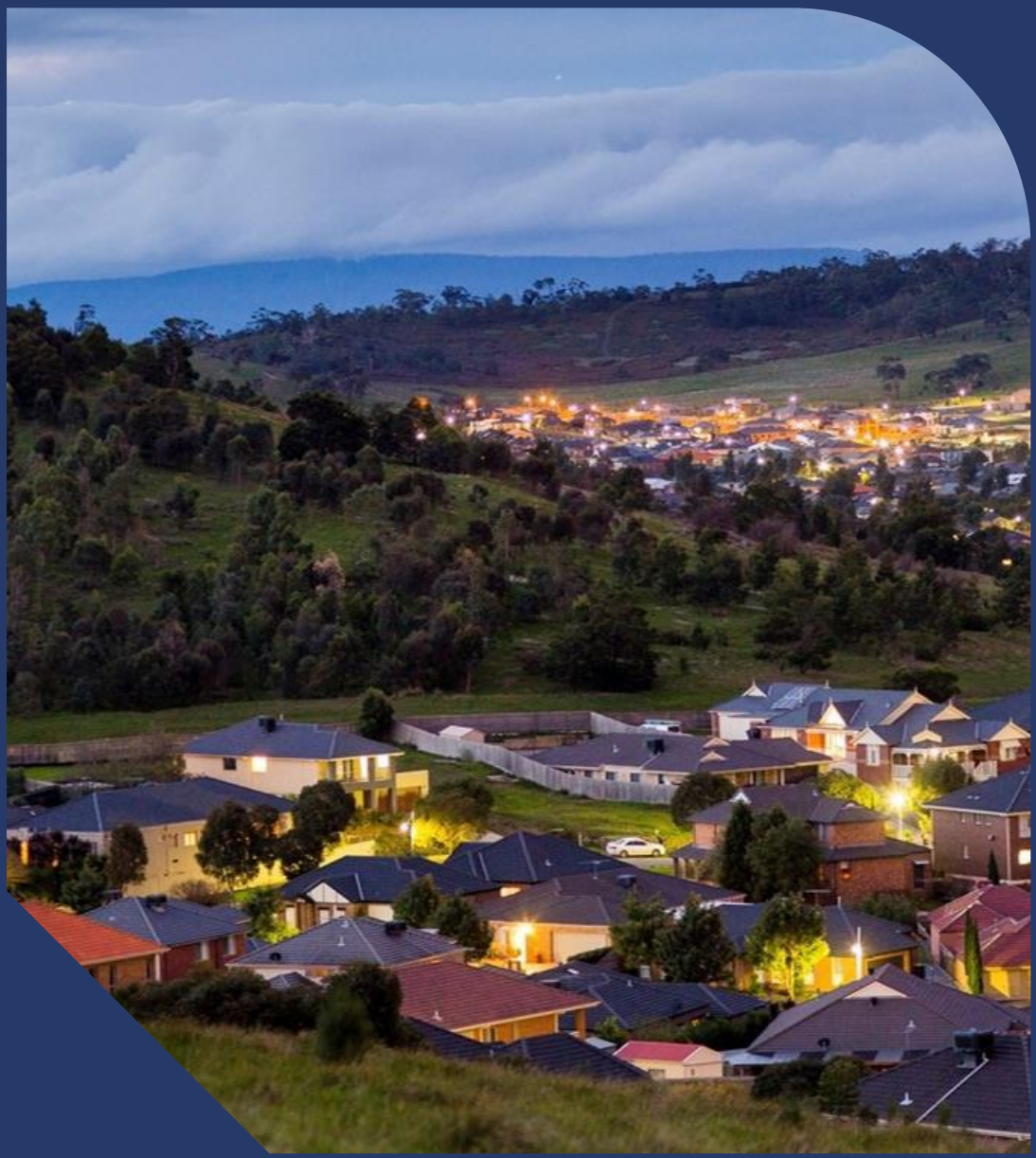
AusNet

Electricity Distribution Price Review FY2027 to FY2031 (EDPR 2027-31)

Business case: Customer Experience

Date: January 2025



AusNet

Table of contents

1. Executive summary 3
2. Context 5
   - 2.1. Current capability 5
   - 2.2. Limitations and emerging issues 5
   - 2.3. Investments in the 2021-26 regulatory period 7
3. Identified need 11
   - 3.1. Customer expectations 11
   - 3.2. Findings from recent Victorian State Government Reviews 12
   - 3.3. Key gaps in current capabilities 12
   - 3.4. Risk analysis 14
   - 3.5. Willingness to pay 14
4. Options assessed 16
   - 4.1. Quantifying benefits 16
   - 4.2. Options analysis 18
     - 4.2.1 Option 1: Augment existing systems with task specific applications 17
     - 4.2.2 Option 2: Maximise use of existing systems with upgrades 18
     - 4.2.3 Option 3: Implement a new platform that addresses all needs 19
5. Preferred option 22

Document history

DATE	VERSION	COMMENT
16/09/2024	V1.0	Initial draft business case for review
30/10/2024	V2.0	Updated draft incorporating review input
14/11/2024	V3.0	Revised business case for SME review
23/12/2024	V4.0	Updated business case incorporating SME review
03/01/2025	V5.0	Final business case document

Related documents

DOCUMENT	VERSION	AUTHOR
Technology Strategy and Investment Plan	V3.0	AusNet Services
AusNet EDPR Engagement Panels (August 2024 in-person meeting)	As reviewed	AusNet Services
AusNet EDPR 2027-31 Digital Program NPV model	V3.0	AusNet Services

Approvals

POSITION	DATE
Digital & Technology – Strategy, Regulatory and Partner Management	January 2025
Digital & Technology – Architecture	January 2025
Distribution – Customer and Community	January 2025
Distribution – Strategy and Regulation	January 2025

1. Executive summary

AusNet currently utilises a range of systems to communicate with customers, including outage trackers, customer relationship manager, and connections portals. These systems are designed to integrate multiple areas of the business to serve customers, through systems and internal business portals that enable the exchange of information from various sources and related databases.

However, our customer sentiment surveys have shown that our customer experience has deteriorated in the past few years across several metrics, and extensive engagement with our customers and our customer panel has identified that improvements are required to meet their service level expectations. Our customers have clearly told us that they expect a step change in our performance and that they are prepared to pay for the required investment. This is particularly in relation to improved customer access to information, first call resolution of issues or requests, and online tools to enhance and speed up standard requests such as connections.

