

Customer Service Incentive Scheme

2024-29 Regulatory Proposal

20/12/22



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Executive summary

Endeavour Energy is building a customer-first business, singularly focused on serving their needs today and supporting them to make better choices for tomorrow.

Our current customer service metric for the Service Target Performance Incentive Scheme (STPIS) is based on the percentage of calls answered within 30 seconds. During the 2019-24 determination process, it was identified that telephone answering was an antiquated measure of customer service. This perception has since been confirmed by deep customer research and engagement supporting the development of our 2024-29 regulatory proposal.

Endeavour Energy is proposing to replace the current customer service metric a more customer-centric Customer Service Incentive Scheme (CSIS) that is based on providing services that are valued by our customers. We have engaged extensively with customers and conducted research to co-design a scheme with our key customer advocates and stakeholders, the Regulatory Reference Group (RRG), that represents key customer preferences, and incentivizes us to target the critical performance improvements that our customers value the most.

Our customer engagement and research that has informed the development of the proposed CSIS included:

- Customer Journey Mapping (October 2020 to March 2021) – which included deep dive surveys with several customer segments, and enabled identification of critical customer service pain points.
- Customer Telephone Surveys (July 2019 to June 2021) – which included regular customer phone surveys conducted focusing on key service areas of planned outages, unplanned outages and general enquiries.
- Voice of Customer Program (December 2021 to current) – which reflected our ongoing and updated customer survey methodology utilising SMS communication, to enable increased sample sizes and real time reporting, allowing more effective measurement of customer experience.
- Customer Exploratory Research – (August 2021 to September 2021) – preliminary exploratory research and engagement. Provided insight to the prioritisation of core services, rating telephone answering as least important.
- Regulatory Reference Group (RRG) co-design – our key advisory panel supporting the development of our 2024-29 regulatory proposal, comprising diverse representatives across our customer segments and advocate groups. This includes workshops and consultations from December 2021 to August 2022 to support the development and proposal of the CSIS as well as its engagement with end-use customers.
- Customer Panel (May 2022 to September 2022) – 89 customers engaged over a five-month period and were asked to provide feedback on proposed CSIS in September 2022, which indicated strong support with what had been developed.
- Customer Quantitative Research (August 2022) - Provided statistically representative measure of opinions and preferences on key issues.

Based on this research and engagement with customers and customer advocates, the proposed CSIS measurements and performance targets have been developed to represent the two key factors most valued by our customers:

Planned outage communication and management - improving adherence to communicated timeframes of planned outages; ensuring the increasing accuracy of information provided to customers regarding planned outages to minimise disruption to customers (e.g., more accurate start and end times of planned outages).

Customer Satisfaction - which is a commonly used key performance indicator to track how satisfied customers are with Endeavour Energy's performance. The measure proposed is disaggregated by interaction type, including planned outage, unplanned outage, general enquiries. We propose to specifically monitor customer satisfaction (CSAT) for these types of interaction as the primary measure of performance.

There is significant organisational uplift already underway in supporting customer experience, and while CSIS is designed to incentivise specific elements of our customers' experience, it will not limit our focus on overall continuous improvement for customers. Through continuous and meaningful engagement, we are confident we have proposed a CSIS that is supportive of our customers' current and future service priorities.

What is a Customer Service Incentive Scheme?

Overview

The Australia Energy Regulator (AER) developed the Customer Service Incentive Scheme (CSIS) in accordance with the National Electricity Rules (NER)¹.

The CSIS is designed to encourage Distribution Network Service Providers (DNSPs) like Endeavour Energy to engage with their customers and provide customer service in accordance with their preferences. The CSIS allows targets to be set for customer service performance and require distributors to report on performance against those targets. Under the CSIS, distributors may be financially rewarded or penalised depending on how they perform against their customer service targets. The process to propose and review a CSIS is provided in the figure below.

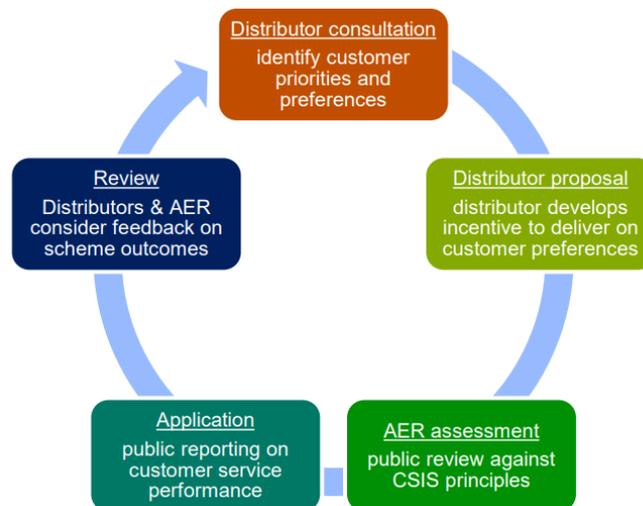


Figure 1: Application of the CSIS²

The CSIS is a flexible, 'principles based' scheme that can be tailored to the specific preferences and priorities of Endeavour Energy's customers. This flexibility allows for the evolution of customer priorities identified through engagement and adapting to the introduction of new technologies. The principles of the scheme target customer preferences and provide safeguards to ensure penalties or rewards under the scheme are commensurate with improvements or detriments to customer service.

¹ Clause 6.6.4 National Electricity Rules

² July 2020 - Explanatory Statement Customer Service Incentive Scheme (Australian Energy Regulator)

The CSIS acts as a platform for Endeavour Energy to meaningfully engage with its customers, understand their needs, and propose incentives for Endeavour Energy to respond to and address those needs.

The design of the Incentive Scheme must set out each of the scheme elements as indicated in the table below.

Table 1: CSIS scheme elements and requirements

Component	Requirements
Performance parameters (what customers want to be incentivised under the scheme)	<p>Each performance parameter must be an aspect of the customer experience component on the DNSP's standard control services:</p> <ul style="list-style-type: none"> • that the customers particularly value and want improved, as evidence by genuine engagement with, and support from, the DNSPs customers; • that is substantially within the control of the DNSP; and • for which the DNSP does not already have an incentive under another incentive scheme or jurisdictional arrangement.
Measurement methodology (how performance is measured)	<p>This principle considers how the performance is measured. For each performance parameter, the proposed measurement:</p> <ul style="list-style-type: none"> • accurately measures the features of the performance parameter • is sufficiently independent, in that it is either conducted by an independent third party or based upon an independently developed methodology • is compiled in an objective and reliable manner with data retained in a secure and logically indexed database, and • produces results that could be audited by an independent third party.
Assessment approaches (how performance is rated)	<p>This principle covers how performance is evaluated and then translated into an expression of improvement or deterioration which can be used to determine a reward or penalty. Performance targets should only reward genuine improvement in line with customer preferences.</p>
Financial component (how penalties or rewards are calculated and applied)	<p>Covers how an incentive design delivers penalties or rewards for a given level of performance.</p> <p>Penalties and rewards under the CSIS are commensurate with customer benefits and do not provide an incentive for distributors to over-invest in customer service. The financial component of the CSIS covers the overall revenue at risk and the incentive rate. The overall revenue at risk sets the maximum amount of revenue that a distributor can gain or lose under the incentive design. The incentive rate determines the degree to which a distributor's revenue is adjusted based on a given level of performance. Both components are required to be in line with the value that customers attribute to the level of service improvement or degradation observed.</p>

Existing Service Incentive Schemes

Service Target Performance Incentive Scheme (STPIS)

Currently, minimum customer service levels are subject to key regulations and standards covered by the National Energy Customer Framework (NECF) and in NSW, the Guaranteed Service Levels (GSLs) under Endeavour Energy's

operating license. Additional performance-based schemes and incentives are currently addressed by the telephone answering component of the Service Target Performance Incentive Scheme (STPIS).

