

# TASNETWORKS CUSTOMER ENGAGEMENT

JUNE 2016

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# BACKGROUND & METHODOLOGY



# SUMMARY OF METHODOLOGY

## WHAT WE DID



**Online survey** For this wave, TasNetworks conducted the online survey (via Survey Monkey). In 2015, results were compiled for three sources: an online survey of research panel respondents, TasNetworks website visitors and patrons of the Agfest.



**10 minutes** in length



**2016:** n=658 respondents  
**2015:** n=1,497 respondents



Must be the **main/joint** household **electricity decision maker**

## WHAT WE ASKED

Screeners & Classification



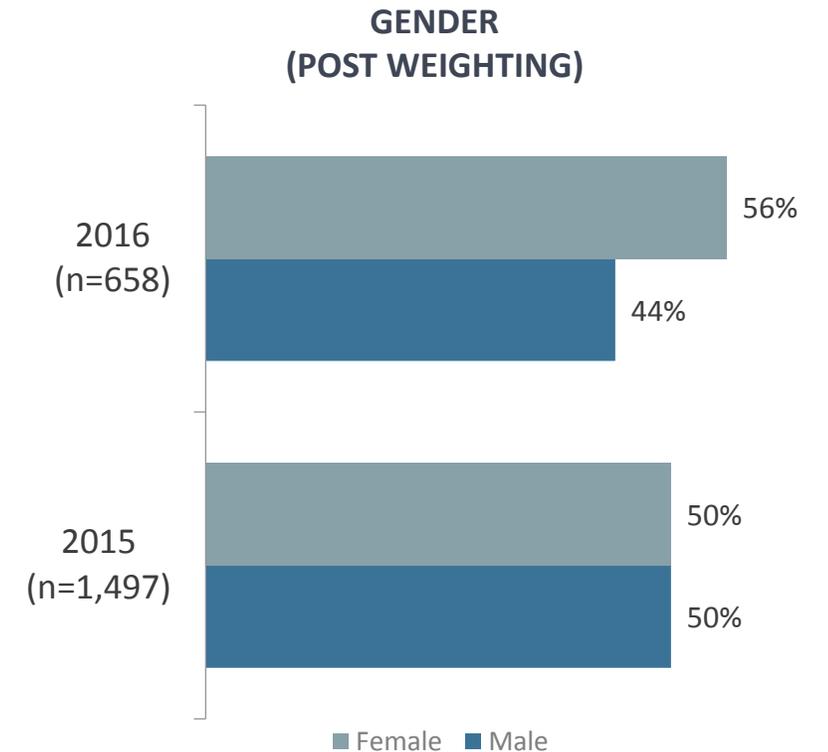
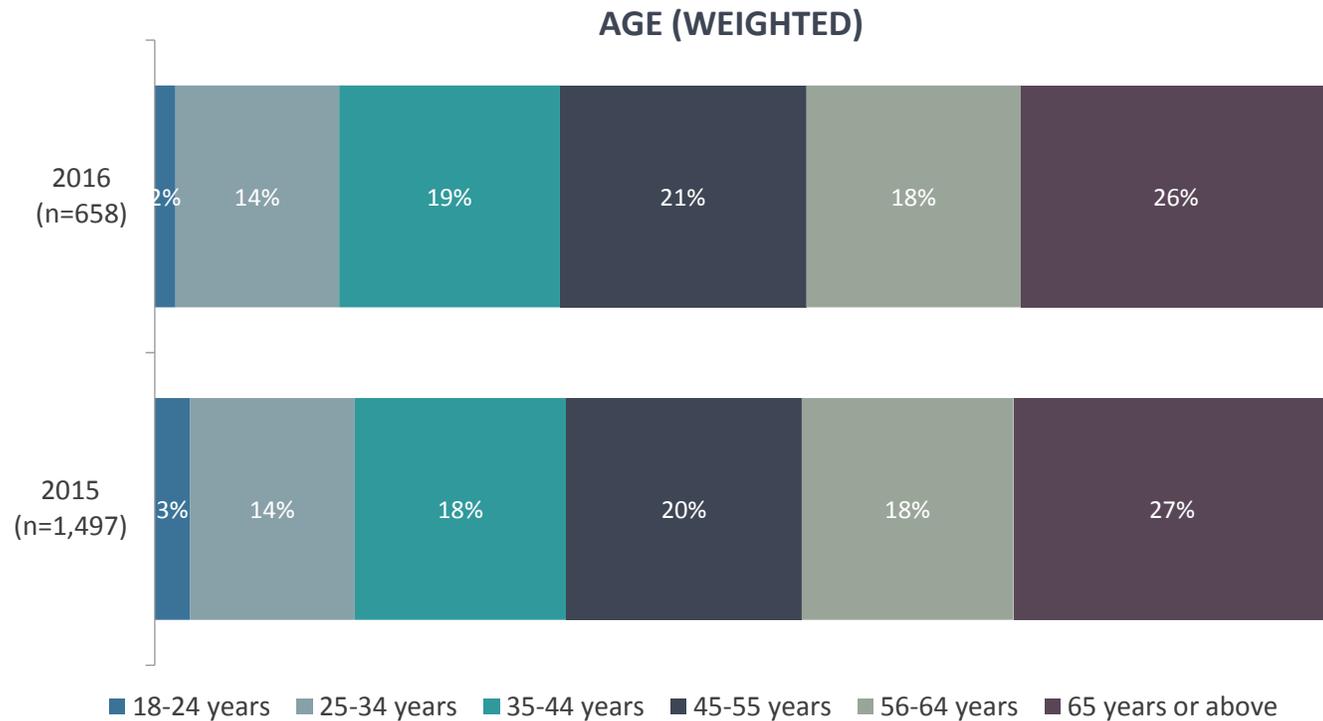
Service Price, Quality, Reliability and Security



Demographics

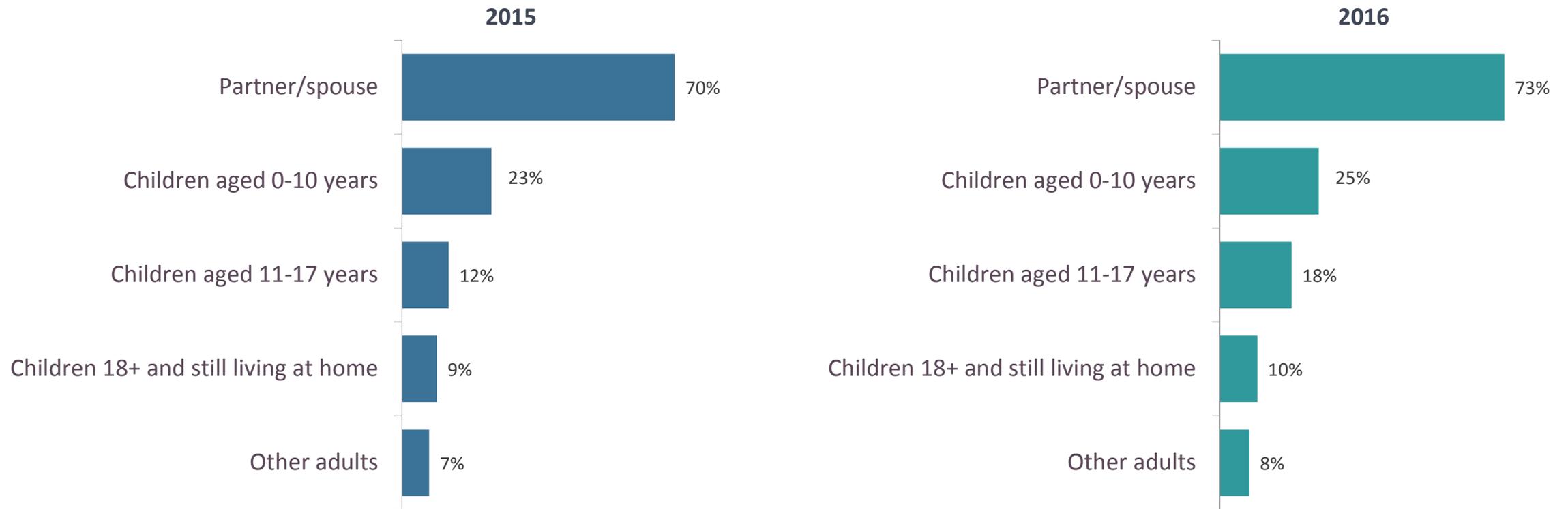
CONSISTENT WEIGHTING FOR AGE HAS BEEN APPLIED TO ALL DATA (BASED ON GENERAL TASMANIAN POPULATION DATA) TO REMOVE BIAS.

## DEMOGRAPHICS



THE HOUSEHOLD STRUCTURE OF THE SAMPLE HAS REMAINED BROADLY SIMILAR OVER BOTH YEARS.

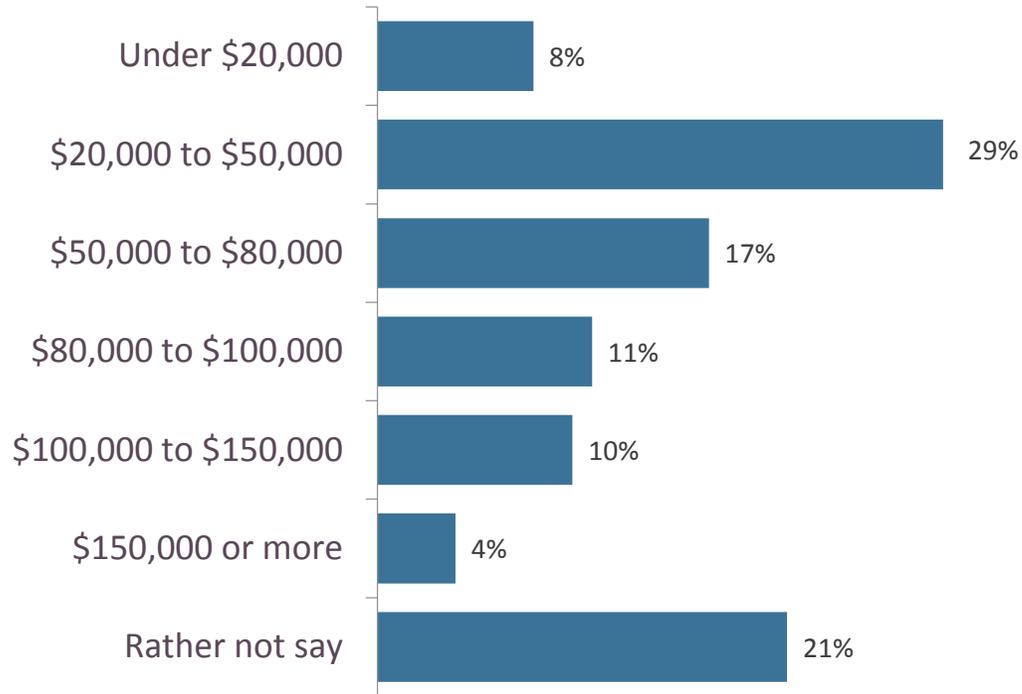
## HOUSEHOLD STRUCTURE



THERE IS ALSO VERY LITTLE DIFFERENCE IN THE PROFILE OF THE TWO YEAR'S SAMPLE BASED ON HOUSEHOLD INCOME.

