

Summary of themes from Reset 19 customer engagement

February 2017

Overview

- TasNetworks has undertaken a range of engagement activities during 2016, involving many of the groups identified in TasNetworks' customer segmentation wheel.
- These activities have formed part of the listening phase for our Revenue Reset 2019 project.
- Included in this presentation is an overview of the activities completed, topics discussed and key themes we have identified from our engagement activities.
- The themes gathered to date will be communicated to, and tested with customers in 2017.

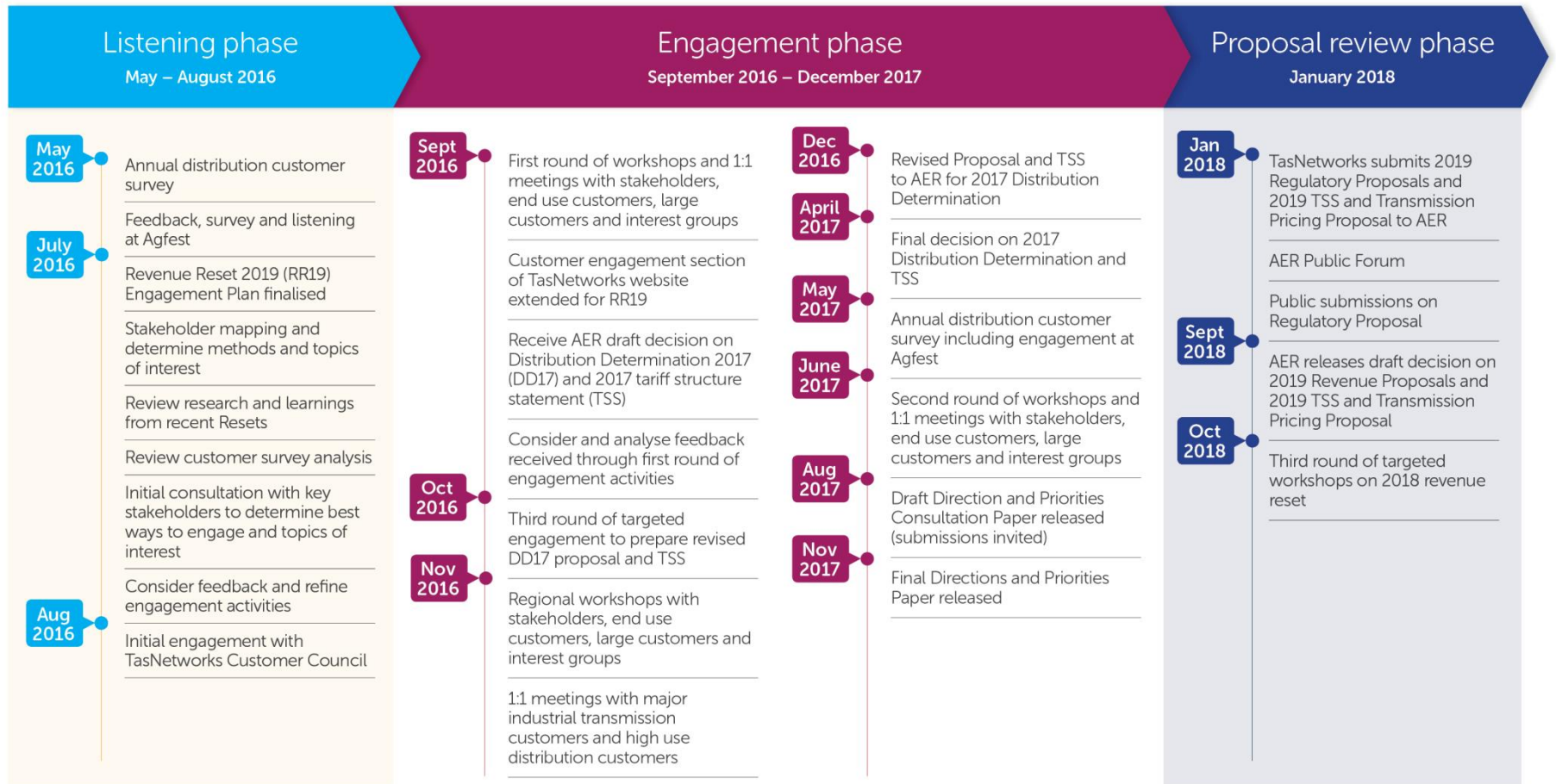
Customer Segmentation Model



We have used TasNetworks' Customer Segmentation Model to guide our approach

