

CUSTOMER ATTITUDES TO POWER AND WATER'S FUTURE SERVICE DELIVERY

Customer Focus Groups
Research Report

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REPORT PREPARED FOR



REPORT PREPARED BY

David Stolper | Senior Director

David.Stolper@newgateresearch.com.au | 02 9232 9511

Katherine Kailis | Associate Director

Katherine.Kailis@newgateresearch.com.au | 02 9232 9500

Laura Barker | Associate Director

Laura.Barker@newgateresearch.com.au | 03 9611 1815

Jasmine Hoye | Partner

Jasmine.Hoye@newgateresearch.com.au | 03 9611 1805

DISCLAIMER

In preparing this report we have presented and interpreted information that we believe to be relevant for completing the agreed task in a professional manner. It is important to understand that we have sought to ensure the accuracy of all the information incorporated into this report.

Where we have made assumptions as a part of interpreting the data in this report, we have sought to make those assumptions clear. Similarly, we have sought to make clear where we are expressing our professional opinion rather than reporting findings. Please ensure that you take these assumptions into account when using this report as the basis for any decision-making.

The qualitative research findings included throughout this report should not be considered statistically representative and cannot be extrapolated to the general population. For the quantitative research results, the base (number and type of respondents asked each question) and the actual survey questions are shown at the bottom of each page. Results may not always total 100% due to rounding errors.

*This project was conducted in accordance with AS: ISO20252:2012 guidelines, to which Newgate Research is accredited.
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Executive Summary

Key findings and strategic recommendations

EXECUTIVE SUMMARY

KEY FINDINGS AND RECOMMENDATIONS

This report presents results from a series of nine two-hour focus groups with customers conducted in February 2017. Each group comprised around 8 participants, with 73 participants in total.

INTERESTS, ISSUES, AND CONCERNS

Overall, participants were quite interested and engaged on the topic of electricity (with an average interest level of 7.7 out of 10). They spoke of being highly reliant on a constant supply – especially for cooling, due to the extreme climate in the Territory. Their main issues and interests were:

1. The size of their electricity bills (including recent price rises, the effects on the elderly and vulnerable and a desire for information and support to potentially reduce their bills);
2. The improved reliability of the network in the last few years (which most were aware of and appreciated); and
3. The shift to solar and other renewables (which most were very supportive of).

These key issues and perspectives were broadly consistent with customer attitudes that Newgate has found across Australia. This illustrates that although there are certainly unique facets to the Territory, consumers across the country have similar needs for a high quality, affordable service and information as the transition to cleaner sources continues.

Other issues mentioned by participants included: concerns about potential privatisation; concerns about ageing infrastructure and the importance of ongoing maintenance; concern about the

long-term availability of gas for generation; a perceived lack of transparency about pricing; frustration with estimated bills and uncertainty about the impacts of moving to a more competitive energy market.

Participants were typically unaware of the NT Government's commitment to 50% renewables by 2025 and, while many were sceptical of the feasibility of this goal, most were supportive of the ambition in principle.

UNDERSTANDING OF THE ELECTRICITY SUPPLY SYSTEM AND THE ROLE OF POWER AND WATER

Understanding of the electricity supply system was typically low to moderate and the average self-reported level of knowledge about what Power and Water does was 5.8 out of 10. Most participants had a very basic understanding of how energy gets to their property, though it was not something they thought about much, if at all.

Common misconceptions included:

- ◆ That Power and Water handles generation, with limited awareness that Territory Generation exists; and
- ◆ The nature of the relationship between Jacana and Power and Water, with many thinking Jacana was part of Power and Water.

These findings emphasise the importance of Power and Water (or potentially the Government) clarifying Power and Water's role in the electricity supply chain. In the deliberative phase of the engagement program, participants will also need to be suitably educated on Power and Water's responsibilities in order for them to provide more informed responses to the consultation questions.

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KEY FINDINGS AND RECOMMENDATIONS

PERCEPTIONS AND EXPECTATIONS OF POWER AND WATER

Overall feelings towards Power and Water were typically neutral to slightly positive, with an average reputation rating of 5.4 out of 10.

- ◆ Positives associated with Power and Water included a marked overall reduction in outages and other power disruptions over the last few years, proactive communication during outages and the friendly and professional field staff, who were recognised to often be working hard to restore power quickly during challenging conditions (e.g. severe storms, heat etc.).
- ◆ Negative sentiment rated to the cost of electricity, poor reliability in more rural areas in particular, issues with complaints handling, estimated meter readings and billing errors, a perceived lack of proactive communication from Power and Water about the organisation and its role, concerns over tree trimming in Alice Springs, and a belief amongst some that it is an Inefficient public organisation.

Personified brand associations revealed an organisation described variously as being “dependable”, “reliable”, “strong”, “solid”, “sober”, “mature”, “easy-going”, “hardworking”, “conservative”, “slow-moving”, “gentlemanly”, and “overweight”. Whilst these descriptors were positive overall, they also reflect a desire amongst some customers for Power and Water to become more nimble, efficient and innovative in the future.

Regarding future expectations for Power and Water there was a particularly strong wish for:

1. Continuing to maintain and invest in electricity infrastructure to ensure reliable supply and meet the needs of a growing population;
2. Promoting and supporting the shift to renewables (even though the organisation is not a generator itself);
3. Reducing costs (even if this has some implications for local job losses, but preferably savings can be achieved through technology and efficiency advances);
4. A reduced reliance on estimated meter readings; and
5. Helping customers to use energy more efficiently – especially vulnerable customers.

Accordingly, it will be very important for Power and Water to develop and test (in the deliberative phase of the engagement program) a range of specific initiatives designed to meet each of these customer expectations. In Newgate’s view, this includes exploring opportunities around offering customers solar and battery storage solutions.

Other suggestions mentioned by some participants that should also be considered for future evaluation in the deliberative phase include:

- ◆ Opportunities for Indigenous employment and ownership of infrastructure;
- ◆ Continued promotion of solar in place of diesel in Indigenous communities;
- ◆ Initiatives for further improving communications around outages to provide customers with a greater sense of control in managing these events;

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KEY FINDINGS AND RECOMMENDATIONS

- ◆ The potential for alternative pricing options including daily peak and off peak pricing (plus education for customers on how they can take advantage of them); and
- ◆ Continuing the introduction of underground cables where feasible – appreciating the longer-term reliability and efficiency benefits.

EXPECTATIONS FOR COMMUNITY ENGAGEMENT AND THE REGULATORY REVIEW PROCESS

Among all groups there was strong support for Power and Water to increase its overall level of communication and engagement with the community, with some noting that this should be ongoing and embedded as part of business as usual. Nevertheless, willingness to pay for various levels of communications and engagement should be considered in the deliberative research.

Although there was no understanding of how electricity prices are set, there was an in-principle belief that the regulatory review process should be independent, transparent and consultative.

Particular groups participants felt should be consulted (as well as the general customer base) included business owners, pensioners and the elderly, people with a disability, hospitals, Indigenous people (recognising that they are not a homogenous group) and those living in rural and remote locations.

Although the current engagement plan includes these groups, further consideration should be given to dedicated engagement with Indigenous communities, since there is currently limited planned engagement with this sector, which we understand has distinct needs and challenges that should be considered.

There was a very strong belief that the views of the community should be considered in future decision making. However, most did not think that the general community should be ultimately empowered to make important decisions or that these decisions should always reflect the views of the majority (i.e. 51% of customers).

They recognised that many of the decisions would likely be too technical for them to have a view. They would prefer to rely on appropriately experienced and qualified experts both within and outside of Power and Water to make the right decisions on their behalf, balancing the issues and preferences of the community with the practical issues of delivering electricity in a responsible way.

- ◆ Some also felt that the needs of important minority groups needed to be taken into account in situations where clear agreement is not reached on a particular issue.

There was broad support for the proposed engagement program for 2017, and at an overall level it was considered to be appropriate and comprehensive. The expectations from most participants, depending on their level of interest in the issues, were consistent with the “Consult” and (for the more engaged, including business owners) and “Involve” levels of the IAP2 public participation spectrum.

Other important considerations for the engagement program that reflect the wishes of customers include:

- ◆ Ensuring there is an effective public awareness campaign so everyone in the community has the opportunity to be involved if they wish (i.e. not just those invited to participate);

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KEY FINDINGS AND RECOMMENDATIONS

- ◆ Ensuring that the feedback from the engagement program is made public, to demonstrate transparency in the approach, including the ways in which the consultation has influenced decision making and the reasons for specific decisions;
- ◆ Ensuring all communication is clear, uses plain English, visual information, and is brief; and
- ◆ The importance of both traditional and social media in communicating future plans (as well as other issues relevant to Power and Water's services).

RESPONSE TO SPECIFIC REGULATORY PROPOSALS

There was very strong support for the overarching goal of increasing efficiency and reducing costs. Although there was some concern about job losses (when prompted), most felt it was not the primary role of Power and Water to employ people if they are not needed.

Although specific proposals and concepts will be evaluated in detail in the deliberative phase the initial feedback from these groups found:

- ◆ A preference to maintain current reliability standards;
- ◆ A preference to maintain responsiveness standards;
- ◆ A preference to maintain the current tree-trimming regime given how quickly vegetation grows in the Territory (while improving the way that it is sometimes conducted by subcontractors);

- ◆ Limited support for improving the visual amenity of substations;
- ◆ No support for potential seasonal time-of-use pricing (although there was some support for behaviour change initiatives that encourage people to change their behaviour to save money and reduce environmental impacts); and
- ◆ No support for separate bills for retail and network services.

In general people also felt that the current connection and disconnection fees were acceptable and this was a relatively minor issue overall.

In discussing the important issue of reliability and cost trade-offs it should also be noted that some rejected the basic premise, noting that the Power and Water should aspire to improve reliability and reduce costs.

