

Business Survey Phase 2 Results

Prepared for: United Energy
December 2017



United Energy Business Survey Results

Contents

Approach	3
Key findings	7
Methodology	10
Participant profile	12
Knowledge and literacy	16
Energy values	19
Energy behaviours	23
Network performance	32
Pricing	35
Connections	42

Approach

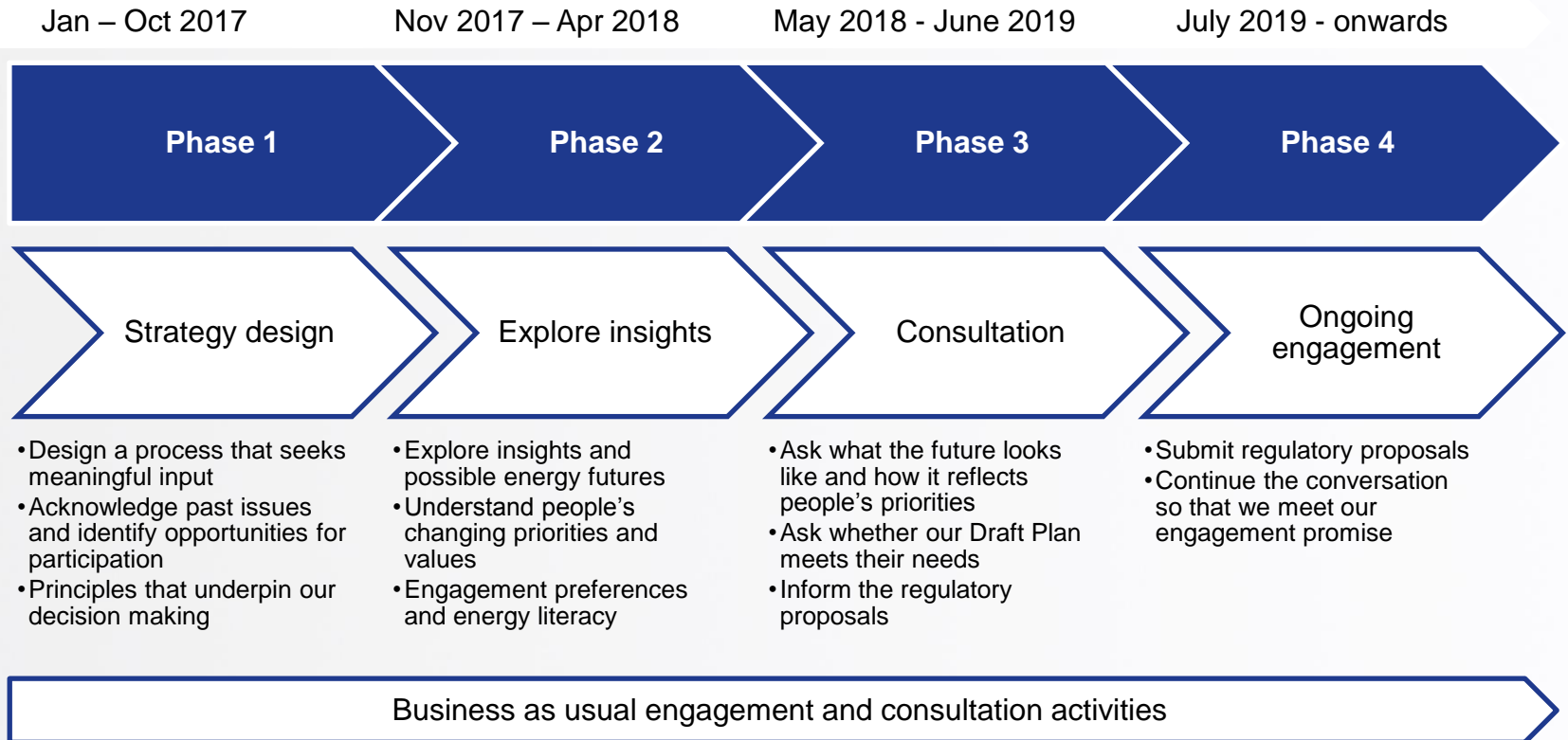
Background and context

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

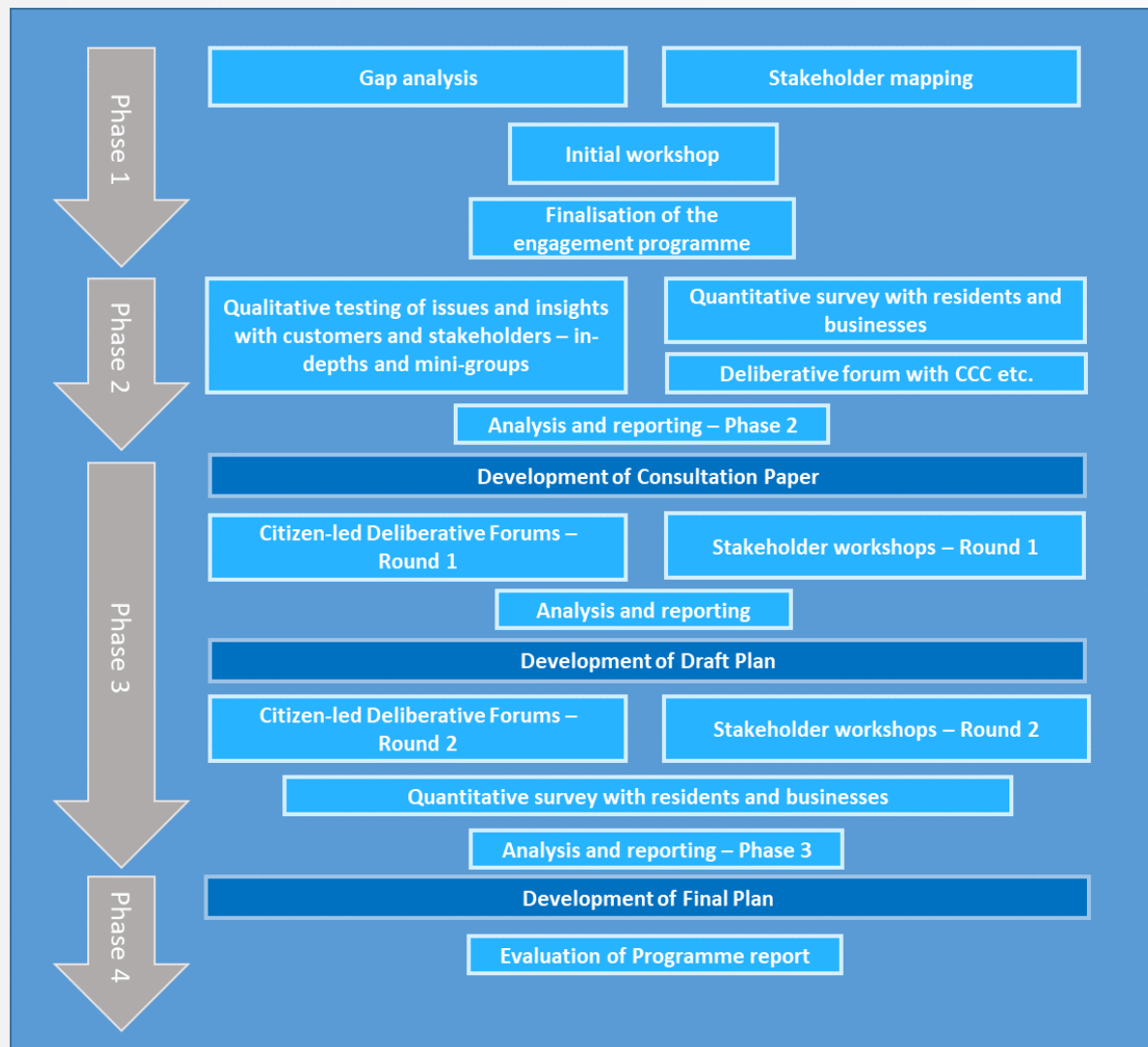


Engagement program

We are currently in phase 2 of the program



Research methodology



Key Findings

Key findings

Awareness and Values

- Awareness of United Energy and its role is moderate amongst business customers.
- Maintaining poles and wires (81%), and responding to outages and interruptions (76%) were perceived to be a main roles of distributors.
- In both an unprompted and prompted sense, reliability of the network emerged as the most valued role of a distributor. Current satisfaction level with United Energy's reliability was good, with 59% giving a score of 9-10 for this attribute.
 - Only 3% of businesses accepted a trade-off for a lower level of reliability in order to see a reduction in their energy bill.

Pricing

- The majority of businesses paid under \$250/month, with half of respondents indicating they would reduce their energy consumption during peak times for a \$10 rebate.
- There was only a slight preference for pricing to remain the same throughout the day (49%) as opposed to varying (37%), with medium and large businesses showing a significantly greater preference for variable pricing (72% and 75% respectively).
- Two-thirds of businesses felt it fair that prices should remain the same across urban and rural areas, and there was a strong agreement that connection costs should be paid by requesting businesses.

Key findings

The Future and Renewable Energy

- The majority of United Energy businesses (45%) preferred the 'Steady State' future scenario, with 32% indicating a preference for 'Green Power'.
- There was a greater willingness to pay for safeguarding against extreme weather (67%), and upgrading for peak time loading (61%).
- Businesses were generally very conscious of reducing electricity usage as much as possible (68%), however this was slightly lower amongst medium and large businesses. Money was the biggest incentive to adopting energy efficiency measures (92%). These measures used include:
 - Heating/cooling only when necessary
 - Turning off equipment at the wall
 - Energy efficient machinery and appliances
- Businesses were strongly in favour of solar panel installation (80%), with 19% indicating they had these installed. Medium businesses also identified a significantly higher incidence of electric vehicles (12%).
 - While around 1 in 5 businesses indicated an intention to adopt green energy measures in the future, this was likely to be in 3-5 years time, or over 5 years for larger businesses.

