CUSTOMER SERVICE INCENTIVE SCHEME

PAL ATT 10.01 – PUBLIC

2026–31 REGULATORY PROPOSAL

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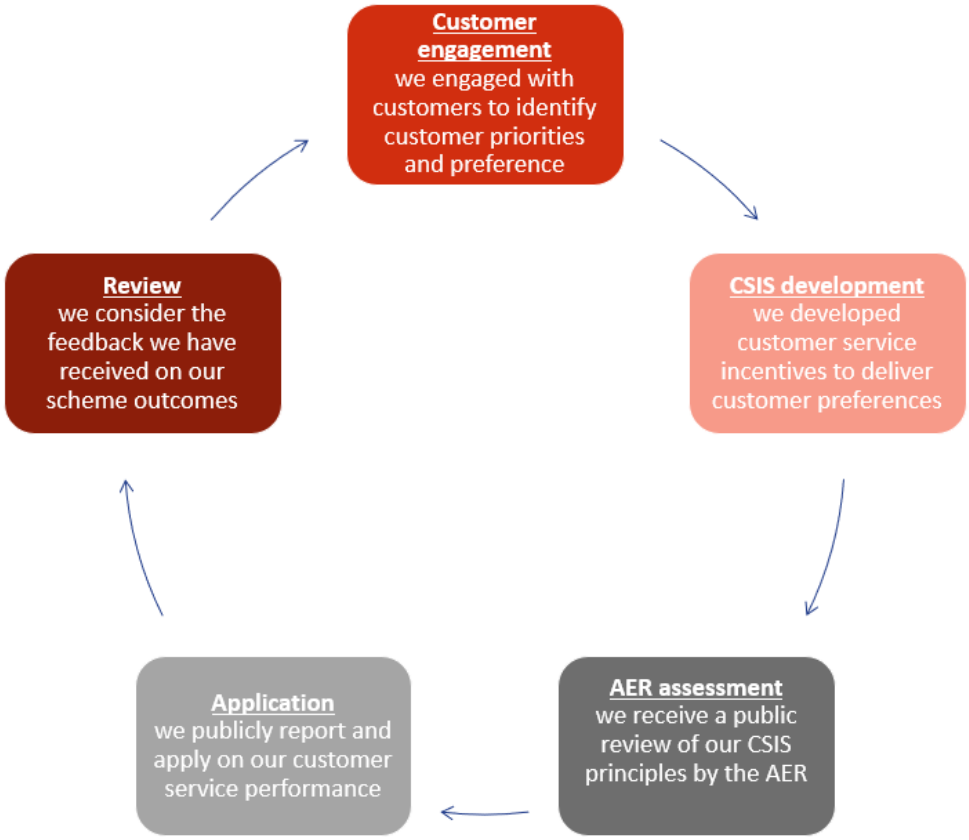
1. Background

The customer service incentive scheme (CSIS) is designed to allow us to engage with our customers and provide customer service in accordance with their preferences. The CSIS allows us to set targets for customer service performance and require us to report on performance against those targets. Under the CSIS we may be financially rewarded or penalised depending on how we perform against our customer service targets.

Customer service is a vital part of our business. Our CSIS is a significant opportunity to deliver services our customer's value and want. The overarching CSIS framework is set out in **Error! Reference source not found.**.

FIGURE 1 CSIS FRAMEWORK



Source: AER

We consulted with a broad range of customers to understand what customer services customers most value. This included engaging with over 1000 customers across our network as well as our Customer Advisory Panel (CAP).

We have listened and collaborated with our customers to design a tailored incentive scheme that addresses customer's highest priorities when it comes to customer service.

2. Customer engagement

Our customers are at the centre of our CSIS design. Customer research and feedback was crucial to the process of developing our proposed CSIS and all design decisions were driven by customer values and preferences. The following section provides a summary of our customer engagement process.

2.1 Customer research and engagement

We engaged with our grass root customers and undertook comprehensive research, giving us a strong understanding of customer service needs, priorities and expectations.

These engagements were conducted by our independent stakeholder engagement consultants, Forethought who ensured our engagements provided comprehensive and objective insights, to gather well informed customer feedback.

A quantitative engagement method was used to test our customer preferences and seek their input to our proposed CSIS design. The research conducted included a comprehensive sample of customers as noted in Figure 2 below.

FIGURE 2 CUSTOMER RESEARCH - QUANTITATIVE SAMPLE

2.1.1 We undertook a quantitative approach to understand customer priorities

To understand customer values and preferences in the services we provide, we undertook a quantitative approach. This involved using a Maximum Difference Scaling (MaxDiff) approach to measure the relative importance of customer services provided by us.

We used the MaxDiff to model choice trade-offs by our customers. Customers were presented with a set of attributes relating to service offerings and were repeatedly asked to indicate which of the attributes where most and least important. By having customers perform this task multiple times, it allowed for the relative importance of each service to be revealed. Customers were also less likely to rely on a standalone statement which may have lacked thorough reflection. The MaxDiff approach allowed us to understand the disparities between customer preferences and expectations as well as a realistic indication of their actual preferences.

