we also have some businesses from the area represented in the room (SME customer). There are three main aims for tonight: 1. For Jemena to get to know you better and vice versa, and in doing so understand what aspects of Jemena's electricity service are important to you, and how Jemena can best meet your needs; 2. To gather your feedback on a range of options on its five-year plan – you'll hear from Jemena about the plan and how your feedback will be used, and I note that the report from this research will be made public; and 3. We'll also explore your thoughts on some ideas for the company's longer-term plans. • The company I work for - Newgate Research - is an independent market and social research firm and we do a lot of work in the infrastructure sector exploring community attitudes to issues such as energy, water and transport. I would like to introduce my colleagues *[names – facilitators to stand up]* who are facilitating table discussions. • We also have a number of people here from Jemena. Some of them will be doing some presentations for you later this evening, others will just be observing. • We have a jam-packed agenda of activities and we'll go for the full four hours. I'll start by running through the schedule for tonight and some basic housekeeping. 1. We have asked you here tonight to get your honest opinions on the things we are going to be talking about. We are deliberately seeking the views of a mix of people from different age groups and background and we're keen to hear from each and every one of you. 2. There are **no right or wrong answers**. Everyone here has the knowledge and expertise to contribute. It doesn't matter if you don't know anything or very little

	about the things we are going to be talking about tonight – that in itself would be very interesting to us. 3. Please keep in mind that we expect to hear **a range of different opinions** and we ask that everyone respects this. So if someone is saying something that you don't agree with or if you have ideas that haven't been raised, please do speak out and let us know. 4. Here is an **agenda** for the evening *[show on screen].* It will be a guided discussion and we'll have a mix of discussions with reporting back from your tables, open forum discussions with the whole room and five short presentations from Jemena, followed by Q&A sessions and we'll ask for your opinions after each presentation. We will also be using the wireless handheld voting pads. 5. We do have **a great deal to get through** so sometimes we will need to stop conversation at a certain point and move on in order to make sure we get through everything and finish on time, so we apologise in advance if we cut you off. ▪ You will have the opportunity to **ask questions** after each presentation but there might not be time for *all* of your questions to be answered at that point. However, **your questions are really important** because they help Jemena to know what customers are interested in and this will inform its communications. Even if we don't have time to answer them, please do let us know what your questions are throughout the night (either in the open forums or at your tables). There may be time to ask a Jemena staff member in the break or at the end, when we'll also let you know how you can get more information later on. 6. Your participation tonight is **confidential** and we are all here on a first name basis. We are members of the market research industry associations and operate under strict privacy laws. Jemena will not be given a list of the names of people here tonight and no names will be included in our report. We will take **a few photos** from the back of the room during presentations to include in our reports to show that we have conducted this forum. We should get the backs of heads. If anyone is concerned about appearing in a photo of this nature, please let us know. We're also taking **audio** recordings. 7. Please help yourselves to refreshments as we go. [Focus group: We'll have a quick 5 minute break around 7.45pm / Forum only: We'll have a quick **10-minute break at about 7.55pm** but otherwise we'll work through.] *8. Location of toilets / exits* 9. Mobile phones off or on silent please - we need your full attention! Please duck out if you do need to make a call or pop to the toilet. 10. To kick things off tonight we're going to ask you some questions focus group: in your workbook / forum: using the hand-held voting pads.

Chair *10 mins (to 6.15pm)*	**HANDSET VOTING QUESTIONS** You should all have a handset in front of you. Please pick it up and we'll show you how to use it. You will use it a few times during the night. 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 out loud. Sometimes we'll show you the results but we won't have time to do that for every question. Those of you on SME customer, please respond to all of the questions tonight with your company hat on. 1. To start with, please enter your table number 1. 1 2. 2 3. 3 4. 4 5. 5 6. 6 2. What is your gender? 1. Male 2. Female 3. Please enter your age group: 1. 18-24 2. 25-34 3. 35-44 4. 45-54 5. 55-64 6. 65 or over 4. Are you the owner or senior manager of a business in the north-western area of Melbourne? 1. Yes 2. No 5. How interested would you say you are in issues to do with electricity? 1. Not at all interested 2. A little interested 3. Somewhat interested 4. Fairly interested 5. Very interested 6. Before being invited to tonight's meeting, had you heard of Jemena? 1. Yes 2. No 7. How would you rate your level of knowledge about what Jemena does? 1. Very good 2. Quite good 3. Fair 4. Quite poor 5. Very poor 6. Don't know 8. Regardless of how much you know about Jemena, how would you say you feel about the organisation? 1. Very positive

2. Somewhat positive
3. Neither positive nor negative
4. Somewhat negative
5. Very negative
6. Don't know

9. How do you rate the value for money that electricity offers you as a form of energy?
    1. Very good
    2. Quite good
    3. Fair
    4. Quite poor
    5. Very poor
    6. Don't know

10. How concerned are you, if at all, about the current cost of electricity?
    1. Not at all concerned
    2. Only a little concerned
    3. Fairly concerned
    4. Quite concerned
    5. Very concerned
    6. Don't know

11. How would you rate the current level of reliability in your electricity supply?

    Reliability is about how often your power goes out (blackouts).

    1. Very good
    2. Quite good
    3. Fair
    4. Quite poor
    5. Very poor
    6. Don't know

12. Roughly when was your last power blackout?
    1. Within the last week
    2. Within the last month
    3. 1-3 months ago
    4. 4-6 months ago
    5. 7-12 months ago
    6. 1-2 years ago
    7. More than 2 years ago
    8. Never had one

13. How would you rate the electricity company's responsiveness in restoring your electricity after blackouts?

    Responsiveness is about how long it takes to restore your power after a blackout.

    1. Very good
    2. Quite good
    3. Fair

4. Quite poor
5. Very poor
6. Don't know

14. How long did your last blackout last?
    1. Less than 30 minutes
    2. 30-60 minutes
    3. 1-2 hours
    4. 3-5 hours
    5. 6 or more hours
    6. Don't know – e.g. wasn't home
    7. Never had one

Table Discussions **[ADJUST FOR FOCUS GROUP AS APPROPRIATE]** **6.15 –6.40pm**

Chair
5 mins

PARTICIPANT INTRODUCTIONS

Thank you for that. We'll now break into table discussions for the next 20 minutes. The first thing we'd like to do is have people go around the tables and introduce themselves. To make it easy for you, we'd like you to share *[on screen]*:

Residents	Businesses (SME customer)
• Your first name • The suburb where you live • Your occupation/what you do during the day • The number of people in your household • Whether you live in a house or apartment • Do you own / mortgage or rent • Whether you have solar panels • Any interests or hobbies that distinguish you	• Your first name • Your suburb at work and at home • Type of business and your role there • The number of employees in your business • What type of premises your business is in • Do you own or lease the premises • Whether you have solar panels • Any interests or hobbies that distinguish you

You will each have about 30 seconds to tell us a little bit about yourself before we get into the discussions.

Table Discussions
15 mins (to 6.40pm)

ENERGY ISSUES IN GENERAL

Energy Issues

- Can you think of any **issues** when it comes to electricity in Victoria at the moment?
    - Have you read or seen anything in the media about electricity issues recently?
- How much would you say **you know** about the electricity system and how it gets to your place? Hands up if you know a lot, a fair bit, not much or not really anything?
- When was your **last power outage or 'blackout'**? *Explore experiences and perceptions.*

Smart Meters *(Discuss earlier if raised unprompted)*

- Hands up if you have a smart meter.
- Keep your hand up if you know what it's for.

	○ What *is* it for? Does it provide you any benefits? What? • What benefits *could* it provide? What would have to happen for you to benefit from it? • Do you know if or how smart meters are or could be linked to pricing? **Initial Knowledge & Perceptions of Jemena** • Before being invited to come to this forum tonight, who had heard of Jemena? (*Show of hands*) ○ What did you know about it at that point? ○ Where have you got your information about Jemena? • Earlier we asked you about how you felt about Jemena. *Explore sentiment.* **Knowledge about Billing and Pricing** • Let's now talk about the basis on which you are billed for your electricity usage. ○ Explore knowledge of billings and cost components. **Customer Priorities – Unprompted** • When it comes to your own electricity supply what is important to you? • *Time permitting:* What are you interested in knowing about regarding your electricity supply?
Presentation and Discussion	**6.40 – 7.10pm**
Open Forum *15 mins (to 6.55pm)*	**<u>PRESENTATION 1: About Jemena and Why We Want to Hear from You</u>** *10 minute presentation with 5 minutes for Q&A.* We will now have the first of the presentations and it will go for about ten minutes and you'll have the opportunity to ask questions. This presentation is from Ian Israelsohn, who is the General Manager of Policy and External Affairs at Jemena.
Table Discussions *15 mins (to 7.10pm)*	**<u>REACTIONS AND IMPRESSIONS ABOUT JEMENA</u>** • What is your initial reaction to what you heard in that presentation? ○ *Explore reactions.* **Electricity Bill Components** • What did you think of the components that make up your electricity bill? Any surprises? *If necessary:* that generating, transmitting, distributing and metering electricity makes up 75% of your bill? And that distribution is around 38% of the bill? **Future Challenges/New technology** • What do you expect from energy companies in the future regarding new technology? **Five Year Plan** • What do you think about the process Jemena is going through to develop its Five Year Plan? • What do you think they should keep in mind? Do you think it is a good or bad idea for them to consult with you? What parts do you think the community will be most interested in? **Customer Priorities – Prompted (Be here by 7.05 at the very latest)**

	[Hand out sheets of paper with six components written on it: safety of supply, price and value for money, reliability (number of blackouts), responsiveness (time it takes for power to come back on after a blackout), how the electricity distribution infrastructure looks (poles, wires etc), and doing things to help vulnerable customers]. The sheet of paper I am handing out lists six key factors affecting your electricity supply and its cost. To give us a sense of how important each of these components is to you and your household, I'd like you to allocate 100 points across this list – the more points you give to each item the more important it is to you. You don't have to put an amount next to each item. If you don't think they are important at all, just put zero next to it. There is also the option for you to nominate some other aspect of electricity distribution if it's important to you and it's not covered by the categories there. • *Briefly explore point allocations.*
Presentation and Discussion	**7.10 – 7.55pm**
Open Forum *20 mins (to 7.30pm)*	**<u>PRESENTATION 2: Jemena's Five Year Plan (incl. Reliability & Responsiveness)</u>** *ALLOW A FEW MINUTES FOR QUESTIONS IF NEEDED* The next presentation is from Rob McMillan, who is the General Manager of Regulation at Jemena, and Johan Esterhuizen, who is the Acting General Manager of Electricity Networks at Jemena. The presentation is about some key aspects of the company's 5 year plan. It will go for about 15 minutes with a few minutes for questions and then we'll ask you what you think about Jemena's plan.
Voting and Table Discussions *25 mins (to 7.55pm)*	**<u>REACTIONS: DELIVERING ELECTRICITY TO OUR CUSTOMERS</u>** **<u>HANDSET VOTING QUESTIONS</u>** 15. Do you agree or disagree that safety should be Jemena's number one priority? 1. Strongly agree 2. Somewhat agree 3. Neither agree nor disagree 4. Somewhat disagree 5. Strongly disagree 6. Unsure 16. How acceptable to you is Jemena's thinking on the balance between service and safety levels, and the prices customers pay? 1. Not at all acceptable 2. Slightly acceptable 3. Moderately acceptable 4. Very acceptable 5. Completely acceptable 6. Unsure 17. Which of these three <u>reliability</u> of supply options would you most prefer? 1. **Somewhat (20%) *less* reliable service** – e.g. 20 to 30 cents cheaper per bill, but 2 in 10 customers would have 1 more blackouts per year 2. **Similar reliability** – around 1 blackout per customer per year (on average)

