

TasNetworks Customer Engagement Research

June 2015

Roadmap for this presentation

Background & Methodology

Consumer Classification

Current Service Reliability, Response and Pricing

Future Service Improvements and Pricing

Considerations Going Forward

Background & Methodology

Background and Methodology

- In early 2016, TasNetworks is required to submit a distribution regulatory proposal for 2017-2019.
- The regulatory proposal requires the organisation to undertake and support efficient investment in, and efficient operation and use of, electricity services for the long term interests of consumers with respect to the price, quality, safety, reliability and security of electricity supply.
- This aims to build greater understanding within the organisation about the needs and attitudes of consumers, so that the services that TasNetworks provides can be planned and delivered with the long-term interests of consumers in mind.



The ultimate aim is to help ensure that TasNetworks is well-placed to plan future services taking into account consumer feedback on aspects such as price, quality, safety, reliability and security of supply.

Summary of the methodology

What we did



Online and Telephone survey sourcing respondents from a national research-only online panel. Telephone was also used in order to allow the survey to be more inclusive of all consumers. Additional supplementary interviews completed at AgFest and via TasNetworks Website.



10 minutes in length



n=1,497
(n=1,002 online/phone panel;
n=133 website;
n=362 AgFest)



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

What we asked

Screeners & Classification

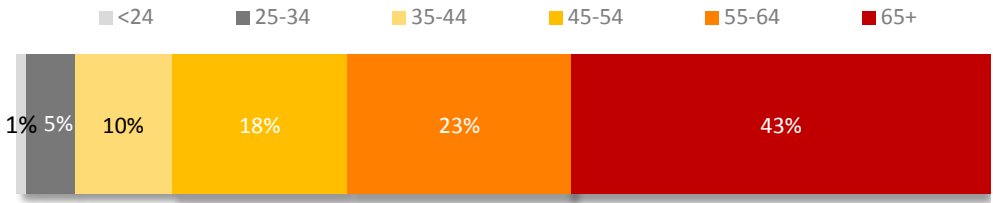
Service Price, Quality, Reliability and Security

Demographics

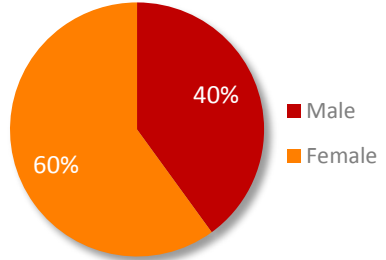
Weighting for age and gender proportions has been applied to the panel data to remove any bias. These weighting proportions have been based on general Tasmanian population data and other demographics data collected from electricity decision makers.

Below shows the change in age and gender fallout after the panel data was weighted.

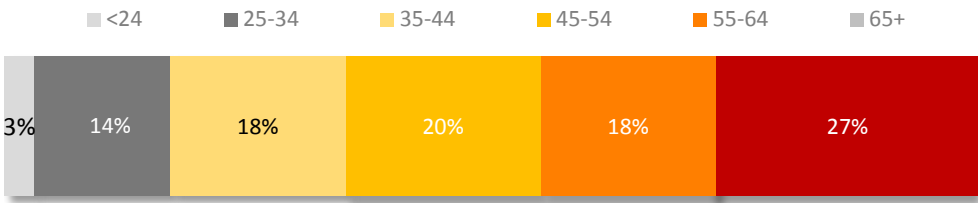
Age (Natural Panel Fallout)



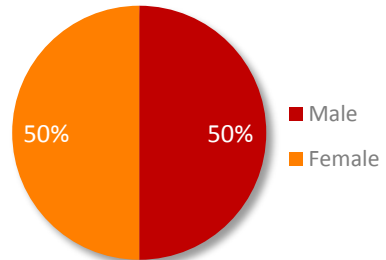
Gender (Natural Panel Fallout)



Age (Weighted)



Age (Weighted)

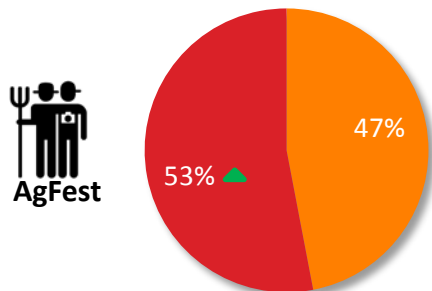
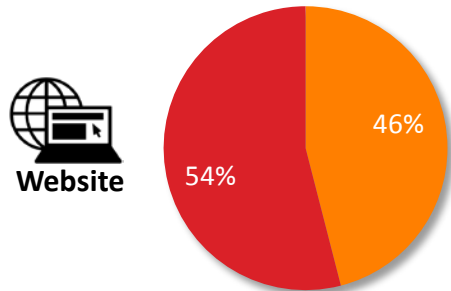
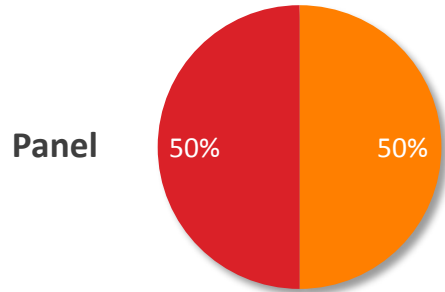


All panel data reported hereafter is weighted to the above age and gender specifications.