The CSIS will replace the customer service parameter in the existing Service Target Performance Incentive Scheme (STPIS). The existing customer service component of the STPIS is a measure of the percentage (%) of customer calls answered within 30 seconds and currently worth incentive/penalty of $\pm 0.5\%$ of Endeavour Energy's annual maximum allowable revenue (MAR).

Applying and developing a CSIS has required deep collaboration with stakeholders and customers. Adopting the proposed CSIS would result in replacing the existing customer service parameter in the existing STPIS as set out in Figure 2.

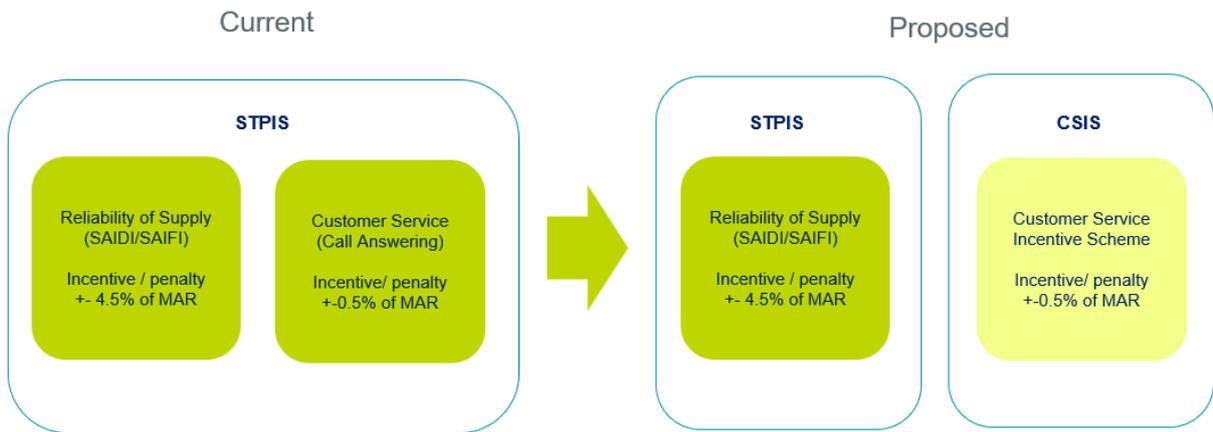


Figure 2: Customer Service Incentive Scheme Proposal

Customer Service Incentive Scheme Development

We have engaged with both customers and stakeholders and received broad support to apply a CSIS for the 2024-29 regulatory control period in place of the current telephone answering measure in the STPIS. This intention was driven by several factors:

- Telephone answering was identified as an antiquated measure of customer service during our 2019-24 determination process. As it was then too late in the process to modify the STPIS to address this concern, we committed to re-engaging with customers and stakeholders on this issue in advance of our next determination (this period).
- The Australian Energy Regulator's (AER) Customer Challenge Panel (CCP) has maintained its position that telephone answering remains a valid but incomplete measure of customer service.
- All the Victorian DNSP's have consulted on a CSIS for their 2021-26 regulatory control period, resulting in varied measures of customer service applying. We note that, following feedback from its customers, only Jemena decided against proposing a CSIS.
- The AER has published a CSIS document³, setting out assessment principles and design parameters reflected in the approach taken by the Victorian DNSPs.

Above all else, Endeavour Energy has committed to improving our organisational focus and commitment to continuously improving our customer service levels. We therefore consider it imperative to implement an incentive scheme that is commensurate with our commitment to customer service, with measures that genuinely reflect customer preferences.

The CSIS is designed to encourage DNSPs to engage with customers and provide customer service in accordance with their preferences. Development of our proposed CSIS has been based on both insights from multiple data sources and genuine engagement with customers and key stakeholders. A summary of our engagement is provided below for our CSIS.

Ongoing Customer Insights

Customer Journey Mapping

Endeavour Energy engaged The Customer Experience Company (CEC) between October 2020 and March 2021 to conduct a detailed review of connections, complaints, claims and outage processes when viewed from a customer perspective. This involved deep dive surveys with residential, business, industrial customers, and partners (including Accredited Service Providers).

The research and development of customer journey maps then enabled the identification of critical customer pain points that needed to be addressed to improve customer satisfaction and experience. Specifically, for Outage Management, customers noted the following pain points:

- Not receiving outage information from Endeavour Energy
- Disruption to customer regular schedules can be painful especially when working from home

³ <https://www.aer.gov.au/networks-pipelines/guidelines-schemes-models-reviews/customer-service-incentive-scheme/final-decision>

- Cost and effort of organising alternative supply arrangements
- Some customers feel heightened stress levels in the lead up to planned outages due to potential impacts
- Customer frustration when planned outages were cancelled or rescheduled
- Business and industrial customers can suffer financial loss when planned outages are cancelled
- When outages were cancelled, customers want an explanation and felt let down when not provided with an explanation or the rationale makes no sense
- Customer who are not expecting an outage experience significant stress when the power is interrupted, and they have no back up plan
- For life support customers anxiety can highly fluctuate during periods of prolonged outages especially when the estimated time to restore changes
- Some customers who experience multiple outages in a short period, prompt them to feel anxious and /or frustrated.

The above research identified outage management and information sharing as a key pain point for customers.

Customer Complaints

Complaints are escalations of customer dissatisfaction and provide critical insight to ongoing and emerging customer pain points. Complaints are classified to categories, tracked and reported monthly. Consistent with the customer journey mapping discussed above, planned outage impacts feature as the most common complaint. Within customer complaints, planned outage notification and inconvenience rate highly as customer concerns. An analysis of 2020-21 complaint categories is included in the graph below:

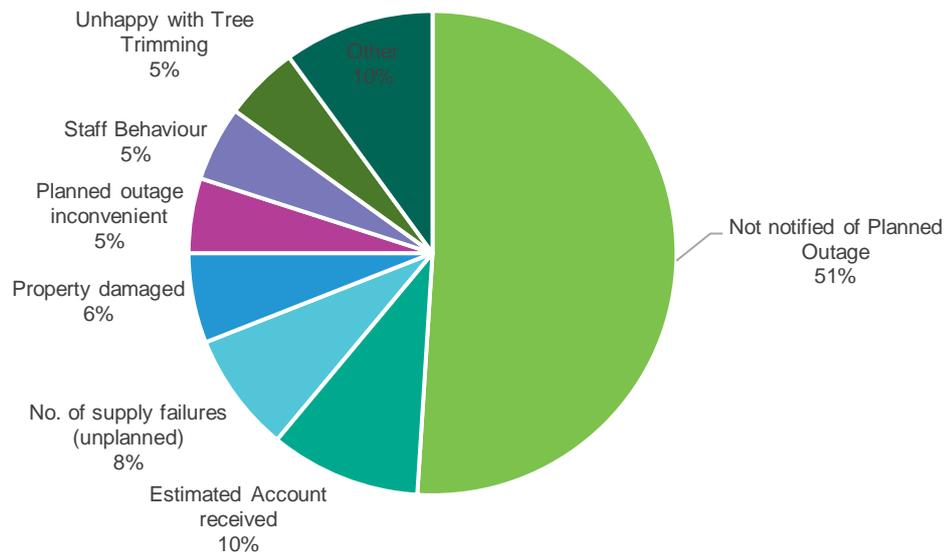


Figure 3: Customer complaint categories for 2020-21

Customer Surveys

Endeavour Energy engaged CSBA to conduct monthly customer surveys from July 2019 to June 2021, across the service categories of planned outages, unplanned outages and general enquiries. Surveys were telephone-based and sought to understand the drivers for customer feedback. While the customer interviews were very detailed, the sample size of this methodology was limited to approximately 120 surveys per month.

