



Jemena Electricity Networks (Vic) Ltd

2021-26 Electricity Distribution Price Review Regulatory Proposal

Attachment 02-03

Small business consultation report





JEMENA
SMALL
BUSINESS
SURVEY
SUMMARY

QUALITY ASSURANCE

Author
Koel Wrigley

Reviewer
Caz Treby

Date
23/11/2018

This document belongs to and will remain the property of Capire Consulting Group Pty Ltd.

All content is subject to copyright and may not be reproduced in any form without express written consent of Capire Consulting Group Pty Ltd.

Authorisation can be obtained via email to info@capire.com.au or in writing to:

96 Pelham Street Carlton VIC Australia 3053.

capire

PRIVACY

Capire Consulting Group and any person(s) acting on our behalf is committed to protecting privacy and personally identifiable information by meeting our responsibilities under the Victorian Privacy Act 1988 and the Australian Privacy Principles 2014 as well as relevant industry codes of ethics and conduct.

For the purpose of program delivery, and on behalf of our clients, we collect personal information from individuals, such as e-mail addresses, contact details, demographic data and program feedback to enable us to facilitate participation in consultation activities. We follow a strict procedure for the collection, use, disclosure, storage and destruction of personal information. Any information we collect is stored securely on our server for the duration of the program and only disclosed to our client or the program team. Written notes from consultation activities are manually transferred to our server and disposed of securely.

Comments recorded during any consultation activities are faithfully transcribed however not attributed to individuals. Diligence is taken to ensure that any comments or sensitive information does not become personally identifiable in our reporting, or at any stage of the program.

Capire operates an in-office server with security measures that include, but are not limited to, password protected access, restrictions to sensitive data and the encrypted transfer of data.

For more information about the way we collect information, how we use, store and disclose information as well as our complaints procedure, please see www.capire.com.au or telephone (03) 9285 9000.

CONSULTATION

Unless otherwise stated, all feedback documented by Capire Consulting Group and any person(s) acting on our behalf is written and/or recorded during our program/consultation activities.

Capire staff and associates take great care while transcribing participant feedback but unfortunately cannot guarantee the accuracy of all notes. We are however confident that we capture the full range of ideas, concerns and views expressed during our consultation activities.

Unless otherwise noted, the views expressed in our work represent those of the participants and not necessarily those of our consultants or our clients.

