Attachment 11 - Customer Service Incentive Scheme

2025–30 Regulatory Proposal

January 2024

SA Power Networks

Empowering South Australia

Company information

SA Power Networks is the registered Distribution Network Service Provider for South Australia. For information about SA Power Networks visit sapowernetworks.com.au

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Disclaimer

This document forms part of SA Power Networks' Regulatory Proposal to the Australian Energy Regulator for the 1 July 2025 to 30 June 2030 regulatory control period. The Proposal and its attachments were prepared solely for the current regulatory process and are current as at the time of lodgement.

This document contains certain predictions, estimates and statements that reflect various assumptions concerning, amongst other things, economic growth and load growth forecasts. The Proposal includes documents and data that are part of SA Power Networks' normal business processes and are therefore subject to ongoing change and development.

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Note

This attachment forms part of our Proposal for the 2025–30 Regulatory Control Period. It should be read in conjunction with the other parts of the Proposal.

Our Proposal comprises the overview and attachments listed below, and the supporting documents that are listed in Attachment 20:

Document	Description
	Regulatory Proposal overview
Attachment 0	Customer and stakeholder engagement program
Attachment 1	Annual revenue requirement and control mechanism
Attachment 2	Regulatory Asset Base
Attachment 3	Rate of Return
Attachment 4	Regulatory Depreciation
Attachment 5	Capital expenditure
Attachment 6	Operating expenditure
Attachment 7	Corporate income tax
Attachment 8	Efficiency Benefit Sharing Scheme
Attachment 9	Capital Expenditure Sharing Scheme
Attachment 10	Service Target Performance Incentive Scheme
Attachment 11	**Customer Service Incentive Scheme**
Attachment 12	Demand management incentives and allowance
Attachment 13	Classification of services
Attachment 14	Pass through events
Attachment 15	Alternative Control Services
Attachment 16	Negotiated services framework and criteria
Attachment 17	Connection Policy
Attachment 18	Tariff Structure Statement Part A
Attachment 18	Tariff Structure Statement Part B - Explanatory Statement
Attachment 19	Legacy Metering
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1 Overview

1.1 Customer Service Incentive Scheme

The Customer Service Incentive Scheme (**CSIS**) scheme was published by the Australian Energy Regulator (**AER**) in July 2020 with the purpose of providing incentives to Distribution Network Service Providers (**DNSP**s) to deliver customer services which are aligned with customers preferences. The scheme is consistent with the National Electricity Objective in section 7 of the National Electricity Law (**NEL**) and clause 6.6.4 of the National Electricity Rules (**NER**).

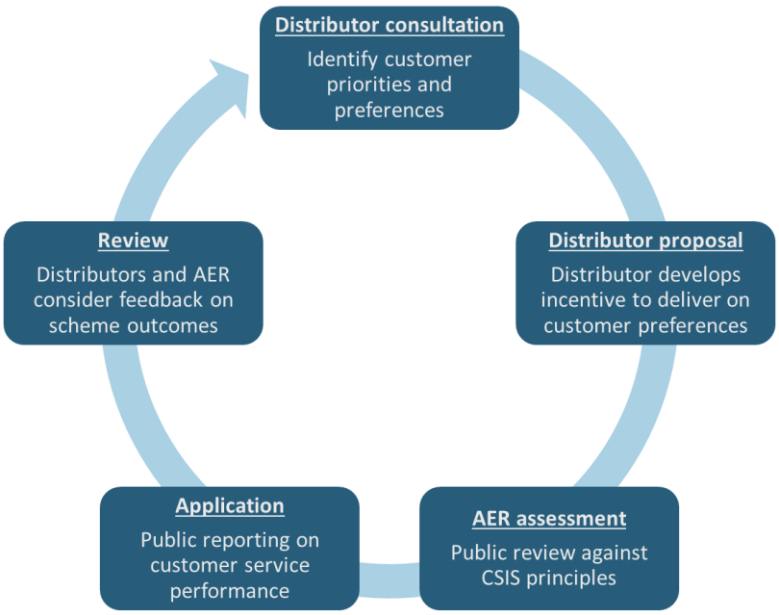
The scheme encourages DNSP's to engage with their customers, identify the customer services they want improved, and then set targets to improve these services. The scheme rewards DNSP's for improving their customer service or penalises them if a service deteriorates.

The AER has published criteria for the design of the CSIS, at a high level, the application of the CSIS includes:

- A flexible principles-based scheme that can be tailored to the priorities and needs of a DNSP's customers;
- Incentive must be developed in consultation with customers and demonstrate strong customer support;
- Revenue at risk is capped at ±0.5%, and for SA Power Networks the CSIS replaces the customer service component of the existing Service Target Performance Incentive Scheme (**STPIS**);
- The CSIS is set every five years, for SA Power Networks, this will apply for the 2025 to 2030 period; and
- The scheme is to be applied via the Framework & Approach process and regulatory distribution determination.

The high-level application published by the AER is outlined in Figure 1.

Figure 1: Application of the CSIS[1]



[1] AER, Explanatory Statement Customer Service Incentive Scheme, July 2020, p4.

1.2 Our proposal

For the 2025–30 regulatory control period (**RCP**), we propose to remove the customer service component from the AER's STPIS and instead adopt its CSIS, published in July 2020.

Our current customer service measures under the STPIS are centred around the time to answer telephone calls. While SA Power Networks generally performs well against these measures, they have become less relevant to our customers. We know these measures are no longer reflective of our customers' expectations for customer service or the changing ways that customers interact with us. This includes increasing footprint of digital channels, quality of communication or information provided to customers.

We presented and discussed with customers and stakeholders a range of options that could be included as part of a CSIS or a refreshed regulated customer service measure. Options included regular customer satisfaction tracking, first call resolution, and social media response times. Feedback confirmed that any new measures should consist of 'hard' data measures rather than subjective measures (such as customer satisfaction tracking) and should allow timely response and improvement action to be taken by SA Power Networks.

Through the introduction of the new CSIS, we aim to ensure our customer service delivery is improved, focusing on these specific areas, which are valued by our customers:

- **Faster resolution of customer enquiries:** a focus on first call resolution will ensure a higher portion of our customers have their enquiries resolved at the first phone call, saving customers time in waiting for resolution and follow up interactions; and
- **Keeping customers informed during unplanned outages:** customers consistently asked for timely and relevant information regarding outages impacting their property, as this is key to informing their decision making during an unplanned outage event. Customers have indicated this would improve their overall customer experience with SA Power Networks.