Recent weather events, such as the June and October 2021 storms and February 2024 storms, have also highlighted limitations with the systems used by AusNet to interacts and engages with customers. Findings from the Victorian Government Electricity Distribution Network Resilience Review (Network Resilience Review), found that many customers were receiving insufficient information from distribution businesses to inform customer decision-making, updates were often inaccurate and unhelpful, and estimated time to restore power messages were unrealistic and inconsistent. These issues were found to have caused significant frustration for customers and were reinforced in feedback from our customer engagement panels and research. As noted in Section 2.2, customers expected us to improve our communications, engagement and information.

In response, we identified capability gaps in our current systems that support customer experience. This included the following key gaps:

- ***Customer communications and information*** – This included not communicating in the way preferred by the customer, accessibility issues including for our culturally and linguistically diverse (CALD) customers, lack of continuity due to our systems being limited to a single interaction, and inability to present information quickly and accurately.
- ***Process issues with forms and claims*** – This included inefficient and non-intuitive processes for required customer interactions, resulting in delays submitting forms and claims and not being able to monitor progress.
- ***System issues*** – Lack of integration and data consistency across systems, and inability to leverage modern tools such as AI.

These limitations are resulting in poor outcomes including wasting our customers' time, business process inefficiencies, and a reduced ability to respond quickly to customer requests for information in response to events on our network.

Through our EDPR 2027-31 customer engagement program, and with the involvement of the AER, we have specifically reviewed options to improve customer experience. We proposed options to our engagement panel to achieve varying levels of maturity and capability, with resulting degrees of improvement to our service levels. Our panel recommended progression of the largest improvement program, with strong support for the detailed initiatives and outcomes, and a willingness to pay for the required investments.

In this business case we have assessed three options of alternative system architecture approaches to deliver the initiatives and achieve the service level outcomes recommended by the customer panel. The scopes of the three options are summarised in Table 1 below.

Table 1 - Summary of options

OPTION	SUMMARY
Option 1: Maintain existing systems, augment with task specific systems	Maintain the existing systems and any new functionality required will be addressed with new task specific packages that may be from different vendors.
Option 2: Maximise use of existing systems with vendor upgrades where possible.	Maintain the existing systems and any new functionality required will be addressed through upgrading existing modules or adding new modules from the existing vendor and software environment. Configuration and development of new capabilities will be implemented via these systems.
Option 3: Implement a new platform that addresses all needs	Replace all relevant systems with a single software platform from a different vendor that will provide all functionality.

Table 2 provides the results of our options analysis. We found that Option 2, maximising the use of our existing systems with vendor upgrades where required, provides the most benefit with least risk and is therefore the preferred option. We note that while NPV for this program is negative, our customers have expressed strong support for its delivery (with the resulting customer experience improvement outcomes), and that the associated costs were specifically endorsed by our customer panel.

Table 2 - Options analysis summary

Criteria	Option 1	Option 2	Option 3
Capex ($'000, real FY24)	$46,000	$41,000	$59,000
Opex ($00, real FY24)	$1,900	$1,144	$2,140
NPV ($'000, real FY24)	-$18,045	-$12,738	-$28,429
Technically feasible	✓	✓	×
Addresses identified need	× (Partially)	✓	✓
Deliverable within timeframe	✓	✓	×
Delivery risk	Moderate	Low	High
Preferred	×	✓	×

2. Context

2.1. Current capability

AusNet operates over ~200 applications or Technology Systems which support our distribution business, ranging from critical systems which manage and maintain the network, systems which support and streamline customer interactions, through to standard office tools for everyday tasks such as email.

Several of these systems that are critical for managing interactions and communications with our customers are listed in Table 3 below.

Table 3 - Key systems for customer communication

SYSTEM	VENDOR	DESCRIPTION
Customer Portal	[CIC]	Provides customers relevant and tailored information
Outage Tracker	[CIC]	Outage map displaying planned and unplanned outages in near time. Includes outage status and estimated restoration time.
Customer Relationship Management (CRM)	[CIC]	Used to record and manage all direct and indirect customer interactions and cases through to completion.
Connections Portal (EnergyConnect)	[CIC]	Provides a streamlined experience for customer connections. Applies to customer, electrical contractor and other parties involved in the connections process.
Customer Notifications ([CIC])	[CIC]	Message service used for sending bulk SMSs.
Content Management	[CIC]	Used to manage the website. Provide content management for static content and development environment for dynamic content e.g. portals.
MyHomeEnergy	Customer ([CIC])	Customer electricity usage portal.
Prolonged Power Outage Payment (PPOP)	[CIC]	System to manage payments to customers where an unplanned outage extends greater than 7 days as per Victorian regulatory requirement.

These systems are designed to integrate information from multiple areas, providing systems and internal business portals that consolidate information from various sources and related databases. These solutions enable AusNet to retrieve and disseminate critical data, providing customers and staff with relevant information.

Many of these systems are delivered by their vendors as cloud services where maintenance, support and updates are managed by a third party. For solutions that AusNet manages "on premise" these systems typically have a defined lifecycle that includes a maintenance and support phase, updates and upgrades or replacement. Ongoing vendor support is required during the maintenance phase to provide services such as patches to maintain cyber security and compatibility with other systems. Failing to patch and refresh these systems will create additional maintenance costs, also putting strain on day-to-day operations. If these systems are not managed in line with their lifecycle, this will introduce a significant cyber security risk and impact the business' ability to provide services that meet customer expectations. This lifecycle management policy is detailed in the Technology Asset Management Applications and Infrastructure business cases.

2.2. Limitations and emerging issues

Customers are reliant on electricity, particularly during extreme weather events, where electricity is used for heating and cooling purposes. Electricity is important in rural areas for pumping water and sewage, for livestock and to fight fires. During major events, distribution businesses play a critical role where a secure electricity network and the needs of communication networks overlap in keeping customers and the public safe and connected.

Losing electricity supply for long periods can be hugely disruptive to people's lives and livelihoods and cause considerable distress. Recent weather events, such as the June and October 2021 storms and February 2024 storms, have highlighted limitations with several of AusNet's systems that support how we interact and engage with customers. During these events our ability to communicate with customers and manage expectations in the event of a major outage was negatively impacted resulting in suboptimal customer experiences and outcomes.

