

POWERCOR SME SURVEY – Phase 3

Prepared for: 
AUSTRALIA



Powercor SME survey results | Contents

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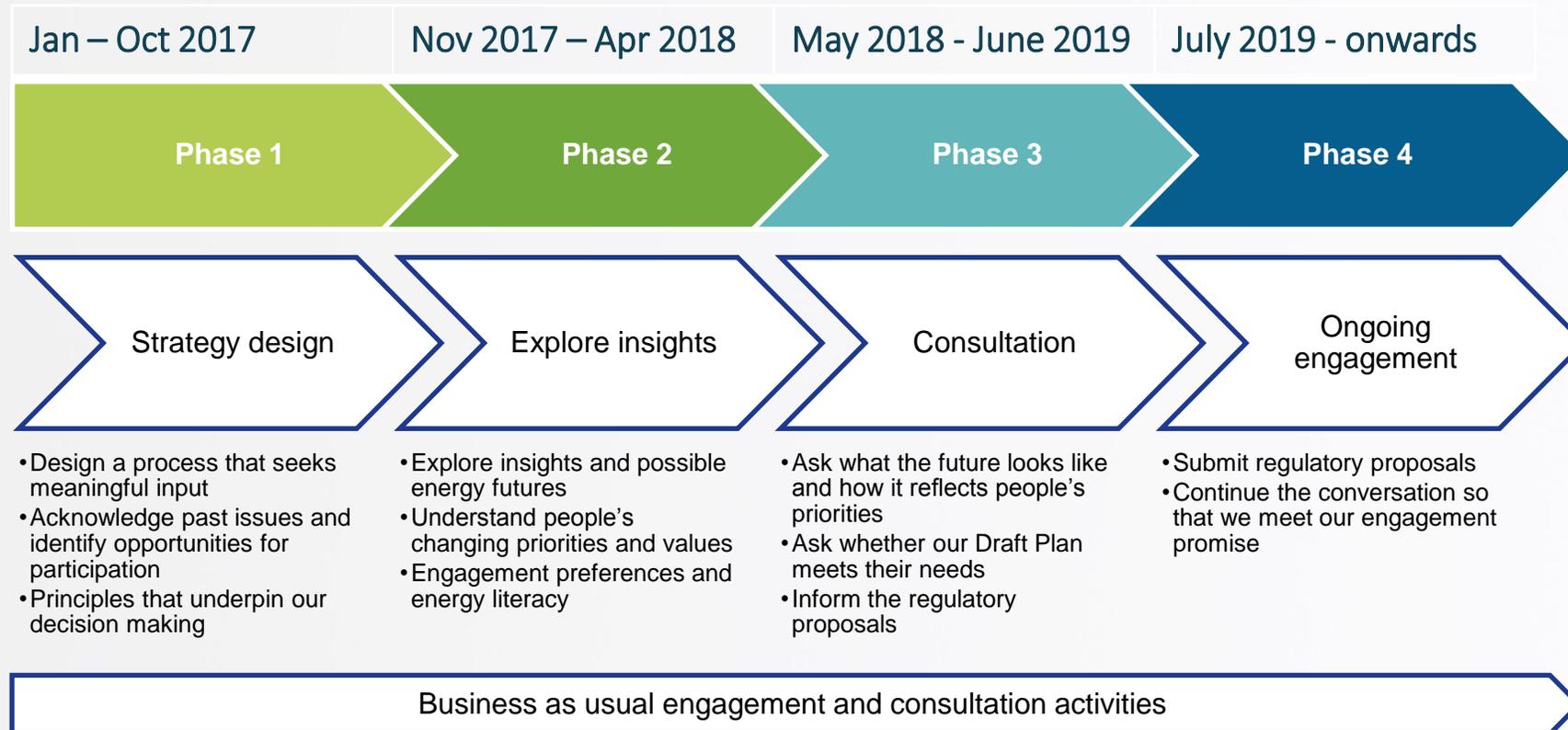
Background and context

- Powercor is required to provide a regulatory proposal to the AER every five years, detailing its predicted expenditure and revenue requirements over the regulatory period.
- Powercor is currently developing its regulatory proposal to the AER for the 2021-2025 regulatory period.
- To help shape this regulatory proposal, Powercor is keen to further understand customer priorities, how they see the future, and to assess the Draft Plan.
- Woolcott Research and Engagement has been commissioned to conduct customer and stakeholder engagement to input into the preparation of the regulatory proposal.

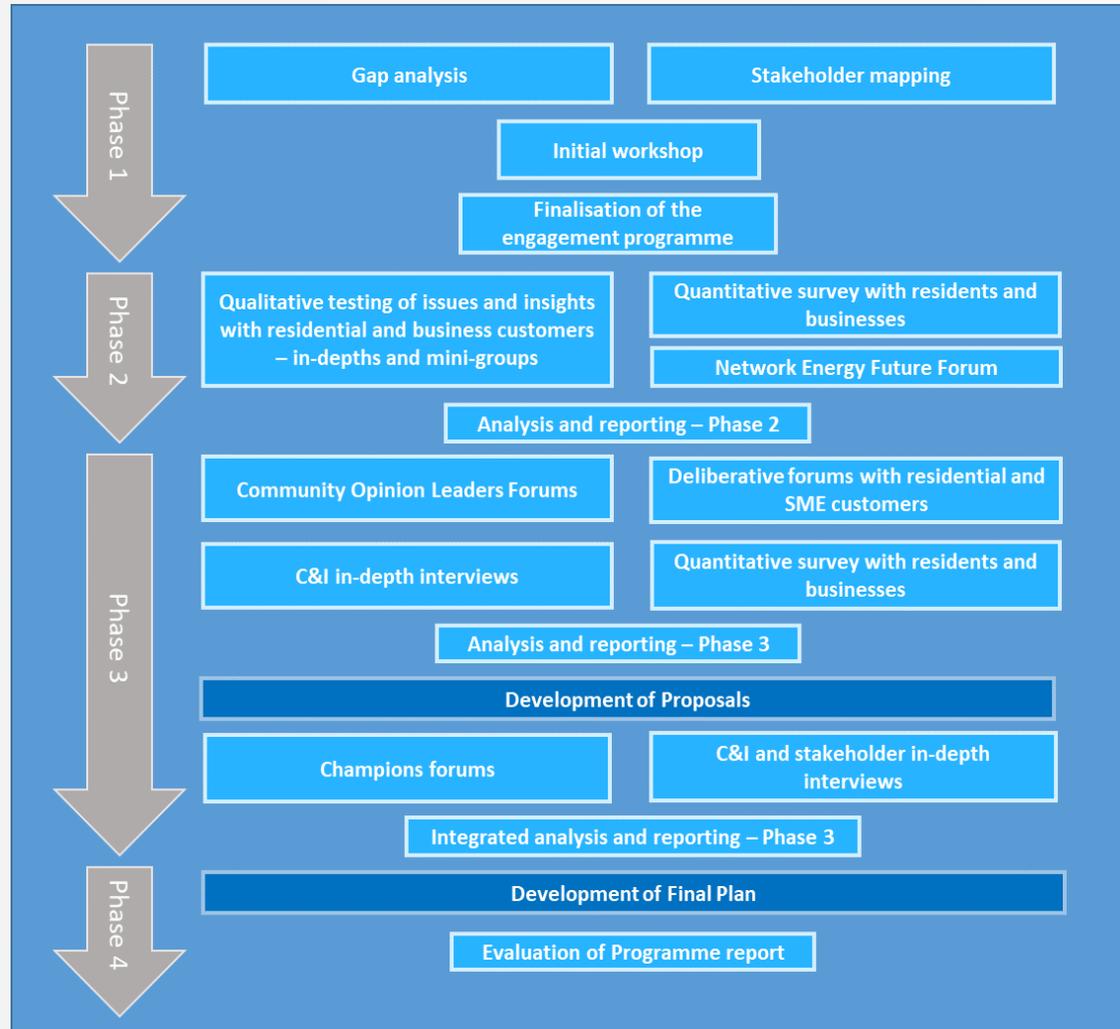


Engagement programme

We are currently in phase 3 of the programme



Engagement methodology



Key findings

Knowledge & literacy

- Just over half of Powercor business customers did not know the name of their electricity distributor, with some confusing their retailer and distributor.
- When prompted, around three quarters of businesses were aware that the distributor responded to electricity outages, got electricity to their businesses, maintained poles and wires and operated street lighting. Businesses were more aware than residential customers of the roles of Powercor.

Customer benefits

- The most important benefits for Powercor to focus on were perceived to be reliability and safety, followed by managing the network at the lowest cost.

Connecting to the network

- Only a minority had experienced connecting a new premises to the network (15%) but most were satisfied with the timeframe and process (85%).
- Responses to a 'fast track user pays' option were mixed but larger businesses were slightly more in favour than smaller businesses.

Key findings

Reliability of supply

- Satisfaction with the reliability of the current electricity supply was high (80%), particularly amongst businesses who had not experienced an outage in the last two years (91%).
- Just over a half of business respondents in the Powercor area had experienced an outage in the last 2 years with over a third of businesses experiencing at least a moderate level of impact from outages (34%).
- Similar to residents, half of businesses believed that all customers should pay for improved reliability in areas with lower reliability (51%) with 27% stating that only those in poorly served communities should pay.

Compensation payments (GSLs)

- Respondents were most likely to believe that GSL payments should either be increased (42%) or stay the same (39%). However, investment to improve reliability in worse performing areas was preferred (63%) over continued compensation through GSL payments (30%).

Power quality

- Over a third of business respondents indicated at least a moderate level of impact from variations in power quality (37%). Impacts included computer issues, not being able to operate machines or even having to shut down the business.

Key findings

Making it easier to export solar and charge your battery

- Almost a third of businesses in the Powercor network area have either solar panels, a central system that manages power and appliances, electric vehicles or battery storage. Around a quarter have solar panels.
- 80% of businesses with more than 20 employees had one or more of those options.
- Purchasing a battery was the most likely technology to be adopted in the future.
- At least half of businesses who had the ability to install solar panels were interested in exporting/selling electricity back to the grid.
- There were mixed views about who should pay for any investment required to ensure power quality due to exporting electricity – exporting customers or all customers. However businesses of 20+ employees were significantly more likely to suggest taking on the cost collectively (80%).
- Almost half of respondents favoured a ‘one-off’ standard connection charge for connecting new technologies to export power (47%). More than half of business respondents said they thought customers would be likely to pay a \$500 upfront fee.
- More than two thirds (68%) thought that parts of the electricity network should be upgraded quicker to allow for more renewable energy users and large customers to connect/export solar power to the grid.

Key findings

Safety

- Two thirds of business customers had never had concerns about the safety of the electricity network, however 10% had moderate to major concerns.

Vegetation

- Around half would like vegetation to be trimmed at the same level and frequency as it is currently (46%) and two thirds (65%) believed that Powercor should remove and replace some vegetation.

Undergrounding

- Even though it costs more to consumers, 73% of business respondents felt that the distributor should invest more into moving poles and wires underground that are in road accident black spots.
- Half of respondents (49%) wanted high voltage power lines to be undergrounded faster than was recommended by the Victorian Bushfire Royal Commission.
- There were mixed views about whether safety switches (REFCLs) should be used on days other than total fire ban days.
- After hearing about the safety strategies, 42% agreed that enough is being done to manage safety across the network.

Key findings

Energy usage data

- Fewer business respondents than residential respondents (45%) were interested in accessing their real time energy usage data.
- Fewer also indicated they were likely to use the real time data to receive rebates or savings (51%).
- Some of the perceived benefits of real time data access included saving money, managing/adjusting consumption and being able to pinpoint what uses the most electricity.

Key findings

Affordability and pricing

- Whilst the vast majority indicated that they had not sought advice about methods of payment or deferral of payment, almost two thirds felt their bills were expensive or very expensive (64%).
- More than a third (38%) of business respondents indicated they would be likely to participate in trials or programs to receive a financial incentive.
- Two-thirds (63%) of respondents indicated they would respond to a peak pricing signal to reduce power usage.
- On average, businesses felt that they should receive a rebate of around \$88 to participate in the signalling program, with larger businesses expecting higher rebate amounts.
- Around a quarter (26%) were willing to allow Powercor to adjust their energy usage remotely for appliances such as air conditioners if they didn't notice a large difference in heating/cooling.
- Almost a third of businesses (29%) were unaware of their current electricity pricing structure.
- Most were on a Time of Use tariff (46%) and thought that this would suit them best (55%).

Methodology

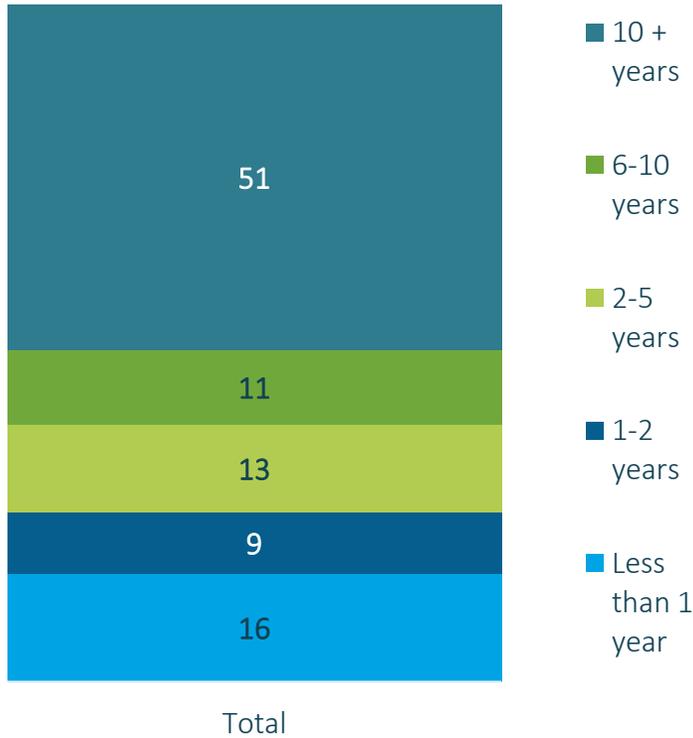
- The survey was conducted online.
- N=202 completes were obtained.
- The online respondents were sourced through an online panel provider, used solely for research purposes.
- The survey was live from 21/06/2018 to 05/07/2018.
- Data was weighted during the analysis by size of business to reflect the Powercor area.

The survey covered the following areas:

- Knowledge and literacy
- Customer values
- Ease of connection
- Reliability & quality of supply
- Exporting and charging batteries
- Safety
- Energy usage data
- Affordability and pricing

Business profile

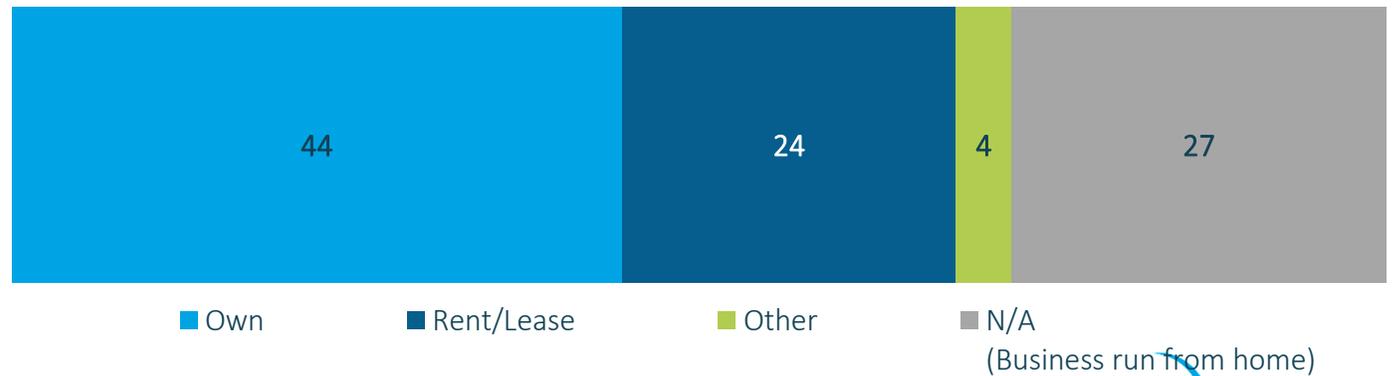
Age of Business



Position in Company



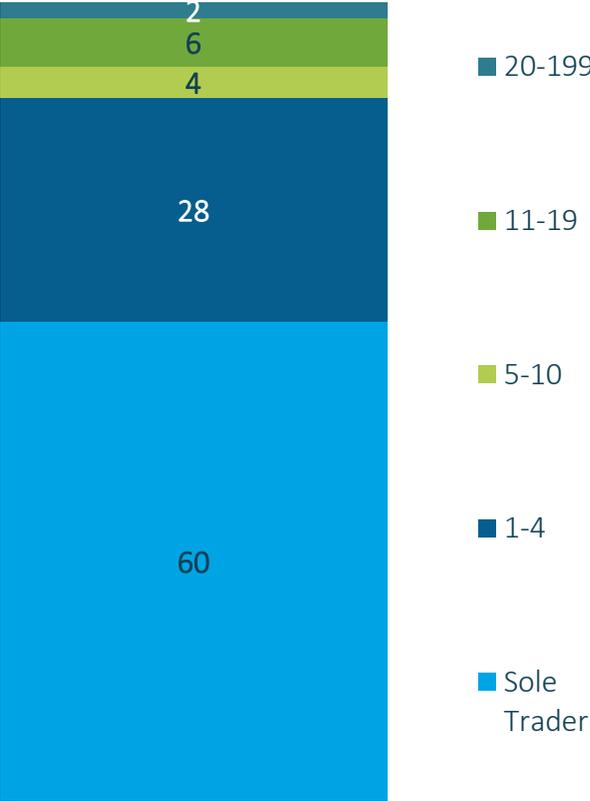
Premises Owner or Rent/Lease



Q49. How many years has your business been operating?
 Q48. What is your position or title within your organisation?
 Q50. Does your business own or rent/lease its business premises?
 Base: All respondents (n=202)

Business profile cont.