Business Survey Methodology

Methodology

- The survey was conducted primarily online with some CATI top up.
- n=201 completes were obtained.
- The online respondents were sourced through an online panel provider, used solely for research purposes.
- The survey was live from 17/10/2017 to 06/11/2017
- Data was weighted during the analysis by size of business to reflect the United Energy area.
- Throughout the presentation numbers in **bold green** are significantly higher than the total and numbers in **bold red** are significantly lower than the total.

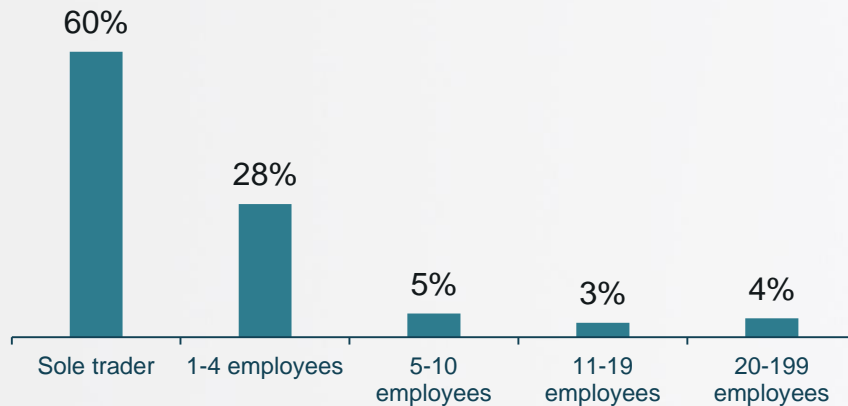
The survey covered the following areas:

- Knowledge and literacy
- Energy values
- Energy behaviours
- Network performance
- Pricing
- Connections

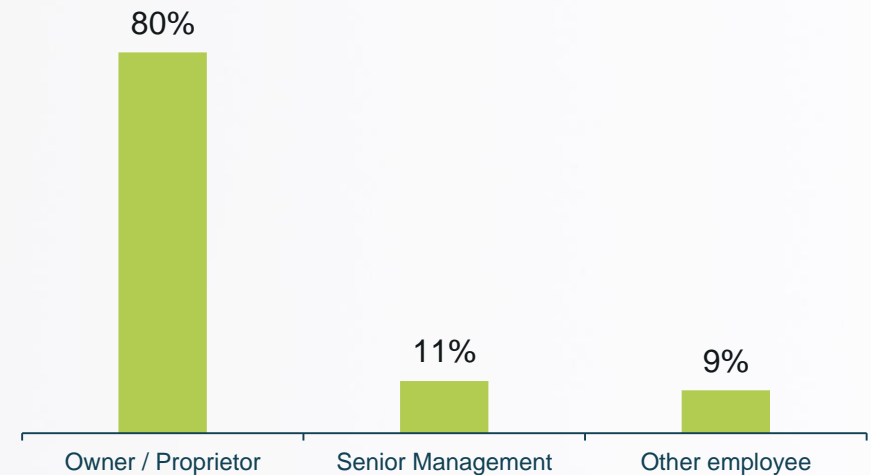
Participant Profile

Participant profile

Employee breakdown



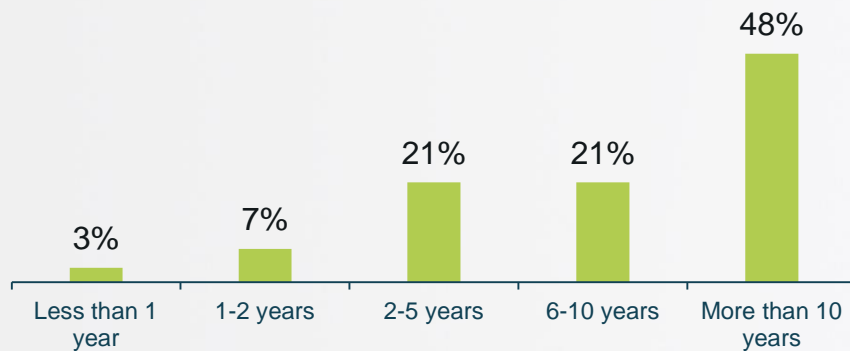
Position or Title



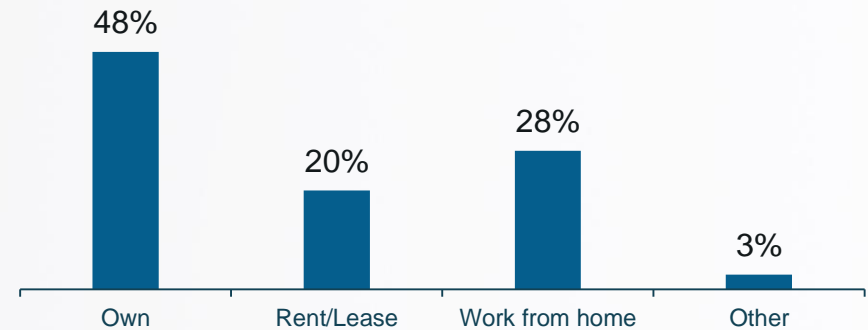
Q2. How many employees do you have in your business, by employees I mean full time equivalents other than the proprietor?
Q31. What is your position or title within your organisation?
Base All respondents n=201

Participant profile

Length of operation



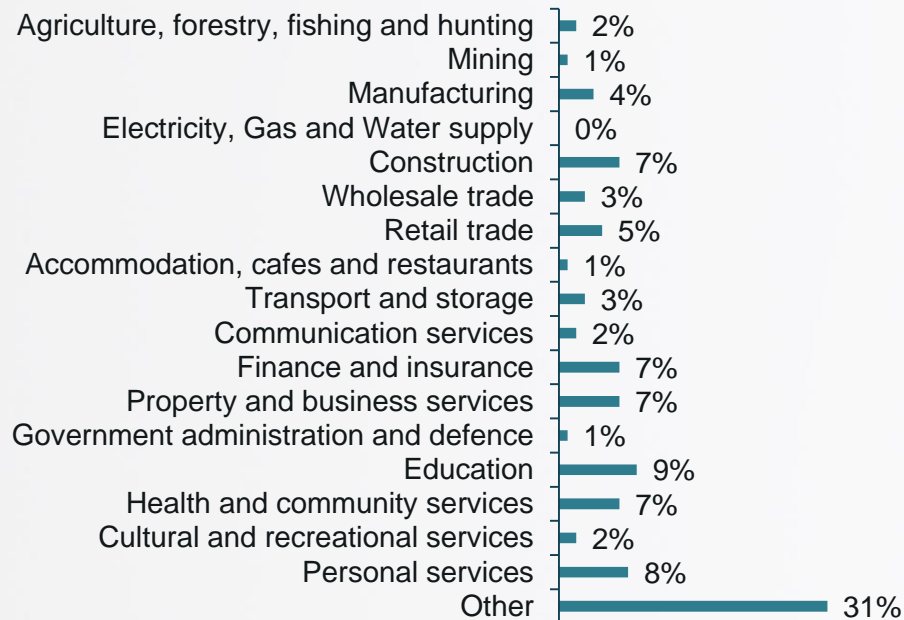
Business premises



Q32. How many years has your business been operating?
Q33. Does your business own or rent/lease its business premises?
Base All respondents n=201

Participant profile

Industry

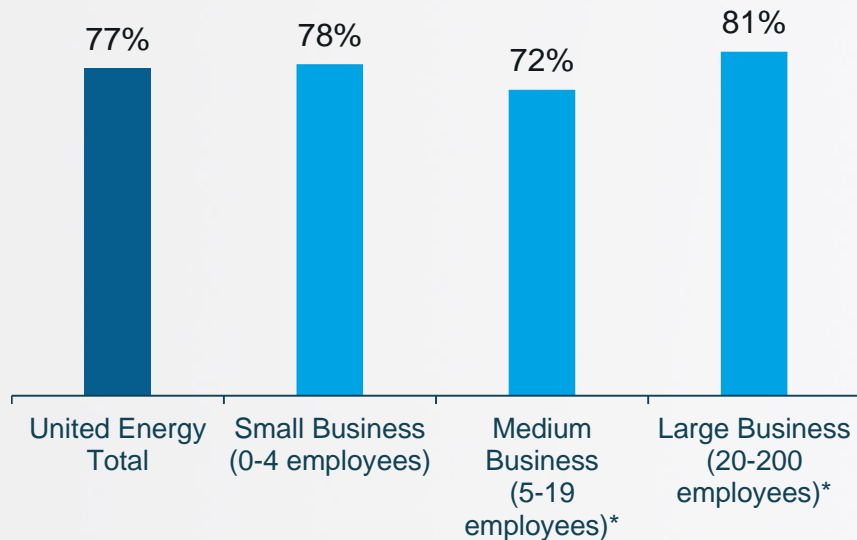


Q3. And what industry does your business operate within?
Base All respondents n=201

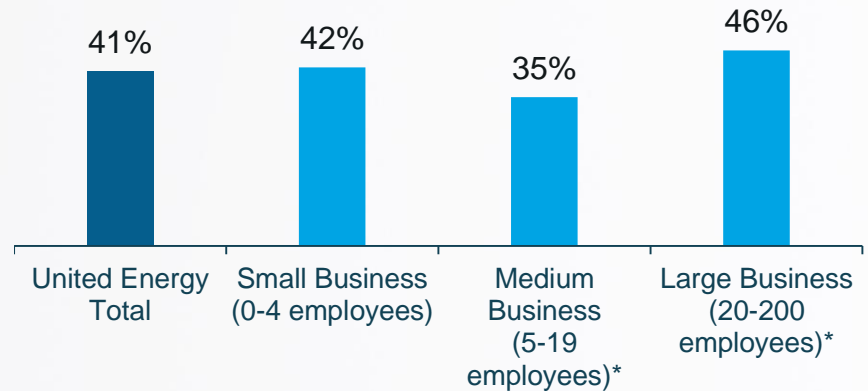
Knowledge and Literacy

While most businesses felt they knew the difference between retailers and distributors, only 41% correctly knew their distributor to be United Energy.

