Attachment 6.3

Deloitte:
SA Power Networks Stage 1 Stakeholder and Consumer Workshop report

July 2013

Deloitte.

Stage 1 Stakeholder & Consumer Workshop Report

SA Power Networks

July 2013

Background

The electricity industry is rapidly changing and SA Power Networks is entering a future characterised by significant changes in retail electricity prices, changes to government policy, a shifting technology landscape and industry regulation.

Recent retail electricity price fluctuations have caused concern amongst consumers, who are now looking to exercise a greater deal of control over their energy usage to minimise their electricity costs.

The introduction of new energy technologies such as solar generation and battery storage have posed challenges for the current electricity network, which was predominantly built 40–60 years ago.

These and other factors are impacting the way SA Power Networks provides its services, and signal the onset of significant change in the electricity operating environment.

As South Australia's sole electricity distributor, SA Power Networks' Regulatory Proposal for the 2016–2020 operating period is due to the Australian Energy Regulator (AER) by 31 October 2014. The AER will make a revenue determination based on SA Power Networks' Proposal for improving, maintaining and operating the distribution network to meet the long term needs of the South Australian community.

Changes made by the Australian Energy Market Commission (AEMC) to the National Electricity Rules (NER) in November 2012 have increased the focus required from all network service providers in relation to the nature, quality and extent of their engagement with electricity consumers and their identification of consumers' concerns.

As such, the views and concerns of electricity consumers and stakeholders will help shape the directions and priorities of SA Power Networks' Proposal to the Regulator.

With this in mind, SA Power Networks has designed a consultation program to help understand consumer concerns and priorities as they plan the South Australian distribution network for the future.

Cover photo: SA Power Networks' General Manager Network Management, Doug Schmidt presenting at consumer workshop — Mt Gambier, April 2013

Contents

The consumer engagement program

Process

As part of preparations in developing its Regulatory Proposal for the 2016–2020 period, SA Power Networks has developed a stakeholder engagement strategy (figure 1), in order to understand the concerns, issues, wants and needs of South Australian electricity consumers. This engagement strategy was based on an ethnographic approach to stakeholder workshops and surveying techniques, with a clear emphasis on providing consumers a voice on SA Power Networks' proposed investment plans.

The process commenced with workshops aimed at discovering consumer sentiments and opinions on key topic areas identified by SA Power Networks. Deloitte assisted with the development and positioning of these topics to ensure participants were able to easily understand and provide feedback on complex subject matters. The topics were:

- Customer experience
- Community safety & reliability
- Visual amenity
- The evolving customer

Scope

The comprehensive stakeholder engagement program designed by SA Power Networks also aims to meet the Australian Energy Regulator's requirement for network businesses to demonstrate that:

- Robust and transparent processes have been followed by engaging with a representative cross section of electricity consumers
- Those processes have led to SA Power Networks identifying, and gaining an understanding of, electricity consumers' issues and concerns
- Proposed capital and operating expenditure by SA Power Networks addresses relevant consumer concerns identified from those engagement processes

The engagement process adopted by SA Power Networks is dynamic and embodies several stages, with results informing the content and approach for future stages of the process. This report summarises the insights from the Stage 1 workshops.

Objectives

A set of research objectives was developed in consultation with SA Power Networks to gain consumer feedback on the proposed initiatives and priorities for each topic. These formed the basis of questions asked in the workshops and were also utilised in the Online Consumer survey, which ran for 21 days until 11 June 2013. A separate report will be issued summarising the survey insights.

Focus

To ensure a representative mix of South Australian electricity consumers at the workshops, consumers and representatives from the following customer segments were included:

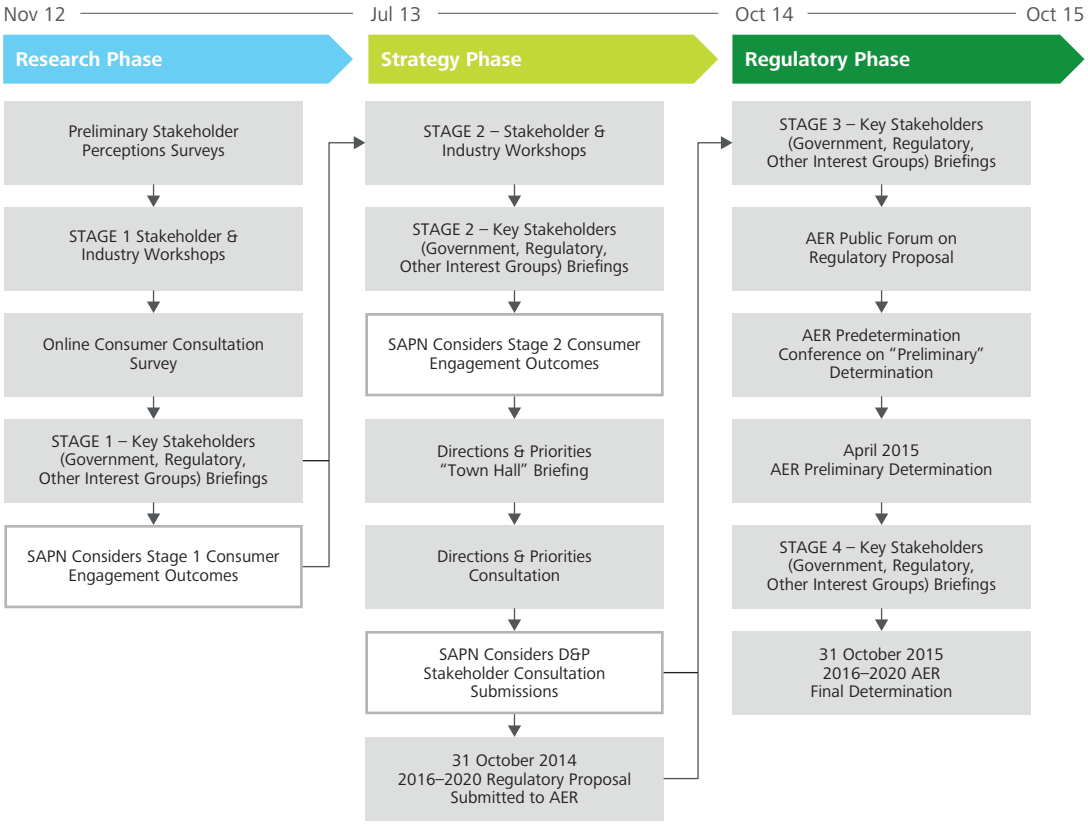
- Residential consumers
- Business consumers
- Government and council representatives
- Other group representatives (including industry, welfare and special interest)

Approach

A total of seven workshops were conducted, with workshops being held in regional areas, the Riverland (Barmera), Mt. Gambier, Pt. Lincoln and Pt. Augusta. A representative mix of customer segments were invited to attend each regional workshop.

Three workshops were also held in metropolitan Adelaide, with each dedicated to a particular customer segment, covering residential and business consumers, plus Government, council, welfare and special interest group representatives.

FIGURE 1 – SA POWER NETWORKS' STAKEHOLDER ENGAGEMENT STRATEGY



Based on this engagement strategy, a collaborative approach was undertaken, with SA Power Networks and Deloitte conducting the following activities:

- Designing the Stage 1 Stakeholder and Consumer Workshops and materials
- Facilitating the Stakeholder and Consumer Workshops held regionally and in the metropolitan area, and
- Collection and analysis of results and reporting on Stage 1 workshop activities.

How insights are being used

Consumer insights gathered during the Stage 1 workshops were used to assist in the development of an online consumer survey, the insights of which will be used to inform research for the Stage 2 workshops. The outputs of this process will be used by SA Power Networks to help shape future directions and priorities, and ultimately to assist in the development of its Regulatory Proposal.

Methodology and sampling

Summary

A sample of South Australian electricity consumers was obtained to ensure insights presented were representative of all consumers. Residential, business, government, council, welfare and special interest group consumers and representatives attended the workshops, with their insights and feedback analysed using a mix of quantitative and qualitative methods.

Independence

Deloitte were responsible for ensuring that the Stakeholder Engagement Activities were independent, robust and accurately reflect the views and concerns of South Australian electricity consumers. Deloitte's role were to design, facilitate, manage and report on the collection of first hand consumer insights for SA Power Networks and the data recorded remains the property of Deloitte. A governance framework was agreed to, which set out the rules and responsibilities needed to maintain independence and stipulate the respective roles of Deloitte and SA Power Networks.

Research approach

In order to gather consumers' thoughts during the Stage 1 workshops, three main methods were used: topic discussions, an affinity process and worksheet activities. Subject matter experts from SA Power Networks presented information requiring a high level of understanding, followed by time allocated for questions and answers by participants.

Participants were also made aware of the indicative impact on network pricing of the current investment plans for the 2016–2020 operating period.

Worksheet activities were developed for each of the four topics to capture participants' importance ratings on the initiatives presented. Participants were also able to comment on their preferences for prioritising initiatives and any additional comments they saw fit to make.

Information evaluation

Information collected during the workshops was evaluated using a mix of quantitative and qualitative methods. Consumer insights, benefits and concerns presented in the following sections were developed by grouping and theming answers and comments made in each of the relevant worksheets. Importance ratings were averaged across all participants to develop an overall view of initiative importance.