In the deliberative consultation phase It will also be important to provide customers with an overall picture of Power and Water's strategy and price proposal (including associated service level options and cost implications), so that any decisions and trade-offs they are asked to make can be formed within the appropriate broader context, rather than in isolation.



Introduction

Background, objectives and methodology

BACKGROUND AND RESEARCH OBJECTIVES

As part of the process of transitioning network regulation under the National Energy Rules, Power and Water Corporation needs to produce a Stakeholder and Customer Engagement Strategy Report to be submitted as part of its draft regulatory reset proposal in January 2018.

Power and Water contracted Newgate Research to undertake a comprehensive four-phase research and engagement project to help inform Power and Water's long-term plan for the network.

This report details findings from the exploratory focus group module of this broader engagement program. The main objectives of this independent research were to explore and understand customer preferences and seek their feedback on five key areas:

- ◆ Knowledge, interest and attitudes towards electricity
- ◆ Knowledge, expectations and perceptions of Power and Water
- ◆ Expectations and preferences for 5-year planning
- ◆ Specific regulatory proposal concepts
- ◆ Engagement preferences and decision making

Power and Water will use the findings to inform the remainder of its consultation program and overall submission to the AER early next year.

METHODOLOGY

- ◆ This report is based on a series of nine two-hour focus groups with Power and Water customers conducted in February 2017. Each group comprised between four and ten participants, with 73 participants in total.
- ◆ Residential participants were incentivised \$100 while business participants were incentivised \$150 in line with standard market research practices. Participants who travelled more than an hour were given an extra \$60 to cover travel expenses. The groups were moderated by Jasmine Hoyer and David Stolper from Newgate Research. The table below summarises the focus group composition.

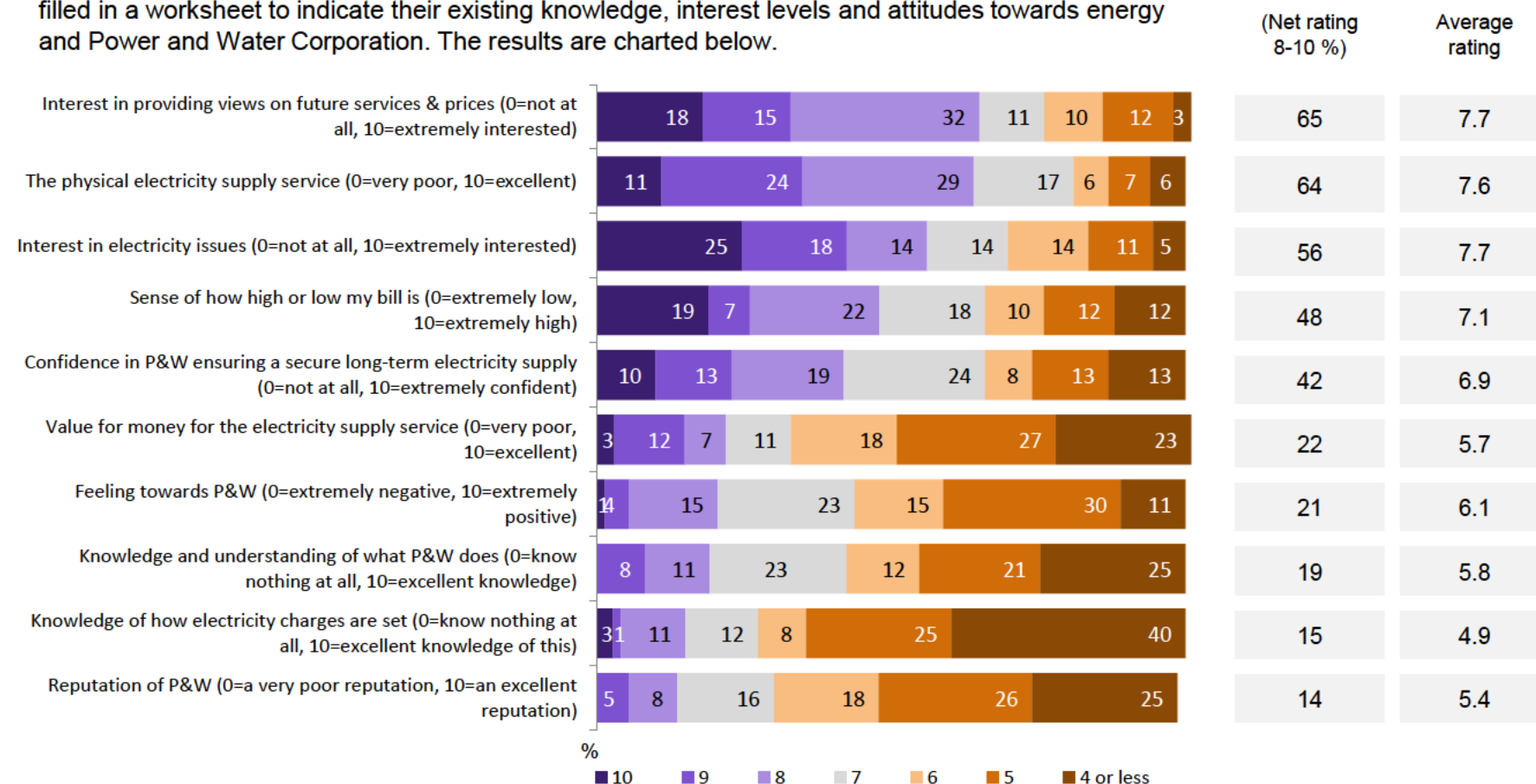
Group	Primary segmentation: Location along the Power and Water network	Age	Other characteristics
1	Darwin	45 years and over	Mix of males/females, ages, life stages, electricity usage profiles, people from culturally and linguistically diverse backgrounds including Aboriginal and Torres Strait Islander People
2		18 – 44 years	
3	Palmerston	45 years and over	
4		18 – 44 years	
5	Katherine	45 years and over	
6		18 – 44 years	
7	Alice Springs	45 years and over	
8		18 – 44 years	
9	Tennant Creek	Mixed	



Knowledge, interest and attitudes towards electricity

QUANTITATIVE MEASURES OF INTEREST, KNOWLEDGE AND ATTITUDES TO ELECTRICITY AND POWER AND WATER

- ◆ To provide important context to the discussions, at the start of the sessions participants individually filled in a worksheet to indicate their existing knowledge, interest levels and attitudes towards energy and Power and Water Corporation. The results are charted below.



Please rate each of the following by circling the relevant number.

Base: All focus group participants (n=73)

THERE IS HIGH INTEREST IN ELECTRICITY ISSUES INCLUDING BILLS AND PRICES, RELIABILITY AND THE SHIFT TO RENEWABLES

- ◆ Overall, participants were very interested in issues to do with electricity and were typically very engaged on the topic. On average, they rated their interest level as 7.6 out of 10 and interest levels were consistent across locations and amongst younger and older participants.
- ◆ Participants widely noted that electricity is an essential service and that a dependable energy supply is critically important to their way of life. They want to know that it is going to be “*there when we need it*” and many noted that it is something they tend to take for granted in their day-to-day lives.
- ◆ The value of electricity was often expressed in regards to dealing with the Territory climate and this included keeping family and pets cool, keeping food refrigerated, and being able to have a warm bath.
- ◆ Key themes and topics of interest from the *unprompted* discussion about electricity (in descending order of interest) are presented below and on the next slide:
 - ◇ **Bills and prices:** Many commented that their electricity bills had risen sharply in the last few years and that it has been a highly political and high profile topic in the Territory. Some expressed quite strong emotions about how expensive they felt energy had become. However, there was also some acknowledgement that customers had a role to play in trying to reduce their energy use – both to try and keep their bills under control and to “help the environment”. Having said this, many indicated a reticence to make changes that might require lifestyle or behavioural changes – especially regarding air-conditioning.

Some were aware that consumers in other states can choose from a range of energy companies. Their comments suggested a degree of confusion about how such choice could affect prices, with some thinking this would drive prices up (due to ‘privatisation’ fears), others thinking it would make prices more competitive, and others unsure of what this would mean, having not considered the prospect.

It's a necessity. It's also expensive for me but it has always been reliable.

- Darwin

High bills come to mind when I think about electricity. It always feels like the next bill is going to be higher than the last one.

- Tennant Creek

UNPROMPTED ELECTRICITY ISSUES OF INTEREST (CONTINUED)

- ◆ **Reliability:** The reliability of the power supply was frequently raised as a topic of interest. Many participants were pleased to report having experienced fewer blackouts over the past few years as a result of improvements to the network. Participants mentioned that occasional blackouts are a given in the Territory (largely due to the incidence of storms) and were quite tolerant of infrequent service disruptions. However, some participants reported frequent blackouts – including those in Humpty Doo, Mataranka and Pine Creek.
 - ◇ In general, participants commented that power outages were fixed within an acceptable timeframe and responsiveness was less of an issue than reliability.
 - ◇ Quite a few, however, were concerned about what they perceived to be an aging network and potential reliability impacts associated with this.
- ◆ **Renewables:** Sustainable electricity generation was of primary interest to a large number of participants. There was strong interest in shifting to renewable sources such as solar and to a lesser extent tidal power, particularly given the abundance of sunshine in the NT.
 - ◇ One participant was worried about the potential environmental and cultural impacts of geothermal energy production, which was considered a particular concern for Traditional Owners.

I am interested in the energy mix that Alice Springs relies on and how we are particularly focusing on one fuel source that's pretty much locked us in much further than 2024.

- Alice Springs

I'm particularly interested in alternatives to power supply and energy supply, new technology, and to lower prices to get better value for everyone as the cost of living is so high. It is a prohibitor to what we will do next and I can't make business plans without including electricity in the plan.