Understanding of the difference between retailer and distributor



Knowledge of electricity distributor



Q4. Do you feel you have a good understanding of the difference between an electricity distributor and electricity retailer?
 Q5. What is the name of your electricity distributor? By distributor, we mean the company responsible for the electricity network not your energy retailer who sends you the bill.

Base All respondents n=201

*WARNING: Small Base size

Distributors role was primarily seen to maintain electricity poles and to respond to outages.

Perceived role of a distributor

Perceived roles	United Energy Total (n=156) %	Small Business (0-4 employees) (n=125) %	Medium Business (5-19 employees) (n=18)* %	Large Business (20-200 employees) (n=13)* %
Maintaining electricity poles and wires	81	81	83	77
Responding to electricity outages and interruptions	76	76	72	77
Getting electricity to your business	62	61	78	62
Connecting electricity to new businesses	60	61	61	54
Trimming vegetation around powerlines	51	53	33	38
Long term planning to ensure a resilient electricity supply	50	50	39	62
Maintaining and operating street lighting	46	46	44	31
None of the above	10	11	6	8

Q6. [insert distributor] is the electricity distributor for your area. Which of the following roles were you aware that [insert distributor] did before today?

Base Respondents who indicated they knew the difference between a retailer and distributor n=156

*WARNING: Small Base size

Energy Values

Reliability was valued most important by all, however large businesses were also concerned with safety.

Top three things most valued by businesses

Values	United Energy Total (n=201) %	Small Business (0-4 employees) (n=160) %	Medium Business (5-19 employees) (n=25)* %	Large Business (20-200 employees) (n=16)* %
Reliability/consistent supply	84	84	80	88
Price/low cost/value	77	78	72	69
Fast response to supply issues/problems	18	19	12	19
Customer service	17	16	20	25
No spikes/surges	9	9	12	6
Safety	7	5	12	38
Connectivity/access	6	6	-	19
Efficiency	6	6	-	6
Good maintenance	5	5	8	-
Other	20	21	16	6
Don't know/not answered	3	2	8	-

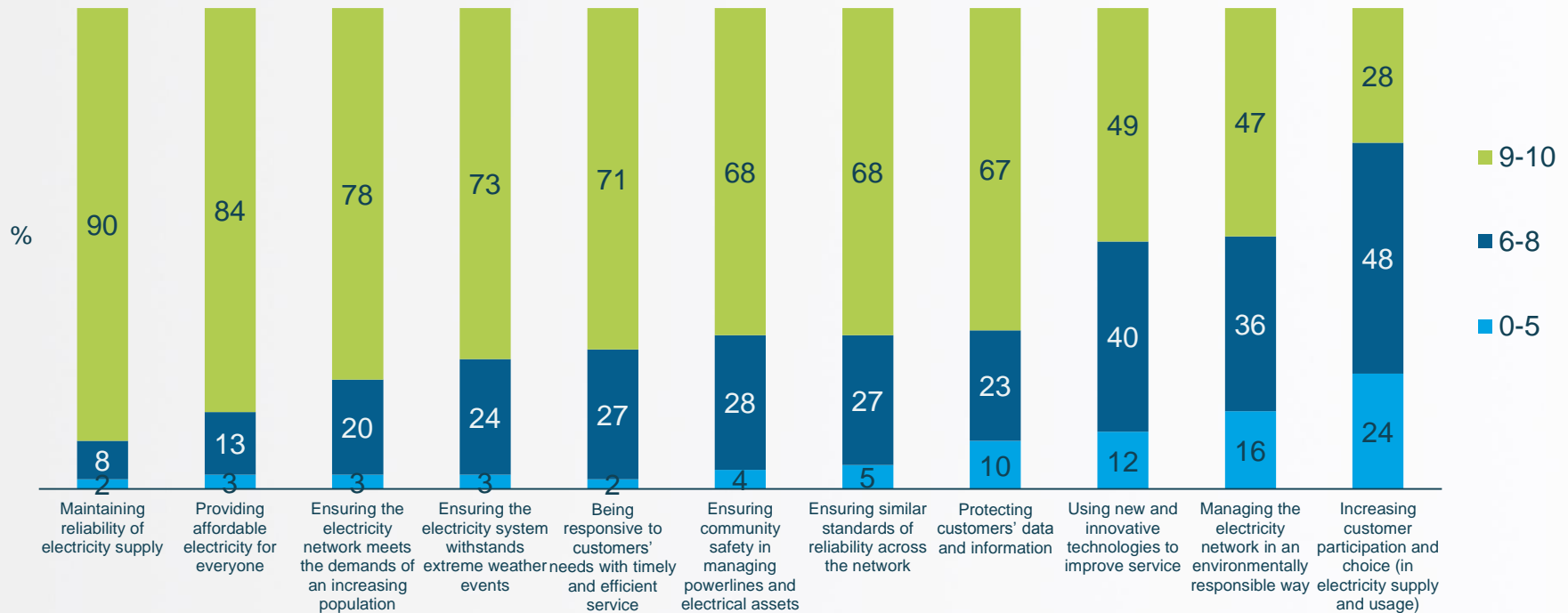
Q7. First of all, when you think about your electricity supply, what are the three things you value most (or are the most important to you)?

Base All respondents n=201

*WARNING: Small Base size

Maintaining reliability of electricity supply and providing affordability were by far the highest ranked role.

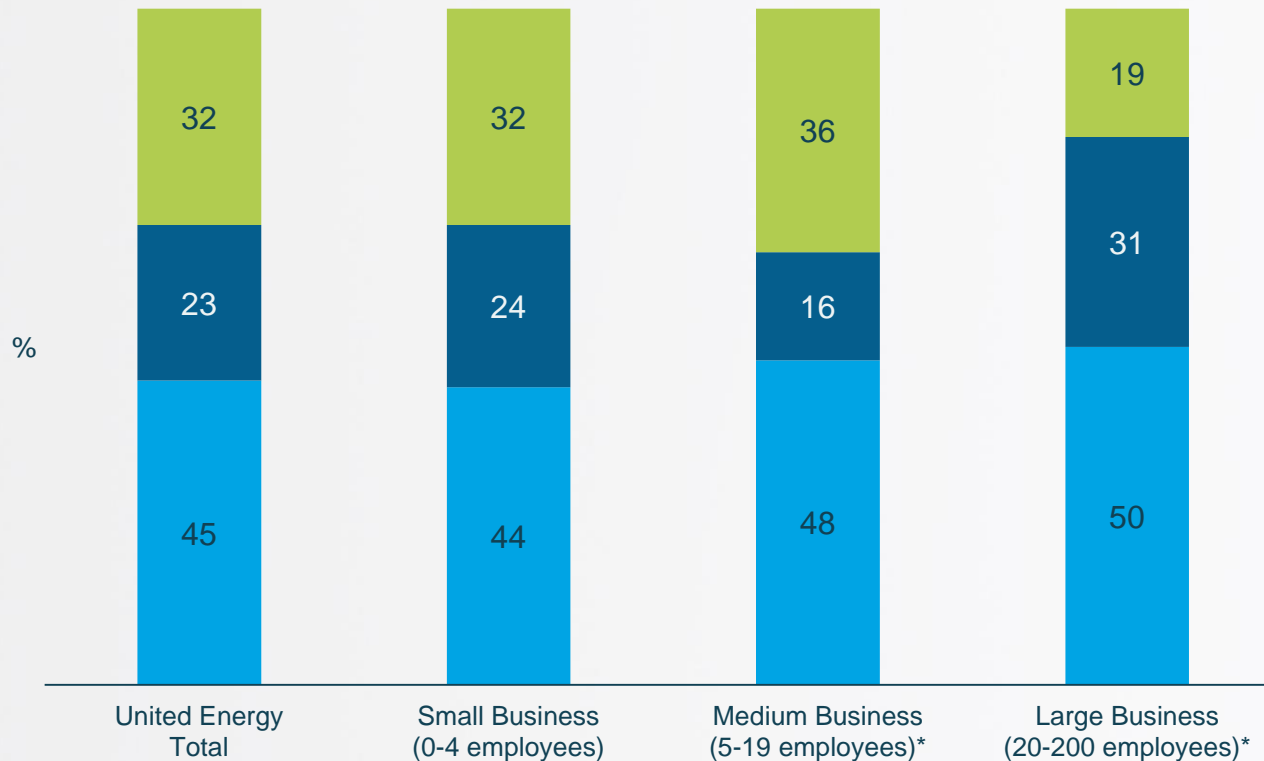
Importance of values



Q8. Could you now read through a list of values other people have suggested for the role of an electricity distributor and indicate how important that particular value is to you personally using a scale from 0-10 where 10 is extremely important and 0 is not important at all. You may use any number in between to indicate how important it is to you. Taking the first value...
Base All respondents n=201

There was a business preference towards the Steady State scenario.

Most preferred future scenario



Green Power



Consumer Power



Steady State



Q9. Below are three possible future scenarios for electricity distributors for the next 10 to 15 years. After you have read through them, could you indicate which would be your first choice (1), which would be your second choice (2) and which would be your least preferred option (3).