We have continued to drive our engagement activities to meet the timelines of our Revenue Resets, with the aim of embedding this into our business as usual activities into the future

2019 Revenue Reset Engagement timeline



Distribution focussed engagement

Customer segment– residential customers

Engagement methods

Agfest exhibit 2016

Online survey

Regional customer workshops (Burnie, Nubeena and Queenstown)

TasNetworks Leadership Team – September 2016 internal customer roadshow sessions

Topics discussed

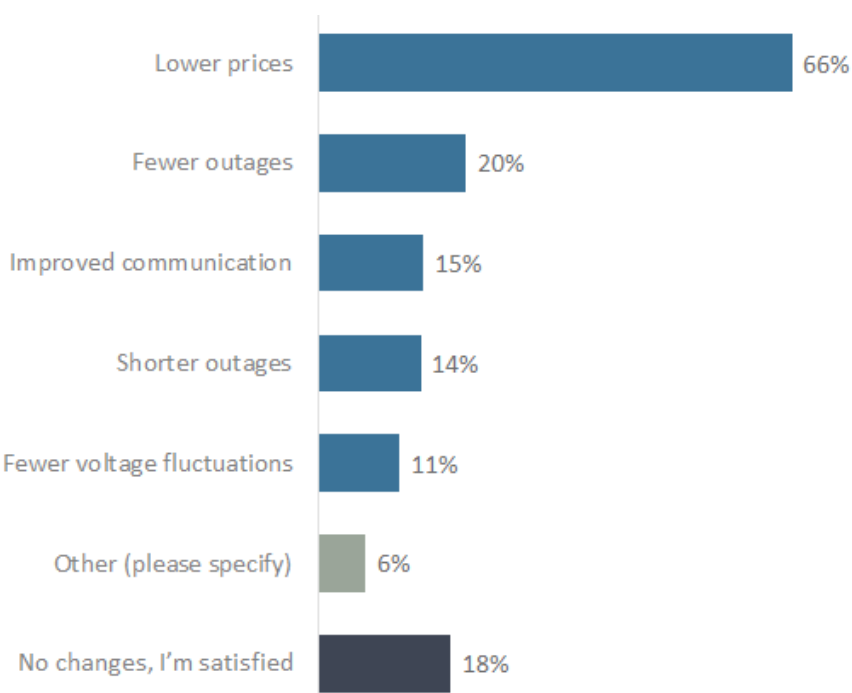
- Who we are and what we do
- Innovation
- Service, price and reliability trade-offs
- Business vision and strategy
- Network services
- Network pricing arrangements and reform