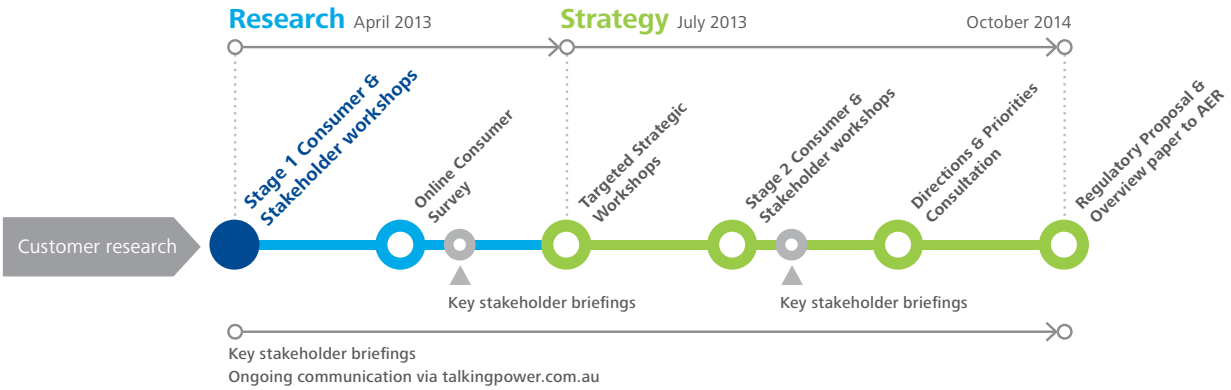
Representative sampling

Recruitment of participants for the workshops was shared between Deloitte and SA Power Networks. Deloitte was responsible for recruiting 43 residential participants and used a dedicated market research recruitment agency to achieve a robust sample of participants with mixed attributes such as gender, age demographic, billing segment, native language, disability and solar panel use. SA Power Networks was responsible for the recruitment of the remaining workshop participants such as business consumers and other interest groups or agencies (including local government and government representatives).

In addition to the 43 residential participants, a total of 157 different organisations and interest groups were invited by SA Power Networks, resulting in the attendance of 17 business participants, 14 government and 12 council participants and 14 other groups (including industry, welfare and special interest) in total across the seven workshops.

Consumer insights overview

Consumer engagement process



Who we are talking to

43% RESIDENTIAL

17% BUSINESS

26% GOVT & COUNCIL

14% OTHER

Some of what was said

Top 3 community safety and reliability initiatives:

#1

Inspecting, maintaining and upgrading the network .

#2

Bushfire prevention activities.

#3

Hardening the network against lightning and storms.

Other significant findings:

86%

Said that building/upgrading substations facades will have visual benefits.

90%

Reported a positive experience when interacting with SA Power Networks.

74%

Said that undergrounding the network would result in visual improvements.

67%

Wanted more opportunities to self-manage their power use.

55%

Were unaware of who SA Power Networks is prior to the workshop.

83%

Supported continuous supply of power to CFS bushfire safe precincts.

Customer experience

Overview

Understanding consumers' needs, concerns and desires is critical to improving customer experience. Consumers lead busy lives and the topic of customer experience aimed to identify the things that are important to the electricity consumer in all of their interactions with SA Power Networks.

> "Informative and very well presented. Good to see company CEO of a major corporate body willing to interact with general public and take advice"
>
> **Resident, Metro**

Deloitte sought information through the workshops to help SA Power Networks understand how it can make its interactions with electricity consumers more valuable and effective.

Workshop participants were asked about their views of the SA Power Networks brand, how they rated their interactions with SA Power Networks, the overall customer experience they receive, and their communication channel preferences. Options for communication included:

- Face-to-face
- Mail
- Call centre
- Website
- Email
- Mobile devices
- Social media

Consumer Insights

1. Educate consumers about SA Power Networks' role in the electricity industry

There is a general lack of awareness of who SA Power Networks is, the organisation's role in delivering electricity to consumers, and the electricity industry overall.

2. Enhance stakeholder and consumer engagement programs

Workshop participants indicated a desire to engage with SA Power Networks on a more frequent basis and similar style workshops were seen as a good framework for future engagement.

3. Maximise communication opportunities to improve service experience

Overall customer experience was rated as positive, however, improvements in communication could be made.

4. Develop multi-channel communication strategies

Workshop participants want to interact with SA Power Networks using multiple channels for a variety of different actions.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Search
SA Power Networks :: Home
Faults and emergencies 13 13 66
General enquiries 13 12 61
SEARCH
SA Power Networks
Customers
Industry
Corporate
Talking Power
Visit our dedicated consultation website, designed to seek the views and concerns of electricity consumers and stakeholders. Find out more.
View current power interruptions
Information on current power outages, including planned outages. You can also find out helpful tips on what to do if the power is out in your area.
Report a power outage
Has the power gone out in your area? Use our online form to tell us where the power is out.
Report a faulty street light
Notice a street light not working? Report the light today using our online street light fault reporting. Using Google maps, its never been easier to notify us when a street light is in need of repair.
Register for Power@MyPlace
About us
MORE
Latest News
New substation for Glynde
A new substation will be built at Glynde to ensure reliable and secure electricity supply for residents of the eastern suburbs. Following an exhaustive search for an alternative site, the substation will be built on the original site purchased in 1957. Read more.

Community safety & reliability

Overview

SA Power Networks operates a distribution network that stretches across South Australia, comprising thousands of kilometres of powerlines and hundreds of substations. It focuses on achieving regulated requirements for high levels of service, reliability, safety and efficiency. SA Power Networks' priorities are directed at ensuring the safety of the community, their people and maintaining a reliable supply of electricity for customers.

Participants were asked to rate the importance of nine proposed community safety and reliability initiatives, grouped under three main themes: asset management, vegetation management and bushfire management. We also asked participants to explain why the initiatives were important to them and if there was any particular way they would like to see them prioritised. The proposed initiatives included:

Asset management

- Inspecting, maintaining and upgrading the network
- Reinforcing the network
- Hardening/protecting the network against lightning and storms

Vegetation management

- More frequent tree trimming
- Working with the community to promote the right vegetation
- Undergrounding wires or tree removal/ replacement

Bushfire management

- Ensuring CFS bushfire safe precincts have continuous power supply
- More frequent inspections and maintenance
- Building powerlines less prone to fire starts

Consumer Insights

5. Continue asset management investment to drive reliability and manage risk

Asset management activities were seen as one way SA Power Networks can ensure reliability.

Preventative activities that have a direct impact on reliability and/or prevent potential safety hazards were rated as most important. Consumers' priority areas included high bushfire risk areas.

6. Optimise opportunities to support economic development

Reinforcement of the network was connected to future economic growth, particularly in regional areas.

7. Vegetation management programs should be designed to consider their visual impact

Vegetation management activities that improve the visual aesthetics of trees would benefit the immediate surrounds and the wider community.

8. Prioritise preventative maintenance according to risk and cost

All preventative activities should consider potential safety hazards and be implemented in a cost-effective manner.

9. CFS bushfire safe precincts should have continuous power

Investment in bushfire management initiatives would ensure that essential services are managed under critical conditions.


SA Power Networks
SB·53·FE
SA · HEAVY VEHICLE
1629
UL 12.3
GV 15.00
GC 34.00

Visual amenity

Overview

Electricity infrastructure is a vital part of the South Australian landscape. As the population grows, communities transform, and consumer expectations increase. Understanding consumer priorities and preferences towards improving the visual impact of electricity infrastructure is important.

Deloitte asked participants to rate the importance of two visual amenity initiatives:

- Undergrounding the network (existing overhead powerlines)
- Building or upgrading substations facades to fit their setting

Participants were also asked to explain why these initiatives were important to them and if there was any particular way they would like to see them prioritised.

Consumer Insights

10. Maximise opportunities to improve the visual appearance of assets

The major benefit of undergrounding and substation facade upgrades was seen to be an overall improvement in the visual appearance of the network and surrounding areas. Substation facade treatments in particular are seen as a way for SA Power Networks to help build community value by engaging with, and involving, the community in the design process.

11. Consider improvements in public safety in asset planning

Additional benefits such as improved safety and less traffic accidents were viewed as a benefit of undergrounding the network.

The evolving customer

Overview

As energy-related technologies advance, so do the needs and wants of electricity consumers. With such a rapid level of uptake of new technologies over the past five years, SA Power Networks aims to ensure it evolves alongside consumers and their changing needs.

Participants were asked about how their needs have changed in regard to current and future technology use, as well as attitudes towards network design resulting from the introduction of new technologies. Discussions included; changes in the electricity industry, the emergence of new energy technologies and proposed initiatives which have the potential to benefit consumers. We asked participants to rate the initiatives according to how important they were to them. We also asked participants to explain why the initiatives were important and if there was any particular way they would like to see them prioritised.

These initiatives included:

- Smart meters and energy management systems
- Continuing upgrades to support a two-way network
- Exploring cost-reflective pricing
- Associated education and information

Consumer Insights

12. Provide self-management opportunities

Initiatives such as smart meters, cost-reflective pricing and investment in a two-way network would allow consumers to exercise a greater deal of control over their electricity usage.

13. Continue upgrades to support a two-way network

A two-way network is seen as "essential" to support the increasing uptake of new technologies.

14. Develop cost-reflective equitable pricing models

Socially equitable pricing strategies should be explored, however the complex nature of this initiative may disadvantage certain consumer segments.

15. Education will increase customer satisfaction

Workshop participants want educational materials and information that explains changes to the electricity industry and emerging technologies and would like to access these through mail, the SA Power Networks' website and local television advertisements.


6.15
kW
6.17
kWh
geo

Customer experience

Industry awareness

Many consumers assumed that SA Power Networks' role was more like that of an electricity retailer.

Summary

The electricity industry in South Australia has been impacted by structural changes over the past 14 years. ETSA Utilities underwent a name change to SA Power Networks in September 2012, and whilst many were unaware of the name change, consumers in the workshops were interested in discussions about SA Power Networks' organisation, its role in the electrical industry, and the break-down of electricity bills.

Consumer Insight #1

Educate consumers on SA Power Networks' role in the electricity industry

SA Power Networks' role in delivering electricity

Many participants assumed that SA Power Networks' role was more like that of an electricity retailer. This indicated a low level of awareness and confusion amongst participants regarding SA Power Networks' role and responsibilities as the state's electricity distributor.

This sentiment was particularly relevant when discussing two highly important and emotive issues for consumers, power restoration and costs.

