

20 August 2019



Mr Chris Pattas  
General Manager, Distribution  
Australian Energy Regulator

Uploaded via email: [regulatoryinnovation@aer.gov.au](mailto:regulatoryinnovation@aer.gov.au)

Dear Mr Pattas

## Small Scale Incentive Scheme for customer service

SA Power Networks welcomes the opportunity to comment on the Australian Energy Regulator's (AER) Issues paper on a Small-Scale Incentive Scheme (SSIS) for customer service. Our more substantive views are reflected in Energy Networks Australia's submission which responds more fully to the Issues Paper. Overall our key views are that:

- we support distributors having the option to propose new / broader measures of customer service for inclusion in SSIS trials. Our customers are increasingly valuing services and interactions that are broader than merely answering telephone calls regarding faults;
- distributors should have flexibility to customise incentive measures to their network circumstances and the preference of their customers, ensuring that incentives are achievable and valued; and
- surveys used to measure service performance must be approached cautiously and be robust to ensure that customer satisfaction is accurately linked to actual interactions with distributors.

### **Incentives must keep pace with changes to a distributor's services and customer interactions**

Encouraging the prompt answering of telephone calls from customers regarding faults remains a relevant and important part customer service incentives. However, there is merit in also exploring means of targeting a broader range of customer experiences given changes occurring in the industry, so that incentives align to distributors' service outputs:

- The nature of distribution services continues to evolve as customers increasingly seek to connect new technologies such as Distributed Energy Resources (DER) and other devices (e.g. in future this includes electric vehicles) to our network to obtain new value streams and trade energy across our network.
- As services change so too will the nature of our customer interactions. For example, we expect this will evolve to include communicating time and location varying energy export limits, potential relaying of information from smart public lighting, and interacting with customers to register DER devices connecting to our network. The definition of who is our 'customer' is also evolving to capture new energy services providers, embedded network operators / owners and Virtual Power Plants.
- Customers are also valuing our responsiveness to a broader range of enquiries, for example, in relation to vegetation management, public lighting, planned and unplanned interruptions and connection services.

### **Flexibility is needed as customer preferences and market structures vary across jurisdictions**

In allowing trials of new customer service incentives under the SSIS and in later considerations on more permanent incentives, the AER should afford distributors flexibility to customise incentive measures (or the weightings of measurement parameters) to circumstances which will vary across networks and jurisdictions:

- The value that customers place on different aspects of a distributor's services and interactions with customers will vary between distributors. For example:
  - the value that SA Power Networks' customers place on their experience connecting and operating DER on our network may vary as compared with customers of networks where DER uptake has been less significant and there is greater capacity to host DER;

- distributors such as SA Power Networks serving an entire jurisdiction will have a customer base with broader and more complex sets of values than distributors predominantly serving a regional or urban area. For example, the value our customers place on maintaining and improving reliability, and the value they place on interacting with us regarding vegetation management varies significantly between different regions covered by our network.
- The ability of distributors to affect the quality of the end-to-end completion of some customer services will also vary across jurisdictions. For example, in South Australia:
  - the completion of customer requests for connection of a solar panel, battery and or premises will depend not only on works undertaken by SA Power Networks but also the responsiveness of other market participants such as Metering Coordinators / Providers. Experiences in this regard will likely vary to those in Victoria where the distributor is responsible for the fully integrated service;
  - our ability to communicate with customers in a timely manner regarding unplanned and planned interruptions also depends on us receiving timely and accurate customer contact information from retailers / Metering Coordinators.<sup>1</sup> Experience in this regard may vary across jurisdictions.

For these reasons, distributors should also be provided with flexibility to tailor our engagement with our customers and customer advocates as practical, to determine the ideal design of new incentives and support for applying a reward / penalty at the maximum level permitted by the National Electricity Rules (NER).<sup>2</sup>

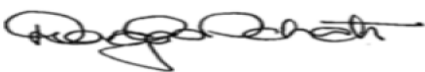
### **Measurement approaches must be robust**

Surveys of customer satisfaction are typically used by our business to provide insights for continuous improvement in our services, by gauging customer attitudes to our services, interactions, brand and standing in the community. However, any surveys relied upon to measure performance against incentives need to be approached cautiously and must be robust to ensure that surveyed customers have:

- actually had a recent interaction with us as the distributor;
- correctly distinguished our role as the distributor with that of other market participants (noting these roles will vary across jurisdictions); and
- directed their views on satisfaction to the distributor service / interaction and measurement period in question.<sup>3</sup>

Should you have any queries regarding this submission please do not hesitate to contact Bruno Coelho on (08) 8404 5676 or [bruno.coelho@sapowernetworks.com.au](mailto:bruno.coelho@sapowernetworks.com.au)

Yours sincerely



Doug Schmidt  
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**SA Power Networks**

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<sup>1</sup> Customer Data Notifications are subject to AEMO B2B procedures.

<sup>2</sup> That is, distributors could gauge customer support for applying a reward / penalty at the maximum rate of 1 percent of a distributor's annual revenue requirement, rather than the minimum amount of 0.5 percent, as provided for by clause 6.6.4(d)(1) of the NER.

<sup>3</sup> For example, our experience with customer satisfaction surveys is that typically customers do not distinguish between the reasons that may have led to an unplanned outage, even if these were not driven by a distributor's actions (e.g. where these were actually driven by a transmission network outage, or a load-shedding event instigated by the AEMO to manage a broader market concern, or a Major Event Day occurrence). We have also found that historic events such as the state-wide blackout in 2016 has continued to influence customer perceptions of satisfaction with our service over several survey periods.