CSBA also provided benchmarking services and were able to compare Endeavour Energy's results with that of other DNSPs.

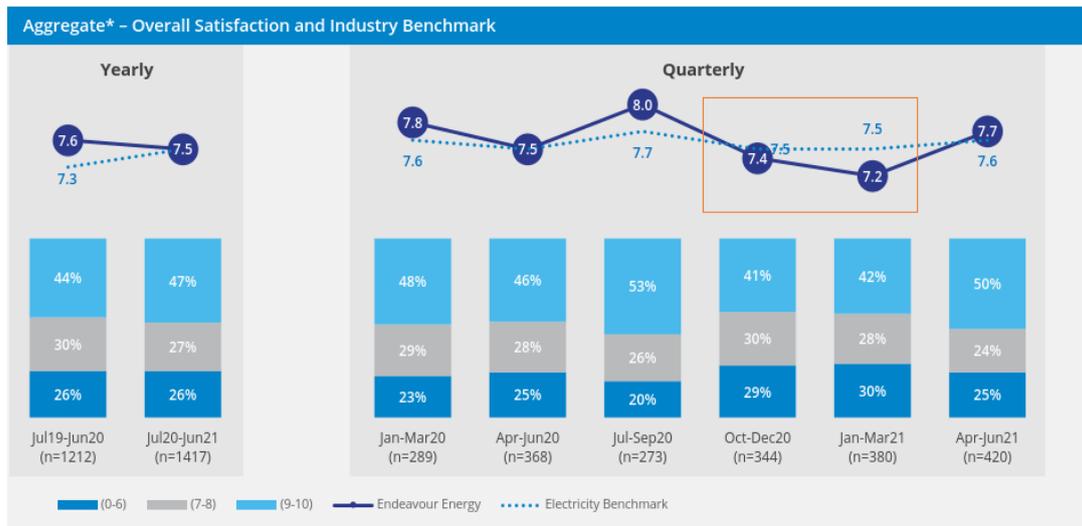


Figure 4: CSBA Customer Experience report 2020-21

Overall, Customer Satisfaction marginally decreased in 2020-21 compared to 2019-20 but was on par with the benchmark of 7.5/10. Satisfaction peaked in Jul-Sep 20, then declined in Oct-Dec20 and Jan-Mar21, as indicated by the boxed area, which was impacted by unplanned outages caused by increasing weather events. The overall decrease in Customer Satisfaction was due to declines in planned outage management, dropping from 7.9 to 7.7 and unplanned outage management decreasing from 7.1 to 6.9. These declines were offset by a slight increase in general enquiries from 7.7 to 8.0.

For Unplanned Outages, key driver analysis indicated 'information usefulness' and 'communication during outage' as the two most influential attributes to the result. For Planned Outages, the key drivers shifted to 'duration' as being the number one influence, followed by 'communication' (for 2019-20, 'communication' was the key driver).

Voice of Customer Program

The CSBA telephone surveying was replaced with our 'Voice of Customer' (VOC) program in December 2021, introducing digital customer surveys via SMS. This was implemented to enable broader customer coverage, rich insights, and more timely feedback. Endeavour Energy engaged Qualtrics, an independent provider of a leading customer experience platform to create and distribute online surveys and to capture and report Customer Satisfaction Scores and feedback. Since this went live, more than 5,000 customers have completed an Endeavour Energy customer experience survey. This is an approximate 300% increase in breadth of engagement. Insights obtained from VOC surveys enable more granular details on the specific requests of customers.

Changing the survey methodology contributed to significantly different results (as demonstrated in the graph below). The VOC survey is digital via an SMS link and is also sent to the customer shortly after their interaction with Endeavour Energy (generally 48 hours). The previous telephone survey was conducted up to 3 to 4 weeks after the customer's interaction with Endeavour Energy. Given the current survey method is high volume and almost real time, it is considered a more accurate assessment of customer sentiment and also provides for enhanced opportunity to address customer pain points.

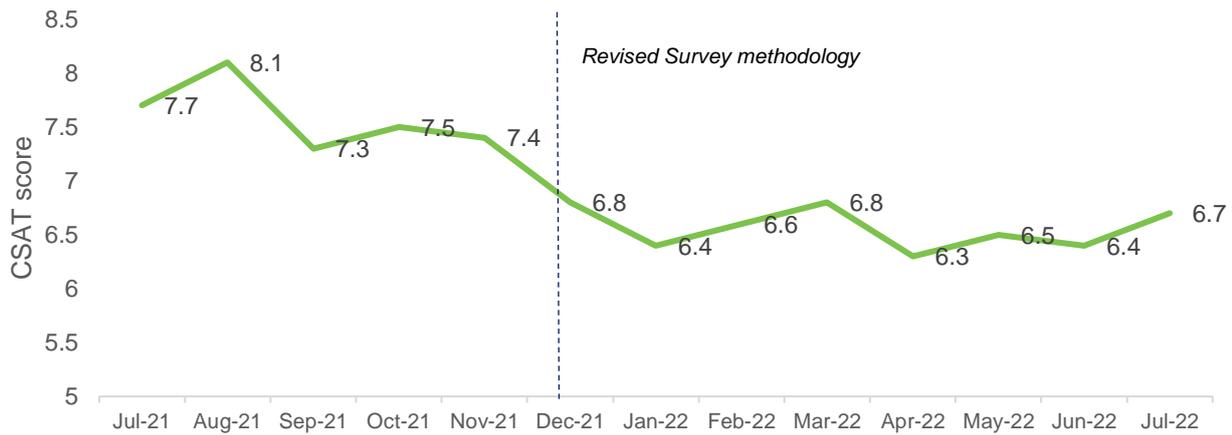


Figure 5: Customer satisfaction score

Insights from the VOC surveys are shared across the organisation monthly. The most significant improvement opportunities for customer servicing, identified via VOC surveys from January 2022 to October 2022 are included in the table below. Planned outages, being inconvenient, customers not being notified, or outage not conducted in the timeframe communicated, all feature as key customer pain points.