Common themes

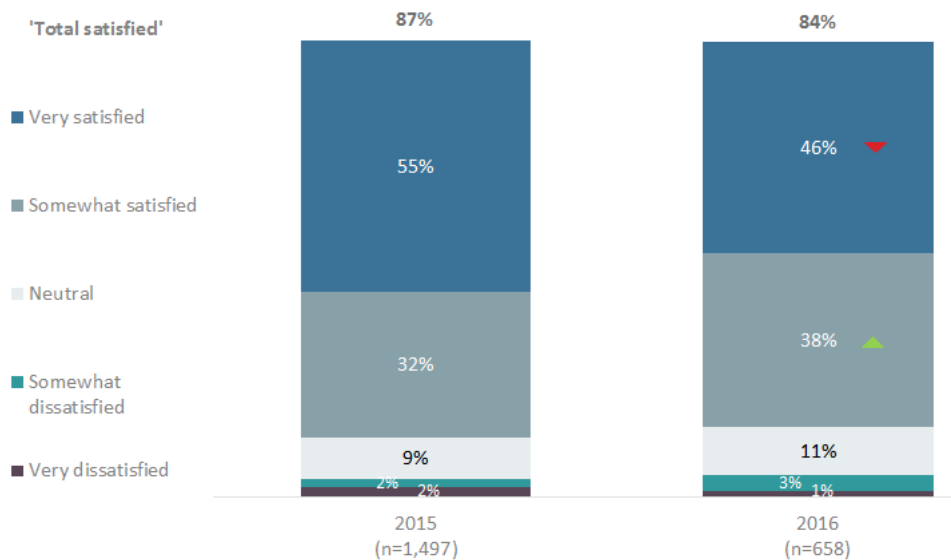
- Maintain the same level of reliability at the same cost – don't want prices to rise
- More education and awareness needed about TasNetworks' role in the supply chain and how pricing works
- Offer personalised services and more customer choice
- Timely communications through the use of multiple methods – doesn't matter the power is out, just want to know for how long
- Better metering to allow data analysis to show comparisons if customers change tariffs

A quantitative survey was undertaken at Agfest and online in May 2016, primarily targeting distribution customers, receiving over 650 responses.

Biggest opportunity to improve satisfaction



Overall satisfaction in reliability



Survey findings continued

KEY FINDINGS

Reliability, Response & Pricing

- 1** Total satisfaction with the reliability of the TasNetworks service remains high and stable this year, with 8 in 10 at least 'somewhat satisfied'.
- 2** However, there has been a perceived increase in the number of power outages experienced / noticed this year, which appears to be linked to a decrease in the level of 'very satisfied' residents, this year.
- 3** In addition, there is an apparent relationship between the number of outages experienced and the perceptions of residents that they are paying too much. Once the number of unplanned outages exceeded 5 (in the past 12 months), the majority felt that they were paying too much for the service they received.
- 4** 'Pricing' (lower prices) stands out amongst the majority of residents as the main thing that would improve their satisfaction with TasNetworks. However, 1 in 3 would be willing to pay up to \$5 more a quarter for improved reliability.
- 5** Perceptions around the response of TasNetworks to outages have improved this year, however, there are also increasing calls for 'better information about outages & restoration times' to improve this experience.

Customer segment – small business

Engagement methods

The Tasmanian Small Business Council is represented on both the TasNetworks Pricing Reform Working Group and Customer Council.

We have also engaged with individual small business customers throughout 2016

Engagement topics

- Service, price and reliability trade-offs
- Business vision and strategy
- Network services
- Network pricing arrangements and reform

Common themes

- Accelerated rollout of cross subsidies in network tariffs, as they have the most to gain from this change
- Some particular customers do not support network tariff reform (eg NEKON)
- Keep pricing fair – i.e. don't make us subsidise large businesses
- Majority are happy with reliability

Customer segment - Large business and high voltage (distribution connected)

Engagement methods

Targeted consultation through individual 1:1 meetings

Engagement topics

- Who we are and what we do
- Innovation
- Service, price and reliability trade-offs
- Business vision and strategy
- Network services that we provide
- Network pricing arrangements and reform

Common themes

- Broadly supportive of the DD17 pricing strategy
- Predictability in pricing is important for business customers to plan
- Maintain the same level of reliability at the same cost – don't want prices to rise unexpectedly
- Upgrading of meters (advanced meters) to do further analysis of customer impacts during tariff changes
- How we manage the network in terms of reliability and service trade-offs

Customer segment - vulnerable customers (TasCOSS, Anglicare, Aged Care Association)

Engagement methods

- Represented on the TasNetworks Pricing Reform Working Group and Customer Council and engagement has occurred through OTTER's Customer Consultative Committee