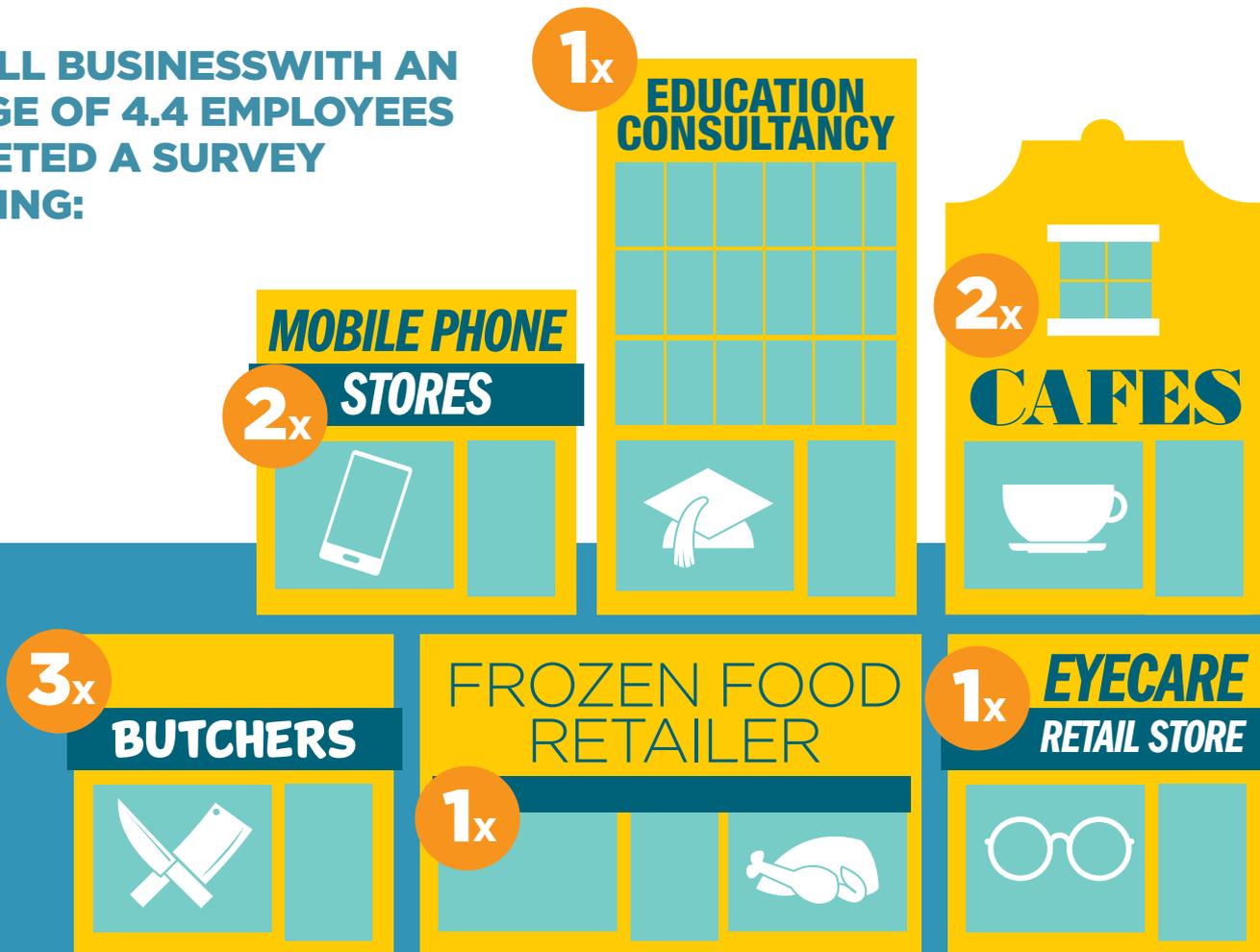
1 INTRODUCTION

Capire Consulting Group (Capire) worked with Jemena to engage small and medium enterprises (SMEs) about the future of energy. This engagement is part of their broader customer engagement program for their Electricity Pricing and Services Plan (2021-2025) submission. This report summarises their feedback and views.

1.1 PURPOSE OF ENGAGEMENT

The purpose of engagement was to hear from Jemena's business community about their views on electricity prices and priorities.