VOC Program Insights

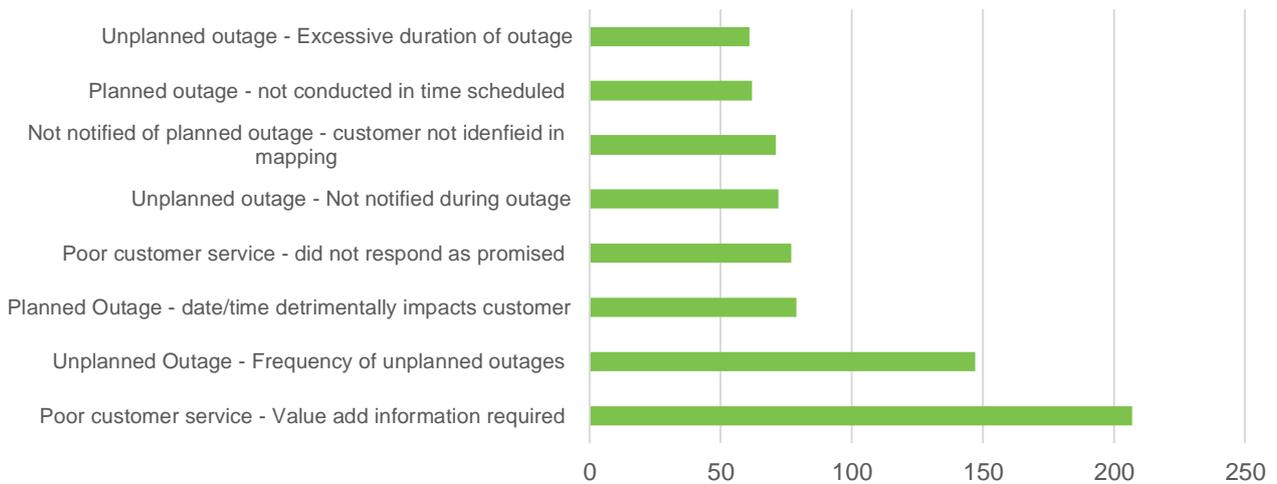


Figure 6: VOC program insights

CSIS Customer Engagement

Regulatory Reference Group (RRG)

The Regulatory Reference Group (RRG) was created to ensure deep and extensive engagement with customers and stakeholders in the development of the 2024-29 Regulatory Proposal to be submitted to the AER in January 2023. The RRG comprising representatives from different customer segments and advocate groups and representatives of Endeavour Energy, adopted a collaborative setting on the IAP2 Spectrum in co-designing the proposed CSIS.

This involved working together with our customers and stakeholders to formulate alternatives and incorporate their advice into a final design to maximum possible extent. The RRG acts in an advisory capacity, performing three distinct roles throughout the development of the Regulatory Proposal:

- co-designers of the engagement program
- participants as key stakeholders in the process for developing the Regulatory Proposal
- a “critical friend” in relation to both the engagement program and Endeavour Energy’s Regulatory Proposal.

The RRG continually collaborated throughout the development of the proposed CSIS and supported the engagement with end-customers. Some key engagements with our RRG and the key feedback is as follows:

Table 2: RRG key feedback and timing

Discussion	Key feedback
<p>December 2021:</p> <ul style="list-style-type: none"> • RRG collaborated on the value to customers of extending our incentive scheme beyond a STPIS • Collaborated on different data sources that could be considered for service improvement and addressing customer pain points • Discussed key service areas and potential improvements to be applied 	<ul style="list-style-type: none"> ○ Build a CSIS by proposing measures and KPIs, benchmarking performance and cross-referencing customer preferences ○ CSIS can be unique in design to each DNSP and not take a pattern approach (AER feedback) ○ Whatever we are measuring, it should be something that we are doing ○ STPIS provided a razor-sharp focus on a number – don’t drop the ball on that ○ Customer satisfaction is a very hard number to budge, and hard to respond to ○ Customer satisfaction requires a step change that is difficult to achieve and has to be well understood and resourced ○ Ausnet Services’ CSIS is ‘basic and boring, but it works’ ○ Looking for the granular components behind the Voice of Customer satisfaction scores – can we incentivise these? ○ Take CSIS to customers in deliberative forums
<p>April 2022:</p> <ul style="list-style-type: none"> • Provided additional data and information to the RRG on current customer measures and performance • Reviewed the implementation of customer-focused programs at Endeavour Energy and the development of our thinking of possible CSIS metrics and feedback loops on CSIS design • Informed RRG of VOC program details to better understand granular components that contribute to the Customer Satisfaction score 	<ul style="list-style-type: none"> ○ The RRG independent members were focused on a specific metric that would refer to customer experience ○ Favoured a combination of disaggregated measures rather than an overall customer satisfaction score ○ Endeavour Energy is striving to be more flexible and responsive to customer needs as they change. By adopting a customer satisfaction metric (CSAT) will identify evolving customer requirements throughout a CSIS period and drive continuous improvement. ○ Endeavour Energy is only contacting people that have been affected by service outages etc. and it might be an idea to look at the views of others that have not had an ‘incident’ of some form to gather a general view of the organisation that is not based on an outage etc. ○ Look through the lens of how this will resonate with the people that make the decisions deep in the organisation so that it drives improvement in customer service

August 2022:

- Provided overview of the initial CSIS proposal and collaborated on a revised proposal in principle, which included management of planned outages (improving logistics and customer communication) and customer satisfaction (using CSAT to improve the overall felt experience by customers).
 - Collaborated on suggested metrics and methods of measurement
 - Informed RRG, how the revised proposal met the CSIS principles
- Recommended to propose the revised proposal CSIS to Endeavour Energy's Customer Panel

Exploratory Customer Research

Endeavour Energy commissioned SEC Newgate Research to undertake a program of exploratory qualitative research and engagement with residential and small business customers as part of its 2024-2029 Revenue Reset. The intent was to obtain early contextual insights about key customer issues. This research also sought to understand the prioritisation of Endeavour Energy services from a customer perspective and why.

The research included direct engagement with 92 representatives of Endeavour Energy's customer base. The fieldwork was conducted between 30 August 2021 and 26 September 2021 and included 15 individual focus groups.

There was generally limited awareness and knowledge of Endeavour Energy and its role as a distribution network. A description of 13 core services was provided to the focus group and participants were asked to prioritise their top 5 services, which were then discussed with the group to understand perceptions. The services were prioritised as follows:

Table 3: Core service priorities

Overall Priority	Total Rank 1-5	Service
1	66	Providing a reliable supply of electricity to all customers by building, maintaining and managing the substations, poles and wires, underground cables and other equipment
2	56	Responding to emergencies like storms which bring down power lines and poles to reduce the safety risk and restore power as quickly and safely as possible.
3	48	Managing the network efficiently to deliver electricity services in the most affordable way.
4	42	Researching, trialling, and installing new technologies such as batteries to improve efficiency of infrastructure investment where possible, helping contribute to long term affordability of electricity bills.
5	37	Managing safety-related issues to reduce risks to the community by monitoring infrastructure, trimming trees to maintain safety clearances, managing bushfire risk and preventing blackouts caused by falling trees.
6	32	Planning for the future by building the infrastructure to accommodate growing suburbs and industries.