Findings from the Victorian Government Electricity Distribution Network Resilience Review (Network Resilience Review), found that many customers were receiving insufficient information from distribution businesses to inform customer decision-making, updates were often inaccurate and unhelpful, and estimated time to restore power messages were unrealistic and inconsistent causing significant frustration for customers.[1]

The Network Resilience Review further noted how the inability for the public and other external parties with local knowledge of faults to provide this information to distribution businesses delayed restoration times leaving customers feeling frustrated and disempowered.[2] Long wait times for call centre staff, ineffective fault identification and fault reporting systems further contributed to customer frustrations resulting in the Panel finding the need for distribution businesses to significantly expand their focus on enhancing customer experience both during and outside of extreme events. The Panel also found that distribution businesses needed to better support communities to take control and exercise greater autonomy in planning, preparing and recovering from emergencies.[3]

More recently, findings from Victorian Government's Network Outage Review (Network Outage Review), which examined distribution businesses operational response to the 13 February 2024 storms further highlights several areas where improvements to key systems are required to address poor customer outcomes.[4] The review found:[5]

- that restoration timeframes could have been improved if emergency services and local councils were provided with better information
- limitations associated with the accuracy of contact information negatively impacted support provided to life support customers
- effective communication of accurate information during an event is essential for keeping community members safe, connected and to help individuals make informed decisions
- failure/limitations in AusNet's customer communications technology systems meant that customers did not receive timely, accurate, tailored, and accessible information about the power outage
- customers had difficulty accessing AusNet to resolve complex matters and wanted better communication on the progress of applications and more responsive communications generally
- AusNet's systems, planning, technology for monitoring, planning and restoring outages did not have the capacity, functionality and integration for an event of this scale which negatively impacted restoration timeframes and customers' experience

In response to these findings, AusNet has undertaken extensive customer engagement and research[6] to better understand key areas where further improvement is required. Key findings from our customer research have found:[7]

- ***Customers want better access to accurate information*** – AusNet was ranked 5.9 out of 10 across 5 information quality metrics related to unplanned outages and 7.1 for planned outages. Our customers are asking for more accurate and timely information via reliable channels, even if telecommunications are down. Customers want more accessible information regarding network performance, and how it might affect their home or business, and expect AusNet to help make relevant information easier for customers to find.
- ***Continuity in service is key*** – customers want continuity in their interactions with AusNet and don't want to feel like they are starting afresh every time they contact AusNet, particularly in relation to complex jobs and issues.
- ***Customers want flexibility in communication*** – Our customer engagement found customers have different communication preferences for different circumstances. For example, 87% preferred SMS for unplanned outages followed by email, while there was a more even split for planned outages, with 34% preferring

[1] Department of Environment, Land Water and Planning, Electricity distribution Network Resilience Review Final Recommendations Report, May 2022, page vi
[2] Ibid, p 7.
[3] Ibid, p.19.
[4] Department of Environment, Land Water and Planning, Network Outage Review Expert Panel, Independent Review of Transmission and Distribution Businesses Operational Response, Final Report, June 2024
[5] Ibid, p.9-10
[6] Engagement details are publicly available at https://communityhub.ausnetservices.com.au/
[7] AusNet research: Evidence Pack, August 2024, slides 30,46, 49-50

notification letters and 33% preferring notification through Outage Tracker. The preference also changed by customer type (residential, life support, culturally and linguistically diverse (CALD), and small business). This demonstrates the need for AusNet to have the capability to communicate through different channels for different customer groups. Some customers expect AusNet to improve the sophistication of its communications by leveraging technology advancements such as artificial intelligence (AI) to help locate information and triage their concerns. Other customers have expressed a preference for interacting with a knowledgeable real person without having to wait too long. Business customers have expressed the need for dedicated and well-informed contacts that provide them with the information that they need rather than having to contact the call centre and re-starting the conversation with contact staff each time.

- ***Customers want and expect quick responses –*** response times for complaints and calls varied, ranging from immediate to 48 hours. Business customers consider speed and efficiency in operations and visibility of progress in processing customer requests to be vital. Customers have told us that delays can have significant financial impacts and negatively impact business decision-making.
- ***Customers expect us to communicate better and want more support during outages*** – Our customers rated our communication during planned and unplanned outages at 5.3 out of 10, demonstrating a clear need to improve our methods and channels of communications. Customers flagged that greater awareness of available customer services is required, and of the different channels available to access important information. Customers also wanted access to 24/7 customer services during planned and unplanned outages and help planning for outages.
- ***Customers expect AusNet to be more responsive*** – customers expect AusNet to address system errors promptly once notified and to ensure that customer information is kept up to date. AusNet was ranked between 6.1 and 7.1 out of 10 for information accuracy, quality and usefulness during planned and unplanned outages.
- ***Customers expect us to collaborate more with other agencies –*** customers expect us to collaborate with telecommunication companies and government agencies to address complex risks associated with power outages more effectively to help mitigate customer impacts.

2.3. Investments in the 2021-26 regulatory period

In the Customer Information Services business case for the current 2021-26 regulatory period, AusNet included approximately $7.7 million ($ real 2019, total capex and opex) of expenditure across 5 focus areas related to how customers interact with AusNet and how communications are carried out.

In addition to these planned investments, during the current period there have been significant events that have required us to expand and reprioritise the customer experience programs to be delivered. These key events include:

- Regulatory changes in relation to the Electricity Distribution Code driving Planned Outage Preference Management (POPM) and life support deregistration programs, as well as AEMO driven change for Solar Emergency Backstop (SEB).
- Major storm events that occurred during June 2021, October 2021 and February 2024. These events exposed deficiencies in our systems, particularly our outage management systems.
- AusNet and the Victorian government initiated independent reviews into these events, discussed in section 2.2 and 3.2, with the key findings identified with communications capabilities.

In response to these events, we have expanded our customer experience investments and invested above our regulatory allowance in order to meet our customers' expectations, spending approximately $25 million (nominal dollars) to date. AusNet has actively prioritised this portfolio of customer experience projects to ensure we remain compliant with our regulatory obligations and deliver better customer outcomes with respect to communications and ease of interaction. This has ensured delivery of the highest priority initiatives, across both new requirements and the originally proposed 5 focus areas. As a result, some of the initially proposed focus areas have been reprioritised, in preference to delivery of higher criticality new initiatives.

Recognising this evolution in program scope,

Table 4 below details the 5 focus areas initially planned for the 2021-26 regulatory period, the projects implemented to address them and any changes in scope or timing.