3. **Somewhat (20%) *more* reliable service** – $2 to $4 more expensive per bill, and 2 in 10 customers would have no blackouts per year
4. Something else

18. Jemena is thinking of **maintaining current levels of reliability** (number of blackouts) in its draft 5 year plan. How acceptable would it be to you if Jemena proposed to **maintain current levels of reliability** (number of blackouts) within its draft 5 year plan? (About 1 blackout per customer per year)
    1. Not at all acceptable
    2. Slightly acceptable
    3. Moderately acceptable
    4. Very acceptable
    5. Completely acceptable

19. Which of these three <u>responsiveness</u> options (for the time it takes to restore power after /blackouts) would you most prefer?
    1. **Somewhat (20%) *less* responsive service** – you'd save 70 to 90c per bill, but it would take up to 3 hrs to fix on average (could be up to 2.5 days after a major storm)
    2. **Similar responsiveness** – ~1 hr on average (could be up to 24 hrs after a major storm)
    3. **Somewhat (20%) *more* responsive service** – you'd pay 60 to 70c more per bill, with about 55 minutes to fix on average (could be up to 20 hrs after a major storm)
    4. Something else

20. Jemena is thinking of **maintaining current levels of responsiveness** (length of blackouts, or time to fix them) in its draft 5 year plan. How acceptable would it be to you if Jemena proposed to maintain current levels of responsiveness within its draft 5 year plan? *(Current time to restore power is about 1 hour on average)*
    1. Not at all acceptable
    2. Slightly acceptable
    3. Moderately acceptable
    4. Very acceptable
    5. Completely acceptable

<u>TABLE DISCUSSIONS</u>

Reactions

- What is your initial reaction to that presentation? *Explore reactions, questions, concerns etc.*

	Trade-offs
	• In the presentation, Rob discussed Jemena's need to make trade-offs between electricity prices and investments it makes. They must strike the right balance between their safety levels, service levels and costs and prices, and there are always trade-offs between these three elements.
	  ○ What do you think about the fact that Jemena needs to consider these trade-offs when setting safety, service and price levels?
	  ○ What are your thoughts on the balance of these factors that they're thinking about?
	
	Safety
	• Do you agree or disagree that Jemena's number one priority should be safety? Why?
	• To what extent do you think costs should be considered in its decisions about safety?
	
	Reliability
	• Before the presentation, how did you rate the current level of reliability of your power supply?
	  ○ Did the presentation change your opinion? How? Why?
	• How would you define a reliable service? *What do you consider is a reasonable level of reliability for your electricity supply? (How many power outages?)*
	• Do you know what the minimum reliability standards are?
	• What did you think of Jemena's proposal to maintain the current levels of reliability over the next 5 years?
	• *Reliability options - hand out version of relevant options slide from presentation*
	  ○ What do you think of each of these options?
	
	Responsiveness
	• What do you consider to be a reasonable time for resolving power supply disruptions? (The amount of time taken for the power to return?)
	  ○ What makes you say that?
	  ○ What is your understanding of what is involved in restoring power?
	  ○ Do you think this is different for other members of the community?
	• Before the presentation, how did you rate the current level of service provided by Jemena in responding to supply disruptions and getting the power back on?
	  ○ Did the presentation change your opinion? How? Why?
	• What did you think of Jemena's proposal to maintain the current levels of responsiveness over the next 5 years?
	• *Responsiveness options - hand out version of relevant options slide from presentation*
	  ○ What do you think of each of these options?
	
	• Would you have said there was a problem with blackouts before coming along tonight?
	
	• Have you ever had to call anyone during an outage? Do you remember who you called? Was it Jemena? What was your experience?
	
	• Given the cost implications, what combination of reliability and responsiveness options would you choose?

Break	**7.55 – 8.05pm**
10 mins	**BREAK – Need to be back at your table ready to continue by 8.05 SHARP! We'll ring the bell.**

Presentation and Discussion	8.05 – 9.00pm
Open Forum *20 mins (to 8.25pm)*	**PRESENTATION 3: Using Electricity Differently** *ALLOW A FEW MINUTES FOR QUESTIONS IF NEEDED* The next presentation is from Rob McMillan, who is the General Manager of Regulation at Jemena. Rob's presentation is about some different ways of charging and some trials the company is considering offering customers over the next 5 year pricing period to try and help make electricity costs more affordable. It will go for about 15 minutes with a few minutes for questions – then we'll ask what you think of the concepts and if you'd be interested in these trials.
Voting and Table *35 mins (to 9.00pm)*	**REACTIONS TO USING ELECTRICITY DIFFERENTLY** **HANDSET VOTING QUESTIONS** 21. Which of these would you prefer Jemena to do? 1. Increase its investment in 'poles and wires' to cater for increased usage on peak demand days (this capacity is used for less than one week each year and will result in higher prices) 2. Offer incentives to consumers to decrease their usage at certain times to avoid the costs associated with building more poles and wires 22. How well do you feel you understand the concept of capacity charging, based on the explanation just given to you? 1. Not at all 2. Slightly 3. Moderately 4. Very 5. Completely 23. Which of the following do you think would be fairer for everyone? 1. Charging everyone at the same rate regardless of whether they place more or less demand on the electricity network than other customers 2. Charging individual households according to the maximum capacity they use at peak times of the day (e.g. more of an actual 'user pays' approach) 3. Something else 4. No idea 24. Do you understand why Jemena wants to move towards prices that better reflect the costs of delivering electricity to customers with different electricity needs? 1. Yes 2. No 3. Not sure 25. How acceptable to you is the idea of paying for your electricity based on the maximum amount you use in any half-hour between 10am to 8pm on weekdays? *This is known as a "capacity charge". The current approach is that everyone pays the same rate (whether they use a lot of energy at peak times or a little).* 1. Not at all acceptable 2. Slightly acceptable 3. Moderately acceptable

4. Very acceptable
5. Completely acceptable

26. If you were charged based on the maximum amount of electricity your household uses during any half-hour period between 10am and 8pm, how likely would you be to actually make changes to try and reduce your maximum electricity use in this time?
You could do this via not using several large appliances all at once during this peak weekday time, and/or using them outside of the peak time instead.
    1. Not at all likely
    2. Somewhat likely
    3. Quite likely
    4. Very likely
    5. Definitely would

27. Imagine you *were* charged based on the maximum amount of electricity your household uses during any half-hour period within the peak time blocks during weekdays.
Thinking about your current electricity use, in which of these time blocks, if any, would it be **easiest** for you to reduce your maximum electricity use?

    (This could be via spreading out your use of major household appliances during that time block, or shifting some activities outside of that time altogether – e.g. before 10am or after 8pm.)
    1. 10am to 1pm
    2. 1pm to 4pm
    3. 4pm to 8pm
    4. None of these

28. If Jemena were to introduce capacity charging to households and small-business customers, when do you think it should do this?
    1. As soon as possible – e.g. in the next year or so (cost savings for most people would happen sooner)
    2. Phased-in over 5 years
    3. Phased-in over 10 years
    4. Phased-in over 15 years (cost savings for most people would take the longest to occur)

29. How acceptable to you is Jemena's proposal to offer various trials to customers to help them reduce peak usage and associated costs?
    1. Not at all acceptable
    2. Slightly acceptable
    3. Moderately acceptable
    4. Very acceptable
    5. Completely acceptable

30. How interested would you be in participating in Jemena's **voluntary peak demand rebate trial**?
This would be based on your usage on previous very hot days and you would be given a couple of days' notice before the expected peak day e.g. via SMS.
    1. Not at all interested
    2. Slightly interested
    3. Moderately interested

4. Very interested
5. Sign me up!

31. How interested would you be in participating in Jemena's **voluntary appliance remote control trial**? *Participating customers would have their air-conditioner or other appliances remotely adjusted so they can use less electricity during peak days.*
    1. Not at all interested
    2. Slightly interested
    3. Moderately interested
    4. Very interested
    5. Sign me up!

TABLE DISCUSSIONS

- What is your initial reaction to the presentation and concepts? *Explore reactions, questions etc.*

Capacity Charging (need a good 10 minutes on this)

- Hands up if you understand the concept of capacity charging based on Rob's description.
    - How would you explain it to someone who hadn't heard of it before?
    - What aspects if any were you unsure of?
- Do you think it would be fairer if everyone paid for their electricity usage in this way or the current way? Why?
    - Who would benefit? How do you feel about that?
    - What do you think about the idea of Jemena **transitioning** to this over time? Would that help? Or would you prefer it is introduced as soon as possible so the cost benefits can be delivered to you sooner?
- How interested would you be in paying for your electricity usage in this way? What appeals to you about it? What concerns do you have if any?
- When asked to imagine you were charged based on the maximum amount of electricity your household uses during any half-hour period at certain times of the day…what did you think?
- During which of the weekday peak time blocks did you think it would be easiest for you to reduce or spread out your use in any given half-hour period?
    - The options were: 10am to 1pm / 1pm to 4pm / 4pm to 8pm / None of these … *Briefly explore reasons*
    - How would you go about this?
    - *FOLLOWING UNPROMPTED DISCUSSION, EXPLORE PEOPLE'S LIKELIHOOD OF MAKING VARIOUS CHANGES – E.G. staggering use of major appliances, hanging washing up on very hot days rather than using the dryer, turning off appliances when not in use etc.*

Preferences

- How would you describe Jemena's thinking with regard to consumer prices?

	• Would you prefer Jemena to increase its infrastructure (poles and wires) investment to cater for increased usage in peak times or would you prefer them to offer incentives to consumers to decrease their usage at certain times to avoid the associated costs of doing this?
	  ○ What sort of incentives would help or appeal to you?
	• Do you think you *could* reduce your electricity use in peak demand periods to reduce the cost of electricity? What would it take for your household to make a change?
	• What sort of incentives do you think Jemena could offer to encourage people to reduce their energy use in peak periods?
	
	Interest in the Trials (Be here by 8.55 – i.e. try and give yourself at least 5 minutes)
	• What did you think of the trials to help reduce peak demand?
	  ○ Should Jemena do these trials?
	  ○ Would you be interested in participating in any of them? Which ones? Why?
	• *Discuss the pros and cons of each trial concept, and then additional prompts:*
	  ○ **Rebate** for a voluntary reduction in peak usage
	  ▪ Please write down the minimum rebate that would motivate you to try this, in dollar terms per year – i.e. what would be the minimum amount of money per year that would interest you in participating? *WHIP AROUND THE TABLE FOR AMOUNTS WRITTEN DOWN, AND REASONS. IF STRUGGLING, SUGGEST $5-10*
	  ▪ Now, next to the dollar figure write down what you think would be a fair level of reduction in your electricity use for that amount of rebate – in percentage terms. *WHIP AROUND*
	  ▪ How do you think you would reduce your usage on those peak days?
	  ○ **Remote appliance (e.g. air-conditioner) control**
	  ▪ What is the minimum rebate that would motivate you to try this?
	
	• Of the two trials, which do you think has the most merit? Why?
	
	VOTE WITH YOUR FEET - Session Chair (Sue): We are going to do something a bit different now and it's called stand and vote with your feet – this vote is about capacity charging. I'd like you to imagine there is a line across the room where the left hand wall represents your full support for Jemena moving to capacity charging and the right hand wall means you prefer the current approach. The middle of the room means you have no idea. Please stand up and move to the point along that line that reflects how you feel about this.
	