▲ = significantly higher than panel
▼ = significantly lower than panel

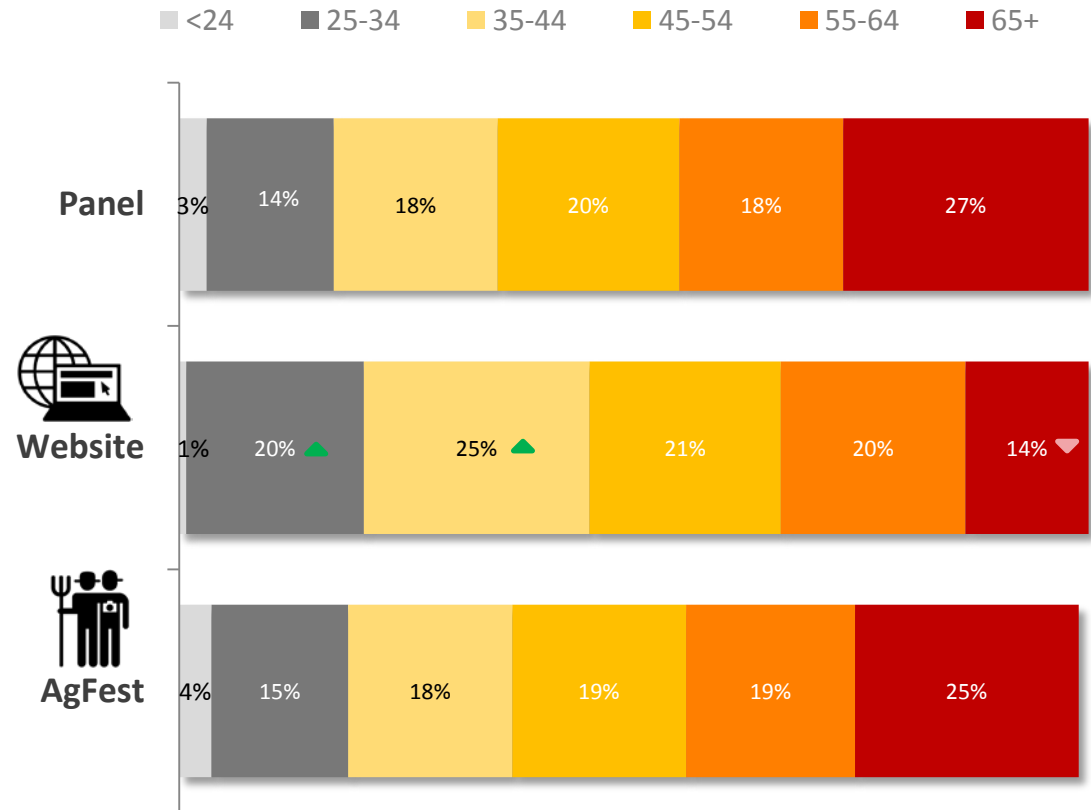
The AgFest sample was slightly more skewed towards females and those under 45 years of age

Gender



Male Female

Age

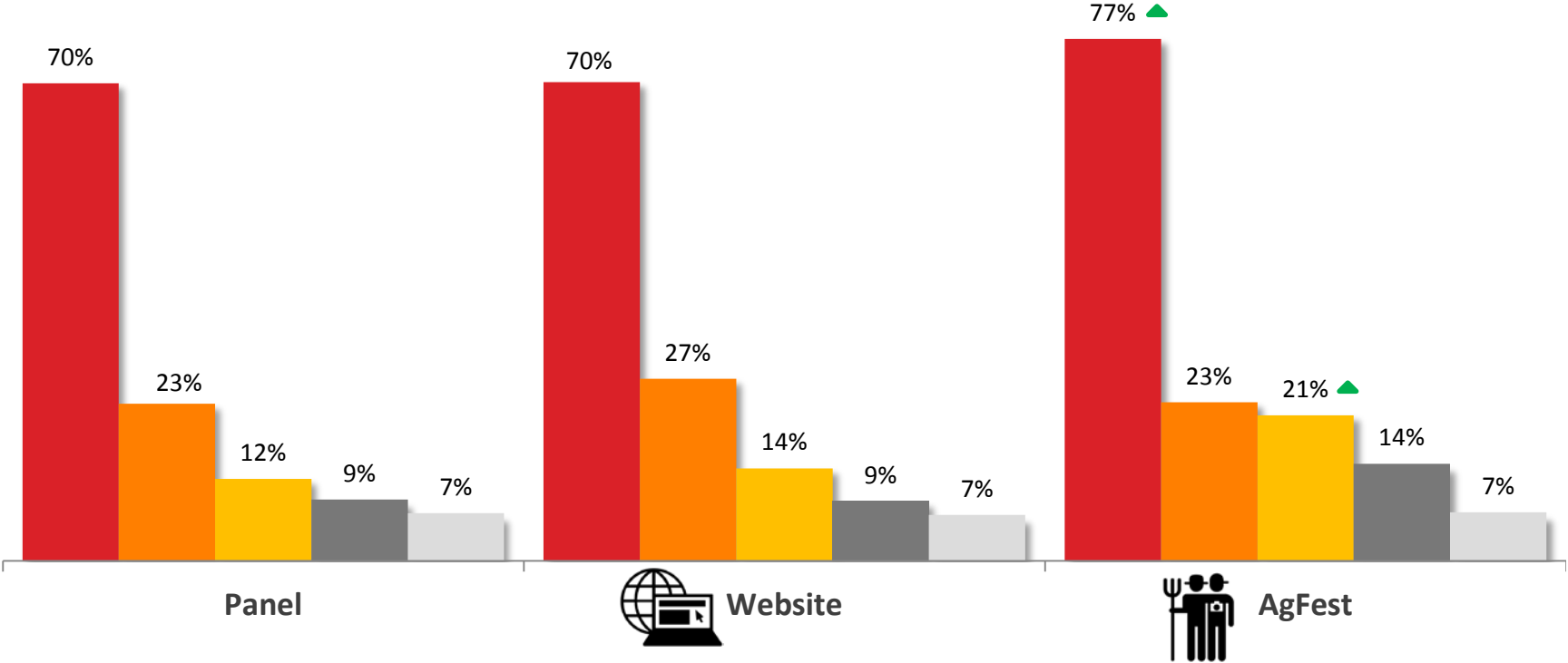


▲ = significantly higher than average
▼ = significantly lower than average

The website and AgFest sample was also slightly more likely to have children living in their household

Household Structure

■ Partner/spouse
 ■ Children aged 0-10 years
 ■ Children aged 11-17 years
 ■ Children 18+ and still living at home
 ■ Other adults