- Palmerston (Business customer)

KEY CONCERNS WITH THE ELECTRICITY SYSTEM RELATE TO INFRASTRUCTURE, GENERATION, TRANSPARENCY AND IMPACTS ON VULNERABLE CUSTOMERS

When asked, the main aspects of the electricity system that participants had issues or concerns with were (in descending order of mentions):

- ◆ **Infrastructure:** The primary concerns related to ageing supply infrastructure and questions about its ability to cope with population growth. Some participants reported seeing powerlines falling down and witnessing transformer fires or explosions, related to events years ago, while frequent blackouts in some areas suggested an ageing system to some.
- ◆ **Generation:** Energy supply was quite a high profile issue and this included concerns about ensuring a continuous supply of electricity in the future.
 - ◇ Participants in most groups had heard about the current national energy supply issues, including the major blackouts in South Australia and other states. It was seen to relate to an overreliance on solar and/or gas shortages and a few worried that this could happen in the Territory.
 - ◇ A few (especially business customers) were also conscious that electricity in the Territory comes from gas, and knew of issues with gas shortages. While participants thought there seemed to be ample power in the Territory there were concerns about gas exports potentially affecting local supply and costs in the future. Participants in Darwin and Katherine mentioned concerns about the availability of a long-term supply of gas, which some felt may also be compromised by foreign ownership and privatisation.
- ◆ **Lack of transparency and information:** Participants felt there was a lack of transparency when it came to reasons for the recent price increases – and information about electricity in general.
- ◆ **Vulnerable customers:** Many participants expressed concerns about low income earners (such as pensioners) being able to afford rising electricity bills. Many expected gas prices would continue to rise and it was suggested that solar power (e.g. on public housing) could be a solution for low income earners.

There are lots of surges in Adelaide River and it causes havoc on electrical goods. The age of the equipment is a big concern: the older it becomes the less reliable it becomes.

- Palmerston

Because of our area, we have such high usage and we've got so many people who are disadvantaged, who may or may not know how much electricity they are using. Power and Water don't actually do anything about helping you understand how much power you're using.

- Tennant Creek

THERE IS LIMITED KNOWLEDGE ABOUT THE ELECTRICITY SUPPLY SYSTEM AND COMMON MISUNDERSTANDINGS OF POWER AND WATER'S ROLE

- ◆ Overall knowledge of the electricity supply system was low to moderate at best with similar levels of knowledge amongst younger and older participants. Those from Katherine and Palmerston had the greatest knowledge, as did business customers and solar users, but it still required a collective effort from the groups to name all aspects of the supply chain.
- ◆ Most had a very basic understanding of how electricity is delivered to homes and businesses, but there was less knowledge of how electricity moves from generation to distribution. Despite the relatively high interest levels regarding energy, the supply chain - and especially the distribution part - was not something they tended to think about or be particularly interested prior to participating in the research.
- ◆ Although all participants had heard of Power and Water most had a low to moderate understanding of what the organisation actually does and this is reflected in an average level of self-reported knowledge of 5.8 out of 10.
- ◆ Many did have a basic understanding that Power and Water is responsible for maintaining infrastructure and responding to outages. However, there was considerable misunderstanding about its role in the electricity supply chain including:
 - ◇ That it is also responsible for power generation (with very low awareness of Territory Generation);
 - ◇ Whether it is publicly or privately owned; and
 - ◇ The nature of the relationship with Jacana with several believing, for example that Jacana is part of Power and Water, that Power and Water has rebranded as Jacana; or that Power and Water is responsible for businesses while Jacana is responsible for residential customers.
- ◆ No one really knew what proportion of their bill goes to Power and Water. Most guessed between 20% and 60% however responses varied quite significantly.

Every day I get confused when I pay my bills...I thought Jacana was a fake company trying to take my money. I am still confused who is responsible for what.

- Alice Springs

Power and Water are an essential service provider that generates the energy and maintains the equipment.

- Alice Springs

ATTITUDES TO ELECTRICITY GENERATION INCLUDED A STRONG PREFERENCE TO TRANSITION TO RENEWABLE SOURCES

The following presents the main themes from discussion about energy sources and policy.

- ◆ **Knowledge of current energy sources:** Participants in all sessions could name several different energy sources – especially solar, wind, gas and coal, and to a lesser extent tidal, geothermal, hydro and nuclear energy. Quite a few knew their mains electricity came from gas, though some had not thought about their electricity source before. Those with solar panels and business customers were more engaged and knowledgeable on energy sources.
- ◆ **Preference for renewable sources:** There was a strong preference to transition to renewable sources. In particular, solar was widely seen as the most environmentally friendly and abundant source for the Territory. However, some noted that solar is not as reliable as gas or diesel. There was some awareness that solar costs had fallen, though limited awareness of the potential for battery storage to help address intermittency issues. The local climate was seen as incompatible with wind power generation, while investment in tidal power was thought to be worthy of consideration as a clean and constant energy source. Biodiesel was described as a “slightly lesser evil” than diesel. Many acknowledged that installing renewable technology is costly and saw a role for government in subsidising energy efficient options to keep costs down.
- ◆ **Diversity can help ensure a reliable supply:** Customers often spoke of a desire for a mix of renewable energy sources to not only reduce pollution, but also provide a more resilient electricity system that is also affordable and healthy for future generations. One person in Palmerston mentioned that other countries like Portugal had successfully transitioned to extended periods of 100% renewable sources using technology mixes (e.g. solar and wind), and believed this could happen in the NT. Some expressed a desire for more information on the different types of energy sources and associated costs and some also commented that Power and Water has a responsibility to provide such education to the community.
- ◆ **Mixed perceptions on 2025 renewables target:** Most participants were unaware of the NT Government’s election commitment to have 50% of the electricity in the NT from renewable sources by 2025. There was broad support for this but some concern over its achievability within the short timeframe, and potential cost implications. An indicative comment was: “*I don’t know how realistic it would be but good on them for trying*”.

I’ve got a bit of a conscience when it comes to this sort of thing – my preference is for a sustainable future, with renewable energy sources. I’d pay more if I knew it was going to deliver a renewable energy source to my children rather than coal.

- Tennant Creek

My preference is for something sustainable and renewable. It’d be nice to have a choice. Even if it was a premium, I’d probably pay a premium just to feel good about using it.

- Katherine

THERE IS WIDESPREAD AWARENESS OF IMPROVED RELIABILITY AND MOST FIND THE CURRENT SITUATION ACCEPTABLE

- ◆ **A more reliable system:** Across the sessions, most thought that reliability (i.e. the frequency of blackouts) had definitely improved over the past few years and several attributed this improvement to system upgrades and maintenance levels. However, participants did not typically see the connection between these improvements and the increases in their bills.
 - ◇ The reliability of the system and the need to minimise disruptions was particularly important to business owners and some spoke of financial losses they had incurred due to blackouts and surges.
 - ◇ Some participants (particularly in Palmerston and Tennant Creek) also spoke of the health impacts and related stress of blackouts for disabled and sick people and the importance of maintaining consistent supply for them.
- ◆ **Number of blackouts:** Estimated numbers of blackouts varied widely and customers had some difficulty accurately recalling the number. A few in the more urban areas recalled no blackouts at all and reported fewer blackout incidents in the last year (an average of 2 for Alice Springs, 3 in Darwin, and 5 in Tennant Creek). In contrast, those in Katherine and Palmerston, reported more frequent blackouts (averaging around 10 and 20 respectively).
- ◆ **Acceptance of blackouts:** The vast majority felt that the number of blackouts was broadly acceptable, largely because they saw them as part and parcel with living in a tropical area prone to storms.
 - ◇ The 'system black' event of 2014 was still vivid for most participants. This sort of blackout was thought to be likely due to human error rather than natural causes, and not something that would be acceptable in future. Some spoke of there having been a lack of information reported about this incident.
 - ◇ Most mentions of reliability were in relation to the frequency of brownouts and surges, which tended to be more severe in regional and remote localities (including Palmerston, Katherine and Alice Springs).

You go out and work in the community for four days and they mix up the house number and turn your power off by mistake. You open the door and first thing that hits you is the smell of rotting meat.

- Tennant Creek

I don't think we have had anywhere near the power cuts that we did ten years ago.

- Katherine

They do a fantastic job. They're there whether it's rain or storms, fixing things and getting the power back on.

- Alice Springs

PERCEIVED RESPONSIVENESS HAS IMPROVED AND CUSTOMERS EMPHASISED THE IMPORTANCE OF COMMUNICATION TO PROVIDE THEM WITH A SENSE OF CONTROL

- ◆ **Responsiveness:** Most felt current levels of responsiveness (i.e. the time to fix outages) were acceptable and a lot “better than what it was”. The duration of outages was reported to be the longest in Katherine (between 15 mins and 8 hours), Alice Springs (between 60 mins and 6 hours) and Palmerston (between 15 mins and 5 hours). Several in Darwin and Tennant Creek also provided examples of blackouts lasting a few hours but noted this was a rare occurrence. In general, disruptions of less than 30 minutes were perceived to be “satisfactory given the climate and distances, but frustrating at times”.
- ◆ **Disruption communications:** Some participants mentioned that Power and Water was appropriately communicative during disruptions and that it had improved its communication in this regard. Several noted it is reassuring to know the cause and likely duration of outages as it provides them with a sense of control and allows them to plan their activities accordingly (e.g. whether they need to eat out or if they should be worried about the food in the freezer). Social media and text messages were noted as good communications channels for their immediacy.

The brown outs drive me crazy...they happen at least three times a week and even if they last for 30 seconds, I still come home to the clock flashing.

- Palmerston

The responsiveness is acceptable. When I lived in the UK, the electricity could go out for two days and you'd have candles. no worse than anywhere else I've lived.