Table 4 - How planned focus areas have been addressed and prioritised

FOCUS AREA	ADDRESSED BY	COMMENT
Subscription-based CRM	Customer Relationship Management (CRM) proof of concept with subsequent capability expansion.	Initial proof of concept (minimum viable product) focused on claims and complaints. This has now provided the core capabilities upon which we have expanded functionality to outage management and connections, with further opportunities in the coming period
Service management	Reshaping customer connections	Building foundational capability for improved experience interacting with AusNet by consolidating multiple portals into a single interface to simplify user experience. Customer data remediation, improvements to some workflows and delivery of recommendations from EnergyConnect were also completed.
	Solar Emergency Backstop	Regulatory driven change. This project required changes to the customer facing and web features within our portal to support DER processes.
	Unplanned Outage Management	The scope included developing a customer communications framework, automated unplanned outage lifecycle communications, preference management for unplanned outages, outage tracker re-design, rebuild and enhancements.
Case management	[CIC] Integration	Integration of [CIC]to improve call logging and history and enable improved service of our customers.
Customer communications	Digital Customer Experience & Customer self-service	Foundational capability delivered. Foundational platforms implemented to set AusNet up for future programs. Scope involved major upgrade of the website platform, redesign and rebuild of forms and workflows. With limited prior investment in customer platforms over an extended period, these core foundational systems are required before addition of further functionalities.
Engagement management		Lower priority relative to required new initiatives

Additional projects developed and implemented in response to the described new needs are detailed in Table 5 below. The unplanned communications program was primarily driven by the storm events and has been an ongoing driver of investment. The remaining three programs were required to comply with new regulatory obligations.

Table 5 – Additional project delivered this period

FOCUS AREA	ADDRESSED BY	DRIVER/NEED
Unplanned outage communications	Unplanned Outage Management	Driven from the large storms experienced in June and October 2021. Multiple post implementation reviews (PIRs) were conducted with recommendations made that were fed into this program and others. Ongoing improvements based on recommendations from independent external reviews and internal audit of systems.

		This scope of work was in addition to the work originally planned.
Regulatory compliance	Planned outage preference management (POPM)	Tactical solution for planned outage preference management to comply with regulatory change in 2021 distribution code. Implemented solution provides only minimum required functionality and is not customer facing; requires customers to call us to update a preference, no CRM capability to build on at the time this was required to be implemented.
	Life support deregistration	Regulatory driven change from 2021 to allow for life support deregistration processes from the market
	Prolonged Power Outage Payment (PPOP)	Three revisions undertaken: • June 2021 - built prior to CRM so used outside of platform, limited functionality, no visibility outside of PPOP team of application/payment statuses • Oct 2021 - built as additional scope to CRM MVP and rolled out with limited functionality to support processing of PPOP. • Feb 2024 – rebuilt forms to align with website upgrades and accessibility designs, enabling online functionality for customers

3. Identified need

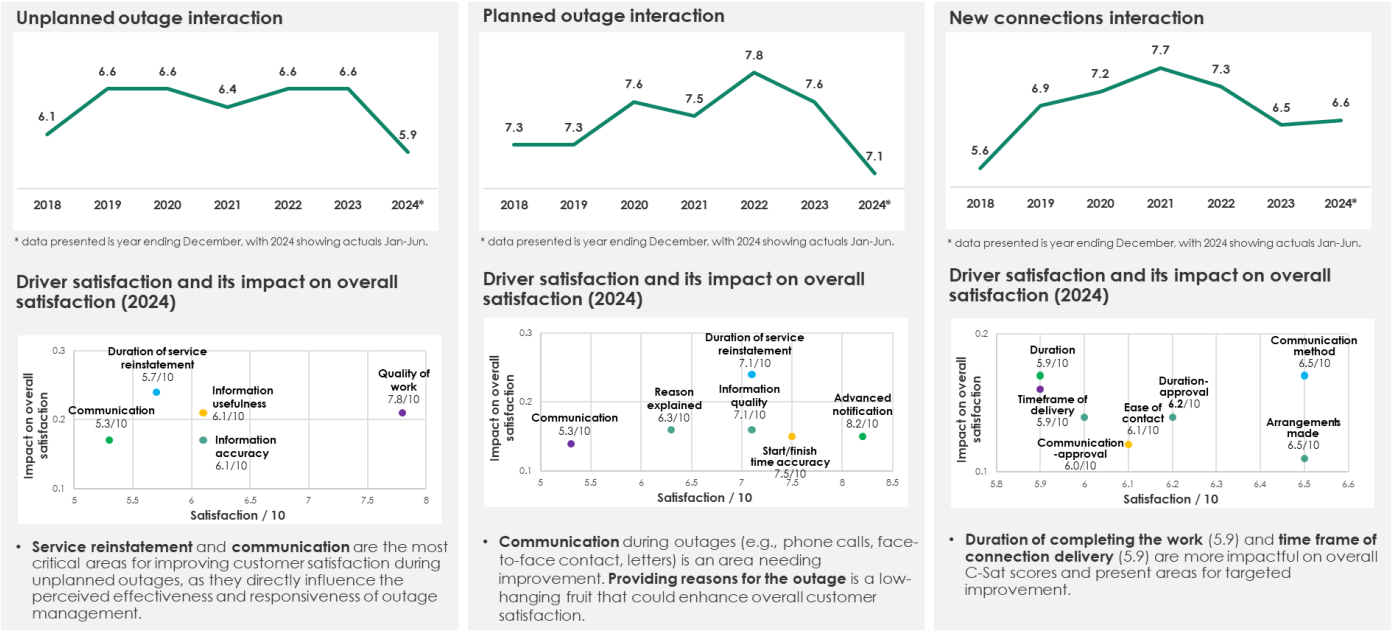
The expectations of our customers are evolving, with higher expectations for ease of doing business, speed of resolving issues, accuracy of information and methods of communication. To clearly identify the need and how our customer experience could be improved we undertook extensive customer engagement, including multi-day EDPR engagement sessions that with attendance from the AER. In addition, there have been several independent reviews undertaken that identify areas for improvement.

3.1. Customer expectations

We aim to deliver services to a level of quality that is expected by our customers. Major events experienced during the current regulatory control period have highlighted deficiencies in how we engage and communicate with customers and other agencies. This has resulted in poor customer outcomes and less than satisfactory customer experience as evidenced by recent findings from our customer satisfaction program which show declining customer sentiment towards the level of service they received in relation to planned and unplanned outages and new connections.

Through our customer engagement we also identified that our customers expect interactions with us to be easier and quicker (refer Figure 1 below for summary of research). This means improving systems and staff capability to improve customer access to information, focus on first call resolution of issues or requests, and using online tools to enhance and speed up standard requests such as connections. Our customer panel identified that we need to make a step change in these areas to address the existing customer pain points.

Figure 1 Summary of customer satisfaction research



Findings from our customer engagement has highlighted several areas where customer expectations are not being met across the following key areas:[8]

- ***How we communicate*** – customers have told us that we need to communicate better, particularly in relation to storms and unplanned outages. Customers expect that we use a range of different communication channels to reflect differences in customer preferences (not all customers search for information or like to be communicated in the same way) and to ensure that there are adequate alternatives for disseminating important information in the event of telecommunication system outages.
- ***How we engage with customers*** – customers expect us to engage more effectively with other agencies in the event of an outage to address complex risks and restore supply quickly and safely. Customers have told us that they don't want to wait long periods to have their queries answered, they expect continuity in their

[8] AusNet research, Evidence pack, August 2024

interactions (i.e. not having to start afresh each time they interact with AusNet on the same or related matter) and want better visibility of progress of applications, complaints and matters raised.