Figure 3 is an illustrative example of what customers were presented with during this approach:

FIGURE 3 MAXIMUM DIFFERENCE SCALING PROCESS

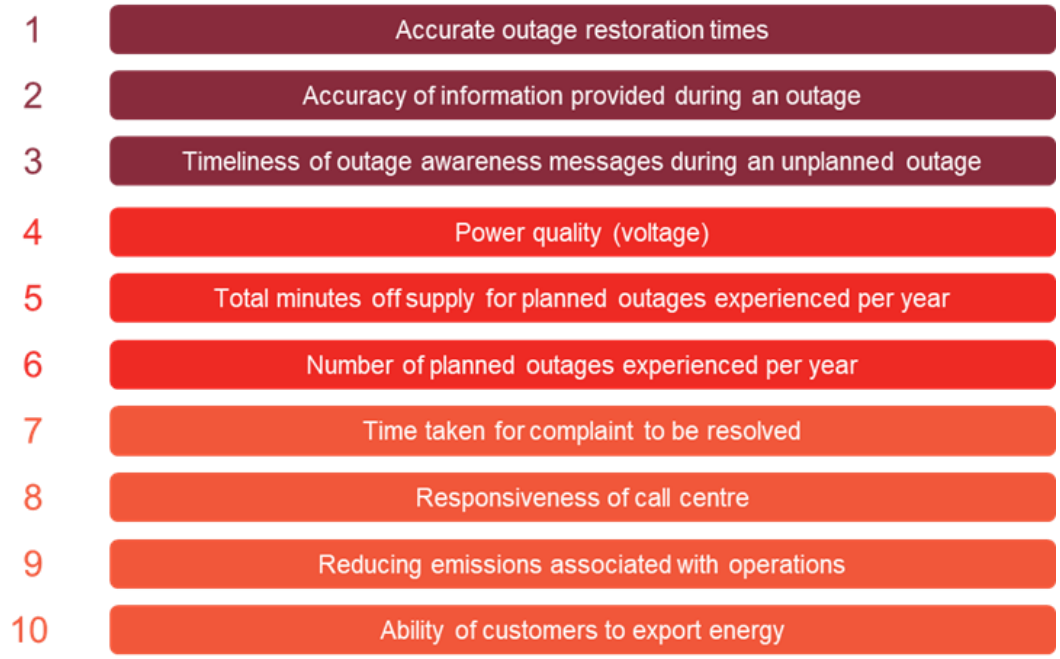
Which of the following is more important to you?		
MOST IMPORTANT	ELEMENT	LEAST IMPORTANT
○	Accurate outage restoration times	○
✓	Accuracy of information provided during an outage	○
○	Timeliness of outage awareness message during an unplanned outage	○
○	Total number of planned outages and total minutes off supply	○
○	New connection project timeline	✓
○	Aesthetic of network assets	○

2.1.2 Unpacking what customers said

Using our MaxDiff modelling we were able to devise a top 10 ranking of customer services most valued by our customers. The rankings are set out in Figure 4. The services our customers ranked highest related to the following themes:

- information or communication related to an outage experience (both planned and unplanned)
- power quality
- frequency and duration of outages
- responding to queries and complaints
- the clean energy transition.

FIGURE 4 CUSTOMER SERVICE LEVEL PRIORITIES



The services identified by our customers during this engagement process provided the key areas of focus we considered when identifying measures to include in our CSIS.

A full report on our engagement process prepared by our independent third-party engagement specialist, as well as a detailed breakdown of each of the customer service level priorities identified

above can be found in attachment PAL ATT 10.02 – Forethought - CSIS customer engagement – Jul2023 – Public.

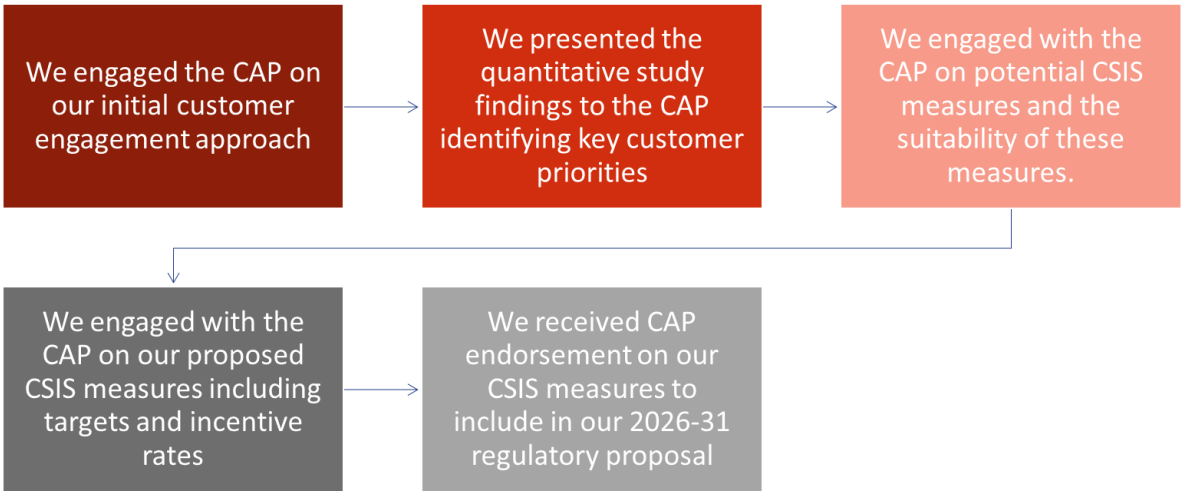
2.2 Customer advisory panel CSIS engagement