- Tennant Creek



Attitudes to Power and Water

ATTITUDES TO POWER AND WATER WERE TYPICALLY NEUTRAL TO MILDLY POSITIVE, WITH IMPROVED RELIABILITY AND FIELD WORKERS FREQUENTLY RECEIVING PRAISE

- ◆ Overall attitudes to Power and Water were typically neutral to slightly positive, with an average reputation rating of 5.4 out of 10, where 0 meant a “very poor reputation” and 10 meant an “excellent reputation”.
- ◆ Positives associated with Power and Water (in broadly descending order of mentions) included:
 - ◇ The current overall reliability of the power supply including the marked reduction in outages, brownouts and surges for the majority of customers over the last few years;
 - ◇ The “friendly” and “professional” staff who, in many cases are working hard to restore power quickly during challenging conditions such as severe storms;
 - ◇ The essential nature of the service it provides day-in day-out;
 - ◇ Its work in maintaining the electricity network;
 - ◇ Proactive communication to customers during outages; and
 - ◇ Its work in Indigenous communities.

Power and Water have a structure to keep maintained. They are doing a good job, and they do it on time and professionally.

- Palmerston

Power and Water have a human face. It is nice when they rock up when there's a blackout. The kids get excited...it's got a Territory face.

- Darwin

NEGATIVE COMMENTS ABOUT POWER AND WATER CENTRED ON THE COST OF ELECTRICITY, FRUSTRATIONS WITH ESTIMATED READINGS AND A LACK OF COMMUNICATION

- ◆ Reasons for lower reputation scores and other negatives mentioned by participants included:
 - ◇ The cost of electricity – manifested in their total bill amounts;
 - ◇ Estimated meter readings and billing errors;
 - ◇ Poor reliability for some, particularly in more rural and regional areas;
 - ◇ Electricity surges and brownouts and the damage it can do to appliances;
 - ◇ Issues with poor or impersonal customer service and complaints handling;
 - ◇ A perceived lack of proactive communication from Power and Water about the organisation, its role and its activities;
 - ◇ Concerns over poor quality tree trimming in Alice Springs;
 - ◇ Its monopoly position and a perceived lack of competition;
 - ◇ A lack of transparency on what it is spending money on;
 - ◇ A lack of empathy for customers – especially those who are struggling to pay; and
 - ◇ A belief amongst some that it is an inefficient and bureaucratic public organisation.

They need to be more user-friendly, more accessible. Every time you think about complaining or commenting or even just questioning something you don't bother half the time because it's such an effort.

- Tennant Creek

I've encountered bad customer experience from them in the past and times when my bill tripled for no reason.

- Alice Springs

BRAND ASSOCIATIONS REFLECT AN ORGANISATION THAT IS CONSIDERED TO BE SOLID AND RELIABLE BUT SOMEWHAT OLD-FASHIONED, SLOW AND LACKING IN INNOVATION

- ◆ To understand how the brand is perceived, participants were asked for the words that best describe Power and Water “if it was a person”. They variously described it using the words shown below.

Slow-moving
Friendly Bureaucratic
Sober Conservative
Hardworking Big
Reliable Knowledgeable
Solid Strong
Dependable Overweight
Mature Apologetic
Gentlemanly

When I think about Power and Water I think about a local company looking after us.

- Katherine

My associations are with them collecting money, air-conditioning, refrigeration, and essential service provider, expensive!

- Palmerston

Power and Water would be the bloke turning the sausages on the Barbeque, he's affable.

- Darwin

Big, strong but overweight because they are a government organisation.

- Katherine

CUSTOMERS EXPECT POWER AND WATER TO CONTINUE TO PROVIDE A RELIABLE SERVICE WHILST ALSO REDUCING COSTS AND PROMOTING THE SHIFT TO RENEWABLES

- ◆ When asked about their future expectations of Power and Water participants expressed a strong desire for the organisation to:
 1. Continue to maintain and invest in electricity infrastructure to ensure reliable supply and meet the needs of a growing population;
 2. Promoting and supporting the shift to renewables (even though the organisation is not a generator itself);
 3. Reducing costs (even if this has some implications for local job losses, but preferably savings can be achieved through technology and efficiency advances); and
 4. Helping customers to use energy more efficiently – especially vulnerable customers.

- ◆ Other expectations and future suggestions mentioned by smaller numbers of participants were:
 - ◇ Considering the needs of the elderly and vulnerable customers;
 - ◇ Maintaining its independence from Government;
 - ◇ Providing opportunities for Indigenous employment and ownership of infrastructure (potentially);
 - ◇ Continued promotion of solar in place of diesel in Indigenous communities;
 - ◇ More accurate billing and a reduced reliance on estimated bills (e.g. via smart meters);
 - ◇ Initiatives for further improving communications around outages, to provide customers with a greater sense of control in managing these events;
 - ◇ The potential for daily peak and off peak pricing (including education for customers on how they can take advantage of them);
 - ◇ Providing jobs, and opportunities for young people (but noting that this is not seen to be the organisation's main responsibility); and
 - ◇ Continuing the roll-out of underground cables where feasible – appreciating the longer-term reliability and efficiency benefits.

EXPECTATIONS OF POWER AND WATER

IN THEIR WORDS

Education on how to keep bills down is really important and something I expect, especially when we've got housing that was built 30-40 years ago, like in Darwin, and they don't have insulated floors. These days they put in air cons. and all the power is burning, it is best to reduce your consumption first.

- Darwin

I reckon that Power and Water should take responsibility for renewable power for all the communities and outstations because that's something that's really important for maintaining independence for people that live on the land.

- Katherine.

Maintaining equipment, so getting out there and fixing whatever is wrong.

- Alice Springs

Employ Territorians and provide careers for young people.

- Palmerston

Supply power to everyone.

- Darwin

Remain independent of Government and not kowtow to them. Politicians are only elected for a term and they think very short term.

- Palmerston



Preferences for long-term planning and feedback on specific regulatory proposals

CUSTOMERS HAD NO AWARENESS OF HOW ELECTRICITY PRICES ARE SET BUT A STRONG PREFERENCE FOR A CONSULTATIVE, INDEPENDENT AND TRANSPARENT APPROACH

- ♦ Virtually no one knew how electricity prices are set in the Northern Territory or what the regulatory process involves. The average self-estimated knowledge level about this across all groups was quite low at 4.9 out of 10. Notably, most of those who rated their knowledge quite high tended to exhibit very little knowledge of how this is *actually* done when it was discussed among the group.
- ♦ When asked how they thought Power and Water should go about setting its electricity prices and service levels, participants struggled to offer suggestions. The following were suggested in broadly descending order of importance:
 1. Community consultation to understand customer preferences and expectations for the network;
 2. A transparent process with increased communication to customers of how prices are set – and how and why customer views are sought on particular aspects of the service;
 3. Consulting with a wide range of customer groups, with particular mentions of business owners, pensioners and the elderly, people with a disability or on life support, Indigenous customers and communities, hospitals and people living in remote locations;
 4. Ensuring that proposed service levels and associated prices are independently reviewed; and
 5. Benchmarking against other jurisdictions and perhaps overseas, to help provide a sense of 'fairness'.

Nine community groups seem OK but there needs to be ways the rest of the Territory population can be taken into account to speak about it.

- Katherine

Sometimes you get the feeling that everything is done as a fail as opposed to having a long term plan. I sat on a committee about underground power lines in Alice Springs. Three years later nothing happened. Every time we have a big storm here we have the outages. If it was underground we wouldn't have those outages. Rather than just saying oh it's going to cost \$40 million? Why not gradually introduce budgeting so that we can be moving towards total undergrounding.

-Alice Springs

CUSTOMERS WANT POWER AND WATER'S LONG-TERM PLAN TO FOCUS ON RENEWABLE ENERGY, OPPORTUNITIES FOR COST SAVINGS AND ENERGY EFFICIENCY

- ◆ The strongest themes in unprompted preferences for what Power and Water should consider in their long-term plan were:
 - ◇ Ensuring there is a strong focus on renewable energy (within Power and Water's remit as the transmission and distribution provider);
 - ◇ Reducing costs for customers and focusing on their needs in general;
 - ◇ Offering education to customers on how they can become more energy efficient, including how they can modify their usage behaviour without compromising their lifestyles, and providing advice on appliance use and choice – in Newgate's analysis of customer understanding, part of this process should include providing examples of how much energy and money customers can potentially save by making various changes;
 - ◇ Introducing off-peak or other alternative tariffs and clearly articulating the potential difference these could make to their bill, and how customers can take advantage of such offerings;
 - ◇ Support for Indigenous communities to shift away from diesel and towards solar as their main source of energy; and
 - ◇ Exploring opportunities for training local Indigenous people to undertake maintenance and operational work on electricity infrastructure – thereby creating jobs and fostering a sense of ownership.

I had my daughter at home for three years because she was sick and the aircon was running. The last thing you need is a big fat bill. It's better now because we have put in solar.

- Katherine

It would be good if Power and Water went to your place and went through everything with you and said okay we could help to cut costs for this or that.

- Alice Springs Business Customer

THERE IS HIGH SENSITIVITY TO PRICE CHANGES AND STRONG INTEREST IN UNDERSTANDING HOW TO DECREASE BILLS

- ◆ Customers were very attuned to changes in electricity prices, and most said they would notice around a 10% increase or decrease in their bill. For business customers, a noticeable increase or decrease was typically even lower because their bills tend to be higher.
- ◆ The perceived value for money of their electricity services was fairly low, with an average rating of 5.7 out of 10. However a few participants did comment that the cost was reasonable in comparison to other parts of Australia, although usage is higher in the Territory due to the extremes of climate but others felt it was more expensive than other states.
- ◆ In an effort to reduce their bills, many customers had taken significant measures to reduce electricity usage and this included turning off their air-conditioning at night-time, changing out halogen lights, tinting their windows or installing solar. However, when asked whether they had assessed the impact of their changes, most had not analysed how their usage or costs had changed. One participant in the Palmerston groups though – a stay at home mother experiencing financial difficulties – was an exception who had gone to great lengths to reduce her usage to virtually nothing, with the help of solar panels. Another participant in Darwin (a younger male) spoke of completely switching off their hot water system during the hotter months to save power and money.
- ◆ Some mentioned the benefits of moving to monthly billing cycles to help manage costs as well as the usefulness of Power and Water's stalls at community events which explained the impact of appliances and lighting options on energy bills.
- ◆ Indigenous participants mentioned a couple of specific ways that they had managed and controlled their energy usage. One had a prepaid card, plus an in-home device that showed them how much power they had left. They felt this had allowed them to make important decisions about which appliances to keep running. Another had a main switch inside their home that allowed them to easily turn off the electricity completely when they left the house.