- ***Our ability to support and meet customer information needs*** – customers have told us that our inability to provide accurate information quickly and regularly has been a source of frustration, distress, and disempowerment. This is a broad issue and relates to outages, resolution of requests or applications and dealing with complaints. Customers expect us to maintain accurate and update to date information, to resolve system errors quickly, and to do more in terms of creating awareness of services available, make accessing and sharing information easier, provide more information to support customer autonomy and decision-making, and to support vulnerable and culturally and linguistically diverse (CALD) customers.

3.2. Findings from recent Victorian State Government Reviews

Findings from Victoria State Government's Network Resilience Review[9] and Network Outage Review[10] has also highlighted shortcomings in how we communicate and engage with customers. These reviews have shown that AusNet needs to do more to improve customers' experience by improving:

- **Information accuracy and speed of communication** – improving the accuracy of our information and customer data and the speed in which we disseminate information to customers, the community, emergency services, local council, and government agencies. This will help in reducing restoration timeframes, keeping the community safe, and help individuals make more informed decisions.
- **Processes** – simplifying our processes and improving the accessibility of our information to make it easier for customers to find information they need, submit forms and claims, and monitor the progress of any complaints, queries, and issues.
- **System functionality and integration** – Ensuring that our systems have the necessary capability, functionality, and integration to meet customer information needs and provide a more seamless and satisfactory customer experience.

3.3. Key gaps in current capabilities

In response to Victorian State Government findings and the findings from our customer research, we have undertaken a review of our existing systems to identify key gaps with our existing systems capabilities and functions and have found several limitations with existing systems which are negatively impacting on customers' experience.

Our work during the current period has started to address some of these areas. For example, the CRM MVP has been established and proven to be effective and we have established some of the foundational elements of new services such as portal consolidation and platforms for improved customer experience. However, now that these new systems or approaches have been proven they need to be fully deployed across the business.

Table 6 – limitations of existing system and impact on customers

IDENTIFIED LIMITATION	CUSTOMER IMPACT	RELATION TO CURRENT PROGRAMS	FUNCTIONALITY REQUIRED TO ADDRESS NEED
How we communicate	Ineffective communication to customers. Not currently communicating with customers via their preferred method.	The CRM, unplanned outage management systems and [CIC]integration (refer Section 2.3) have established the foundations to address this gap. Further work is required based on performance during the Feb 2024 storms and internal reviews.	Improved accuracy of customer contact details by consolidating account information and ability to track changes over time Ability to communicate and disseminate information across different communication channels

[9] Department of Environment, Land Water and Planning, Electricity distribution Network Resilience Review Final Recommendations Report, May 2022

[10] Department of Environment, Land Water and Planning, Network Outage Review Expert Panel, Independent Review of Transmission and Distribution Businesses Operational Response, Final Report, June 2024

IDENTIFIED LIMITATION	CUSTOMER IMPACT	RELATION TO CURRENT PROGRAMS	FUNCTIONALITY REQUIRED TO ADDRESS NEED
How we engage with customers	Lack of continuity of interactions related to a single matter.	Reshaping customer connections and unplanned outage management systems (refer Section 2.3) have established the fundamentals however, further gaps have been identified that need to be addressed.	Greater tailoring of communication to reflect differences in customer preferences and information needs. Ability to track all customer interactions through various channels and for information to be accessed by AusNet customer service agents to provide insights and information to customers.
Our ability to support and meet customer information needs	Information inaccessibility by a diverse customer base (e.g. CALD). Unable to share information with AusNet that may expedite outage resolution.	Platforms have been improved during the current period however no dedicated work has been undertaken to improve accessibility to specific customer groups.	Improved systems for capturing and tracking data on customers with specialised needs and vulnerabilities
Information accuracy and speed of communication	Inability to effectively find information sought (such as outage details) from website. Ineffective sharing of information to agencies resulting in longer outage durations.	The unplanned outage management systems (refer to Section 2.3) were implemented to improve outage management, however the February 2024 storms identified deficiencies that need to be addressed with a permanent solution.	Ability to provide more accurate restoration timeframes and timeframes for planned outages
Process improvement	Inefficient processes resulting in delays submitting forms and claims and not being able to monitor progress	Some redesign and rebuild of forms and some workflows have been undertaken during the current period. Further improvements that are required have been identified.	Improved transparency of jobs and applications in progress. Greater automation of connection processes for small and large customers, saving customers time, effort and money when connecting to the network. Streamlined online claims process that can validate customer data and process payments seamlessly.
System functionality and integration	Insufficient system functionality to provide information required by customers. Lack of integration contributing to unsatisfactory service.	The foundations for advanced functionality and some integration works have been completed as part of the Reshaping customer connections, unplanned outage management systems and salesforce integration projects (refer Section 2.3). However, there are still material gaps to be addressed to improve process efficiency and reliability.	New system functionality to enable modern functionality such as AI assistance (e.g., web chat) and self-service and to ensure integration across the different systems to improve information accessibility and quality.

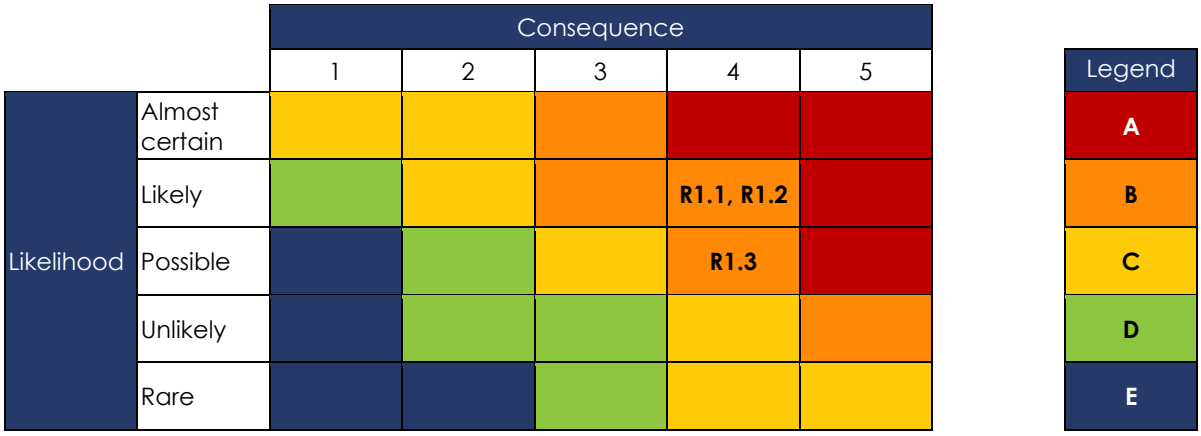
These limitations are resulting in poor customer service outcomes, business process inefficiencies, and a reduced ability to respond quickly to customer requests for information and events on our network. Our current systems no longer align with our vision of delivering digital capabilities that support network stability and growth, while driving efficiencies for

our customers and business.[11] In addition, they lack the required capability and functionality to deliver against our refreshed customer commitments and objectives for improving customers' experience.[12]

3.4. Risk analysis

We assessed the key risks presented by the identified gaps in our system's capabilities relative to AusNet's Enterprise Risk Management Framework. The analysis presented in Figure 2 shows that there is an elevated residual risk that needs to be mitigated.