We worked with our Customer Advisory Panel (CAP) throughout or CSIS development. This included involving the CAP at key decision stages including:

- the initial customer engagement design
- the interpretation of the customer engagement results
- our potential CSIS measures, and
- our final proposed CSIS including proposed targets and incentive rates.

The CAPS's feedback was instrumental in ensuring that our proposed CSIS is robust and delivers customer benefits in line with our customer preferences. Based on these engagements, the CAP has endorsed our proposed CSIS. A step-by-step timeline of our CAP engagement is provided in **Error! Reference source not found.**.

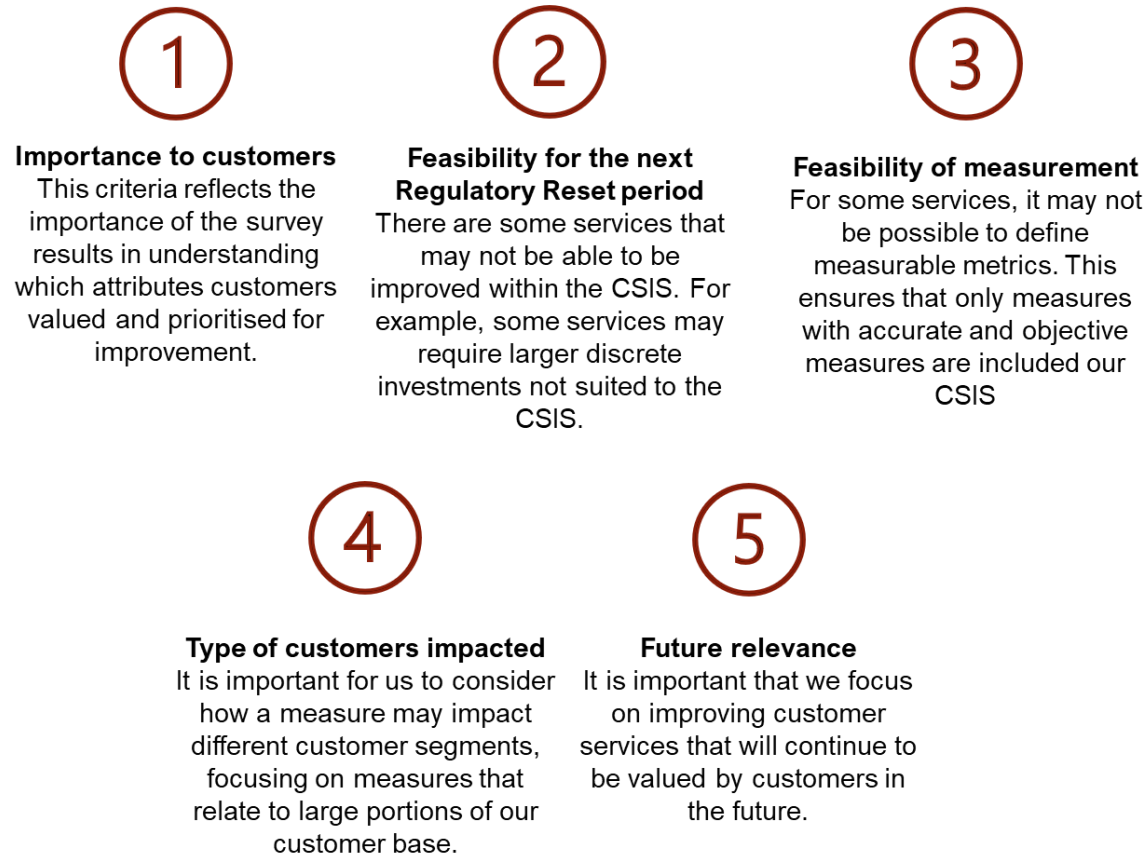
FIGURE 5 CAP ENGAGEMENT PROCESS



3. Evaluating potential CSIS measures

Based on our customer priorities we then considered a range of customer services and how they might form part of our CSIS. We considered multiple factors in determining whether the above customer service level priorities could be turned into appropriate CSIS metrics, these are set out in Figure 6.

FIGURE 6 CSIS METRIC FACTORS



A number of the identified measures were not considered suitable for inclusion into our CSIS. However, we consider that some measures, particularly around the accuracy of outage restoration times, while currently not able to be included in our CSIS, show promise and we will work to establish the necessary requirements to include these measures in a future CSIS proposal. We outline the work we have undertaken in relation to the accuracy of outage restoration times in section 3.1.1. The potential CSIS measures we identified as well as a summary of our analysis is provided in Table 1.