20 SMALL BUSINESSES WITH AN AVERAGE OF 4.4 EMPLOYEES COMPLETED A SURVEY INCLUDING:



1.2 ENGAGEMENT APPROACH

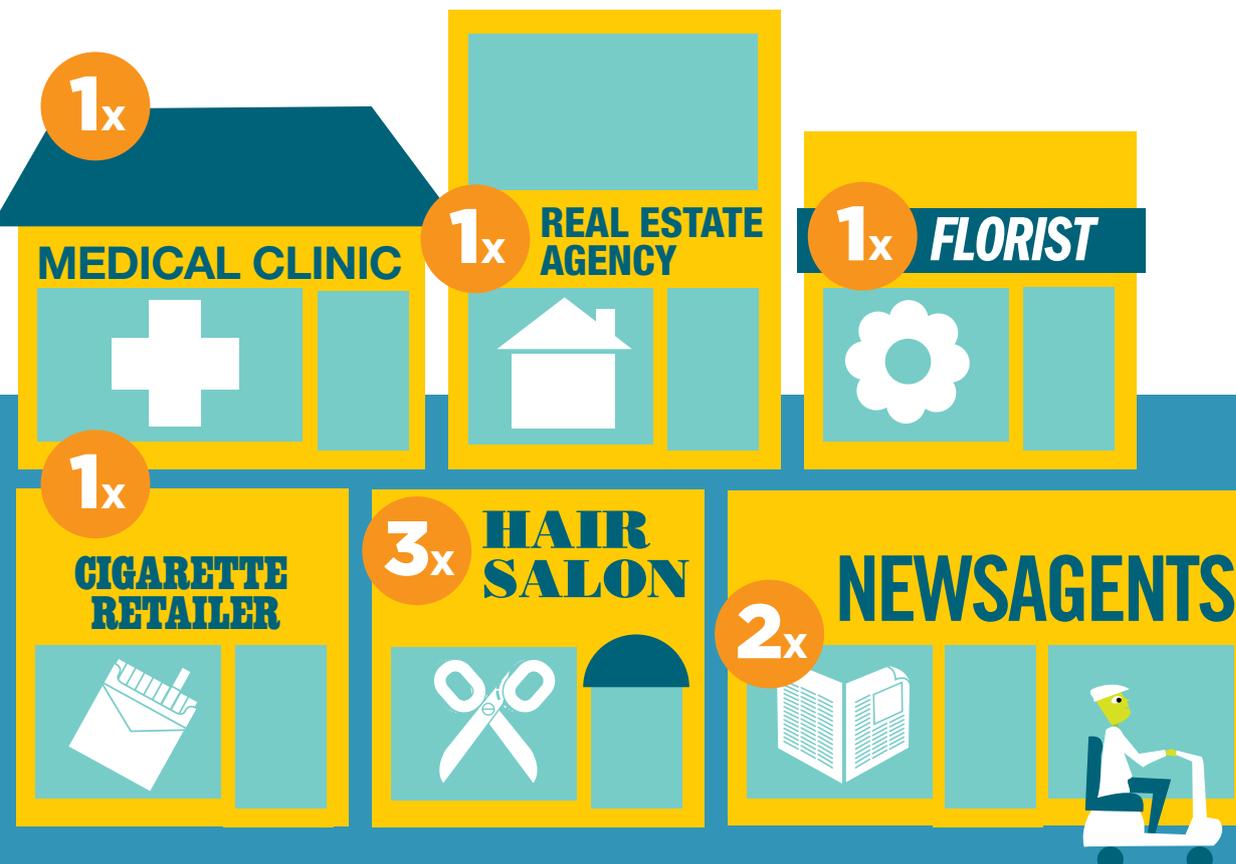
SMEs are a time poor customer group that are not easily reached by typical promotional methods such as advertising. Therefore, Capire took a targeted approach where they visited businesses in person to explain and deliver a survey, and then re-visited the same businesses to pick up the survey. Every business that completed the survey was given a \$25 EFTPOS gift voucher that thanked them for their time.

Over two days on the week commencing 5 November, Capire distributed surveys to 146 businesses. The following week each business was re-visited, and 20 surveys were returned.

This return rate (14 per cent) is consistent with typical survey engagement. Despite personally delivering the survey to businesses, managers and owners were rarely present, and the survey was left with staff to be passed on. As with residential customers, few people had heard of Jemena and their role in providing electricity.

1.3 ENGAGEMENT LIMITATIONS

- The information in this report is based on participant's feedback through surveys. Participants were not randomised. Whilst Capire is confident that this report accurately reflects the views of participants, the findings do not reflect the views of a statistically representative sample of Jemena's customers.
- Some information or participant's views included in this report may be factually incorrect or unfeasible. Information, views or proposals captured from participants has not been independently validated.
- The report summarises key points of feedback from participants. It provides an overview of participant's sentiment but does not report on the sentiment of individuals.



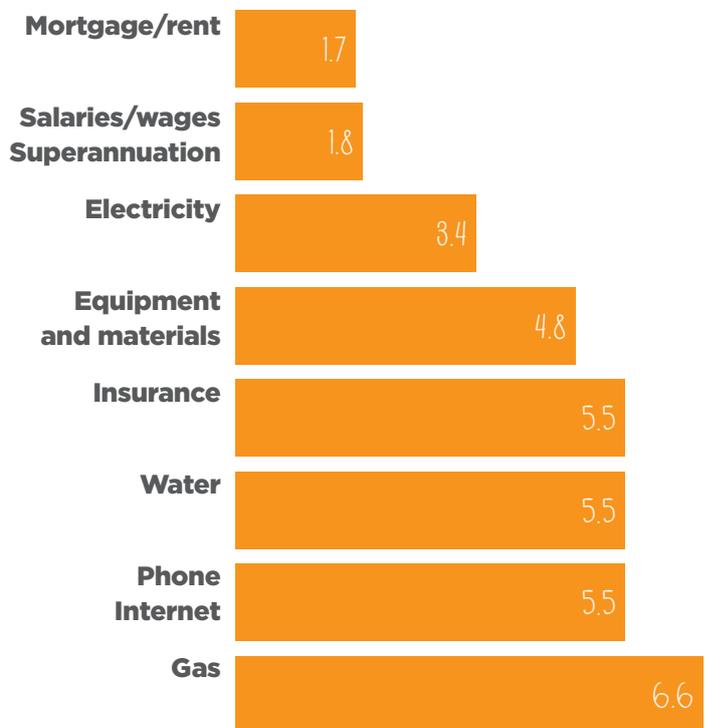
2, SUMMARY OF FINDINGS

The following section summarises participant responses to a survey that Capire distributed and collected. The survey can be found in Appendix 1.