Number of Employees



Q2. How many employees do you have in your business, by employees I mean full time equivalents other than the proprietor?
 Q3. And what industry does your business operate within?
 Base: All respondents (n=202)

Industry Type	All respondents n=302 %
Retail Trade	10
Agriculture, Forestry, Fishing and Hunting	9
Health and community services	9
Personal services	6
Manufacturing	6
Finance and insurance	5
Education	5
Accommodation, cafés and restaurants	4
Property and business services	3
Construction	3
Transport and storage	3
Communication Services	3
Cultural and recreational services	1
Wholesale Trade	1
Government administration and defense	1
Electricity, Gas and Water Supply	1
Mining	1
Other	31

Name of electricity distributor | unprompted

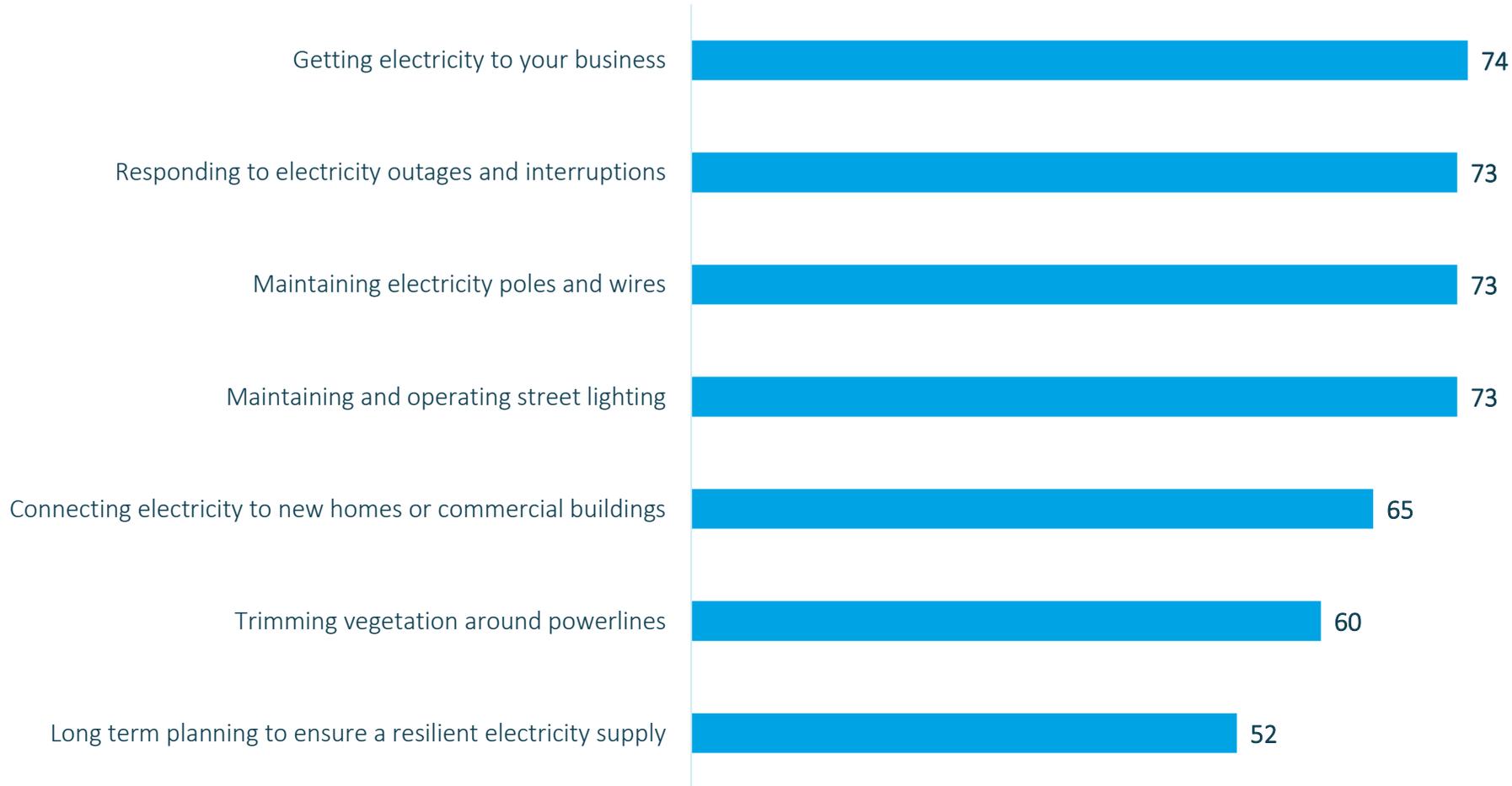
Perceived name of electricity distributor Unprompted	N=202 %
Powercor	45
AGL	4
Origin	8
Simply Energy	2
Energy Australia	2
United Energy	1
Lumo	1
Red Energy	1
Ausnet	1
Momentum Energy	1
None/Off Grid	1
Other	1
Don't Know	32

Nearly half (45%) of business respondents correctly named Powercor as their distributor.

Q4. What is the name of your electricity distributor in your business's area? By distributor, we mean the company responsible for the electricity network not your energy retailer who sends you the bill.

Base: All respondents (n=202)

Awareness of roles of distributor | prompted

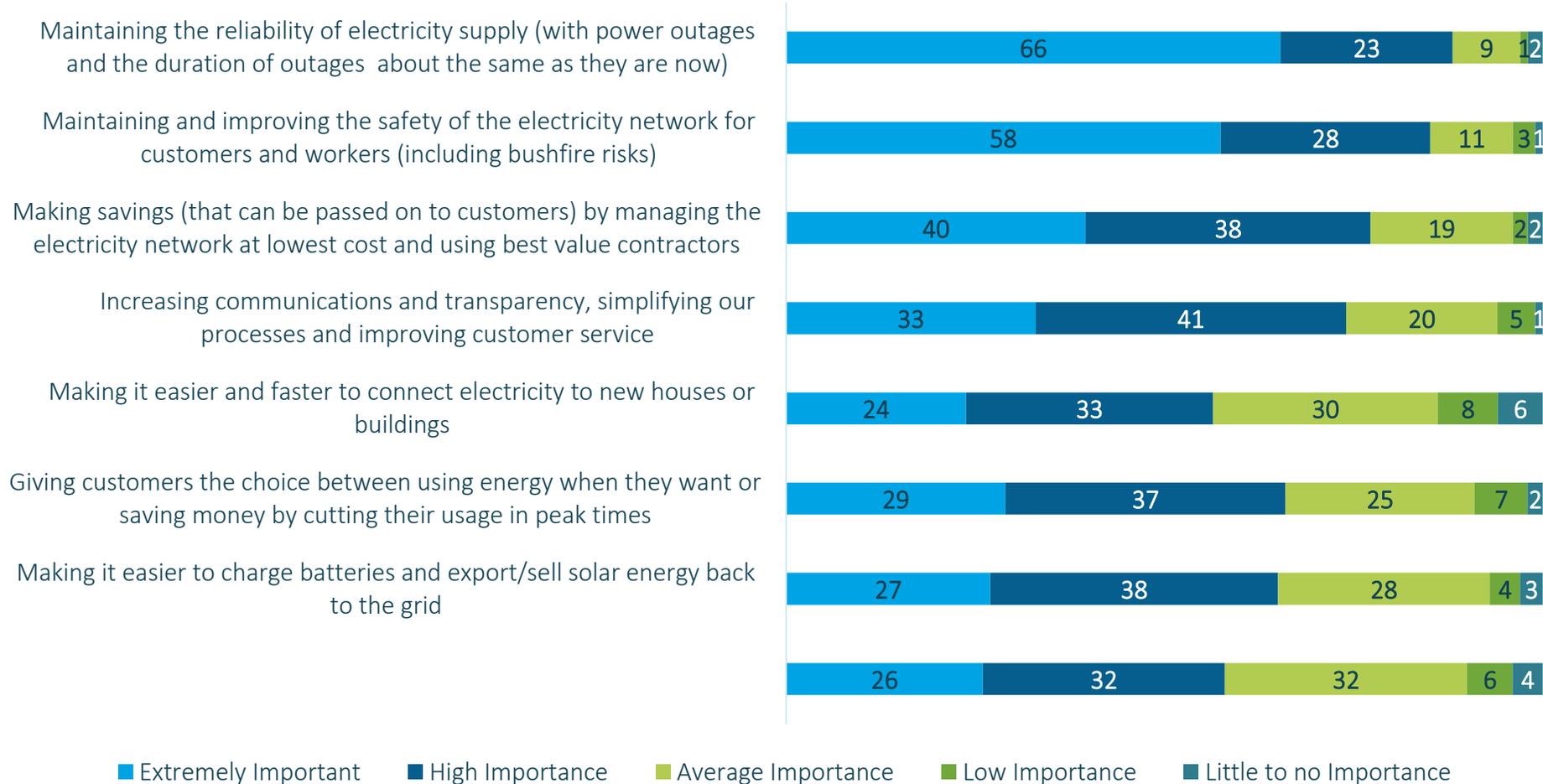


Most business respondents in the Powercor network area were aware of a number of roles that the distributor played, including street lighting, connections, outages and maintaining poles and wires.



Q5. [insert distributor] is the electricity distributor for your business's area. Which of the following roles were you aware that [insert distributor] did before today? MR
Base: All respondents (n=202)

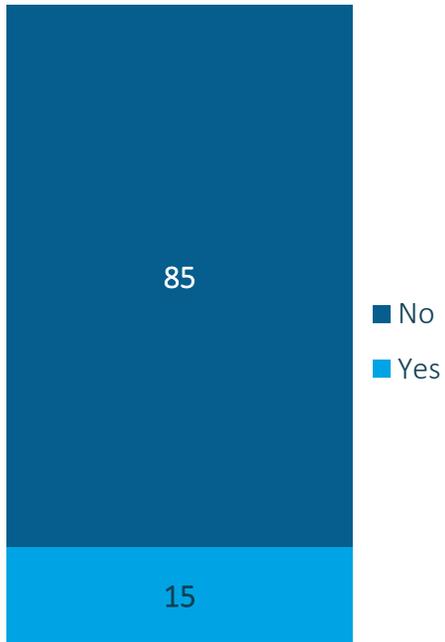
Importance of benefits



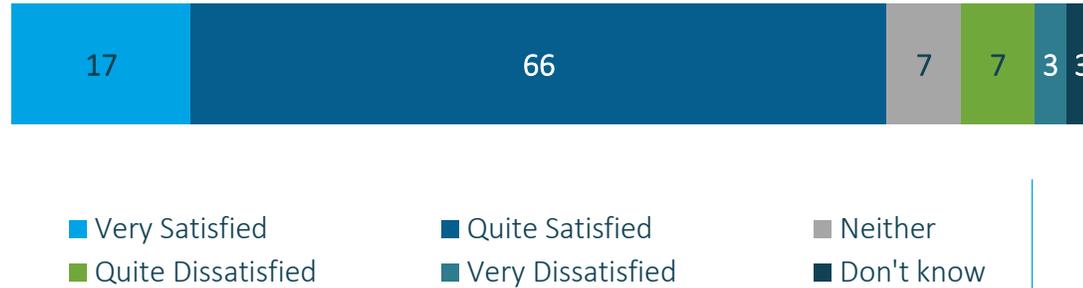
Maintaining a reliable supply of electricity and continuing to improve the safety of the network were perceived to be the two most important benefits for distributors to focus on.

Experience with connecting a new premises

Experienced new connections



Satisfaction with timeframe and process



Suggestions to improve connection process	Respondents who had connected and were not satisfied (n=5*)
Quicker connection response	20
Better communication	20
Nothing	20
Don't know	40

15% of businesses had experienced a new connections, with 83% indicating they were satisfied with the timeframe and process.

Some suggested improvements included a faster connection response and better communication.



Q7. Have you had experience in connecting a new business premises to the electricity network with [distributor]? Note this is about a new connection, so not moving premises but building a new premises.. Base: All respondents (n=202)

Q8 How satisfied or dissatisfied were you with the timeframe and process?

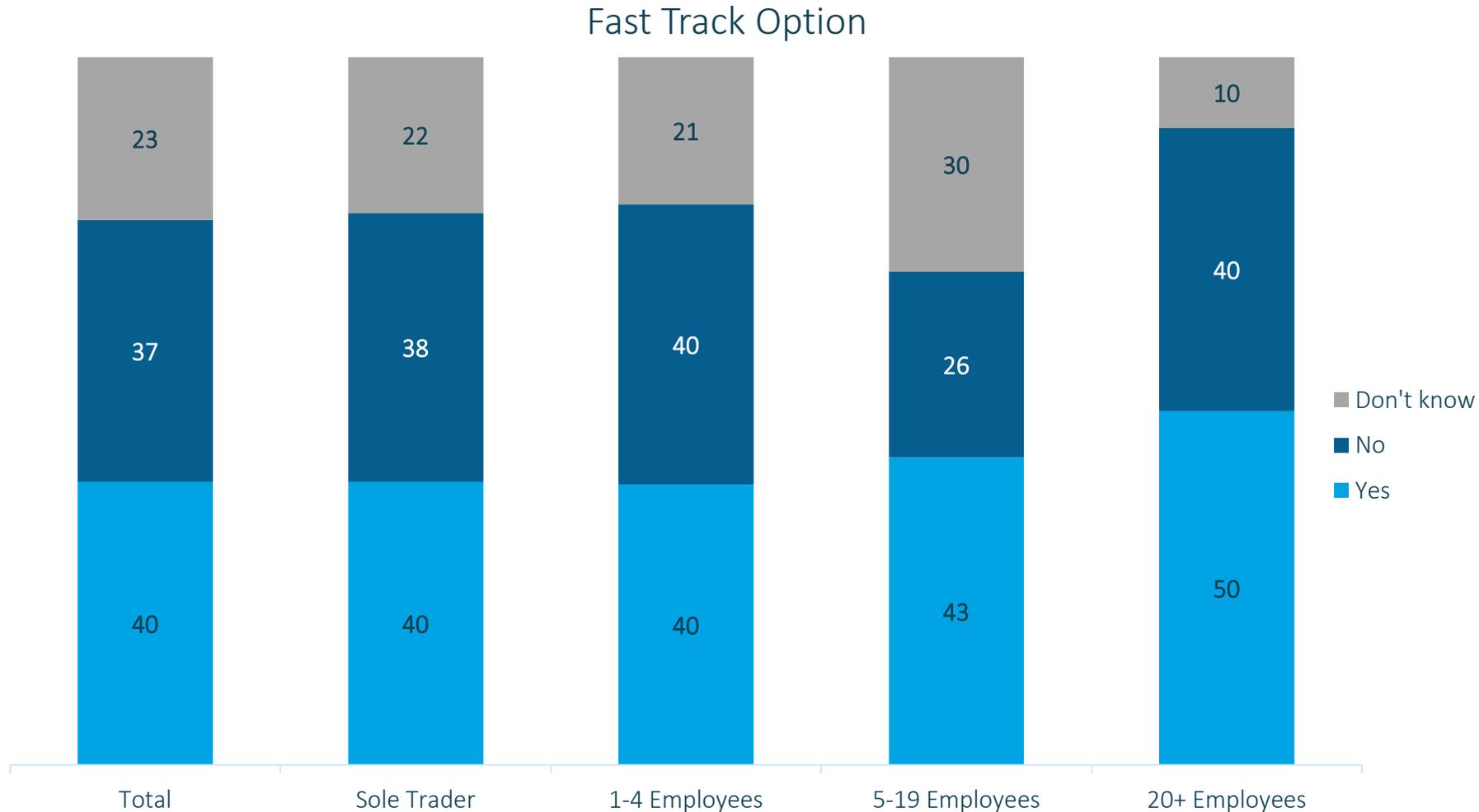
Base: Respondents who had experience connecting a new business (n=32)

Q9. What would have made the connection process better?