Overall Priority	Total Rank 1-5	Service
7	25	Keeping customers informed (via SMS for all customers plus mailbox drops for life-support customers) of planned and unplanned outages to minimise disruption
8	24	Helping vulnerable customers to keep the power on when things go wrong or when they need medical equipment to preserve life (life support customers).
9	21	Providing customers with tools to help manage electricity usage and costs via telephone, text and website
10	16	Installing and maintaining streetlights to keep communities safe.
11	16	Reading electricity meters and sending the data to retailers so your electricity bills are accurate
12	15	Providing prompt connections and disconnections when required, including new services and solar connections.
13	13	Answering emergency telephone calls within 30 seconds

The top two priorities reflect the importance of a reliable supply of electricity and supply restoration as quickly and safely as possible in the event of outages. Middle order priorities related to customer communication around outages, assisting vulnerable customers and providing tools to manage electricity usage. Lower order priorities included answering calls within 30 seconds, suggesting not a highly valued service.

Customer Panel

The Customer Panel was established in May 2022 and consisted of 89 customers who were engaged over a five-month period. The panel was codesigned by Endeavour Energy's RRG and focused on understanding preferences on seven key questions where customer feedback could have the most value and impact.

In September 2022, the Customer Panel was provided an overview of Endeavour Energy's proposed CSIS (including management of planned outages and customer satisfaction) and invited to provide feedback.

Table 4: CSIS proposal Customer Panel engagement (September 2022)

	Management of Planned Outages	Customer Satisfaction
Definition	Customers are provided sufficient information regarding planned outages, which are managed to the communicated timeframes	Customers are satisfied with the service provided and find interacting with Endeavour Energy an effortless experience
Objective	Improving logistics on planned outage management	Use the CSAT score to measure and target improvement to customers' experience with Endeavour Energy
Value to Customers	Avoiding customer frustration when planned outages do not occur as communicated	Increasing customer satisfaction when interacting on planned outages, unplanned outages and general enquiries

There was strong support for Endeavour Energy's proposed CSIS incentives focused on improving communications about planned network outages and the overall experience of customers when interacting with Endeavour Energy.

Table 5: CSIS Customer Panel Support

Support for the following metrics as part of Endeavour Energy's CSIS (%)	Strongly Support	Somewhat Support	Neither Support nor Oppose	Somewhat Oppose	Strongly Oppose
Metrics that focus on improving communications about planned network outages with a focus on the accuracy of communicated timeframes (start & finish)	58%	33%	9%	0	0
Metrics that improve the overall 'experience' of customers when interacting with Endeavour Energy. These interactions might include a general enquiry, a planned or unplanned outage, solar connection, etc.	51%	36%	11%	2%	0

Residential and SME Customer Quantitative Research

In August 2022, SEC Newgate were engaged to conduct a quantitative study which provided addition breadth of engagement with residential and SME customers, providing statically representative measures of opinions, attitudes and preferences on key issues. In addition, was intended to understand how opinions, attitudes and preferences differ among different customer groups. The survey included a total sample of 1,266 responders, of which 1,001 were residential customers and 265 small business customers across the network.

When prioritising Endeavour Energy's current services, reliability was customers' most important priority (56% had this in their top 3). This was across all but one segment. 'Responding to emergencies' and 'managing the network efficiently' were also of high importance to residential customers. Notably, these are areas that customers are least concerned about and where Endeavour Energy is seen to be performing well. The least important services for residential customers included maintaining streetlights, prompt connections and disconnections, tools to manage electricity usage and answering emergency telephone calls.

Retailer Reference Group

The Retailer Reference group was established in November 2021, to inform Endeavour Energy's approach to key market and customer considerations as part of our co-design engagement process for the 2024-2029 Regulatory period.

At the Retailer Reference Group meeting on 6 October 2022 the rationale for the proposed CSIS was shared. Specifically, an overview of the feedback received from Voice of Customer Surveys and the RRG was provided to demonstrate the engagement and development of the proposed scheme. In addition, the result of the Customer Panel engagement was communicated indicating strong support. Finally, a summary was included to show how Endeavour Energy's proposed scheme was fulfilling the AER's principles of a CSIS.

Proposed Customer Service Incentive Scheme

Endeavour Energy's proposed CSIS is based on two key customer service elements:

1. Management of Planned Outages – providing customers with sufficient information regarding planned outages, which are managed to the communicated timeframes.
2. Customer Satisfaction – improving the felt customer experience interacting with Endeavour Energy during planned outages, unplanned outages, or general enquiries.

Management of Planned Outages

Overview

Endeavour Energy is committed to providing a safe and reliable power supply. To ensure we deliver on this commitment, and continuously increase our network resilience, we regularly perform maintenance on the poles, wires and associated equipment which comprises our network. We recognise that while planned power outages are necessary, they are extremely inconvenient for customers. It is critical, therefore that communication regarding any outage is accurate and detailed, to ensure customers can sufficiently plan alternative arrangements, and to minimise disruption to our customers. In 2020-21, Endeavour Energy conducted 6,204 planned outages, impacting 254,453 customers.

Planning a Supply Outage and Notifying Customers

Planned Outages can occur to facilitate upgrades, repairs and maintenance to the network; upgrading supply or connecting new customers; replacing metering equipment or service lines; and vegetation management.

Network Switching – Planned Outages

For outages that impact multiple customers and require network switching, planning occurs at least six weeks in advance, with customers notified at least two weeks ahead of the outage. Specifically, request to determine isolation and preparing the switching plan is undertaken one week in advance, followed by performing the necessary switching on date of the scheduled job.

These outages are in scope for the proposed CSIS service target.

Accredited Service Provider (ASP) Jobs – Planned Outages

Accredited Service Providers are accredited by the NSW Government in accordance with the Electricity Supply Act 1995 and the Electricity Supply (General) Regulation 2001. ASPs must also be authorised by Endeavour Energy before they can undertake construction work on or near our network. Level 1 ASPs are authorised to perform construction activity on the electricity network and as such require planned outages from time to time.

Planned outage activity requiring network switching for ASP work is managed as above and is in scope for the proposed CSIS service target.

Individual Customer Outages (Metering)

Where a customer requires metering to be replaced requiring an outage, Endeavour Energy arranges the work to be carried out to perform the outage of supply for the specific request from a customer.

This outage activity is not in scope for the proposed CSIS service target.

Start and End Outage Time Analysis

While planned outages can be inconvenient, the accurate notification of when the outage will start and end is critical to enable customers to organise and manage alternative arrangements.

Endeavour Energy implemented an Advanced Distribution Management System (ADMS) and Customer Notification Systems (CNS) in April 2021. This technology implementation facilitated the automatic generation of SMS and postal letter notification for customers impacted by planned outages. Given the data available, analysis has been conducted to assess the percentage of jobs that commenced and finished as at the time advised to the customer.

We have analysed 4,259 planned outage jobs conducted from April 2021 to June 2022, inclusive of ASP activity, which has been extracted from ADMS. The results of that analysis confirmed:

- 26.5% of planned outages starting within 30 minutes of the start time communicated to customers; and
- 22.2% of planned outages finishing within 60 minutes of the planned duration time communicated to customers

Based on customer feedback and insight regarding the importance of being kept accurately informed of planned outages, these results suggest there is opportunity to improve and to do would be of significant value to our customers.

Customer Service Incentive Target and Incentive Rate

The customer service incentive target for Planned Outage Management is based on the percentage of outage jobs performed within the timeframe advised to customers. While it is understood that not all planned outage activity proceeds to plan, we are striving to continuously improve the accuracy of information communicated to customers. The proposed Customer Service Incentive targets for Planned Outage Management are provided in the table below.