During power outages or other events, participants found it difficult to know who to contact and for what information. This confusion resulted in consumers calling councils, retailers and other emergency organisations regarding power outages.

We also heard of misconceptions about SA Power Networks' contribution to the consumer's electricity bill. When the components of an average electricity bill were explained, workshop participants were generally surprised at how low distribution charges were as a percentage of the total bill. Participants were generally unaware that electricity bills also include charges for power generation, retailing, transmission, solar PV feed-in tariffs and other government charges. Participants thought that the contribution from each of these sources should be clearly conveyed to the consumer, along with a broad explanation of industry players and their roles.

76% of workshop participants believe that electricity retailers have a role to play in providing information to consumers to help distinguish the various roles in the electricity market.

> "Would never have thought to call SA Power Networks about electricity"
>
> Resident, Rural

The SA Power Networks brand

Prior to the workshops, 55% of participants had not heard of SA Power Networks. Once it was explained that the organisation was previously known as ETSA Utilities, participants were immediately able to place the organisation. The ETSA Utilities brand still remains prominent in people's minds, suggesting that awareness of SA Power Networks as a brand will take time.

Customer experience

Consumers were able to relate many examples of direct customer service experience with SA Power Networks, particularly in relation to power outages.

Summary

Overall, workshop participants rated their customer experience with SA Power Networks as positive, reporting that unplanned power outages were restored in acceptable timeframes. Despite indicating high satisfaction levels, participants also suggested that specific areas for improvement included more timely communication around outages and restoration, customised services, and education about who to contact for reporting outages and incidents.

Consumer Insight #2

Enhance stakeholder and consumer engagement programs

The workshop sessions were open and engaging with a high level of participation that provided both consumer education and opportunities for insight. Participants indicated a desire to engage with SA Power Networks on a more frequent basis and that continued focus groups and "these types" of workshops were seen as a good framework for future engagement.

Desire for information and support centred on residential participants, suggesting that SA Power Networks undertake community consultation when developing new projects and completing activities in residential areas. Business, government and council participants would like to engage with SA Power Networks to discuss commercial processes and understand the electricity requirements and planning timeframes for the development of new projects.

Receiving independent and trusted information about appropriate capacity needs for household solar PV installation, dialogue regarding tariff changes, and where potential network upgrades/repairs need to happen were seen as topics SA Power Networks could engage with the community about.

Consumer Insight #3

Maximise communication opportunities to improve service experience

Consumers were happy with current service levels and responsiveness to power outages, unplanned interruptions and the replacement of street lights. 90% of participants reported a positive experience when communicating with SA Power Networks.

Although participants provided a positive response overall, specific areas of improvement were identified:

Communication and timelines

To improve SA Power Networks' responsive customer service, consumers were also seeking proactive communication to assist them manage their busy lives and businesses. Not surprisingly, the immediacy and accuracy of this communication would be particularly useful in times of power outages and for items such as planned outages, projects and service requests. Participants also had a preference for this information to be provided to them, rather than having to source themselves.

Customised and tailored services

Consumers called for the development of customised services via a range of channels. Call centre, website and email communication channels remain important in building tailored service options.

Participants indicated that customised services should involve:

- Having staff with local knowledge and up-to-date information on SA Power Networks' operations
- Not having to repeat information from past interactions
- Dealing with real people rather than automated machines
- Local staff rather than outsourced operations located in another state or country
- Staff who know and are aware of local or region-specific information
- Having staff that are accessible and speak clearly

Finding the best access point for relevant information

Workshop participants were generally unaware of who to contact for a particular incident. This was evidenced by many participants inadvertently contacting their retailer or local council with SA Power Networks' related issues and requests.

"It's always an effort to get information"

Other groups, Rural

Findings

Segment specific insights

Overall business participants' response to the service levels provided by SA Power Networks was positive; however they did indicate that a number of improvements could be made to assist them manage their own customer base. These improvements included:

- Receiving more information in advance, including increased consultation and accurate timelines.
- Receiving real time details of current usage and network demand, to enable businesses to manage their own consumption patterns
- Further improving response times
- Businesses that currently have an assigned customer account manager are strong advocates for this approach

A number of council participants indicated the need for more council and community consultation regarding future works. This would promote a more collaborative approach to future planning and developments, which would allow them to provide an improved service to their own customers.

Metropolitan participants indicated that call centre wait times, call centre staff knowledge and navigation of the website could be improved.

Rural participants indicated they would like to see improvements in their customer experience through:

- The expectation is that personnel in the call centre should possess strong knowledge of local area conditions
- Direct communication channels to local SA Power Networks Depots instead of going through the centralised call centre
- Increased community and council consultation with regards to future works, and communication through local media channels

Online services

SA Power Networks has started to utilise online and mobile channels to tailor services and meet demand for contemporary channels of communication.

Participants' awareness of these website and online offerings was low with only 26% of participants aware of at least one of the four services offered. Those who had used these services were generally satisfied. Once the service was explained to other participants, they expressed a view that the service would be useful to them in the future. Views noted on each online service are as follows:

Power@MyPlace™

48% of participants who were aware of SA Power Networks' online services had used Power@MyPlace and thought it was useful. Upon learning about the service, 35% of participants who had not used it thought they would find it valuable.

View current power outages

Those who had used the website to view current power outages were satisfied with the information and self-service opportunities it provided.

Report a faulty street light

Those who had used the service thought that it was good, however, the requirement to provide a street number was confusing, especially in instances where there was no street number nearby. Knowledge of the Google maps reporting feature was less well known, but well received by participants.

Report a power outage

Those who had used the services thought it was useful, however, some participants noted that the website process was a little confusing to navigate, noting a need for the service to be easy to use.

Improvements to website services

Although participants who had used the website were generally satisfied, a number of improvements were suggested to improve take-up and usability:

Display information in a user-friendly way

Some concerns were raised with the navigation and structure of the website. This experience was often confusing, and led to participants missing some features of the online tools, such as reporting multiple faulty streetlights.

Mobile compatibility

Some participants noted that they would typically view these services on a smartphone rather than a desktop or laptop computer, and therefore they would prefer if they were offered on a mobile enabled website or smartphone application.

Promotion of website services

Due to the low level of awareness of these services, the majority of participants suggested that further promotion of the site would be beneficial and lead to an increased usage of these services.

Customer communication channel preferences

Consumer desire for proactive, timely and accurate information was tested across a range of critical needs.

Summary

Participants indicated a preference for multiple channels to communicate and interact with SA Power Networks to complete actions. The call centre was the most preferred communication channel, followed by the website and mobile devices. This was consistent across all segments; however email and the website were the most preferred channels for the business segment.

Consumer Insight #4

Develop multi-channel communication strategies

The call centre was the preferred channel for complex interactions, such as lodging complaints or enquiries, enquiring about meter readings, reporting power outages and requesting new connections. Website channels were most preferred when needing to obtain information about products and services such as finding out about current projects, enquiring about solar PV systems, reporting a faulty street light and obtaining current outage information.

> "Need to have various options depending on the situation"
>
> **Business, Metro**

Email communications were most preferred by business participants, but were also preferred by a number of residential participants due to the record keeping properties of email and its familiarity.

Mobile channels were most preferred for reporting power outages and to obtain current up-to-date information on current outages or planned interruptions.

Overall, feedback suggests that multi-channel communication presents an opportunity for SA Power Networks to improve consumer experience through a tailored approach.

Findings

Channel preference by customer segment

In further support of tailored channel options, it was clear that business consumers' preference is for email, website and face-to-face channels, whereas residential participants mostly preferred to use the call centre, mobile and website.

Business consumers generally preferred each communication channel for the following reasons:

- Website – for gathering information, understanding processes and accessing forms
- Emails – to enable customised responses, with emails having the added advantage of an information trail for future reference
- Face-to-face – to discuss complex problems when a high level of dialogue is required, such as planning for augmentation or upgrade of the network, or commercial development enquiries

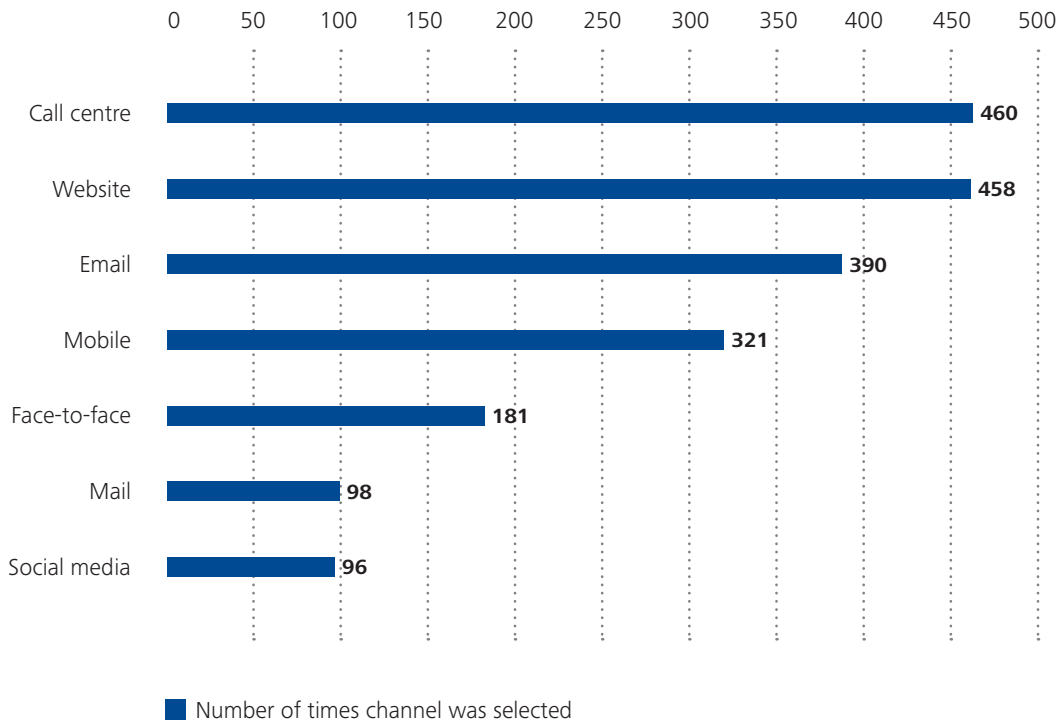
Residential consumers generally preferred the following communication channels:

- Call centre – to interact with SA Power Networks about dynamic and specific issues
- Website – for gathering information that is general in nature
- Mobile – to report and receive power outage information

The immediacy of social media, such as Twitter and Facebook, as a channel was reflected with residential participants having the highest segment response to social media. Residential participants expressed a desire for it to be used to advise on actions such as planned interruptions, finding out about current projects and reporting a power outage.