Base: Respondents who had experience connecting a new business and were not satisfied (n=5*)

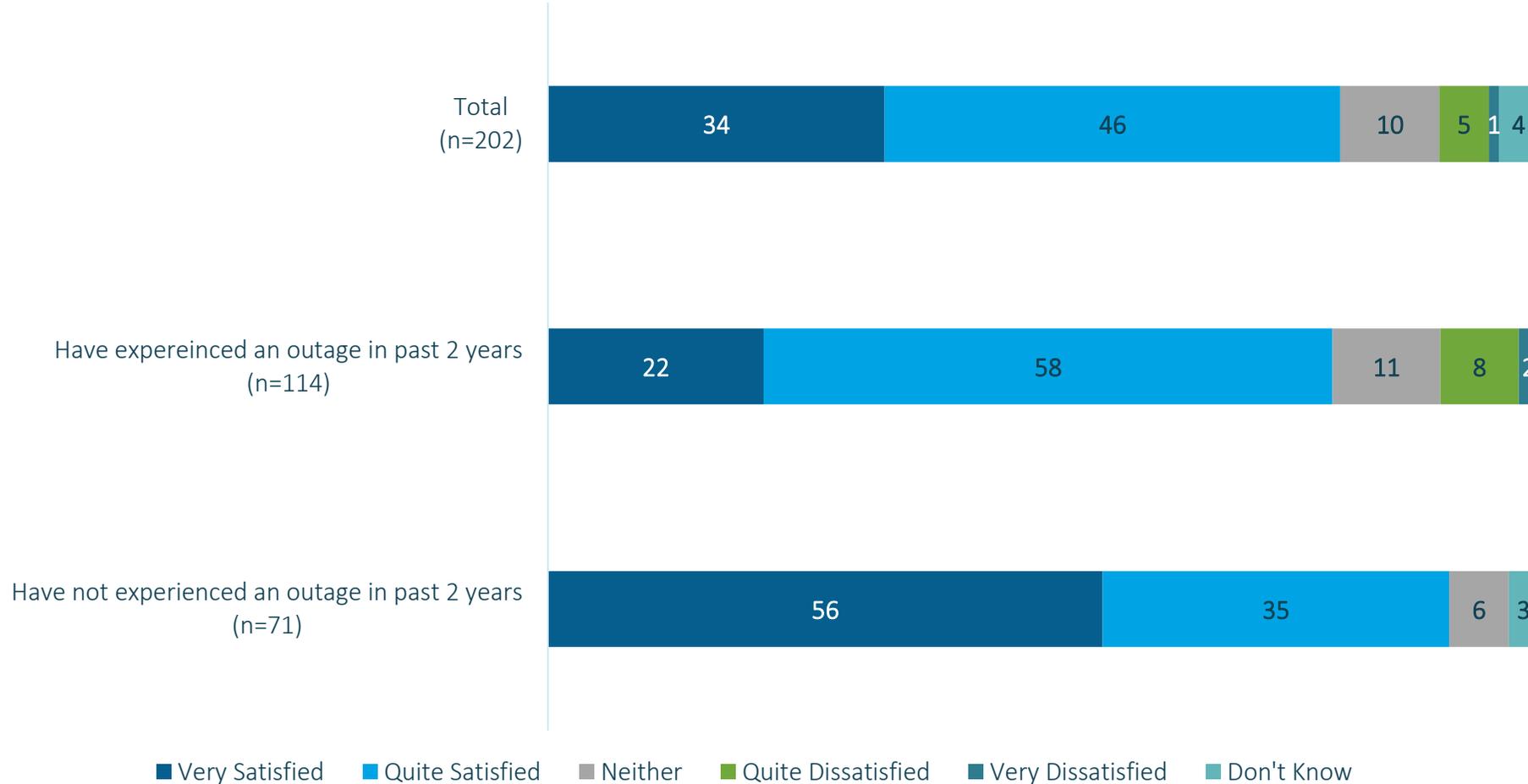
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Agreement with the 'fast track' option



40% of business respondents indicated they would like a fast track 'user pays' option, with this option being slightly more popular amongst bigger businesses.

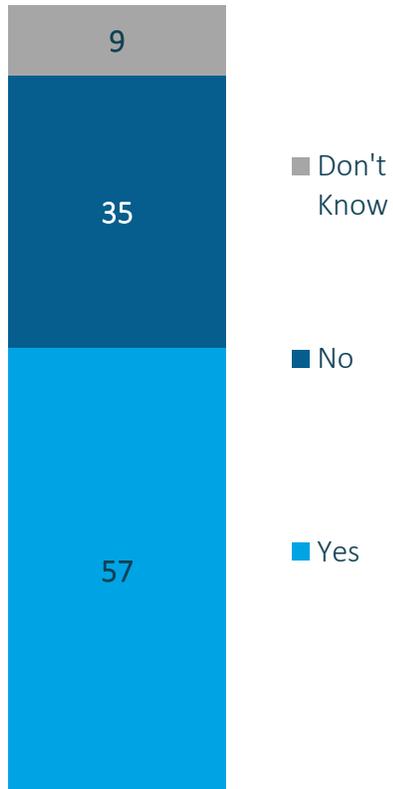
Satisfaction with current supply reliability



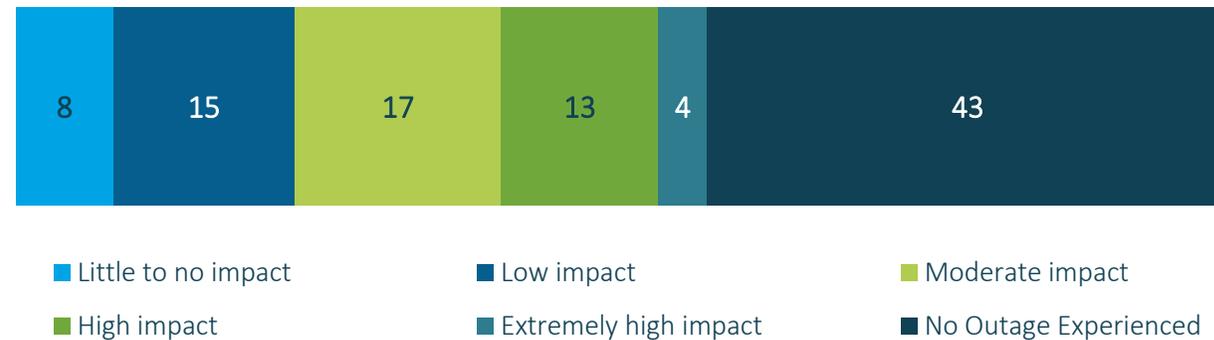
80% of businesses felt satisfied with their current reliability of supply, with those who had not experience an outage in the last 2 years showing stronger levels of satisfaction.

Outage experienced in current business

Experienced an outage
in the last 2 years



Level of impact



More than half of respondents indicated that they had experienced an outage in the last 2 years, with 17% indicating a high level of impact.

Q12. Have you experienced an outage in your current business over the past two years?

Q13. What level of impact do electricity outages currently have on your business?

Base: All respondents (n=202)

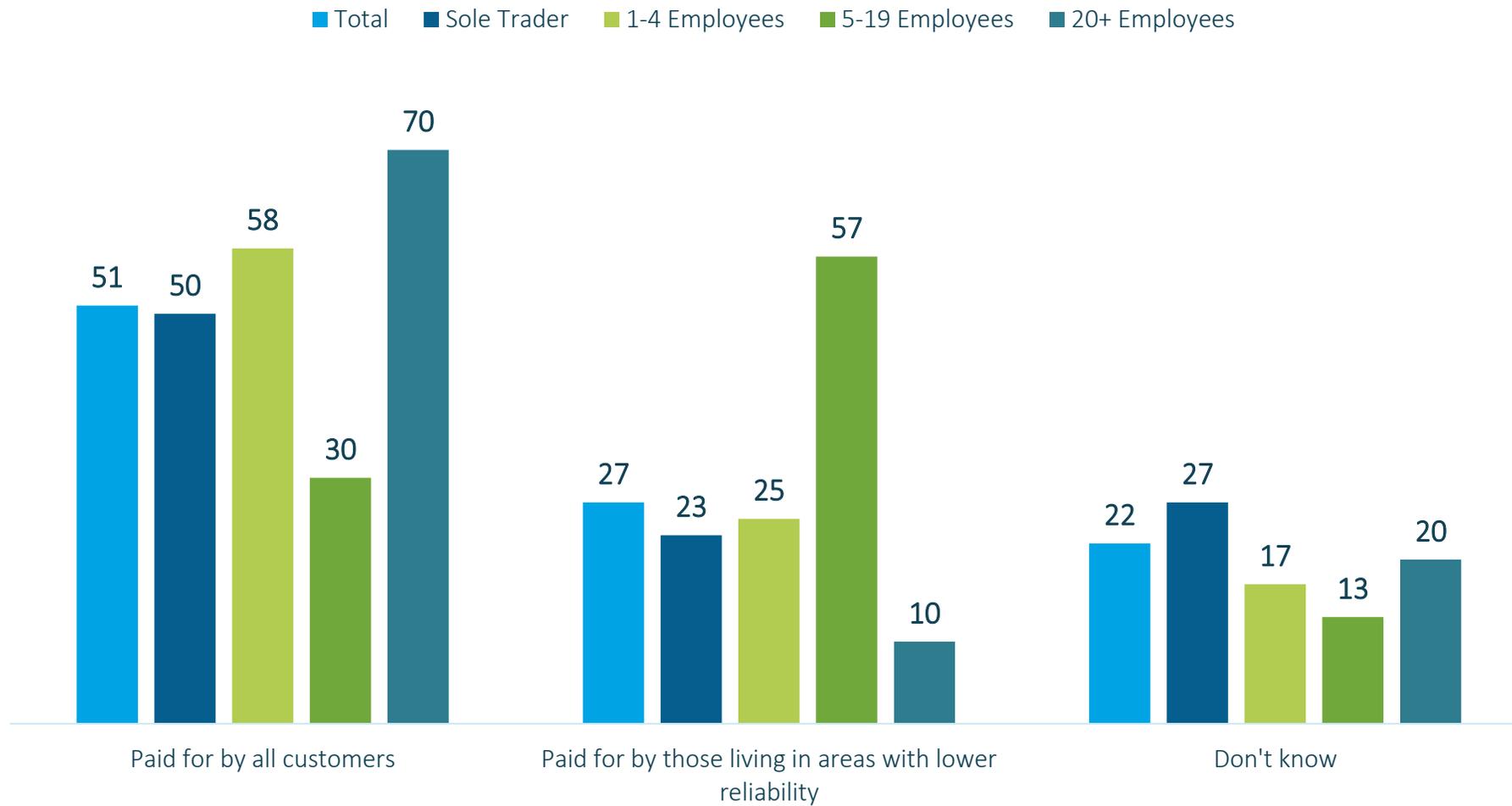
Impact of outages experienced

What were those impacts	Those who experienced a moderate level of impact or more n = 67
We couldn't /can't work/loss of productivity/had/have to shut down	23
No computer/issues with computer	22
We couldn't operate our machines/systems/tools of trade	18
No lights/scariness/risk of accidents/no light for customers/security problem	13
No internet/can't find out what's going on	10
Water pumps don't work, so no water for household/for stock/business	9
Loss of business	8
No phone/this can be unsafe/we miss calls	6
We can't serve customers/ open the till/use EFTPOS/credit cards/billing	6
Loss of communication NFI	6
Loss of/worried about loss of food in the freezer/fridge	6
No heating/cooling/effect on old people, children	5
Loss of power/for particular length of time NFI	4
Not being able to use any appliances	3
Loss of revenue	3
None	2
Other	16

Impacts due to outages included:

- Inability to work or diminished productivity;
- Computer problems; and,
- Inability to operate systems/tools/machinery/

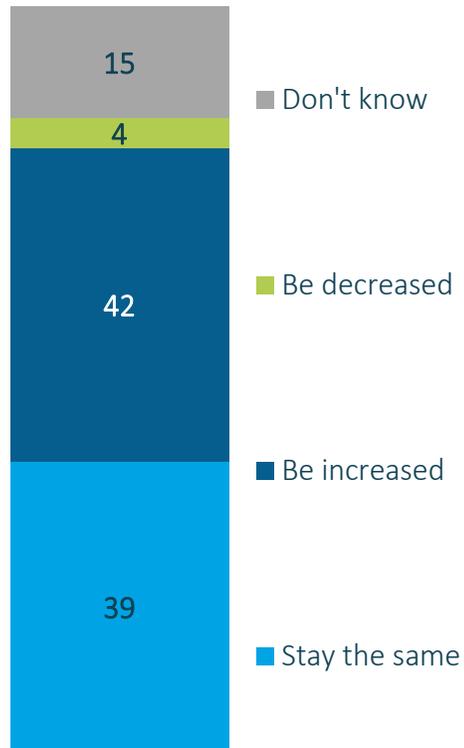
Who should pay for reliability



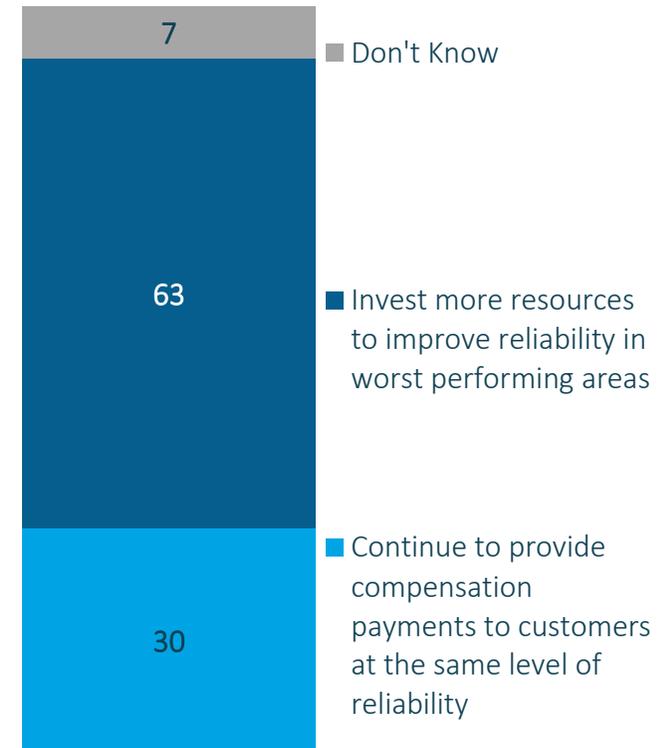
Most felt that improvements to reliability in less reliable areas should be paid for by all customers (51%), however businesses with 5-19 employees were more likely to indicate that those in remote areas should take on the cost themselves (57%)