Table 6: Planned outage management proposed CSIS measures

Measure	Baseline target	Revenue at risk	Incentive rate
Actual start time of the planned outage compared to the planned start time within 30-minute tolerance	25.83%	0.125%	0.03
Actual finish time of the planned outage compared to the planned finish time within 1 hour tolerance	22.40%	0.125%	0.03

Endeavour Energy collaborated with the Independent Members of the RRG on an appropriate range of improvement over the course of the 2024-29 period compared to the baseline performance. At the time of our engagement with the RRG performance was baselined using 6 months of data up until June 2022. We have maintained the targeted improvements relative to the updated baseline. Since this engagement, and with the benefit of additional data, we have targeted a higher level of improvement than initially proposed. Based on these desired improvements we have set an incentive rate that would reward (or penalise) Endeavour Energy the maximum revenue at risk only up to this level of improvement (decline).

Table 7: Sample size for Planned Outage Management Analysis

	Start Time of Planned Outage	End Time of Planned Outage
Sample size	4,259	4,259

Assurance Processes

The key assurance processes for the Planned Outage Management data are as follows.

- ADMS is utilised to capture and record all activities related to planned outages. Regardless of the supply outage reason, all tasks associated with planned outage scheduling and switching are recorded and timestamped within ADMS.
- Queries for the purpose of CSIS reporting are automatically extracted from ADMS monthly into Power BI dashboards. There is a systematic process and logic to queries which is applied in the same way undertaken for SAIDI reporting.
- Data Scientists responsible for reporting Planned Outage Management are independent of Job Schedulers, Field Operations, System Control and Customer Experience.
- Automated algorithms within Power BI remove the need for manual calculation.

Customer Satisfaction

Overview

Customer Satisfaction (CSAT) is a service metric that expresses a customer's level of satisfaction with a brand, its product or services, or a particular service interaction.

Endeavour Energy has been measuring CSAT via direct surveys since July 2019. Surveys are conducted following a service interaction and we currently survey against three categories – planned outages, unplanned outages, and general enquiries.

Measuring Customer Satisfaction

The measurement of CSAT provides Endeavour Energy with insights around how satisfied customers are with a service, product, or support interaction provided. Endeavour Energy currently surveys those interaction types that have high transaction volumes to enable viable customer insights and statistically relevant results.

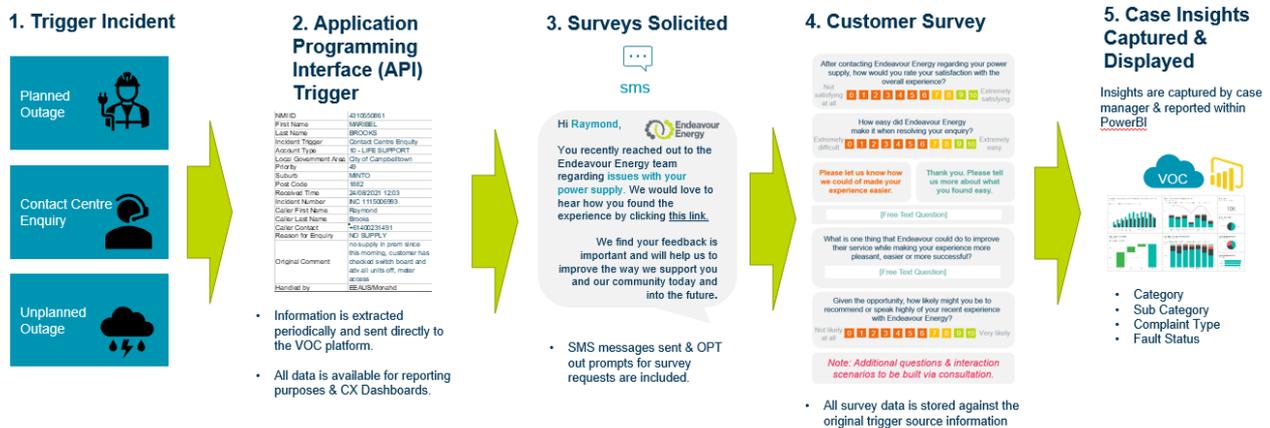


Figure 7: CSAT process

1. Trigger Incident

The Trigger Incident is the interaction a customer has with Endeavour Energy and is used as the sample for surveys. For planned and unplanned outages, the record is the customer notification from ADMS for a network 'job' which is assigned a unique identifier. For General Enquiries it is the interaction record, currently captured in ADMS.

2. Application Programming Interface (API) Trigger

All interaction data and relevant customer contact details are exported weekly into Microsoft Excel file. Data is then split into three reports, one for each interaction type. Planned outage interactions and unplanned outage interactions (given the substantial volume of transactions) are assigned a random value in Excel (=rand()) before the list is filtered into numerical order. This ensures the survey sample is not influenced by date, location, customer, or job. An equal number of surveys are sent for each touchpoint as determined by the interaction type with the lowest volume. Customers are selected in numerical order up to the required volume and each file is saved as .csv. The three customer lists are filtered to the numerical range required; these are then uploaded into the Qualtrics platform weekly (Monday).

3. Surveys Solicited

Following the data upload, solicitation of surveys is undertaken immediately by Qualtrics. Qualtrics is a Software-as-a-Service (SaaS) which provides a platform for creating and distributing online surveys and other research services. They are an independent external vendor responsible for automated survey solicitation, follow up requests and feedback capture.

Survey links remain active indefinitely until the link embedded within the SMS is clicked on by the customer. Once the link is selected customers have 48 hours to respond and after this time the survey link will expire. Should a customer open the link in an alternate reporting period this will be captured in the period when the response was received.

4. Customer Survey

Customer surveys for each interaction type are slightly different to account for different key service drivers. The questions related to each service type assess the following:

Planned outage:

- Was the outage completed in the timeframe communicated
- Was there sufficient information provided before the outage
- Was there adequate time given for customers to prepare

Unplanned outage:

- Was a SMS notification received within minutes of the outage
- Was power restored in accordance with communications
- Was the Information sufficient without the need to seek additional advice

General enquiry:

- Was the information provided, clear, accurate and understood
- Was the enquiry resolved at 1st contact or was follow up required
- Was it easy to liaise with a Contact Centre agent

5. Case Insights Captures & Displayed

Real-time reports and dashboards are available using the Qualtrics platform. Data points include Customer Satisfaction Score, both aggregated and disaggregated across the three interaction types, along with quantitative data specific to each interaction. Text IQ utilises speech analytics and machine learning to better understand customer trends shared in verbatim comments. The Customer Satisfaction Score is derived from the average score for each interaction as captured from the 1st day of the month to the last day of the month.

Customer Service Incentive Target & Incentive Rate

In order to determine proposed incentive targets, data has been analysed from 5,315 surveys taken from December 2021 to October 2022 and are segmented as follows.

Table 8: CSAT sample size

Surveys Conducted	Planned	Unplanned	Enquiry
Sample size	1,861	1,410	2,044

The CSAT results for each service segment from December 2021 to October 2022, demonstrate differences, indicative of the felt experience of customers. Unplanned outages consistently score the lowest CSAT, followed by planned outages and general enquiries. As a result, the proposed targets for the individual customer segments vary.

