



# Flexible Service Offer Optimisation Immerse Phase SME Interview Playback and Summary

## Prepared for:

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# Where are we: Approach Overview



## 1. Immerse

**Kick-off meeting** and interviews with key organisational stakeholders to develop hypotheses and draft product attribute descriptions and customer communications.



## 2. Explore

Online **qualitative research** to explore and understand perceptions and comprehension of potential products, product attributes and associated communications.



## 3. Optimise

Online **quantitative research** to determine the optimal bundle of product attributes to be trialed and associated communications with customers of each network.

**What**

**How**

**Approach**

**Deliverables**

**Outcomes**

1 hour kick-off meeting and stakeholder interviews with CitiPower, Powercor and United Energy subject matter experts.

- Discussion guide with drafted communications and product attribute descriptions, to be used in Phase 2.

- Alignment on program objectives, deliverables, roles and responsibilities
- Hypothesis and concepts to be tested in Phase 2

3-day online discussion forum with n=15 residential and SMB customers (inc. solar and non-solar customers) in each network. (n=45 customers in total)

- Summary Report
- Presentation of findings
- Questionnaire with refined communications and product attributes

- Refined product attributes and communications for testing in Phase 3.

- 15-minute representative online survey of n=1,200 residential and SMB customers (n=400 from each network).

- Executive Report inclusive of a choice-based model for each network.
- Presentation of findings

- Clear prioritisation of policies and communications to be trialed with customers.

# Stakeholders engaged with and topics explored through immersion phase



## Stakeholders engaged

7 in-depth interviews were conducted with Subject Matter Experts from the following CitiPower, Powercor and United Energy departments:

- Corporate Affairs
- Regulation
- Network Strategy
- Network Planning
- Customer
- Regulatory Finance

## Topics covered with stakeholders:

Potential Product Solutions	<ul style="list-style-type: none"><li>• Structure of potential product(s)</li><li>• Potential incentives driving new offer uptake and positive reception</li></ul>
Communications Considerations	<ul style="list-style-type: none"><li>• Most important information and data points to be communicated</li><li>• Potential messages and wording to use and avoid</li><li>• Potential benefits of a new product to customers - collective and individual</li></ul>
Implications of a new product on brand, reputation and social license to operate and innovate	<ul style="list-style-type: none"><li>• The role of brand perception in driving uptake of new products</li><li>• Ensuring equity for consumers</li><li>• The role that the networks could play in facilitating the rollout and communication of a new product compared to other players</li></ul>

# This report will focus on insights collected on three key issues and the implications for the research program and the networks

1

Potential Product Solutions

2

Communications Considerations

3

Relationship between a new product and brand, reputation and social license to operate and innovate

# 1

## Potential Product Solutions: SMEs put forward a range of product solutions and options to be tested with customers

**Context:** Stakeholders were unified in their acknowledgement of the need for an intervention to manage the impact of excess solar on the network and give customers greater access and autonomy to electricity.

With a government focus on not mandating adoption of products, DOEs must be offered to customers, and there is no guarantee that there will be uptake, therefore customers must be incentivised to adopt.

Potential product	Potential Structure	Potential consumer benefits	Cons for introduction
Dynamic Operating Envelope (DOE)	<ul style="list-style-type: none"> <li>Exports to fluctuate dependent on availability of network. (e.g. maximum of 8kva most of the time or 3kva some of the time).</li> </ul>	<ul style="list-style-type: none"> <li>Greater export capacity and flexibility</li> <li>Greater financial incentives for customers</li> </ul>	<ul style="list-style-type: none"> <li>Potentially difficult to communicate to consumers</li> <li>Existing solar users won't uptake unless they adopt more panels or are on an already constrained part of the network.</li> </ul>
Tariff	<ul style="list-style-type: none"> <li>Tariff to be placed on solar export above a specific kVa.</li> </ul>	<ul style="list-style-type: none"> <li>Altruistic incentives such as future-proofing the grid to enable greater renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>May not be introduced by the retailer</li> <li>Negative stigma on tariffs and likelihood of reputational damage to the networks.</li> </ul>
Insurance policy for times of constraint	<ul style="list-style-type: none"> <li>Consumers to pay yearly insurance fee and if they are constrained, they will receive a payout equal to the amount of export lost (below the static limit)</li> </ul>	<ul style="list-style-type: none"> <li>Financial assurance as networks take on burden of risk.</li> </ul>	<ul style="list-style-type: none"> <li>Very difficult to be approved by government.</li> </ul>

