

**United Energy
integrated
summary report**

August 2019



Background

United Energy 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)	<ul style="list-style-type: none">Identified and confirmed United Energy’s key audiences and engagement frameworkExplored customers’ initial views on regulatory issues	Surveys Mini groups	-	Surveys	In-depth interviews	-
3 (2018)	<ul style="list-style-type: none">Involved community opinion leaders on identifying local energy issuesFeedback on initial proposals and investment options	Surveys Forums		Surveys	In-depth interviews	Forums
4 (2019)	<ul style="list-style-type: none">Investigated key issues for the networkFine tuned proposals for the Draft Proposal	Surveys Forums	Mini groups	Surveys	In-depth interviews	Forums

In total, the following interactions have taken place in United Energy’s engagement program:

	Total Qual N=	Total Quant N=	TOTAL
Residents	182	1205	1387
SME	16	405	421
C&I	22	-	22
Opinion Leaders	4	-	4
TOTAL	225	1609	1834

In addition to customers, United Energy 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 United Energy and its role.

- Unprompted awareness of United Energy was low (Residents 33%, SMEs 41%). This was lower in 2018 (Residents 16%, SMEs 25%) and 2019 (Residents 16%, SMEs 22%).
- There was stronger awareness of what a distributor does, most commonly seen as:
 - responding to outages (2019: Residents 59%, SMEs 59%)
 - getting electricity to home/business (2019: Residents 59%, SMEs 52%)
 - maintaining poles & wires (2019: Residents 53%, SMEs 60%)
- 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 United Energy 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 United Energy should focus on.

- Throughout the engagement it was clear that residents valued a reliable service (70%) at an affordable price (69%) and assumed that safety is a given. They also expected United Energy to be a future focussed organisation working towards enabling the grid to connect more renewable energy sources.

- SMEs valued receiving a reliable supply (84%) at an affordable price (77%) 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.

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 over two thirds of residents and SMEs (69% Residents and 68% 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 United Energy 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

- Customers 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.
- They support the use of compensation payments in the meantime.
- Safety is seen as a given, and therefore too important to be a 'value' or traded off. Customers want safety to be maintained and improved where possible across the network, although balanced with cost, and they were supportive of United Energy's plans in this area.

Detailed Summary - A reliable supply of electricity

- Most residential and SME customers were satisfied with their current level of reliability (86% residents, 81% SMEs) and would like it maintained. They were not willing to accept lower reliability for lower cost (16% of residents and 3% of SMEs).
- However, they were concerned about worst served areas (10% of residents and 4% of SMEs were not satisfied with their reliability) and believe that these areas should be a focus for investment (56% of residents and 68% of SMEs rated a similar standard of reliability across the network as very important (scores of 9-10). 65% of participants agreed that this network investment should be paid for by all customers, with only 20% saying it should be paid for by customers living in worst served areas.
- They were supportive of the concept of compensation payments for those receiving lower levels of reliability until the level can be brought up and 40% of residents even thought they should increase.
- Most were also satisfied with power quality (53% of residents and 58% of SMEs gave a score of 9-10 out of 10).
- There was little awareness amongst all customers groups that an increase in renewables on the network affects power quality for everyone. United Energy should manage customer expectations about the cost of integrating more renewables and how two-way flows of electricity will be managed.
- 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 (SMEs - Reliability 58%, Quality 54%). Residential customers were less likely to be willing to pay a bit more for this (Residents - Reliability 42%, Quality 37%)
- 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 United Energy to provide timely communication during these incidents and provide substantial prior notice for planned outages, 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 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 United Energy unlocking capacity in AMI meters to detect potentially faulty assets (91%). They wanted the replacement of high priority dog bones and moderate priority within 5 years (31 out of 38).

Detailed Summary - A safe network that mitigates bushfire risks

- Satisfaction with the actual safety of powerlines (to reduce fires) was given 9-10 scores by 40% of residential and SME customers (well below half). Most gave 6-8 scores.
- 62% of residents and 57% of SMEs were interested in paying an extra \$3.50 a year to invest in technology to improve reliability and safety.
- Residential (48%) and SME customers (57%) stated they were willing to pay <\$1 per month to reduce bushfire risks and <\$1 per month to safeguard network during extreme events (Residents 49%, SMEs 67%).
- Most were happy with 1000 pole replacements a year (Residents: 58%, SMEs: 62%), although two in five (Residents: 42%, SMEs: 38%) were willing to pay more to increase the number to 2000+.
- 64% of residents and 62% of SMEs felt that even though it was a cost to consumers, United Energy should invest in undergrounding its assets. There was a strong view at the United Energy forum that any assets that were not already underground should be progressively moved on a priority basis.
- However, there were not strong feelings about vegetation - most wanted trimming to remain at the same level and frequency as now (Residents 45%, SMEs 59%). Around half (60% of residents and 56% of SMEs) thought that some vegetation should be removed and replaced with more appropriate and manageable species.

