Powercor integrated summary report

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Powercor
AUSTRALIA

Background

Powercor is currently developing its proposal to the Australian Energy Regulator (AER) for the 2021-2026 regulatory period. Customers' opinions and feedback are an important consideration in the development of the proposal so this business has developed the Energised 2021-2026 program which includes four phases of customer engagement.

This report provides a summary of the key findings from all phases of the engagement program.

Phases	Objectives	Residents	CALD/ Vulnerables	SME's	C&I's	COL's
I & 2 (2017)	• Identified and confirmed Powercor's key audiences and engagement framework • Explored customers' initial views on regulatory issues	Surveys Mini groups	-	Surveys	In-depth interviews	-
3 (2018)	• Involved community opinion leaders on identifying local energy issues • Feedback on initial proposals and investment options	Surveys Forums		Surveys	In-depth interviews	Forums
4 (2019)	• Investigated key issues for the network • Fine tuned proposals for the Draft Proposal	Surveys Forums	Mini groups	Surveys	In-depth interviews	Forums

In total, the following interactions have taken place in Powercor's engagement program conducted by Woolcott Research:

	Total Qual N=	Total Quant N=	TOTAL
Residents	212	1809	2021
SME	21	602	623
C&I	23	-	23
Opinion Leaders	42	-	42
TOTAL	**298**	**2411**	**2709**

In addition to customers, Powercor has also had more than 1,500 interactions with stakeholders in one-on-one meetings, workshops, deep dives and correspondence.

1. Energy Literacy

Residential and SME customers are generally not highly energy literate and there is limited awareness of Powercor and its role.

- Unprompted awareness of Powercor was moderate in 2017 but higher than for other networks (Residents 56%, SMEs 66%). This was lower in 2018 (Residents 27%, SMEs 45%) and 2019 (Residents 25%, SMEs 29%).
- There was stronger awareness of what a distributor does, most commonly seen as:
    - responds to outages (2019: Residents 73%, SMEs 65%)
    - maintains poles & wires (2019: Residents 72%, SMEs 66%)
    - getting electricity to home/business (2019: Residents 72%, SMEs 56%)
- There was limited awareness of peripheral roles such as tree trimming (many assumed that Local Councils do this).
- Energy literacy was poor for terms such as, power quality, reliability and security of supply and so Powercor should be mindful of this when communicating to customers.

2.Energy Values

Reliability and cost are the key priorities for all customers and the areas that Powercor should focus on.

- Throughout the engagement it was clear that residents valued a reliable service (75%) at an affordable price (64%) and assumed that safety is a given. They also expected Powercor to be a future focussed organisation working towards enabling the grid to connect more renewable energy sources.
- SMEs valued receiving a reliable supply (89%) at an affordable price (71%) even more so than residents.
- Priorities for C&I customers were power quality and cost – in particular power variations and capacity issues across the network that impact business planning.
- Opinion Leaders valued leadership, collaboration and innovation from Powercor. They wanted Powercor to be more future focussed, collaborating/partnering with local businesses to provide innovative solutions to energy needs (current and future).

3. Customer service and communication

Customer service and communication is an area that is key for C&I customers and becoming increasingly important for other customers.

- Increasing communication and transparency, simplifying customer processes and improving customer service was seen as highly or extremely important by around three quarters of residents and SMEs (73% Residents and 74% SMEs). However, they did not think that answering the general enquiries line in under 30 seconds was worth paying an extra $2 a year for.
- Residential and SME customers wanted more communication about what Powercor is planning for the future.
- The level of communication with C&Is was thought to be low and they desired a closer relationship, greater understanding of the reasons for power issues and more dialogue and collaboration on capacity and availability of electricity for business planning purposes. Some were also keen to discuss demand management and battery installation further.

4. Resilient Network

What customers want

- **Residents and SMEs are satisfied with reliability and power quality and want levels maintained, C&Is would like power quality improved.**
- **Customers are not willing to trade off current reliability for cost savings, however, they are willing to pay to improve reliability in areas with poorer service.**
- **Safety is seen as a given, and most trust that Powercor is making the right decisions in this area. Customers want safety to be maintained and improved where possible across the network, but balanced with costs.**
- **There is support for safety initiatives to reduce the risk of bushfires such as using new technology, undergrounding and optimal pole inspections, however in the Warrnambool area there are questions as to whether the current proposals are 'enough' to ensure a safe network that mitigates bushfire risk.**