# 2

## Communications Considerations: The following communications factors were flagged as important to take into account during the next phase of research:

- Communicating the DOE offering in simple terms
- Technical aspects of the product, including installation, accessibility, and user-friendliness
- Effective communication of the network's obligatory and altruistic motive behind offering: That they are not offering DOEs to make a profit.
- Communicating incentives to consumers to drive uptake.
- Effective communication and management of perception regarding role of networks vs retailers.
- Ensuring that all customers' feel included and know that equity for all customers remains a priority



### ... effective communication of which will lead to the following outcomes

- ✓ Customer trusts the network is acting in their best interest
- ✓ Customer believes that they are getting the best financial and environmental value
- ✓ Customer is willing to allow control and automation of their exports limits
- ✓ Customer believes that the network shares their renewable energy goals

# 3

## Likewise, success of product attributes that drive uptake will depend on trust in the network and brand

### Potential Drivers of uptake of solar and a new product



#### Greater flexibility

Offering flexible service is a key component of the DOEs. Trust will mean handing over control to the networks, and trusting them to act in customers' interest.



#### Emissions Reduction

Green energy is a driver of uptake for solar customers as solar is seen as 'pure and environmentally friendly.' Customers need to trust that a new product will enable greater solar export and will not be an inhibitor of unlimited solar export.



#### Value

The ability to get more value from customers' energy service and earn money/ reduce the bill was a driver of solar uptake and potentially a new product. Therefore any perception of limits being placed on this capacity must be managed. The ability to continue getting value from solar exports should instead be emphasised.



#### Trust

**Trust** was a key element of brand perception that needed to be managed in order for successful uptake and reception of a new product.

Stakeholders described the following concerns and goals in relation to trust:

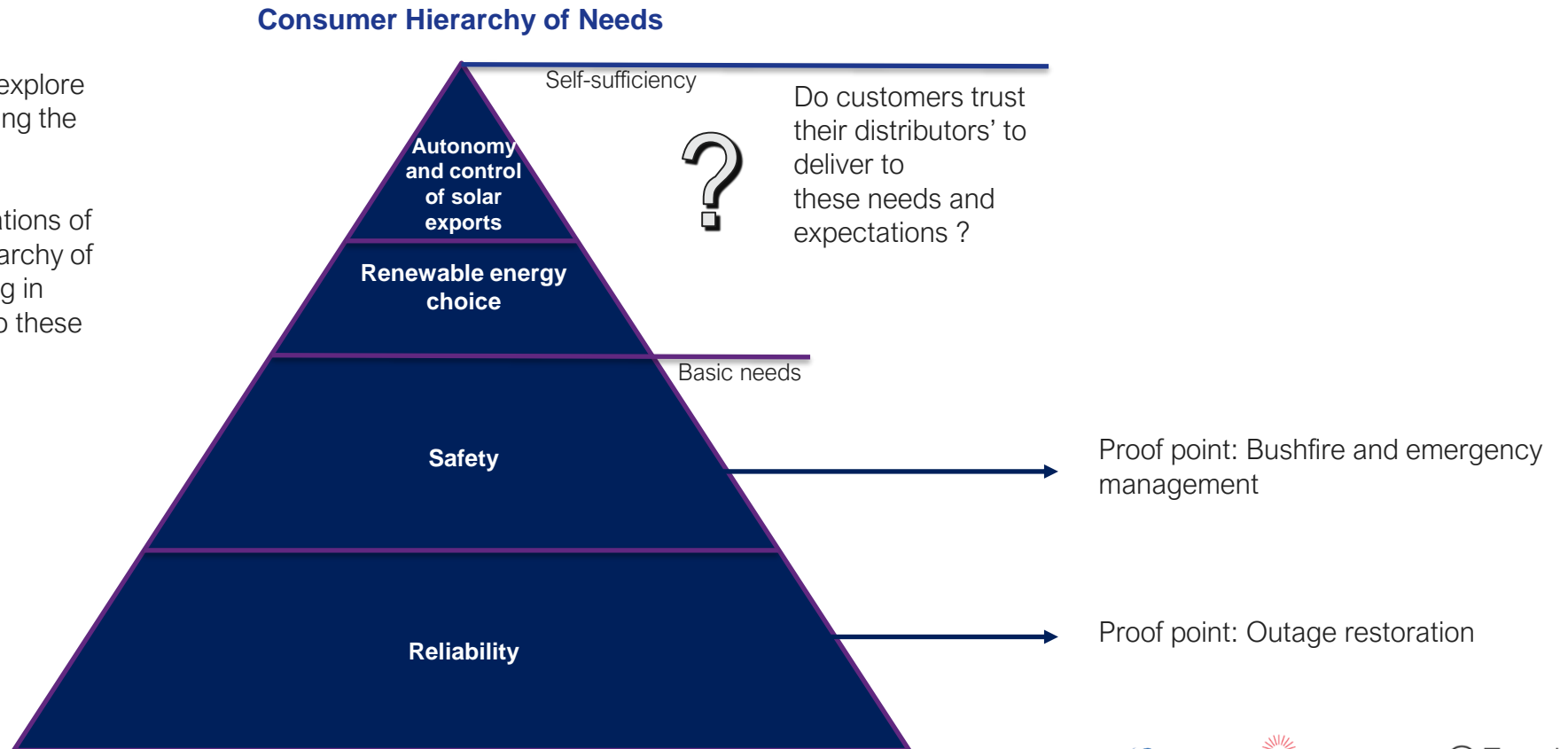
- The need to be seen as a trusted advisor who does not sell or market products, as opposed to a mistrusted or controlling 'big brother' typed entity.
- The need to be trusted enough for customers to welcome relinquishing control of service, or handing over control in the sense of a level of automation required for the flexible service to operate.