Figure 2 – Risk analysis of current customer systems capabilities



#	RISK	CONSEQUENCE	LIKELIHOOD	RISK RATING
R1.1	**Non-compliance** with customer communications and information requirements	Level 4: Major breach with punitive fines imposed, regulatory investigations and directives issued, and additional audit and reporting requirements	Likely	**D**
R1.2	**Reputation** impacted with state and nation media coverage due to poor communication with inaccurate or incomplete information	Level 4: Major event that causes sustained adverse media reporting and reputation impacted with some stakeholders	Likely	**D**
R1.3	**Customer** complaints significantly increase due to poor performance.	Level 4: Major impact on the level of service resulting in up to 25% to 50% increase in customer complaints (Customer, Ombudsman, MP and Regulator)	Possible	**D**

3.5. Willingness to pay

We have undertaken extensive engagement with our customers to understand what they value and, therefore, where we can most effectively invest to ensure we meet their service expectations.

In general, we found that customers valued good service from AusNet and there is positive sentiment towards AusNet implementing improvements in communication and interaction with customers. Customers have stated that it is important that AusNet does not become a barrier to customers activities, particularly in relation to connection processes and customer energy resources where customers are investing to manage their bills or to help in the energy transition.

As part of our EDPR 2027-31 development and customer engagement program, options for customer experience improvement were specifically reviewed with our customer engagement panel. At the August 2024 engagement panel workshop, also with AER attendance, AusNet presented 3 customer experience improvement options of varying program scope, outcomes and cost. The recommendation from the customer panel was to progress the 'Customer Service Excellence' option, which will deliver the greatest improvement in customer experience. This option was

[11] Refer AusNet Technology Strategy and Investment Plan
[12] As per EDPR 2027-31 Customer Engagement Panel feedback

strongly supported, with recognition of the higher investment and willingness to pay required relative to the other (reduced scope) options.[13]

The systems architecture implementation options presented in the next section are based on achieving the outcomes of the preferred Customer Service Excellence option as endorsed by the customer panel.

[13] As per AusNet EDPR Engagement Panels - August 2024 in-person meeting

4. Options assessed

This section provides an overview of the options identified that may feasibly enable AusNet to address the limitations with our existing systems identified in Section 2.3. In developing these options, we considered alternative approaches to address the identified gaps and deliver the required customer outcomes. Each option considers a different approach to implementation, leveraging different system architectures or combinations of systems and platforms.

The AER's guidance note – "Non-network ICT capex assessment approach" of November 2019 notes that non-recurrent expenditure should have a positive net present value unless a compliance requirement, or unless strong customer support and willingness to pay is demonstrated. In all cases, it is expected that timing and scope options of the investments (to demonstrate prudency) and options for alternative implementation approaches, systems and service providers (to demonstrate efficiency) will be evaluated. Assessment is to be made of the discounted costs against the benefits of the programme.

As per the AER guidelines, we have examined credible options for delivery of the customer engagement proposal. We examined whether the requirements could be met prudently and efficiently through using discrete task specific software solutions to augment one or more existing systems, whether the existing systems could be leveraged and upgraded to fully address the identified needs, or if a new system/platform would be appropriate.

4.1. Quantifying benefits

The options have been assessed in relation to addressing the identified gaps in customer engagement capabilities, the cost of implementing the option, solution deliverability and risk, and the benefits expected to be obtained.

Each of the three options will address the identified needs by improving our systems and/or functionality to address the need. Each of the identified needs will be addressed through the initiatives as shown in Table 7, with some project(s) aimed at addressing one or more identified needs.

Table 7 – Mapping of initiatives to identified needs

IDENTIFIED LIMITATION	INITIATIVE
How we communicate	Communication Channel of Choice Customer Data Consolidation
How we engage with customers	Customer Portals Advanced Customer Experience Extended Customer Personas
Our ability to support and meet customer information needs	Communication Channel of Choice Advanced Customer Experience Identify/Integrate Critical and Vulnerable Customers
Information accuracy and speed of communication	Customer Data Consolidation Customer Notification Accuracy Planned and Unplanned Outage Communication Improvements
Process improvement	Customer Portals Outage Claims Process Improvements Advanced Customer Experience
System functionality and integration	Customer Relationship Management integration Customer Portals Customer Data Consolidation Advanced Customer Experience

These initiatives will deliver benefits for our customers and AusNet through greater efficiency, ease of doing business and accuracy of information. Details of the key initiatives that deliver these benefits are detailed below:

- **Customer Portals (includes Customer Portal Consolidation and Major Connections Portal)**

  Develop our online portal to create a unified access point with one username and password and a single interface. The online portal will improve the ability of our customers to find the information they are searching for and to initiate and monitor connection applications and claim requests.

- **Customer Relationship Management integration and Data Consolidation**

Consolidating and extending customer data through improve Customer Relationship Management (CRM) functionality. This will provide the systems and functionality to enable recording of additional customer information and enable customer contact details to be consolidated into a single account, it will also provide functionality for capturing and tracking data on customers with specialised needs and vulnerabilities. It will also improve the integration between our various systems and databases to enable more automation and remove or reduce manual process steps.

- **Communication Channel of Choice and Improved Outage Communications**

  Improving the effectiveness of notifications during outages and allowing customers to select their preferred channel of communication. This will include providing the systems and functionality for AusNet to communicate and disseminate information across different communication channels to reflect differences in customer preferences, information needs and diversity of the customer base. Improvements will also be made to underlying outage communications systems to improve accuracy and information content for planned and unplanned outages.

- **Advanced Customer Experience**

  Improved customer experience through tailoring information and customer management to their specific needs, through broader definition of critical and vulnerable customers and creation of broader customer personas. Additionally, expanding the online portals to include advanced functionality such as using AI to improve customer experience and ability for self-service when interacting with AusNet and AusNet's systems.