	• We're going to take a photo or two for analysis purposes.
	• What makes you stand where you're standing? Is there anything that might make you reconsider? *Ask a few participants. Briefly explore.*

Public Amenity Presentation and Discussion	**9.00 – 9.20pm**
Forum *10 mins (to 9.10pm)*	**Presentation 4: Public Amenity** I would like to welcome back Johan Esterhuizen, who has a short 5 minute presentation about some options for improving the visual amenity – i.e. the look and feel – of the electricity infrastructure in the area. There will be time for questions and then we'll get your feedback.
Voting and Table	**HANDSET VOTING QUESTIONS**

10 mins (to 9.20pm)	32. How acceptable to you are Jemena's plans about the 'visual amenity' of the electricity distribution system? *(NB: Jemena's current thinking is NOT to do any of the additional measures)* 1. Not at all acceptable 2. Slightly acceptable 3. Moderately acceptable 4. Very acceptable 5. Completely acceptable 33. How willing would you be to pay for each of the following visual amenity improvements? *[One item per page] NB These would be an upward step in your quarterly bill which would be ongoing* a. More frequent (less severe) tree pruning at $1.50 to $2.00 more per bill b. More attractive substation design at 40c to 50c more per bill 1. Not at all willing 2. Slightly willing 3. Moderately willing 4. Very willing 5. Completely willing 34. How willing would you be to pay for each of the following visual amenity improvements? *NB These are one-off costs which are only paid by the houses in the streets that want them* a. Bundling & insulation of overhead lines at $1,500 - $2,000 per household in your street b. Undergrounding of overhead lines at $10,000 - $15,000 per household in your street 1. Not at all willing 2. Slightly willing 3. Moderately willing 4. Very willing 5. Completely willing *35.* How acceptable to you is it that customers who wish to have services like cable bundling or undergrounding are the ones who pay for them? *(A 'user-pays' model, rather than the cost being shared by all customers)* 1. Not at all acceptable 2. Slightly acceptable 3. Moderately acceptable 4. Very acceptable 5. Completely acceptable **<u>TABLE DISCUSSIONS</u>** • *Explore initial reactions to the presentation, concepts etc.* **Visual Amenity** • How important is the overall look of your street and local area to you? How does the electricity infrastructure (poles, wires, substations, tree pruning etc) affect you, if at all?

	• As you've seen, Jemena could do a number of things to improve the visual amenity of its network. What did you think of the options and how willing would you be to pay for each of these?
	  ○ Which option do you think is the best? *(Q33-34)* Why do you think it's the best?
	  ○ What do you think of the idea of individual customers paying for improvements to the visual amenity of the electricity infrastructure if they want them, versus the cost being spread across all customers?
	  ▪ Should Jemena promote and market these offerings to customers on a user pays basis?
	  ▪ Are you comfortable with Jemena's proposed approach? (*If necessary:* That is, maintaining its current approach so as not to increase costs for all customers)
	
	• *Discuss pros and cons of each option and associated costs as described in Q33 & 34.*

'Assisting Vulnerable Customers' Presentation and Discussion	**9.20 – 9.45pm**
Open Forum *10 mins (to 9.30pm)*	**Presentation 5: Assisting Vulnerable Customers** Now we have the final presentation of the evening. I'd like to welcome back Ian Israelsohn who will talk about the ways the Jemena supports vulnerable customers and some ideas for how it could do more in this area – then we'll get your feedback on that. Ian's presentation will go for about 5 or 6 minutes and you'll have the opportunity to ask questions.

Voting and Table
 	
15 mins (to 9.45pm)
	REACTIONS TO ASSISTING VULNERABLE CUSTOMERS
	
	HANDSET VOTING QUESTIONS
	
	36. Do you agree or disagree that Jemena should be proactive in assisting vulnerable customers?
	  1. Strongly agree
	  2. Somewhat agree
	  3. Neutral
	  4. Somewhat disagree
	  5. Strongly disagree
	  6. Unsure
	
	37. How willing would you be to pay up to 70 cents extra per year so that Jemena can better support vulnerable customers through the activities outlined in the presentation?
	  1. Not at all willing
	  2. Slightly willing
	  3. Moderately willing
	  4. Very willing
	  5. Completely willing
	
	38. Which of the following things do you think Jemena should do to help vulnerable customers, if any? *[Enter as many of options 1,2,3 as you support.]*
	
	Options: | **1:** Improve communications for customers | **2:** Funding for low/no-interest loans to allow customers to upgrade | **3:** In-home energy display trial to help customers take

	with English as a second language	old appliances to help manage electricity bills	better control of electricity costs
On the average quarterly bill, you would pay:	**4 – 7 cents more**	**5 – 8 cents more**	**Less than 2 cents more**
Total extra cost per bill:	**All three options would equate to an extra 11 – 17 cents on each quarterly bill for the average customer (up to 70 cents more per year)**		

1. Option 1
2. Option 2
3. Option 3
4. All three of these
5. Something else
6. None of these

TABLE DISCUSSIONS

Vulnerable Customers (5 mins)

- What sticks in your mind from this presentation if anything? *Explore reactions, questions, etc.*
- To what extent do you think it is Jemena's responsibility to assist vulnerable customers, those customers who struggle to pay their electricity bills?
    - Do you think the government is better placed to provide this sort of help?
    - If it is done privately, is it more the responsibility of Jemena, the distributor, or their retailer, or both?

- Do you think Jemena should do any of the options presented to help support vulnerable customers? *Explore reactions to each:*
    - Improving communications for customers with English as a second language?
    - Funding for low/no-interest loans to allow customers to upgrade old appliances to help manage electricity bills?
    - In-home energy displays to help take better control of electricity bills?
        - Would YOU want one? *If necessary:* They cost about $150.
    - What did you think of the associated costs? How willing are you to pay 11 – 17 cents per quarter / up to 70 cents extra per year for these to be done to help vulnerable customers?

- Did you know that Jemena has an online portal? How interested would you be in knowing more about that? How do you think it could help your household, if at all?

Customer Priorities Revisited *(3 mins)*

Now that you have heard all of this information tonight please take another look at the Priorities Point Allocation Sheet I handed out at the start of the forum listing the six important considerations affecting your electricity service and its cost. I would now like you to fill out column B indicating how important each of these factors are to you after hearing all of the information tonight. It is perfectly ok if you have not changed your mind - just repeat the figures in column B so we know that you haven't just missed doing this - how would you now distribute your points? Again, you don't have to put an amount next to each item. If you don't think they are important at all, just put zero next to it.

	• *Briefly explore point allocations.*
	
	Communications and Engagement *(5-7 mins, time permitting)*
	
	• One thing we are interested in discussing tonight is the extent to which an organisation like Jemena should be informing and consulting consumers. However, it is important to point out that any costs involved in doing this will be recovered through a few extra cents being added to power bills.
	  ○ When I use the word 'informing' I mean providing balanced information to help consumers understand what Jemena does and key issues and options.
	  ○ When I use the word 'consult' I mean informing the community but also getting public feedback that Jemena will then take into account in its decision-making.
	  ○ Remember throughout this section of the discussions that costs for communication have to be recouped via electricity bills.
	
	• *[Handout Worksheet]* The piece of paper I am handing out lists a set of topics about which Jemena could inform electricity users via one way communication, or consult with them via a two way communication. For each one, indicate whether you would like Jemena to inform or consult you about it or just leave you alone. If there are any other topics you would like Jemena to inform or consult you about, write it down and indicate whether you would want to be informed or consulted about it. Think in particular about any aspects of their Five Year Plan that you would like to be informed or consulted about. Please feel free to add on any other topics you think Jemena should be communicating or consulting about below.
	
	• Then turn it over and on the back page there is a list of ways in which communications relating to informing and consulting could be delivered. Tick the ways you would prefer to be informed or consulted.
	
	• *Discuss results **ONLY** if time permits.*
	• *Further engagement and consultation on the Five Year Plan?* I am also interested to know if you would like the opportunity to provide further feedback on Jemena's Five Year Plan? Or, do you feel that you have had suitable opportunity via this forum? *IF YES, WANT TO GIVE MORE FEEDBACK:*
	  ○ How would you prefer to do that?

Final Voting, Thanks and Close	**9.45 – 10.00pm**
Open Forum *10 mins (to 9.55pm)*	**WORDS OF THANKS FROM JEMENA & WHAT NEXT** **SUE:** In a moment I am going to ask you a final set of questions using your handsets. But first, Ian Israelsohn would like to say a few last words of thanks. *['Have your say' slide on screen]* **HANDSET VOTING QUESTIONS** Thanks Ian. Now to the final questions. Some of these may seem familiar – if your views have shifted because of something you've seen or heard tonight, that's fine and if they haven't, that's fine too. We'll show you some of the results and in some cases will ask you to comment on why you think that is.

39. How interested would you say you are in issues to do with electricity? *(REPEAT - FOR PROGRAMMING PURPOSES, TO ENABLE BEFORE & AFTER RESULTS TO BE SHOWN ON SCREEN)*
    1. Not at all interested
    2. A little interested
    3. Somewhat interested
    4. Fairly interested
    5. Very interested

40. How would you rate the current level of reliability of your electricity supply? (REPEAT)
    1. Very good
    2. Quite good
    3. Fair
    4. Quite poor
    5. Very poor
    6. Don't know

41. How would you rate Jemena's current level of responsiveness in restoring power after blackouts? (REPEAT)
    1. Very good
    2. Quite good
    3. Fair
    4. Quite poor
    5. Very poor
    6. Don't know

42. How do you rate the value for money that electricity offers you as a form of energy?
    1. Very good
    2. Quite good
    3. Fair
    4. Quite poor
    5. Very poor
    6. Don't know

43. How would you say you feel about Jemena as an organisation? (REPEAT)
    1. Very positive
    2. Somewhat positive
    3. Neither positive nor negative
    4. Somewhat negative
    5. Very negative

44. If you had to give Jemena a grade for its approach to its Five Year Plan, what grade would you give?
    1. A+
    2. A
    3. A-
    4. B+
    5. B
    6. B-
    7. C+
    8. C

	9. C- 10. D 45. How interested are you in knowing more about what Jemena does? *This includes what it plans to do over the next five years and the impact this could have on the price you pay for electricity.* 1. Not at all interested 2. A little interested 3. Somewhat interested 4. Fairly interested 5. Very interested 6. Don't know 46. Jemena's aim tonight was to explore community knowledge and perceptions of the company and gather feedback on its five-year plan. In that light, how would you rate the overall quality of today's meeting? 1. Very Good 2. Good 3. Fair 4. Poor 5. Very poor 6. Don't know
Chair *5 mins (to 10.00pm)*	**CLOSING COMMENTS** • Facilitator to thank people for attending and remind them that the information presented is in draft form and subject to change as a result of consultation • Please also fill in your **evaluation form** for feedback on tonight's session. • Incentives handed out by table facilitators. *Ensure they check it is the right amount ($180 for residential, $220 for SMEs)*

Jemena Electricity Networks (Vic) Ltd

2016-20 Electricity Distribution Price Review Regulatory Proposal

Attachment 4-2 - Supplementary documents

Jemena Electricity Network - Community and small business consultation: Qualitative research report