FIGURE 2 – OVERALL COMMUNICATION CHANNEL PREFERENCES

Total from all actions and segments



Community safety & reliability

Asset management

Consumers connected the three asset management initiatives with improved power reliability.

Summary

Consumers were able to clearly articulate an understanding that building and maintaining the network is SA Power Networks' primary responsibility, without necessarily understanding the detail of work required. Critically, they understood the connection between investing in the network for its ongoing reliability and the important role the network plays in underpinning the State's economy.

Consumer Insight #5

Continue asset management to drive reliability and manage risk

A majority of participants indicated that the three asset management initiatives presented (figure 3) would help ensure reliability of supply and prevent unplanned outages. Rural participants in particular value the reliability gains that can be achieved from initiatives such as replacing current insulators with ones made from more durable synthetic materials.

There were suggestions that costs associated with inspecting and maintaining the network can be likened to investment in an insurance policy that minimises supply outages, with a small number of participants also suggesting that long term cost savings could be achieved through such preventative actions.

Consumer Insight #6

Optimise opportunities to support economic development

Business and government consumers connected reinforcement of the network to future economic growth, indicating that it would support regional, residential and industrial area development. Likewise, hardening the network against lightning and storms was supported. Rural participants suggested that economic benefits can be realised as a result of a more reliable and robust network, as major projects and population growth can be catered for.

Findings

Inspecting, maintaining and upgrading the network was rated as the most important of the three asset management activities (figure 3 on the next page).

Government and council participants assigned the highest importance to this activity, whereas residential participants placed the highest importance on hardening the network against lightning and storms.

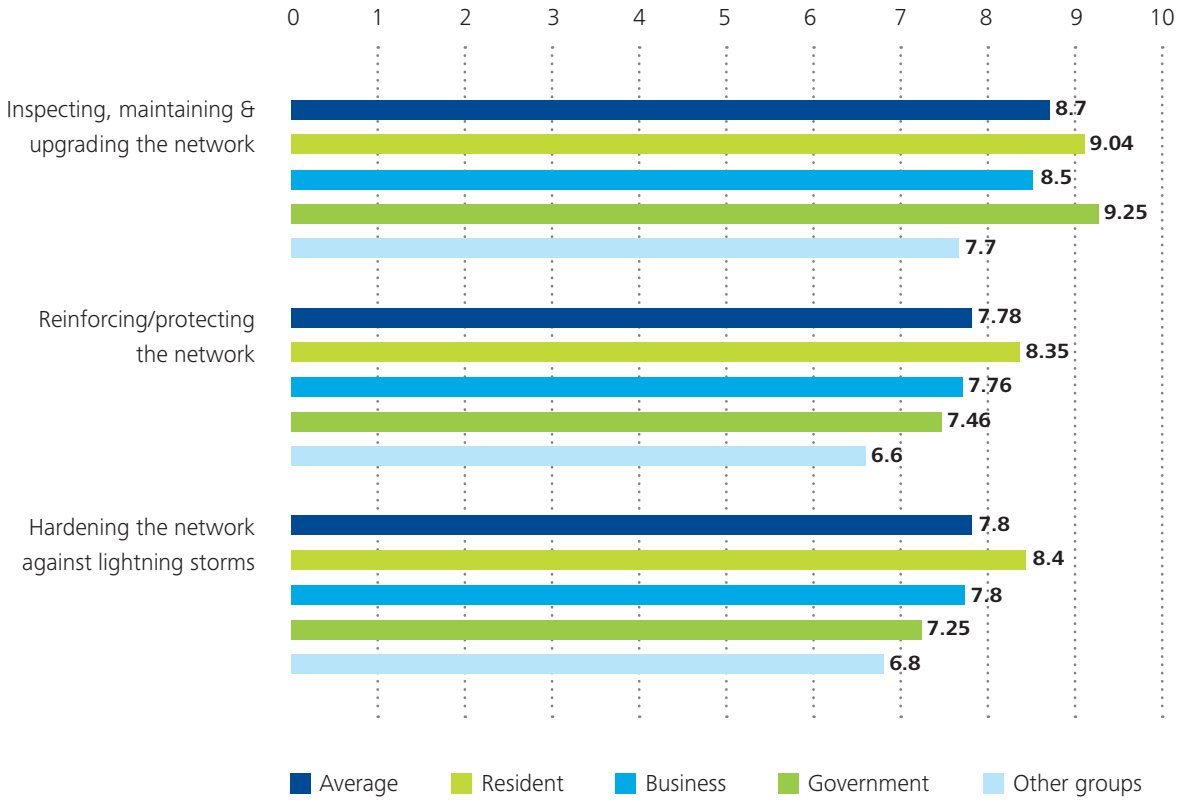
> "Inspecting the network is like an insurance policy, we need it"
>
> Resident, Rural

Participants suggested that preventative asset management activities should be undertaken in priority areas such as:

- High bushfire risk areas
- Areas near hospitals, aged care facilities and respites
- Near trade areas such as shopping centres
- Remote regional areas along Single Wire Earth Return (SWER) lines
- Regional areas with future potential for growth

FIGURE 3 – IMPORTANCE RATING OF ASSET MANAGEMENT ACTIVITIES

Key findings: Asset management activity importance by customer segment



Vegetation management

Consumers understand the need for tree trimming activities, particularly with respect to safety risk issues, however, it is a highly emotive and important issue for them.

Summary

Prior to the workshops, there was low awareness that SA Power Networks managed tree trimming activities. The majority of participants across all segments thought this was the responsibility of their council and directed complaints regarding unsightly tree trimming to them. Participant feedback suggested that tree-trimming activities should be managed to improve the visual aesthetics of vegetation and reduce risks relating to trees falling on powerlines.

> "We live in a tree lined street and therefore would want the most aesthetically pleasing outcome as possible"
>
> **Resident, Metro**

Consumer Insight #7

Vegetation management programs should be designed to consider their visual impact

Undergrounding wires and/or the removal and replacement of trees was seen by 52% of participants as important due to the associated improvements in the visual aesthetic of surrounding areas. 19% of participants also suggested more frequent tree trimming would aid in this visual improvement.

Consumer Insight #8

Prioritise preventative maintenance according to risk and cost

A reduction in safety hazards and risks was seen by participants as a potential benefit of vegetation management initiatives. More frequent tree trimming was seen as a way to mitigate safety risks posed by unbalanced trees which have been cut harshly on one side and risk falling over and damaging property or powerlines.

A small number of participants expressed concerns regarding the cost implications of increasing the frequency of tree trimming activities, and felt costs could be avoided if trees were removed and/or SA Power Networks worked with the community to promote appropriate vegetation being planted under powerlines.

Findings

Of the three vegetation management initiatives, undergrounding of wires or tree removal/ replacement was assigned the highest importance rating (per figure 4 on the next page).

Government and council participants placed the highest importance on more frequent tree trimming whereas residential participants indicated that undergrounding wires or tree removal or replacement was of the highest importance.

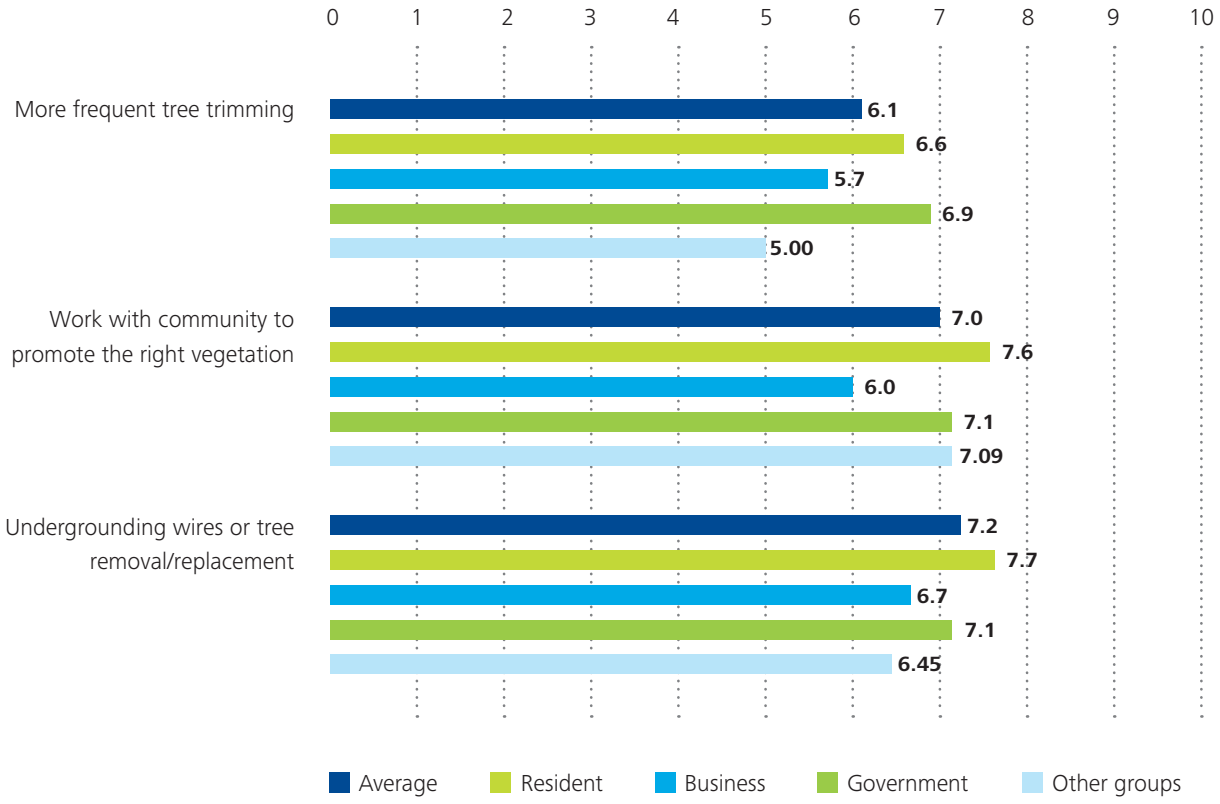
Participants also indicated that they would like SA Power Networks to provide educational material to consumers about appropriate trees to plant near powerlines. They also suggested that SA Power Networks should seek to develop strong relationships and engage with councils and the community, to ensure vegetation does not impact on reliability, or the visual aesthetics of surrounding areas.