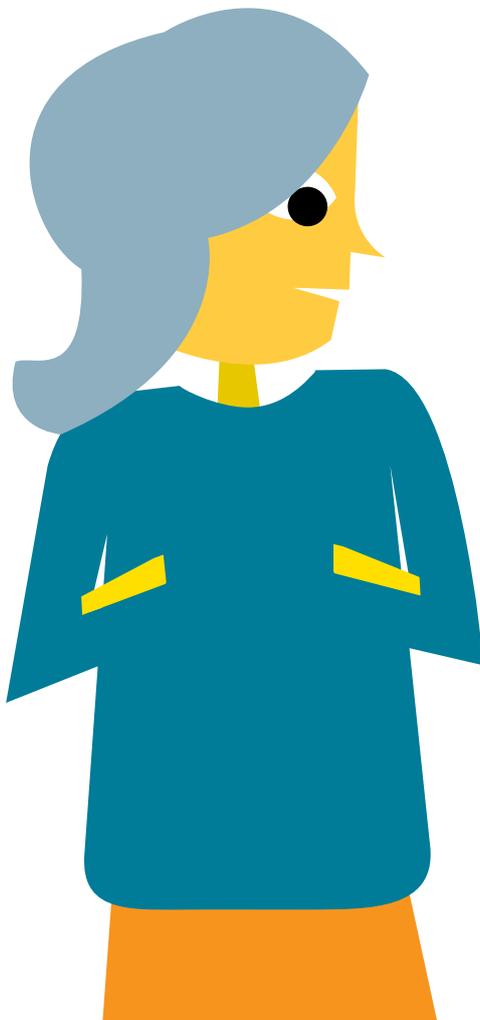
2.1 THE COST OF DOING BUSINESS

Participants ranked the cost of electricity as compared to their other business expenses. Businesses commonly said that electricity is their third highest cost, after mortgage/rent and wages and entitlements (see Figure 1)

Figure 1: Rank of costs of doing business (1 is the highest cost)



Rank of highest costs (1 being the highest)





2.2 IMPACTS OF ELECTRICITY PRICE INCREASES ON BUSINESSES

Most businesses said that their electricity prices had increased, and this has impacted them. For many, their profit margins have decreased, and several had to increase their prices. Several noted that electricity price increase was just one of many overall increases in prices for goods.

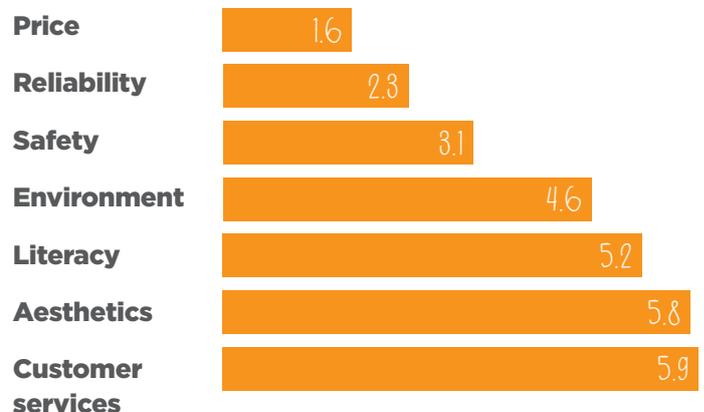
Food services such as the café and butchers said they struggled because their industry is so competitive and therefore, they cannot increase prices to respond to the increased electricity costs.

One business (the medial centre) installed solar panels to try and reduce electricity prices.

2.3 IMPORTANCE OF DIFFERENT SERVICES

As illustrated in Figure 2, price was the most important service to business customers, followed by reliability and safety. Customer service and aesthetics were the least important.

Figure 2: Rank of how important services are to business customers (1 being the highest)



Rank of service importance to business customers (1 being the highest)

2.4 OUTAGES AND IMPACT ON BUSINESSES

Businesses had had a varying number of outages in the last three years, with 1-2 outages chosen by the most respondents (eight respondents). Five businesses selected unsure or none, five chose 3-4 outages and two had had 6 or more outages (see Figure 3).

