

Alex McPherson
Acting Chief Customer Officer
Ausgrid

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Dear Alex

RCP POSITION RE PROPOSED CSIS

Following the August 1 CSIS Voice of Community Panel (VoCP) session I'm writing to advise that the RCP is able to support the proposed scheme.

It was evident to the five RCP members who observed the session, that the VoCP participants were provided with sufficient information about the history of the proposal's development, the regulatory rules which govern CSIS as well as some high level information about some of the other incentive schemes in the NEM, and advice on how the CSIS would operate in practice. Participants were given time to discuss the proposal in smaller groups and raise questions for Ausgrid. Questions were answered and further participant discussion observed by RCP members demonstrated to us that participants had a deep understanding of what they were being asked to approve, and expressed support for the proposal.

It has been apparent to RCP members for many months that Ausgrid customers support efforts to drive improved standards of service. Business customers and ASPs have consistently supported the introduction of a CSIS with a connections timeframe metric, calling out Ausgrid's relatively poor performance in this area with delays and cumbersome processes. During the session on 1 August we observed stronger support in the VoCP for that part of the scheme that aims to improve planned outage management, something that many customers are familiar with.

Ausgrid has acknowledged that some further refinement of the proposal will be undertaken in coming weeks, notably in respect of robust performance benchmarking, and the RCP supports this continuing work. At the same time we encourage Ausgrid to finalise the accountability measures that we have suggested need to be part of the scheme. These include:

- ensuring that customers are not paying twice through investment in customer information systems - an issue that remains an important concern for the VoCP;
- ongoing monitoring and reporting around Ausgrid's telephone answering response times so that this area of customer service does not suffer; and
- an assurance that service level reporting is not kept exclusively within Ausgrid.

To this end we would encourage Ausgrid to report yearly CSIS performance to its CCC and allow discussion of how well the services within CSIS are performing and whether the scheme is in fact driving better outcomes for customers.

We welcome the fact that Ausgrid invited residential customers to shape how the targets should be set, with a clear preference for increasing rewards as performance improves rather than the usual linear approach. We also commend Ausgrid for making it very clear to customers on 1 August what influence they could have over the design of the CSIS and what was non-negotiable. We note however that there were aspects of the scheme that were described by Ausgrid as non-negotiable without any explanation to the VoCP, examples being that the annual reward/penalty would be the 0.5% under the scheme and could not be reduced and the scheme had to be symmetrical (i.e. the

reward and the penalty had to be evenly balanced). Customers had raised concerns about both these issues in the earlier April engagement session and some were disappointed that they were unable to influence these aspects of the scheme.

The RCP's support for Ausgrid's revised CSIS proposal comes with qualification, as much for the attention and consideration of the AER as for Ausgrid. RCP members have observed Ausgrid's staff explaining the purpose of the CSIS to its customers on several occasions. In our experience from involvement in other network engagements, Ausgrid has gone further in its CSIS engagement with its end customers (both residential and business) in the design of its CSIS than other networks. We commend Ausgrid again for the scope of the issues it has included in its engagement program as part of the 2024-29 Proposal. However, it is not clear to the RCP that Ausgrid's residential customers would have voted in favour of the introduction of a CSIS if that choice had been given to them. Instead, they were informed that moving to a CSIS was non-negotiable and that Ausgrid intended to replace the existing \$9m call answering incentive with a CSIS that would include the connections timeframe metric. The explanation for why this was non-negotiable was the very clear feedback and input from business customers and ASPs. The RCP's view is that whilst agreeing that Ausgrid's residential customers 'support' the proposed CSIS through building on the single metric covering telephone call response times, and have shaped some aspects of the proposed scheme, it is not possible to conclude that the proposed CSIS represents their 'preference'.

Throughout the CSIS engagement with customers, RCP members have observed a concern expressed by residential customers about why an incentive scheme for customer service is required. We attribute this sentiment to the unfamiliarity customers have with the heavily regulated environment that distribution businesses operate in. While regulatory economists the world over accept the need for structured incentive schemes to encourage improved performance by monopoly businesses, the view of non-economist customers is much simpler; for them, all businesses should have this motivation as a matter of course and not have to be prompted into improvement through the offer of additional customer money.

Notwithstanding the above point our involvement in helping Ausgrid enhance its CSIS has shown that customers welcome the opportunity to help push Ausgrid to deliver better customer service. However, similar to what we observed through the engagement undertaken with customers regarding cyber investment, consideration needs to be given to the time effectiveness of long engagement with end customers over the more specialised and technical aspects of revenue proposals. We have observed that customers assume that appropriate cyber security and customer service will be mandated under the regulatory framework. RCP is increasingly of the opinion that there is less value in detailed engagement time being spent on these issues, as customers are keen to influence investment and drive outcomes in areas that they value highly such as innovation, resilience and enhancing value for individuals and the community through CER integration and tariff reform.

The RCP would be happy to discuss our conclusions regarding Ausgrid's CSIS proposal at the AER's convenience.

Yours sincerely

Tony Robinson
Chair, RCP