- **Outage Claims Process Improvements**

  Improved process through enabling the systems and functionality to automate connections requests for all customer, including HV customers and embedded generators, and streamline claims processes. The improved process will also enable AusNet to more effectively monitor all customer interactions through various channels and for information to be accessed by AusNet customer service agents to provide insights and information to customers.

Benefits from these investments were assessed relative to the counterfactual of retaining the existing systems with no additional investment. The effort saved by AusNet was calculated based on review of the systems and process for each of the key task types and the potential saving estimated. Analysis of actual numbers of website views, enquiries, applications and claims that have been made was used to calculate the total potential time saving for our team if new systems and/or functionalities are implemented.

The economic value of the time saving for customers was calculated based on the average wage for Victorians to enable quantification of the benefits to customers from being productive with the time saved. Likewise, expected improvements in employee productivity were valued based on the average salary of a full-time employee. This enables us to provide quantification of the benefits from the investment.

Benefits expected to be achieved and included in the cost benefit model were:

- Time saving in project management activities per connection lead
- Time saving in relation to major connections for power system engineers
- Reduced number of iterations for each major connection application
- Reduced customer effort required to manage simple enquires that could be handled through automated systems
- Save customer time from: quick service during fault related calls; reduced time to find information through improve website navigation and self-service functionality on the portal; and, more efficient claims processes saving both customer and AusNet staff time.

These benefits have all been modelled in the economic assessment of identified options based on the consistent set of assumptions set out in Table 8 below.

Table 8 – Key assumptions

ASSUMPTION	VALUE	COMMENTS
WACC	5.45%	Based on EDPR WACC
Average hourly cost ($ per hour)	[CIC]	Average staff rate applied for calculating cost savings
Value of customer time ($ per hour)	[CIC]	Modelled economic cost of customer time

Source: AusNet analysis

The benefits over the evaluation period expected to be achieved by the systems implemented through this program are summarised in Table 9 below.[14] Program delivery implementation options, to deliver these benefits, are detailed and assessed in the following sections.

Table 9 - Summary of expected benefits

PROJECT	BENEFIT TYPE	BENEFIT (FY27-35)
Customer Portals (includes Customer Portal Consolidation and Major Connections Portal)	Improved employee productivity	$3.1M
	Reduced cost to customers	$9.0M
CRM integrations	Improved employee productivity	$2.1M
	Value of customer time	$0.3M
Advanced Customer Experience	Value of customer time	$4.8M
Communication channel of choice	Improved employee productivity	$0.6M
	Value of customer time	$2.8M
Outage Claims Process Improvements	Improved employee productivity	$1.7M
	Value of customer time	$0.3M

Note: improved employee productivity is an avoided cost compared to a counterfactual no investment case. The improved systems will enable AusNet to meet customer expectations without the need to employ additional staff to manage manual processes.

4.2. Options analysis

Our analysis has identified 3 distinct program implementation options that address the identified need, are technically feasible, and which would deliver the benefits detailed in Section 4.1. Each option considered a different system architecture approach to address the identified need and achieve the desired outcomes. The options, summarised in Table 10 below, have been assessed in the following sections relative to the cost of implementation, and associated deliverability and risk.

Table 10 - Summary of options

OPTION	SUMMARY
Option 1: Maintain existing systems, augment with task specific systems	Maintain the existing systems and any new functionality required will be addressed with new task specific packages that may be from different vendors.
Option 2: Maximise use of existing systems with vendor upgrades where required	Maintain the existing systems and any new functionality required will be addressed through upgrading existing modules or adding new modules from the existing vendor and software environment. Configuration and development of new capabilities will be implemented via these systems.
Option 3: Implement a new platform that addresses all needs	Replace all relevant systems with a single software platform from a different vendor that will provide all functionality.

4.2.1. Option 1: Maintain existing systems, augment with task specific systems

This option proposes to maintain the existing core systems and for new functionality, required to address the identified limitations, implementing new software packages or systems that are designed specifically to undertake the intended tasks. Summarised below is a comparison of the relative benefits, disadvantages, cost, ease of implementation.

Benefits	Disadvantage
• This allows AusNet to take advantage of best of breed solutions for each task.	• There may be data integration issues which need to be addressed and impact our ability to implement some of the solutions within the required timeframe. This

[14] Refer AusNet EDPR 2027-31 Digital Program NPV Model

Benefits	Disadvantage
• This will be implemented on the basis of purchasing products and not building custom systems, hence updates, patches and cyber security requirements will be addressed by the vendor.	could require additional configuration or 'work arounds' to ensure seamless flow of information and may pose a long-term risk if the business loses knowledge of the work around (such as by departure of staff). Experience has found that the cost of integration of new systems with our existing systems has significant cost associated and is included in our cost-benefit analysis. • This approach will take advantage of standalone software packages that may be from different vendors, hence there will be additional implementation, vendor management and licence fees payable with some administrative burden and ongoing vendor management. • Depending on the system and its functionality, staff may be required to undergo training on how to use or manage the new systems. • There may not be any suitable standalone products available on the market.

Our analysis of the option has found that there are some material risks with implementing this solution, particularly relating to procurement and implementation of new systems and the integration of those with AusNet's legacy environment. However, the option is technically feasible and likely can be implemented within the required timeframe.

Costs for this approach include implementation of new systems and additional costs for required integration into existing systems. This option also requires increased opex as the increased landscape of applications will require additional product licenses and these will incur ongoing vendor support fees. The overall cost is estimated to be $46.0 million capex and $1.9 million opex with the expenditure profile shown in Table 11. Our analysis has found that it has an NPV of -$18.0 million[15].

The NPV is lower than that of Option 2 and the overall risk profile is higher, hence this option is not recommended.

Table 11 - Forecast expenditure for Option 1 ($'million, real FY24)

Cost item	FY27	FY28	FY29	FY30	FY31	Total
Capex	$11.00	$10.00	$9.00	$6.00	$10.00	$46.00
Opex	-	$0.30	$0.36	$0.62	$0.62	$1.90
Total	$11.00	$10.30	$9.36	$6.62	$10.62	$47.90

4.2.2. Option 2: Maximise use of existing systems with vendor upgrades where required

This option proposes to update and/or upgrade our existing customer experience software products ([CIC]to deliver the functionality required to address the identified limitations. This approach will retain the current vendors and software environment.

Benefits	Disadvantage
• This option minimises any integration and implementation risk. • Provides a single source of truth as all functionality is linked to the same underlying data. • Will require a single vendor for all the functionality meaning there is less risk of 'gaps' between products, a single point of contact for technical support and reduced administrative overhead.	• The resultant systems may not be considered 'best of breed' solutions and there may be the need for some compromise in functionality or other features. • AusNet will be restricted to a single vendor / software 'ecosystem' which may restrict some desirable functionality.