There was no relationship between a location and more outages. Most businesses had experienced outages of 40 minutes or less, however a quarter had had outages longer than 60 minutes (see Figure 4).

Figure 3: Number of outages businesses have experienced in the last three years.

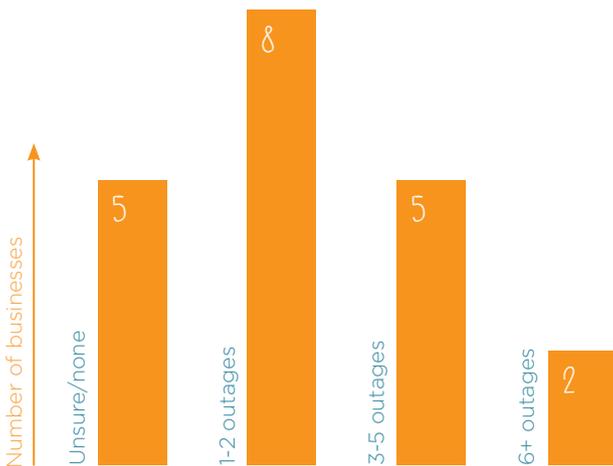
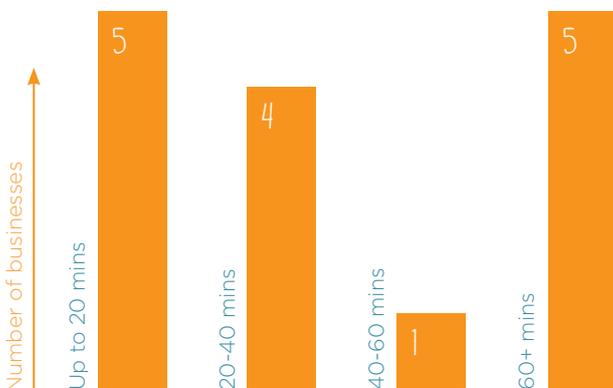


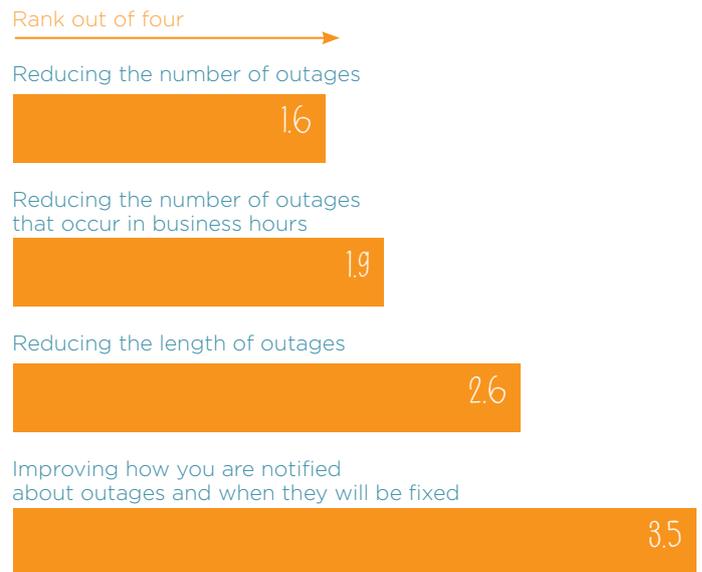
Figure 4: Length of outages businesses have experienced in the last three years.



Businesses described that electricity outages impact their ability to supply goods and services to customers. For many, an outage meant they were not able to operate at all until the power came back on. Butchers said they had to be careful that goods not contaminated during outages.

When asked what is more important in terms of reducing outage impacts on their business, the top choice was reducing the number of outages and then reducing the number of outages within business hours. As illustrated in Figure 5, improving outage notifications was their last preference.

Figure 5: Responses to what is more important for your business in terms of managing outages



2.5 CONSIDERING FUTURE ENERGY OPTIONS

Businesses were presented with future energy options, and under half (seven) had considered them for their businesses.

All seven businesses that had considered future energy options said they had considered going off grid and producing their own energy. The reasons they considered going off grid were to be more environmentally sustainable and reduce carbon, some also thought it could reduce costs. Five businesses said they had or would consider peer sharing energy. Businesses said peer sharing was attractive because they would like their business to contribute to their community.