Base All respondents n=201

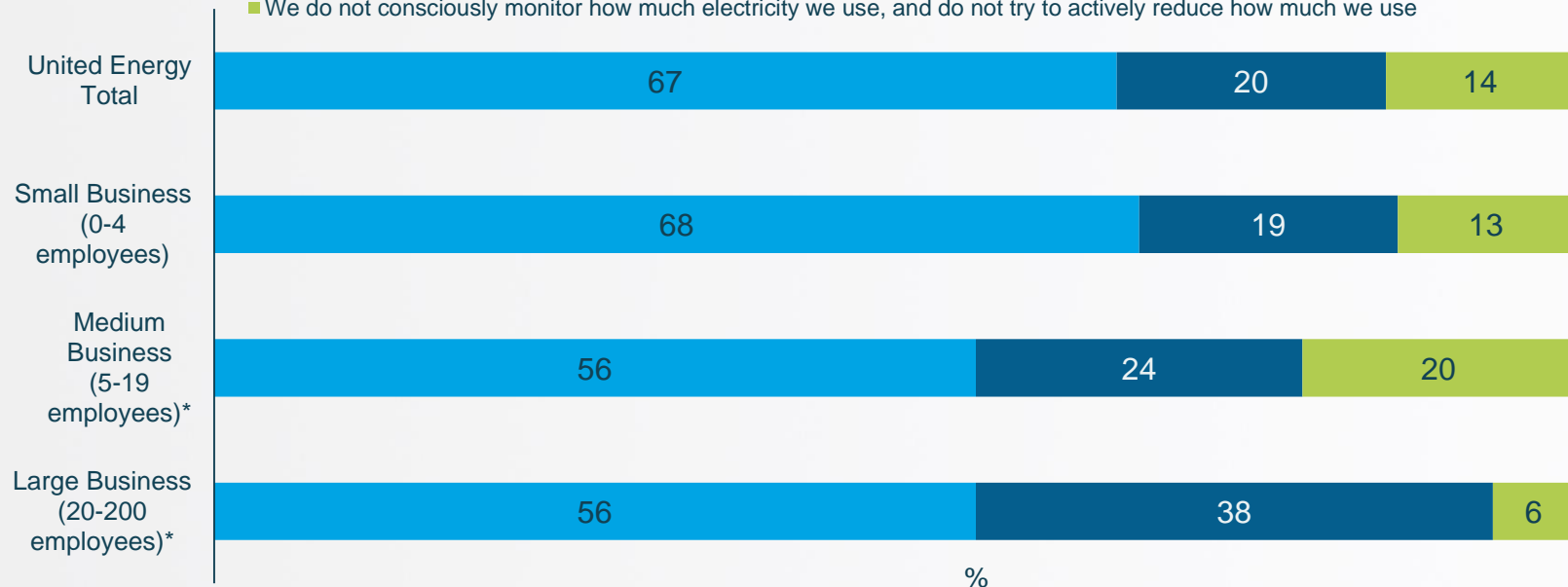
*WARNING: Small Base size

Energy Behaviours

Businesses were generally very conscious of reducing electricity usage as much as possible, however this was slightly lower amongst large businesses.

Attitude toward electricity

- We are very conscious of how much electricity we use and try to reduce our usage as much as possible
- We try to be conscious of how much electricity we use, however we are poor at actively reducing how much we use
- We do not consciously monitor how much electricity we use, and do not try to actively reduce how much we use



Q10. How would you describe your business's attitude towards electricity?

Base All respondents n=201

*WARNING: Small Base size

Assessing the necessity for heating and cooling was a day-to-day measure used by businesses, significantly less so amongst large organisations.

Adoption of energy efficiency measures

Energy Efficiency Measures	United Energy Total (n=201) %	Small Business (0-4 employees) (n=160) %	Medium Business (5-19 employees) (n=25)* %	Large Business (20-200 employees) (n=16)* %
We only heat or cool the premises using heaters or air conditioners when it is absolutely necessary	68	70	64	44
We always turn off our equipment and appliances at the wall	47	47	52	38
We ensure that any machinery or appliances we purchase are energy efficient models	46	46	44	44
We change the times we use certain machinery to avoid peak times	20	22	4	6
We have switched to other energy sources, like gas or an oil generator	7	7	8	6
We have changed our business model to reduce our electricity consumption	5	6	-	-
We have changed our operating hours to reduce our electricity consumption	4	5	-	6
Using Solar	2	2	-	-
Installing energy efficient lighting	1	1	4	-
Other	1	1	-	-
None	12	12	8	13

Q11. Which of the following energy efficiency measures does your business adopt?

Base All respondents n=201

*WARNING: Small Base size

Saving money was the biggest incentive for businesses to implement energy efficiency measures.

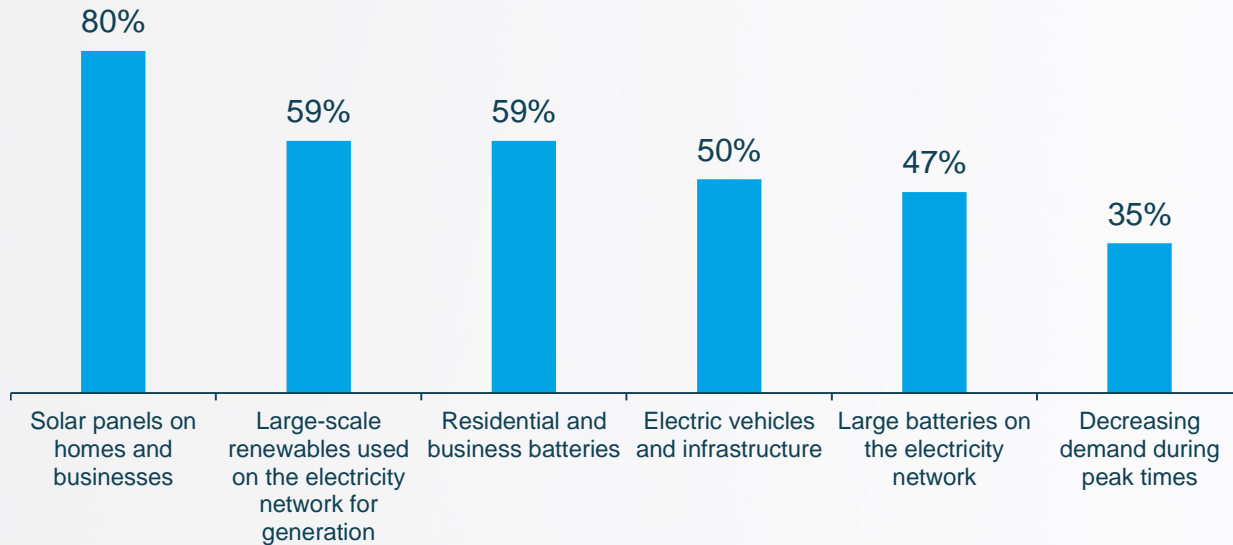
Reasons for adopting energy efficiency measures

Reasons for adopting energy efficiency measures	United Energy Total (n=201) %	Small Business (0-4 employees) (n=160) %	Medium Business (5-19 employees) (n=25)* %	Large Business (20-200 employees) (n=16)* %
To save money	92	91	96	93
To lower our carbon footprint	48	48	43	57
To reduce the load on the network	16	13	35	21
Company policy	1	1	4	7

Q12. Why does your business adopt energy saving behaviours?
 Base Respondents who indicated they adopted at least one of the energy saving methods n=201
 *WARNING: Small Base size

Solar panels, large scale renewables and batteries were the technologies most businesses were strongly in favour of

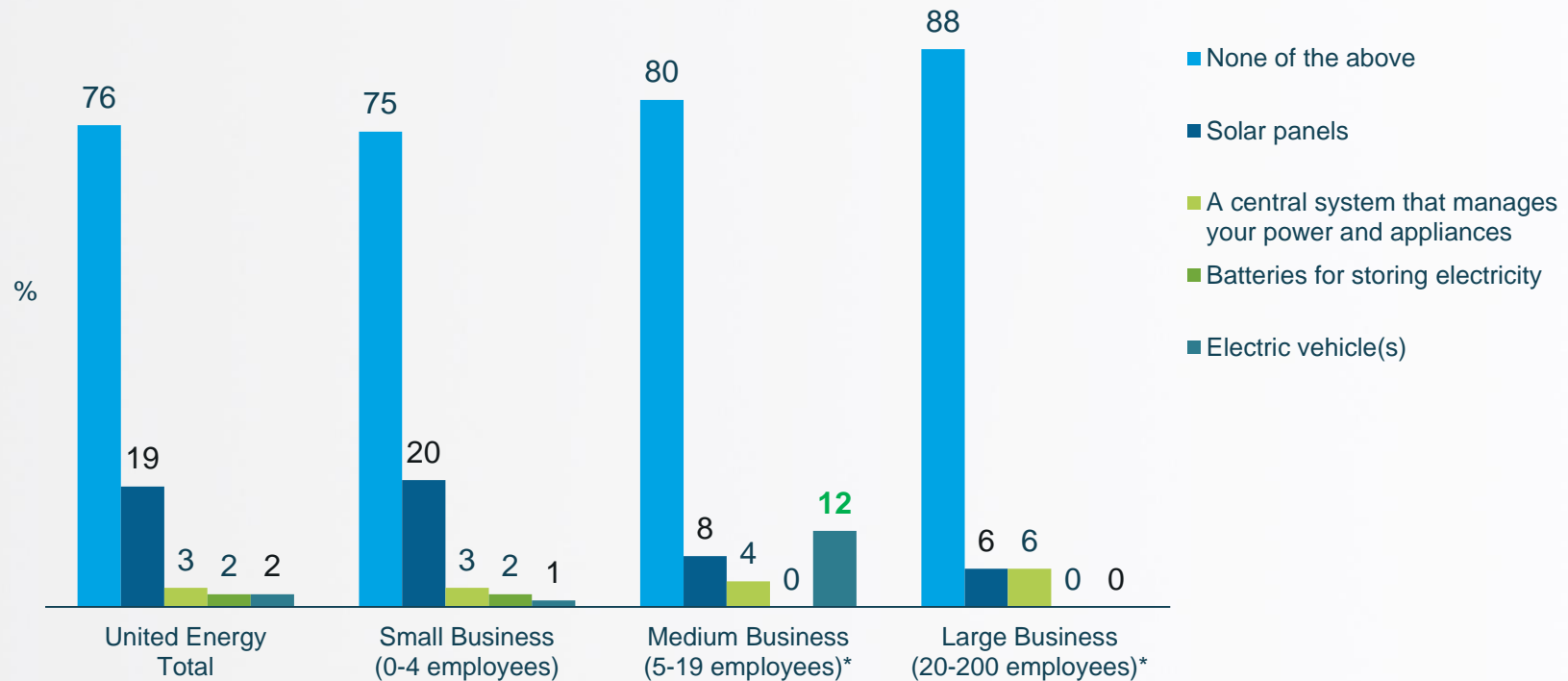
Favourable technological and behavioural network adoptions



Q13. Looking at the following technological and behavioural options below, how much are you in favour of the adoption of them in the electricity network:
Base All respondents n=201

There were only around 24% of businesses that had energy efficient solutions in place, more often solar panels, and electric vehicles for medium businesses.