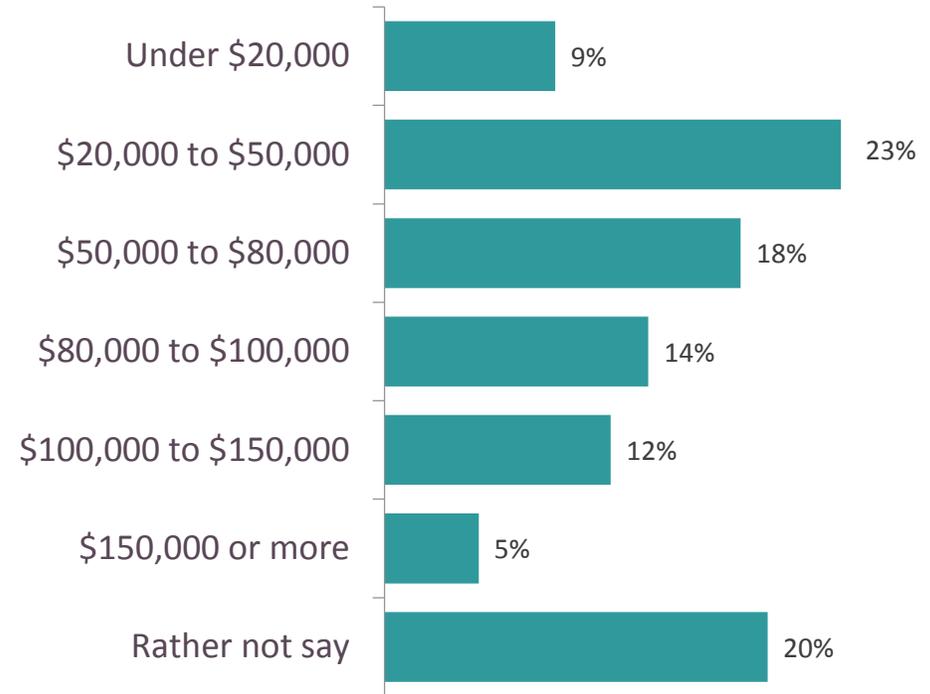
### HOUSEHOLD INCOME

2015



Average: \$67k

2016



Average: \$69k

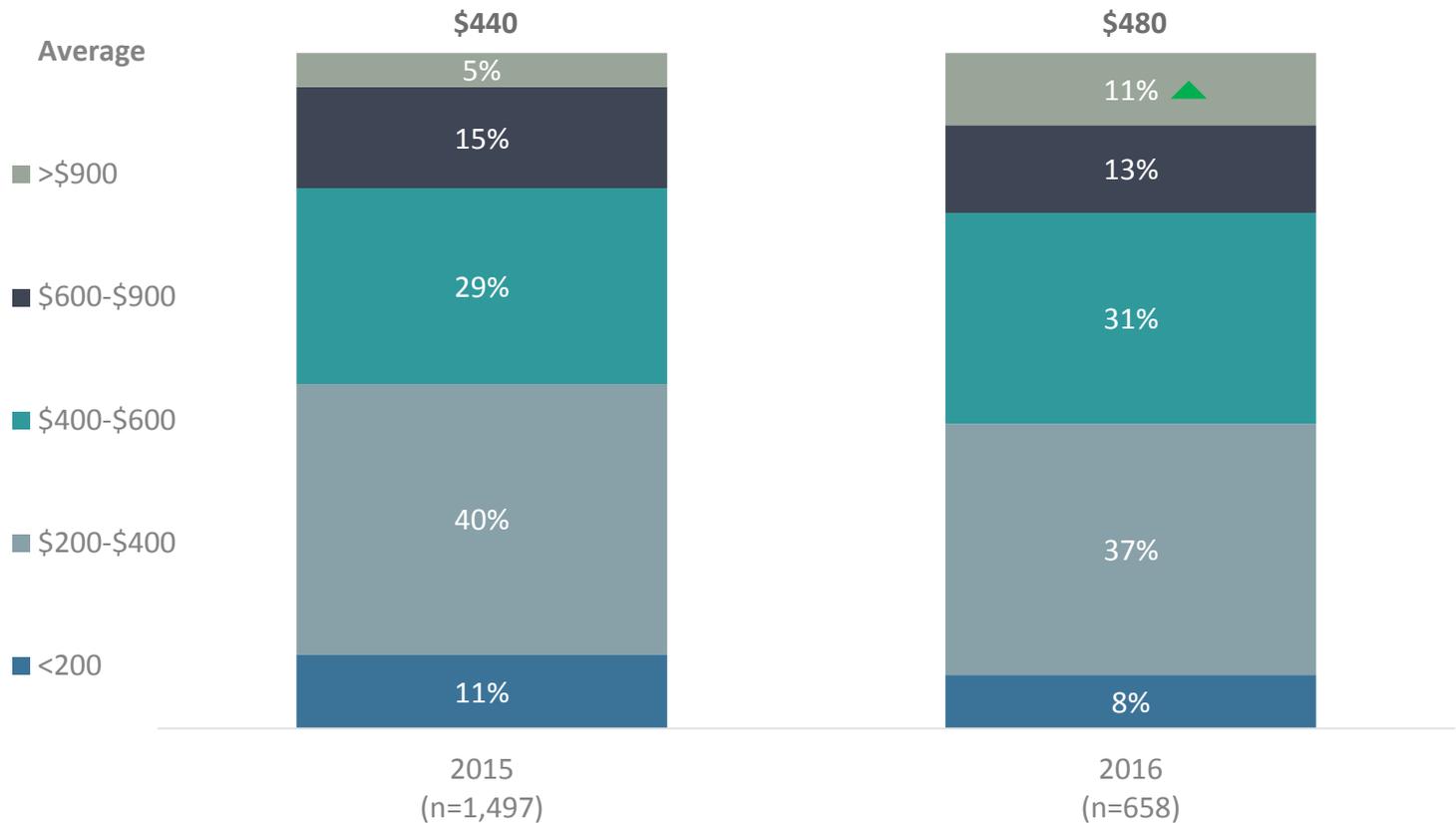


# CONSUMER CLASSIFICATION

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THERE IS A SLIGHT INCREASE IN THE AVERAGE QUARTERLY ELECTRICITY BILL, FROM \$440 TO \$480 THIS YEAR.

### QUARTERLY ELECTRICITY BILL



### 2016 Subgroups differences (average \$)

Subgroup	2016 (average \$)	2015 ave.
Aged 65+	\$383 ▼	\$339
Kids at home	\$562 ▲	\$560
Low Income (<\$50k)	\$392 ▼	\$365

Seeing similar subgroup differences to 2015, it appears a slightly higher bill is typical across the market. However, with only a minimal increase amongst families with kids at home, this may suggest greater efforts have been made by these households to be more energy efficient.

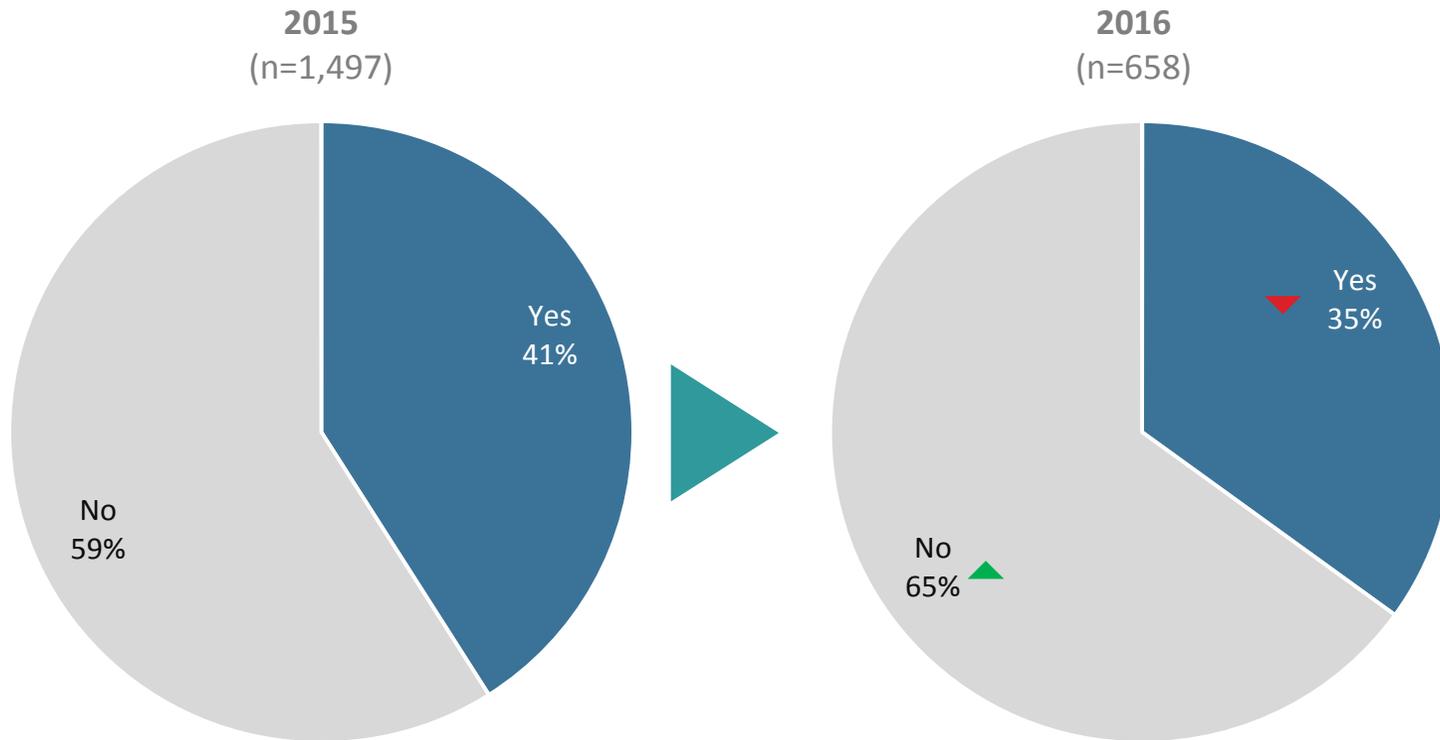
Q2/3. What is your average quarterly electricity bill? (if you can't recall, please estimate).