Participants indicated they would like to receive vegetation management information in the following ways:

- Through local councils
- From independent vegetation organisations such as Trees for Life
- On the SA Power Networks' website
- In local newspaper advertisements where trimming will be taking place
- On a flyer with an electricity bill from the retailer

FIGURE 4 – IMPORTANCE RATING OF VEGETATION MANAGEMENT ACTIVITIES

Key findings: Vegetation management activity importance by customer segment



Bushfire management

Consumers see a need for SA Power Networks to undertake activities that minimise potential safety hazards and maximise the protection of property, infrastructure and human life.

Summary

It was the participants' clear view that the bushfire management activities discussed at the workshops would result in prevention of safety hazards and provide valued support for the community.

> "I am quite concerned about bushfires occurring and I would like to see more preventative measures undertaken"
>
> **Resident, Metro**

Consumer Insight #8

Prioritise preventative maintenance according to risk and cost

Preventing potential safety hazards such as bushfires through more frequent inspections and maintenance of the network was supported by 40% of participants.

Rural participants suggested that more frequent inspections and maintenance should be conducted in high bushfire risk areas in a cost effective manner to minimise the cost impact on the community.

Consumer Insight #9

CFS safe precincts should have continuous power

Ensuring CFS bushfire safe precincts have continuous power supply was an essential activity to be undertaken, according to 83% of participants. Power was seen as vital during emergency situations, with participants suggesting that continual and reliable power would provide a sense of community safety.

Findings

Of the three bushfire management activities, ensuring CFS bushfire safe precincts have continuous power supply was assigned the highest importance. Although only 15% of participants had previously heard of CFS bushfire safe precincts, on learning about them 84% stated that ensuring these locations have a constant supply of power is an essential activity to manage the risk and impact of bushfires to the community.

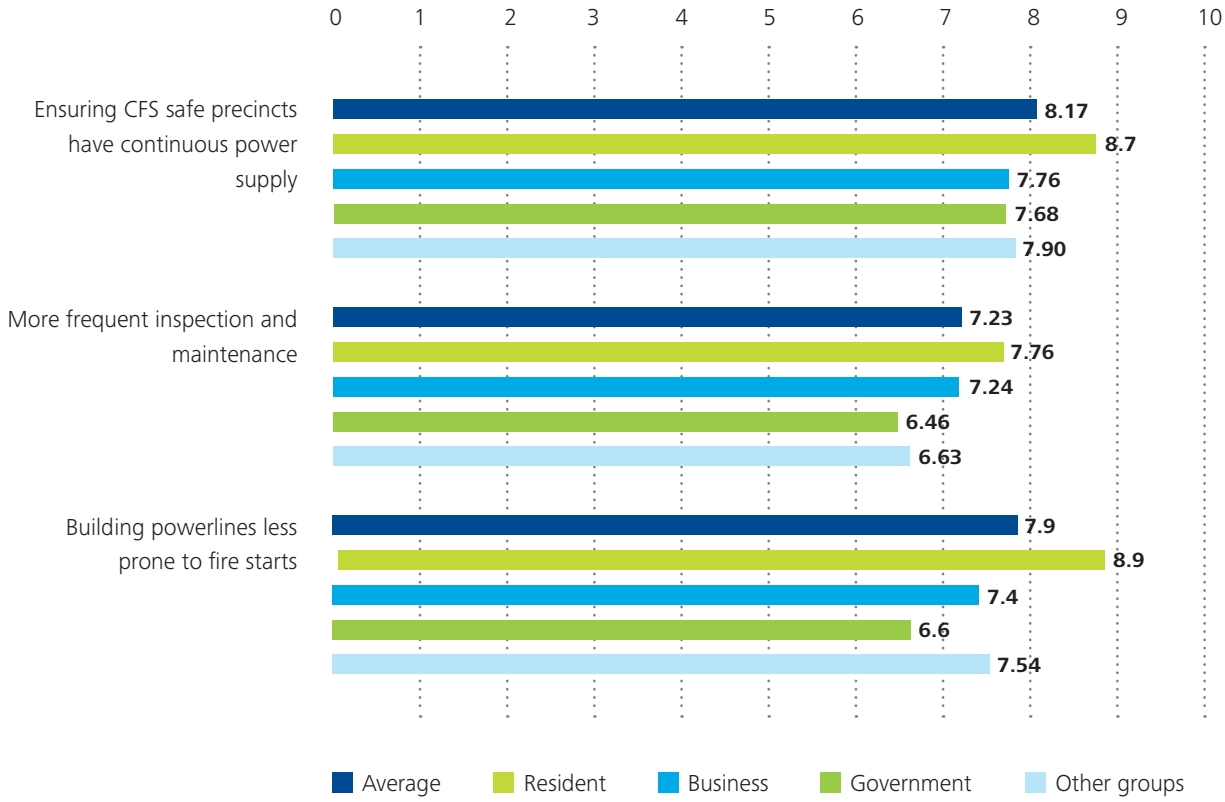
Residential participants placed the greatest importance on all three activities compared to all other groups.

Overall consumers value relevant and timely information about bushfire risks, and would like SA Power Networks to communicate about the potential impact on their power supply during high bushfire risk periods and catastrophic weather days. Participants indicated a need for SA Power Networks to distribute bushfire related information to potentially affected consumers through the use of interactive channels. This included text messages, telephone and the use of visual aids on what to do and what to take from your home if you are under imminent bushfire risk.

In addition to focusing on high bushfire risk areas, participants also saw value in managing bushfire risks in areas with high numbers of aged care facilities.

FIGURE 5 – IMPORTANCE RATING OF BUSHFIRE MANAGEMENT ACTIVITIES

Key findings: Bushfire management activity importance by customer segment



Visual amenity

Undergrounding the network in appropriate areas

Consumers value a visually appealing network and see undergrounding as a way to achieve improvements in network appearance.

Summary

Awareness of the ability to underground the network was high and participants suggested that improvements in visual aesthetics and community safety could be realised through undertaking this within priority areas.

> "Makes everything look better, will reduce costs in maintenance and reduce damage caused by fire and storms"
>
> **Resident, Metro**
> (in reference to undergrounding)

Consumer Insight #10

Maximise opportunities to improve the visual appearance of assets

If an improvement in visual aesthetics could be achieved, 74% of participants supported undergrounding the network. SA Power Networks' physical assets were described as "unsightly."

It was suggested that the organisation can play a role in improving the visual amenity of communities as a precursor to economic growth through increased tourism, enhanced community appreciation and a resulting increase in the use of public areas.

Consumer Insight #11

Consider public safety in asset planning

Safety improvements were a significant reason why undergrounding the network was important and this aspect in particular was supported by 43% of participants. Consumers also drew a connection between Stobie poles and traffic accidents, suggesting that opportunities to improve road safety be taken into consideration when planning pole placement and replacement.

A small number of participants raised concerns regarding the cost of undergrounding and indicated it should be undertaken in a cost effective and gradual manner.

Findings

All segments indicated strong support, with residential participants placing the greatest importance on undergrounding the network when compared to all other customer segments.

Although government and council participants placed the least importance on undergrounding the network, the indirect economic benefits of completing this activity in prominent business areas was identified.

Through the use of a worksheet, participants suggested that SA Power Networks should complete undergrounding in the following manner:

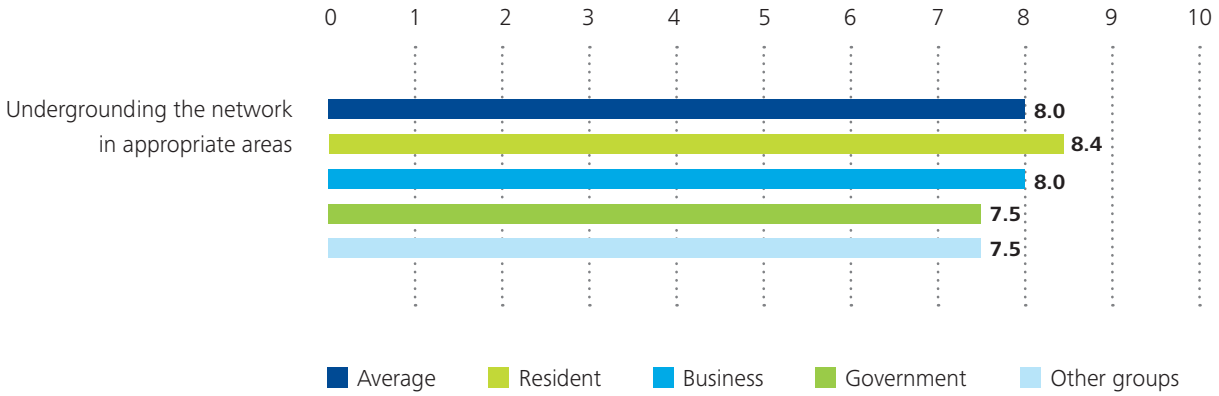
- On a gradual basis and within budget
- Using a rating system to determine priority areas
- In consultation with the community

Participants also provided insight as to where SA Power Networks should focus its undergrounding efforts. Priority areas included:

- High bushfire risk areas
- Traffic accident hot-spots
- Other high risk areas
- Major attractions
- Main streets
- Heritage sites
- Foreshores and vistas

FIGURE 6 – IMPORTANCE RATING OF UNDERGROUNDING THE NETWORK BY CUSTOMER SEGMENT

Key findings: Undergrounding the network importance by customer segment



Building/upgrading substation facades to fit their setting

Consumers want to engage with SA Power Networks and be involved in activities such as the design of substation facade treatments.