Any increase in power bills would make a big difference to me.

- Palmerston

STRONG SUPPORT FOR POWER AND WATER'S GOAL OF INCREASING EFFICIENCY AND REDUCING COSTS

- ◆ All customers were strongly supportive of Power and Water's goal to become more efficient across the organisation, and to reduce network charges.
 - ◇ Some assumed that this could be achieved through investment in and adoption of new technology, including systems to predict infrastructure issues and the introduction of electronic billing; and
 - ◇ A few also suggested that increased education on energy efficiency and the introduction of smart meters and other means of allowing people to control their usage could help to reduce the demand on the grid and thereby keep maintenance and upgrade costs down.
- ◆ The potential for job cuts to save money came up unprompted in some groups, with some believing that, as a Government-owned company, there is likely to be some opportunities to reduce the size of the workforce and become more efficient. Indeed, a few participants (mainly business customers) said they had observed instances where they felt there were too many people performing a task and/or staff behaving inefficiently.
- ◆ When prompted, most agreed that it is not the role of Power and Water to provide jobs if they are not needed, although there was also a belief that potential reductions should not compromise reliability or the ability for Power and Water to meet the needs of a growing population.

I think reducing the number of people that work at Power and Water to increase efficiency is business at the end of the day. It's a fair and level playing ground.

- Katherine

HOWEVER, MOST WERE UNWILLING TO TRADE OFF RELIABILITY OR RESPONSIVENESS FOR LOWER COSTS

- ◆ Within the groups participants were asked for their preferences amongst three hypothetical, in-principle scenarios involving: 1) Improved reliability for an increase in costs to customers; 2) Maintaining current reliability and cost levels; and 3) Reducing costs but trading this off for reduced reliability.
- ◆ Some participants rejected the premise of this trade-off and felt that reliability could (and should) be improved without increasing costs (e.g. through advances in technology). Similarly, some wanted to see the same level of reliability with the costs reduced, as part of continuous improvement efforts. Others wanted to know more about the specifics so they could provide an informed response. However, when pressed:
 - ◇ The clear majority in all groups favoured maintaining current levels of reliability and cost;
 - ◇ Around one in six (12 participants) were prepared to pay more for improved reliability. This option was more popular among business owners because past interruptions had been detrimental to their business. Some residential customers also chose this option as they felt that investment in the network upfront would result in cheaper prices in the long run – this included some of the customers experiencing more frequent blackouts
 - ◇ Most were opposed to reducing reliability, with opposition centered around: the belief that reliability is a core responsibility of Power and Water; concerns that recent improvements would be wound back and, more broadly, that delivering a lower level of service is a counter-intuitive or strange aspiration for an organisation. There were only a few who favoured this option, and this tended to be because they had difficulty paying their bill and would like to save money. A couple of these were experiencing relatively frequent outages, commenting that it was already so bad that it couldn't get much worse and they were used to it now.
- ◆ Similar cost/responsiveness trade-offs were also proposed to participants, and once again the clear majority favoured maintaining the status quo. Only six participants were willing to pay more for improved responsiveness while four preferred to accept reduced responsiveness for lower costs. It should be noted that this was an in-principle discussion only, where it may be useful in the deliberative phase to explore this topic in more detail with some specific service level vs. cost scenarios.

Why can't we just have higher reliability at lower cost?

- Darwin

I'd be happy to deal with it because I can't afford any more and would want to save money.

- Katherine

LIMITED INTEREST IN IMPROVING THE LOOK OF SUBSTATIONS OR CHANGING TREE-TRIMMING FREQUENCY

Visual amenity of substations

- ◆ Customers were asked whether they would be interested in spending an extra \$2 a year on a program to make substations more visually appealing. Even though most agreed that the structures themselves aren't visually appealing, they appreciated that they were functional and no one was particularly bothered by them in the first place.
- ◆ However, slightly more than a third supported the idea because \$2 was considered a small amount to pay. Support tended to be much stronger in Darwin and Alice Springs and some commented that they would want input on how the substations would be changed - particularly if Power and Water decided to commission a public art project.
- ◆ Some also commented that the extra \$2 could be spent on something more meaningful to customers such as an education program on how to reduce electricity usage.

Tree-trimming

- ◆ Participants in Darwin, Palmerston and Katherine were asked for their opinion on a proposal to reduce tree-trimming to once a year for \$13 per customer rather than the current frequency of twice a year, at an average cost of \$26 per year. Across all groups, most were in favour of keeping tree-trimming to twice a year as they felt the impact on their bill was minimal and that the savings were not worth the potential risk of more outages, given how quickly vegetation grows in the area, or the visual impact of more severely cut trees.
- ◆ In Alice Springs, customers were presented with the option of reducing the frequency of tree-trimming to once every *two* years for an average annual cost of \$6.50 rather than once a year for \$13. Across both groups, most also opted to maintain the status quo.
- ◆ There was some confusion over who was responsible for tree-trimming, with some participants assuming local councils were responsible, and in the Palmerston area some felt that property owners in rural areas should take more responsibility for their own vegetation management. There was also a comment from a few that contractors in Alice Springs had done a "terrible" job in their approach to tree-trimming and one (who had expertise in the area) noted Fremantle in Western Australia as a place with effective tree-trimming.

Have you seen some of the art around? Some of it makes it look worse! Look at some of those bus stations. We can't assume it's going to make it look better. It's subjective.

- Darwin

Substations are what they are; form follows function.

- Alice Springs

CONNECTION CHARGES WERE SEEN AS BEING BROADLY ACCEPTABLE, WHILE THERE WAS NO SUPPORT FOR SEPARATE BILLS FOR DISTRIBUTION AND RETAIL

- ◆ Customers were asked about their views on connection and disconnection charges.
 - ◇ The \$56 **connection charge** was broadly considered reasonable, particularly when compared to the call-out fee for trade services and when they understood that it covered the contractor's time. It was also noted as being a relatively minor cost associated with moving to a new property, and quite cheap for businesses.
 - ◇ However, the \$380 **after-hours connection charge** was thought to be too expensive and not reflective of the penalty rates that would be applicable for after-hours call-outs. Many also noted the business hours should be extended to at least 5pm.
 - ◇ There were more mixed responses to the **reconnection charges of \$94**. Several felt that it was harsh for customers who could not afford to pay their bills to be charged this amount (and would exacerbate their difficulties), while some thought the amount was fair, especially when they understood that it involved *two* trips – one to disconnect and one to reconnect the supply.
- ◆ The idea of receiving **separate bills for distribution and retail charges** was also explored in some of the sessions.
 - ◇ Participants did not like this idea at all. It was considered pointless and confusing, while some also felt it would increase administrative costs which would then be passed on to customers. A couple also questioned what would happen if they paid the retail bill but not the distribution bill.

Why is it \$56 for a new connection and \$94 for a reconnection? Is that a \$40 punishment?

- Katherine

That's a stupid idea! I'm already confused enough. No point getting three bills from the same monopoly.

- Alice Springs

THERE WAS NO REAL SUPPORT FOR A SEASONAL TARIFF THOUGH MANY WERE OPEN TO DAILY TIME OF USE CHARGING

- ◆ Across all groups, customers responded very negatively to a proposed **seasonal time of use tariff** where electricity prices would be 10% cheaper in the dry season and 10% higher in the wet season.
- ◆ Many described this as a “terrible” idea, for the following reasons:
 - ◇ **Penalises locals:** Many said that tourists, who mostly visit in the dry season, and those who move south in the wet, would benefit from the tariff while Territorians would suffer during the wet season.
 - ◇ **Potential to increase the overall bill:** Many noted that they use more electricity during the wet season and as such would pay more overall. There was also concern over the impact of assumed price rises on vulnerable customers, including the elderly, young families, some Indigenous customers and people with a disability.
 - ◇ **Irrelevant in some areas:** Participants in Alice Springs said the seasons do not apply to where they live and that Tennant Creek only has a very short wet season compared to Darwin.
 - ◇ **Less control over their bills:** Several participants felt that they would be unable to control their usage over such long time periods. and as such it would not incentivise a change in their behavior.
- ◆ A few participants acknowledged – with reticence – that such a tariff approach *could* provide an incentive for consumers to change their behaviours, though they were concerned this could impact on their lifestyles and comfort levels.
- ◆ In contrast, many participants liked the idea of a daily peak and off peak tariff because it was seen a fairer and more realistic way for people to control their usage.
- ◆ These results suggest that if Power and Water chooses to pursue this concept in the forthcoming stages of consultation, it would need to be accompanied with tangible examples of how customers could easily make changes to offset or take advantage of the wet season charges and what the benefits would be.

In the dry season there are more people here and we can spread the cost, so you'd be hitting the Territorians in the wet season, and the low income earners who actually need the power. The tourists get it cheap!

- Katherine

It's going to hurt people who are at home during the hot periods – the elderly. I would prefer to see peak and off peak because it's fairer. You use your appliances at night time and it encourages people to use energy efficient appliances.