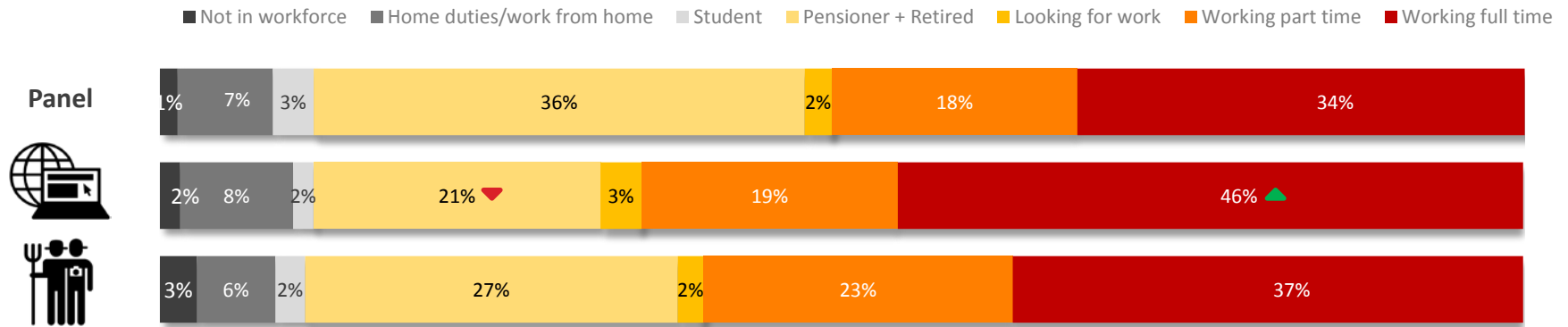


16. Which of the following people currently live in your household?
 Base: Total sample (n=1,002); AgFest (n=362); Website (n=133)

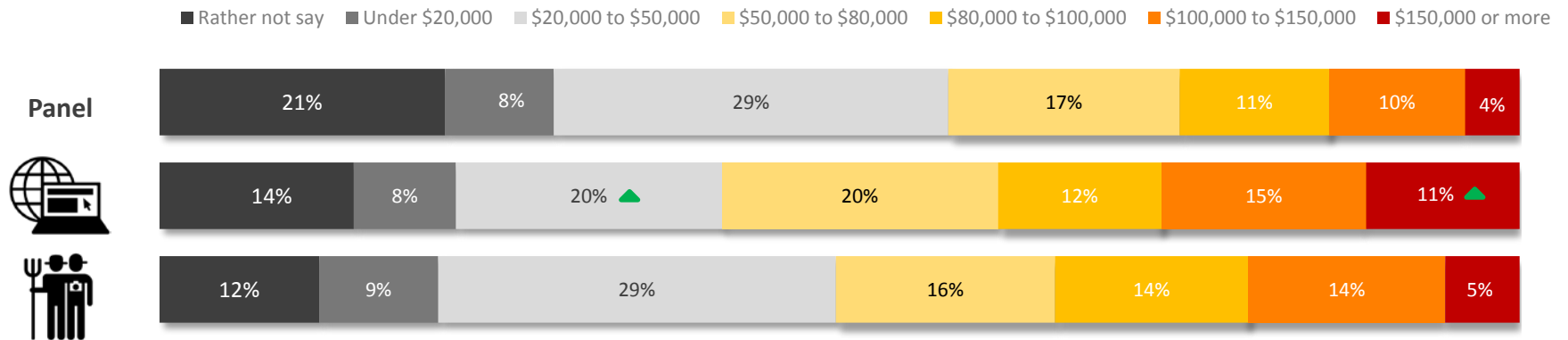
▲ = significantly higher than average
 ▼ = significantly lower than average

The website sample has also skewed more towards people working full time and were more likely to have a higher household income

Work Status



Household Income



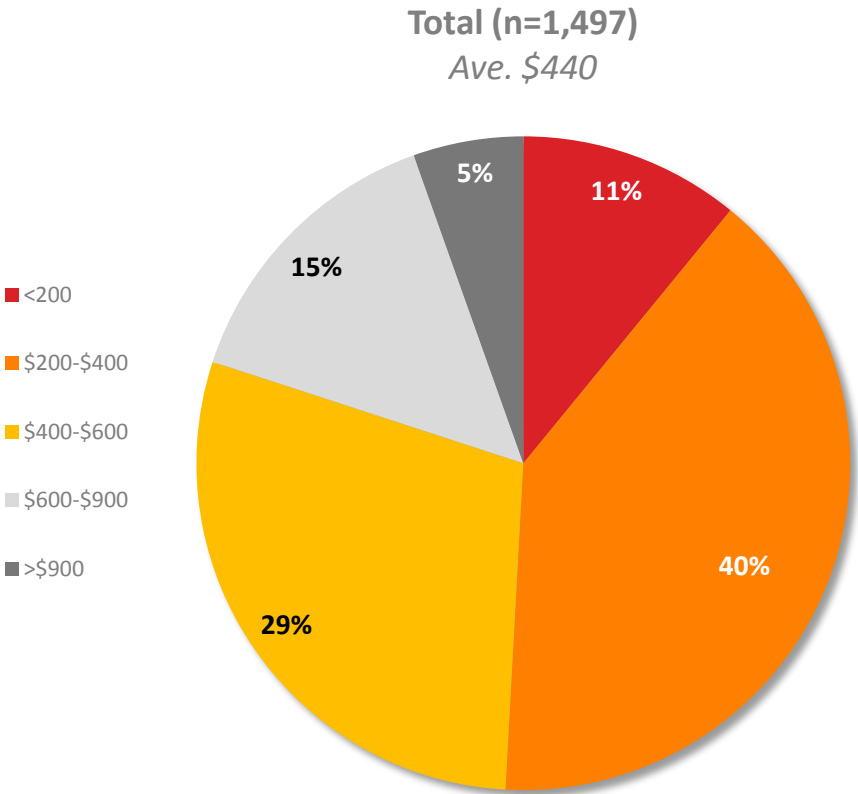
17. Which of these best describes your work status? 18. Approximately, how much is your household's combined pre-tax annual income from all
 Base: Total sample (n=1,002); AgFest (n=362); Website (n=133)

▲ = significantly higher than average
 ▼ = significantly lower than average

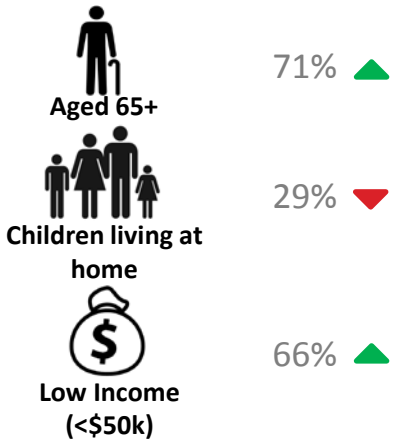
Consumer Classification

The average quarterly bill is perceived to be \$440, but half of all consumers (51%) pay under \$400