Base: All respondents

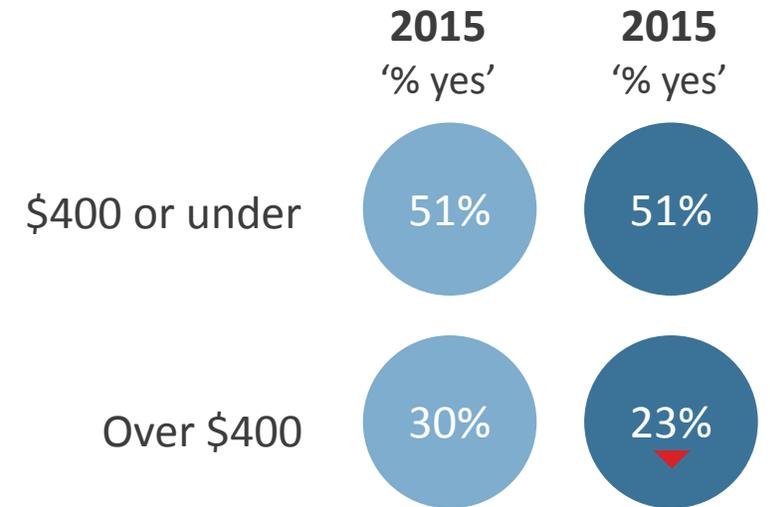
▲▼ Sig. difference at 95% confidence

WITHIN THE SAMPLE, THE PROPORTION OF RESIDENTS RECEIVING A BILL CONCESSION HAS DROPPED TO 1 IN 3.

RECEIVE BILL CONCESSION



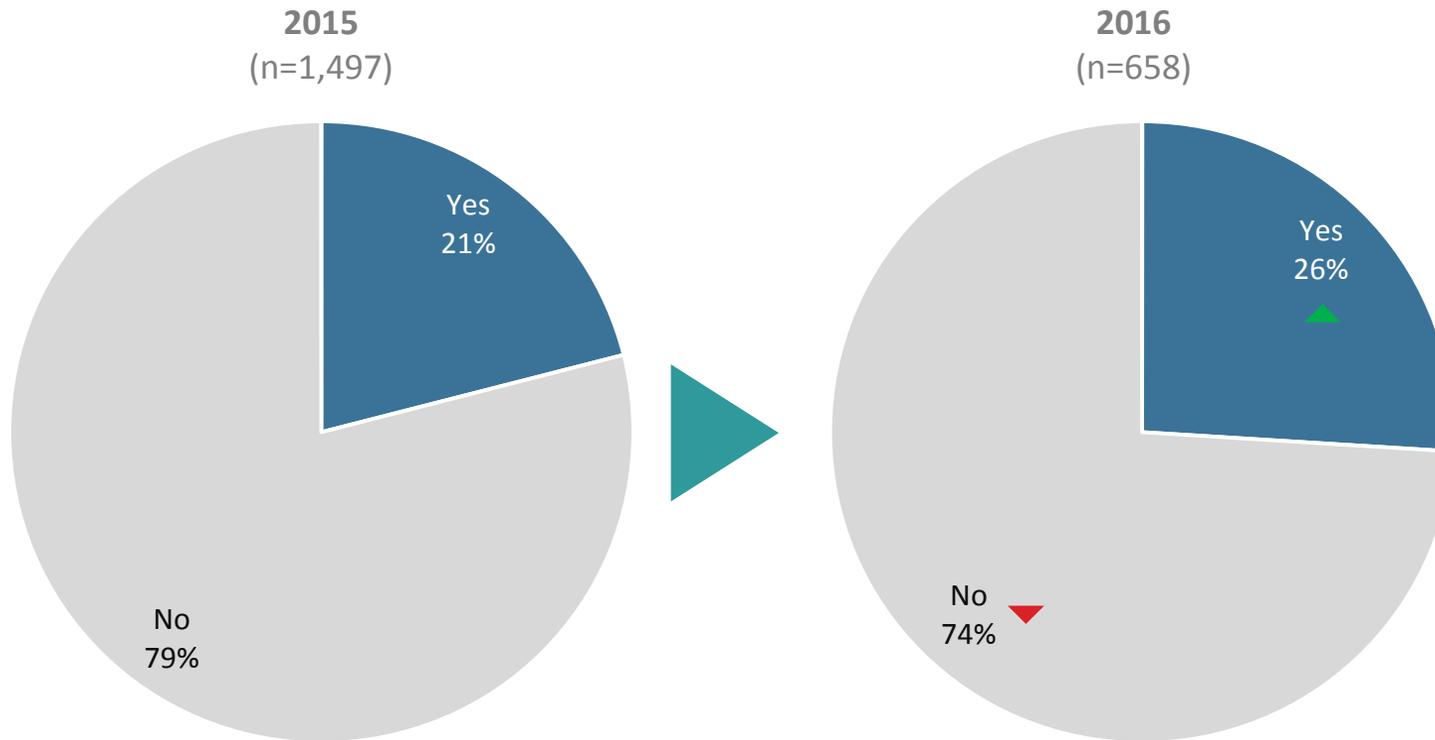
2015 vs 2016  
By Quarterly Bill



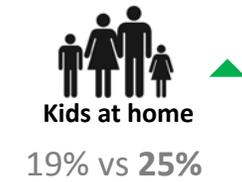
The significant decline in the proportion of residents receiving a bill concession this year is potentially linked to the (on average) higher quarterly electricity bill.

# THE PREVALENCE OF RESIDENTS WITH AN ALTERNATIVE EMBEDDED GENERATION SOURCE HAS INCREASED SLIGHTLY TO 1 IN 4 RESIDENTS.

## EMBEDDED GENERATION INSTALLED



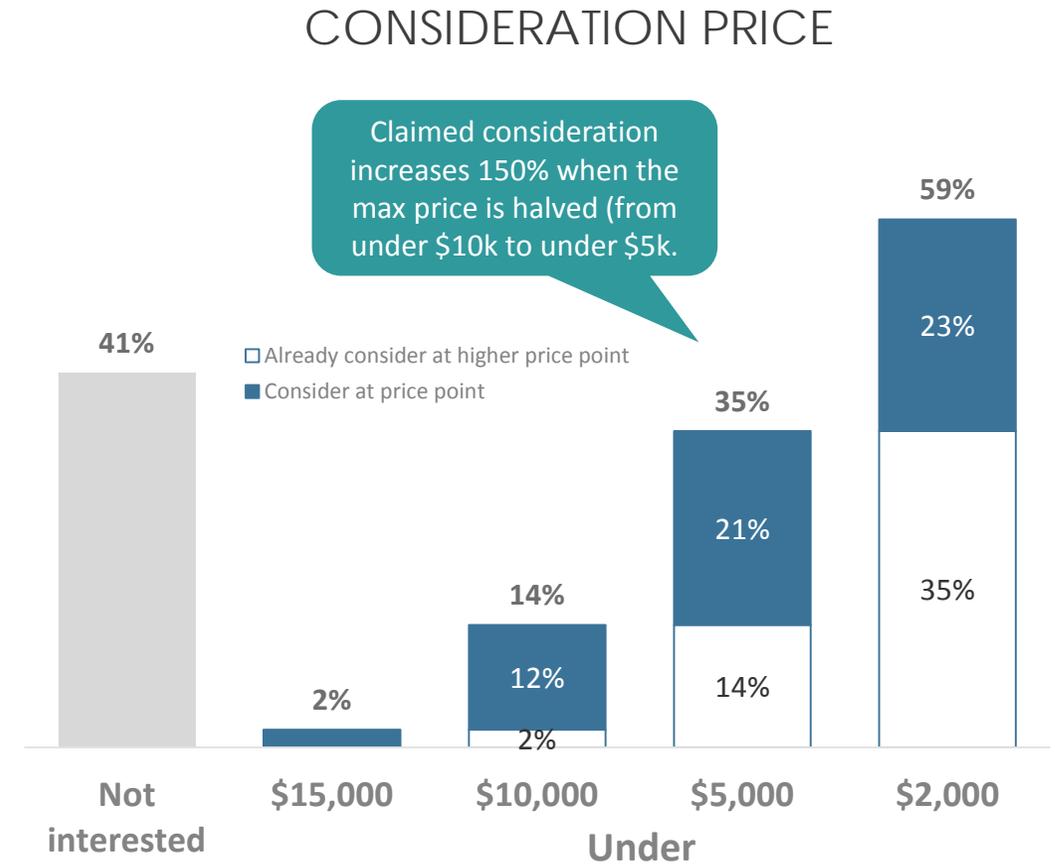
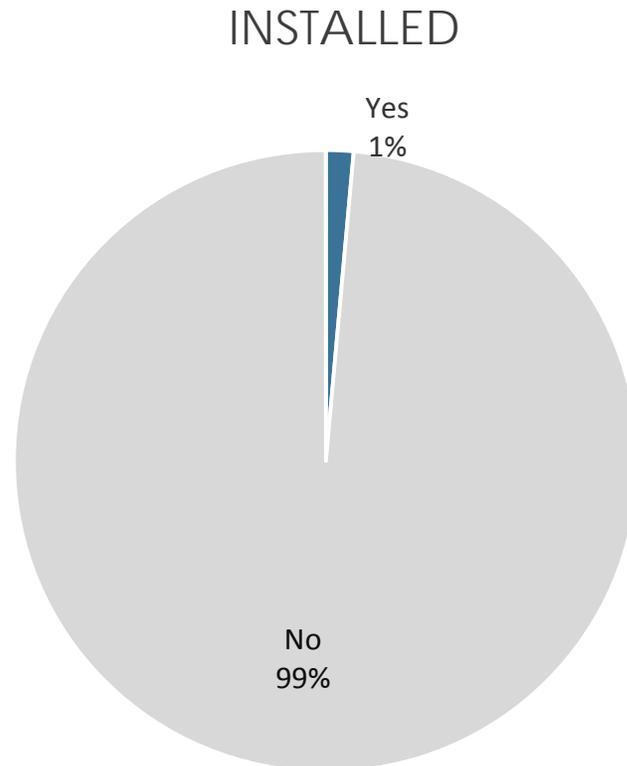
### 2015 vs 2016 Subgroups changes (% 'yes')



This year families with kids at home have caught up to their single/couples counterparts, which may be linked to the lower electricity bill increase. This group and the middle-aged residents drive the increase at the total level.