TABLE 1 POTENTIAL CSIS MEASURES

CUSTOMER FOCUS AREA	POTENTIAL MEASURE	SUMMARY
Information or communication related to an outage experience (accuracy)	Accuracy of unplanned outage restoration times	Although ranked highest by customers, we have limited reporting capability to measure our performance in this area. However, based on our customer feedback we are investigating how a measure around the accuracy of our restoration times may be included in a future CSIS.
Information or communication related to an outage experience (accuracy)	Accuracy of planned outage restoration times	A metric for this measure could result in adverse behaviour, where jobs will not be finished early where they could be since we are incentivised to finish around the stated restoration time. We do not consider this an appropriate CSIS measure.
Information or communication related to an outage experience (timeliness)	Timely SMS notifications	This measure forms part of our 2021–26 CSIS and has resulted in significant improvements in the speed at which we provide customers information following an outage. Maintaining this measure will provide incentives to continue to improve the timeliness of our communications.
Frequency and duration of outages	Planned SAIDI/SAIFI	This measure forms part of our 2021–26 CSIS and has resulted in efficient gains related to time customers spend off supply due to planned outages. Maintaining this measure will provide incentives to continue to improve the efficiency of our planned outages. This measure is limited to planned outages as unplanned outages are captured under our STPIS scheme.
Power quality	No measure was identified	Power quality can be best addressed through discrete investments in targeted areas. Over the 2024 calendar year we have already undertaken 42 projects related to power quality.
Responding to queries and complaints (responsiveness)	Time taken for our call centre to answer calls	This measure forms part of our 2021–26 CSIS and has resulted in significant improvements in our fault call answering performance. This measure could be expanded to also capture general enquiries to improve our responsiveness to all customer calls.
Responding to queries and complaints	Customer satisfaction survey	We perform exceptionally well in this area with a recent customer satisfaction score of 87%. In addition, we already have a number of measures in place to ensure the quality

(quality of complaints)		and safety of our call centre interactions. We consider a CSIS measure is not required.
Responding to queries and complaints (timeliness of complaints)	No measure was identified	The number of complaints and the time taken to resolve complaints have reduced significantly in the past few years, therefore we consider a CSIS measure is not required.
Clean energy transition	No measure was identified	Reducing emissions associated with operations will be addressed through targeted investments as part of our sustainability program, while export capability is being improved through discrete investments.

As a result of this analysis, we consider the three measures in our current CSIS are the measures most suited for inclusion in our 2026–31 CSIS. These measures remain important to customers and will continue to drive further service level improvements over the 2026–31 regulatory period.

3.1.1 We undertook an in-depth feasibility study into the accuracy of our restoration times

Our research found that accurate outage restoration times and accurate information provided during an outage were the number one and two ranked priorities for customers. In light of these findings, we undertook a feasibility study into the accuracy of our outage restoration times. For the 2026–31 regulatory period we are unable to create a CSIS measure to address these customer priorities due to the following:

- We do not yet have the reporting capability to measure our performance in this area. This makes it difficult to develop an appropriate CSIS measure, as there is no baseline data available that can be used to set an appropriate target.
- There are multiple factors affecting accuracy the estimated time of restoration (ETR's) during escalation events. ETRs are often specific to the exact circumstances of the escalation event and not easily predicted due to factors such as weather conditions, time of year, location of the faults and the extent of damage to our assets. For many unplanned outages we are unable to understand the extent of a fault until the fault crew is on site to assess the damage.
- There is no clear ETR that should be used to calculate accuracy and we currently send multiple ETR's to make customers aware of the fault when the crew is dispatched to attend to the fault and when the crew has arrived on site to assess the site.

However, given the relative importance customers place on this focus area, we are investigating how to best capture and report this information to create a future CSIS measure. We are also making improvements related to our ETRs over 2025 to improve customer service levels (see Figure 7). We intend to include an ETR measure in a future regulatory period once our systems are improved and we have created the necessary baseline data.

FIGURE 7 SUMMARY OF IMPROVEMENTS TO ESTIMATED TIME OF RESTORATION

We will be....

1. **Establishing reporting** to capture details on progressive restores and subsumed jobs
2. **Establishing an ETR guideline and training** to our control and operations team including the necessary logic/matrix for updating ETRs
3. **Improving device compliance** to obtain more frequent ETR updates and fault restores
4. **Updating our existing ETR calculations** with more recent faults data

Benefits to customers

Undertaking these improvement opportunities will provide customers with the following benefits:

- reporting will allow analysis to be undertaken to baseline ETR accuracy and better understand how our accuracy differs across different types of faults
- the establishment of an ETR guideline and training will ensure a more consistent application of ETRs across the network
- better device compliance will lead to more accurate and timely updating of ETRs and general restoration information
- updating our existing ETR calculations will improve the accuracy of ETRs to customers as it will incorporate the most recent faults data

4. Our proposed CSIS

In order to continue to provide a high level of service to customers, we are updating and improving our CSIS measures based on customer preferences, CAP engagement and historical performance. Our previous performance has led us to exceed our targets and deliver significant customer benefits over the 2021–26 regulatory period. This was achieved through the continued investment in our people and processes.