The proposed measures ensure customers receive a balanced service outcome than the current sole focus on time to answer telephone calls. Table 1 outlines the proposed measures.

Table 1: Proposed customer service incentive scheme measures

Proposed measure	Description	Baseline (current performance)	Proposed target	Proposed weighting for CSIS	Proposed revenue at risk p.a. (+/-)
First call resolution – General enquiries phone line	A greater number of customer general enquiry calls would be resolved on the first customer contact, avoiding delays in response time or the need to follow up.	54%	54%	30%	0.15%
Timely restoration status updates	More timely information would be shared with customers via the website and digital messages (SMS, email) regarding the progress we are making with restoring their unplanned outage.	59%	59%	70%	0.35%

The proposed measures are a direct result of extensive customer consultation we undertook in our Reset Focused Conversations. We engaged with our Community Advisory Board (**CAB**) on the detailed design of the new measures. Following the discussion and assessment of many options, the CAB supported the above two proposed measures. We are proud to propose a CSIS which is reflective of customer service expectations and aligned to more modern service outcomes now preferred by customers.

In parallel to the formation of the CSIS, we also responded to the Essential Services Commission of South Australia (**ESCoSA**) review of the Electricity Distribution Code[2] for the 2025–30 Regulatory Control Period (**RCP**). The review included consideration of our customer services measures and resulted in ESCoSA including the addition of a first call resolution measure, consistent with the first call resolution measure being proposed for the CSIS.

Our proposal is consistent with CSIS proposals recently submitted by eastern state distribution businesses as a part of their regulatory submissions. It has been observed that the AER has accepted proposed CSIS approaches of other distribution businesses where they adhered to the AER's criteria for the CSIS.

[2] Electricity Distribution Code, Essential Services Commission (Electricity Distribution Code EDC14 (escosa.sa.gov.au)).

2 Background

The AER currently incentivises us to improve our customer services through the STPIS. The current customer service measure for the STPIS is centred on the percentage of faults and emergencies agent calls answered within 30 seconds. The 2020–25 RCP target for this measure is 78 percent.

During our customer consultation process, we have received consistent customer feedback regarding our existing STPIS fault call answering measures. Our customers have indicated that they are supportive of a move away from the current measure, and that the current measure is out of date and no longer reflective of the digital preferences for customer service delivery we utilise today and will increasingly utilise next period.

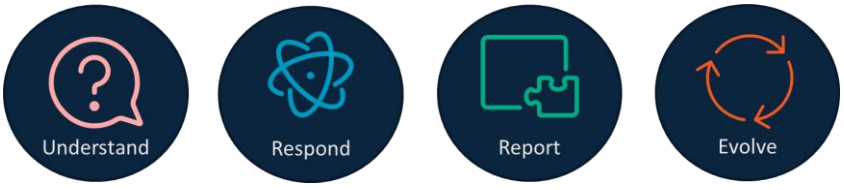
The increasing reliance on electricity and our customers' need for accurate information about their power supply is reflected in the changing way customers communicate with us and their expectations of our services. People are accessing our services at increasing rates. For example, in 2023, SA Power Networks:

- proactively sent approximately 8.4 million digital messages related to power outages;
- received 7.8 million internet page views and 1.9 million visits to the website to report or view power outages amongst other page visits;
- processed 21,000 requests for new, altered or abolished connections;
- conducted approximately 3.4 million customer electricity meter reads (and sent 260,000 SMS messages related to these visits); and
- answered 270,000 phone calls.

To respond to the increased demand for services and the associated customer service expectations in the 2025–30 RCP, we propose to move away from the AER's customer service component of the STPIS and adopt its CSIS, published in July 2020. The CSIS is consistent with the National Electricity Rules and encourages distributors to engage with their customers, identify the customer services they want improved, and then set targets to improve these services. The CSIS rewards distributors for improving their customer service or penalises them if a service deteriorates. While each distributor may develop their own CSIS approach, it must be developed in consultation with customers. As a result, we have engaged extensively with our customers to design a new CSIS which is reflective of their customer service expectations.

2.1 Principles underpinning our customer service

We consulted extensively with our customers and agreed with them the key principles underpinning the design of our CSIS. The four key principles included:



- **Understand**: what customers value from their customer service experiences with SA Power Networks.
- **Respond**: provide insights which allow a timely response and resolution.
- **Report**: capture and report on hard data points.
- **Evolve:** adapt to changing customer expectations.

3 Customer focused CSIS development

The CSIS was developed with considerable input from customers. We designed an extensive customer engagement plan and ensured that customer feedback was at the core of the design of the CSIS. The engagement process consisted of a variety of qualitative and quantitative data collection approaches including surveys and workshops designed to actively consult customers and stakeholders on their customer service expectations and priorities.

The multi-year engagement approach ensured input from a broad range of customer segments and comprised five key stages which are described in Table 2. Customer feedback provided throughout the process allowed us to modify and evolve the service measures proposed and ensure that these are in alignment with customer service expectations.

Table 2: CSIS Customer Engagement Approach

Stage	Approach	How this shaped the design of the CSIS
Stage 1: Extensive customer research November 2021	Supported by an experienced external market and customer research organisation we conducted extensive research of our customers' service expectations and priorities.	Quantitative and qualitative data gathered through research was used to support a deeper understanding of customer service expectations.
Stage 2: Broad and diverse workshops April 2022 - May 2022	Capture feedback and perspectives from customers across various demographical, geographical, and cultural backgrounds.	Quantitative and qualitative data gathered to support narrowing down of key CSIS design principles and customer service priorities.
Stage 3: Focused conversations September 2022	Workshop oriented discussion allowing deeper exploration of the CSIS.	Direct feedback from customers on the CSIS and their initial feedback on a range of customer service measures presented for discussion.
Stage 4: Co-design the CSIS with customers October 2022 - March 2023	Co-design the CSIS measures and associated targets with the CAB.	Detailed exploration of the specific CSIS measures and their associated targets.
Stage 5: Engagement through our draft plan July 2023	We published our draft proposed CSIS measures as a part of our Draft Proposal released for consultation.	Customer feedback on the scheme was received and is discussed in Section 3.5.