Compensation payments

Should the payments change



Should payments continue



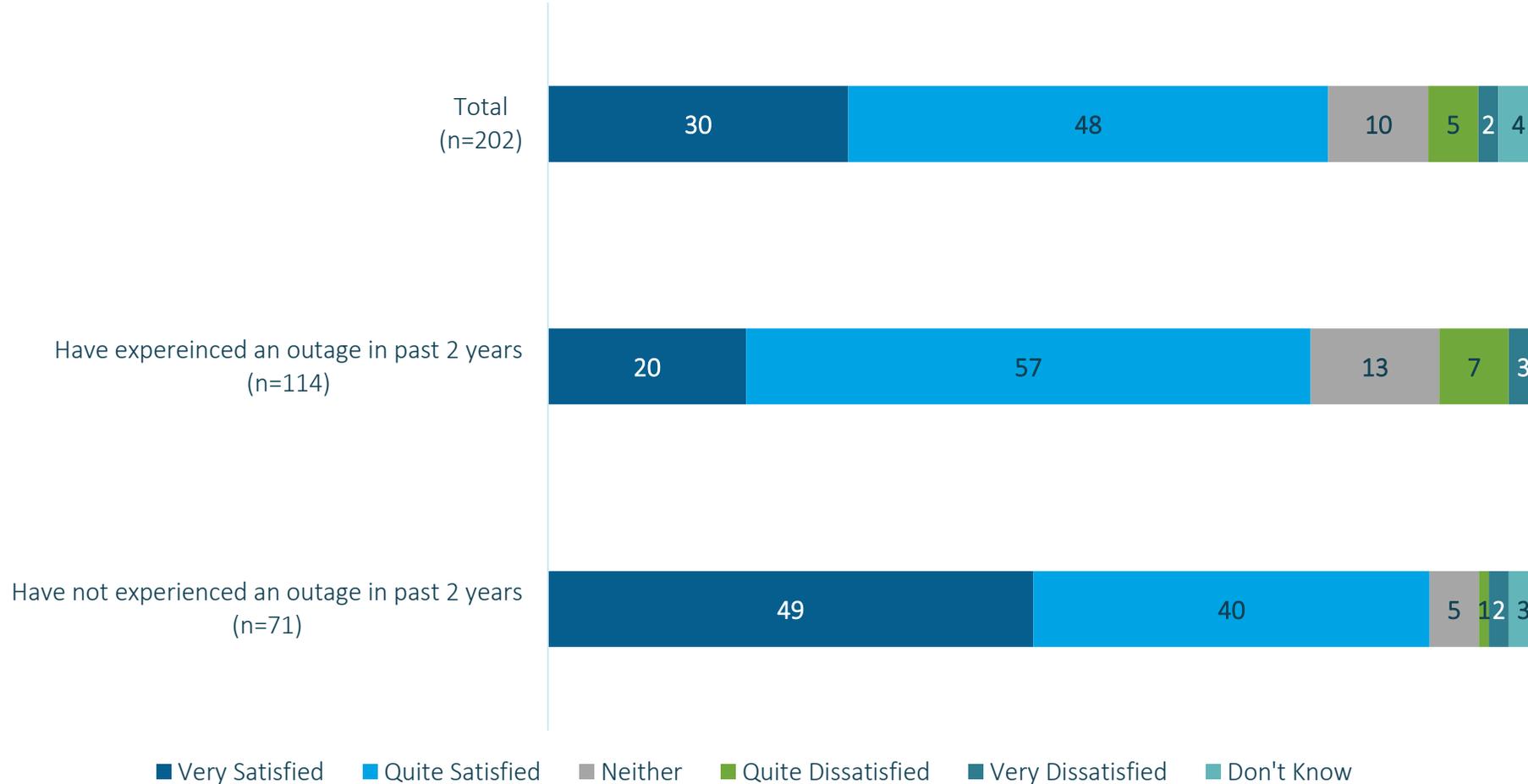
Most respondents felt that compensation payments should stay as is or be increased, however there was a preference (63%) to invest more resources to improve reliability instead of continuing compensation payments.

Q16. When the reliability of the electricity supply does not meet the required level, the distributor must compensate customers. Currently customers receive between \$30-\$360 depending on the frequency and duration of outages. The highest payment of \$360 is paid for more than 24 unplanned and sustained interruptions per year (or 60 hours of interruptions). Do you think these payments should stay at the same level, or should they be increased or decreased?

Q17. Should the distributor continue to provide such payments to customers who experience more than a certain number of outages/hours of outages per year or should they invest more to improve reliability for those in the worst performing areas? SR

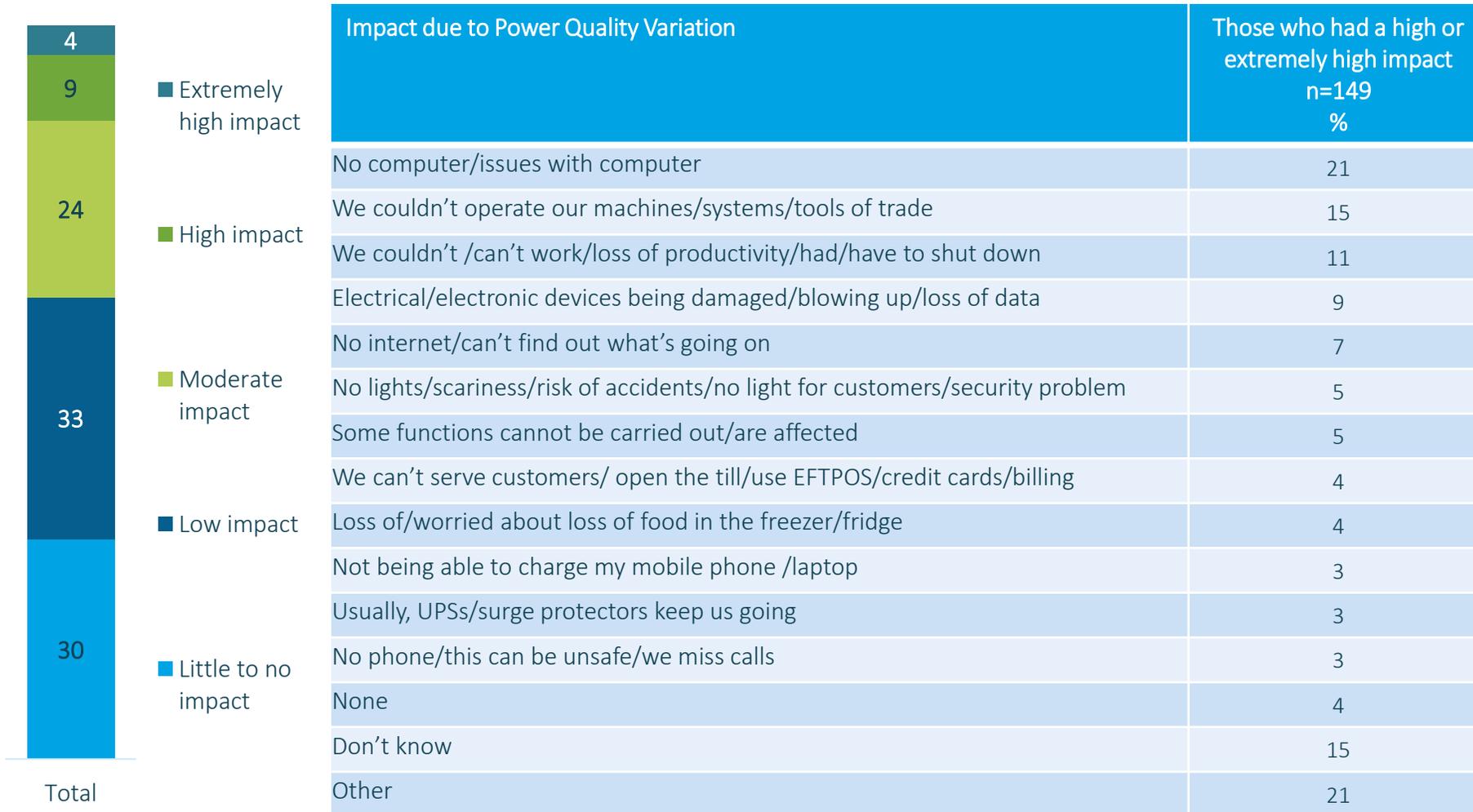
Base: All respondents (n=202)

Satisfaction with quality of electricity supply



78% of business respondents were satisfied with the quality of their electricity supply, which was highest amongst businesses that had not experienced an outage in the last 2 years (89%).

Power quality variation impact



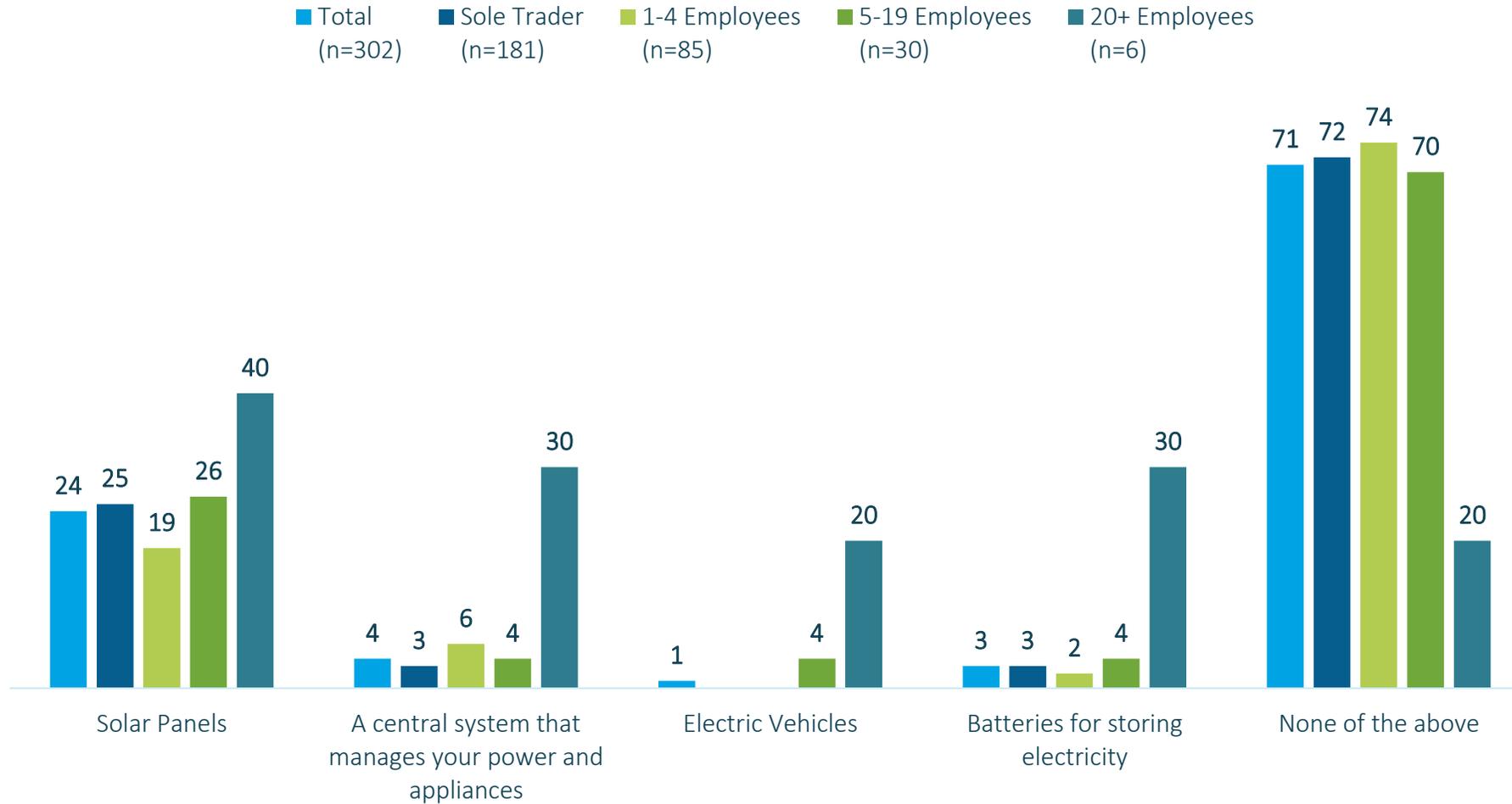
Variations in quality of supply tended to only have a low or little impact, however at least one in ten indicated a high level of impact such as issues with computers or machines and loss of productivity/ having to 'close down'.



Q19. What level of impact do variations in power quality have on your business?
Q20. Please tell us about what those impacts are.

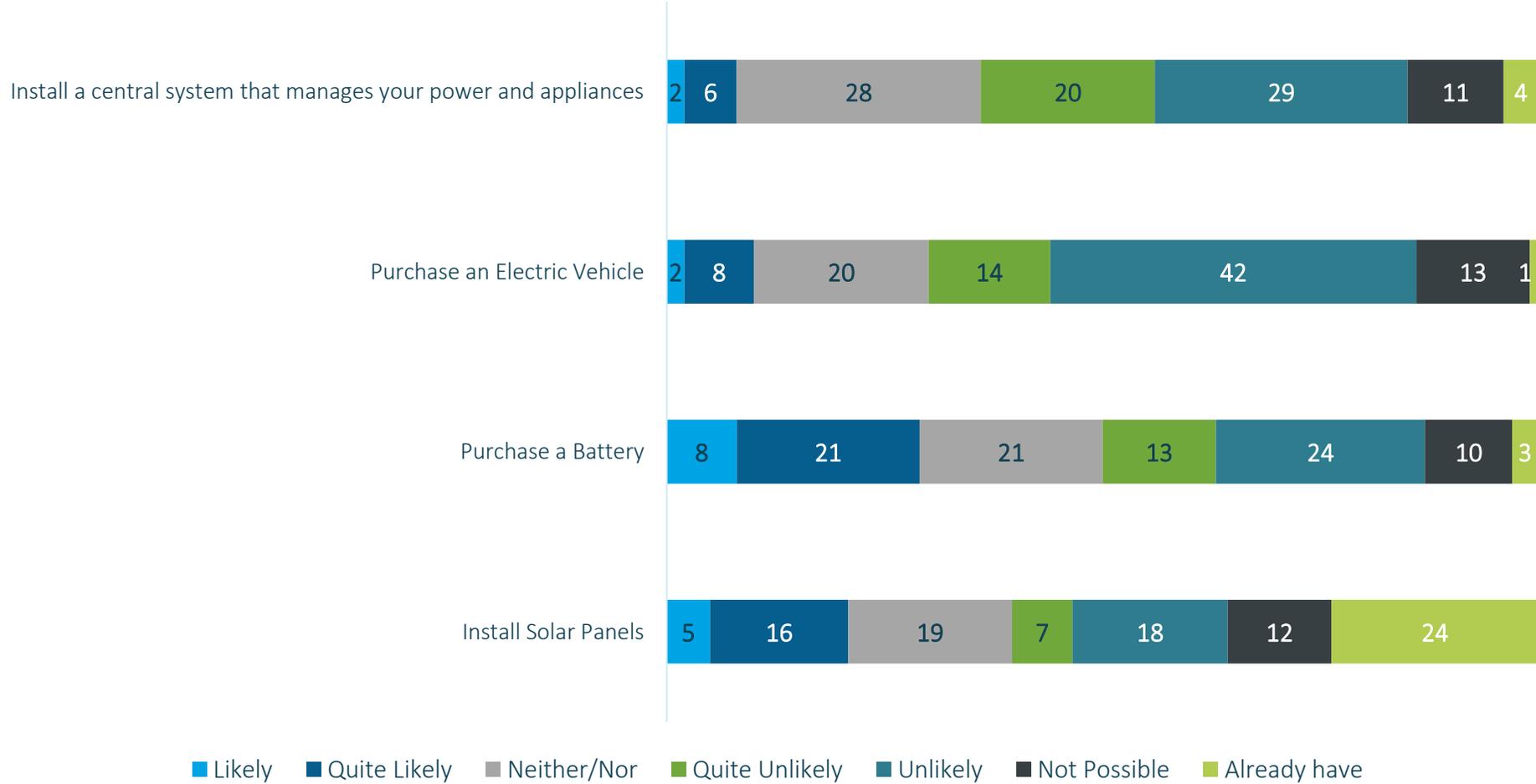
Base: All respondents (n=202)
Base: Respondents that have had a high or extremely high impact (n=149)

Incidence of having any of the following



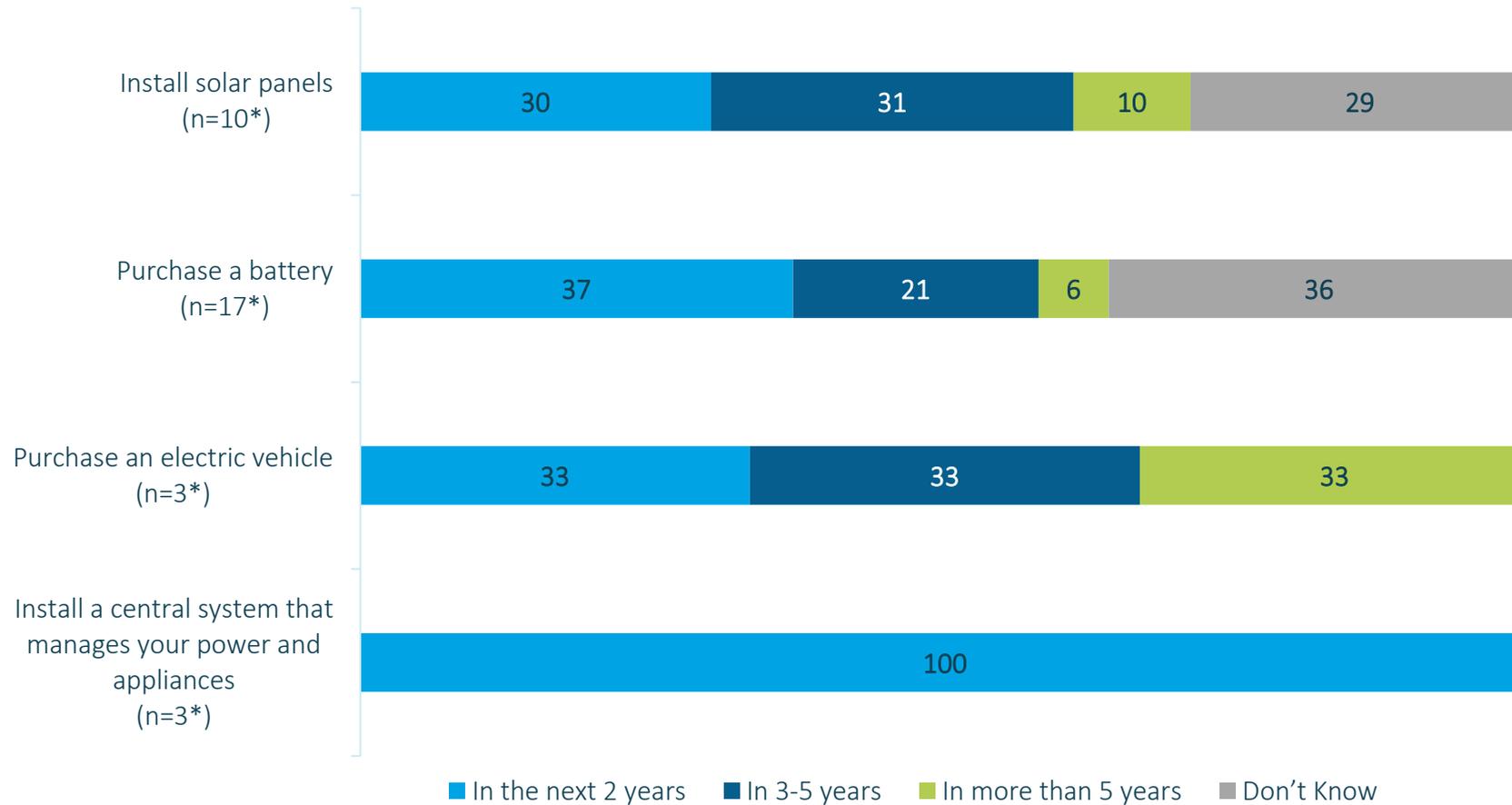
Larger businesses were most likely to report having a listed technology, and were significantly more likely to have centralised management systems, electric vehicles and/or batteries for storing electricity.