While we are proposing to continue the same measures in the 2026–31 regulatory period (grade of service, planned outages and SMS delivery), we have made the following changes to our planned outages and grade of service measures.

- Grade of service measure - this measure has been expanded to include both fault calls and general enquiry calls. Expanding the metric will mean we will be incentivised to improve the service of all calls.
- Planned outages measure - this measure's methodology has been adjusted to capture the number and minutes of supply for a given outage, rather than for total outages. This change was undertaken to better align the metric with productivity gains and losses at an individual outage level.

A high-level comparison of the measures in our current and proposed CSIS is provided Figure 8.

FIGURE 8 SUMMARY OF CSIS CHANGES

2021-26 CSIS		
Planned outages	**Grade of service measure**	**SMS notification**
We will be incentivised to reduce the duration and frequency of planned outages	We will be incentivised to answer fault calls within 30 seconds	We will be incentivised to send customer SMS communications within 6 minutes of being aware of an unplanned outage

2026-31 CSIS		
Planned outages	**Grade of service measure**	**SMS notification**
We will be incentivised to reduce *the average* duration and frequency of planned outages	We will be incentivised to answer fault calls *and general enquiries* within 30 seconds	We will be incentivised to send customer SMS communications within 6 minutes of being aware of an unplanned outage

Our new targets for the 2026–31 CSIS are all calculated using the last three years of historical data. We have limited our dataset to three years to coincide with the beginning of the 2021–26 CSIS. Using data from before this time would likely lower our service level targets, as it would include data from before we had an incentive to improve customer service levels under the CSIS.

4.1 Grade of service

The grade of service measure links to the responsiveness of the call centre and its inclusion is reflective of customer feedback, with customers considering the responsiveness of our call centre to be one of the top 10 valued customer services.

Previously, the grade of service measure only captured contact centre fault calls in line with the previous STPIS phone answering component, from which the CSIS originated. For the 2026–31 regulatory period we propose to expand the measure to capture both fault calls and general inquiries, while still retaining the 30 second time limit.

Combining general enquiries and fault calls incentivises us to improve all aspects of our phone engagements with customers, while retaining the current fault call service performance that is important to customers. Customers are also likely to receive improved levels of service with the expansion of the measure, as it provides us with greater investment opportunities under the CSIS. Under a fault call only measure there are limited opportunities for us to continue investing in improved customer service outcomes.

4.1.1 Current performance

We receive a significant volume of fault related calls to our contact centre each year. This included over 50,000 fault calls in the 2023-24 financial year

Over the initial three-year period of the 2021–26 regulatory period, we answered fault calls within 30 seconds 88% of the time. This was well above our target of 82%, resulting in significant improvements in customer service levels. Our annual performance across the initial three years of the 2021–26 regulatory period are summarised in Table 2.

Our strong performance over the 2021–26 period however means that there are limited opportunities to continue improving performance over the 2026–31 regulatory period while the measure remains in its current form. Combining both fault calls and general enquires into our CSIS will allow for new challenging targets and greater improvements in customer service.

TABLE 2 GRADE OF SERVICE CURRENT PERFORMACE 2021-2024 (FAULT CALLS ONLY)

CSIS MEASURE	DESCRIPTION	WEIGHTING	TARGET	2021/22	2022/23	2023/24
Grade of service	Percentage of fault calls answered within 30 seconds	0.20%	82.3%	88.1%	89.5%	87.8%

4.1.2 2026–31 regulatory period

Taking into consideration both fault calls and general enquiries, the proposed target for our expanded grade of service measure, answered within 30 seconds is 71.9%. This target considers our expanded measure that now includes answering all general enquiry calls within 30 seconds. The target is

calculated by combining the historical three-year performance of both fault and general enquiry call data. Our baseline target as well as our maximum incentive and penalty targets are presented in Table 3.

We have also expanded the revenue at risk attached to this measure from 0.20% to 0.25% to better align our incentives with investment opportunities to improve customer outcomes.

We propose to retain our incentive rate of 0.04 meaning for every 1% improvement on the baseline we receive 0.04% of revenue. This is the same incentive rate as set out in the STPIS guideline for the telephone answering component of the STPIS. As our measure includes additional customer service levels customers are likely to value this at least as highly as the original STPIS telephone answering component.

TABLE 3 GRADE OF SERVICE PROPOSED TARGETS 2026-2031

CSIS MEASURE	WEIGHTING	MAX PENALTY	TARGET	MAX INCENTIVE
Grade of service	0.25%	65.6%	71.9%	78.1%

4.2 Planned outages

Planned outages are prearranged by us to undertake routine maintenance, make repairs and to inspect electricity infrastructure. Planned outage works are essential for ensuring we continue to deliver a safe and reliable supply of electricity.

Customers will receive notifications prior to planned outage works in accordance with the requirements on the Essential Services Commission of Victoria's Electricity Code (v2). We have worked closely with our customers to schedule planned outage works at times suitable to them.