- Alice Springs



Engagement preferences, decision making and final advice

THERE WAS BROAD SUPPORT FOR THE PROPOSED ENGAGEMENT PROGRAM, WITH A DESIRE FOR OPEN PUBLIC ENGAGEMENT AND OUTREACH TO SPECIFIC GROUPS

- ◆ Across the groups there was strong support for Power Water to engage with the community on its regulatory proposal. There was also a positive response to the proposed engagement plan, which was considered to be comprehensive and appropriate.
- ◆ To meet their expectations for the broad engagement program participants spoke of the importance of:
 1. **A “public-facing” engagement program** that allows anyone to have their say (i.e. not just those who are “handpicked” to participate). Suggestions for this included the use of public advertising in newspapers, promotion of a website where people can learn and have their say, and public outreach at events or via public meetings;
 2. **The public release of the consultation findings** to demonstrate transparency in the process – noting that materials need to be easy to understand and written in plain English, with visual information to aid understanding;
 3. **Considering the needs of the elderly, pensioners and others on fixed government incomes** who are particularly impacted by rising electricity price rises;
 4. **Consulting with Indigenous people** – recognising that they are not a homogenous group and noting that some communities actually have a larger population than many towns in the Territory; and
 5. **Considering the needs of the environment** by consulting with environmental advocates.

Maybe they should use adverts on TV, short ones saying this is what Power and Water want to do, contact us and use social media.

- Katherine

I am happy to give my view in the process, but more education is needed as we are sort of guessing about the details.

- Tennant Creek

MOST FELT THE COMMUNITY SHOULD BE CONSULTED OR INVOLVED BUT THAT PWC AND OTHER KEY STAKEHOLDERS SHOULD ULTIMATELY MAKE THE IMPORTANT DECISIONS

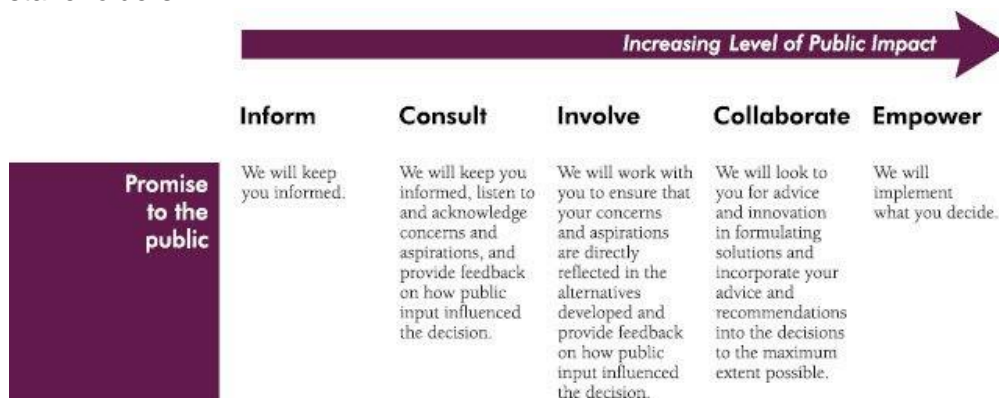
- ◆ Amongst the research participants there was a very strong belief that the views of the community should be considered in future decision making.
- ◆ However, most did not think that the community should be the ones who are ultimately empowered to make important decisions or that these decisions should always reflect the views of the majority (i.e. 51% of customers).
- ◆ Most felt that the final decisions should be made by appropriately experienced and qualified Power and Water staff and other suitable external stakeholders, such as government representatives) who balance the issues and preferences of the community with the practical issues of delivering electricity in a responsible way. Some also felt that the needs of minority groups should also be taken into account in situations where a consensus or majority agreement is not reached on a particular issue.
- ◆ In terms of the level of engagement expected, against the IAP2 public participation spectrum (summarised below) most participants wanted to see the “Consult” level offered, and for the more engaged customers, including businesses and those with solar panels or special needs, an “Involve” level of participation was sought. Comments from one Indigenous business owner suggested that some “Collaboration” would be welcomed by some Indigenous communities and stakeholders.

I would use reference groups to determine what a decision is going to be ultimately, But that's 50% of the decision...it's a balance of the financials, the reality and the social conscience about the decisions you make.

- Tennant Creek

Little people should have a choice as well, be part of the discussion because for myself I would want to make a decision based on what's good for the future because if it's not going to work now, then how will it work for my grandchildren or great-grandchildren?

- Alice Springs



IN KEEPING WITH THEIR UNPROMPTED ISSUES AND CONCERNS, PARTICIPANTS' PARTING ADVICE TO PWC CENTRED ON RENEWABLES AND KEEPING COSTS DOWN

- ◆ At the end of the groups participants were asked to give their parting advice on what Power and Water should focus on most during the development of its regulatory proposal and beyond. In broadly descending order of mentions they mostly spoke of:
 1. Supporting the shift to renewables and associated technology;
 2. Power and Water identifying ways to keep its own costs down and thus reducing charges to customers;
 3. Power and Water continuing to communicate and consult with the community, and ensuring that engagement is not just a tick-the-box exercise to please regulators; and
 4. Promoting energy efficiency measures and helping customers find ways of reducing their energy use and bills.
- ◆ Smaller numbers of participants spoke of:
 - ◇ Continuing to roll out the undergrounding of power cables;
 - ◇ The importance of maintaining a reliable electricity supply;
 - ◇ Ensuring adequate long-term maintenance of infrastructure;
 - ◇ Developing a “really good” Indigenous employment strategy;
 - ◇ Promoting a sense of pride within the organisation for delivering power in a challenging natural environment; and
 - ◇ Improving meter reading so customers are charged accurately.

I think they should have solar everywhere and more efficiencies.

- Katherine

Have a plan to start putting stuff underground properly. You can stagger things, at the moment they're putting up poles with steel that thick that are going to last 100 years. We need long term infrastructure development.

- Katherine

FINAL ADVICE

IN THEIR WORDS

I hope this process is not just a process to please the public or regulators to go through the motions of keeping up appearances. I hope Power and Water are doing this for real change and tonight has been a good example of genuine consultation.

- Darwin

There's a sense of pride in these guys providing power to all of the Northern Territory and they deal with some amazing difficulties and that's not to be overlooked.

- Katherine

Consult with the community and bring in energy efficient measures for existing housing stock.

- Katherine

I'd say thank you for keeping me connected. Once you start communicating you build up trust with the community, which years ago they never had.

- Alice Springs

Once again its new equipment and renewables

- Alice springs



Appendix

APPENDIX

DISCUSSION GUIDE



PWC Discussion Guide F4



Power & Water Corporation 2018 Regulatory Submission Research
Guide for Customer Focus Groups (NGR 1608014)
Friday, 17 March 2017

The following discussion guide is designed to assist the facilitator explore and understand community expectations of Power & Water Corporation's services, prices and associated consultation and engagement activities, to guide the development of the organisation's 2018 Regulatory Submission, as well as its longer-term customer strategy. The questions are provided as a guide and will not necessarily be asked verbatim. Not all questions will necessarily be asked, and participants may raise additional topics for discussion. Probing questions will be asked as required and as time permits.

Introductions

10-15 mins

- Welcome everyone and thank you for coming along to tonight's discussion.
- Newgate Research is an independent market and social research company. Power & Water Corporation has contracted us to undertake this research on their behalf. *[Introduce self, note-taker. If PWC observers are present, add:]* We also have some of the team from Power Water here to observe the discussion first-hand.
- Today's discussion is about issues to do with electricity services for households and businesses in the area, not water and sewerage. We are doing several discussions like these across the Territory as part of a broader public consultation process to help Power Water develop a 5 year plan (2019-24) for the electricity distribution services it provides to customers.
- The session will go for two hours and we have a lot to get through so if I do need to cut the conversation short at any stage please don't be offended, it just means that we need to move on so we finish on time.
- This is not a question and answer session, it is an open discussion and there are no right or wrong responses. Our purpose is to understand your opinions, needs and expectations. 'Don't know' is perfectly acceptable.
- Some questions I'll direct to individuals, some I'll put to the group. Sometimes I'll just ask for a show of hands or group work. Please nod if you agree with others etc. I really do need to hear from each and every one of you.
- Be respectful of others and share the 'air time' fairly – expect that there might be some differences of opinion.
- Newgate Research is a member of the market research industry associations and operates under very strict privacy laws. Your participation is confidential and no participants will be identified in our report.
- We will make a recording of this discussion, just in case we don't catch everything in our notes. The recording will not be provided to any third parties.
- Please help yourself to food / drinks. We won't be taking a break so if you need to... [toilet and exit instructions].
- Mobile phones off please – we would appreciate your full attention.
- Let's start by going around the table and introducing ourselves. *[Items asked to be written on the board.]*
 - Residential customers: Please share your first name, what area you live in, how long you've lived there, whether you rent or own your premises, whether you live with other people, and what you do during the day. If you're retired, what sort of work you used to do.
 - SME customers: If you're here as a business owner or manager, tell us a bit about your business. Location, type of business, number of employees, how long you've been operating, whether you lease or own the premises, your role in the business. ... Please keep your business hat on for tonight.

Knowledge, Interest and Attitudes towards Electricity

35 mins

Worksheet 1: Before we get chatting, I'll give you a quick worksheet to please fill in on your own. I'll give you 1-2 minutes.

- (See end of guide) Various ratings e.g. level of knowledge and interest in issues, perceptions of PWC etc.*

Unprompted Attitudes and Values: Next, I'd like to do a quick exercise to find out what comes to mind when you think about electricity as well as the things that you value and appreciate about it. You can either write down some words to describe that, draw something, or pick one of these images *[set of metaphoric images]*. I'll give you a few minutes to think about this.

- What comes to mind when you think about electricity? *Explore responses.*
- Is electricity something you think about much?
- What do you value about it?

Current Affairs: Is there anything going on in relation to electricity at the moment? Any news, projects, topics or issues you're aware of? *Explore responses.*

Interest levels: On your worksheet, what number did you write down for **Question 1** about your level of interest in issues to do with electricity? **WHIP AROUND THE TABLE**, then briefly explore topics of interest, whether there's times when they're more or less interested etc.

The Electricity System: Next I'd like to get a sense of your understanding of the electricity supply system including the different types of organisations and what they do. Just a reminder that if you're not sure of anything, that is perfectly acceptable – I don't want you to feel embarrassed or like you have to pretend you know more than you do. If you don't know anything about how it all works, you won't be the only one.