Likelihood of installing in future



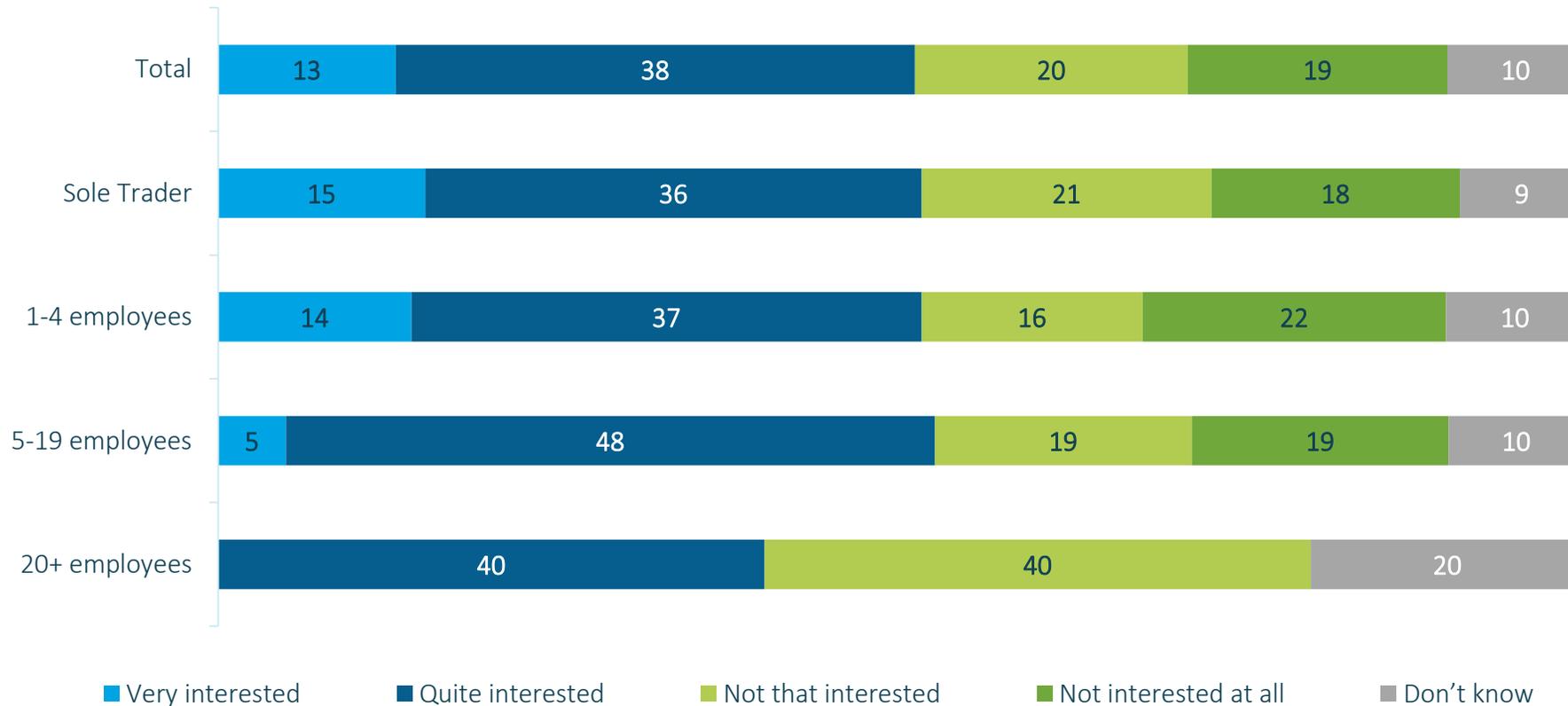
Purchasing a battery or installing solar power were the most likely technologies to be implemented in the future.

Timing of future installations



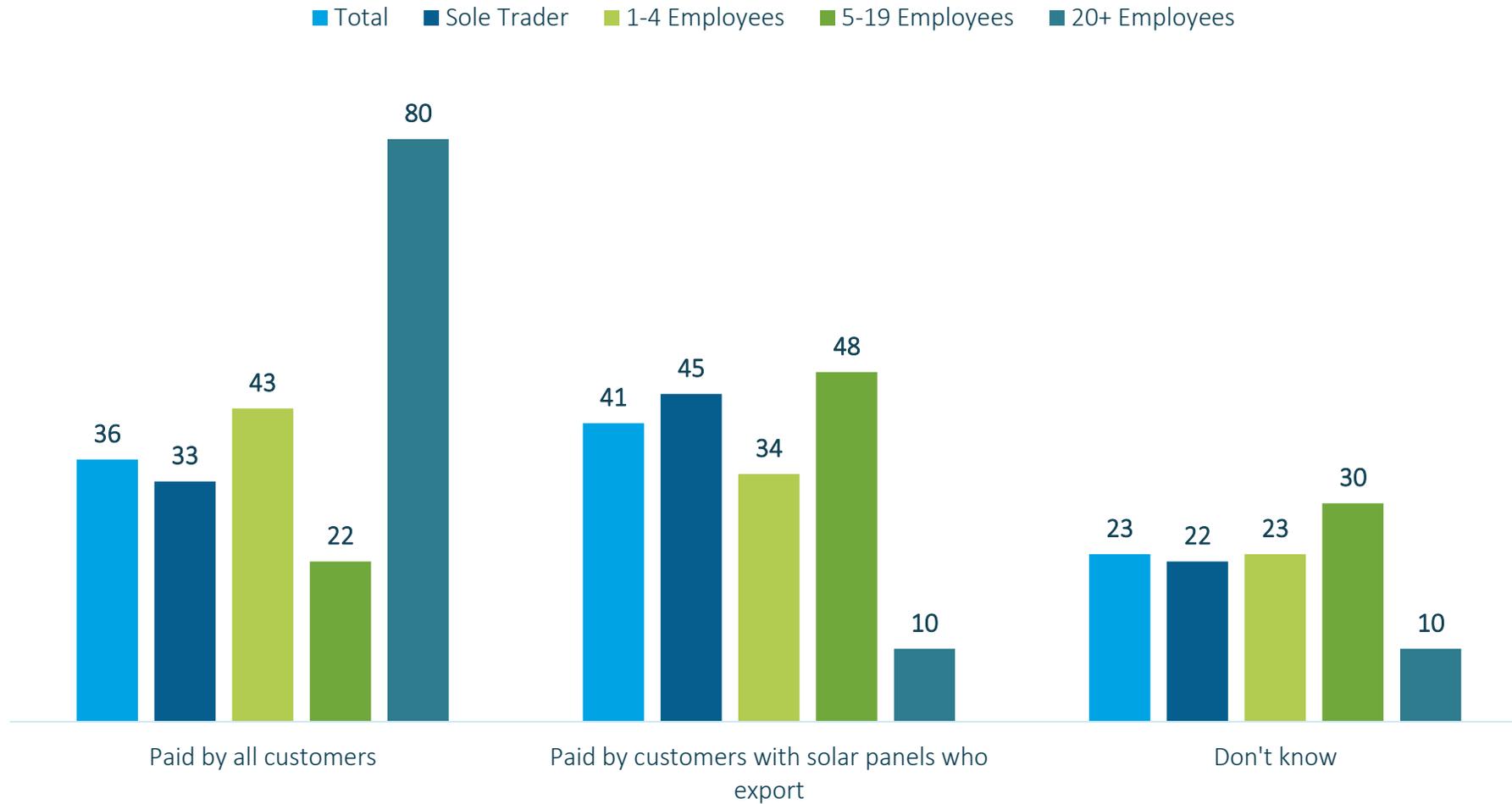
One in five respondents indicated that they were likely to install one of the energy efficient technologies in the next 2 years, and a further 22% in the next 3-5 years.

Interest in exporting/selling back to the grid



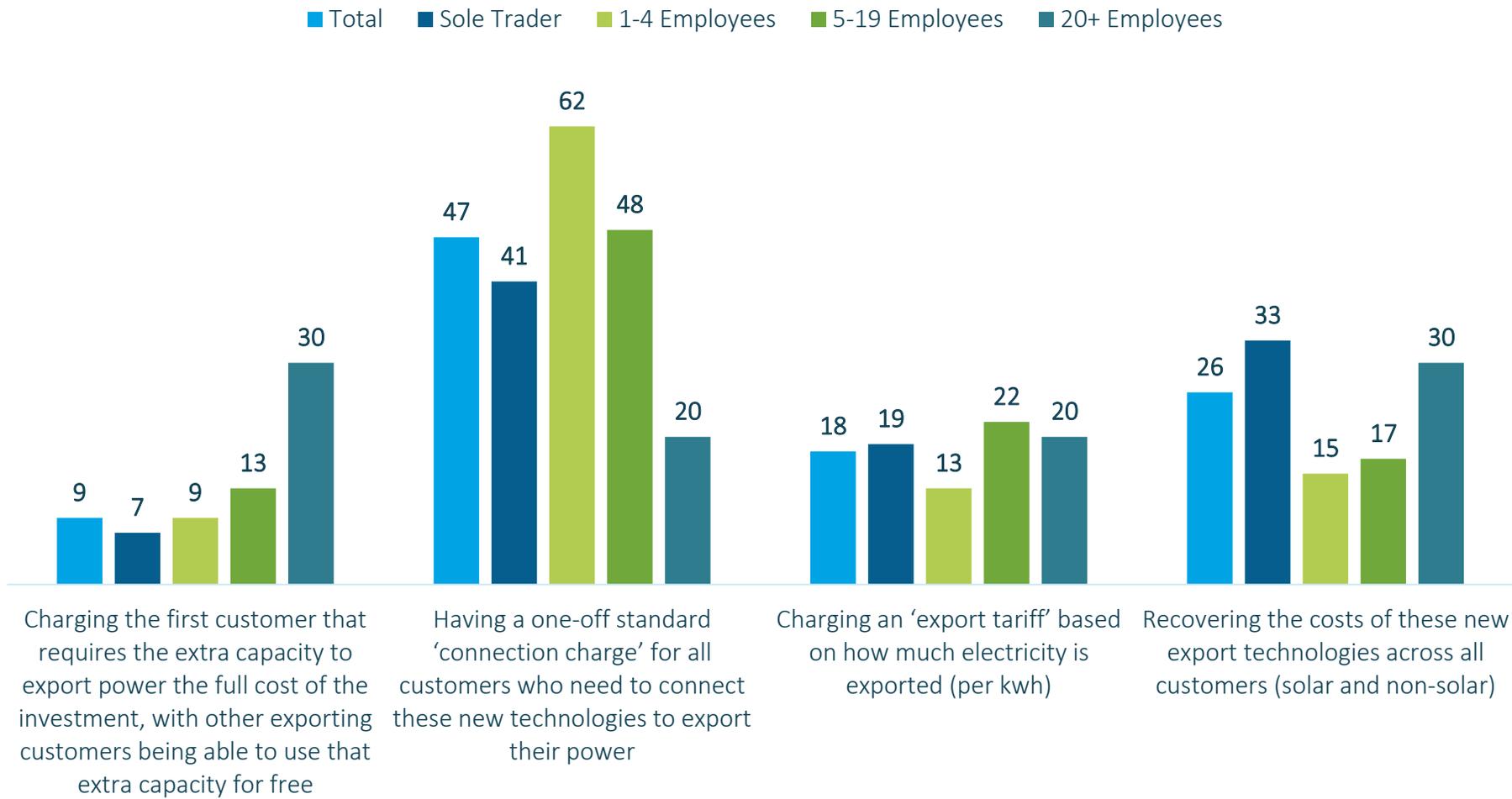
At least half of businesses who had the ability to install solar panels were interested in exporting/ selling back to the grid.

Investment in power quality



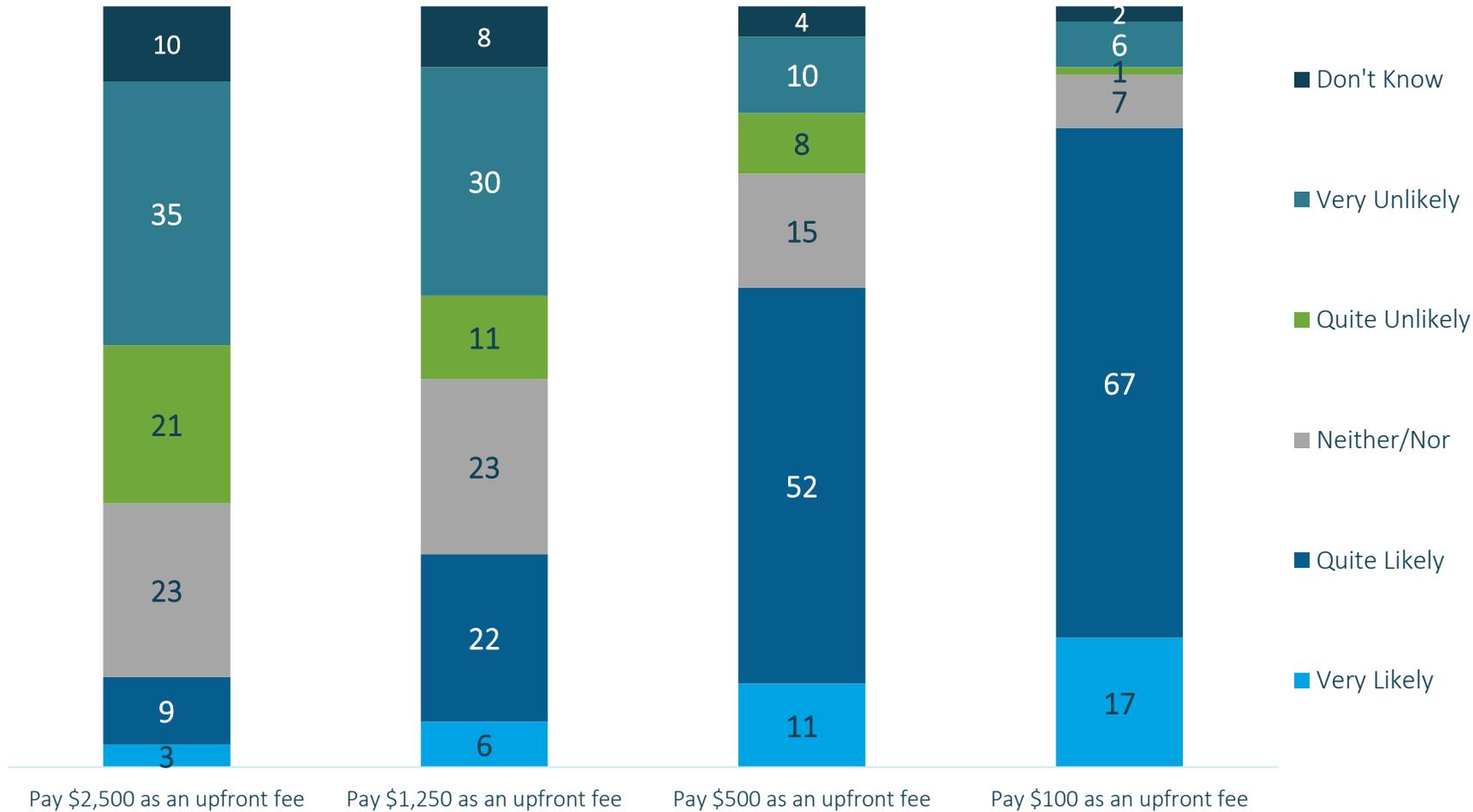
It was felt that investment in improvements in power quality when exporting back to the grid should be paid for by those who are exporting (41% overall), however businesses of 20+ employees were significantly more likely to suggest taking on the cost collectively (80%).