3.1 Extensive Customer Research

We conducted extensive customer research in late 2021 which involved over 400 hours of qualitative and quantitative research with more than 1,200 people. The research conducted included a comprehensive sample of customers as noted in Figure 2 and Figure 3.

Figure 2: Customer Research Customer Group - Qualitative Sample

Customer Group	Methodology	Sampling notes
Residential Customers	8 x 90-min virtual focus groups	Sample was split evenly by solar and non-solar customers, location and technology adoption.
	15 x 30-min virtual in-depth interviews	Conducted amongst customers who had had a recent experience with SA Power Networks.
Business Customers	15 x 30-min virtual in-depth interviews	Sample was split evenly by dwelling type, energy consumption level, solar and non-solar customers and number of employees.
Major Customers	10 x 30-min virtual in-depth interviews	
Local Government and Community Groups/ Electricians/ Solar Installers/ Property Developers/ Consultants	10 x 30-min face-to-face in-depth interviews	
Vulnerable Customers	10 x 30-min virtual interviews	Customers spoken to included those experiencing financial difficulty, those who required priority supply and those who were in a vulnerable location.

Figure 3: Customer Research - Quantitative Sample

How?

20-minute online quantitative study amongst **n=1,098** South Australian customers including:

Customer Type	n=664 Residential Customers	n=384 Business Customers	n=50 Vulnerable Customers

Addressable market

Respondents were 18+ South Australians who were either the main or joint decision-maker for their household or business. The business customer cohort included stakeholders such as electricians and meter and solar installers.

The research identified that customers expect great quality of service to be provided to them by SA Power Networks, with attributes prioritised as follows:

1. Providing advice to customers to optimise their energy supply and consumption;
2. Effectively resolving customer enquiries;
3. Ethically managing customer supply and consumption data;
4. Listening and responding to customer feedback;
5. Making it easier to deal with SA Power Networks; and
6. Speed in answering a customer call

The research indicated that the lowest customer priority was centred around speed in answering telephone calls, which is the focus of the existing STPIS measure.

Key outcomes arising from the research indicated that when it comes to customer service delivery:

- SA Power Networks can optimise the customer experience through digital channels for enquiries and providing more accurate estimates;

- 60 percent of customers were satisfied with the planned outage experience which assists customers plan around maintenance outages including whether they vacate their home for the duration of the outage. Customers indicated that the planned outage communications could be further improved by providing an indication of whether it is actually necessary to leave their homes to further assist their decision making when experiencing a planned outage;
- 55.2 percent were satisfied with the time taken to restore power. Customers noted that there should be a review of current internal processes to identify opportunities to improve accuracy of outage resolution estimates; and
- 30.6 percent of customers were satisfied with the time taken to answer queries and sought optimisation of enquiries via phone call by reviewing internal processes with emphasis on barriers to enquiry resolution and ensuring that subject matter experts were available to assist varying types of customers.

The customer research outcomes were used to shape further consultation and exploration of the proposed CSIS under the topic of Customer Experience, which was a part of the broad and diverse engagement workshops.

3.2 Broad and Diverse Engagement Workshops

As part of our overall stakeholder and consumer engagement plan, we facilitated a series of targeted and regional workshops. These conversations focused on our four key themes including the "Customer experience, choice and empowerment" theme relevant to this Proposal.

Two distinct approaches were adopted for the broad and diverse engagement, the shorter targeted focus group engagement with diverse populations and the longer form workshops for regional audiences. The six targeted workshops aimed to engage with identified targeted communities, who may otherwise experience barriers to consultation participation in an effort to include the voices of traditionally dis-engaged people in planning the future electricity network.

The six regional workshops were delivered in several locations across South Australia to seek input on the four Reset themes, as well as discuss location specific issues to be considered in planning the future electricity network. In total 153 people attended the regional workshops and 80 people attended the targeted community focus groups making an overall total of 233 people who contributed (Figure 4).

Figure 4: Broad and diverse engagement workshop participant summary

Demographic descriptor	Total #
Business customer of SA Power Networks	26
Residential customer of SA Power Networks	121
Living with a disability	15
Aboriginal or Torres Strait Islander origin	1
Born in a country other than Australia	22
Industry representative	14
Household with less than $650 weekly income before tax	40
Other	11

Demographic descriptor	Total #
Afghan (Pashtun / Dari)	23
Deaf / hearing impaired	5
Aboriginal	7
Italian	17
Renter	15
Youth / young adult	13

During the workshops we sought advice from customers on three key questions:

1. When it comes to customer experience, what matters most to you?
2. How important is it that we invest in evolving our services to support changing customer needs?
3. What are your priority focus areas?

The Customer Experience theme accounted for 24 percent of all comments received, key feedback and voting during the workshops provided a strong indication of the customer service attributes most valued by customers, as outlined in Table 3.

Table 3: Customer service attributes valued by customers

Key customer service attribute valued by customers	Votes received by broad and diverse participants
Quality communications	89
Receiving trusted advice	84
Speed	64
Responsiveness	44
Quality	39

Key feedback by broad and diverse participants included:

- Need for improved communications;
- Retailer and SA Power Networks communications need focus;
- Communications relating to the 'new connections' process have room for improvement;
- Support for more proactive SMS services to customers;
- Support for a 24/7 mobile app to support timely updates to customers; and
- Generally people saw SA Power Networks as impartial experts with a relationship with every electricity consumer in South Australia.

The feedback captured helped inform future engagement on this topic for 'Focused Conversations'.

3.3 Focused Conversations

Our proposal to move to the new CSIS was discussed in depth as part of the "Customer Experience and Interaction" Focused Conversation workshop in September 2022.

The Focused Conversations were attended by a range of stakeholders across residential, business and community reference group members. They were offered as both an in person and online workshop.

Key customer feedback, comments and discussion items included:

- Recognition that different generations have different customer service expectations and that younger generations are preferencing online self-service which should be taken into account when defining new measures;
- "Quality of interaction" measures should be considered which consider quality of data, quality of business process and quality of next steps actions required/recommended;
- Hard measures such as first call resolution are more precise and easier to identify trends and required management responses/improvements;

- Consideration should be applied to introducing measures that are driving the business already and are 'business as usual' indicators, not a separate set of indicators;
- Noted that satisfaction measures are generally slower moving and take longer time to identify trends; and
- Satisfaction measures can also be influenced by factors outside of SA Power Networks' control, such as weather events.