USE OF BATTERY SYSTEMS IS CURRENTLY VERY LIMITED, HOWEVER UP TO 6 IN 10 WOULD CONSIDER INSTALLING ONE IF PRICED UNDER \$2K.

## BATTERY SYSTEMS



Q5 Do you have a battery system installed in your home or business? Base: All 2016 respondents (n=658)

12 Q6 If not, would you consider installing a battery system if the price was under Base: All 2016 respondents without a battery system (n=649)

▲▼ Sig. difference at 95% confidence



# CURRENT SERVICE RELIABILITY, RESPONSE AND PRICING



# BEFORE BEING ASKED QUESTIONS ABOUT SERVICE RELIABILITY, RESPONSE AND PRICING, RESPONDENTS WERE SHOWN THE FOLLOWING STATEMENT:

***TasNetworks provides a range of services, including the following:***

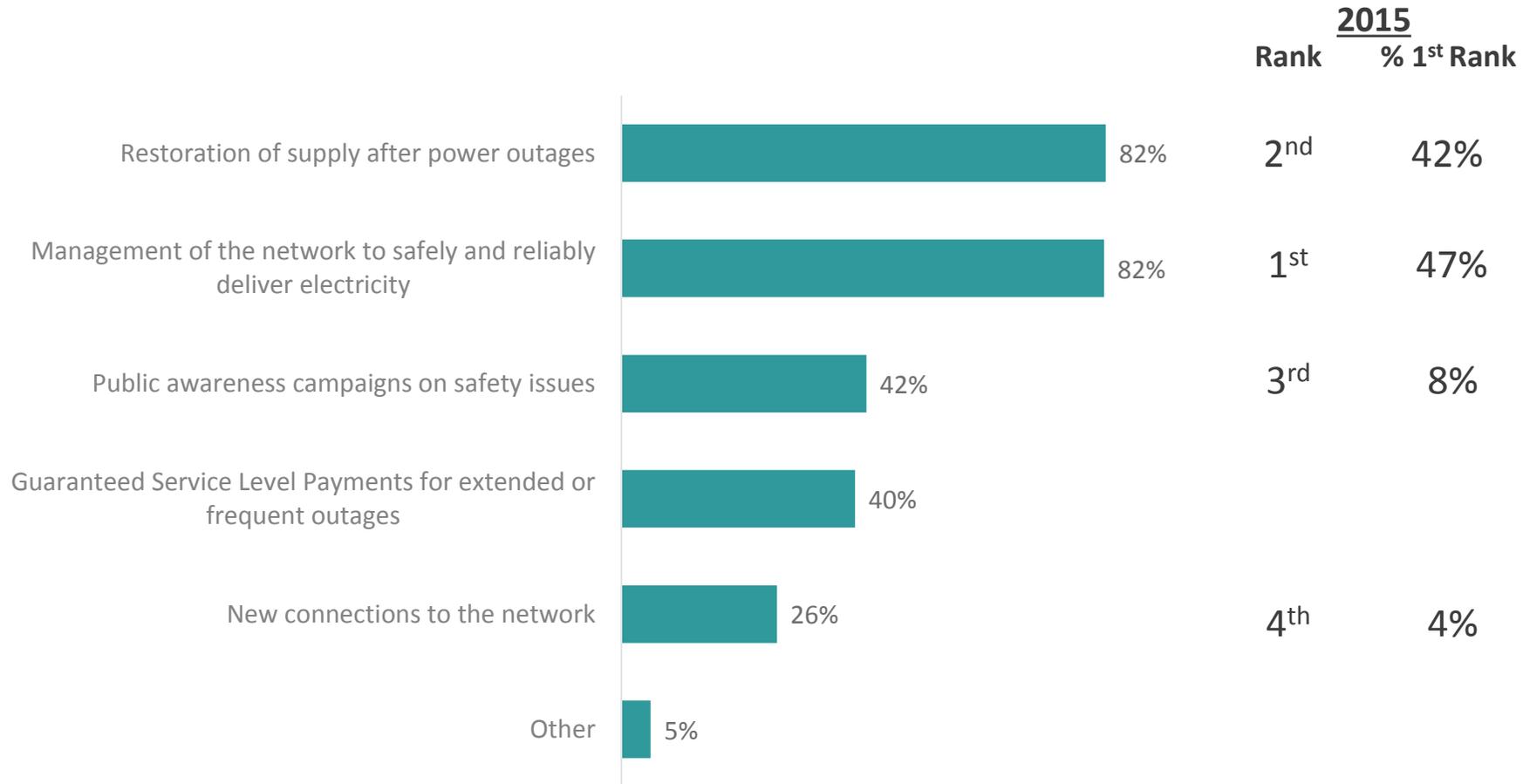
- *Management of the network to provide safe and reliable supply of electricity;*
  - *Restoration of supply to customers after power outages;*
  - *New connections to the electricity network; and*
  - *Public awareness campaigns on safety issues.*

*TasNetworks' charges for network services make up approximately 60% of the total electricity bill that you receive from your energy retailer.*

*These charges equate to approximately \$250 per quarter (for total retail bill of around \$420) for a typical residential customer.*

# THE MAJORITY OF RESIDENTS ONLY SEE VALUE IN TASNETWORKS' CORE SERVICES (DELIVERY & RESTORATION OF SUPPLY).

## VALUED TASNETWORKS' SERVICES



### 2016 Subgroups differences

#### Public awareness campaigns



#### Guaranteed Service Level Payments



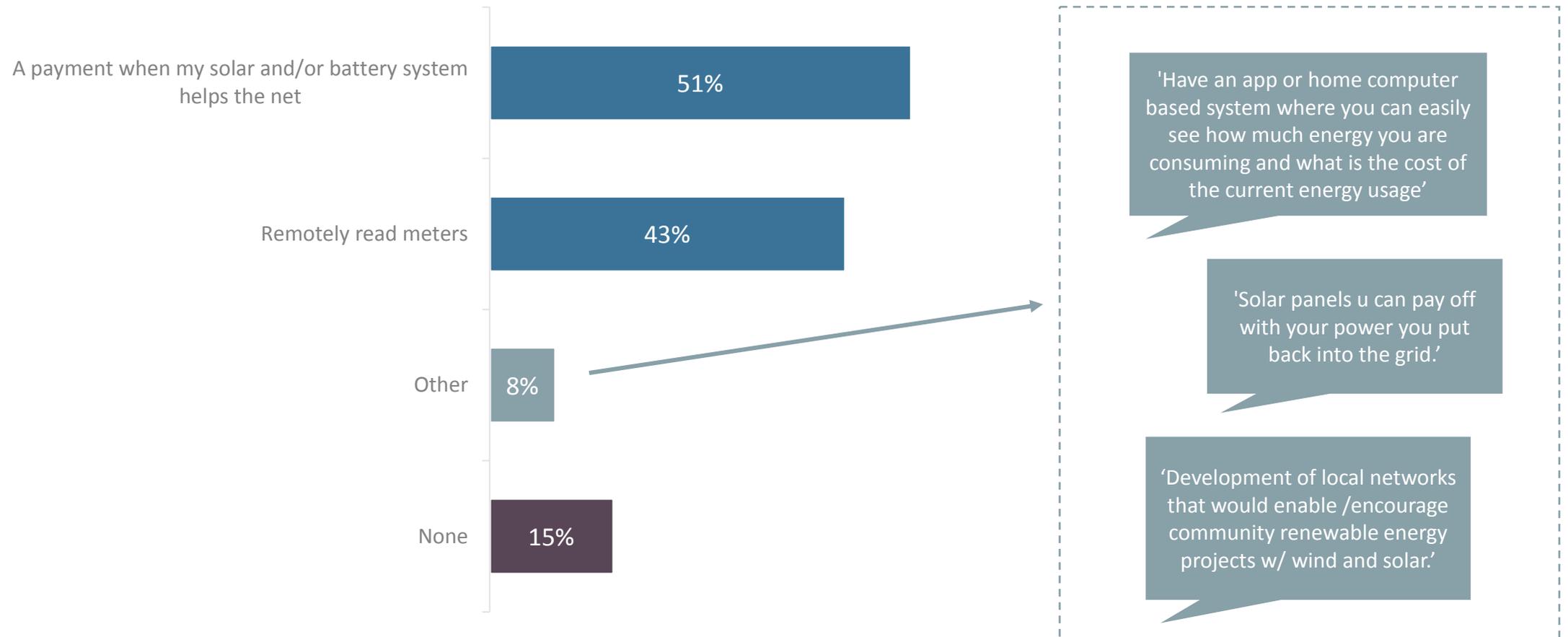
Q8. Of the following, which TasNetworks service do you value? (Select all that apply)

15 Base: All 2016 respondents (n=658)

▲ ▼ Sig. difference at 95% confidence

# DESPITE ONLY A MINORITY HAVING SOLAR / BATTERY SYSTEMS, 1 IN 2 WOULD LIKE TO SEE TASNETWORKS OFFER FEED IN TARRIFS

## WHAT OTHER SERVICES WOULD YOU LIKE TASNETWORKS TO OFFER



Q9. What other services would you like TasNetworks to offer? (Select all that apply)

16 Base: All 2016 respondents (n=658)

▲▼ Sig. difference at 95% confidence

nature

# RESPONDENTS WERE THEN SHOWN THE FOLLOWING:

## ***TasNetworks Reliability:***

*TasNetworks is required to ensure that the Tasmanian electricity network performs at an acceptable level of service*