# 3

Whilst there was trust in the networks to manage the foundational needs of customers and having a social license to operate, there were questions as to whether the networks had a social license to innovate and meet the future needs of customers through management of a new product

Therefore, we will further test and explore customers' expectations surrounding the management of solar exports.

Including, how customers' expectations of their energy network tie into a hierarchy of energy needs? And how messaging in product offering can best appeal to these expectations?





A final note: Further considerations and concerns raised in the interviews that will be relevant throughout this research and going into trials are:

1

Regulatory requirements: including justification for the amount of export capacity chosen will need to be provided to the AER.

2

Research vs. technical capability of trial: What offering can we actually commit to?

3

The need to change the narrative about energy availability; including the role of providers, the grid, and retailers vs. providers policing or controlling the network. This broad educative goal has potential positive impact on brand and operations on many levels.

# Timeline and Next Steps

# Timeline

Task	Date	Responsibility
Kick Off workshop	5th April	Forethought and CP/CP/UE
Stakeholder interviews	18 <sup>th</sup> April – 4 <sup>th</sup> May	Forethought and CP/CP/UE
Development and sign-off of communications materials	18 <sup>th</sup> April – 6 <sup>th</sup> May	Forethought and CP/CP/UE
Discussion guide development & sign off	5 <sup>th</sup> April – 6 <sup>th</sup> May	Forethought and CP/CP/UE
Recruitment of qualitative participants	18 <sup>th</sup> April – 6 <sup>th</sup> May	Forethought
Conduct qualitative boards	10 <sup>th</sup> May – 12 <sup>th</sup> May	Forethought
Summary Report and Draft Questionnaire Delivery	May 20 <sup>th</sup>	Forethought
Questionnaire sign-off	May 20 <sup>th</sup>	Forethought and CP/CP/UE
Programming and fieldwork	May 23 <sup>rd</sup> - June 8 <sup>th</sup>	Forethought
Analysis and reporting	June 8 <sup>th</sup> – June 17 <sup>th</sup>	Forethought
Present Draft Report	June 17 <sup>th</sup>	Forethought
Final Report and Presentation	June 24 <sup>th</sup>	Forethought

# Key Next Steps

What	Detailed Responsibilities	Date
Sign-off on discussion guide	<ul style="list-style-type: none"> <li>CP/PC/UE to sign off on discussion guides</li> </ul>	<p><b>by 6<sup>th</sup> May (or morning of the 9<sup>th</sup>)</b></p>
Recruitment of qualitative participants	<ul style="list-style-type: none"> <li>Forethought to recruit participants</li> </ul>	<p><b>18<sup>th</sup> April – 6<sup>th</sup> May</b></p>
Recruitment of qualitative participants	<ul style="list-style-type: none"> <li>Forethought to conduct online qualitative boards</li> </ul>	<p><b>10<sup>th</sup> May – 12<sup>th</sup> May</b></p>





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