Summary

Workshop participants recognised that broader community benefits such as an improvement in visual aesthetics and an increase in overall community value could be realised as a result of facade treatments to substations. With a high proportion of participants supporting work to develop "fit-for-setting" facades.

> "Looks better than just fences. Less people would realise a power station is there."
>
> **Resident, Metro**

Consumer Insight #10

Maximise opportunities to improve the visual appearance of assets

Residential participants noted that substations can be unsightly in residential and community settings and that after facade treatments had been completed, they "look fantastic", with 86% of participants agreeing. Participants also mentioned that neighbouring property values could appreciate through substation upgrades in residential areas.

Broader community benefits such as an increase in community value and sense of pride was seen by participants as being an additional benefit of substation upgrades. It was suggested that schools and community groups could be involved in the beautifying of substations, which could help create an intrinsic sense of community pride and ownership over substations.

Findings

Improving the visual aesthetic of substations was rated as being of greater importance to residential participants than other customer segments. Business and Industry, welfare and special interest groups rated its importance above that of government and council participants, who rated this activity of low importance.

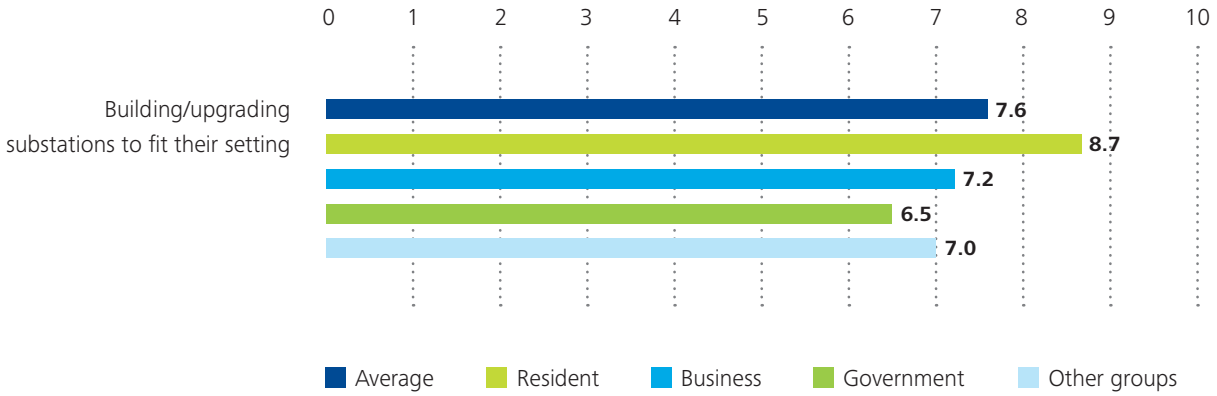
Workshop participants also suggested that SA Power Networks should build/upgrade substation facades in the following ways:

- Engage and consult the community
- Continue with the current arrangement for upgrading
- In a cost effective manner
- Complete facade treatments as soon as possible

Participants also provided insight as to where SA Power Networks should focus its substation facade efforts, including a focus on residential areas and substations on the edge of rural towns.

FIGURE 7 – IMPORTANCE RATING OF BUILDING/UPGRADING SUBSTATION FACADES BY CUSTOMER SEGMENT

Key findings: Building/upgrading substation facades by customer segment



The evolving customer

Smart meters and energy management systems

Consumers desire tools which allow for greater self-management of their electricity usage.

Summary

It was clear that consumers wish to take more control over their energy consumption and associated electricity costs. Whilst generally aware of technology such as smart meters, they were less aware of energy management systems, such as in-home displays. At the core, the value they see in these technologies is the ability to understand and manage their electricity usage. From a social equity perspective there was a general level of concern about ensuring that these technologies are available to all consumers.

> "I think these are a great tool to change the way the general public think about the way they use power."
>
> Resident, Rural

Consumer Insight #12

Provide opportunities for self-management of electricity use

Smart meters and energy management systems such as in-home displays are seen to allow consumers to exercise a greater degree of self-management over their electricity use and subsequent power costs, with 67% of participants supporting this view.

Both business and residential participants suggested these tools would enable them to realise energy efficiencies and cost savings by determining when and where high usage occurs, allowing them to adapt their behaviour and develop mitigation strategies.

Further disadvantage of consumers

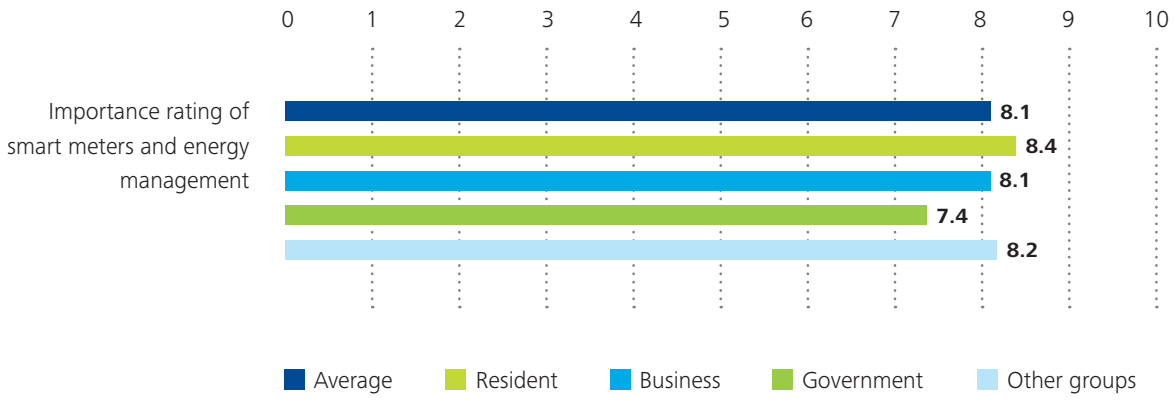
A small number of participants (7%) suggested that the implementation of smart meters and energy management systems could have the potential to further disadvantage low-income and elderly consumers. If smart meter and installation costs are to borne by the consumer, the belief was that those who would not be able to afford the units would not have the opportunity to potentially reduce their electricity bill by monitoring usage.

Findings

Not surprisingly, residential participants placed greater importance on smart meters and energy management systems than participants across other customer segments, and indicated support due to rises in the cost of living and electricity prices. Industry, welfare and special interest groups and business participants assigned a higher importance rating for these initiatives than government and council participants.

FIGURE 8 – IMPORTANCE RATING OF SMART METERS AND ENERGY MANAGEMENT SYSTEMS

Key findings: Importance of smart meters and energy management systems by customer segment



Upgrading to support a two-way network

Consumers were interested in, and supportive of, discussions that promoted greater independence of personal power supply.

Summary

Consumers were generally unaware of the upgrades required to develop a two-way network in order to enable new technologies (such as solar PV systems and their energy feed-in), but supported investment in doing so. Participants suggested that a two-way network would support household micro-generation of electricity and promote cost effectiveness as the network could cope with increasing levels of energy feed-in.

Consumer Insight #13

Continue upgrades to support a two-way network

A two-way network was seen as "essential" as micro-generation and solar uptake is continuing to rise. Participants suggested that the network needs to be effective and efficient at receiving larger amounts of energy feed-in to the electricity grid.

62% of participants indicated that a two-way network would be a major benefit for household micro-generation, particularly from solar PV systems. This was seen to support consumers taking more control over their electricity use.

A two-way network was seen by participants as directly contributing to cost-efficiencies across the network which would ultimately lower costs, with 15% of participants indicating cost as a major driver for this investment.

Further disadvantage of consumers

A small number of participants raised concerns about the potential for further disadvantages for low income and elderly consumers as the concepts behind a two-way network are complex, which may prohibit them taking advantage of such investments.

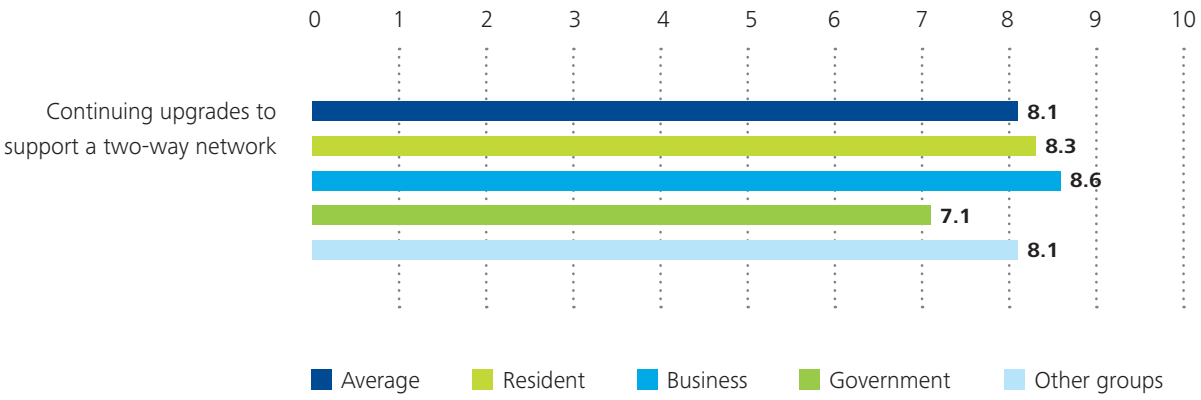
Findings

Business participants placed greater importance on continuing upgrades to the network to support energy feed-in than participants across all customer segments. Residential and Industry, welfare and special interest participants gave this topic a higher importance than government and council participants.