Energy efficient solutions currently in place within the business



Q14. Does your business currently have any of the following:

Base All respondents n=201

*WARNING: Small Base size

Around 1 in 5 businesses indicated likelihood to adopt energy efficiency measures in the future, usually solar panels or batteries.

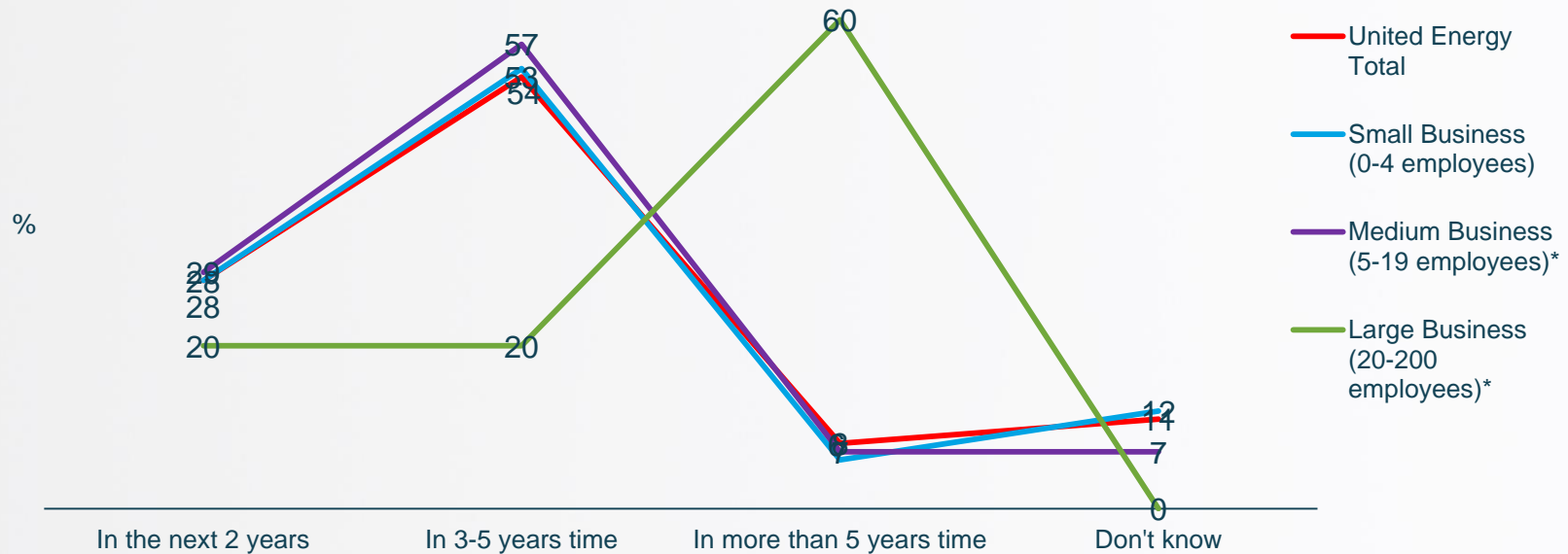
Intention of green energy adoption

Likelihood of installing various green energy measures	United Energy Total %	Small Business (0-4 employees) %	Medium Business (5-19 employees) %	Large Business (20-200 employees) %
Install solar panels	33	33	43	20
Purchase a battery	20	19	32	6
Purchase an electric vehicle(s)	17	17	18	6
Install a central system that manages your power and appliances	13	12	21	20

Q15. How likely would your business be in the future to....
Base Respondents who did not have the green energy option already (Bases vary)

Most businesses envisaged the adoption of green energy technology in 3-5 years time, with larger business looking at more than 5 years.

Timeframe for intended green energy adoption



Q16. When do you think your business would be likely to invest in these technologies?
Base Respondents who did not have the green energy option already and were likely to purchase in the future n= 94

*WARNING: Small Base size

Saving money was the biggest motivation for investing in green energy, as well as to be more self-sufficient.

Reason for being likely to invest in green energy technology

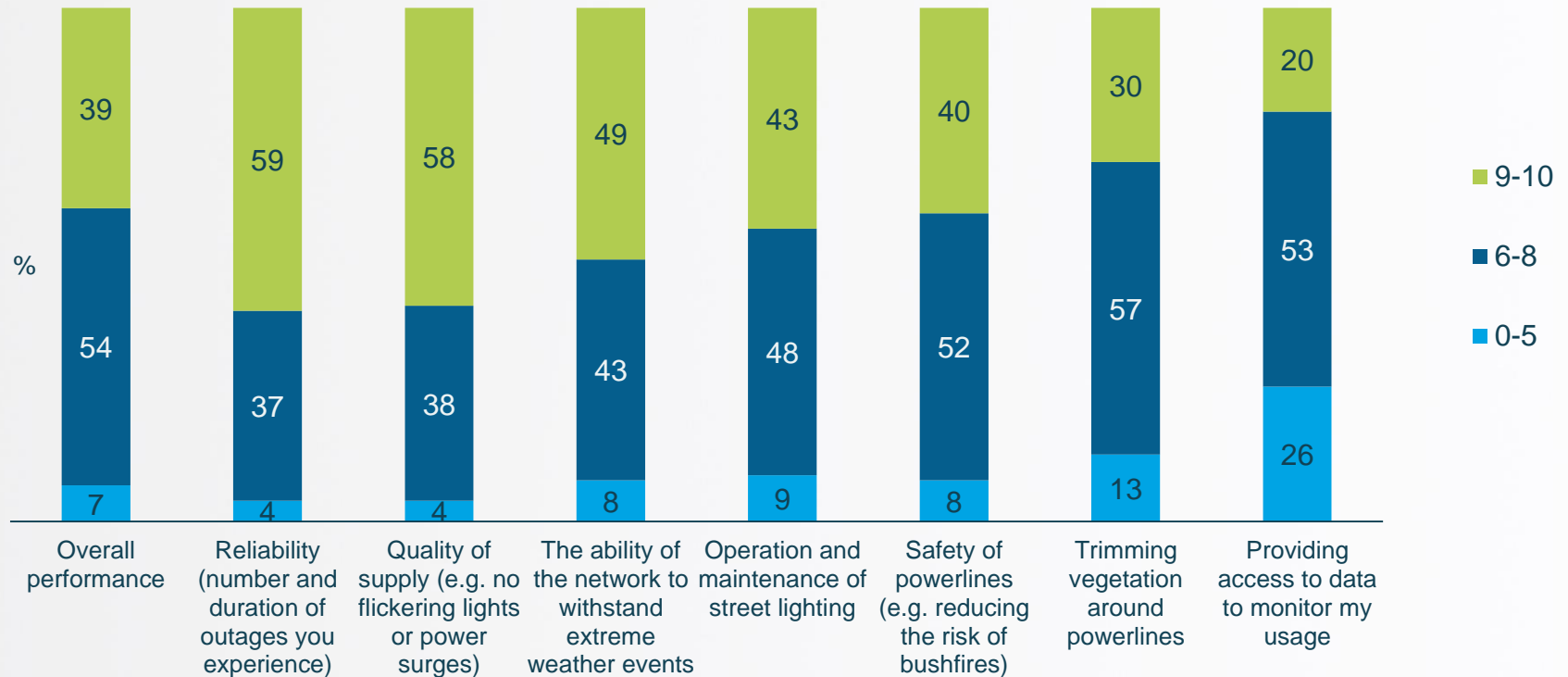
Reason for intention to install various green energy measures	United Energy Total (n=94) %	Small Business (0-4 employees) (n=75) %	Medium Business (5-19 employees) (n=14)* %	Large Business (20-200 employees) (n=5)* %
To save money	87	86	71	80
To be more self-sufficient	76	75	86	80
It is more sustainable	65	64	64	80
To sell electricity back to the grid	37	37	29	60
As part of a downsize/upsized	5	5	-	-

Q17. And for which of the following reasons would your business be likely to invest in these technologies?
 Base Respondents who did not have the green energy option already and were likely to purchase in the future n= 94
 *WARNING: Small Base size

Network Performance

Distributor performance is generally satisfactory on most measures with the exception of providing access to data to monitor usage.

Satisfaction with distributor performance



Q18. Thinking about all that your network distributor does, could you please rate your satisfaction with their performance using a score out of 10, where 10 is the highest and 0 is the lowest, on the following factors. For example, how satisfied are you with [insert network] in terms of:
Base All respondents n=201

There was a general lack of acceptance to have lower reliability as a trade off for a reduction in electricity bills

Acceptance of trading off reliability for a reduction in electricity costs



Q19. In principle, would you be willing to accept a lower level of reliability (for example, more or longer outages or more flickering power) if it meant a reduction in your electricity bill?