Funding extra capacity investments



Nearly half of respondents (47%) indicated a preference for a one-off standard connection charge for all customers wanting to connect new technology to export power. However, businesses with 20+ employees were significantly more likely to choose the first customer charge option.

Likelihood of paying one off fees

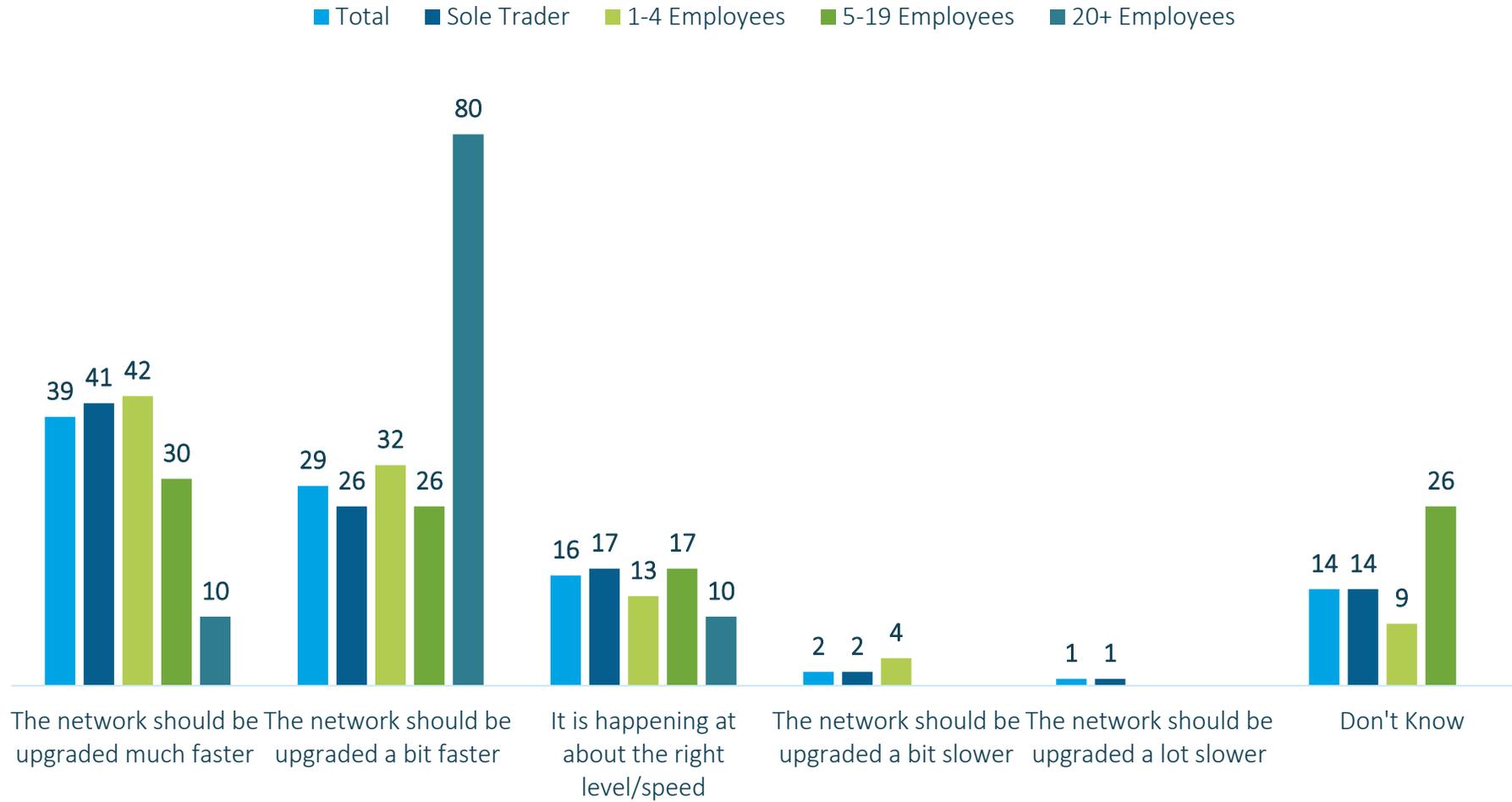


For those wanting a one-off fee, nearly two-thirds (63%) indicated that they thought customers would be likely to pay \$500.

Q27. How likely do you think customers would be to pay \$2,500 as an upfront connection charge for a typical 5kW solar system to guarantee the ability to export power to the network? If they do not say very or quite likely to this then ask same question for \$1,250. If they say do not say very or quite likely to this then ask \$500. If they do not say very or quite likely then ask 'less than \$100'.

Please change this for all different sub questions in this question Base: Respondents who preferred to have a one off standard connection fee (n=94)

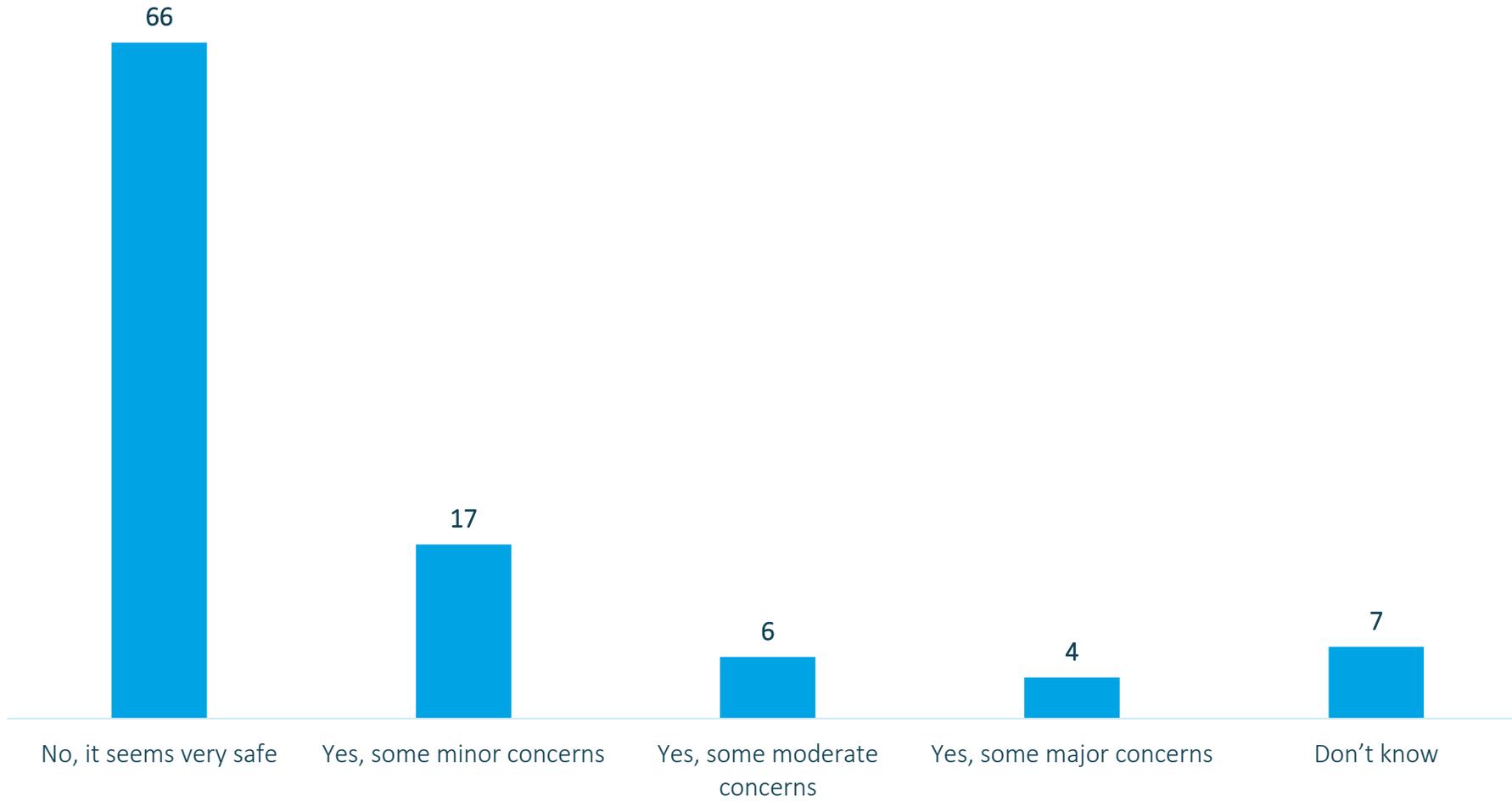
Upgrade timeline



68% of business respondents felt that the network upgrades needed to be undertaken faster than the current rate.

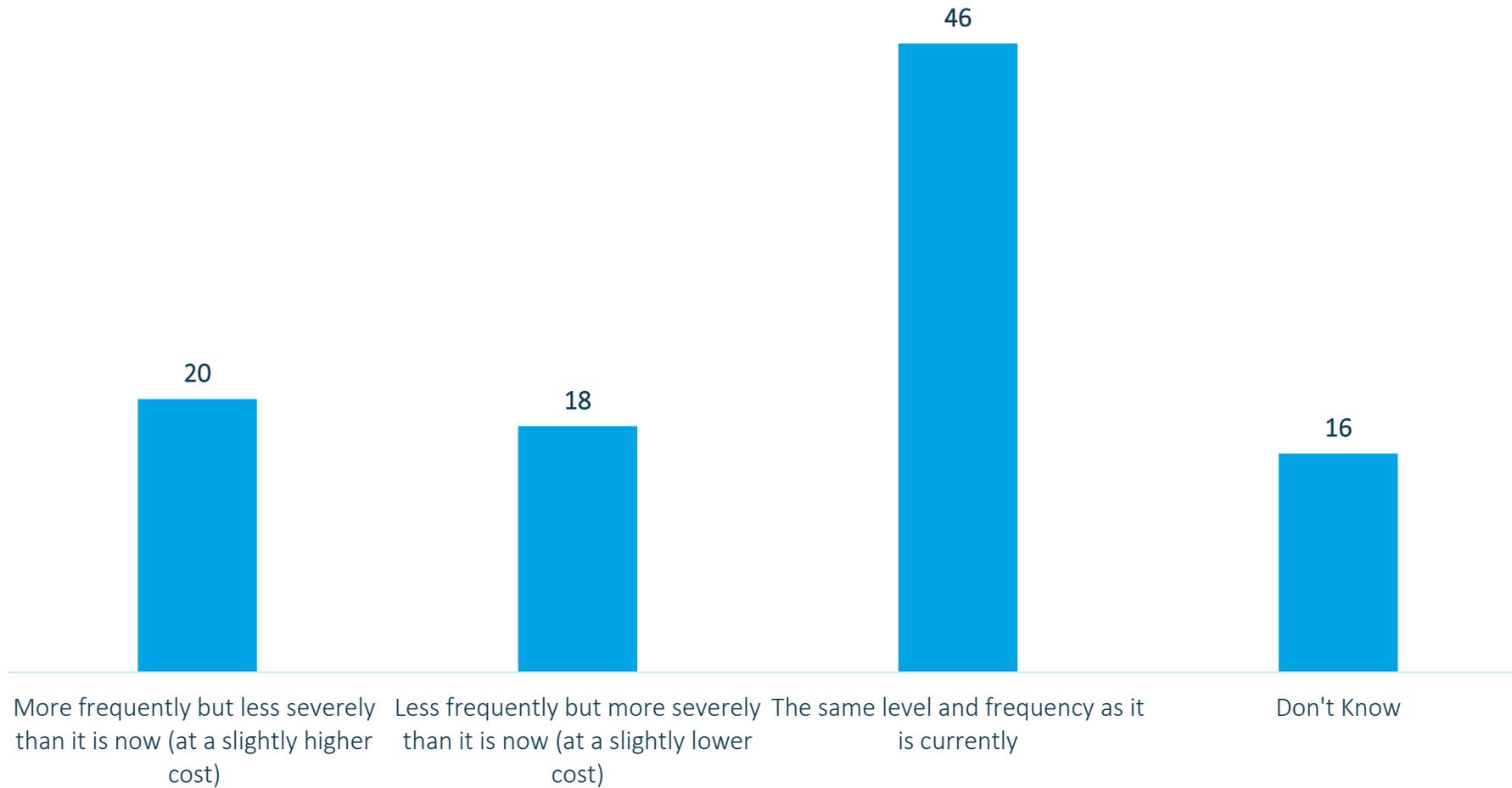
Q28. Do you think that parts of the electricity network should be upgraded more quickly to allow for more renewable energy users and large customers to connect/export solar power to the grid?
 Base: All respondents (n=202)

Concerns about safety



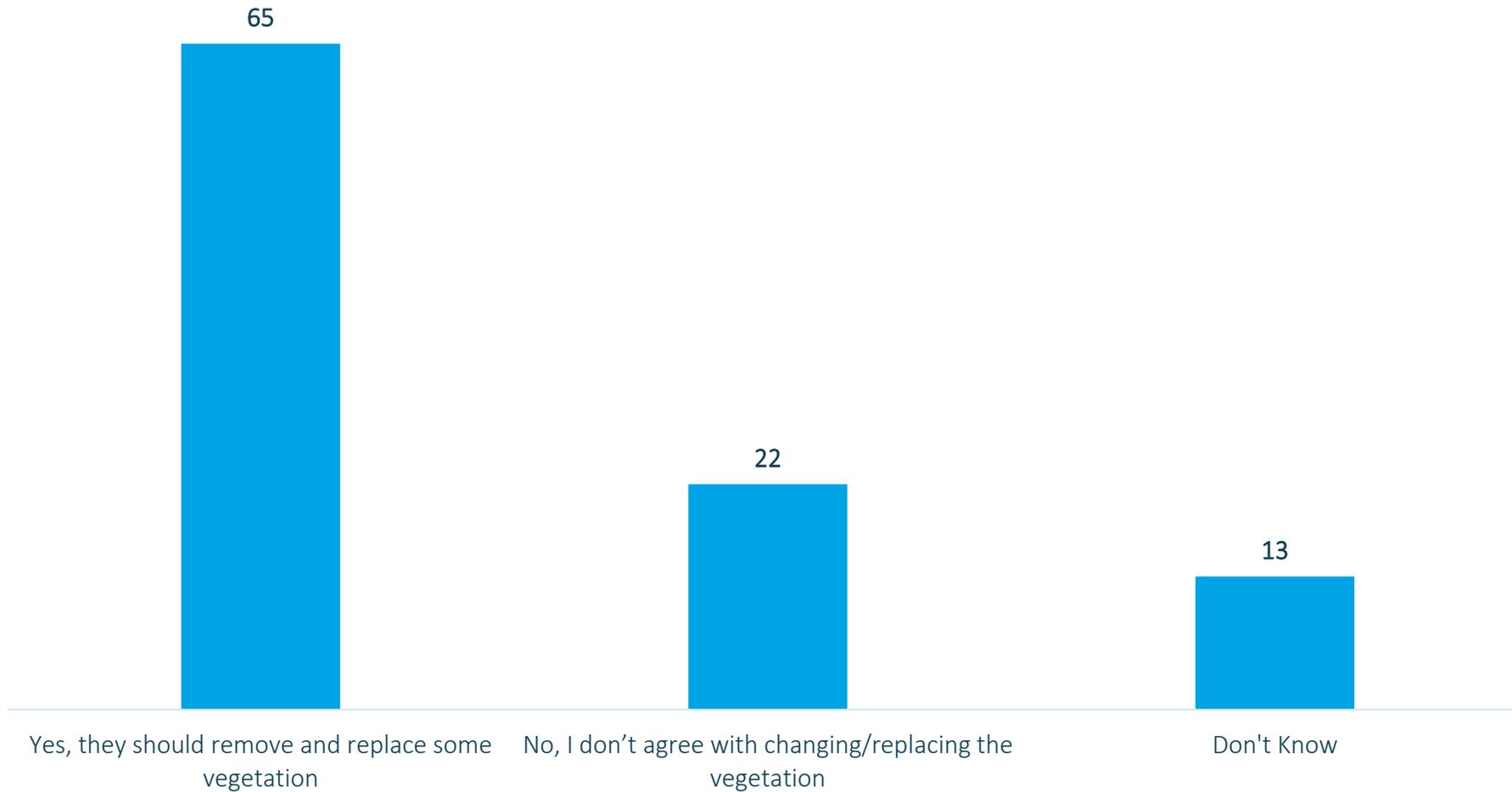
While most felt that the network was very safe, there were 17% that indicated some minor concerns, and a further 1 in 10 who had some moderate or major concerns.