During the workshop, the Focused Conversation attendees all expressed strong support in moving towards the new CSIS, noting the current speed of answering calls is less relevant for customers.

The Focused Conversation participants were not able to design and agree on the specific measures to be proposed and it was agreed that the design of the measures would be undertaken through an iterative and highly consultative approach with the SA Power Networks CAB. A key design principle agreed with participants was the need to focus on hard measures that would be precise and allow timely response action from SA Power Networks rather than softer satisfaction measures which are generally harder to analyse and apply appropriate management response/improvements.

3.4 Community Advisory Board CSIS engagement

After support for the CSIS was gained from the Focused Conversation participants, we progressed the engagement with targeted sessions with our CAB.

Several co-creation sessions were held with the CAB on the design of the CSIS over several months. Feedback captured from the CAB allowed us to progressively narrow down the CSIS measure options and their measurement attributes.

Measures explored were compiled based on the customer feedback gathered from extensive research (Section 3.1), broad and diverse workshops (Section 3.2), and the focused conversations (Section 3.3) which were summarised in four core service theme areas. The service areas and associated customer service measures are defined in Table 4.

Table 4: CSIS service themes and measures explored

Service theme/area	Customer service measures investigated
Enquiry resolution	First call resolution
Customer satisfaction	Customer satisfaction score/feedback from third party survey service
Quality of communications	Unplanned interruptions status updates
Operational service delivery	• Planned work cancellation rate • Planned work restoration time accuracy • System average interruption frequency index (average number of planned interruptions undertaken) • Low voltage network mapping accuracy (information accuracy of customer communications)

The sessions allowed consultation on the measures most important to customers and included detailed analysis of seven measures. CAB feedback and our response regarding the proposed measures is outlined in Table 5.

Table 5: CAB feedback on proposed CSIS

Customer service measures investigated	CAB feedback	Application in CSIS
Enquiry resolution	The CAB highlighted the ongoing importance of telephone service, given the volumes of interactions through telephone channels is still high, the CAB were supportive of decreasing focus on telephony responsiveness (speed to answer telephone calls) and moving towards first call resolution as an improved telephone service outcome focusing on resolution rate.	Proposing to include a first call resolution measure in the CSIS which will enable an enhanced quality of customer service.
Customer satisfaction	The CAB were not supportive of a customer satisfaction measure on the basis that these measures are generally subjective, slow moving, subject to factors outside of SA Power Networks' control, difficult to identify trends, difficult to respond to in a timely manner and corrective action is not aways clear.	The decision to not include customer satisfaction measures in the CSIS is based on customer feedback and considerations of the challenges associated with such measures including subjectivity, slow response time and difficulty in defining clear corrective actions.
Quality of communications	The CAB were supportive of a measure focused on unplanned outage communications timeliness, focusing on improvements through digital channels such as the website and SMS service.	Proposing the inclusion of a measure for timely updates for unplanned interruptions in response to customer preferences for quality and timely communications.
Operational service delivery	Supportive of measures which are underpinned by hard data and support quality of communications.	Strengthening data collection, analysis and operational processes will allow consideration of operational service delivery measures in future iterations of the CSIS.

The CSIS proposal has excluded some areas deemed of importance to customers, due to the following:

1. **Baseline data not available**
   We are not proposing certain measures as we did not have complete baseline data to support the objectives and design requirements of the AER CSIS scheme. Accurate data for baseline performance could not be determined for all proposed CSIS measures, for example accuracy of linking service outcomes to the low voltage network was difficult to identify with current available data sets. We will further explore the accuracy of low voltage mapping in 2025–30 as the number of smart meter installations increase.

2. **Measures resulting in inefficient outcomes**
   We explored measures related to operational service delivery such as average number of planned interruptions undertaken and planned work cancellation rate. Practices are already in existence at SA Power Networks which aim to deliver to customer expectations for planned work and cancellation rates. The addition of further measures risks creating inefficiencies in our delivery processes and are not in the long-term interests of our customers.

3. **Avoidance of measures due to events outside of our control**
   Measures which would be dependent on events outside of our control were not considered for the CSIS, such as storms, sickness, third party non-attendance. This position was supported during our Focused Conversations and CAB consultation. Our customers expect us to focus on improving processes, systems and associated data sets under our control.

4. **Measures which result in increased cost and low customer benefit**
   A focus on managing cost to customers was expressed through both our extensive customer research and CAB consultation. We have avoided the inclusion of measures which would increase the customer services costs without associated customer benefit in line with our customer expectations.

SA Power Networks is proposing two new CSIS measures for the 2025–30 RCP, which are outlined in section 4. The proposed measures are based on customer feedback and understanding of their expectations for customer service improvements.

3.5 Draft Proposal customer feedback

We obtained one submission regarding our draft CSIS as a part of customer consultation on our Draft Proposal, published in July 2023. The feedback related to the addition of a timeliness/quality of first call resolution measure in scenarios where the customer reported the outcome as "too early to tell".

A 'too early to tell' outcome generally means further action needs to be taken by SA Power Networks teams to resolve the enquiry, for example attendance of crew members to repair a faulty streetlight. Elapsed time is generally required to determine if the resolution action was performed in line with customer expectations.

In the after-call survey (related to first call resolution) between January 2023 to September 2023, 2,341 customers rated us as 'too early to tell'. Further analysis of these outcomes would require significant resources to re-contact the customer in order to determine if the outcome was ultimately resolved in line with their expectations. The cost required to undertake this follow up activity is deemed too high for the customer outcome achieved as it requires an additional two full-time equivalent employees. The necessary increase in cost required to follow up on "too early to tell" outcomes go against the general principle agreed with our CAB regarding management of associated cost increases, therefore we have decided not to include this aspect as part of the CSIS.

4 The proposed CSIS application for the 2025–30 period

The proposed CSIS focuses on two key customer service measures which respond to customers' direct feedback and support for a reduction in enquiry response times, and providing more timely information regarding unplanned outage restoration works (see Table 1). The proposed CSIS allows us to deliver improved customer service outcomes by broadening the focus of our incentive scheme, in line with what customers told us is important to them during our extensive consultation process.