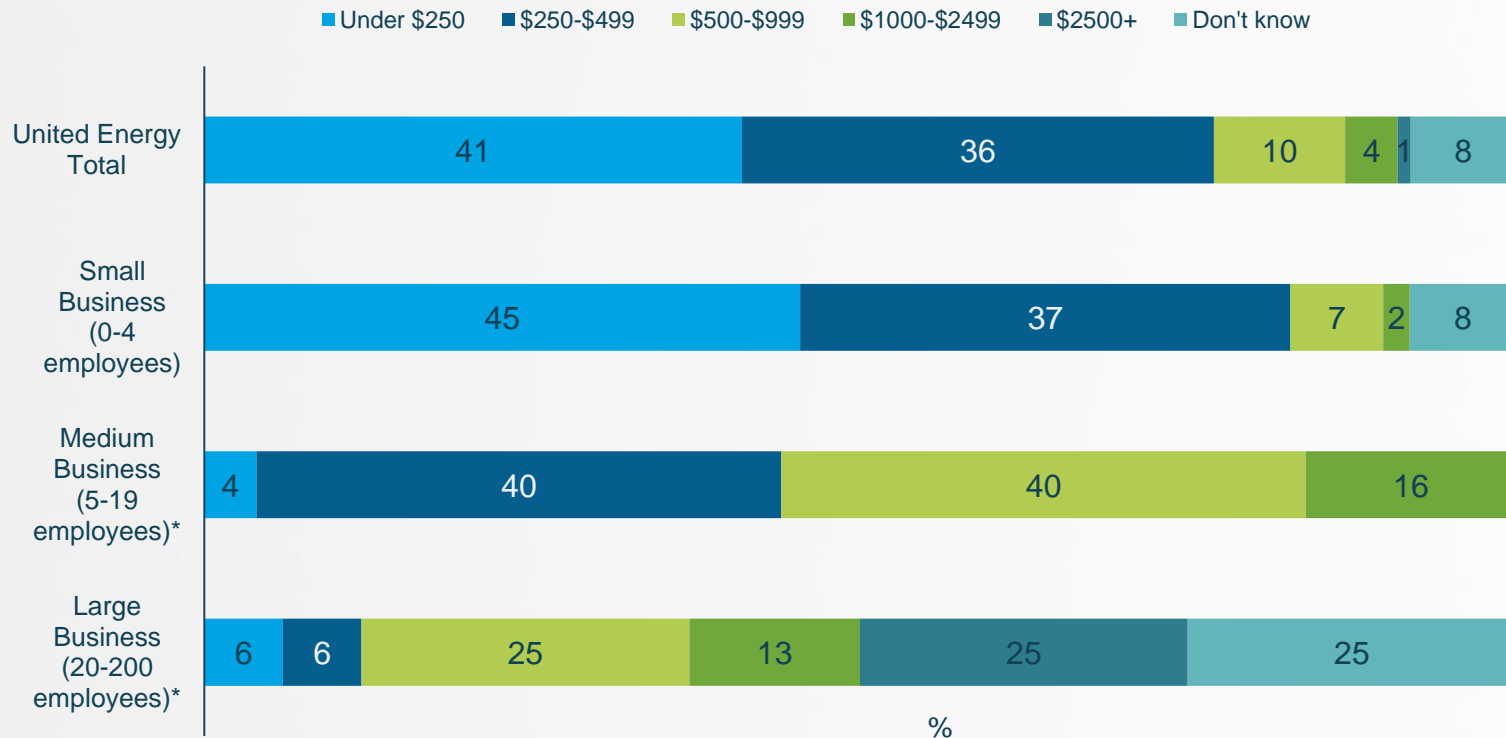
Base All respondents n=201

*WARNING: Small Base size

Pricing

The majority of businesses paid under \$250/month, with small businesses significantly less likely to be paying higher amounts.

Cost of Monthly Electricity Bill



Q21. Which of the following price ranges does your business's typical electricity bill fall per month?

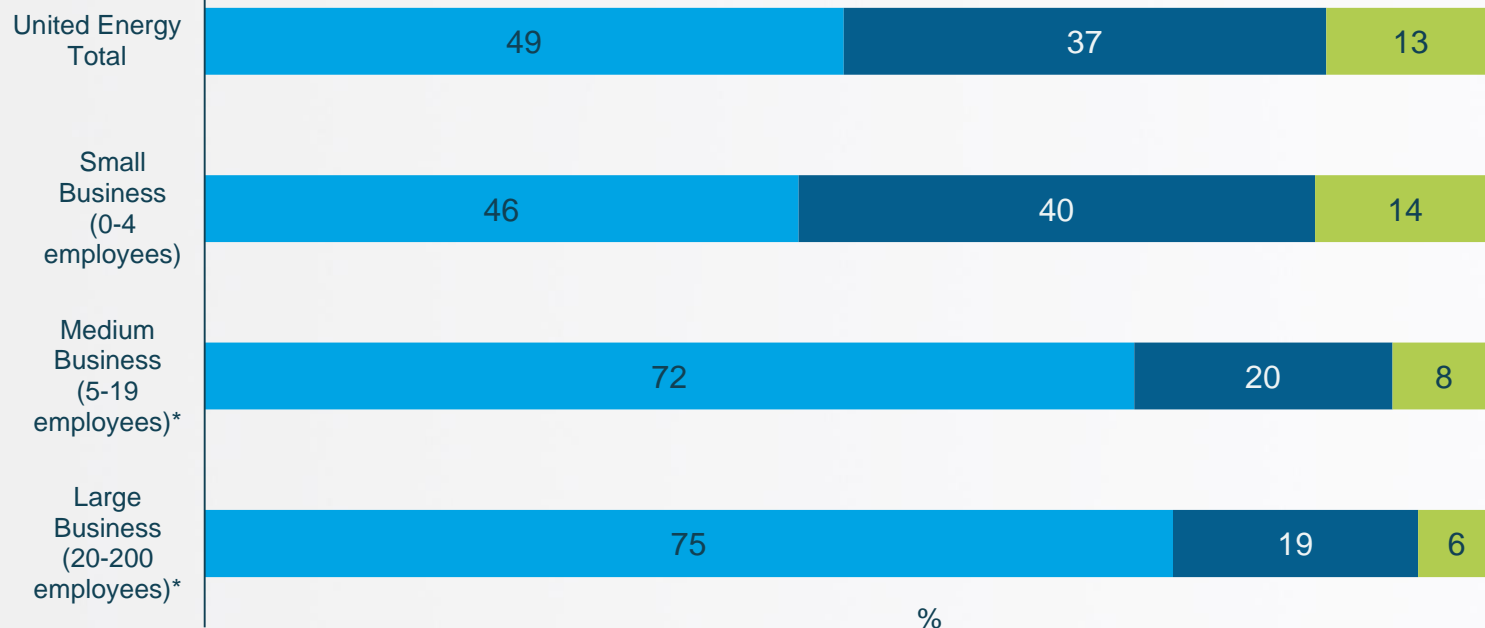
Base All respondents n=201

*WARNING: Small Base size

There was a slight preference for pricing to stay the same rather than move to variable pricing, which was significantly higher amongst medium and large businesses.