Vegetation maintenance



Nearly half (46%) of respondents felt that vegetation trimming frequency was adequate as is.

Replacing vegetation

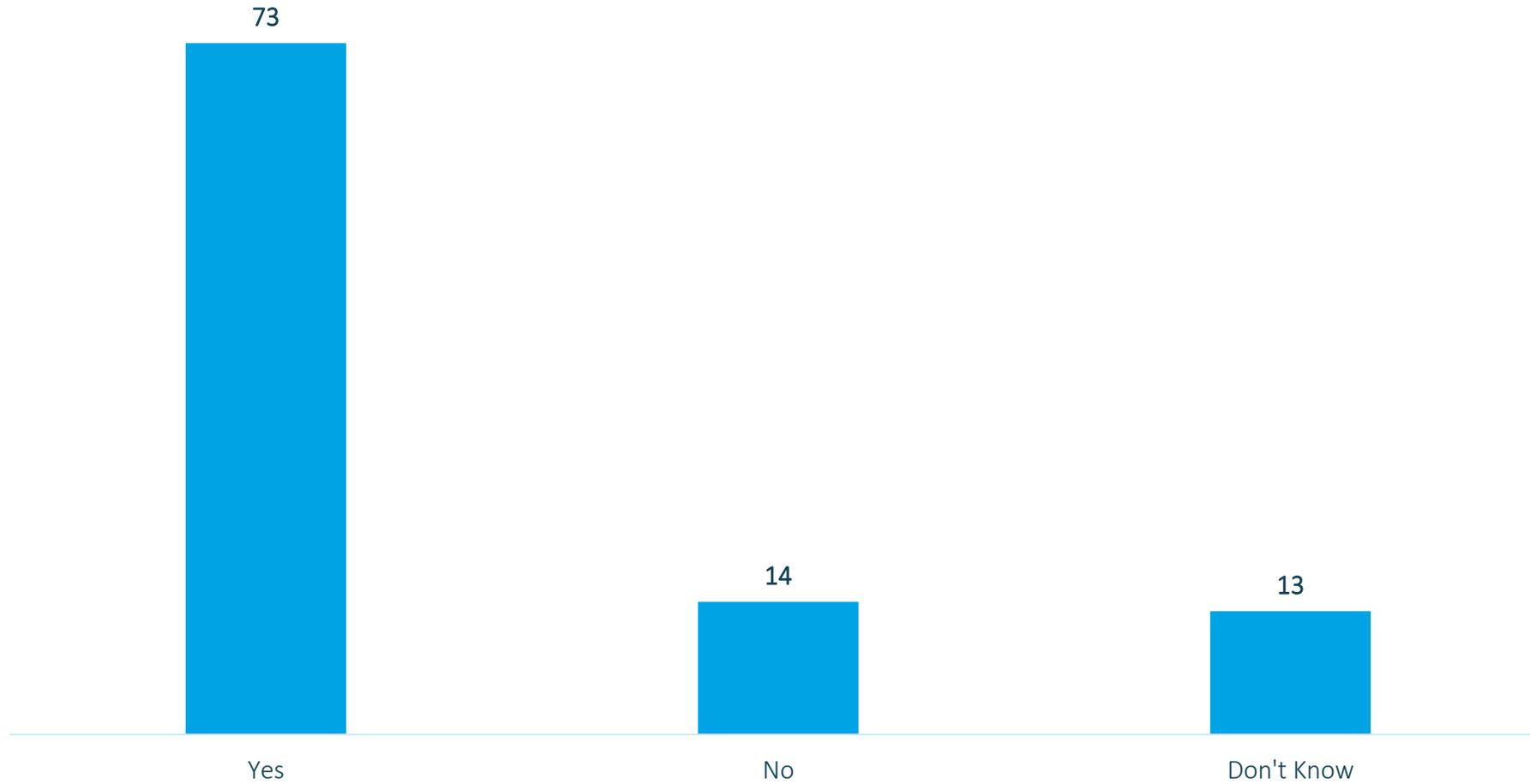


Nearly two-thirds of respondents (65%) felt that some vegetation should be removed and replaced with one appropriate and manageable species.

Q31. Costs could be reduced if some vegetation was permanently removed and replaced with more appropriate types of vegetation selectively replanted, such as low-growth trees. Do you think the distributor should consider removing and replacing vegetation instead of regularly trimming the same trees/shrubs?

Base: All respondents (n=202)

Underground electricity assets

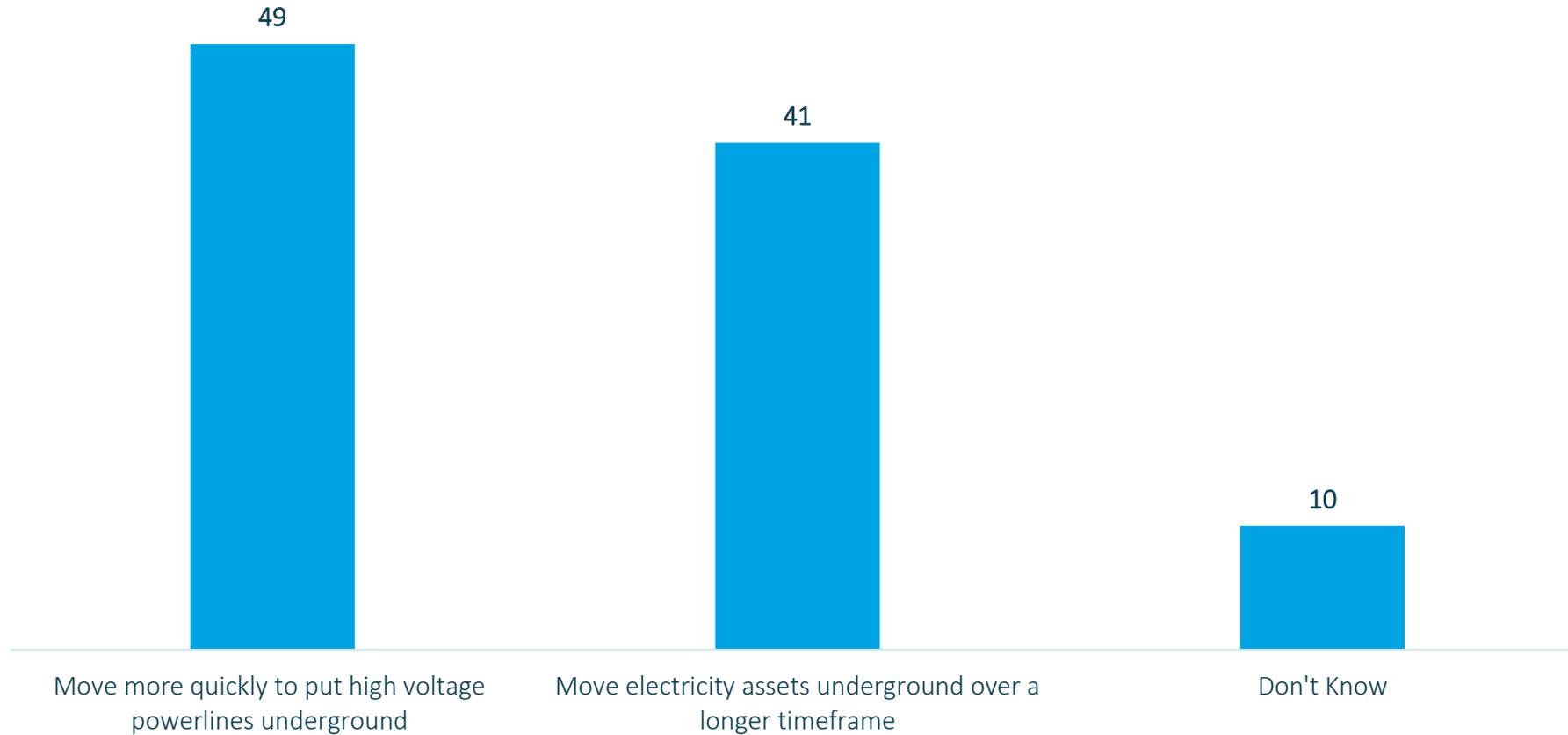


Even though it was a cost to consumers, nearly three-quarters (73%) of respondents agreed that Powercor should invest in undergrounding assets.

Q32. Putting electricity assets underground eliminates safety risks, however, it costs significantly more to house wires underground initially. Should (insert distributor) invest in moving poles and wires underground that are in road accident black spots, albeit at a slightly higher cost to consumers?

Base: All respondents (n=202)

Moving underground timeframe

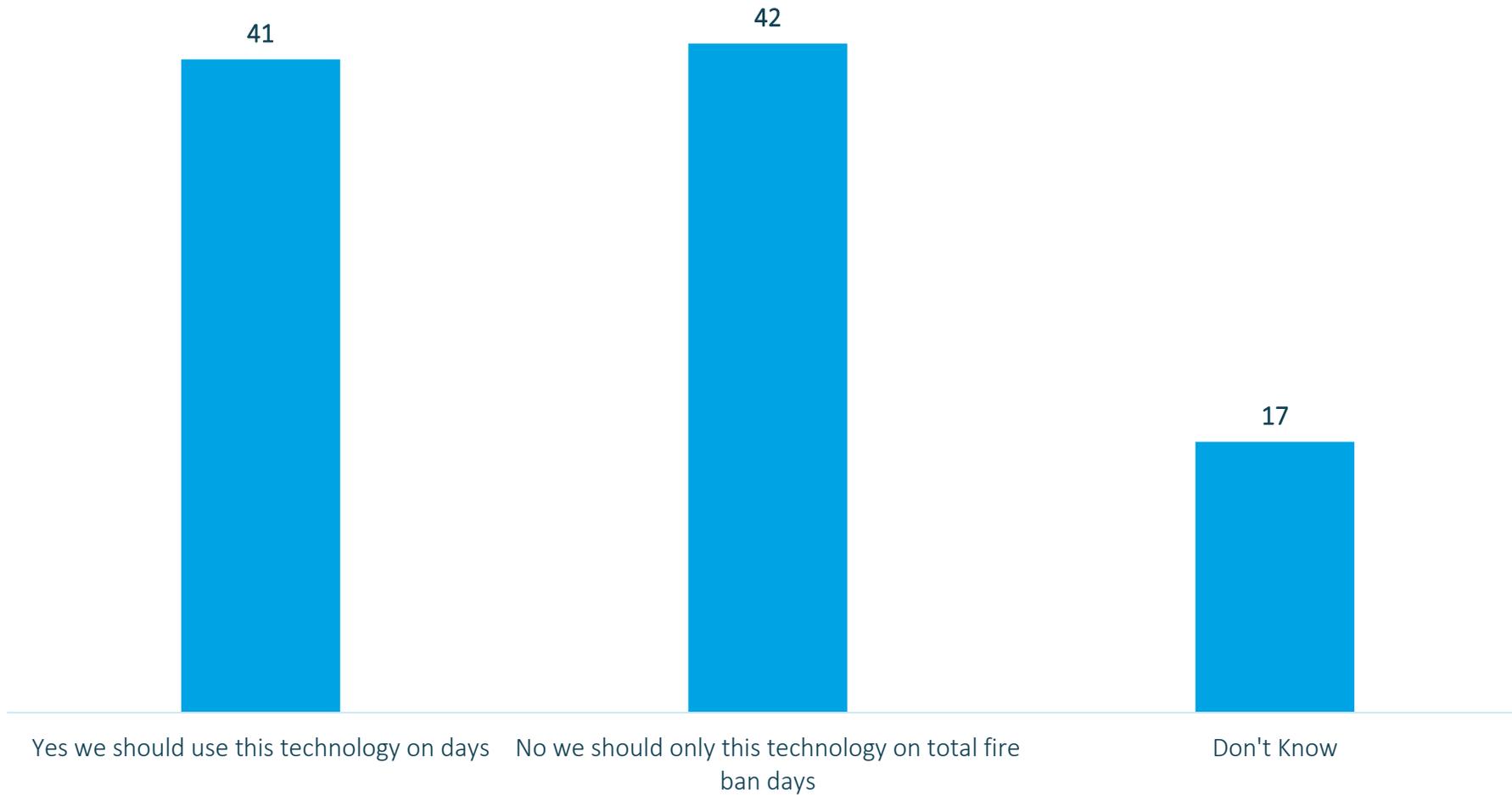


Half of respondents (49%) wanted high voltage power lines to be undergrounded faster than was recommended by the Vic Bushfire Royal Commission.

Q33. (Powercor only) In high risk bushfire areas in Western Victoria, one of the key recommendations of the Victorian Bushfire Royal Commission was to underground or cover all high-voltage lines by 2040. In your view, should Powercor try to do it quicker to improve safety at a higher cost today OR should it just gradually move electricity assets underground over a longer period to spread the cost over time?

Base: All respondents (n=202)

Power station safety switch

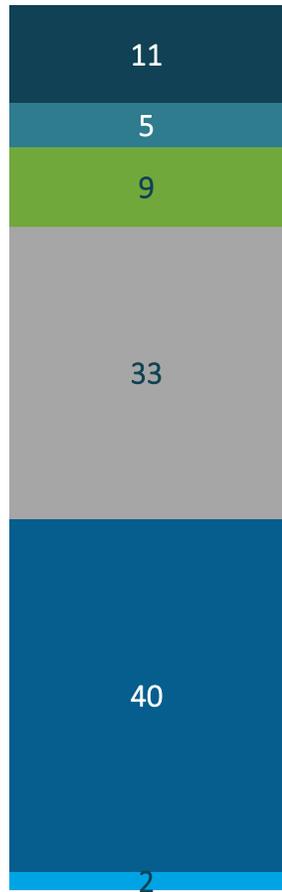


Respondents were split in their preference for time of use for the power safety switch, with 41% indicating it should be used on days other than high fire risk, and 42% indicating it should *only* be used on high fire risk days.

Q34. As a result of the 2009 bushfires the Victorian Government requires Powercor to install technology at 20 of its zone substations that acts like a safety switch to shut the network down if there is a fire risk. On high fire risk days, this technology will always be in operation although the impact can be more outages or a lower level of reliability. During the fire season, should this technology be used on days other than total fire ban days (lowering the bushfire risk but increasing the likelihood of outages)?

Base: All respondents (n=202)

Management of safety



- Don't Know
- Strongly Disagree
- Disagree
- Neither /Nor
- Agree
- Strongly Agree

Suggestions to improve safety	Respondents who disagreed that there was enough being done to manage safety n=27* %
Put powerlines underground	22
Do more maintenance of/around powerlines/infrastructure	19
Do more checking of the network/the poles/lines	19
Cut back vegetation around power lines/reduce growth	15
Have enough staff/to respond promptly	11
Making safety a priority	8
Move poles away from roads/unsafe places etc	8
More/ a better job/get off their backsides NFI	7
Be more proactive/fixing things before they become a problem	7
Spend money on upgrades rather than pay rises, profits etc	3
Listen to customers/be easier to contact/be honest	3
Other	8
Don't know	4

42% of respondents agreed that enough was being done to manage safety across the network, however 33% were unsure.