4.1 First call resolution

The first call resolution measure is proposed for the general enquiries telephone line serviced by internal SA Power Networks staff and operating during business hours. The scoring methodology applied will be based on the percentage of survey respondents who advise that their query has been resolved as captured within the SA Power Networks telephony platform.

The inclusion of 'first call resolution' directly responds to customer feedback for us to focus on effective resolution of customer enquiries with a reduced focus on the less relevant telephone responsiveness measure[3].

First call resolution will be measured using 'hard' data allowing appropriate management response and action to be applied by SA Power Networks. It provides opportunities for improved customer service outcomes which are based on the historical performance rate.

Current performance

The analysis of current performance is based on historical data, which has been systematically recorded within our Contact Centre's telephony platform since January 2022 (Figure 5). Initially, the data was categorised into two primary groups, indicating whether an enquiry was 'resolved on the first call' or 'not resolved on the first call.'

However, as time progressed and a more detailed understanding of the enquiries emerged, it became evident that a third category was necessary. This new category, labeled 'too early to tell,' was introduced to account for enquiries that could not be immediately resolved and required follow-up actions. These follow-up actions typically involved physical attendance to a specific asset to carry out the necessary work. This addition allowed for a more comprehensive and accurate assessment of the Contact Centre's performance, especially in cases where enquiry resolution extended beyond the initial call.

[3] Customer Service standards related to telephone responsiveness for General Enquiries, Builders and Contractors and Faults & Emergencies telephone calls will continue to apply in the ESCoSA Electricity Distribution Code (Electricity Distribution Code EDC14 (escosa.sa.gov.au).

Figure 5: First Call Resolution Performance (January 2022 – December 2023)

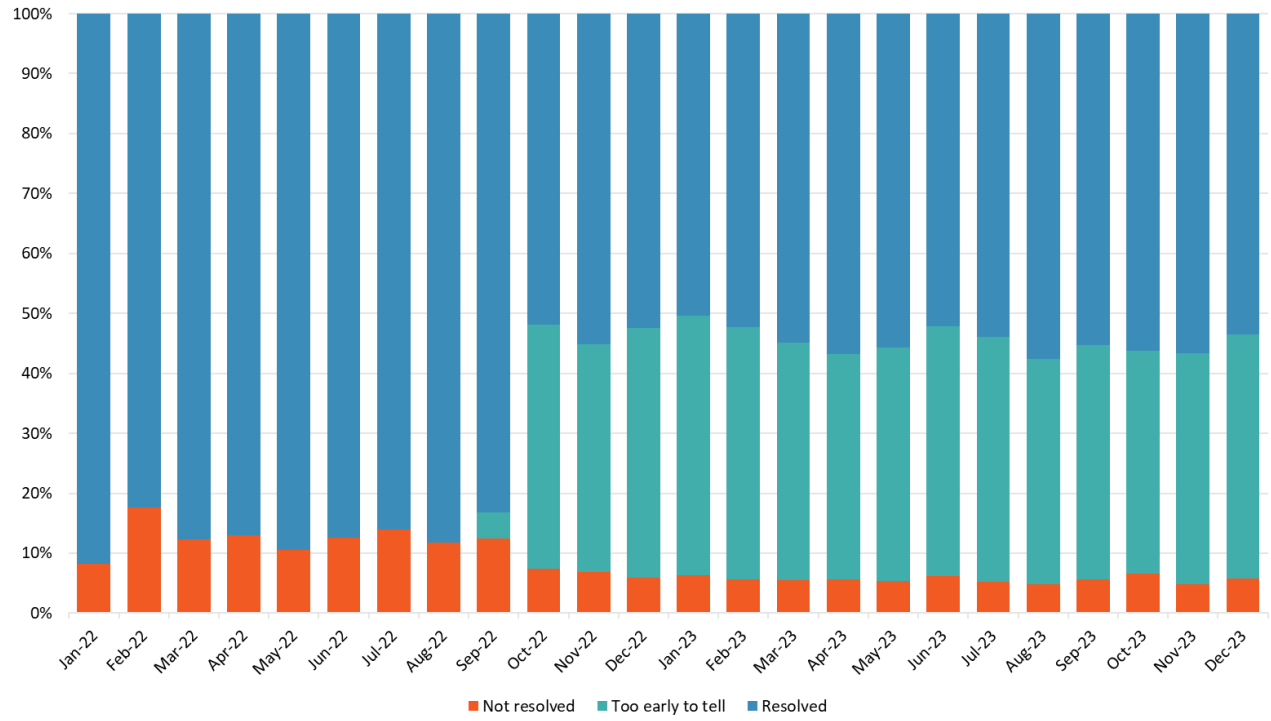
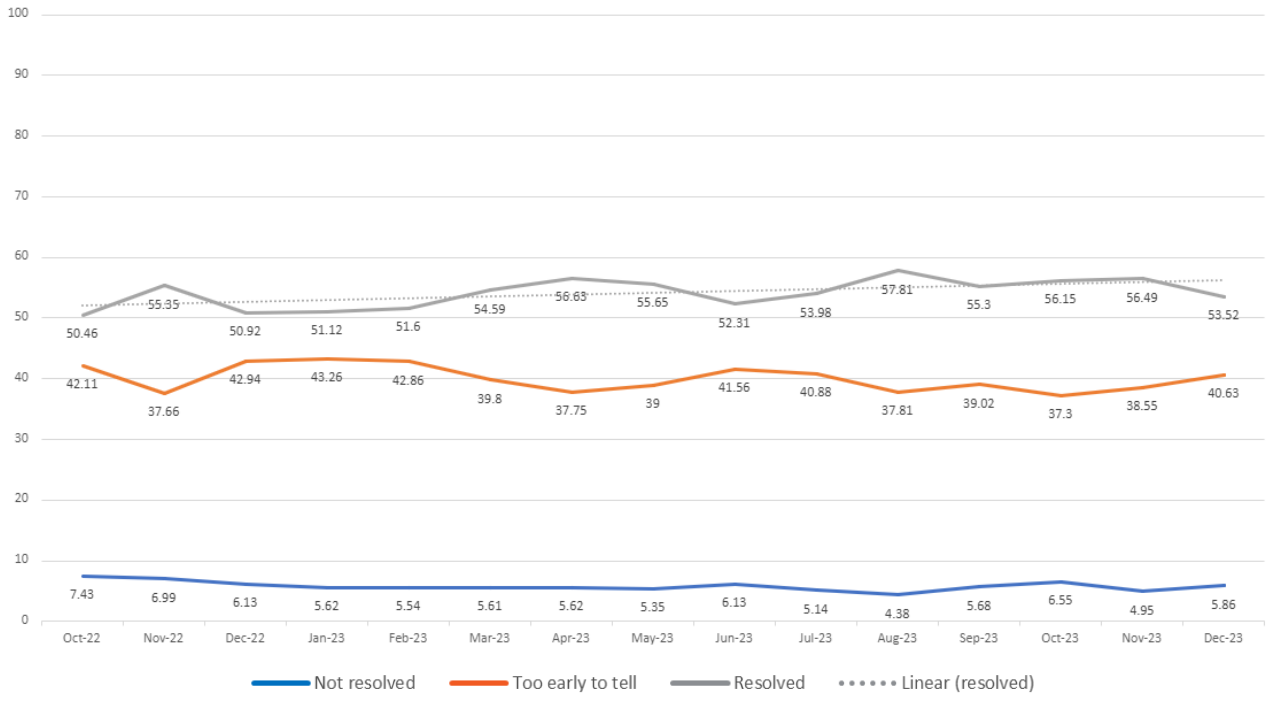