Three businesses said they would consider having solar and batteries installed. They all stated that before installing solar and batteries, they would need more information about it, including whether it could be used as a back-up for managing outages. One business noted that they cannot consider solar or batteries because they are in a rented property.

The medical centre uses electric vehicles for their doctors. No other business had considered electric vehicles, though several noted that vehicles were not used enough in their business for it to be worthwhile.

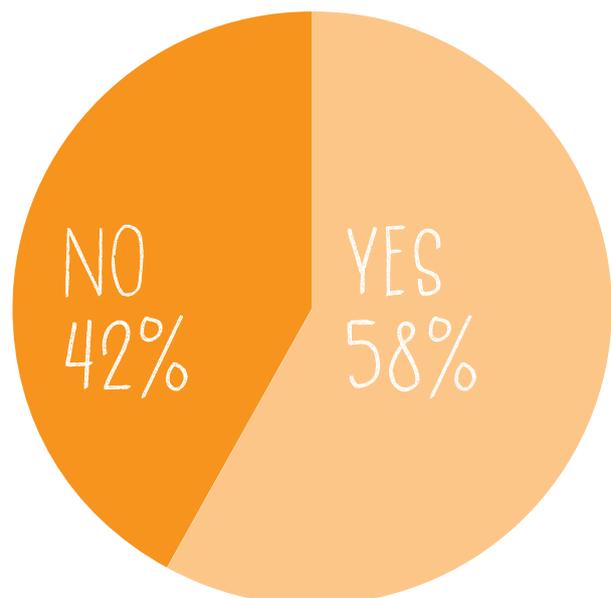
2.6 MANAGING PEAK DEMAND

All but one business was open during peak times 3.00 - 6.00pm weekdays. Only three businesses (the medical centre, furniture shop and education consultancy) said it was possible to reduce their electricity use during the peak demand period. The medical centre said they did it to reduce environmental impacts and costs to business.

Most businesses said their main sources of electricity use (fridge's, computers, lights etc), are essential to their supply of goods and services so they must be on if the business is open. A few businesses also noted that this period is their busiest period, so their electricity use can be highest in this period. A few businesses also felt they had already reduced their electricity use to its minimum for business operations.

Eleven businesses were interested in having someone provide them with advice about reducing energy use during peak times.

Figure 6: Percentage of participants that were interested in advice about reducing energy (n=19)



2.7 PRICE PATHS

Most businesses said they would prefer any electricity price increases to occur equally over five years (15 respondents) rather than gradually build so that year five would have the biggest increase (three respondents). They also said that they would prefer any price decreases to occur equally over five years (16 respondents), rather than gradually decrease so year five has the biggest decrease (three respondents).

2.8 FUTURE ENGAGEMENT

Only eight businesses would be interested in future engagement, many of the others said they were too busy. The eight businesses were split about what time they would prefer a workshop. Four would prefer a whole day session during the week (10.00am - 3.00pm), and four would prefer three weekday evening sessions (6.00 - 9.00pm). Most said letter or email is the best way to get in contact with them to inform them of future engagement.

They all said a financial incentive would encourage them to get involved in future engagement. For many, they said they would like this as a discount to their electricity bill or providing electrical products such as energy efficiency appliances or solar panels.





APPENDIX A

SME Survey

Small and medium enterprise survey

Jemena is the company who transports electricity to homes and businesses in Melbourne's north-west. Your electricity retailer (the company you buy your electricity from) deals with Jemena on your behalf, but Jemena is responsible for the poles, wires and other electricity infrastructure in your area.

Jemena is inviting small businesses (the owner or manager) to complete this survey to help them plan for the future of electricity, including how they manage the electricity network and contribute towards keeping electricity costs down. Your feedback is valuable and will inform Jemena's plans that are assessed by the Australian Energy Regulator in 2019.

All small businesses owners/managers who complete this survey and on Jemena's network will receive a \$25 Eftpos Gift Card to thank them for their time.

1. Please tell us a little about your business...

What is the name of your business?

What is the address of your business?

What services/goods do you provide?

How many employees do you have?

2. Please rank the following costs for your business

Cost	Mortgage/rent	Salaries/wages/ superannuation	Telecommunications (phone/internet)	Electricity	Gas	Water	Equipment and materials	Insurance	Other (please specify)
Rank									

3. How has your business been impacted by electricity prices increases over recent years? E.g. did you have to increase prices, or reduce margins?