Public

30 April 2015

About Jemena and why we want to hear from you

September 2014

Jemena

About Jemena

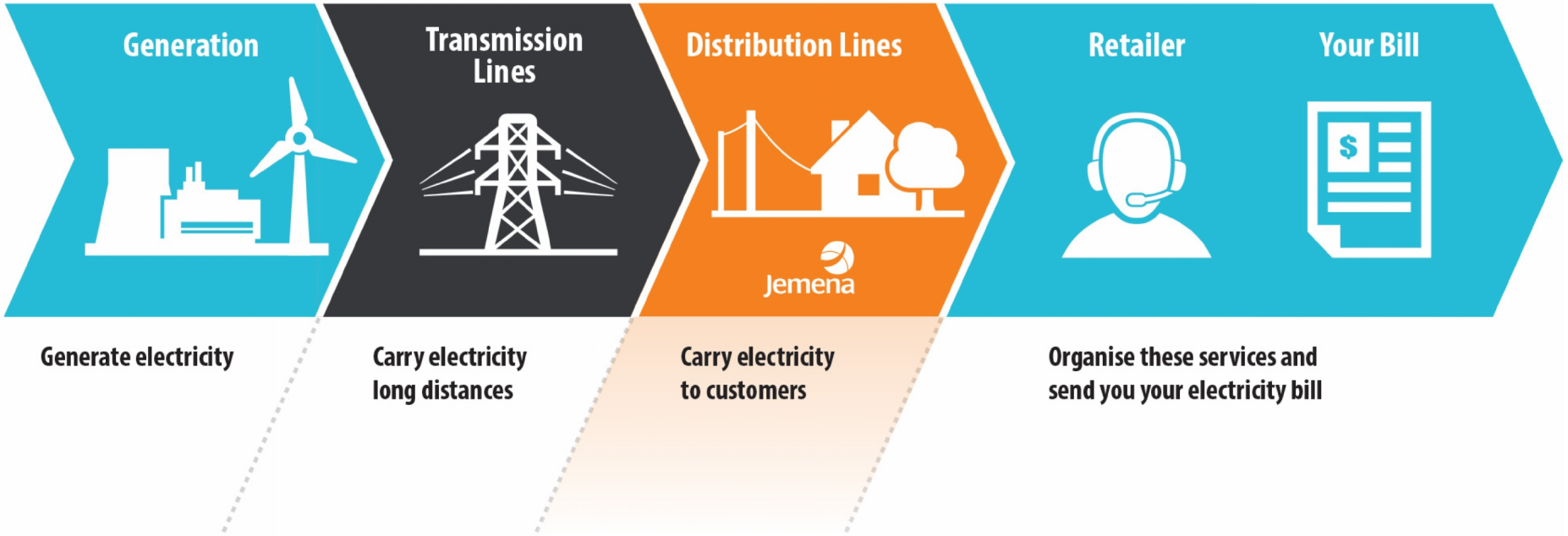
Gas

Electricity

1. Jemena Gas Network
2. Jemena Electricity Network
3. Eastern Gas Pipeline
4. Queensland Gas Pipeline
5. Colongra Gas Transmission and Storage Pipeline
6. VicHub
7. ActewAGL Distribution Partnership
8. United Energy Distribution