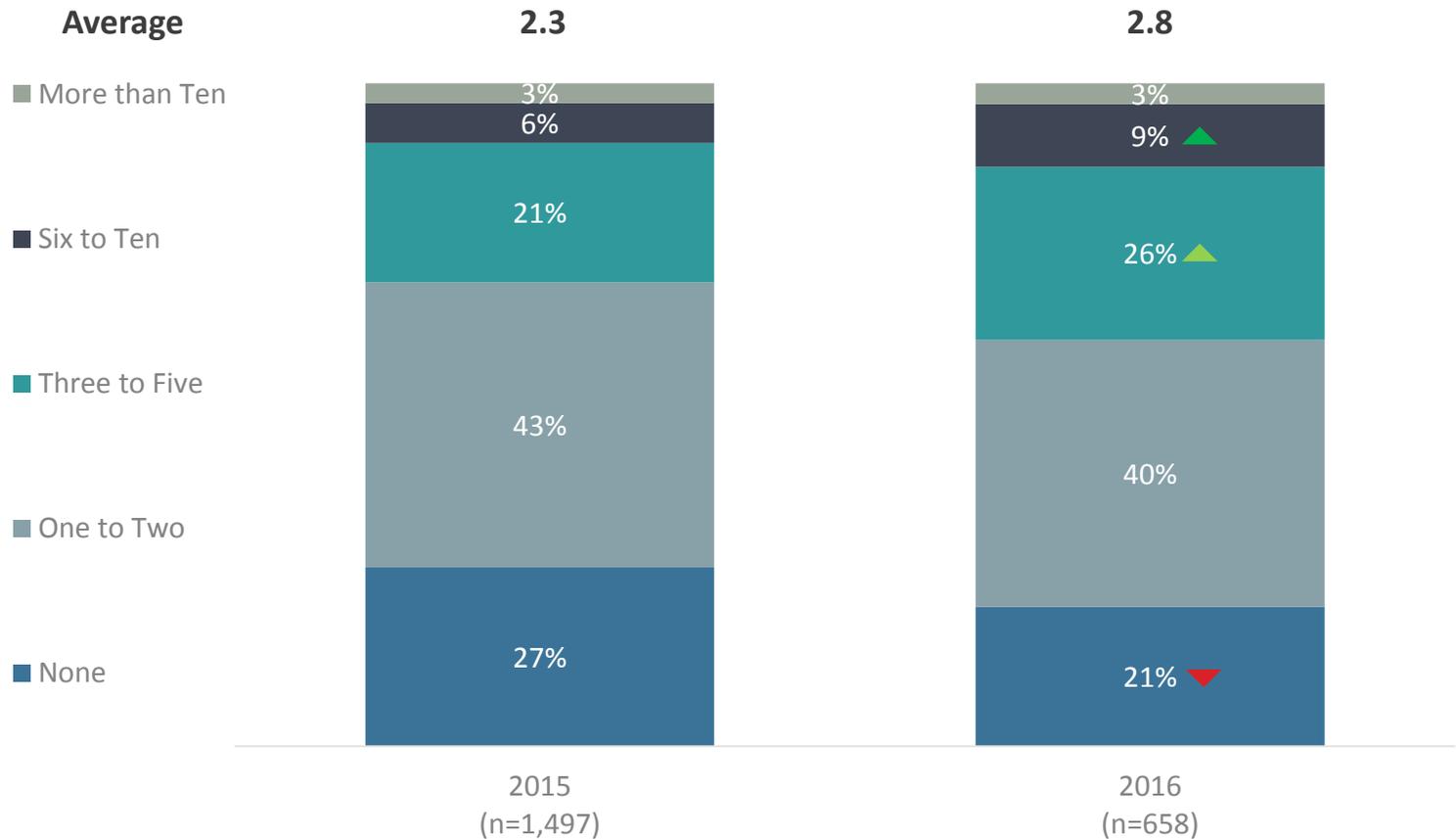
*The established service performance targets have been set independently to ensure that the number and duration of outages experienced by Tasmanian customers remains in line with average historical performance.*

*Approximately one in three customers currently experience reliability service that is below these independent targets.*

*When performance measures are not achieved, TasNetworks provides affected customers with a Guaranteed Service Level payment.*

# THERE IS AN INDICATION OF AN INCREASE IN THE NUMBER OF POWER OUTAGES THIS YEAR.

## NUMBER OF POWER OUTAGES



### 2016 Subgroups differences

**More than 10 times**



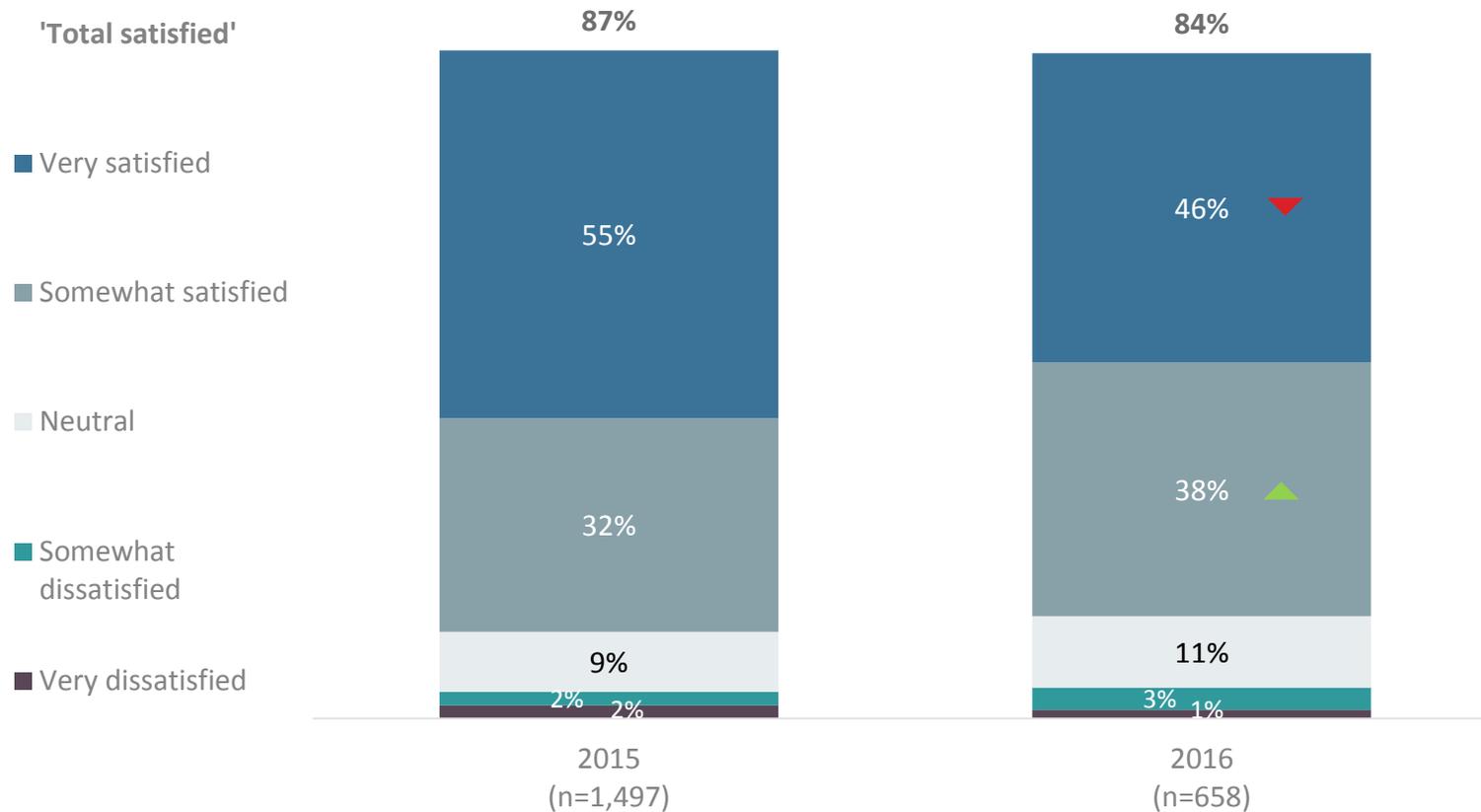
10% ▲

While we wouldn't expect to see any difference in the number of outages experienced across demographic groups, the fact the business are arguably more impacted by an outage, potentially making them more likely to recall / notice them.

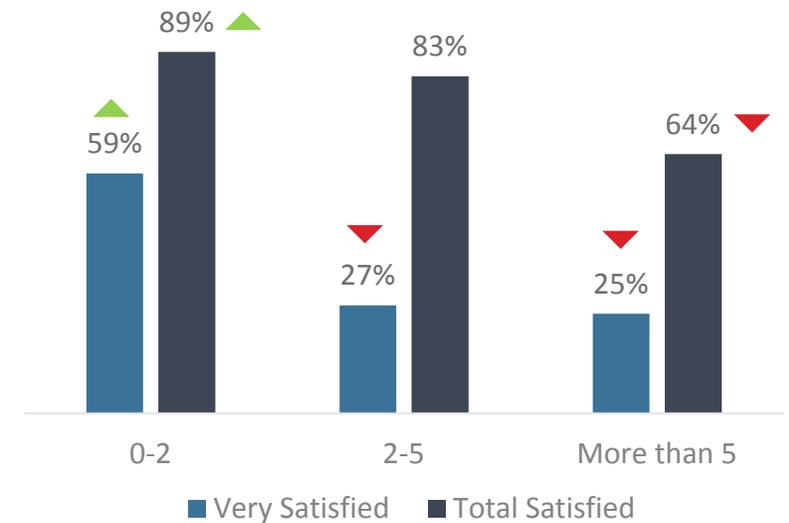
Q11. Over the past 12 months how many unplanned outages have you experienced? (if you can't recall, please estimate)

# INCREASED POWER OUTAGE FREQUENCY WOULD ALSO APPEAR TO BE LINKED TO LOWER LEVELS OF 'VERY SATISFIED' RESIDENTS THIS YEAR.