[15] Refer AusNet EDPR 2027-31 Digital Program NPV Model

Benefits	Disadvantage
• Improved user experience for AusNet staff as it will be a single platform with a consistent suite of products/functionalities.	

This proposed Option will ensure that our systems align with our vision to deliver digital capabilities that support network stability and growth while driving efficiency for our customers and our business and facilitate achieving our customer orientated objective of enhancing our customer systems to save time for our customers and enable us to provide more tailored services.

Our analysis has found that this option minimises implementation risk as there is not expected to be any issues with integration with other systems and it is also the most likely to be implemented within the required timeframe. Costs for this option include implementation of new functionality and vendor modules, and opex for associated licences and support. The overall cost is estimated to be $41.0 million capex and $1.4 million opex with the expenditure profile shown in Table 12. Our analysis has found that it has an NPV of -$12.7 million[16].

The NPV of this option is the highest of the options assessed and it also has the lowest deliverability risk profile is, hence this option is recommended.

Table 12 - Forecast expenditure for Option 2 ($'million, real FY24)

Cost item	FY27	FY28	FY29	FY30	FY31	Total
Capex	$9.00	$9.00	$9.00	$4.00	$10.00	$41.00
Opex	$0	$0.18	$0.42	$0.42	$0.42	$1.44
Total	$9.00	$9.18	$9.42	$4.42	$10.42	$42.44

4.2.3. Option 3: Implement a new platform that addresses all needs

This option proposes to re-platform the relevant systems, namely Salesforce and Sitecore, such that a single system or vendor can provide all the relevant functionality. Options could include alternative CRM solutions such as [CIC].

Our experience has found that replacing entire systems requires significant time, is highest cost and has a high risk of exceeding the forecast expenditure budget. The implementation and development investments in the existing system would need to be reimplemented in the new platform requiring a similar financial investment. Any reduction in ongoing license costs compare the existing systems ([CIC]) are forecast to be marginal and do not result in any pragmatic return on investment. Two years would be required to perform the migration which will require extra effort on top of the targeted customer improvements. The first two years would also see a double-up of licencing costs while AusNet has to operate and develop both environments concurrently (existing system and new system until the new system is commissioned and proven).

Benefits	Disadvantage
• Having identified a solution from a single vendor that delivers the broadest functionality footprint required by this business case, this option minimises any integration risk and the costs of integrating into AusNet's legacy environment (notwithstanding the cost of implementation). • Provides a single source of truth as all functionality is linked to the same underlying data. • Will require a single vendor for all the functionality meaning there is less risk of 'gaps' between products, a single point of contact for technical support and reduced administrative overhead. • Improved user experience for AusNet staff as it will be a single platform with a consistent suite of products/functionalities.	• This option has high implementation risk and cost. • The resultant systems may not be considered 'best of breed' solutions and there may be the need for some compromise in functionality or other features. • AusNet will be restricted to a single vendor / software 'ecosystem' which may restrict some desirable functionality.

[16] Refer AusNet EDPR 2027-31 Digital Program NPV Model

This proposed Option would ensure that our systems align with our vision to deliver digital capabilities that support network stability and growth, however it is less efficiency for our customers due to the higher cost of the option and higher risk of implementation.

Our analysis has found that this option has the highest forecast cost and the highest implementation risk with uncertainty as to whether or not it could be implemented within the required timeframe. The overall cost is estimated to be $59.0 million capex and $2.1 million opex with the expenditure profile shown in Table 13. Our analysis has found that it has an NPV of -$28.4 million[17].

The NPV of this option is the lowest of the options assessed and it also has the highest risk profile is, hence this option is not recommended.

Table 13 – Forecast expenditure for Option 3 ($'million, real FY24)

Cost item	FY27	FY28	FY29	FY30	FY31	Total
Capex	$10.00	$14.00	$13.00	$12.00	$10.00	$59.00
Opex	$0.50	$0.68	$0.32	$0.32	$0.32	$2.14
Total	$10.5	$14.68	$13.32	$12.32	$10.32	$61.14

[17] Refer AusNet EDPR 2027-31 Digital Program NPV Model

5. Preferred option

Our analysis and customer engagement identified that our customers expected a higher standard of service and were willing to pay for the improvements in systems and capability required to achieve it. The options we examined were based on providing a step change to customer experience, as described in the 'Customer Service Excellence' proposal recommended by our Customer Engagement Panel (as per Section 3.5).

We found that Option 2, maximising the use of our existing customer experience systems with vendor upgrades where required, provides the most efficient approach to implementing the service improvements. **Table 14** shows an overall assessment of each option against the identified capability gap and how well each option will address that gap.

Table 14 Summary of options assessment against identified capability gaps

Identified capability gaps	Option 1	Option 2	Option 3
How we communicate	Yes	Yes	Yes
How we engage with customers	Yes	Yes	Yes
Our ability to support and meet customer information needs	Partially	Yes	Yes
Information accuracy and speed of communication	Yes	Yes	Yes
Process improvement	Partially	Yes	Yes
System functionality	Partially	Yes	Yes
System integration	Partially	Yes	Yes
Outcome	**Partial**	**Yes**	**Yes**

Table 1provides a summary of findings from our options analysis. It shows that Option 2 is preferred as it has the highest NPV, addresses each of the assessment criteria and has low delivery risk.

We note that while Option 2 has the highest NPV it is still negative. However, as discussed above and detailed in Section 3.4, we specifically presented the costs and benefits of this program to our EDPR 2027-31 Customer Engagement Panel who recommended that the improved service was their preferred solution and provided support for the associated cost.

Table 15 Options analysis summary

Criteria	Option 1	Option 2	Option 3
Capex ($'000, real FY24)	$46,000	$41,000	$59,000
Opex ($00, real FY24)	$1,900	$1,144	$2,140
NPV ($'000, real FY24)	-$18,045	-$12,738	-$28,429
Technically feasible	✓	✓	✓
Addresses identified need	Partially	✓	✓
Deliverable within timeframe	✓	✓	✓ (Some Risk)
Delivery risk	Moderate	Low	High
Preferred	×	✓	×

AusNet Services

Level 31
2 Southbank Boulevard
Southbank VIC 3006
T +613 9695 6000
F +613 9695 6666
Locked Bag 14051 Melbourne City Mail Centre Melbourne VIC 8001
www.AusNetservices.com.au

Follow us on

@AusNetServices
@AusNetServices
@AusNet.Services.Energy

AusNet