4. As an energy distributor Jemena provides a range of services. Please indicate below what you think is most important to customers (rank the below areas from 1 the most important to 7 to the least).

Area	Price: keeping bills affordable	Reliability: confidence that lights will come on whenever I flick the switch	Safety: Jemena's commitment to keeping customers and the community safe	Literacy: helping you understand and keep your bills down	Aesthetics: visual appeal of electricity assets (poles, wires, substations)	Customer Service: The experience of dealing with Jemena directly	Environment: Supporting a zero-carbon future
Rank							

5. How many electricity outages (blackouts) do you think your business has experienced in the last three years?

- Unsure/none
- 1-2 outages
- 3-5 outages
- 6+ outages

6. On average how long were these outages?

- Up to 20 mins
- 20-40 mins
- 40-60 mins
- 60+ mins

7. How did these outages impact your business?

8. Rank what is more important to your business:

Area	Reducing the number of outages	Reducing the length of outages	Improving how you are notified about outages and when they will be fixed	Reducing the number outages that occur in business hours (9am – 5pm, Monday to Friday)
Rank				

9. Ways we source and use energy is changing quickly, due to new technology such as batteries that store energy, and Government policies to reduces carbon emissions.

Have you considered any of the following new technologies or energy scenarios for your business, and why?

If yes, why were you interested in this for your business?

Using electric vehicles

Yes / No

Going off grid and producing your own electricity for example through solar panels

Yes / No

Purchasing/financially contributing towards a battery to store energy you or your business precinct produce

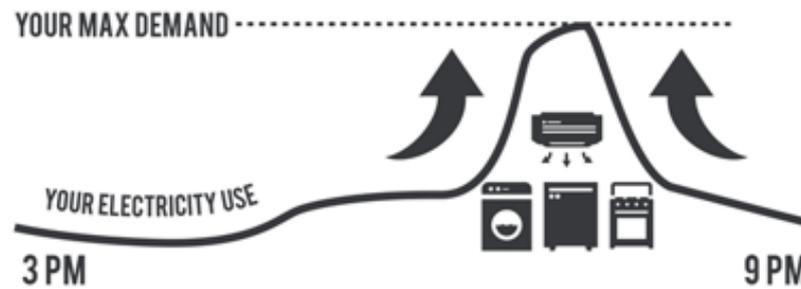
Yes / No

Sharing extra energy you create through solar and batteries with others in your precinct, such as the local school

Yes / No

Peak demand

There are 'peak 'demand' times for electricity when more people are using electricity than in other times of the day. The main peak demand times are evenings between 3.00 – 9.00pm, this is because people are getting home and turning on lots of appliances at once such as TV's, ovens, heating/air-conditioners and dishwashers. As a result, using electricity can cost more money during these times.



10. Peak demand

Is your business open during peak demand time 3.00-6.00pm weekday evenings?

Yes / No

Would you be interested in having someone advise you on ways to save electricity at this peak time?

Yes / No

Is it possible for you to reduce your use of electricity during this time to reduce your electricity costs? Why or why not?

Yes / No

Why or why not?

11. If your electricity prices were to increase over the next five years which would you prefer:

- The increase was equally spread across the five years
- The increase gradually built over five years so year five would have the biggest increase.

12. If your electricity prices were to decrease over the next five years which would you prefer:

- The decrease was equally spread across the five years
- The decrease happened gradually over five years so year five would have the biggest decrease.

Jemena would like to talk to small business customers more in the future about electricity management and prices. If you are interested in more opportunities to provide feedback and ideas in the future, please respond to the following

13 If we had a workshop, would you prefer to attend?

- Three weekday evening sessions (6.00-8.00pm)
- A whole day session during week (10.00am- 3.00pm)
- A whole day session on the weekend (10.00am – 3.00pm)
- Other (please specify)

14 What is the best way to get in contact with you?

- Visiting your business in person
- Facebook
- Phone call
- Letter
- Other (please specify)

15. What type of incentive would encourage you to participate in future discussions?

Please provide your contact details so we can send you a \$25 ~~Eftpos~~ Gift Card to thank you for completing this survey.

Phone: _____

Email: _____

capire
capire.com.au