Engagement topics

- Who we are and what we do
- Innovation
- Service, price and reliability trade-offs
- Business vision and strategy
- Network services that we provide
- Network pricing arrangements and reform

Common themes

- Providing reliable services at the lowest cost is important to all groups
- Providing a smooth transition during pricing reform is important to most representatives
- Support for concession reform aligned to pricing reform

Other representative groups (TCCI, TFGA, LGAT)

Engagement methods

- Represented on the TasNetworks Pricing Reform Working Group and Customer Council
- Individual 1:1 meetings

Engagement topics

- Service, price and reliability trade-offs
- Business vision and strategy
- Network services that we provide
- Network pricing

Common themes

- Ongoing engagement to representative groups is important – continue to “check in”
- Providing reliable services at the lowest cost is important to all groups
- Providing a smooth transition during pricing reform is important to most representatives

Engagement with retailers

Engagement methods

Information was gathered through a range of one on one operational meetings and retailers' participation on TasNetworks' Pricing Reform working group and Customer Council

Engagement topics

- Business vision and strategy
- Network services that we provide
- Network pricing arrangements

Common themes

- Being concerned about the pace of Tariff reform and customer ability to understand it
- The desire to see TasNetworks reduce costs further
- TasNetworks being an effective service provider, including in market business to business transactions

Expectations of Partners

Including electrical industry groups, suppliers and property developers (noting this segment includes a range of diverse partners)

Common themes

- Better understanding of tariffs and our pricing structure to advise customers of the best choice to make to suit their lifestyle
- Improve how we engage with industry groups and service providers eg actively engage with electrical contractors
- Our service providers also expect TasNetworks to
 - pay our bills on time
 - have transparent and robust procurement processes

Engagement with Stakeholders

Our stakeholder segment includes a broad range of interests.

Common themes:

- Deliver lowest sustainable prices
- Ensure expenditure is prudent and efficient
- Sustain a low cost operating model
- Provide safe and reliable electricity services on mainland Tasmania
- Engage constructively with regulators, customers and government representatives

Transmission focussed engagement

Customer segment - Transmission connected

Engagement topics:

- TasNetworks vision in the context of 2025
- Network pricing
- Customers' preferences to price, service and reliability

Common themes

- Load customers:
 - Sustained low cost is important for future forecasting and future viability
 - Greater risk to businesses if power is interrupted and although reliability is good, this is still a key focus
 - Keen to see TasNetworks demonstrate benefits and efficiencies resulting in the investment from an IT perspective
 - Positive feedback received in regards to how costs have remained stable over the past few years
 - Engaging with customer before making investment decision which may impact their price has been appreciated so they can decide on business risk
- Generation customers:
 - Supporting renewable energy at the lowest cost ensuring energy security is maintained

Testing our business vision

“In the context of TasNetworks in the year 2025, what does a better tomorrow look like for you?”

The most common theme from a distribution perspective was that a better future involved increasing levels of renewables. This most often referred to was increased levels of solar and wind, but also geothermal, wave power and biomass.

The second most common theme was a reliable network.

What trust looks like to our Customer Council:

Cost was the most important factor for direct connected customers.

Renewables
Electric Vehicles
Better Information
Reliability
Cost

“Sustained low cost is important” – Direct connect transmission customer

“I want to turn on a light and it works” - Customer Workshop

“Reliable and environmentally friendly” – TasNetworks Staff



Our direction and priorities

Our recent engagement activities have confirmed that our current direction and priorities remain a valid basis for shaping our services, and resulting revenue proposal. They are also aligned with our business strategy.

These are:

- Improving how we communicate with, and listen to, our customers
- Ensuring the safety of our customers, employees, contractors and the community
- Keeping the power on, maintaining service reliability
- Innovating in a changing world
- Delivering services for the lowest sustainable cost

We will continue to test our direction and priorities with our customers over the 2017 period.

Looking Forward

The project team will continue to test these themes - and indicative revenue and pricing outcomes - with customers in June and July 2017.