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 United Energy being proactive rather than reactive and implementing plans for an increase in renewables now.
- United Energy 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 CitiPower controlling appliances remotely.

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

- 21-23% of residents and 16-19% of SMEs surveyed 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 batteries (25%). SMEs were also most likely to install solar (33%) then batteries (20%).
- More than half of residents (56%) and well over a third of businesses (41%) 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 and SMEs with solar installed report that they still would have done so if they could not export and only a third who do not currently have solar say they would install solar if they cannot export (Residents 34%, SMEs 27%).
- 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 United Energy. 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.
- Around half of residents (49%) and 57% of SMEs would pay a little more on their bills (<\$1 a mth) for more renewables to be connected to the grid.
- Most customers wanted United Energy to implement flexible grid technology, but some also wanted United Energy to continue to build the capacity of the network to cope with future exporting. 45% of residents surveyed and 61% of SMEs would pay a small increase (<\$1 a mth) to upgrade the network to manage load.

5. Digital Network

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

- Only a minority of residents (14%) and SMEs (9%) had experienced a greenfield connection but most residents were satisfied (79%), and although a small sample over half of businesses. Those who were dissatisfied asked for a quicker connection & better communication (in line with C&I customer feedback in other engagements).
- There were mixed responses to the idea of a 'fast track' connections process (49% did **not** support, 47% supported in deliberative forum). Only 44% of residents and 40% of SMEs thought the concept of a fast track user pays approach was a good idea in the survey. C&I's were not overly supportive of this either, they just generally 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

- 61% said they would be interested in accessing real time data and 68% of residents would use this data to seek rebates or savings. However, in the recent survey only around a third of residents and SMEs were willing to pay extra for more timely data.
- 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 74% of forum attendees).
- In the survey, when asked if they would be interested in a small incentive (e.g. \$10-\$15) to enable United Energy to adjust their energy use for appliances remotely (if they didn't notice a large difference in heating/cooling), nearly half of residents (42%) indicated they'd be happy, but only a quarter of businesses (25%) 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

- 71% of residents and 84% of SMEs rated affordability in the 9-10 range in the 2017 network-wide survey (the second most important value behind reliability for both).
- Two thirds of residents (63%) and over half of SMEs (65%) perceived their electricity bills to be too expensive (not affordable) however most stated that they did not have difficulty paying their bills (77%) except for vulnerable customers.
- For most C&I customers, the cost of electricity was the most critical issue alongside power quality. Some quoted increases in their electricity bills of 20% to 75% in the last couple of years.
- Reaction to the \$44 residential and \$117 business reductions in 2021 were regarded positively, but there was distrust of retailers passing on the savings to customers. Some felt a reduction of \$44 was insignificant & wanted more savings. Most vulnerable and CALD participants indicated that a \$44 reduction was quite reasonable. Consensus that entire reduction should be introduced in first year.

Detailed Summary – Pricing literacy

- Around one in three were unaware of the tariff they were on (Residents 29%, SMEs 34%). 34% of residents and 37% of SMEs thought they were on time of use pricing and 34% of residents and 27% 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 United Energy.
- 80% 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 United Energy (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.
- Around half of residents (48%) 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 (51%). 45% thought a flat rate would suit them best.
- 52% of SMEs felt they should be on a time of use tariff, while 40% saw a flat rate as suitable. However, in the recent survey only 33% of SME respondents said they are willing to change their electricity usage times with 27% 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 United Energy 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: 53%, SMEs: 43%)
- 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 (64%) indicated that they would be likely to participate in trials or programs to receive a financial incentive. This compared with just over a third of SMEs (38%). In the 2019 survey over half of residents (56%) and a third of SMEs (34%) were interested in shifting their usage if they receive a monetary incentive with a further 9-10% interested dependant on the payment amount.
- 47% 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 52% of residential customers and 59% were interested in a \$6 rebate. 71% of SMEs were interested in a \$30 rebate, 58% were interested in \$20 & 50% in \$10.
- Over half of SMEs (55%) indicated they would respond to a peak pricing signal to reduce their power usage. The average expected rebate amount for reduced power usage was \$64.58.
- 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.