Detailed Summary - A reliable supply of electricity

- Most residential and SME customers were satisfied with their current level of reliability (85% residents, 80% SMEs) and would like it maintained. They were not willing to accept lower reliability for lower cost (11% of residents and 3% of SMEs).
- However, they were concerned about worst served areas (11% of residents and 5% of SMEs were not satisfied with their reliability) and believe that these areas should be a focus (63% of residents and 65% of SMEs rated a similar standard of reliability across the whole network as very important (scores of 9-10)). Most customers were willing to pay for these areas to have improved reliability (66% forums, 50% survey), with 61% of residents and 65% of SMEs willing to pay an extra 55c a year.
- They were supportive of compensation payments for those receiving lower levels of reliability until the level can be brought up and 41% of residents even thought these payments should increase.
- Most residents and SMEs were also satisfied with power quality (56% of residents and 54% of SMEs gave a score of 9-10 out of 10).
- There was little awareness amongst all customer groups that an increase in renewables on the network affects power quality for everyone. Powercor should manage customer expectations about the cost of integrating more renewables and how two-way flows of electricity will be conducted.
- If higher reliability and better power quality can be provided for a small cost (less than $1) then most SME's were willing to pay for that (Reliability 60%, Quality 57%). Residential customers were slightly less likely to be willing to pay a bit more for this (Reliability 47%, Quality 46%).
- There was general support for upgrading SWER lines to 3 phase in SW Victoria, but this was not tested elsewhere.
- For C&I's, having a reliable power supply is important but it is power quality that they were most concerned about as these issues are more frequent and have large and wide ranging impacts on their businesses. They wanted Powercor to prioritise fixing these issues and to provide clear and timely communication during these incidents, as well as more notification of planned outages.

4. Safe and Dependable Network

Detailed Summary - A safe environment for its customers and workers

- There was a strong view that safety is a given, i.e. too important to be a ‘value’ or traded off and it must be maintained and even improved where possible across the network. In general customers emphasised that safety should always be the top priority, but any investment should be justified and not linked to gold plating the network.
- Residents supported Powercor unlocking capacity in AMI meters to detect potentially faulty assets (97%). They wanted high priority dog bones replaced and moderate priority replaced within 5 years (30 out of 37) and faulty neutrals tested and replaced (36 out of 37).

Detailed Summary - A safe network that mitigates bushfire risks

- 60% of residents and SMEs were interested in paying an extra $3.50 a year to invest in technology to improve reliability and safety.
- In general, Powercor customers were willing to pay a bit more for bushfire related activities to be prioritised. Residential (61%) and SME customers (62%) stated they were willing to pay <$1 per month to reduce bushfire risks and <$1 per month to safeguard the network during extreme events (Residents 62%, SMEs 68%). 62% of residents and 73% of SMEs felt that even though it was a cost to consumers, Powercor should invest in undergrounding its assets.
- Once specified, there was support for safety initiatives to reduce the risk of bushfires such as using new technology, undergrounding by 2030 and optimal pole inspections (across the network most were happy with the 1000 pole replacements a year (62%), although almost two in five respondents (38%) were willing to pay more to increase the number to at least 2000+).
- Firsthand experience at the Warrnambool forum meant that residents in this area felt that more needs to be done by Powercor to address the depth of community concern about network-related bushfires, to ensure faulty network assets do not start them. There was a greater strength of feeling there, with participants wanting to see undergrounding by 2025 and the maximum number of pole replacements (4000+). Even then, they weren’t sure if this was ‘enough’ to alleviate the risk of bushfires.
- REFCL technology was well accepted but people found it hard to assess how they should be operated. There is a need for further research around this issue and to educate customers and communicate with them better regarding REFCL operation. There was a willingness to pay to improve reliability in areas where REFCLs operate (65%), with the majority of these (44%) willing to pay for no customers having outages.
- The main finding about vegetation was that 64% of residents and 65% of SMEs thought that some vegetation should be removed and replaced with more appropriate and manageable species. Most were relatively satisfied with the current vegetation trimming cycle.