Time of Use Pricing Preferences

■ Prefer stay the same ■ Prefer varies ■ Don't know

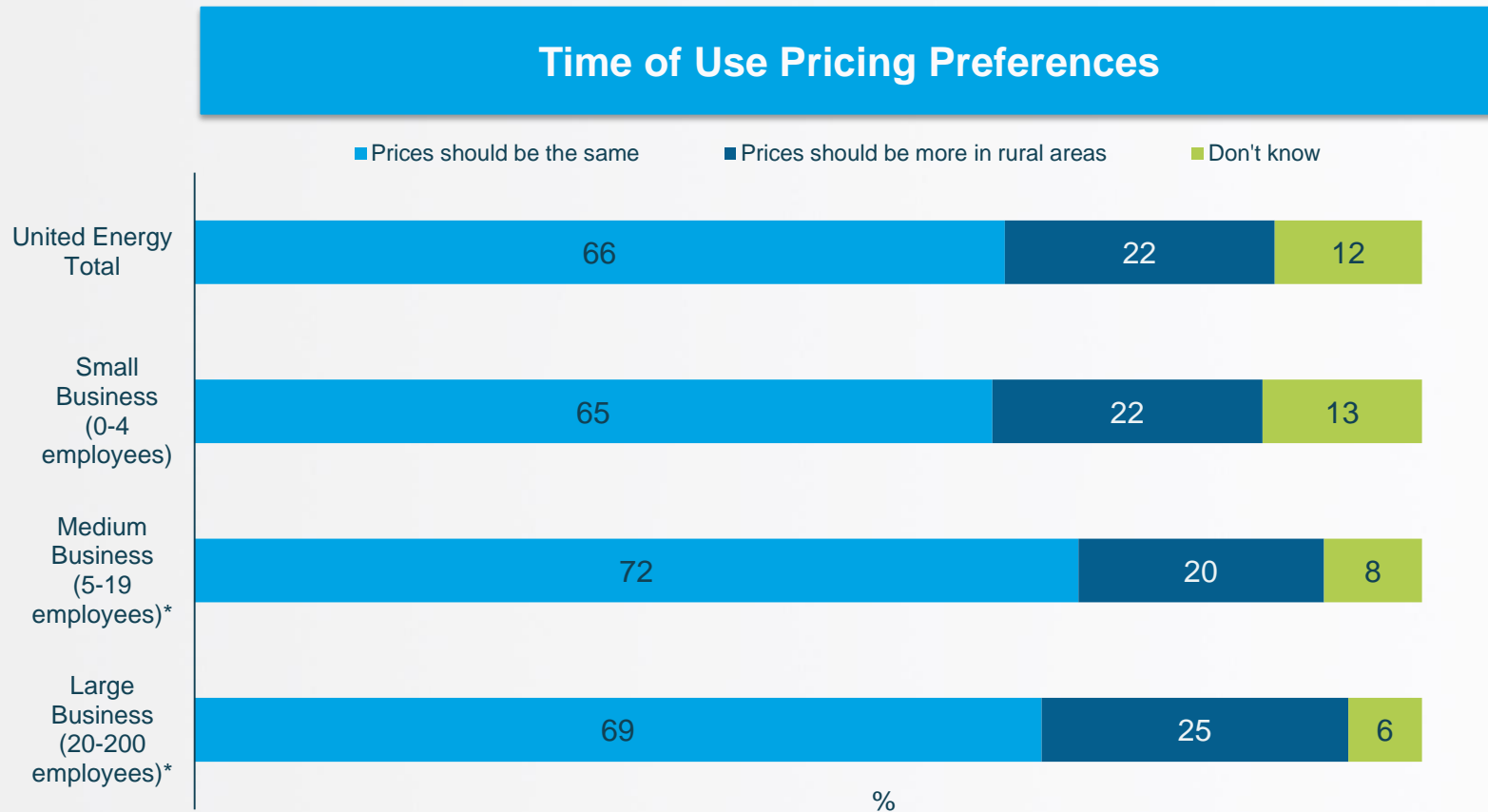


Q22. Do you prefer that the price of electricity stays the same throughout the day regardless of how or what time of the day you use it, or would you prefer that it varies? ? A variable price would allow your business to alter its electricity usage in response to lower and higher prices.

Base All respondents n=201

*WARNING: Small Base size

Two-thirds of businesses felt that prices should stay the same across geographic locations.



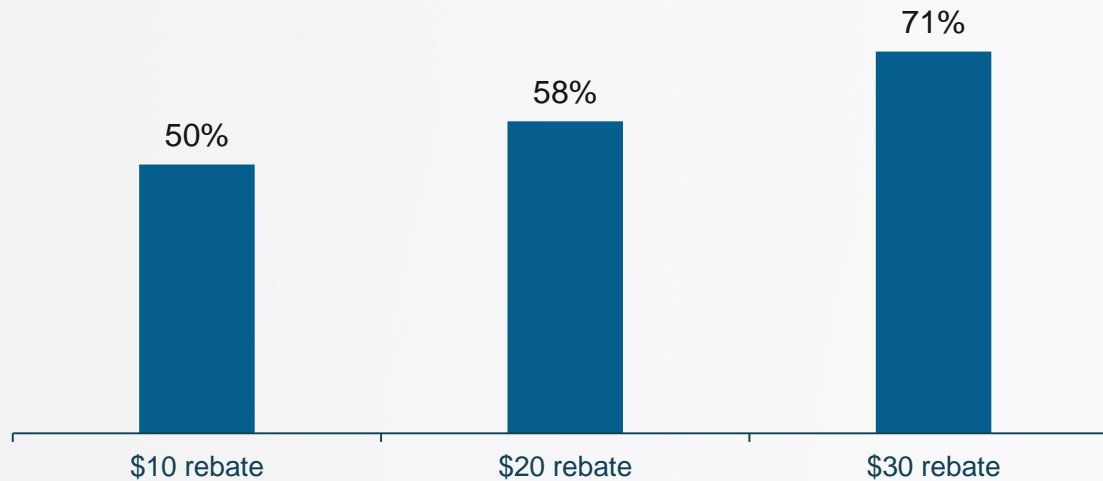
Q23. It costs more to supply electricity to rural and remote areas than urban areas. Do you think that everyone should be paying the same rates regardless of where they live or should rural customers be paying more for electricity than urban customers?

Base All respondents n=201

*WARNING: Small Base size

Fifty per cent of businesses indicated they would be interested in a rebate of \$10 for reducing energy usage

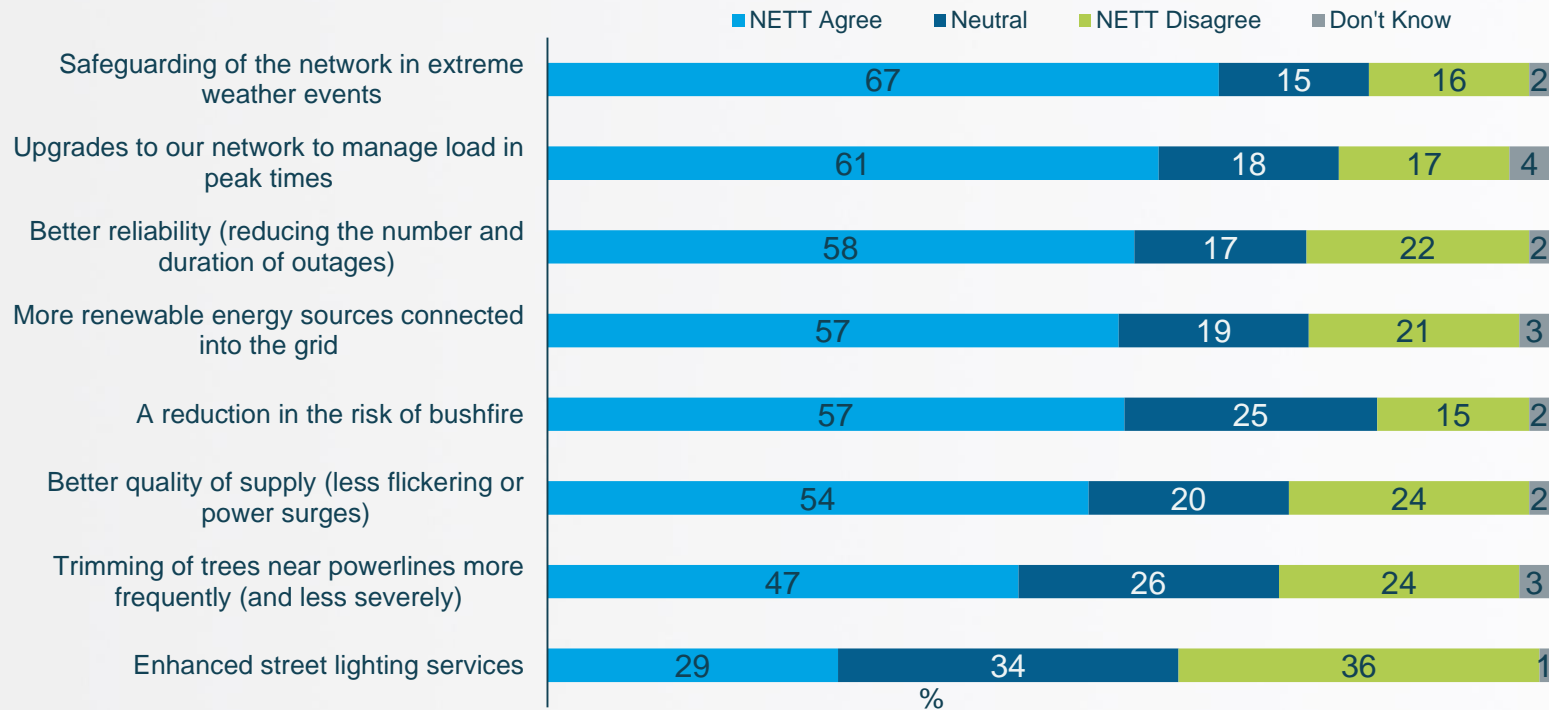
Rebates for Reduction in Electricity Consumption



Q24. How interested would you be in a rebate that rewarded you for reducing your electricity consumption during peak times? How interested would you be if the rebate resulted in a saving of ...
Base All respondents n=201

There was a greater willingness to pay for safeguarding against extreme weather, and upgrading for peak time loading.