## OVERALL SATISFACTION RELIABILITY



### 2016 – Satisfaction by Outages

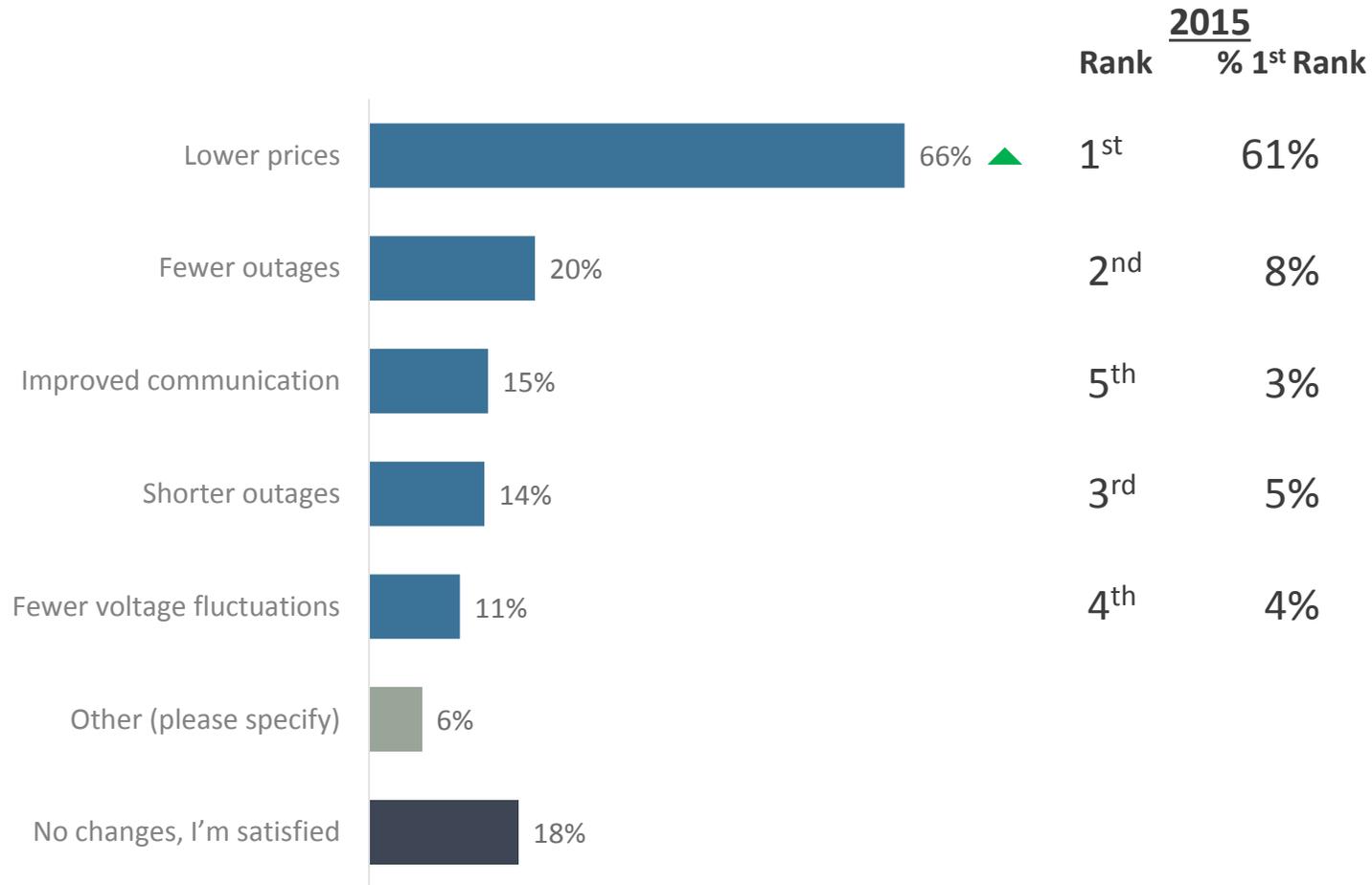


For residents who have experienced more than 5 outages in the past year, there is a significant impact to the level of 'very satisfied' and 'total satisfied' residents. While 'total satisfaction' remains high for those who have experienced up to 5 outages, there is also a decline in the level of 'very satisfied'.

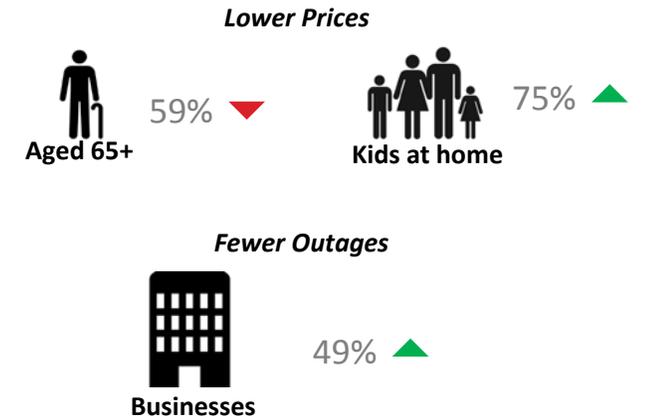
Q14. Overall, how satisfied are you with your current electricity reliability?

# LOWER PRICING CONTINUES TO STAND OUT AS THE MAIN THING THAT WOULD IMPROVE RESIDENT SATISFACTION WITH TASN NETWORKS.

## WHICH OPTION WOULD IMPROVE YOUR SATISFACTION



## 2016 Subgroups differences



The importance of fewer outages for businesses reflects the higher number of outages currently being experienced (noticed) and the greater potential impact they have on businesses compared to residential homes.

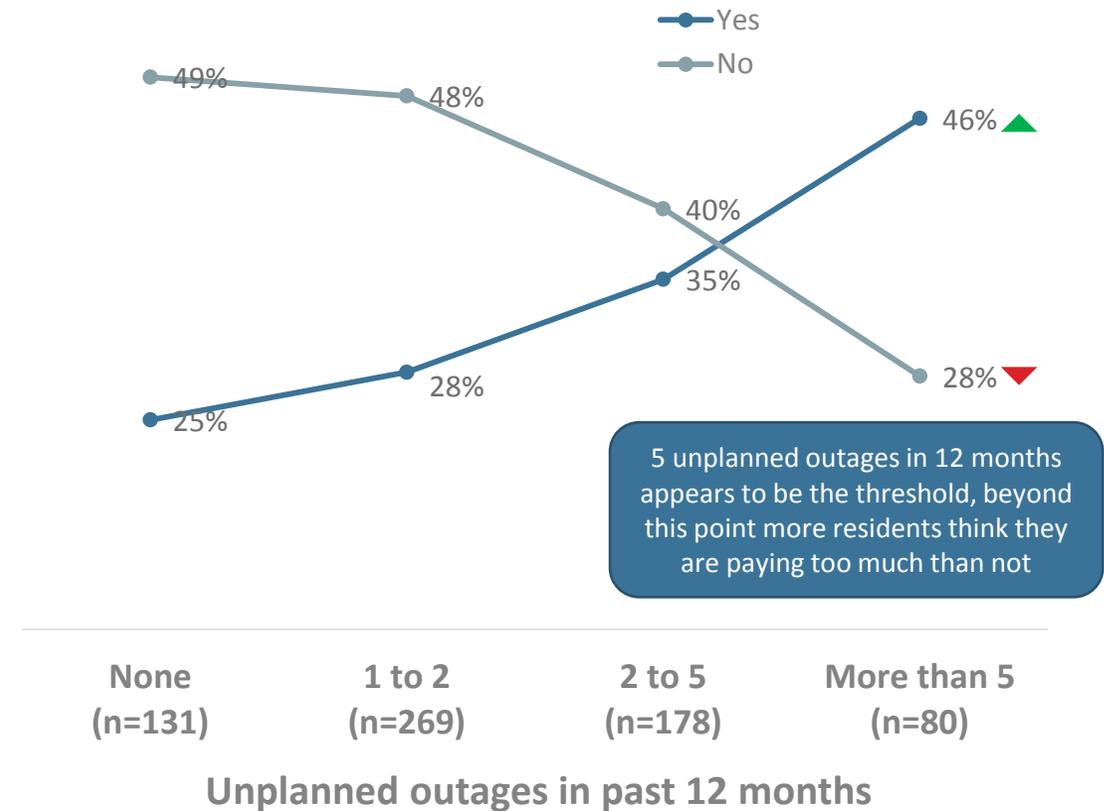
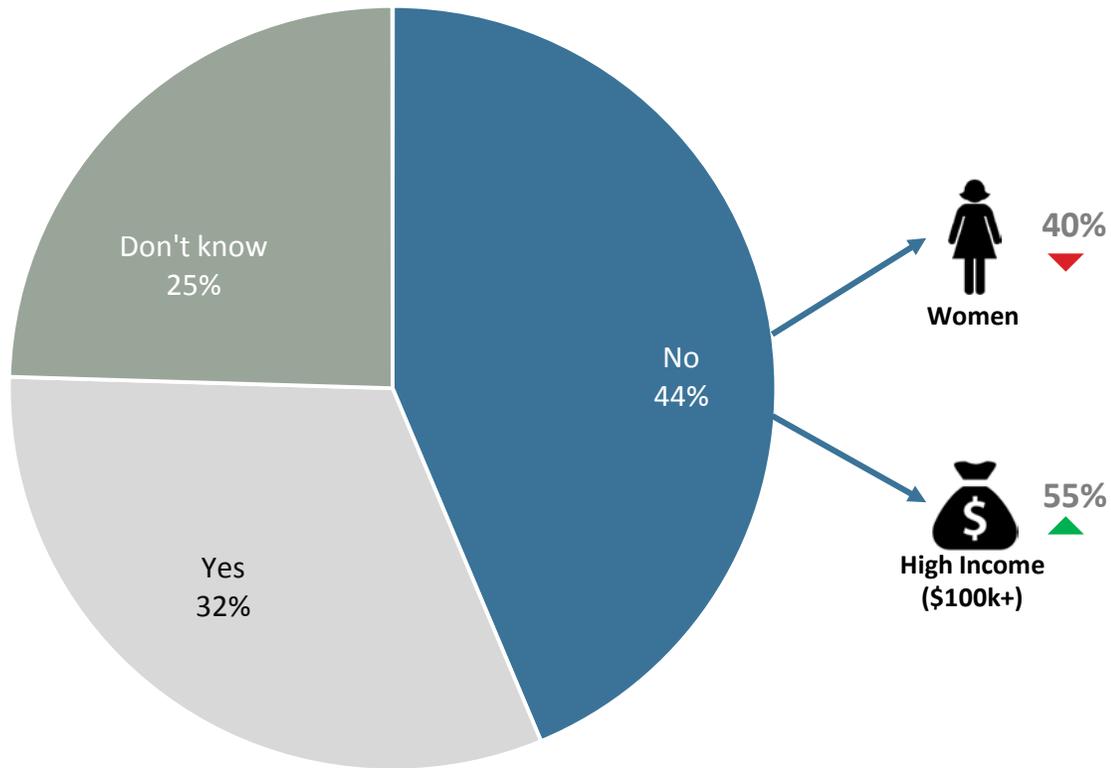
Q15. Which of the following options would improve your satisfaction with your electricity network service? (Select all that apply)

21 Base: All 2016 respondents (n=658)

▲▼ Sig. difference at 95% confidence

# 1 IN 3 RESIDENTS THINK THEY ARE PAYING TOO MUCH, ALTHOUGH THIS IS CLOSELY RELATED TO THE NUMBER OF OUTAGES EXPERIENCED.