Jemena

Getting electricity to you

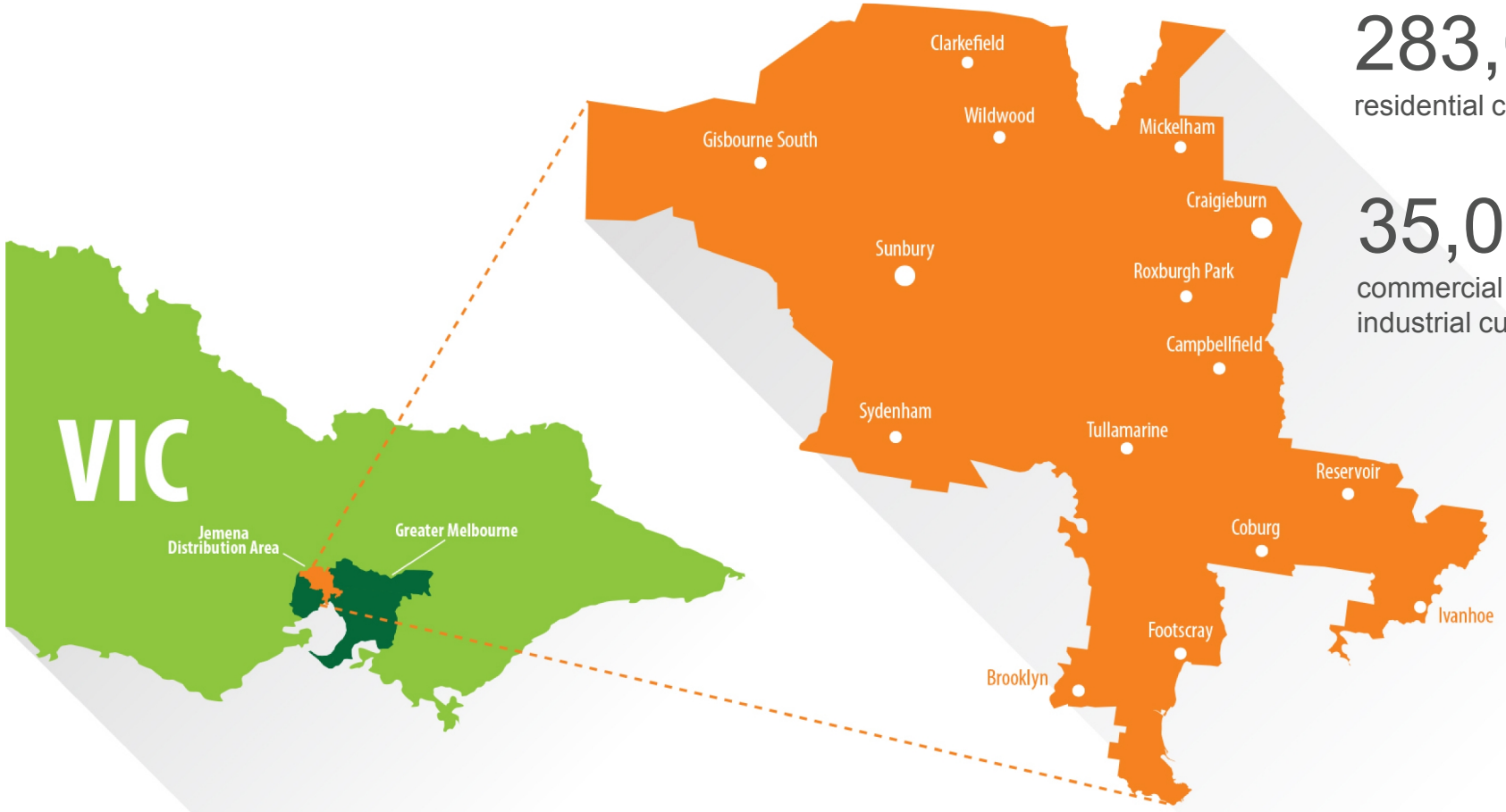


Jemena

Our electricity network

Jemena

Our electricity network

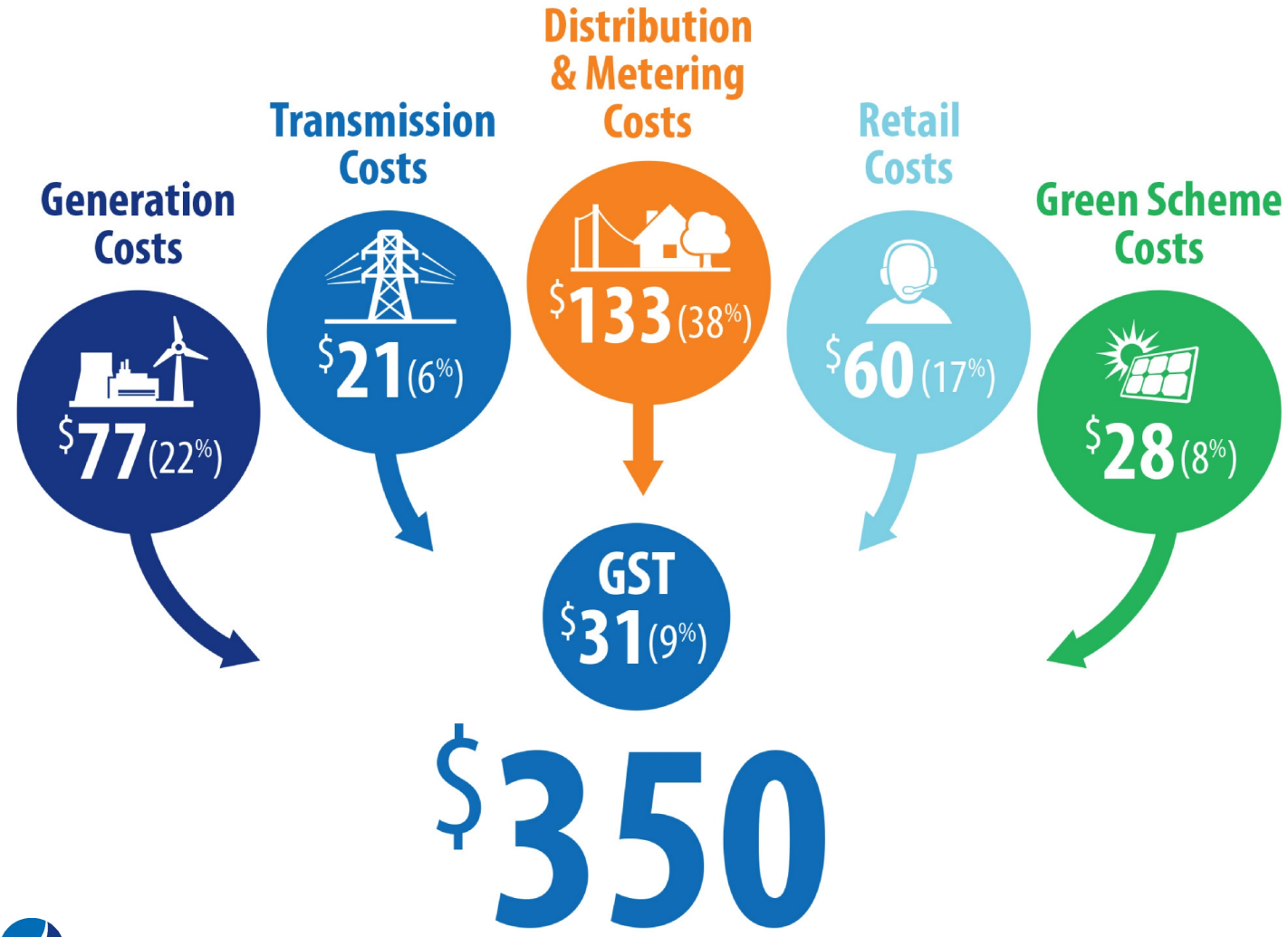


283,000
residential customers

35,000
commercial and industrial customers

Jemena

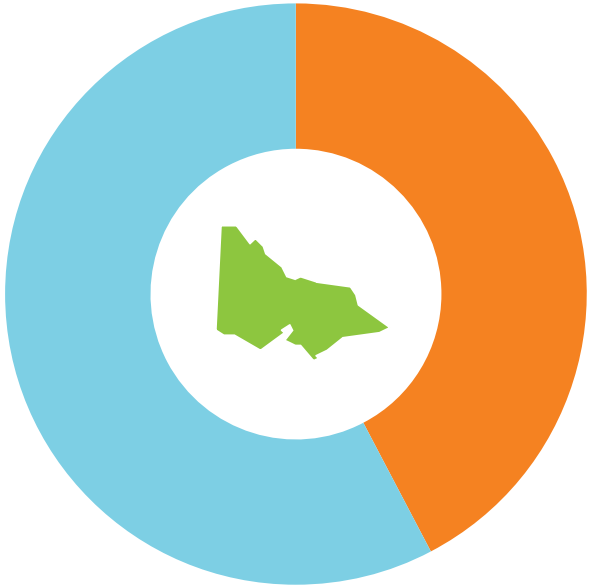
The average residential bill



Jemena

The average residential bill

Victoria



Other States

Network charges

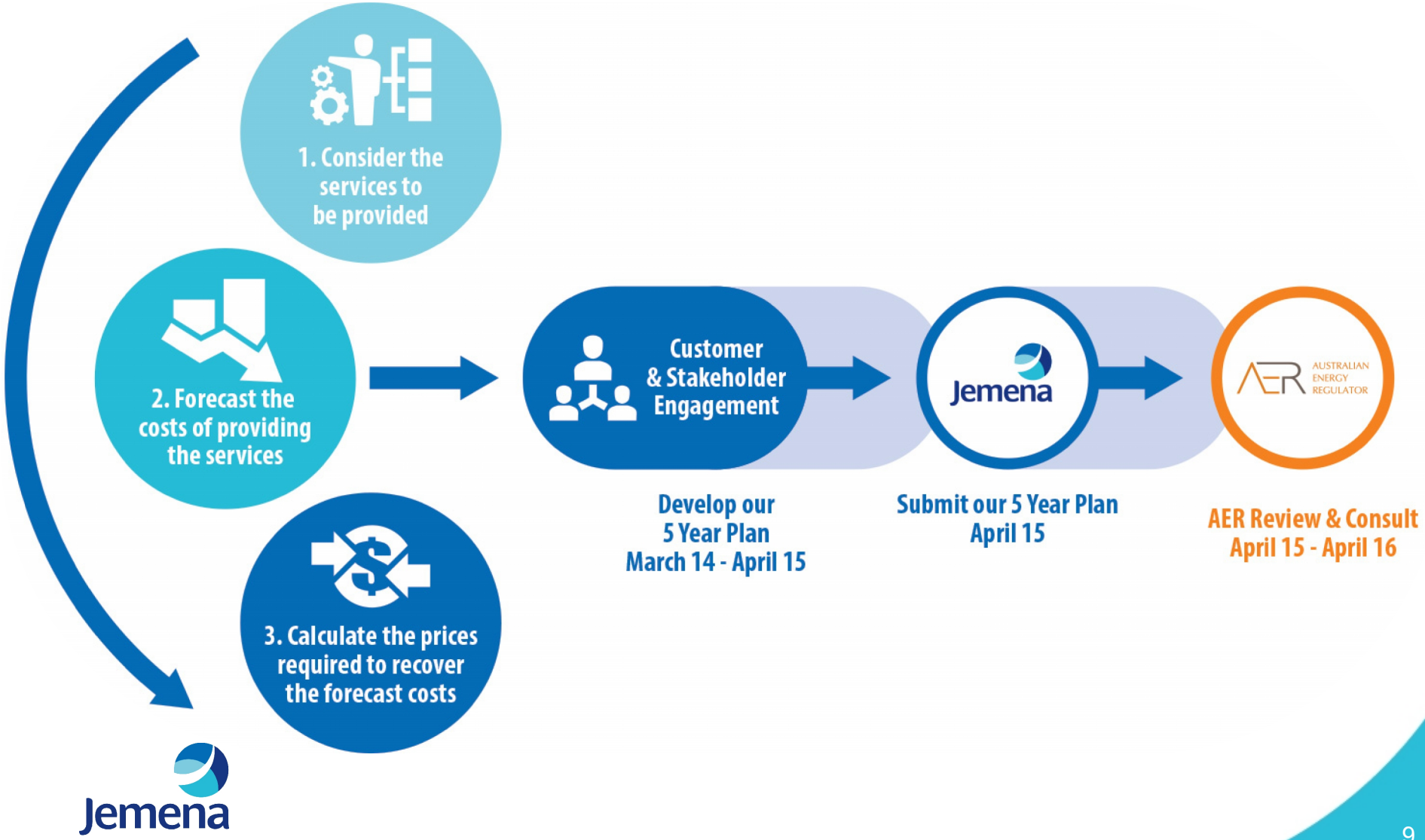
Other charges

Jemena

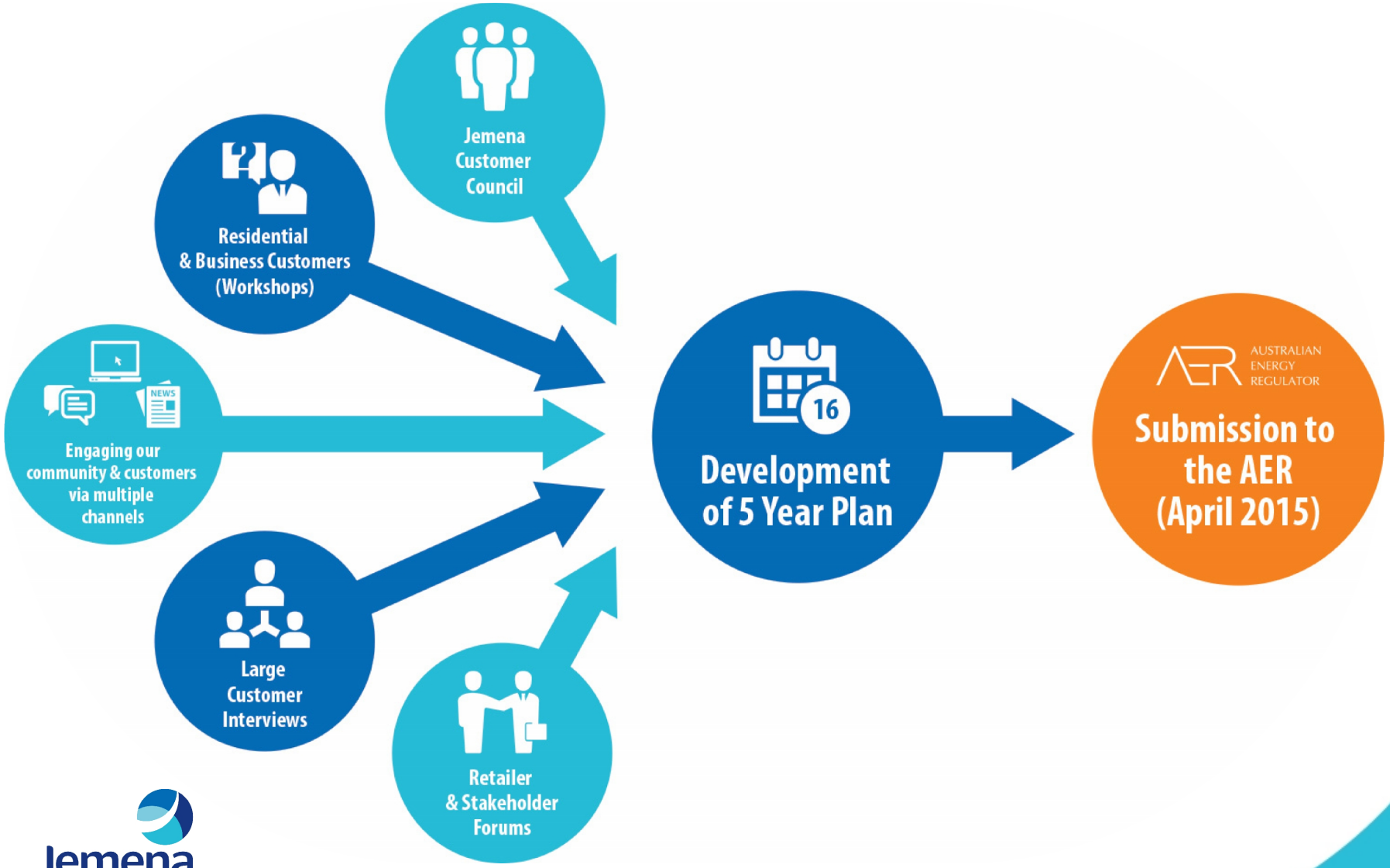
Why we want to hear from you

Jemena

How we're developing our 5 year plan



Who we're asking for their views



Jemena

Delivering electricity to our customers

September 2014

Jemena

In our plan, we must make long-term decisions on behalf of our customers

The decisions we make today affect you now and in the future

We need to get this **balance** right and test it with you

Jemena

Service levels

There are a number of aspects to our service levels:

Reliability – making sure your electricity is available when you need it

Responsiveness – minimising the time it takes to respond to blackouts

Public amenity – considering the visual fit of our network with your local area

Empowering customers – assisting customers to better manage their electricity use and costs

Jemena

Our current thinking on our plan

Continuing high levels of safety

Maintaining current service levels

Relieving upward pressure on prices

Jemena

We're here tonight to hear from you about your preferences

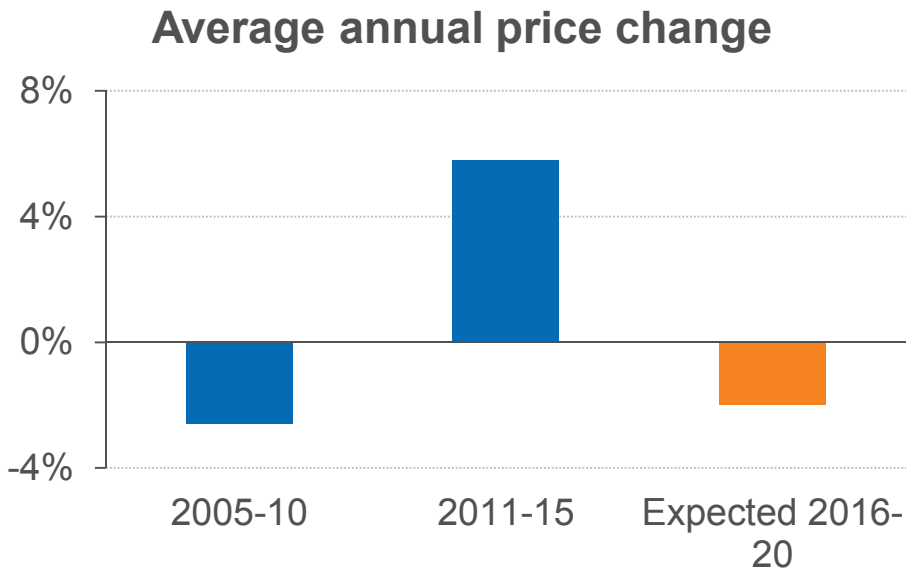
Influences on our plan

Our funding costs have decreased from 10.3% (last time), to around 8% now

Costs (like labour) are going up, and we need to spend more to deliver our services

?

The way people use electricity is changing



Jemena

Safety

Jemena

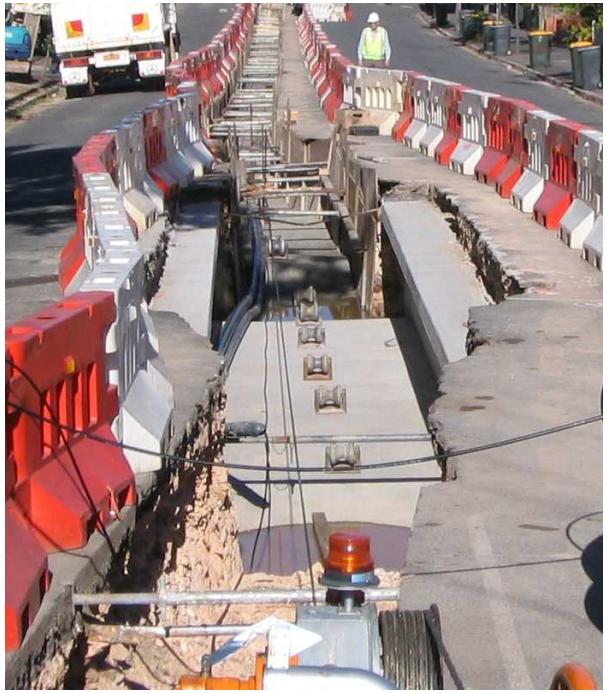
Safety

The safety of our customers, the general public and our employees is our number one priority