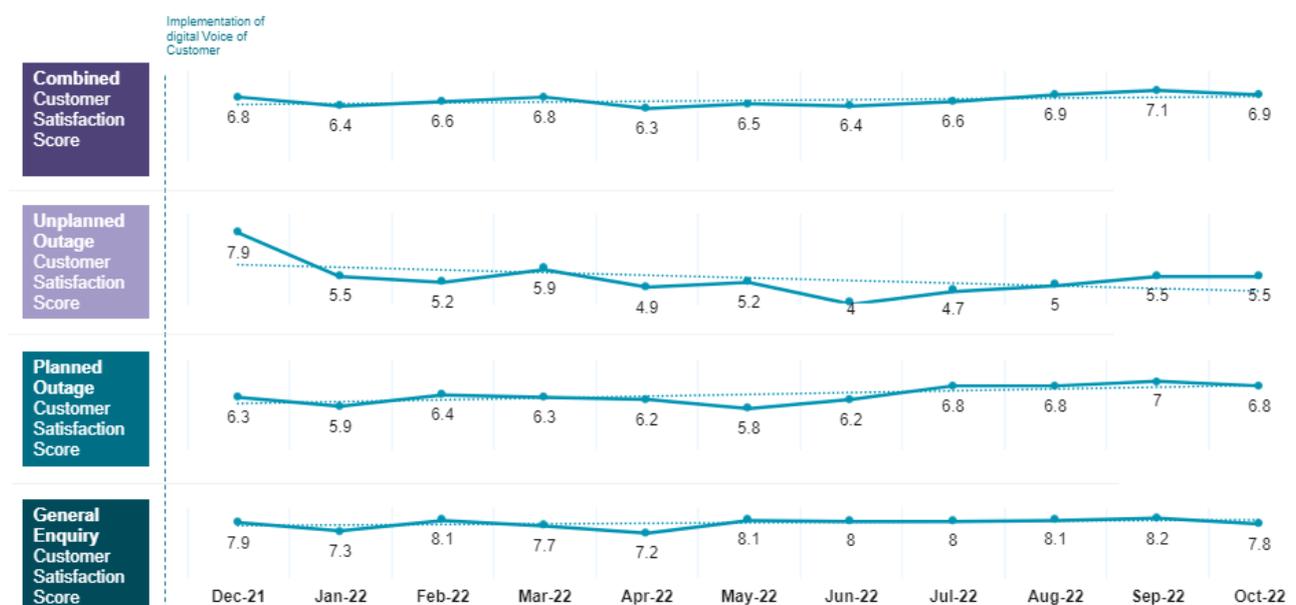


Figure 8: CSAT performance

The proposed baseline targets are based on CSAT results from December 2021 to October 2022 and are presented in the table below:

Table 9: CSAT proposed CSIS measures and incentive rate

Measure	Baseline target	Revenue at risk	Incentive rate
CSAT Score following a Planned Outage	6.0	0.083%	0.10
CSAT Score following an Unplanned Outage	4.7	0.083%	0.10
CSAT score following a General Enquiry	7.6	0.083%	0.17

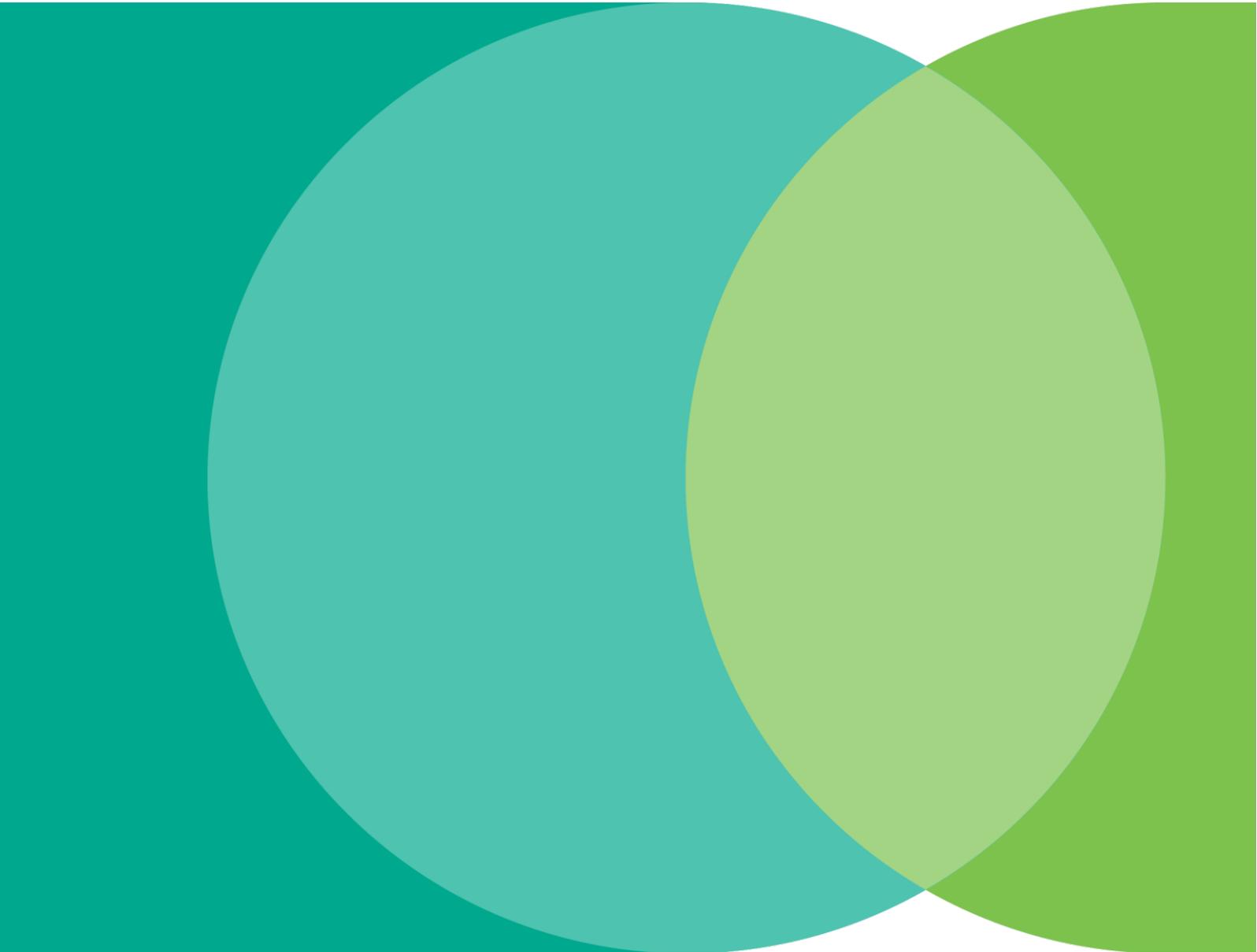
We collaborated with the Independent Members of the RRG on an appropriate level of improvement over the course of the 2024-29 period for CSAT scores, acknowledging their advice that CSAT scores can be 'difficult to budget'. Based on these desired improvements we have set an incentive rate that would reward (or penalise) Endeavour Energy the maximum revenue at risk only up to this level of improvement (decline).