> "As a recent purchaser of a solar PV system, it is important for me that the network is able to handle alternative methods of generation into the future."
>
> **Resident, Rural**

FIGURE 9 – IMPORTANCE RATING OF CONTINUING UPGRADES TO SUPPORT A TWO-WAY NETWORK

Key findings: Importance of continuing upgrades to support a two-way network by customer segment



Exploring cost-reflective pricing

Cost-reflective pricing was seen by consumers to support greater self-management of their electricity usage and promote consumer fairness.

Summary

Alternative pricing strategies, such as tariffs that charge consumers based on the amount of network capacity required to supply their electricity rather than their consumption, were discussed with consumers. Whilst a new concept to many, overall these were endorsed by participants.

Consumer Insight #14

Develop cost-reflective equitable pricing models

Consumers suggested that cost-reflective pricing was one way to mitigate rising electricity costs in a meaningful way at the household level. Almost a third (30%) of participants supported this view.

Participants were unaware that they were bearing the cost for consumers with high capacity needs and those with onsite micro-generation such as solar PV systems. Just over a quarter (27%) of participants believed the implementation of cost-reflective pricing would be a measure that could restore equity in the billing model.

A few participants suggested that promoting cost-reflective pricing strategies, such as capacity tariffs, may be difficult for consumers with solar PV systems. Consumers who attempt to reduce their electricity bill may now be charged based on the amount of network needed to supply their electricity.

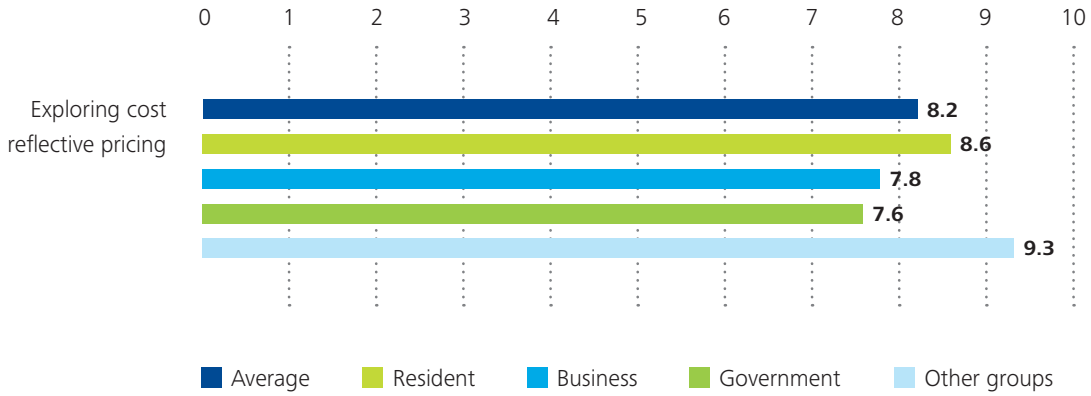
Findings

Industry, welfare and special interest participants placed greater importance on exploring cost-reflective pricing, followed by residential participants.

> "Gives customers more control over how and when they use power. Empowers them to make decisions."
>
> **Other groups, Metro**

FIGURE 10 – IMPORTANCE RATING OF EXPLORING COST-REFLECTIVE PRICING

Key findings: Importance of exploring cost reflective pricing by customer segment



Education and information

Above all else, consumers desire education and information to enable them to make informed decisions regarding their electricity use.

Summary

Workshop participants repeatedly reinforced the need for consumer education on the operations of the electricity industry. This was particularly so for future industry trends such as:

- Information regarding new energy technologies
- The benefits of solar PV systems in addition to advice about reputable providers
- Price implications of cost-reflective pricing strategies being developed for both solar users and non-solar users

The demand for information reflected the desire for greater self-management and control over costs.

Consumer Insight #15

Education will increase consumer satisfaction

Workshop participants indicated that they would like to access and receive information regarding changes to the electricity industry, and the emergence of new technologies and strategies that could potentially benefit them, through a variety of channels:

- Mail – Participants indicated that a flyer with their electricity bill and letters, personally addressed to them was the preferred channel
- Television – Including local announcements on regional television stations
- Social media – Participants indicated that social media sites such as Facebook, Twitter and especially YouTube could be utilised
- Education in schools – Some participants indicated that SA Power Networks becoming involved in school science curriculums was a good way to educate the next generation

Reflecting the level of community trust in SA Power Networks, participants discussed the potential for the organisation to act as an independent accreditor of smart meters and energy management systems, such as in-home displays. This idea also extended to providing independent information regarding solar requirements and future technologies.

Findings

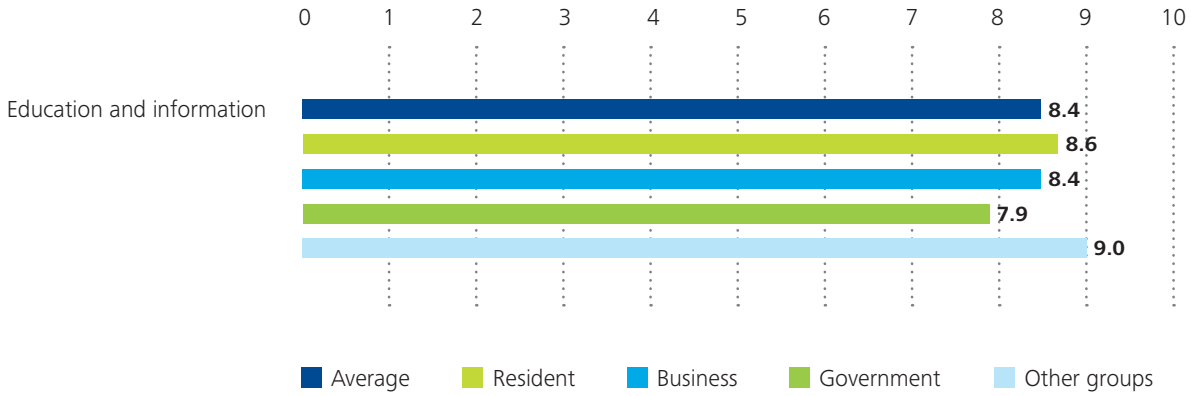
Industry, welfare and special interest participants placed the greatest importance on education and information when compared to participants across all customer segments, followed by residential and business participants.

Supplying information to consumers about the changing electricity environment was a priority for 86% of participants. They indicated a need to educate all consumers about the potential benefits of micro-generation, in addition to the cost implications for all consumers as a result of the increasing uptake of solar PV systems, and how different pricing structures can work for all.

> "Education and awareness are essential for creating a solid understanding and open communication for trust and proactive solution creation."
>
> **Business, Metro**

FIGURE 11 – IMPORTANCE RATING OF EDUCATION AND INFORMATION

Key findings: Importance of education and information by customer segment.



Individual consumer issues

During the workshops there were frequent periods of interaction amongst consumers, Deloitte representatives and SA Power Networks' executives. Many consumers took the opportunity during the workshop sessions to raise individual items of concern and others sought out SA Power Networks' executives during breaks.

Where these concerns were aired publically and related directly to the topics being discussed they were captured and utilised to draw insights, but some of these concerns clearly related to the participant's unique circumstances and were documented separately. Some of these concerns were marked for follow up by SA Power Networks' executives, often Sue Filby, General Manager Customer Relations, or Doug Schmidt, General Manager Network Management. If raised in private with the SA Power Networks team they were also captured for follow up and close out.

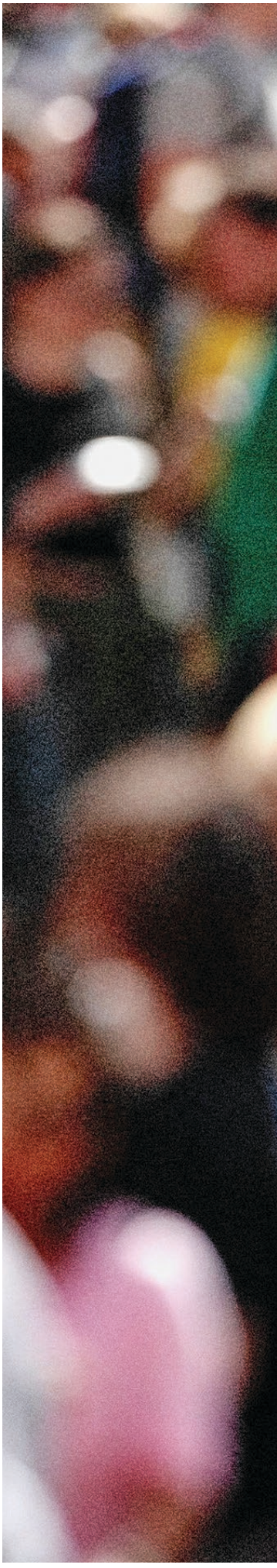
Some of the themes emerging from this additional feedback included pricing arrangements, indigenous employment opportunities, different electricity bills for business, peak demand, and street lighting. Many of these comments were very specific to that participant's interactions with SA Power Networks. Many of these specific enquiries were allocated to the relevant SA Power Networks' executive for resolution and follow up with the individual. Others were captured by Deloitte and have been provided to SA Power Networks for future reference.