WAtoday.com.au

Family left numb after teen girl's tragic electrocution

January 31, 2011

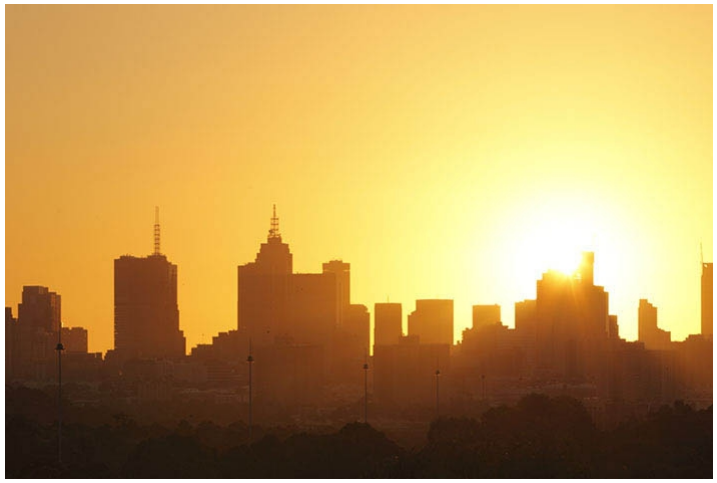


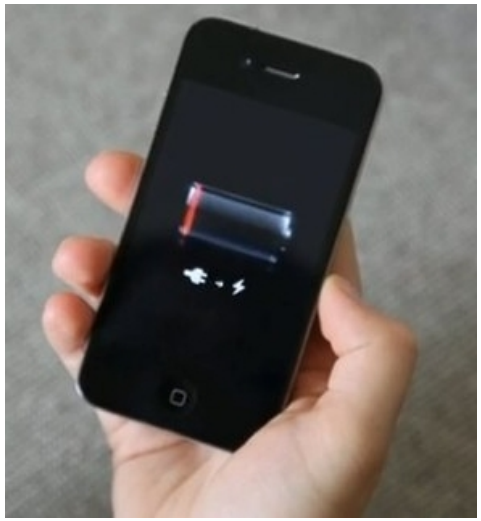
Jemena

Service levels

Jemena

Reliability & responsiveness





Jemena

Reliability

Jemena

On average, each customer has about 1 blackout per year

Responsiveness

On average, each blackout lasts for about one hour

Getting the balance right

We could spend more money to reduce the number of blackouts or make them shorter…

…but higher levels of service get increasingly expensive

Jemena

What we're currently thinking of doing

Example: Flemington Zone Substation

This project would cost customers

$0.91 per quarterly bill

Jemena

What we're currently thinking of doing

Example: New Craigieburn Zone Substation

This project would cost customers

$1.24

per quarterly bill

Jemena

What we're currently thinking of doing

Example: Expanded inspection and maintenance programs

This project would cost customers

$2.27 per quarterly bill

Jemena

What's important to you?

As well as our 5 year plan, we're also thinking about our **20 year strategy**

Jemena

Options for reliability

Currently, the average customer has about **1 blackout each year**

			Compared to your current bill…
1.	Less reliable service	**20% more** blackouts each year	**30c to 40c** — You'd save 30-40c on each quarterly bill
2.	Similar reliability	Each customer has about **1 blackout per year**	Your quarterly bills would be about the same
3.	More reliable service	**20% fewer** blackouts each year	**$2 to $4** — You'd pay $2-4 more on each quarterly bill

Jemena

Options for responsiveness

Currently, the average outage lasts about **1 hour**

		Compared to your current bill…
1. Less responsive service	Blackouts are **3 hours** on average Major storm: up to 2.5 days	**70c to 90c** You'd save 70-90c on each quarterly bill
2. Similar responsiveness	Blackouts are **1 hour** on average Major storm: up to 24 hrs	Similar cost
3. More responsive service	Blackouts are **55 minutes** on average Major storm: up to 20 hrs	**60c to 70c** You'd pay 60-70c more on each quarterly bill

Jemena

Using electricity differently to reduce costs

September 2014

Jemena


Our Costs and Prices:
Cost of providing our services
Prices for recovering our costs
(today and in the future)

Jemena

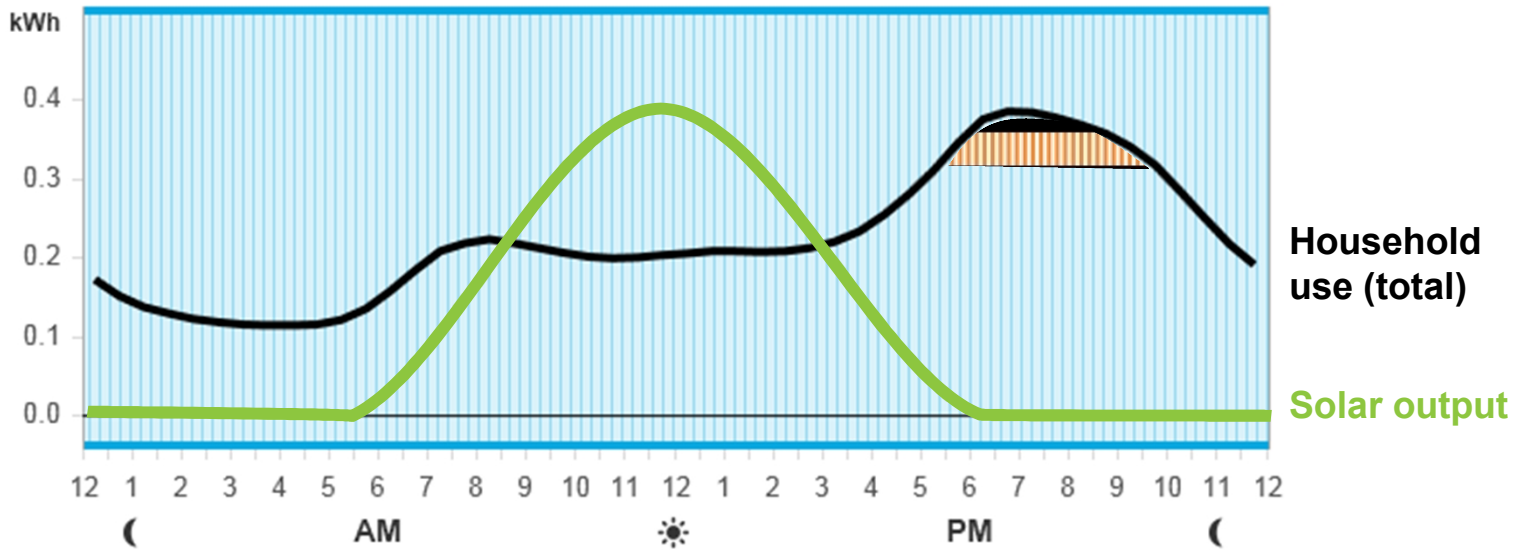
Peak demand

Peak demand is the maximum amount of electricity used by everyone at the same time