- So, I'll ask for a show of hands if you know a lot, a fair bit, not much or not really anything about how electricity gets to you. *Tally responses.*
- I'll start with those who know a bit less and I'm just interested in what you think is involved in getting electricity to you and the organisations that may play a role in it. What's the first step, for example? *Facilitator to draw on the board the parts of the supply chain as participants cover them. Proceed to those who know more to fill in gaps.*

Concerns - Unprompted: Now, are there any parts of the system or things to do with electricity that you have any issues or concerns with? *If necessary prompt:* This could include where your electricity comes from, how you and others in the community use electricity, availability of electricity and associated services, the service levels or types of service that you receive etc.? *Briefly explore reasons for concerns and how long these have been an issue.*

Energy Source Preferences: Do you have any particular preferences about where your home or business or even the community's energy comes from, or how it is produced? *Explore reasons.*

- Do you think you could rank the different electricity sources from most to least preferred? Do you know enough about what each of the different sources are? *(Show list of sources on A3 sheet, explore understanding: coal, solar, wind, geothermal, nuclear, hydro, incinerating waste materials, gas etc.)*
- What do you think of the fact that the NT Government made an election commitment to have 50% of the electricity from renewable sources by 2025? Hands up if you knew that? Does it change your views about energy sources?
- Do you have any sense of the relative cost differences in getting energy from each of these sources – i.e. which ones would be the most and least expensive to deliver to customers?

Reliability and Responsiveness: Overall, how reliable is the electricity supply? Do you have any or many interruptions?

- Have you ever experienced any problems in the area to do with electricity services? *Briefly explore experiences.*
- Please write down on your sheet how often you have an outage / blackout – say how many times in the last year? *Explore: Is this acceptable? How often would be acceptable to you?*
- Now write down how long the outages usually last – on average? *Explore: Is this acceptable? How long would be acceptable?*



APPENDIX

DISCUSSION GUIDE CONT...

- How many of those outages are planned and how many are unplanned electricity supply interruptions? Does whether they're planned or unplanned affect their acceptability to you?

Knowledge, Expectations and Perceptions of Power & Water 20 mins

Now, thinking more specifically about Power & Water Corporation...

Knowledge: I'd like to do a quick whip around the table and if you could please read out the number you circled for Question 3 about how much you know about what Power Water does.

- OK, let's make a list of the things you know or think it does. If I could hear from those of you who rated your knowledge lower first, that'd be great. *Write list on board.*

Read out: We will give you some more detailed information later but overall Power Water is responsible for supplying water, sewerage services and electricity in the Northern Territory. Today we are just talking about the electricity side of the business and this involves building and maintaining the transmission and distribution networks comprising poles, wires, substations and other electricity infrastructure, and responding to outages. They are not responsible for generating the electricity in Power Stations or directly selling it to customers in the major centers (Darwin, Katherine, Tennant Creek & Alice Springs) as this is handled by separate companies like Jacana Energy.

Expectations: I'd now like to make a list of the things you expect from PowerWater regarding electricity supply and services, no matter how big or small they are, as something you need or want. This could be things it is already doing or things you'd like it to do.

- Write list on board. Clarify for each whether this is currently done, or something they'd like. Prompt the following if necessary:
 - What services do you expect it to provide to you and the community?
 - What service levels do you need?
 - What about new energy technologies (if necessary: e.g. solar power, storage batteries, smart / digital meters, home energy management systems, apps to help you manage your energy use and bills)?
- I'd like to see if we can prioritise these from most to least important, or group them into needs versus wants. *Aim to prioritise as a group (#1 = most important).*
- Aim to get a sense of whether business as usual is sought, and if not, how different they would like things to be. Are customers looking for any new and different types of services?

Perceptions and Feelings towards PowerWater: Now, I'd like to step back a little and I'd like you to think about what comes to mind when you hear the name Power & Water, and write that down (just one or a few words is fine).

- Let's quickly go around the table again – this time, I'd like you to say three things:
 - 1) read the number you circled for Question 2 on your worksheet (reputation rating out of 10);
 - 2) then the number you put for Question 4 (how you personally feel about it); then
 - 3) read out what you've just written down about what comes to mind when you think of the organisation.
- Briefly explore reasons for positive ratings, then neutral, then negative ratings.
- What do you think it does well when it comes to managing the electricity system?
- What (other) concerns do you have or what do you think it could improve on?
- Looking again at the worksheet, for Question 5, what ratings did you give for PowerWater services to your property? Why?
 - Explore if not covered already: Are there aspects of its service that it does really well on? Aspects it doesn't do so well on?

(Be here by 1hr 10 mins)

Expectations and Preferences for 5-year Planning 20 mins

Perceptions of Current Charges and Value for Money: Looking again at your worksheet, let's do a quick whip around the table and tell me what rating you gave for Question 6: the value for money you get from Power Water. Briefly explore reasons.

- What sort of things would have to happen for you to give higher ratings?
- And what number did you circle for Question 8 about how high or low your electricity bill is?
- Why do you think it is high / low? Have you ever tried to do anything about it?

Worksheet 2: Material Differences in the Bill: Now I'd like you to look at Worksheet 2 and write down:

- How much your electricity bill usually is?
- If you have ever received an electricity bill that surprised or shocked you and the amount it was, or 'N/A' if it's never happened?
- And, if your bill was to go down, what would the dollar amount need to be in order for you to notice that it has gone down, and for it to make a meaningful difference to you?
- Overall, how closely do you follow what your electricity bill is?
- WHIP AROUND:** OK, let's go around the table and I'd like you to just say the numbers you wrote down (if you're comfortable to). Briefly discuss.

Awareness and Understanding of the Regulatory Review Process:

- Next I'd like you to go back to Worksheet #1: what ratings did you give for Question 7: your knowledge of how the charges on your electricity bill are set? Briefly explore reasons and information sources.
- Those of you who don't know much about this, do you have any ideas about how it might be done? What about those of you who rated your knowledge higher – can you help the others?
- Do you have any sense of how prices on your electricity bill might be linked to different levels of service?
- Also, how much of the electricity bill do you think goes to PW? On your worksheet, please write down what percent of your total electricity bill you think goes towards Power & Water undertaking its services - this covers the transmission and distribution of the power to you through the electricity poles and wires, and excludes the generation of the energy at the power plant, and the charges from the company that sends your electricity bill. **WHIP AROUND**

Expectations and Preferences for the Regulatory Review Process:

- Explain: Power & Water Corporation (Power Networks) is currently in the process of reviewing its charges and the services it provides. It needs to develop a proposal for the charges and service levels it will provide to customers for the 5-year period from 2019 to 2024, which it needs to submit to the Australian Energy Regulator early next year. Did any of you know any of this?
- I'll give you a bit of information shortly, but in principle and off the top of your head, how do you think that Power and Water should go about reviewing the charges and services it provides?
- What, if anything would you like PowerWater to change in relation to its current charges and services?
- The following provides some more information about this process and what it involves.

Hand out Fact Sheet #1 providing a brief overview of PWC and the regulatory review process: I'd like you to take a minute to read of this information about the company and the process for its 5-year planning from 2019 to 2024.

- What do you think about this? Positives? Negatives? Anything interesting, confusing or surprising? Explore
- Back on Question 9 on your worksheet was about your interest in providing your views on PowerWater's future prices and service levels – what numbers did you circle? (0=not at all, 10=extremely interested)
 - What aspects if any are you most interested in?
- Do you support or oppose Power Water consulting with customers for their views about its services and the prices it proposes to charge? Explore reasons.

Specific Regulatory Proposal Concepts 20-25 mins

We'll explore some specific ideas PowerWater is considering for the 5 year plan now...

Overall cost reductions: Power & Water is trying to find ways to be more efficient and ultimately reduce its costs and charges to customers.

- Is this something it should be focusing on? Why?
- Can you see any activities or ways in which Power & Water could do things to reduce prices?
- What about the idea of keeping people in jobs? How do you think the company should balance that with trying to reduce costs?

Reliability: I'll come back to outages / blackouts now. Something PowerWater could do is change its service levels to reduce the average number of outages customers experience for an increased charge, or it could do less maintenance and allow for more outages as part of reducing costs to customers. What do you think about this, in principle?

- Think back to the number of UNPLANNED outages you have in any average year (e.g. due to storms, trees falling down, animals striking the lines etc.).
 - REDUCED OUTAGES:**
 - If the number of outages was to be reduced, how many would it have to be per year, in order for it to be meaningful and noticeable to you? Please write that number down.
 - And please write down how much you would be willing to pay for this improved service?
 - INCREASED OUTAGES:**
 - If the number of outages was to be increased slightly, how many would it have to be per year, in order for it to be meaningful and noticeable to you? Please write that number down
 - And please write down how much more you would expect to save for this improved service?
 - Explore.

For facilitators' reference (explain if necessary):

Region	Avg. Outages per year, per customer	Avg. Duration (min)
Alice Springs	2.23	134.74
Darwin	2.37	165.59
Katherine	7.07	298.12
Tennant Creek	2.22	42.60

Responsiveness: Similarly, the charges could be adjusted if the time it takes to reconnect the power after an unplanned outage is changed. What do you think of the idea of reduced prices in return for longer wait times for outages to be restored, or paying more for shorter wait times? Explore unprompted, then explore potential savings for different wait times.

- Think back to the average length of UNPLANNED outages you have in any average year.
 - REDUCED OUTAGE TIMES:**
 - If the time it takes to restore your power was to be reduced, how much shorter would it have to be on average, in order for it to be meaningful and noticeable to you? Please write that number down.
 - And please write down how much more you would be willing to pay for this improved service?
 - INCREASED OUTAGE TIMES:**

APPENDIX

DISCUSSION GUIDE CONT...

- If the time it takes to restore your power was to be increased, how much longer would it have to be on average, in order for it to be meaningful and noticeable to you? Please write that number down.
- And please write down how much you would expect to save for this improved service?
- Explore.