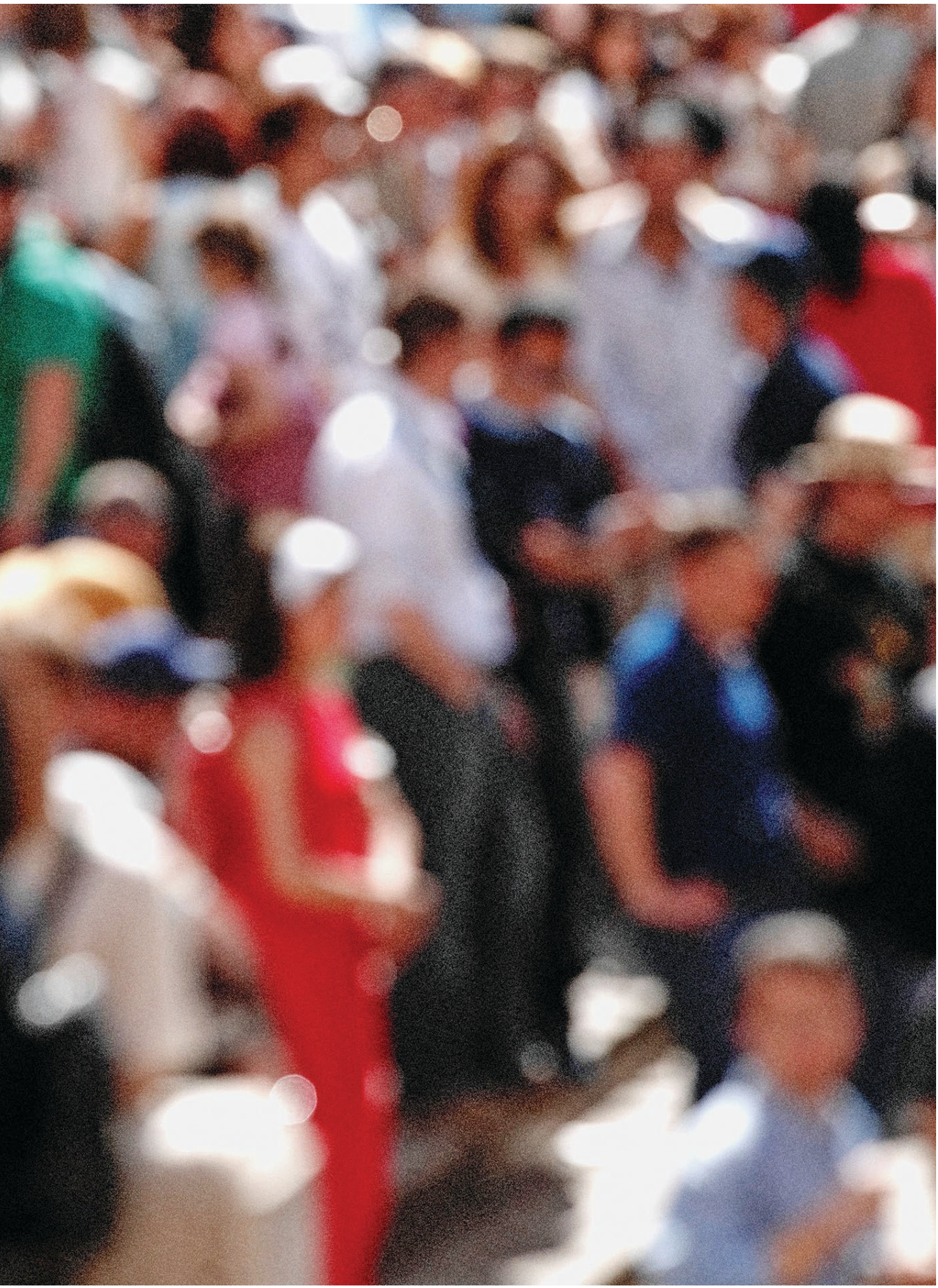
Next steps

The insights gathered from this research are representative of, and support the attitudes, opinions and preferences of South Australian electricity consumers. This information, in addition to feedback on the structure and content of the workshops, will inform further consumer research in the form of the Stage 2 workshops.

This information was also used to assist the development of an online and telephone-based Consumer Survey, which ran for three weeks ending on 11 June 2013.

A combination of insights gathered from the workshops and data from the survey will assist in the development of the organisation's future directions and priorities as SA Power Networks prepares its 2016–2020 proposal for the Australian Energy Regulator.





List of figures

Glossary

Australian Energy Market Commission (AEMC)	The Australian Energy Market Commission is the rule maker and developer for the nation's energy markets.
Australian Energy Regulator (AER)	The Australian Energy Regulator (AER) regulates energy markets and networks according to the rules.
Business respondent	Consumers whose primary use of electricity is for business purposes and who identified themselves as a business consumer when completing the survey.
Capacity	The amount of power able to be used by a customer over a short period of time. It is akin to the maximum 'speed' of a car.
Capacity tariff	A pricing component of the total electricity bill that is based upon the network capacity required by a customer during the billing period. Note that capacity is not energy.
CFS bushfire safe precincts	Country Fire Service recommendation of where to relocate to on days of severe, extreme and catastrophic fire weather.
Demand	Energy consumption at a point in time. Akin to the speedometer in a car.
Distribution Network	The assets and service which link energy consumers to the transmission network.
Energy	The amount of power able to be used by a customer over a billing period. It is akin to the fuel used by a car in travelling a distance, which might have involved various speeds at different times.
ESCOSA	Essential Services Commission of South Australia (ESCOSA) is an independent economic regulator established under the Essential Services Commission Act 2002.
Ethnographic Research	Ethnographic research involves observation of and interaction with people in a naturalistic setting, usually using observation, interviews and surveys.
Feed-in tariff	Buy rate for energy fed back into the distribution network from small photovoltaic generators under the Feed-in Scheme.
National Electricity Market (NEM)	The National Electricity Market (NEM) is a wholesale market for the supply of electricity to retailers and end-users.

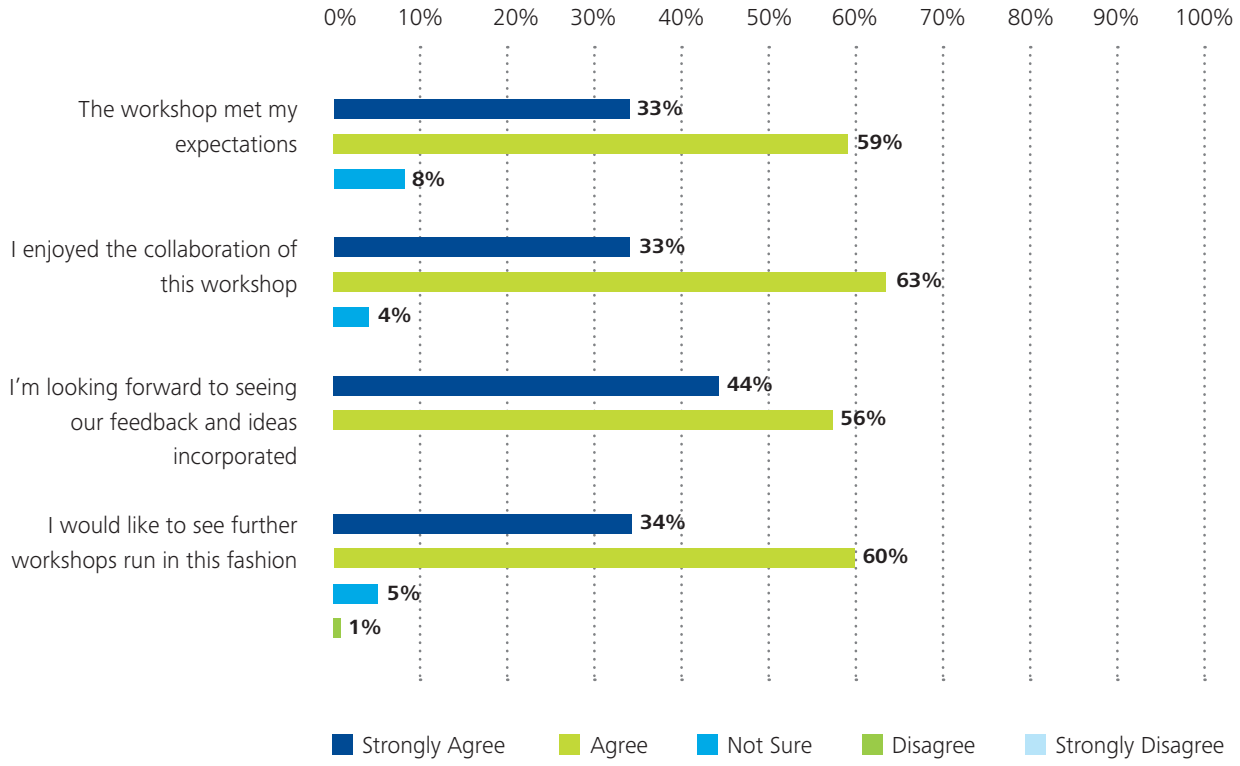
Glossary

National Electricity Rules (NER)	The National Electricity Rules govern the operation of the National Electricity Market (NEM). They are set by the AEMC and applied by the AER.
Photovoltaic (PV)	Photovoltaic (PV) is the direct conversion of light into electricity at the atomic level.
Reliability	The extent to which customers have a continuous electricity supply.
Residential respondent	Consumers whose primary use of electricity is for residential purposes and who identified themselves as a resident when completing the survey.
SWER	Single Wire Earth Return (SWER) a powerline that consists of one wire, used for supplying single-phase electrical power in outer regional and rural areas.

Appendix

FIGURE 12 – WORKSHOP SURVEY RESULTS

Key findings: Workshop feedback survey results



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