Jemena

Reducing peak demand

Daily household energy consumption



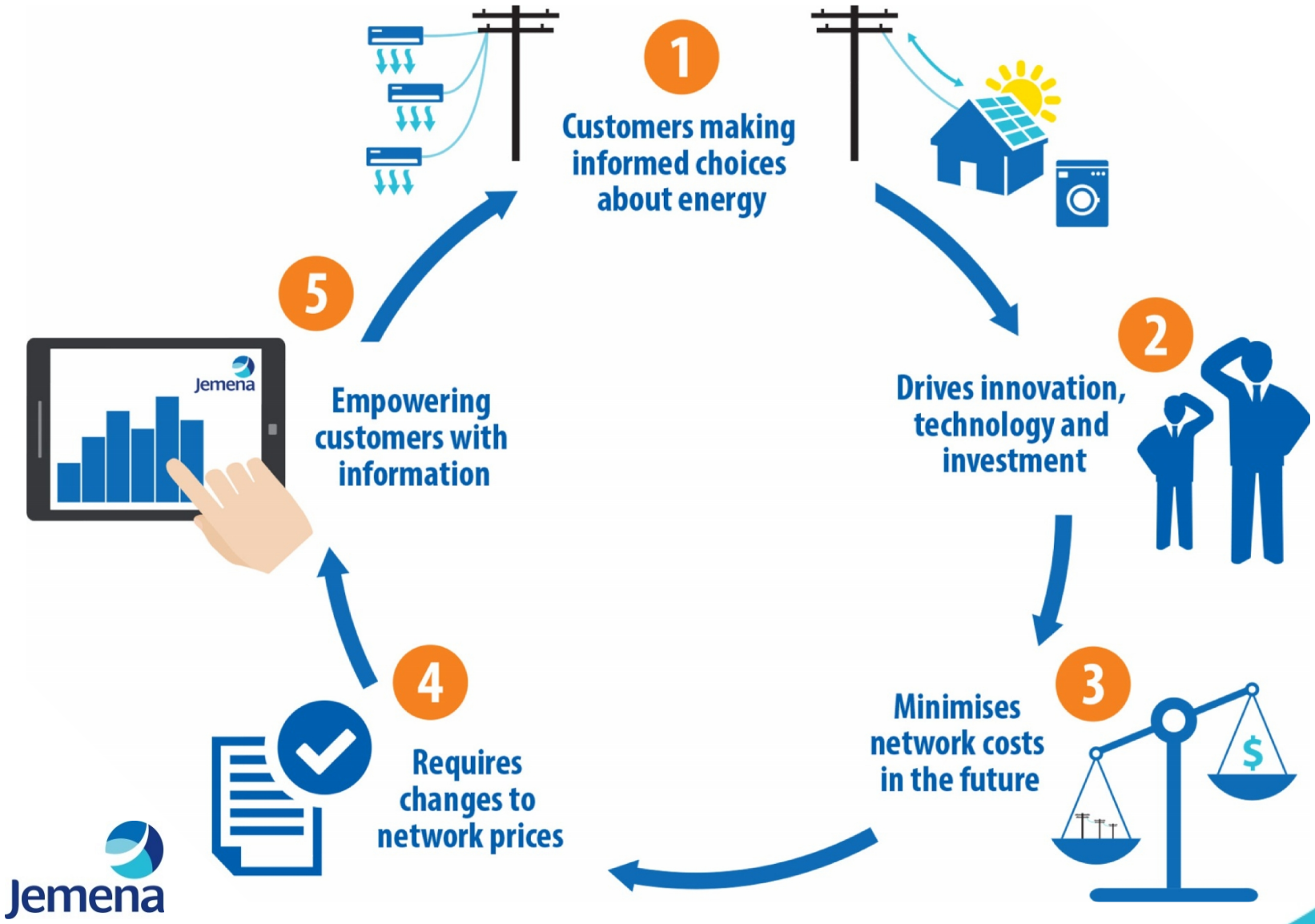
Lower peak demand

Less capacity required

Lower future bills

Jemena

Making informed choices



People consider peak prices regularly…

We all encounter prices which are higher during peak times

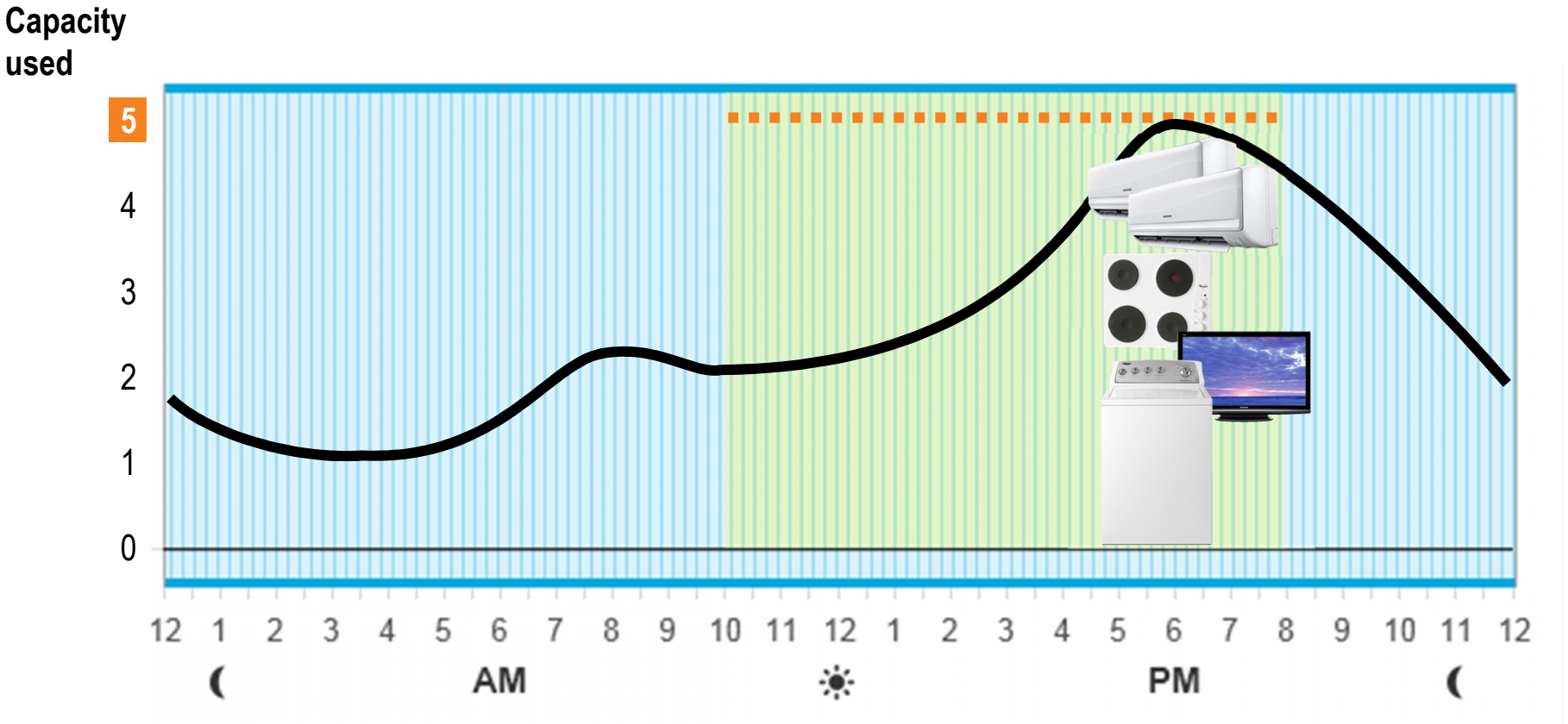
Jemena

Capacity pricing

- An alternative way of pricing our services
- Encouraging customers to use less capacity at peak times
  - Lower prices for people who use electricity outside of peak times
  - Makes sure that those who continue to choose to use lots of electricity at peak times contribute more to the cost of doing so
- Network charges take into account your highest use during the peak
  - Peak time for our network is 10am to 8pm on weekdays
- We're thinking of gradually introducing changes over a 15 year period

Jemena

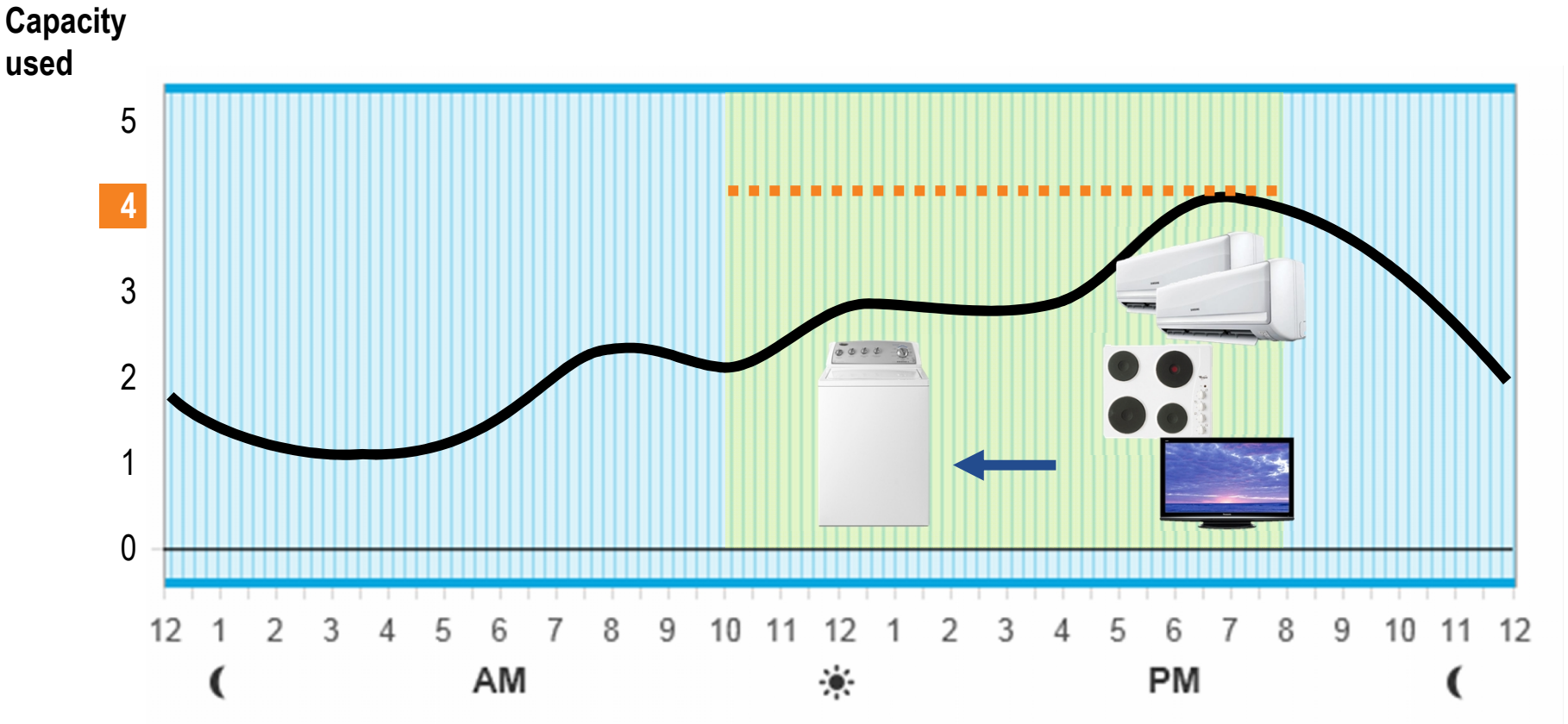
Capacity pricing – how you can save



Jemena

Capacity:

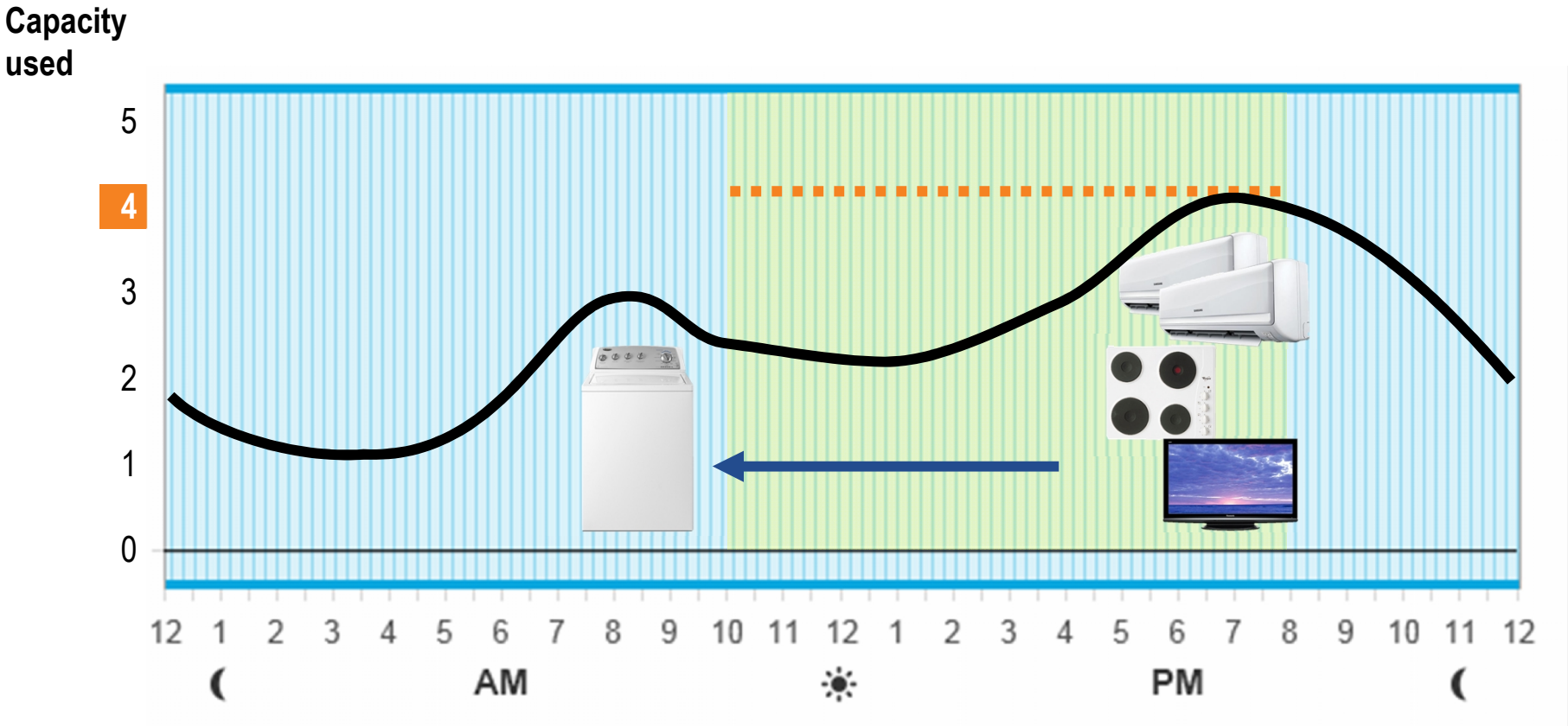
Capacity pricing – how you can save



Jemena

Capacity:

Capacity pricing – how you can save



Capacity:

Jemena

Capacity pricing

8 out of 10 customers would pay less over the longer-term…

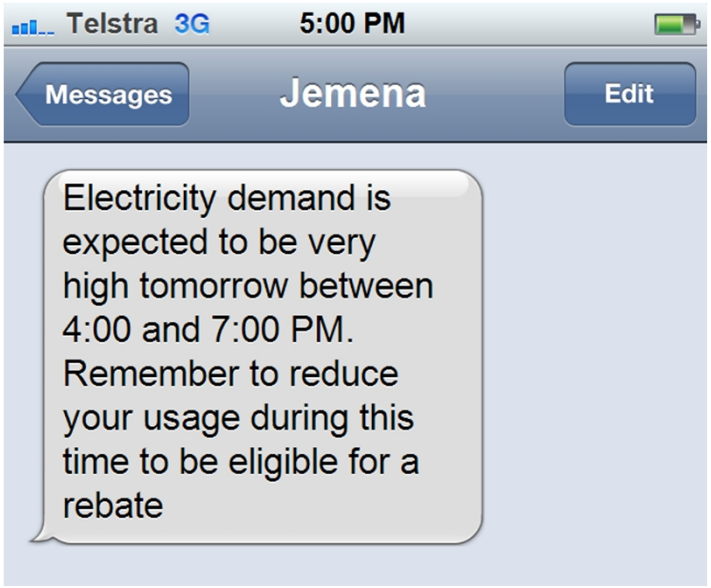
Lower peak demand

Lower future bills

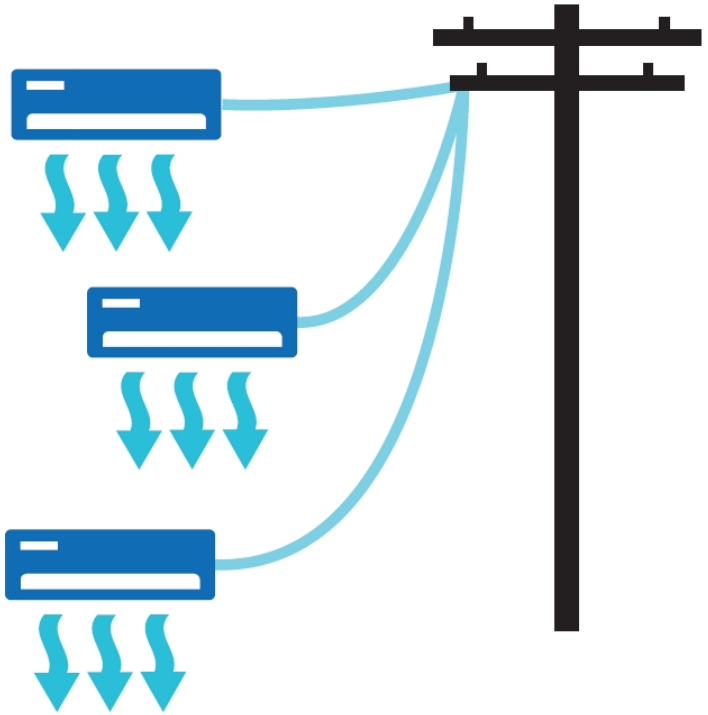
Jemena

Trial programs

1 Voluntary peak rebate trial



2 Voluntary trial control of certain appliances



Jemena

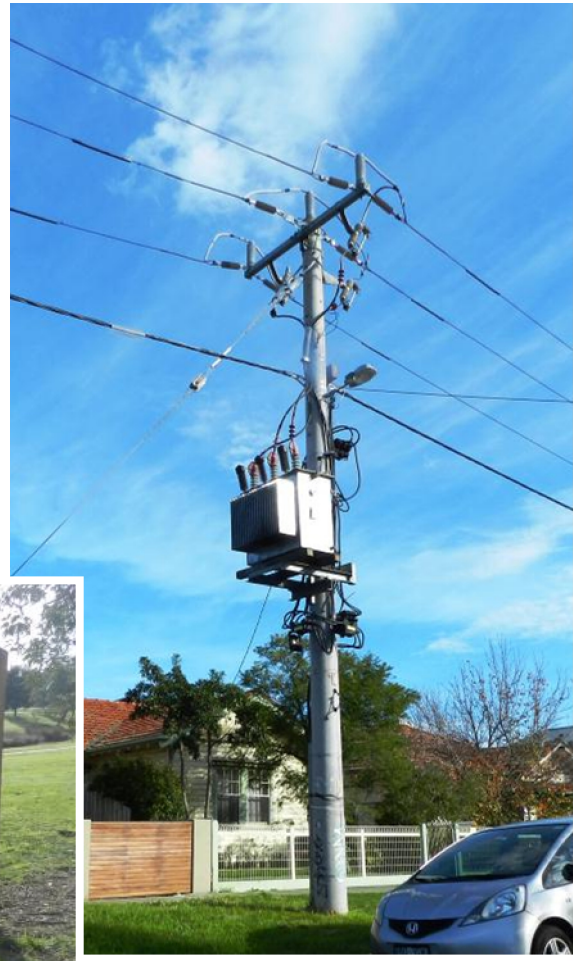
The visual impact of our services on your local area

September 2014

Jemena

What our network looks like

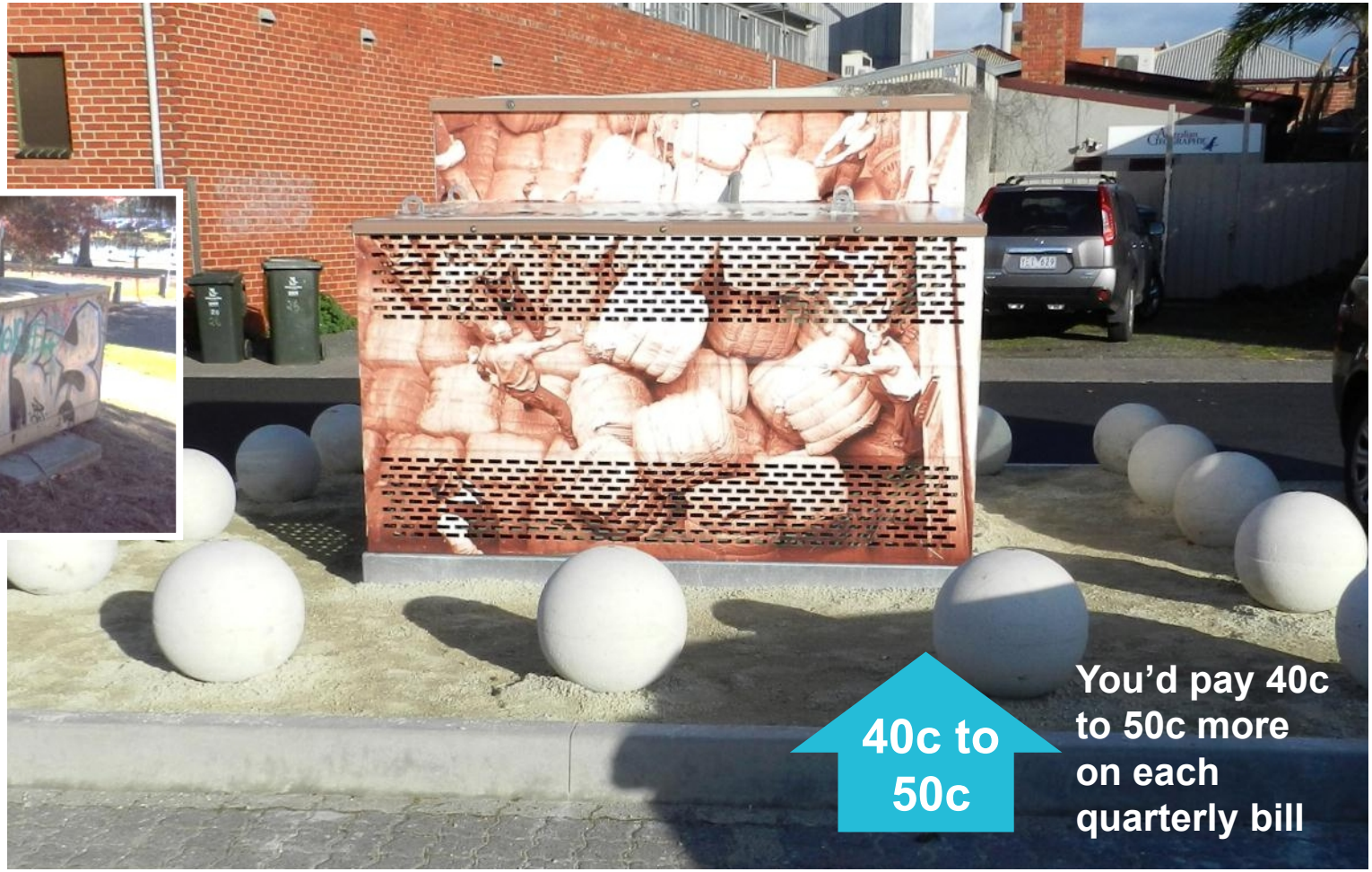
- Customers ask us a lot of questions about the way our network fits in visually with their local area
- Our network can visually impact your local streets
- We must consider certain trade-offs when considering what our network looks like



Jemena

Substation design

Making substations look better



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In our 5 year plan, we're not currently thinking of doing this for many substations

Tree-trimming

We currently trim most trees once every 2 years

Jemena

Tree-trimming

We could trim them once every year

In our 5 year plan, we're currently thinking of trimming trees the same way as we do now (once every 2 years)

Jemena

Bundling cables to reduce tree-trimming

Bundling overhead cables together so that the trees can be pruned less

$1,500 to $2,500

One-off approximate cost per household in street

Undergrounding

Putting power lines underground

$10,000 to $15,000

One-off approximate cost per household in street

Jemena

Assisting vulnerable customers

September 2014

Jemena

Understanding our customer base

40%

rent their property

$1314

average household weekly income

Most common languages other than English spoken are **Arabic**, **Vietnamese**, **Cantonese** and **Greek**

30%

were born in a country other than Australia

34%

speak a language other than English at home

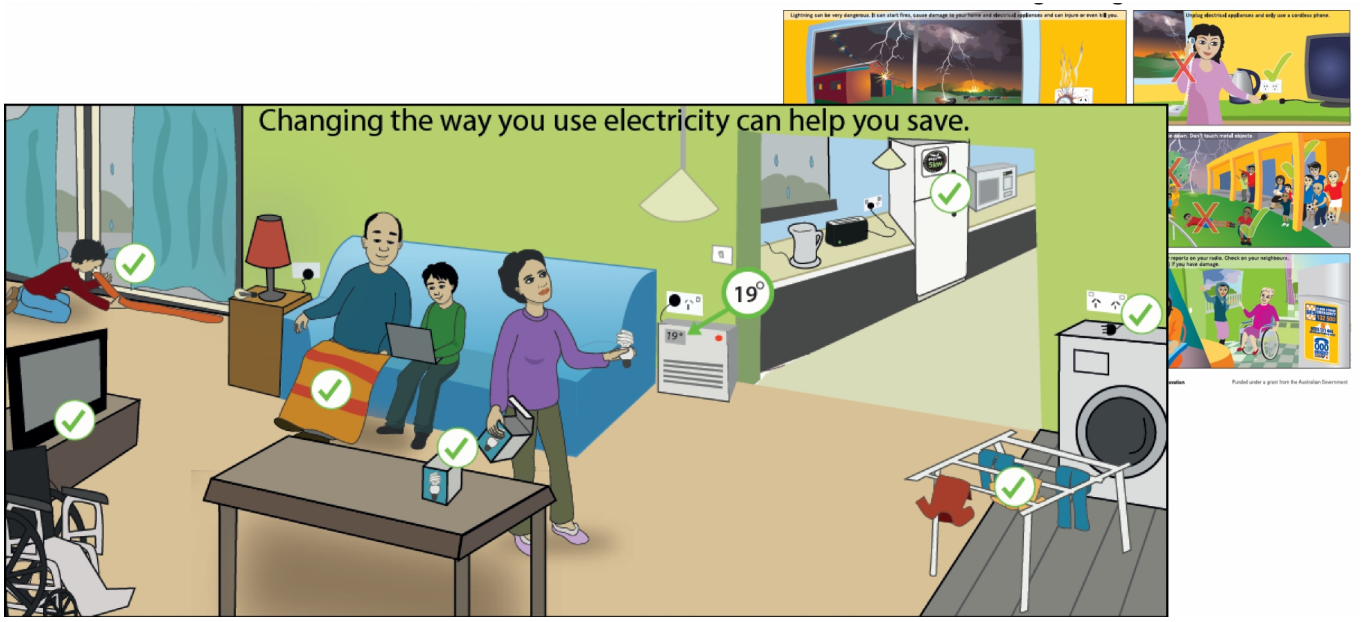
Source: ABS 2011 Census

What we currently do

Jemena

What else could we do?

- Should we improve our communications for customers with English as a second language?



Additional cost per bill for all customers:

4c to 7c

What else could we do?

- Would low/no-interest loans to allow vulnerable customers to upgrade old appliances help them manage their electricity bills?

Jemena

Additional cost per bill for all customers:

5c to 8c

What else could we do?

- Do you think in-home energy displays can help vulnerable customers take better control of their electricity bills?

Under budget

Near budget

Over budget

Jemena

Additional cost per bill for all customers:

Less than 2c

What else could we do?

Additional cost per bill for all customers:

4c to 7c | **5c to 8c** | **Less than 2c**

Jemena

Additional cost per bill if all options are selected:

11c to 17c

Have **your say**
& stay informed

www.jemena.com.au

haveyoursay@jemena.com.au

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