Other options

- The following are some other things that Power and Water Corporation is considering in its 5 year plan. For each topic, explore as necessary/relevant:
 - How do you feel about this idea?
 - Anything here you don't understand? Any questions?
 - In principle, are you in favour of them or not?
 - Would you need more information about any of these to form an opinion?
- Concepts to explore:
 - **Visual amenity: substations.**
 - Do you know what a substation is?
 - Show image. Have you seen any of these around?
 - What do you think of them?
 - Do you think PowerWater should do anything to improve the look of these? For example, they could be painted, or vegetation could be planted around them or fencing etc. Would you be willing to pay a small increase in your electricity bill (e.g. \$2 a year) for these to be made more visually appealing or less visible?
 - At this stage, PowerWater is not actually proposing to do any improvements to the look of its substations for the next five-year period. What do you think of this?
 - **Visual amenity: vegetation management and tree trimming.**
 - Do you know how often PowerWater does vegetation management and tree trimming in your area? What do you think of this?
 - Do you think it needs to change the way it does its tree trimming and other vegetation management activities? Or the frequency of its tree trimming?
 - For example, they could do more frequent / softer tree trimming, though this would increase their costs. Would you be willing to pay a small increase in your electricity bill (e.g. equating to \$8-8 a year) for more visually pleasing tree trimming?
 - At this stage, PowerWater is not proposing to change how or how often it does tree trimming – so its costs would be the same for the next five-year period. What do you think of this?
 - **Customer connection fees.**
 - Do you know what the fees are to connect your power when you move into a new property?
 - To explain, for connections during business hours the fee is \$58 and for connections outside of business hours it is \$380. What do you think of these charges?
 - At this stage, PowerWater is not proposing to change the connection fee – so its charges would be the same for the next five-year period. What do you think of this?
 - **Customer disconnection fees.**
 - Do you know what the fees are to have your power reconnected if it has been disconnected (e.g. due to not paying the bills)?
 - To explain, for reconnections during business hours the fee is \$94 (or if you have a 'smart meter' it is \$333). What do you think of these charges? [NB PowerWater doesn't decide who gets disconnected – it is the retailer who sends you the bill that asks PowerWater to disconnect a customer if they don't pay their bill]

- At this stage, PowerWater is not proposing to change the reconnection fee – so its charges would be the same. What do you think of this?

(Aim to be here by ~ 1 hour, 50 mins)

Engagement Preferences and Decision Making

5-10 mins

Now I'd like to spend some time talking about the way that Power Water could or should get feedback from customers to help guide the development of its 5-year plan.

Engagement Preferences and Communication: Would you like to be involved in any way in future plans about prices and service? Why? On which aspects in particular?

- How should Power Water communicate with you about the process and its plans? Are there any ways it could communicate with you that would really grab your attention or make you want to be involved?
- How involved would you like to be in the process? Do you just want to be kept informed or actually be involved more in the decision making process?
- What would be the best ways for you to give your feedback on the 5-year plan? Prompt with potential channels as necessary – e.g. website, community events, surveys, forums etc.
- Are there any other activities that Power Water should do to inform and involve the community in its long-term planning?

Decision-making: How do you think PowerWater should actually decide what changes it will make to service levels and prices from 2019 onwards?

- What is 'support'? If there are aspects of PowerWater's proposal where they are seeking customer support, what is the minimum level of support you think they should secure from customers in order to go ahead? Should it be like an election where you just need 51% of voters to say yes, or should it be higher? Why? What are the things PowerWater should be taking into consideration here?

Closing

3 mins

Just in closing, if there was one thing you would like to say or ask, or even advice you would like to give the CEO of Power & Water Corporation regarding how it consults customers, or issues it should really be focusing on, what would that be?

Thanks, final questions, comments, suggestions for the consultation.

That's all of my questions. Thank you so much for your time today. Please accept this money (envelopes to have participants' names on them) in appreciation... and please check it's the right amount.

DISCUSSION GUIDE

WORKSHEET

Worksheet 1. Please write your first name here: _____



Please rate <u>each</u> the following by circling the relevant number ...	Low High										
1. Your general level of interest in issues to do with electricity (0=not at all, 10=extremely interested)	0	1	2	3	4	5	6	7	8	9	10
2. What sort of reputation you think Power & Water Corporation has (0=a very poor reputation, 10=an excellent reputation)	0	1	2	3	4	5	6	7	8	9	10
3. Your knowledge and understanding of what Power & Water Corporation does (0=know nothing at all, 10=excellent knowledge)	0	1	2	3	4	5	6	7	8	9	10
4. Your general feelings towards Power & Water Corporation (0=extremely negative, 10=extremely positive)	0	1	2	3	4	5	6	7	8	9	10
5. The physical electricity supply service Power & Water Corporation provides to your property (0=very poor, 10=excellent)	0	1	2	3	4	5	6	7	8	9	10
6. The value for money you receive from Power & Water Corporation for electricity services (0=very poor, 10=excellent)	0	1	2	3	4	5	6	7	8	9	10
7. Your knowledge of how the charges on your electricity bill are set (0=know nothing at all, 10=excellent knowledge of this)	0	1	2	3	4	5	6	7	8	9	10
8. Your sense of how high or low your electricity bill is (0=extremely low, 10=extremely high)	0	1	2	3	4	5	6	7	8	9	10
9. Your interest in providing your views on Power & Water Corporation future services and prices (0=not at all, 10=extremely interested)	0	1	2	3	4	5					
10. Your confidence in Power & Water Corporation to ensure a secure supply of electricity for the longer term (0=not at all, 10=extremely confident)	0	1	2	3	4	5					



Worksheet 2.

How much is your usual quarterly electricity bill?	\$
If you have ever received an electricity bill that surprised or shocked you and the amount it was, or 'N/A' if it's never happened?	\$
And, if your bill was to go down, how much lower would it have to be for you to notice that it has gone down, and for it to make a meaningful difference to you?	\$

APPENDIX

FACT SHEETS



Fact Sheet F

POWER AND WATER CORPORATION

How are Electricity Prices Determined?

Electricity tariffs charged across the NT are made up of 4 different, but important components. The graph below demonstrates the approximate make-up of these components within the tariffs that are charged to customers.

CSO "Community Service Obligation" is a rebate provided by the Northern Territory Government to help reduce the cost of electricity that each customer pays. It reduces the maximum \$/kWh that a customer can be charged.

Generation covers the costs of producing the power.

Networks cover the costs of maintaining the Network (poles, wires, meters, new infrastructure etc.) to ensure that power reaches the customer. This is the focus of the Regulatory Proposal. Power Networks charges retail for the provision of these services.

Retail Margin is an approximate margin charged by most NT retailers.



The Need for Long Term Planning

Since the electricity distribution services Power Water provides are 'monopoly' services (i.e. customers have no choice as to who delivers electricity to their home or business), we are regulated by the Australian Energy Regulator and their role is to ensure that the prices we charge are appropriate.

Power Water is required to submit a regulatory proposal to the Australian Energy Regulator which outlines the tariffs we propose to charge customers from 2019 to 2024. The Australian Energy Regulator will consider this proposal and then determine how much revenue Power Water can recover through network tariffs to run an efficient business, maintain the network and provide the services that customers expect.

The Role of Customer & Stakeholder Engagement?

The Australian Energy Regulator expects Power Water to consult with its customers and other stakeholders to understand their expectations about electricity and get their input and feedback on initial ideas for future tariffs and services levels. This feedback will then be incorporated into the final proposal that is submitted to the Regulator.

The figure below shows how and when Power Water will be engaging with customers and stakeholders.



POWER AND WATER CORPORATION

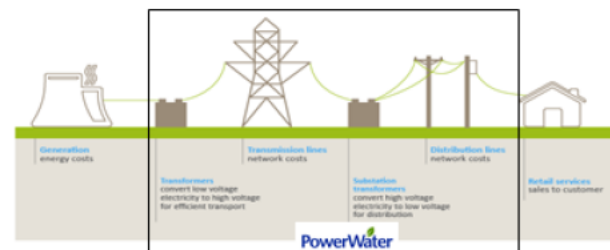
Who is Power and Water Corporation?

Power and Water Corporation (Power Water) is responsible for electricity transmission and distribution and it also provides water and sewerage services across the Northern Territory. Power Water's not-for-profit subsidiary, Indigenous Essential Services Pty Ltd (IES), supplies electricity generation and retail services to 72 remote communities.

Employing over 900 staff living and working in the NT, Power Water is one of the largest employers in the NT. Power Networks is the largest business unit in Power Water with 360 employees who plan, build and maintain a reliable electricity network that ensured that electricity from the generators reaches customers.

About the Electricity Supply Chain

The chart below shows the main components of the electricity supply chain and where PWC fits in.



- Electricity generators** like Territory Generation, are like a 'factory' for electricity. They produce electricity in bulk to meet the demand of the electricity grid;
- Network distributors** like Power Water are like the electricity 'delivery truck'. They transport electricity from generation plants to homes and businesses. The distributor is responsible building and maintaining the local network of electricity poles and wires;
- Retailers** like Jacana are like the 'shop front' for the electricity supply chain. They purchase electricity in bulk from generators and turn it into a range of retail products to meet customers' needs.

Power Water's Role in Electricity Supply

Power Water owns and operates and maintains the transmission and distribution networks comprising poles, wires, substations and other electricity infrastructure. It responds to outages and ensures that customers have a reliable source of electricity. In total, we service around 80,000 customers across the Territory – the map at right shows our transmission (blue) and distribution (red) lines.



THANK YOU

Sydney

+61 2 9232 9550
Level 18, 167 Macquarie Street
Sydney NSW 2000

Canberra

+61 2 9232 9500
John McEwen House
7 National Circuit
Barton ACT 2600

Melbourne

+61 3 9611 1850
Level 18, 90 Collins Street
Melbourne VIC 3000

Brisbane

+61 7 3009 9000
Level 14, 110 Eagle Street
Brisbane QLD 4000



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