Figure 6: Historic performance - first call resolution (October 2022 – December 2023)



The performance observed since the introduction of the 'too early to tell' category, from October 2022 to December 2023 (as depicted in Figure 6), indicates a 54 percent "resolved" response rate for first call resolution.

The data collected to derive these insights is gathered through a voluntary after-call survey, which is facilitated through our Interactive Voice Response (**IVR**) solution. Customers are invited to participate in this survey to provide feedback on their resolution status, with the following options available: 'not resolved', 'too early to tell', or 'resolved'. This feedback collection mechanism serves as a valuable tool for understanding customer experiences and resolution status, especially with the introduction of the 'too early to tell' category, which provides a more nuanced assessment of enquiry outcomes.

Proposed targets

The proposed target for first call resolution is 54 percent, taking recent performance into account. This target reflects SA Power Networks' commitment to enhancing the quality of service provided to customers. It aligns with customer expectations for improved service outcomes and a higher rate of enquiry resolution. The aim is to deliver improved levels of first call resolution to customers in the 2025–30 RCP.

Measurement methodology

The measurement methodology applied will be based on collection of customer responses to the after-call telephone survey which will prompt customers to advise if their query had been resolved. The percentage measures the number of customers advising their query had been resolved compared to the total number of customers participating in the after-call survey.

SA Power Networks will capture the after-call resolution results through an IVR managed call survey. The IVR tool is a leading contact centre software solution provisioned through a software as a service arrangement to SA Power Networks. The results of the survey are stored in the IVR solution and are retained securely in an indexed database. The IVR is managed in accordance with Information, Communication and Technologies (**ICT**) policies and procedures which govern cyber security, access management and data backup and retention practices.

At the time of drafting this proposal we have approximately 24 months of historic data available. Prior to the AER's Final Decision (April 2025) we will have a further 12 months data available and will provide updated information on current performance.

Average historical performance for the measure is the recommended measurement methodology for setting the baseline target, consistent with how we have previously been measured for the customer service component of the STPIS.

Table 6: Measurement methodology - first call resolution measure

Proposed measure	Measurement methodology	Current performance	Proposed target
First call resolution – General enquiries phone line	% of survey respondents that acknowledge first call resolution	54%	54%[4]

Improved service outcomes for first call resolution will be supported through a focus on:

- Embedding measurement and ongoing monitoring and assessment of first call resolution performance as a business-as-usual management activity;
- Ongoing analysis of customer enquiries and performance of these enquiries to identify targeted areas for improvement;
- SA Power Networks internal team collaboration;
- Retention of key customer service staff ensuring knowledge and experience remains and minimises the transition of staff and time required for knowledge/skill uplift;
- Improvements in knowledge management and access to key information supporting common call enquiries; and
- Focusing on enquiries which can be resolved quickly with appropriate knowledge and access to key personnel.

[4] Propose to provide 10 percent incremental reward or penalty for 1 percent above or below the current performance (refer to Table 8).

We anticipate the CSIS to become a part of our Regulatory Information Notice (**RIN**) reporting requirements and therefore be independently audited on an annual basis.

4.2 Timely outage restoration status updates

A new measure, 'Unplanned Outage Status Update', is being proposed for responding to unplanned outages. This measure will be the percentage of unplanned outage status updates provided to customers. These updates will be provided when a crew arrives on-site to initiate work for unplanned service interruptions. This measure will exclude any occurrences falling under the category of 'major event days'. This approach aligns with the current STPIS, where major event days are excluded from both the reliability and customer service components of the STPIS. The exclusion of major event days is justified because they can have significant impacts in performance and don't employ business as normal practices.

A 'Commence Work' notification will be disseminated to customers through the existing digital communication channels, including SMS, email, and the company's website services. This ensures that customers are informed about the progress of field crews and the initiation of work in response to unplanned service interruptions, enhancing transparency and customer engagement in the process.