Average Quarterly Electricity Bill



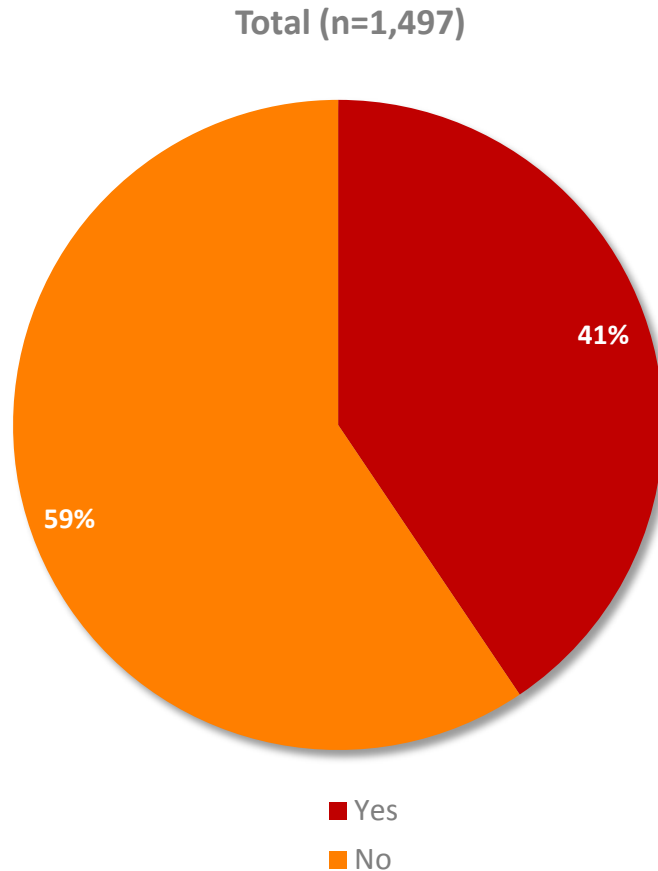
Subgroups differences
<\$400



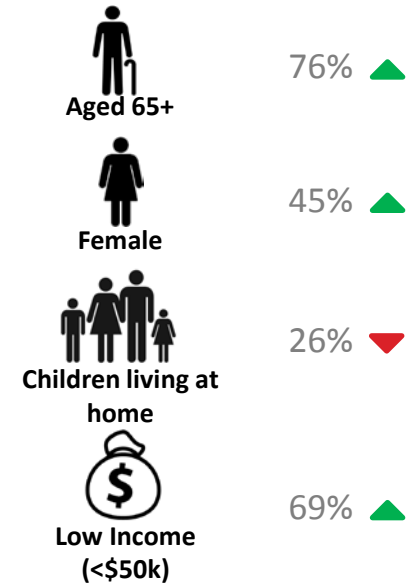
Older consumers, those without children and lower income earners are the groups more likely to receive quarterly bills below \$400.

Nearly half of all consumers receive a concession on their quarterly electricity bill

Receive Bill Concession



Subgroup differences Receive Bill Concession

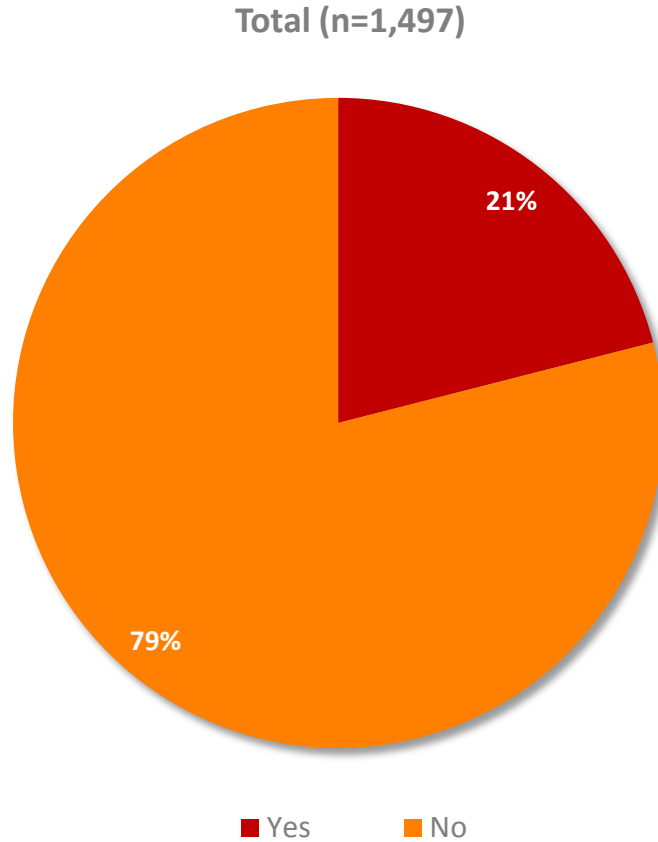


Consumers with lower average bills (older, without children and lower income earners) and female residents are also more likely to benefit from a concession.

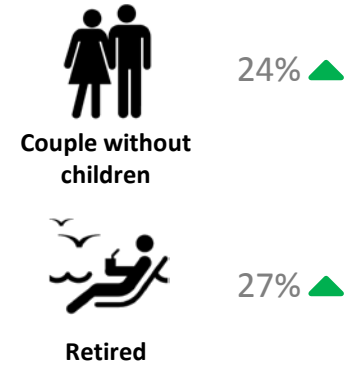
▲ = significantly higher than average
▼ = significantly lower than average

Only 1 in 5 consumers currently has an alternative embedded generation source installed at their home or business

Embedded Generation Installed



Subgroup differences Embedded Generation



Couples without children and retirees are more likely to have embedded generation installed, with around 1/4 currently having this alternative supply.