This measure tracks both the number of outages (SAIFI) and minutes off supply (SAIDI) for planned outages customers experience. This incentivises us to minimise the time customers spend off supply.

Customers considered total minutes off supply for planned outages to be a highly ranked customer service priority, we are therefore proposing to keep this CSIS measure, however we have proposed adjustments to the measure's methodology to better align the measure with genuine productivity gains and losses related to our planned SAIDI and SAIFI.

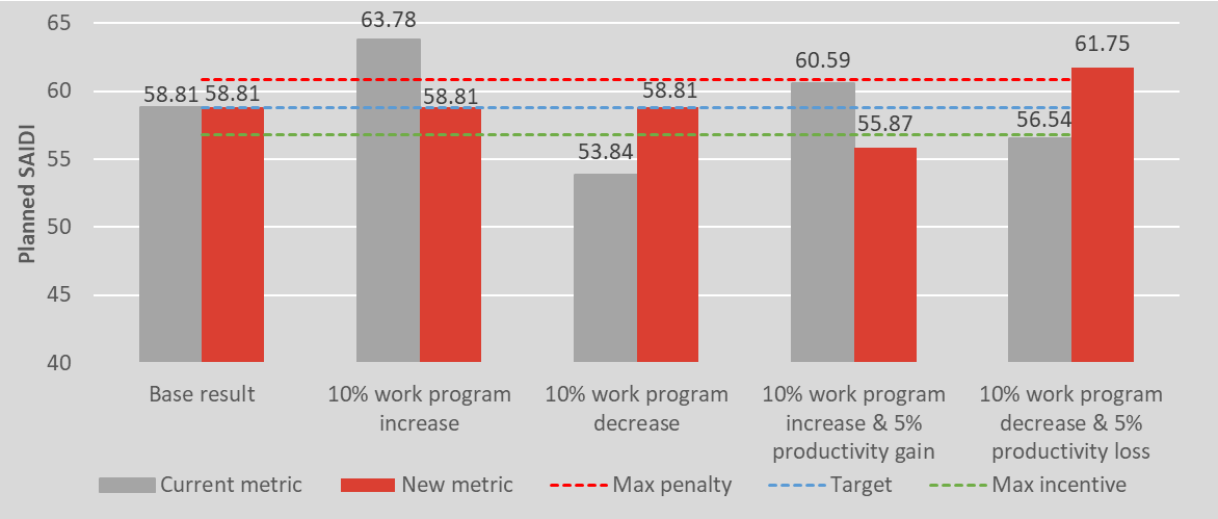
We have noticed a strong correlation between the size of the planned works program and the planned outage measure performance. For instance, in years when we've had larger planned works programs, we were more likely to underperform against our performance target. In contrast, when we've had smaller planned works programs, we were more likely to over-perform.

The planned outage measure is intended to incentivise us to reduce the number and minutes off supply for customers, whilst ensuring the prudent maintenance and construction of our assets. We do not consider that customers benefit when the size of the works program is the driving factor in our ability to reach targets. Instead, it should be driven by how well we deliver the service for each planned outage.

We have adjusted our measure to better reflect our performance at an individual outage level. This is achieved by calculating the number and minutes customers are off supply for a given outage rather than the total number and minutes off supply. In making this change, penalties and rewards will be better aligned with productivity gains and losses and will not be influenced by the overall size of the works program. The relative performance of our current measure and proposed measure under a variety of scenarios are presented in Figure 9 and Figure 10. Under scenarios where there is a

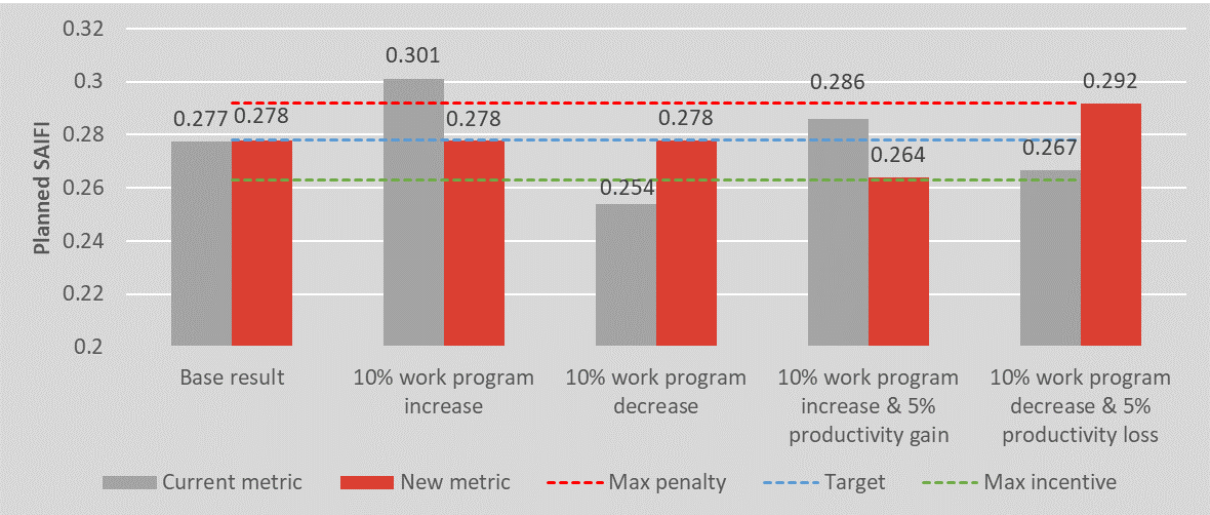
genuine productivity increase at an outage level but the overall works program increases, the current measure will likely result in a CSIS penalty, while the reverse is also true where we may be rewarded for productivity losses in an environment when the overall works program is decreasing. Our new measure is not impacted by these overall work program changes.