5. Digital Network

What customers want

- **Customers have a vision for a greener future and they expect an increase in the use of renewables (solar and batteries) – both large and small scale.**
- **Customers want the network to facilitate and cater for this increased renewable uptake – both ensuring consistent quality of supply for all customers and enabling export for solar customers. They would like to see Powercor being proactive rather than reactive and implementing plans for an increase in renewables now.**
- **Powercor should be careful about stating that it will continue to operate at capacity because this concerns customers – it seems to indicate that there is no 'slack' in the network so a lack of forward planning and little capacity for growth.**
- **If everyone benefits from investment then customers are willing to pay (solar and non-solar) whereas if just solar customers benefit (e.g. being able to export) then there is a feeling they should pay.**
- **Most liked the idea of access to real time energy usage data, but were not willing to pay more for this. They did not want Powercor controlling appliances remotely.**

Detailed Summary – Making it easier to export solar and use batteries

- 29-36% of residents and 25-30% of SMEs had solar panels installed. Customers expected to use more renewables in the future and foresee future EV use. Individual solar panels was the most likely adoption by residents (34%) followed by battery purchase (32%). SMEs were also most likely to install solar (43%) followed by batteries (31%).
- More than half of residents (59%) and just over half of businesses (51%) were interested in solar export and four fifths stated that customers should be able to export if they want to. Indeed, less than half of residents (44%) and SMEs (47%) with solar installed reported that they still would have done so if they could not export, and only 27% of residents and 18% of SMEs who did not currently have solar said they would install solar if they could not export.
- C&Is have increasingly become interested in renewables, with some further down the path already e.g. universities. Batteries were not currently in use but there was an intention to use in the future (pending prices and better technology) however the scale of energy requirement for most C&Is is expected to see them committed to the grid for next 10-20 years.
- There is interest by customers and stakeholders in large scale renewables, virtual power plants, micro-grids, grid scale batteries and community power hubs.
- Customers and stakeholders potentially see the shift to renewables happening faster than Powercor. Overall 64% of residents and 68% of SMEs surveyed thought the network should be upgraded faster than it is currently to allow for more renewable energy connections and export.
- 53% of residents and 62% of SMEs would pay a little more on their bills for more renewables to be connected to the grid (<$1 a mth). They supported the investment into an RE hub where all customers pay initially and as each generator connects they pay a portion of the cost which is returned to customers.
- Most customers wanted Powercor to implement flexible grid technology, but a third also wanted them to continue to build the capacity of the network to cope with future exporting. 57% of residents surveyed and 64% of SMEs would pay a small increase (<$1 a mth) to upgrade the network to manage load in peak times.

5. Digital Network

Detailed Summary – Making it easier for customers to get a new connection

- Only a minority of residents (22%) and SMEs (15%) had experienced a greenfield connection but most were satisfied (81% of residents and 83% of SMEs). Those who were dissatisfied asked for a quicker connection & better communication (in line with C&I customer feedback in other engagements).
- Most did not support the idea of a ‘fast track’ connections process as it was seen to be inequitable (52% did **not** support, 37% supported in deliberative forum). C&I’s were not overly supportive of this either, they just factored the time into the planning process. However, there was some criticism of the usability of the eConnect portal.

Detailed Summary – Making is easier for customers to use their data to make informed energy choices

- Customers agreed that they have little knowledge about their own energy use which limits their ability to: manage their own demand, make informed choices about their retailer, decide on a preferred tariff structure.

One stop shop

- They responded well to the one-stop-shop portal proposal. It was seen as a way of simplifying things for customers, and providing them with information that they could use to make better decisions for themselves.

Real time energy usage data

- 65% said they would be interested in accessing real time data and around three-quarters of residents would use this data to seek rebates or savings. However, in the recent survey only 38% of residents were willing to pay extra for more timely data, especially high users (55%) and younger (50%) customers with 41% of SMEs.
- Most C&Is already have real time data for their large assets that they can source the next day. However, they like the idea of network-wide data going beyond a single, large site (spanning multi-sites) and the ability to also disaggregate energy usage data. Most saw access to real time data as a general customer expectation nowadays.

Data security

- The majority of customers agreed with ensuring data security as this was seen to be vital in current times.

Remote adjustment of energy usage

- Customers did not support the idea of the supplier being able to adjust their energy use remotely (disliked by 68% of forum attendees). Some suggested an 'opt in/opt out' message that informed customers of reasons why Powercor wanted to turn power down.
- In the survey, when asked if they would be interested in a small incentive (e.g. $10-$15) to enable Powercor to adjust their energy use for appliances remotely (if they didn't notice a large difference in heating/cooling), nearly half of residents (45%) indicated they'd be happy, but only a quarter of businesses (26%) did.