▲ = significantly higher than average
▼ = significantly lower than average

Current Service Reliability, Response and Pricing

Before being asked questions about service reliability, response and pricing, respondents were shown the following statement:

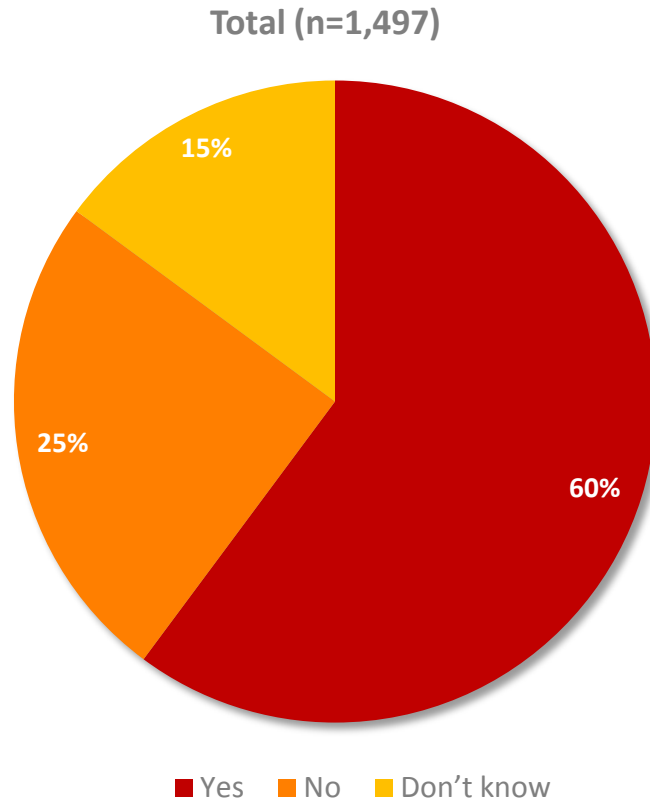
TasNetworks provides a range of services, including the following:

- *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.*

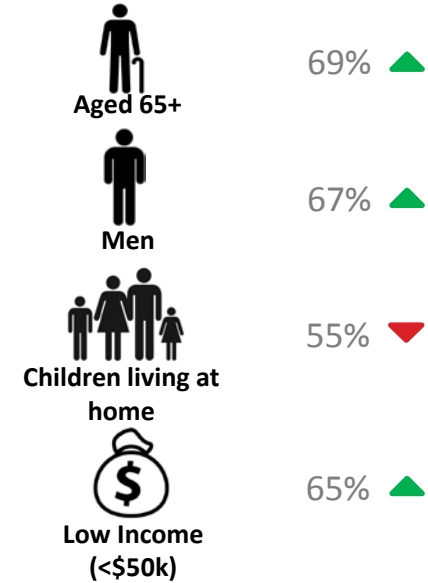
TasNetworks' charges for network services make up approximately 60% of the total electricity bill that you receive from your energy retailer. These charges equate to approximately \$250 per quarter for a typical residential customer.

6 in 10 believe that they currently pay an appropriate amount for the service they receive

Paying Appropriate Amount



Subgroup differences 'Yes'

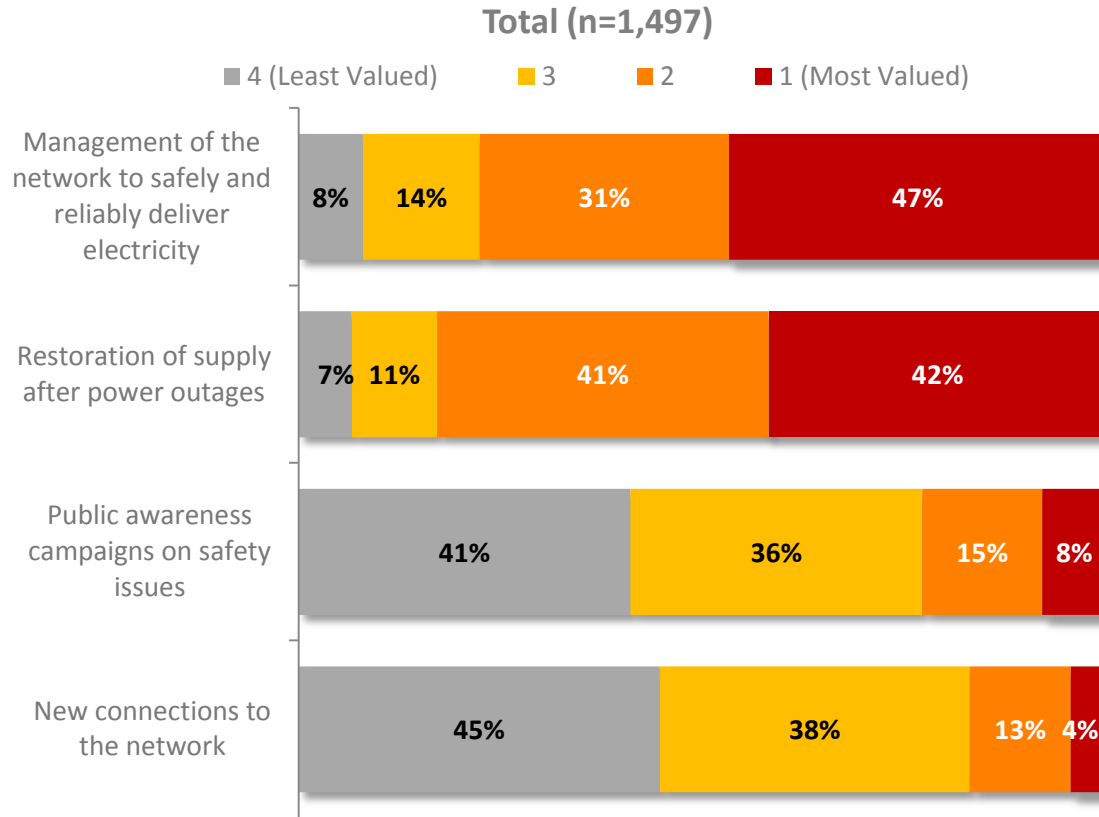


Those paying lower bills (older, without children and lower income earners) and male residents are more inclined to think that they are paying the appropriate amount for the service.