Suggested improvements included:

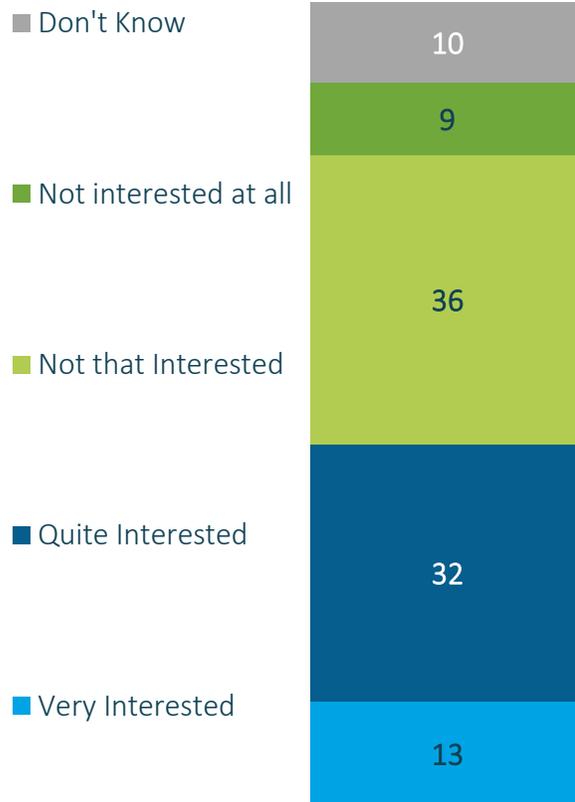
- Undergrounding assets
- More maintenance and checking of the network
- Better vegetation management



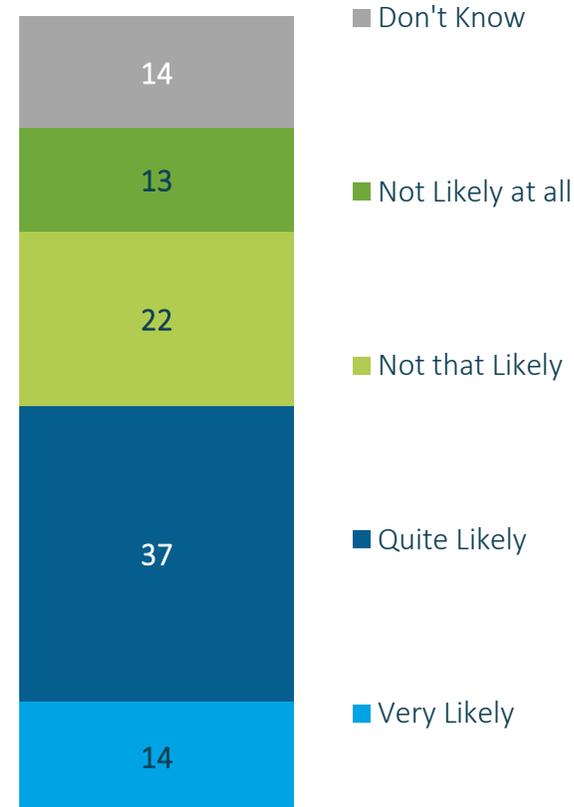
Q35. Do you agree or disagree that there is enough being done to manage safety across the electricity network? Base: All respondents (n=202)
 Q36. What should [insert distributor] be doing with regards to safety? Base: Respondents who disagreed that there was enough being done to manage safety (n=27*) *CAUTION SMALL BASE SIZE

Real time access to data

Level of Interest



Likelihood to Use



45% of respondents indicated they would be interested in accessing real time data usage information for their business, with 51% indicating they were likely to use this information to monitor usage for financial incentives.

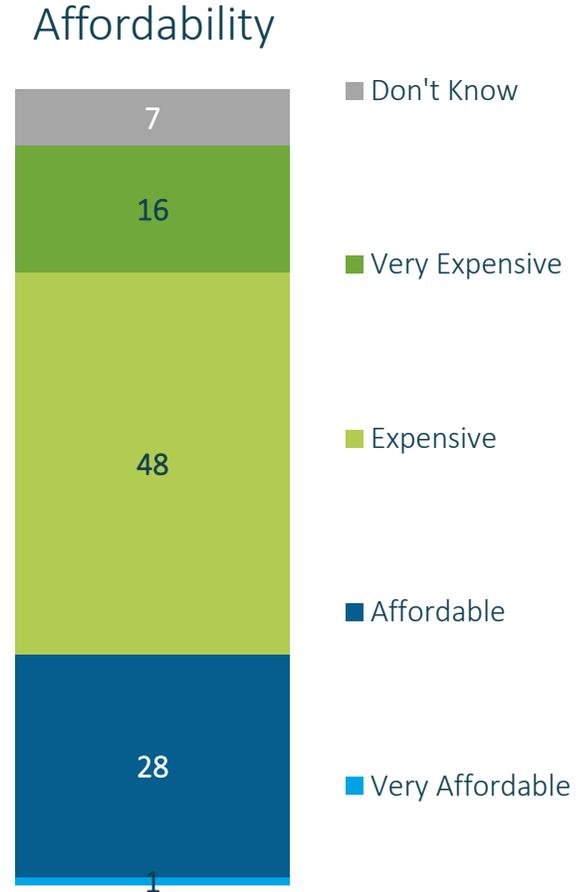
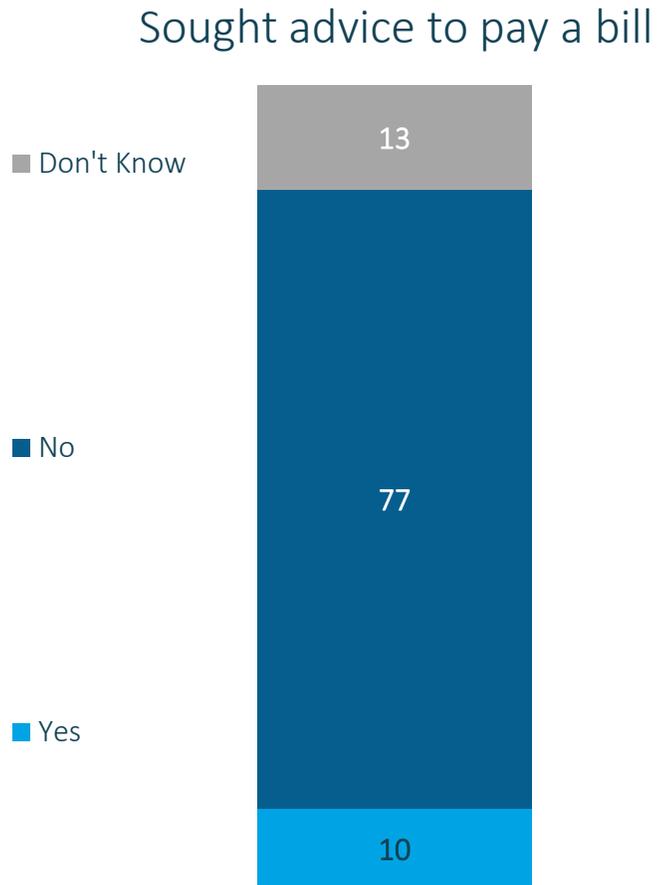
Perceived benefits of real time access

Benefits of real time access	All Respondents n=202 %
Save money/lower our bill/control costs	19
The ability to manage/adjust usage/consumption	13
Being able to pinpoint what uses the most electricity	11
Being able to see the best time for heavy usage activities/to decrease usage in peak	9
The ability to monitor/monitor accurately your usage	7
Minimal/very little, if any	7
No unexpected bills/know your costs/track spending/budgeting/costings	6
Being able to see when I'm using most power	4
It gives information/better understanding/ability to make informed choices	4
Better energy usage efficiency/planning	4
Lower energy consumption/not wasting power	4
Looking at it in real time/immediacy	2
Greater accountability/transparency	2
Better customer service NFI	2
None	26
Other	5

Perceived benefits of real time data access included:

- Lower bills
- Adjusting consumption
- Identifying high consumption appliances

Affordability



One in ten businesses had sought advice to pay a bill or defer payment in the last 12 months, with 64% indicating that bills were expensive.

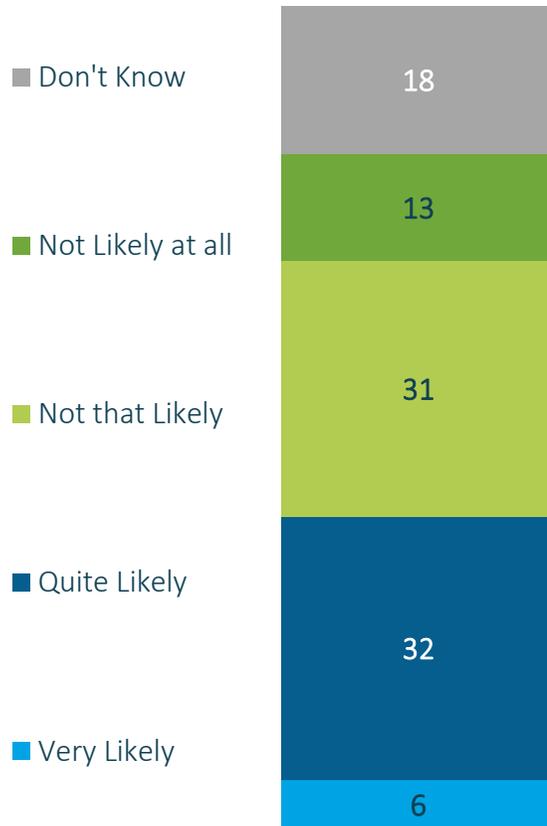
Q40. In the last 12 months, has the energy bill of your business led you to seek advice about methods of payment or deferral of payment?

Q41. How would you rate the affordability of your electricity over the past 12 months?

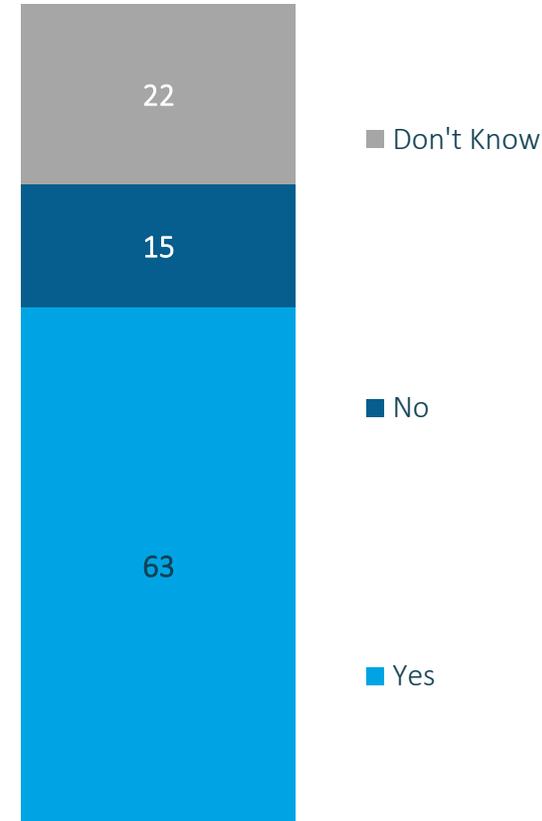
Base: All respondents (n=202)

Reducing energy usage through programs/trials

Likelihood to participate in trials or programs



Ability to respond to peak pricing signal to reduce power usage



- More than a third (38%) of business respondents indicated they would be likely to participate in trials or programs to receive a financial incentive.
- Two-thirds (63%) of respondents indicated they would respond to a peak pricing signal to reduce power usage.

Q42. How likely is it that your business would participate in trials or programs where you can receive a small financial incentive or reward (approx. value of \$10-15) to reduce your electricity usage at peak times when asked by the distributor? Base: All respondents (n=202)

Q43. Could you respond to a peak pricing signal and reduce the power usage of your business for up to 3 hours with 48 hours prior notice? Base: Respondents who indicated they were likely to participate in a trial or program (n=115)

Expected rebate amount from participating in programs/trials

	Mean amount \$
Sole Trader (n=120)	\$55.05
1-4 Employees (n=61)	\$119.29
5-19 Employees (n=22)	\$173.11
20+ Employees (n=4)	\$188.75
Overall average	\$88.84

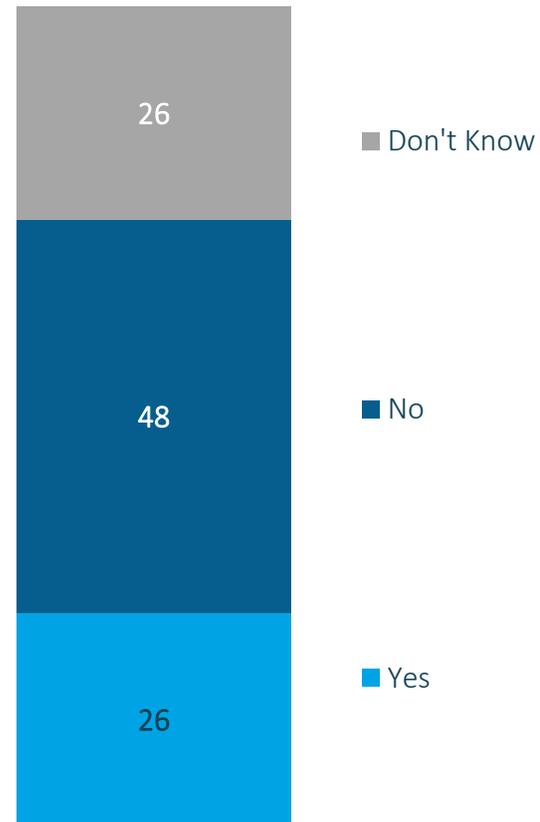
The average expected rebate amount for participating in reduced power usage programs or trials was \$88.84, however this was higher amongst larger businesses.

Q44. If you are able to occasionally respond to these signals to achieve a rebate, what level of rebate (dollar value) would you expect if you reduced your power use for each 3 hour event?

Base: Respondents who indicated they were likely to participate in a trial or program (n=139)

Allowing remote access

Allowing distributor remote access
to adjust your energy use.



Only a quarter of business respondents (26%) indicated they would allow their distributor to remotely adjust energy for certain appliances.

Q45. Would you be interested in receiving a small incentive (approx. value of \$10-15) to allow the distributor to adjust your energy use remotely for appliances like air conditioners if you didn't notice a large difference in heating/cooling?

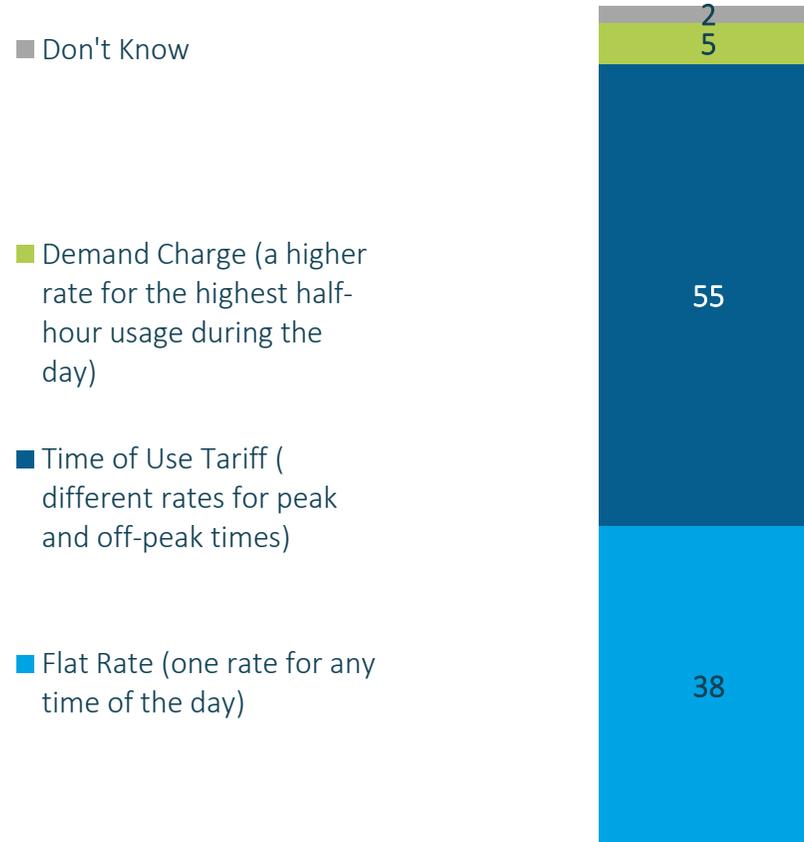
Base: All respondents (n=202)

Tariffs

Current pricing structure



What type of tariff do you think you should be on



29% of businesses were unaware of which pricing structure they were currently on, however many felt they should be on either the time of use tariff, or flat rate.

Q46. What is the pricing structure of your current electricity bill?

Q47. Taking into account your pattern of electricity use and your energy sources (e.g. whether most of your usage is only at certain times during the day or whether you have solar or batteries), what type of tariff do you think would best suit your needs?

Base: All respondents (n=202)