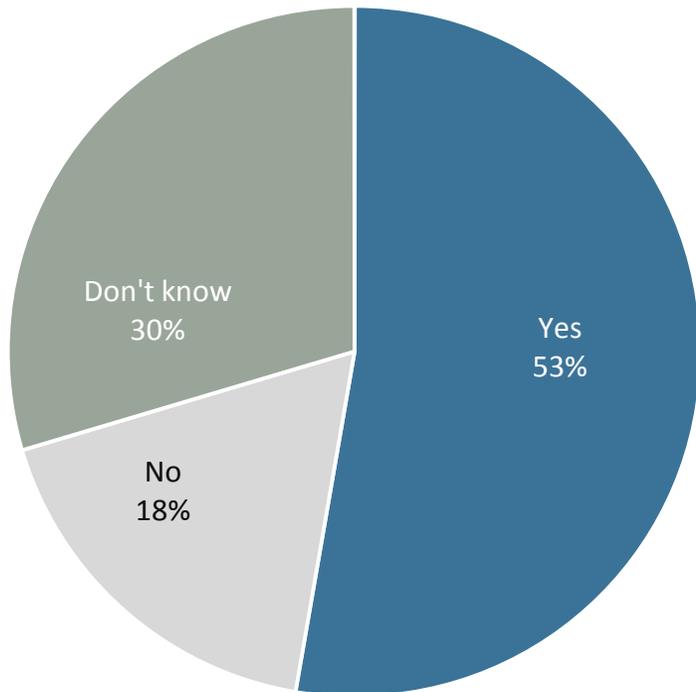
## PAYING TOO MUCH



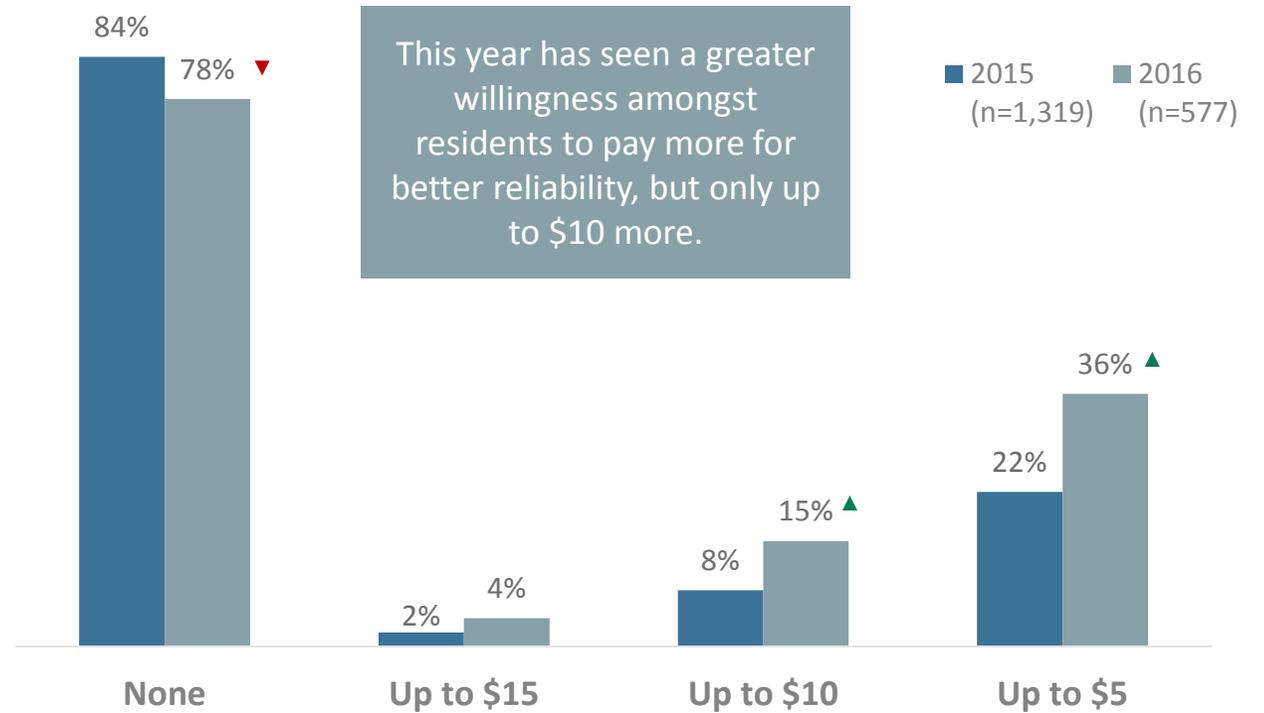
Q12 - Do you believe that you are paying too much for the level of network reliability and service you receive?

WHILE 1 IN 2 BELIEVE RELIABILITY COULD BE IMPROVED WITHOUT A PRICE INCREASE, 1 IN 3 WOULD BE WILLING TO PAY UP TO \$5 MORE.

COULD RELIABILITY BE IMPROVED WITHOUT BILL INCREASE  
2016



LEVEL OF PER QUARTER COST INCREASE WILLING TO ACCEPT



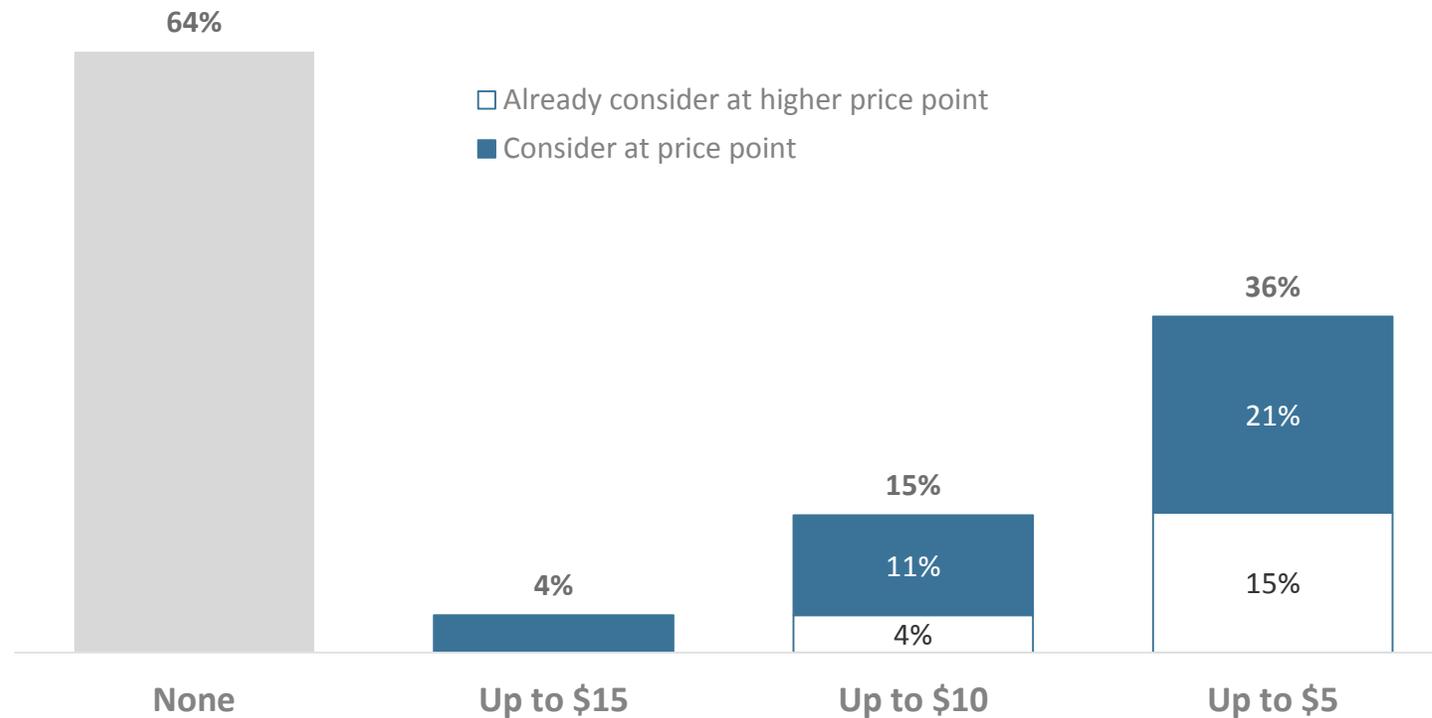
Q13 - Do you believe TasNetworks could improve the level of network reliability without increasing energy bills? Base: All 2016 respondents (n=658)

23 Q19 - What level of cost increase would you be prepared to accept for improved electricity network services and/or reliability in your area? Base: All respondents who provided an answer

▲▼ Sig. difference at 95% confidence

# ALTHOUGH PENSIONERS HAVE LESS APPETITE FOR AN INCREASE, INCOME DOESN'T APPEAR TO BE THE DRIVER OF ACCEPTANCE OF AN INCREASE.