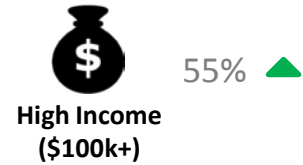
▲ = significantly higher than average
▼ = significantly lower than average

Management of a safe and reliable network restoration of supply after outages and are the clearly most valued areas of TasNetworks' service

Ranking of Services



Subgroup differences 1 - most valued %



Amongst older residents there is a slightly greater value placed on 'public awareness campaigns on safety issues' at the expense of 'restoration of supply after power outages'

17 Q5. Please rank the following services provided by TasNetworks in terms of which you value the most? Please answer using a 1-4 scale, with '1' being the most valued and '4' being the least valued. If there are other services you value, please type them into the box below.
Base: Total sample (n=1,497)

▲ = significantly higher than average
▼ = significantly lower than average

Before being asked other questions about service reliability, response and pricing, respondents were then shown the following statement:

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

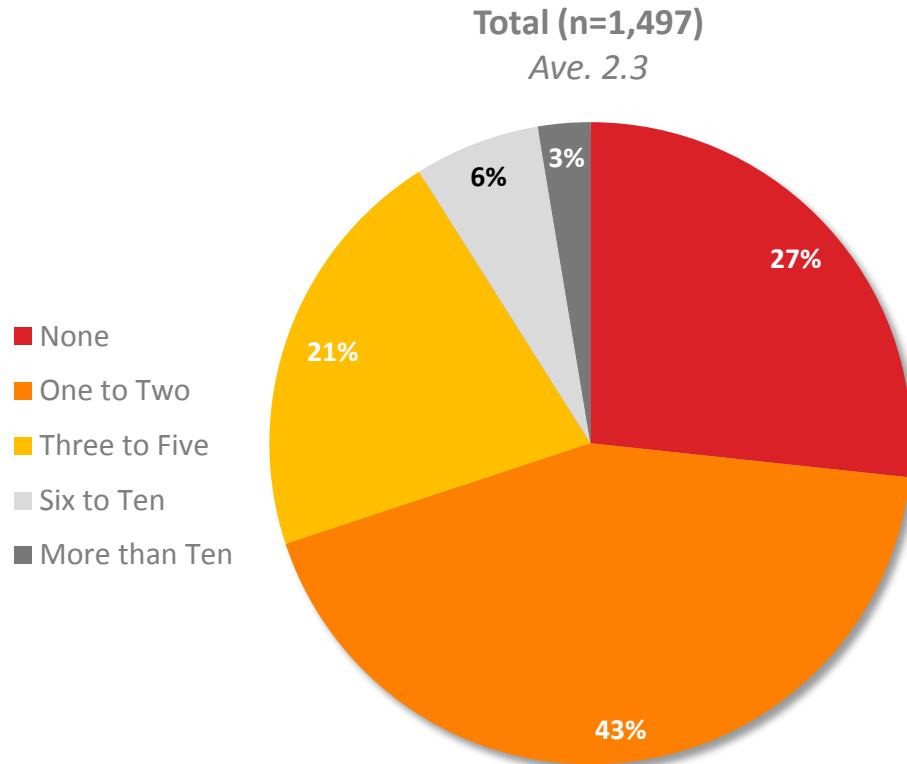
The established service performance targets have been set independently to ensure that the number and duration of outages experienced by Tasmanian customers remains in line with average historical performance.

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

When performance measures are not achieved, TasNetworks provide affected customers with an ex-gratia payment.

The majority of consumers (over 7 in 10) recall experiencing fewer than three power outages in the last year

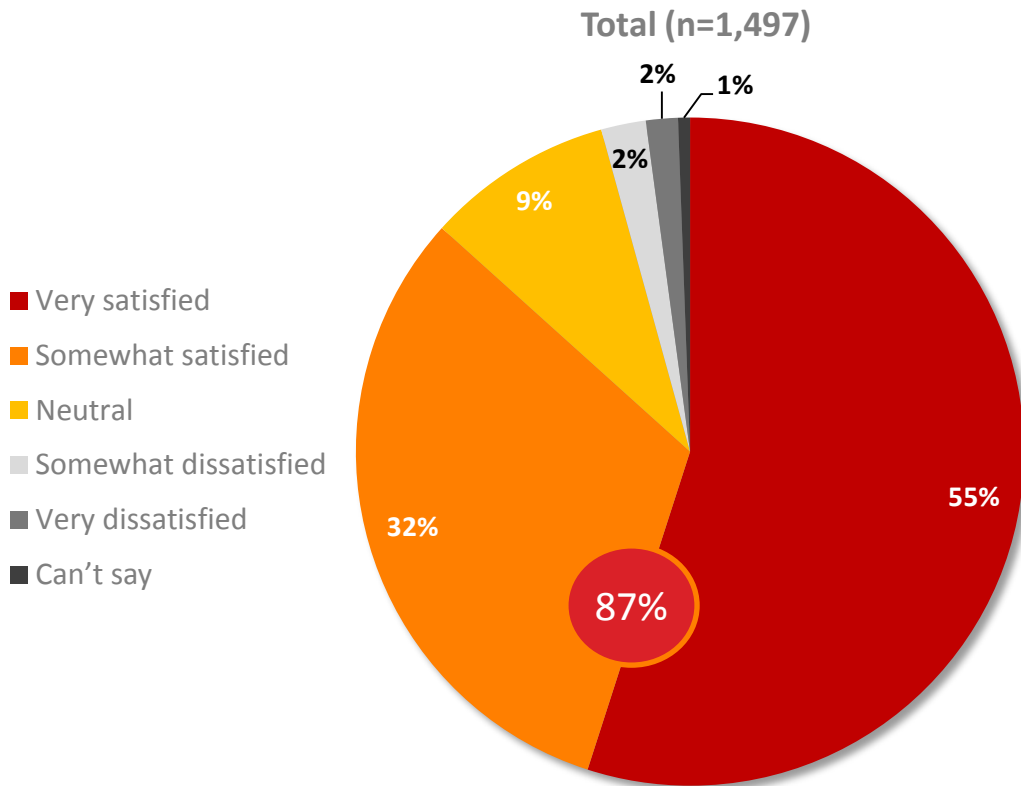
Number of Power Outages



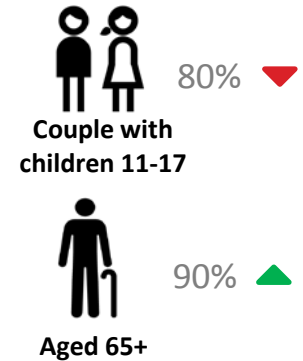
The average number of outages in the last year is just over 2, with only a very small minority (under 10%) experiencing more than 6 outages.