The inclusion of an Unplanned Outage Status Updates measure in our CSIS directly responds to customer feedback to focus on:

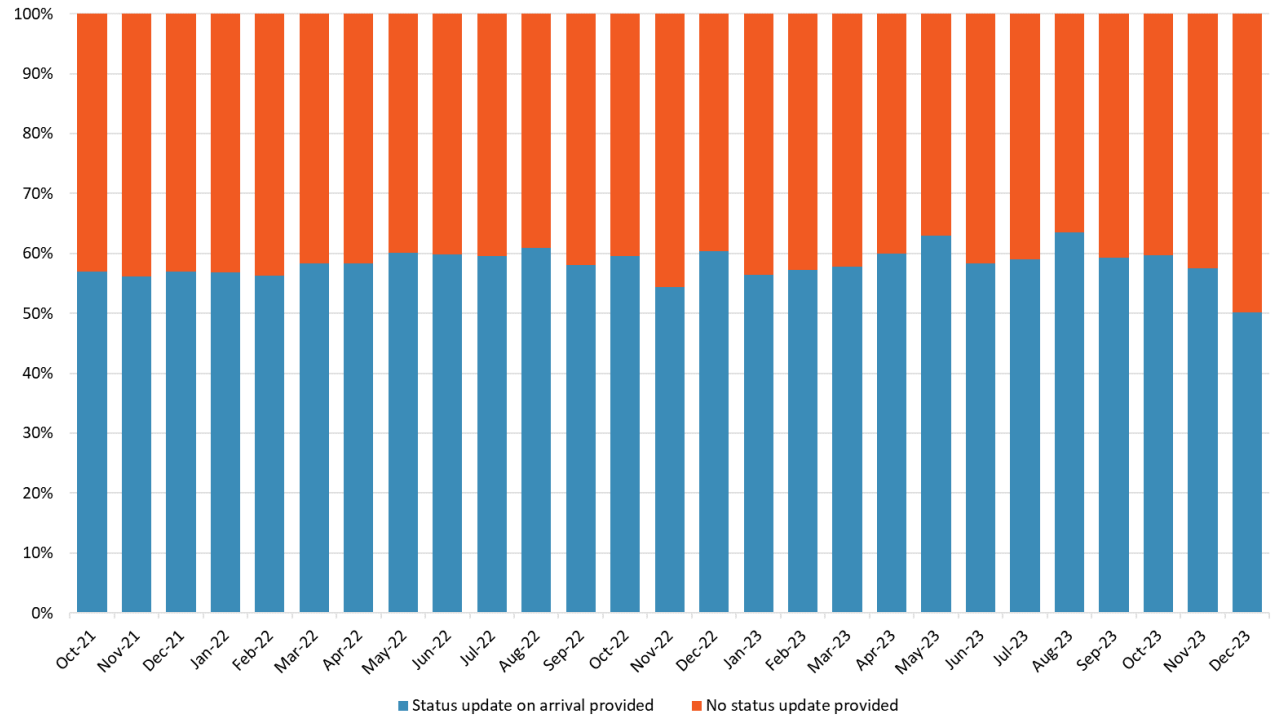
- Communications related to unplanned interruptions to supply, allowing more timely information to be provided to customers regarding the status of their supply being restored;
- Leverages digital channels preferenced by many customers as a means of providing relevant information in real time;
- Leverages technologies currently in place for digital notifications, which allows customers to define preferences regarding if and how they would like to be communicated with;
- Provides customers with an increased quality of data related to the unplanned outage restoration process; and
- Strongly aligns to customer feedback captured through extensive research and Focused Conversations related to the quality and timeliness of customer communication which is valued by customers.

Current performance

Based on data gathered from key SA Power Networks internal systems, the current status update on arrival data captured occurs for 59 percent of all jobs, refer to Figure 7. This percentage is the proposed performance baseline target.

Historical data since October 2021, has been analysed to support the proposed baseline. The integrity of the data collected is high as it is based on a mature process, utilising record keeping and established systems designed to manage critical business processes.

Figure 7: Historic performance - field status updates[5]



Proposed targets

The proposed target is 59 percent, providing opportunities for SA Power Networks to deliver improvements to quality of communications to customers regarding unplanned outage restoration status. This has been set based on an analysis of 27 months of historical data. However, it is important to note that the targets are subject to review. The review process is scheduled for December 2024, prior to the AER final decision in 2025. During this review, targets will be reevaluated and adjusted as needed. With greater volumes of data available later this year, there is an opportunity to refine and fine-tune the goals to ensure they align with the most current and relevant information.

Measurement methodology

The measurement methodology will be based on manual system recordings of the frequency of status updates upon arrival to job. We are unable to automate the collection of status update, this will continue to be dependent on input from field crews.

Established SA Power Networks managed systems, processes and data points will be leveraged to support the collection of the required data for recording and reporting on unplanned outage stats updates. The systems are managed in accordance with ICT policies and procedures which govern appropriate levels of cyber security, access management and data backup and retention practices. The reporting available is comprehensive and data points can be drilled down to various levels from geographical to specific field crew, to allow thorough performance analysis.

Average historical performance for the measure is the recommended baseline target, consistent with how we have previously been measured for the customer service component of the STPIS.

[5] Major event days are excluded from the October 2021 – September 2023 historic data set. This approach aligns with the current STPIS, where major event days are excluded from both the reliability and customer service components of the STPIS.

Table 7: Measurement methodology – unplanned outage status update

Proposed measure	Scoring methodology	Current performance	Proposed target
Timely restoration status updates	% of updates that confirm arrived / on site	59%	59%[6]

The improved service outcomes for the unplanned outage measure will be supported through a focus on:

- Establishment of regular management reporting and monitoring of field crew status performance across the various field locations;
- Establishment of management response methods to allow areas of non-performance to be identified and addressed through a continuous improvement approach;
- Minor enhancement to the existing customer notification SMS system; and
- Minor enhancement to the existing website unplanned outage status information.

We anticipate the CSIS to become a part of our RIN reporting requirements and therefore be independently audited on an annual basis.

4.3 Incentive rates and reporting

We propose the calculation of annual performance scores for each measure. This would result in a reward if our performance was better than the target and a penalty if our performance was less than the target level. Audits on an annual basis will be completed by a third party to ensure alignment with the AER objectives and design principles defined.

The financial component of the scheme is aligned with the AER CSIS criteria, being +/-0.5 percent of our annual revenue during the 2025–30 RCP. The proposed weighting is 0.15 percent of revenue for first call resolution performance and 0.35 percent of revenue for timely restoration status updates performance.

The rationale of the higher weight for the timely restoration status updates is based on the relative importance of this measure to customers determined from our customer research.

Applicable incentive rates are outlined in Table 8.

Table 8: CSIS incentive rates proposed

Proposed measure	Maximum reward / penalty	Incentive rate	For each 1% or equivalent change in performance, revenue changes by
First call resolution – General enquiries phone line	+/- 0.15 percentage points	+/- 0.015 x annual revenue requirement	Propose to provide 10% incremental reward or penalty for 1% above or below the target
Unplanned outage status updates	+/- 0.35 percentage points	+/- 0.035 x annual revenue requirement	Propose to provide 10% incremental reward or penalty for 1% above or below the target

Reporting to the AER will be provided on an annual basis, the associated template will be agreed with the AER prior to the commencement of the 2025–30 RCP.