## LEVEL OF PER QUARTER COST INCREASE WILLING TO ACCEPT 2016



### 2016 Subgroups differences

None



Pensioners

79% ▲

Up to \$15

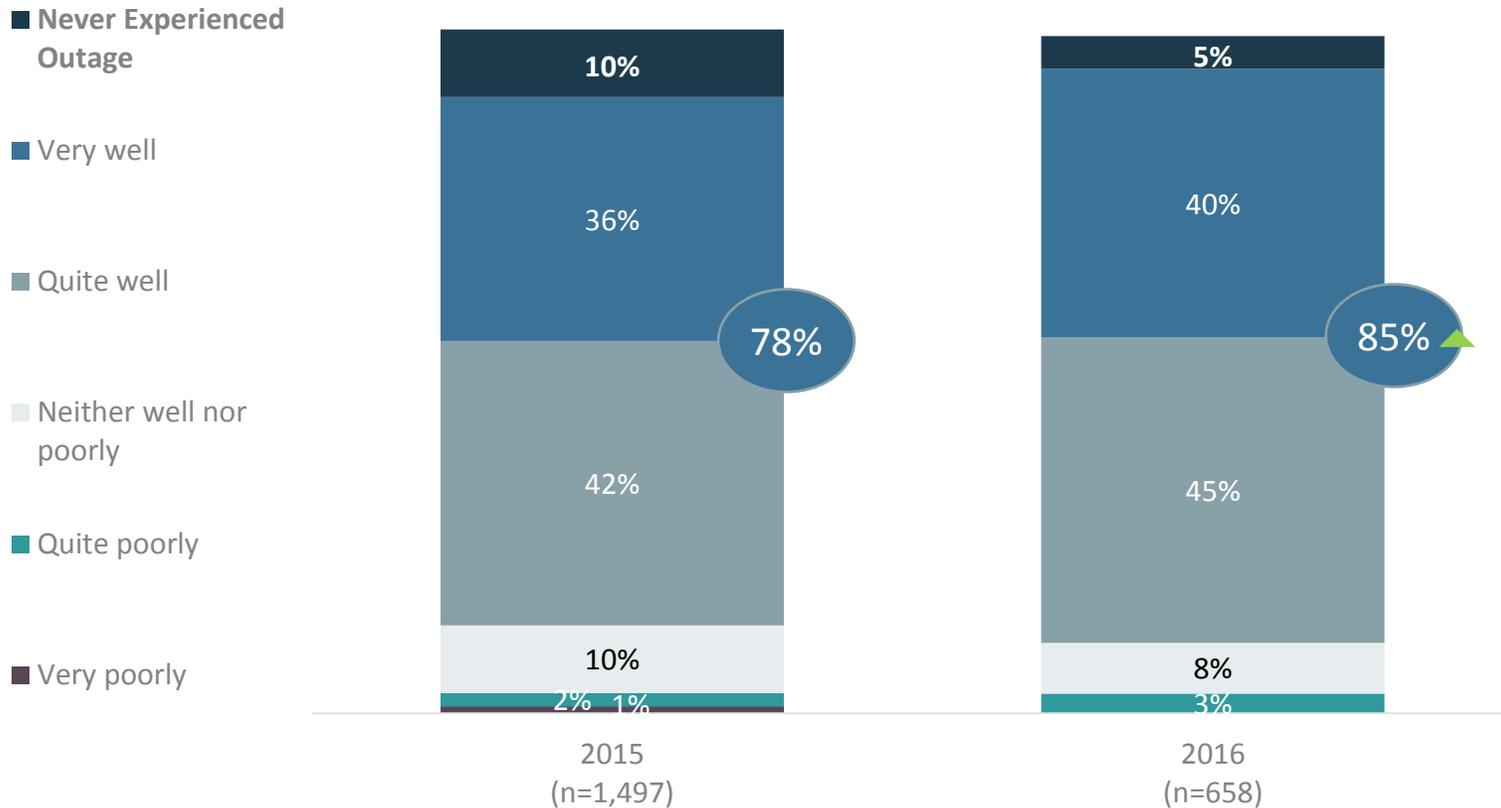


Income \$50-100k

43% ▲

WHILST THE NUMBER OF OUTAGES IS PERCEIVED TO HAVE INCREASED THIS YEAR, SO HAS THE PERCEIVED RESPONSE OF TASNETWORKS TO THEM.

### TASNETWORKS RESPONSE RATING



### 2016 Impact on price perceptions

Are you paying too much?  
% 'yes'



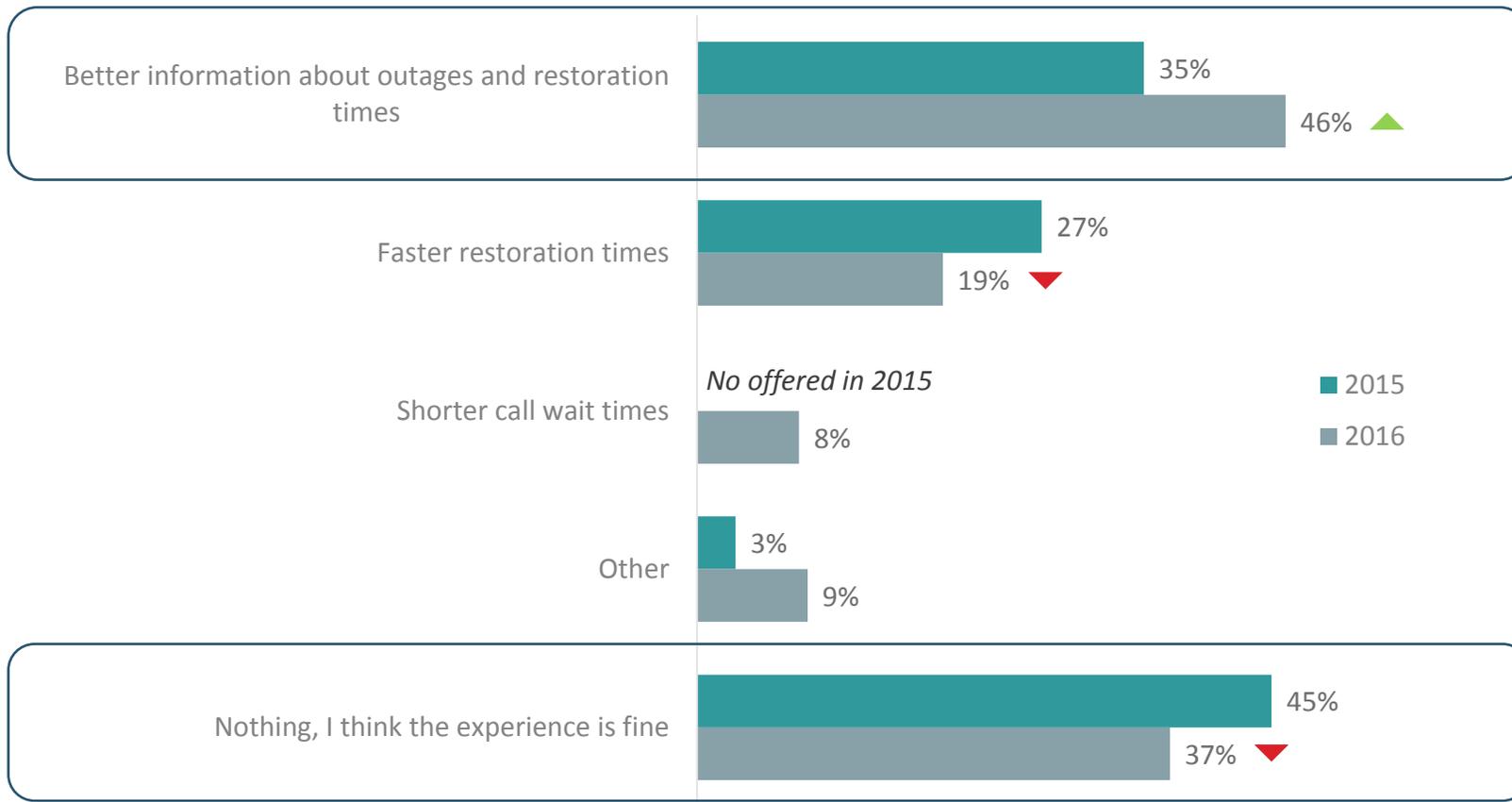
### Response of TasNetworks

How residents perceive the response of TasNetworks to outages appears to have an impact on price perceptions, with those who believe TasNetworks respond 'well' are significantly more likely to think they are not paying too much.

Q17 - Overall, how well do you feel TasNetworks responds to power outages or interruptions in terms of timely restoration of supply, communication and telephone response?

# THERE IS HOWEVER A DECREASE IN THE SATISFACTION WITH THE RESPONSE EXPERIENCE, WITH CALLS FOR MORE RESTORATION TIME INFORMATION.

## TASNETWORKS RESPONSE EXPERIENCE IMPROVEMENTS



### 2016 Subgroups differences

*Nothing – the service is fine*



20% ▼

**Businesses**

The decline in the proportion of residents who are satisfied with the current experience has been in part driven by lower satisfaction amongst businesses.

# KEY FINDINGS & POSSIBLE NEXT STEPS

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# KEY FINDINGS

## CUSTOMER CLASSIFICATION

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- 1** Amongst the respondent sample, quarterly electricity bills are perceived to have increased this year to \$480 (from \$440 in 2015). While the increase is generally consistent across subgroups, a far more modest increase amongst families with kids potentially indicates greater electricity conservation efforts from these households.
- 2** This year has also seen an increase in the prevalence of embedded generation systems in households, from 21% last year to 26% this year. This increase has been driven by families with kids and middle-age residents; the increase amongst the former may be supporting their more modest increase in electricity spend.
- 3** Current Battery System use (installation) is very limited, however there is an appetite for these systems when priced reasonably. While only around 1 in 10 would consider a Battery System if under \$10,000, this increases to 6 in 10 when priced under \$2,000.

# KEY FINDINGS

## Reliability, Response & Pricing

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- 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 wave.
- 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.

# POSSIBLE NEXT STEPS

## OUTAGE INFORMATION

Investigate ways to easily and widely communicate outage & up-to-date restoration time information to residents, to help improve the outage response experience.

## SAVING TIPS / MONITORING

With increases seen in quarterly bills, providing information around ways in which residents can save and or providing tools to monitor their electricity use, may help to address the calls for lower prices.

## DISCOUNTS ON OUTAGE

Consider offering even small discounts / refunds for residents who have experienced high outage frequency, in order to help maintain price appropriateness perceptions.

## SOLAR / BATTERY SYSTEMS

Consider providing more education on options currently available and position the brand as the expert in this area. Expanding the current offer to facilitate / provide solar / battery systems could help build engagement down the track.



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