Overall satisfaction with the reliability of the service is quite high, with the vast majority of consumers (87%) at least somewhat satisfied

Overall Satisfaction Reliability



Subgroup differences 'Very / somewhat satisfied'

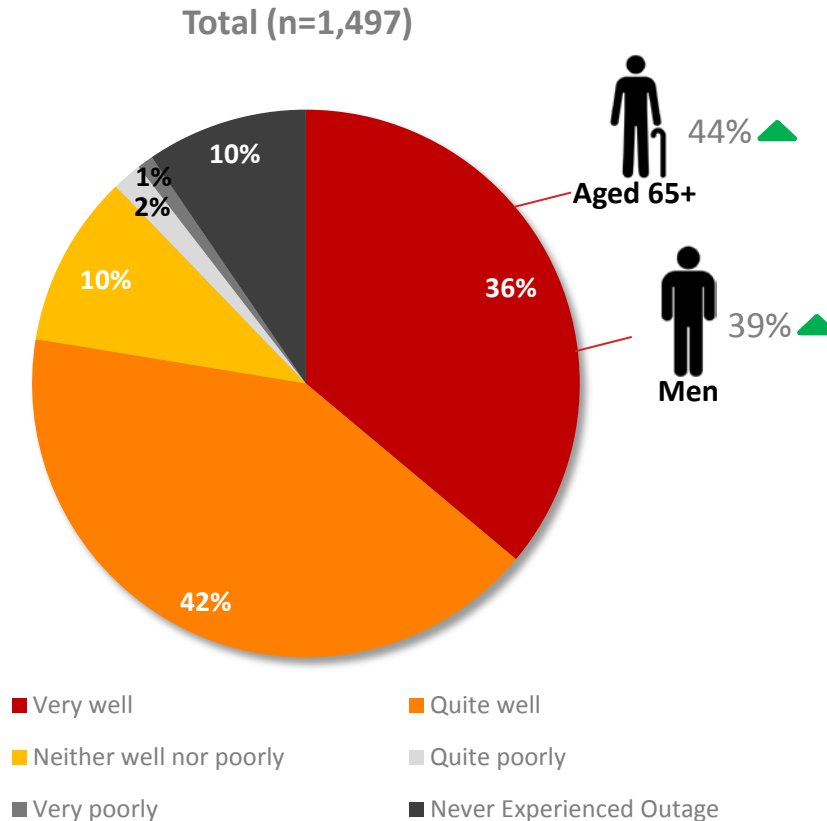


Only a small minority (under 5%) of consumers are dissatisfied with the reliability of their current service.

Households with children aged 11-17 are slightly less satisfied with the reliability of the service compared to other consumers, while those aged 65+ years are more satisfied.

TasNetworks' response to any power outages is perceived mostly positively, with nearly 4 in 5 consumers rating the timeliness and communication well/very well

TasNetworks Response Rating

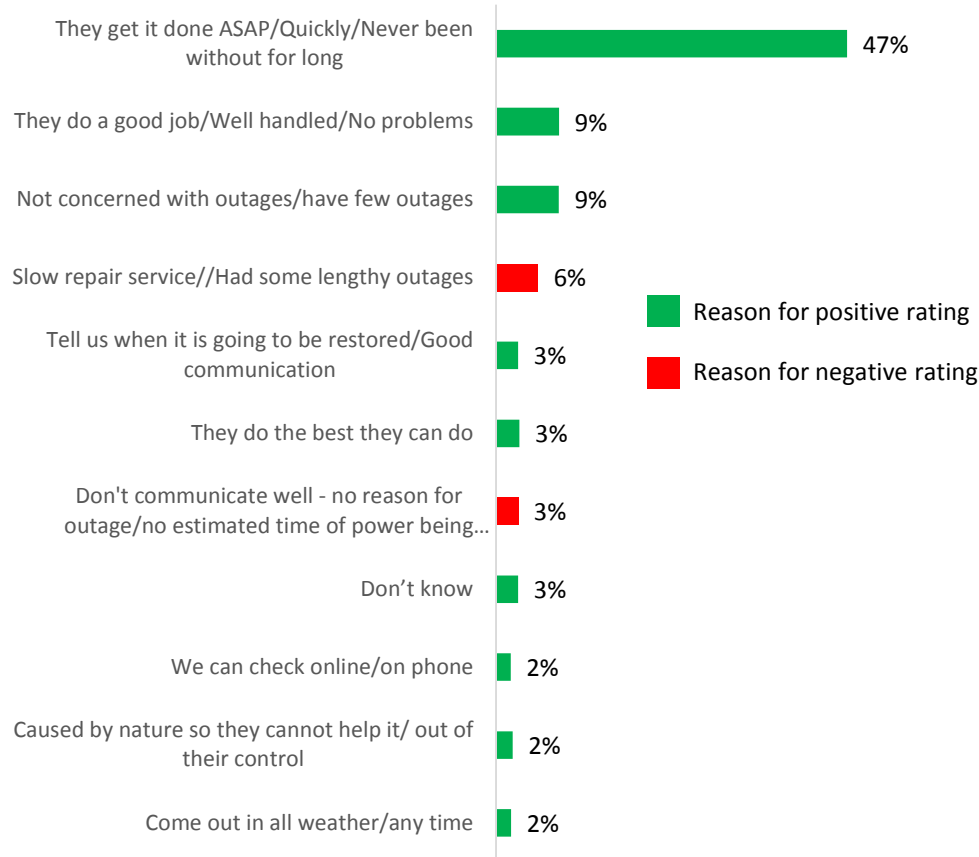


Only a very small minority (3%) were actively dissatisfied with TasNetworks' response and rated it poor/very poor.

Older and male consumers are more satisfied with the current outage response.