Assurance Processes

To facilitate an independent process for CSAT we have systemised both the solicitation and measurement of CSAT. The assurance process for CSAT is as follows:

- ADMS is used as the source of information on planned outages, unplanned outages, and general enquiries.
- An automated weekly report is extracted from ADMS (based on previous 7 days) and sent by API or SFTP to Qualtrics. The report contains necessary fields to solicit surveys and measure CSAT including customer contact information and interaction type.
- Qualtrics undertake the randomisation of data using logic built into the SaaS platform. We adopt a simple random sampling approach to obtain a balanced and broad view from customers across the network for each interaction trigger.
- Using the data provided, Qualtrics send a CSAT survey invitation to randomly selected customers. Customers will click on a link within the SMS to complete an online survey managed by Qualtrics.
- CSAT scores, qualitative and quantitative insights are captured real-time in the Qualtrics platform and immediately available to view by selected Endeavour Energy team members.
- CSAT results are calculated from algorithms built into the Qualtrics platform, and do not require human intervention.

Appendix 1 – Incentive Design Proposal Requirements



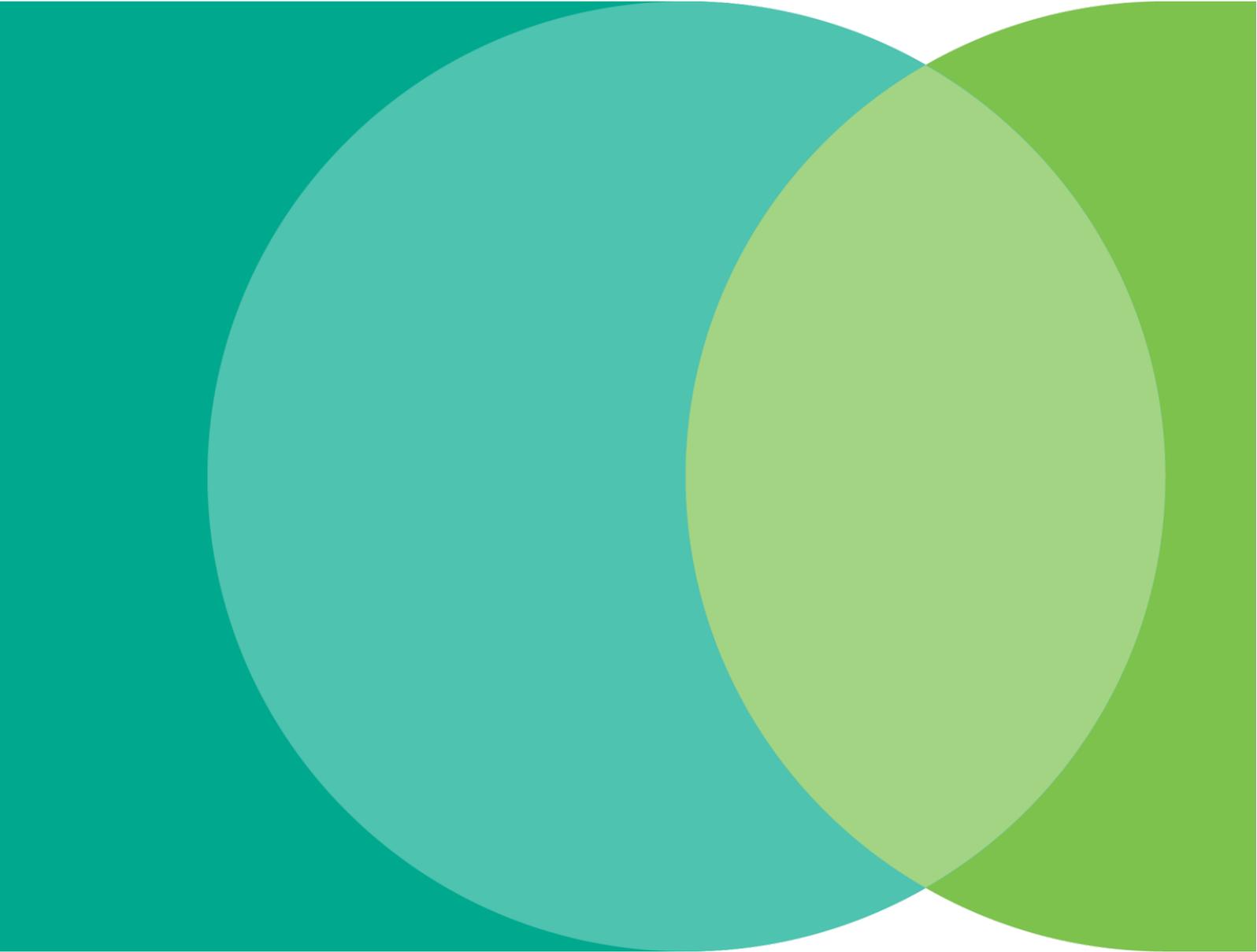
As per the AER's Final Customer Service Incentive Scheme (July 2020), the role of the scheme is to provide incentives for DNSPs to provide customer service that aligns with their customers' preferences.

Where a DNSP proposes an incentive design, the proposal must meet the incentive design proposal requirements. The incentive design proposal requirements are that a proposal must include an incentive design satisfying the incentive design criteria.

The incentive design proposal needs to include a submission that addresses the requirements in the table below. For reference, the table includes the design requirements, a summary of how the design requirements have been addressed and the reference within the proposal documentation

Incentive design proposal requirements	Summary
How, in the view of the DNSP, the incentive design satisfies the requirements of clause 2(1)a and (b).	The incentive scheme design is consistent with the Scheme Objectives, the National Electricity Law and National Electricity Rules. The rewards and penalties are commensurate with the efficiency gains or losses and promotes transparency regarding customer service initiatives consistent with customer expectations of service delivery.
How the DNSP consulted with its customers and other stakeholders, covering their perspectives of difference preferences of customers in developing the scheme	Section 2 of this report details the customer and stakeholder engagement that was undertaken as part of the 2024-29 Regulatory Proposal on the development of the proposed CSIS.
Definitions of performance parameters to be applied	Section 3 of this report details the proposed performance parameters to be applied.
A template with which the DNSP will annually report on its performance in accordance with each of the performance parameters to the AER	Appendix 2 includes the proposed annual report template
A description of the measurement methodology and associated assurance processes	Section 3 of this report details the proposed performance parameters, including assurance processes to be applied.
Proposed performance targets and the data used to calculate these proposed performance targets	A template is attached to this report including data used to calculate the performance targets.
Proposed incentive rates and an outline on how these were calculated	Section 3 of this report details the proposed performance parameter, including incentive rates and calculations to be applied. A template is attached to this report including data used to calculate the performance targets.
Any proposed circumstances where the penalties and rewards are not applied (exclusions) in accordance with clause 3.2.4(f)	Section 3 outlines the scope of activity to be included in the Planned Outage Management performance measure and specifically excludes individual customer outages (including meter changes). There are no other proposed circumstances where the penalties and rewards are not applied.

Appendix 2 – CSIS Annual Report Template and Compliance Model



Refer to attachment 9.03 for the CSIS Data, Targets & Reporting Template

Refer to attachment 9.04 for the CSIS Compliance Model

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