FIGURE 9 SAIDI SCENARIO ANALYSIS



Note: To makea direct comparisons between the current and new metric we have standardised by the average number of outages rather than our chose standardisation figure for the purpose of this chart.

FIGURE 10 SAIFI SCENARIO ANALYSIS

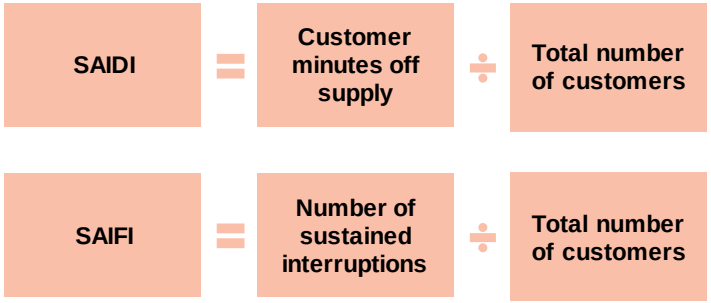


Note: To makea direct comparisons between the current and new metric we have standardised by the average number of outages rather than our chose standardisation figure for the purpose of this chart

At the request of our CAP, we have also standardised the measure to make the values more comparable to our current measure. We have standardised our measure per 6500 outages, as this is approximately the number of planned outages undertaken annually on our network. The new calculations are set out in Figure 11.

FIGURE 11 NEW SAIDI AND SAIFI CALCULATION

Current measures



New measures

4.2.1 Current performance

Our performance against this measure has been mixed over the 2021–26 regulatory period with both penalties and rewards incurred. We undertake a large volume of planned works each year. On average, this equates to approximately 6,500 planned outages. However, this number will fluctuate depending on the size of our maintenance and construction program in a given year. This fluctuation can be a key driver of our planned SAIDI and SAIFI. For example, the 2022/23 financial year, the only year where we were not able to meet our target, also coincided with our largest planned works program across the three years.

However, when averaged across the three full years we were able to perform above our target and deliver overall service level improvements to customers. Our annual performance across the initial three years of the regulatory period is summarised in Table 4. Unlike our other CSIS measures, a SAIDI/SAIFI below our target results in a reward, while a higher SAIDI/SAIFI leads to penalties.

TABLE 4 PLANNED OUTAGES CURRENT PERFORMANCE 2021-2026 (PAL)

CSIS MEASURE	DESCRIPTION	WEIGHTING	TARGET	2021/22	2022/23	2023/24
Planned outages	number and duration of planned interruptions per customer	0.15%	SAIDI: 65.98 SAIFI: 0.32	SAIDI: 48.77 SAIFI: 0.24	SAIDI: 70.56 SAIFI: 0.31	SAIDI: 56.79 SAIFI: 0.28

4.2.2 2026–31 regulatory period

The proposed targets for our planned outage measure is 58.81 (SAIDI) and 0.278 (SAIFI). This target considers the performance of the new methodology across our historical data. The targets are calculated using our historical three-year performance for both planned SAIDI and SAIFI, adjusted for our updated methodology. Our baseline target as well as our maximum incentive and penalty targets are presented in Table 5.

We propose to maintain the revenue at risk attached to this measure at 0.15%.

The incentive rate for this measure is based on the methodology used to calculate the unplanned SAIDI and SAIFI incentive rates, which are defined under the STPIS.[1] However consistent with the 2021–26 CSIS, we have conservatively reduced the incentive by 50%, to account for the fact that customers are likely to value reliability related to unplanned outages higher than planned outages.

For our SAIDI component a 1-minute improvement on the baseline target we receive 0.04% of revenue, while for our SAIFI component, a reduction of one planned outage we will receive 5.6% of revenue.[2]

TABLE 5 PLANNED OUTAGES PROPOSED TARGETS 2026-2031 (PAL)

CSIS MEASURE	WEIGHTING	MAX PENALTY	TARGET	MAX INCENTIVE
Planned outages	0.15%	SAIDI: 61.23 SAIFI: 0.295	SAIDI: 58.81 SAIFI: 0.278	SAIDI: 56.41 SAIFI: 0.26

4.3 SMS delivery

SMS notifications are sent out to customers when there is an unplanned outage. Sending SMS notifications to customers is important to ensure customers are aware of an outage and its status in order to make informed decisions.