6. Affordable Network

What customers want

- **Affordability is highly valued and many see current electricity prices as too expensive in relation to other utilities.**
- **There is low understanding of pricing structures and how to influence bills.**
- **Customers expect a choice of tariff options and assistance in choosing which is the most suitable for them.**
- **Customers are interested in receiving rewards and incentives for participating in demand management schemes and programs, and some C&I customers would like further dialogue with Powercor regarding this.**

Detailed Summary – Affordability

- 76% of residents and 78% of SMEs rated affordability in the 9-10 range in the 2017 network-wide survey (the second most important value behind reliability for residents and third most important value behind reliability and ensuring the system withstands weather events for SMEs).
- Two thirds of residents (66%) and SMEs (64%) perceived their electricity bills to be too expensive (not affordable). Just over one third (34% in the 18-34 yr old group and 33% of 34-54 yr olds) had difficulty paying their electricity bills.
- For most C&I customers, affordability of energy was the most critical issue alongside power quality. Pricing combined with quality-linked losses of $100k to $200k were reported by some large customers.
- Reactions to the $24 reduction in residential network charges and $90 in business charges in 2021 were largely positive, however, the amounts were seen to be unremarkable. The main positive to emerge was that it was at least a signal that prices were not increasing. There was consensus that the entire reduction should be introduced in the first year as opposed to spreading the savings over the whole period.

Detailed Summary – Pricing literacy

- 29% of residents and SMEs were unaware of the tariff they were on. 42% of residents and 46% of SMEs thought they were on time of use pricing and 27% of residents and 24% of SMEs thought they were on a flat rate.
- Whereas residents and SMEs had low understanding, C&Is had a very good understanding of their distributor, their energy bills and tariff structure but not necessarily of the proportion of the bill that goes to Powercor (most thought it was half).
- 85% of residents were interested in finding out more about pricing.

6. Affordable Network

Detailed Summary – Tariff options

- In feedback at the Draft Proposals Forums, participants liked the idea of considering different tariff options - most agreed that consumers needed choice to be able to select the plan that best suited them.
- They also believed that the options needed to be simple and easy to understand, with no lock-in contracts. A flat rate was thought to be easy to understand, but does not encourage customers to change usage. Of the other options, time of use was the easiest to understand and the one that seemed to be the most popular.
- Customers thought that Powercor (or other option) should help people choose the tariff that best suited their energy needs through the provision of a calculator that compared pricing options for personalised usage.
- Over half of residents (54%) thought that a time of use tariff would suit them best with a similar number willing to change their usage times if they can save money (52%).
- 55% of SMEs felt they should be on a time of use tariff, while 38% saw a flat rate as suitable. However, in the recent survey only 37% of SME respondents said they are willing to change their electricity usage times with 28% indicating they are not very willing or unable to change.
- C&Is saw their usage needs as unique and wanted tailored tariffs/solutions. They wanted innovative tariffs incorporating newer technology or co-investment - if the customer flattens demand with a battery, then Powercor shares the savings with the customer. They wanted annualised demand responsive tariffs versus annualised costs.
- When asked if they would prefer to be automatically assigned to a new tariff or opt in to choose a new tariff, the largest proportion felt that an opt-in system would be preferable (Residents 50%, SMEs 41%).
- The stakeholders and opinion leaders were quite concerned with presenting customers with pricing options that they may not understand. They felt any new tariff would need to be carefully implemented.

Detailed Summary – Incentives for demand management

- Demand management schemes and programs were viewed positively.
- In the 2018 survey, two thirds of residents (66%) indicated that they would be likely to participate in trials or programs to receive a financial incentive. This compared with only just over a third of SMEs (38%). In the recent survey over half of residents (55%) and a third of SMEs (37%) are interested in shifting their usage if they receive a monetary incentive with a further 7-10% interested dependant on the payment amount.
- In the previous survey 53% of residents were interested in a simple $2 rebate, with 18-34 yr olds more interested than others in all amounts. A $4 rebate interested 58% of residential customers and 63% were interested in a $6 rebate. 74% of SMEs were interested in a $30 rebate, 64% were interested in $20 & 58% in $10.
- Around two thirds of SMEs (63%) indicated they would respond to a peak pricing signal to reduce their power usage. The average expected rebate amount for reduced power usage was $88.04 but this was higher among larger businesses ($173.11 for those with 5-19 employees and $188.75 for 20+ employees (sample had v. small numbers)
- Large customers wanted the capacity to adjust usage in response to peak pricing - C&Is would drop between 1 and 60 mw to receive rebates. For some, this would have to be a demand response 'option' to pursue or decline in the context of operations. Some were keen to speak further to Powercor about demand management and pricing options.