[6] Propose to provide 10 percent incremental reward or penalty for 1 percent above or below the current performance (refer to Table 8).

5 How our proposal aligns to the AER's CSIS requirements

The AER's CSIS objectives are centred on the maintenance and improvement of customer services and should be in customers' long-term interests. Table 9 and Table 10 outline how the proposed CSIS aligns to the objectives and incentive design criteria published by the AER in July 2020.

Table 9: Alignment to AER CSIS Objectives

Incentive objective	Clause	SA Power Networks application related to this proposal
Is consistent with the national electricity objective in section 7 of the NEL.	1.4 (1)	The proposed CSIS is consistent with the national electricity objective by providing improved outcomes to customers which is in their long-term interests, specifically related to enquiry resolution and unplanned outage interruptions.
DNSPs should be rewarded or penalised for efficiency gains or losses in respect of their distribution systems.	1.4 (2)(a)	The proposed CSIS presents opportunities for efficiency improvements to customer communications and more prompt resolution of customer enquiries.
The rewards and penalties should be commensurate with the efficiency gains or efficiency losses in respect of a distribution system, but a reward for efficiency gains need not correspond in amount to a penalty for efficiency losses.	1.4 (2)(b)	The proposal includes reward for customer service improvements and penalties for reductions in customer service performance. The measures proposed require an improved performance outcome for incentives to be realised.
The benefits to electricity consumers that are likely to result from efficiency gains in respect of a distribution system should warrant the rewards provided under the scheme and the detriments to electricity consumers that are likely to result from efficiency losses in respect of a distribution system should warrant the penalties provided under the scheme.	1.4 (2)(c)	Achieving the incentive rewards will provide improved service outcomes to customers in the form of first call resolution completed at a higher rate, reducing the time that customers need to spend waiting for their enquiries to be resolved. It will also decrease the need to enquire about the progress of unplanned interruption events, through increased restoration status information.
The interaction of the scheme with other incentives that DNSPs may have under the rules.	1.4 (2)(d)	The proposed CSIS will replace the customer service component of the current STPIS. We have carefully considered other incentive schemes; the CSIS is not interacting with any other incentive scheme currently in place.
The capital expenditure objectives and the operating expenditure objectives.	1.4 (2)(e)	By aligning with both capital expenditure and operating expenditure objectives, the proposal ensures a well-rounded approach to delivering improved services to customers while managing financial resources.
Achieves clauses 1.4(1) and 1.4(2) by aligning the incentives of DNSPs with the customer service preferences of their customers.	1.4 (3)	Reference responses above to 1.4(1) and 1.4(2). The proposed CSIS has been developed based on extensive customer consultation and is aligned to customer preferences.
Promotes transparency and understanding throughout the National Electricity Market (NEM) regarding a DNSPs' customer service initiatives.	1.4 (4)	Application of the CSIS promotes transparency regarding customer service outcomes achieved through a structured approach for data collection, reporting, accountability and customer engagement.

Table 10: Response to AER CSIS Design Criteria

Incentive design criteria	Clause	SA Power Networks application related to this proposal
The incentive design must calculate any revenue adjustment using the method set out in Appendix A unless the AER is satisfied that another approach will better achieve the scheme objectives.	3.1 (1)(a)	Revenue adjustments will be calculated based on AER's requirements in Appendix A of the CSIS publication.
Performance Parameters - consisting of the metrics of customer service performance subject to the incentive design.	3.1 (b)(i)	Performance metrics agreed with customers include improved levels of services applicable to the proposed measures.
Measurement Methodology - consisting of a description of how performance against the performance parameters will be measured and the assurance arrangements that will apply to the measurement.	3.1 (b)(ii)	Measurement methodology has been extensively discussed and agreed with our customers, we will be applying a method to measure based on quantitative/hard data gathered from our internal systems. Performance against performance parameters will annually be audited by an external third party.
Assessment Approach - consisting of a performance target and a method for evaluating measured performance against performance targets.	3.1 (b)(iii)	The assessment approach is discussed in section 4. Our performance will be assessed on a yearly basis.
Financial Component - consisting of an overall revenue at risk, an amount of revenue at risk for each performance parameter, and a means of setting the incentive rate for each performance parameter.	3.1 (b)(iv)	Financial component applies to the application of our CSIS, this is detailed in section 4.3.
Each of the scheme elements must satisfy the corresponding principles outlined in clause 3.2.	3.1(c)	The proposed CSIS satisfies the principles outlined in clause 3.2.
Customers of the DNSP strongly support the application of the incentive design.	3.1 (d)	The proposed CSIS was developed through extensive customer consultation, with the defined measures and associated measurement methods supported by our CAB.
The incentive design must not continue beyond the end of the DNSP's next regulatory period. For clarity, the AER may, at a regulatory determination, make a decision to apply an identical incentive design for a second time to a DNSP.	3.1 (e)	The proposed CSIS will apply for the 2025–30 regulatory period, we will consider future CSIS based on customer needs and preferences at the appropriate time.
The incentive design must place a valid amount of revenue at risk. The revenue at risk will be valid if, by default, the maximum revenue increment or decrement (the revenue at risk) for each performance parameter in aggregate for each regulatory year within the regulatory control period is 0.5% of the DNSP's annual revenue requirement or less. That is, the sum of the H-factors associated with all performance parameters must lie between +0.5% (the upper limit) and –0.5% (the lower limit).	3.1 (f)	The total revenue at risk is 0.5% of our annual revenue requirement. This has been split between the proposed measures as per section 4.3.

Glossary

Acronym / term	Definition
AER	Australian Energy Regulator
CAB	Community Advisory Board
CSIS	Customer Service Incentive Scheme
DNSP	Distribution Network Service Provider
ESCoSA	Essential Services Commission of South Australia
ICT	Information, communication technologies
IVR	Interactive Voice Response
NEL	National Electricity Law
NER	National Electricity Rules
RCP	Regulatory Control Period
RIN	Regulatory Information Notice
STPIS	Service Target Performance Incentive Scheme