Customers placed a high value on receiving timely outage awareness messages. Given customers still consider this measure a priority, we are proposing to keep this CSIS measure in its current format. Our

1 AER, Service target performance incentive scheme v2.0, December 2018, Appendix B

2 For our SAIFI measure a reduction of one planned outage is far greater than the current annual average of 0.28 planned outages per customer. Incentive rate calculations are provided in PAL MOD 10.01 - CSIS targets - Jan2025 – Public

measure will remain the percentage of SMS notifications sent within 6 minutes of an unplanned outage.

During an unplanned outage we currently send three types of SMS across our networks, which include:

- aware message - this message is the first message sent when a customer is off supply and contains the initial estimated time of restoration (ETR)
- in-progress message - this message is sent each time the ETR is updated by the control room and contains the new ETR
- restoration message - this message is sent when a customer is back on supply for more than five minutes and advises customers to contact us if they are still without power.

Our CSIS measure relates only to our initial aware message.

4.3.1 Current performance

We send a large volume of text messages during unplanned outages to provide our customers with the information they need to make informed decisions.

We have performed strongly over the current period, achieving our target in each year. Our performance was well above our target of 63%, resulting in significant improvements in customer service levels. Our annual performance across the initial three years of the 2021–26 regulatory period are summarised in Table 6.

TABLE 6 SMS NOTIFICATION TARGETS 2021–26

CSIS MEASURE	DESCRIPTION	WEIGHTING	TARGET	FY22	FY23	FY24
SMS notification delivery	Percentage of SMS's delivered within 6 minutes of an unplanned outage	0.15%	63.1%	76.6%	77.0%	74.1%

4.3.2 2026–31 regulatory period

Based on our historical performance the proposed target for the 2026–31 regulatory period is 75.8%. The target is calculated using our historical three-year performance. Our baseline target as well as our maximum incentive and penalty targets are presented in Table 7.

We have reduced the revenue at risk attached to this measure from 0.15% to 0.10%. Due to the large improvements we have made during the 2021–26 period, there are limited additional investments that can be undertaken in the 2026–31 period under the CSIS to further improve our performance. We consider that we can provide greater customer value by aligning our revenue at risk with our investment opportunities, which is why we have moved 0.05% revenue at risk from this measure to our grade of service measure.

We propose to retain our incentive rate of 0.04, meaning for every 1% improvement on our baseline target we receive 0.04% of revenue. This is the same incentive rate as set in the STPIS guideline for the telephone answering component of the STPIS. We consider this is an appropriately conservative incentive rate, as customer feedback indicates that customers value this customer service at least as highly as the original STPIS telephone answering component.

TABLE 7 SMS NOTIFICATION PROPOSED TARGETS 2026-2031

CSIS MEASURE	WEIGHTING	MAX PENALTY	TARGET	MAX INCENTIVE
SMS notification	0.10%	73.4%	75.9%	78.4%

5. Meeting the AER's CSIS requirements

Our proposed CSIS has been designed to satisfy the requirements of the NER and to promote the National Electricity Objective (NEO). We consider our engagement with customers and the CAP on this scheme demonstrates significant customer support for our proposed scheme. Our proposed scheme is also consistent with the AER's Scheme Objectives and design criteria. We consider the proposed scheme satisfies these requirements, as set out in Table 8 and Table 9.

TABLE 8 ALIGNMENT TO THE AER'S REQUIREMENTS

INCENTIVE OBJECTIVE	CLAUSE	HOW WE ARE MEETING THE CLAUSE
Is consistent with the national electricity objective in section 7 of the NEL.	1.4 (1)	The proposed CSIS is consistent with the NEO by providing improved outcomes to customers which is in their long-term interests.
DNSPs should be rewarded or penalised for efficiency gains or losses in respect of their distribution systems	1.4 (2)(a)	Customer service is an output of our business and so an improvement in the quality of customer service represents an increase in our efficiency. The CSIS will provide us with an incentive to increase expenditure on customer service when the additional inputs are less than the value of the increased output, representing an overall gain in network efficiency.
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 rewards 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)	We have utilised incentive rates from similar schemes, such as the STPIS, to ensure that the rewards and penalties are commiserate with the benefits customers are receiving.
The interaction of the scheme with other incentives that DNSPs may have under the rules.	1.4 (2)(d)	The proposed CSIS will again replace the customer service component of the current STPIS. We do not consider the CSIS is

		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)	The proposed CSIS has been developed based on customer consultation and engagement with our customer advisory panel 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 9 SUMMARY OF OUR COMPLIANCE WITH THE INCENTIVE DESIGN CRITERIA AND SCHEME ELEMENT PRINCIPLES

INCENTIVE DESIGN CRITERA	CLAUSE	HOW WE ARE MEETING THE CLAUSE
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 the AER's requirements in Appendix A of the AER's 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)	We have selected measures that can be independently reviewed and audited, to ensure that the measure appropriately reflects our performance against each metric.
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
Each of the scheme elements must satisfy the corresponding principles outlined in clause 3.2.	3.1 (e)	The proposed CSIS will apply for the 2026–31 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

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