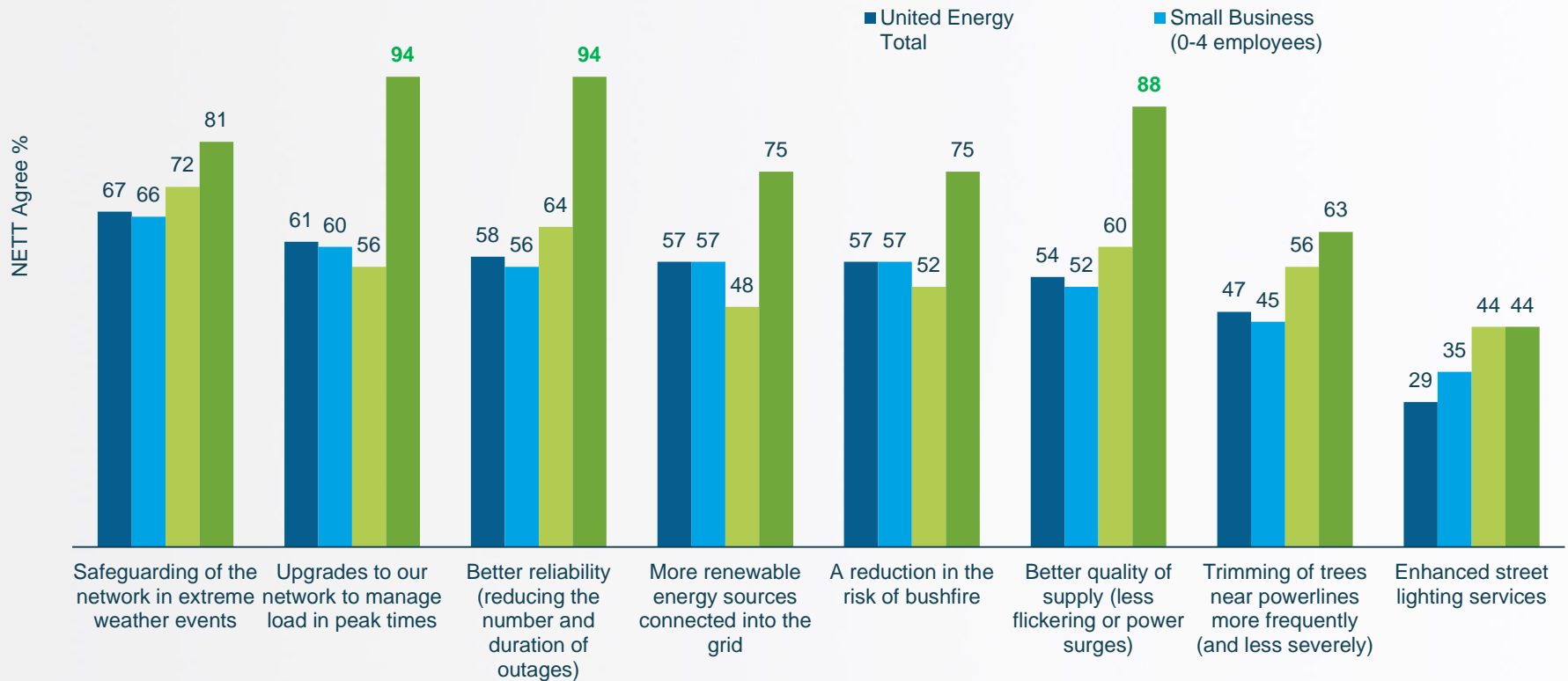
Willingness to Pay for Various Services



Q25. To what extent do you disagree or agree that: "I would be happy with a small increase in my business's electricity bill (less than \$1 per month per option) to provide..."
Base All respondents n=201

Large businesses were significantly more likely to agree with paying more for upgrading for loads during peak time, reliability, and supply.

Willingness to Pay for Various Services by Business Size



Q25. To what extent do you disagree or agree that: "I would be happy with a small increase in my business's electricity bill (less than \$1 per month per option) to provide..."

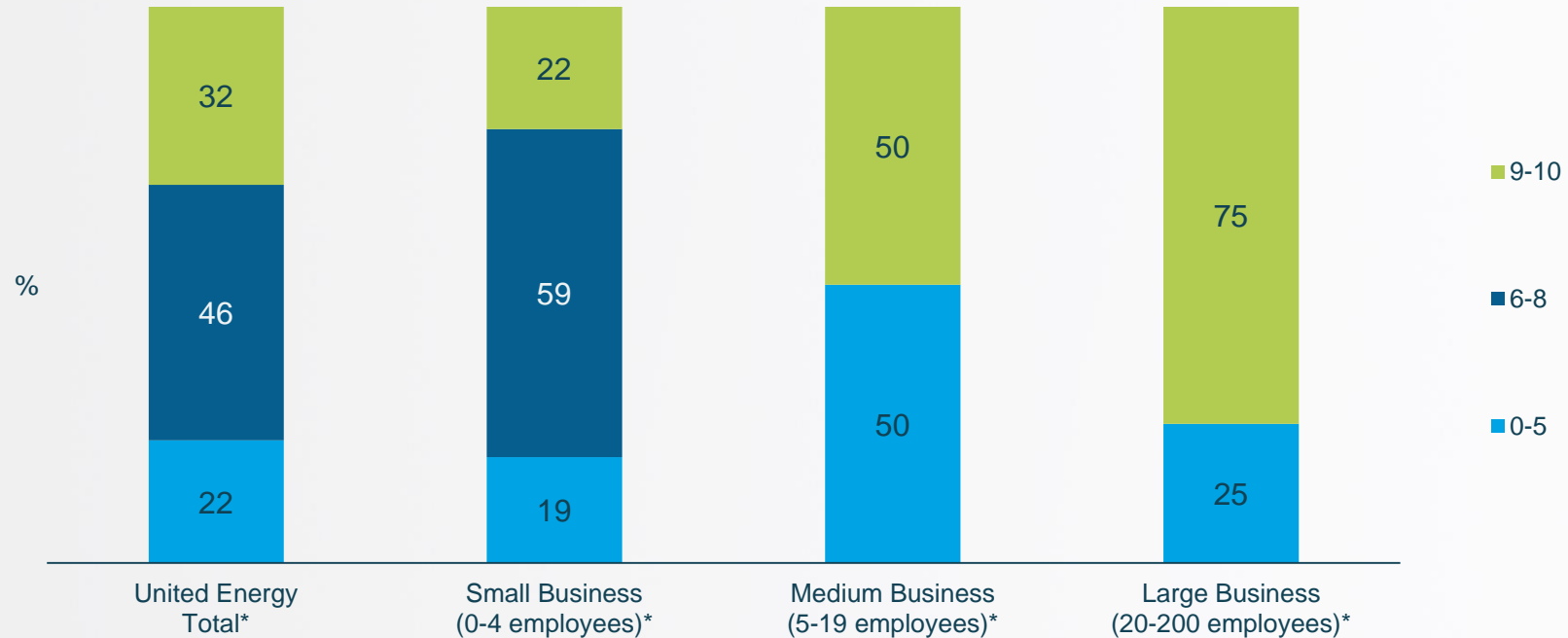
Base All respondents n=201

*WARNING: Small Base size

Connections

Large businesses were significantly more likely to have had power connected in the last 12 months. An average rating of 6-8 was most common.

Satisfaction with Connection Service



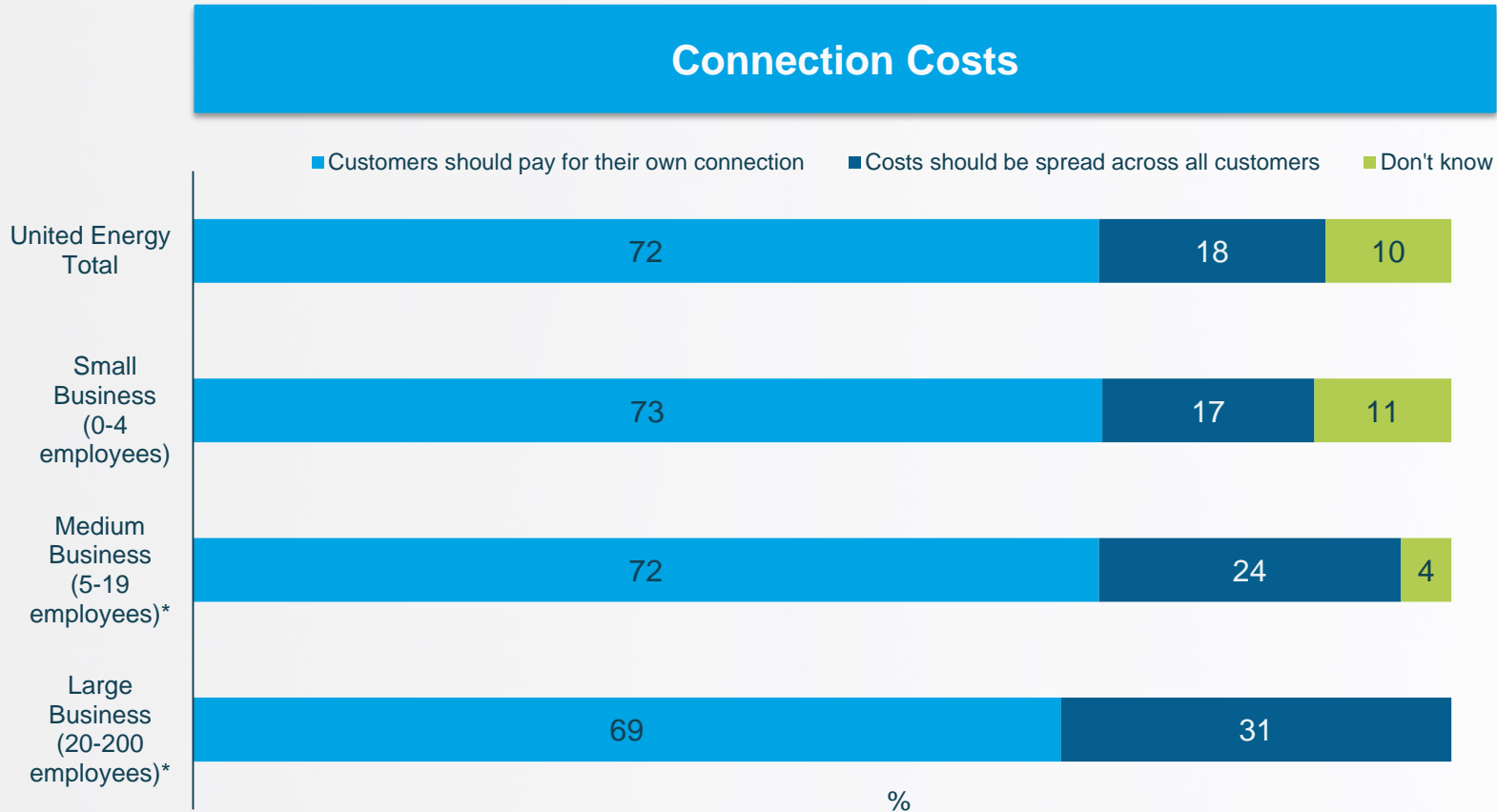
Q28. On a scale from 0-10, where 0 is very dissatisfied and 10 is very satisfied, how satisfied were you with the service you received from your distributor during the connection process?

Base respondents who had power connected for a new home in the past 12 months n=16*

*WARNING SMALL BASE SIZE

*WARNING: Small Base size

There was as strong call for businesses to pay for their own connection costs



Q29. Do you think the cost to connect customers to the network for a new home, business or solar should be spread across all customers, or paid by the customer requesting the connection?

Base All respondents n=201

*WARNING: Small Base size

Liz Sparham | Associate Director

t +612 9261 5221 | e lsparham@woolcott.com.au

www.woolcott.com.au

Phase II

Prepared for United Energy