This rating is most influenced most by the timeliness of response to an outage, which is most likely to be positive

TasNetworks Response Rating Reason (First Mention)



The timeliness of response is the primary determinant of the response rating for over half of consumers, either positively (46%) or negatively (6%).

Other satisfaction drivers are much less common.

Most consumers recount their past experiences with TasNetworks as being unavoidable and quickly resolved

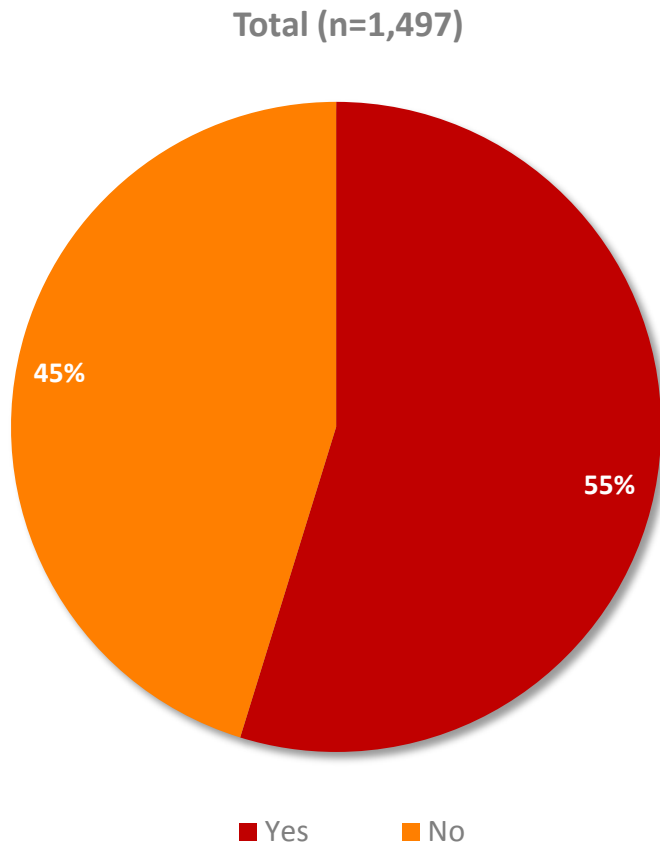
TasNetworks Response Rating Reason (First Mention)



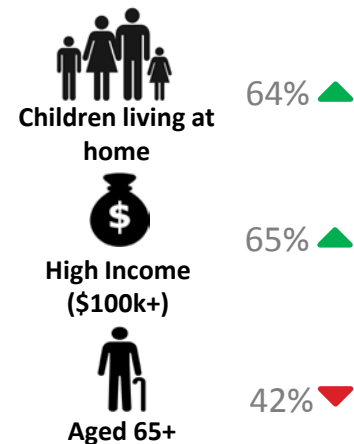
Future Service Improvements and Pricing

Just over half of consumers believe that TasNetworks could improve anything about the outage experience

TasNetworks Response Experience Improvements



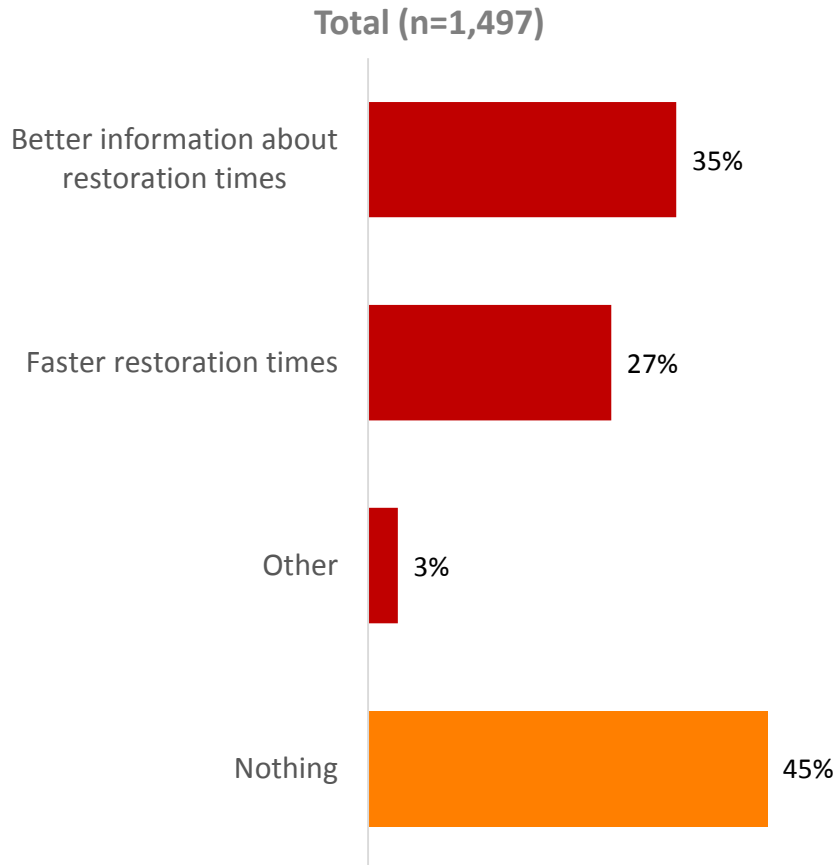
Subgroup differences 'Yes'



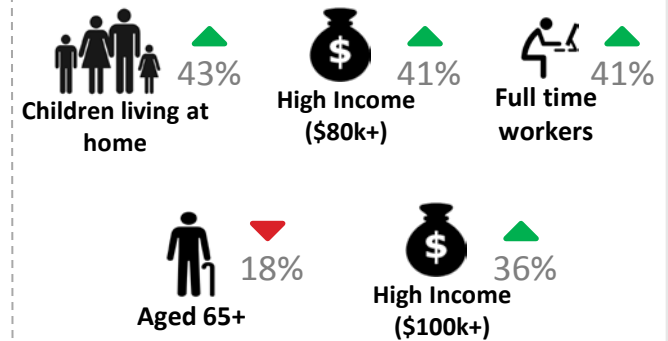
Households with children and higher income are more inclined to believe the outage experience could be improved.

Better information about restoration times is perceived to be the best way to improve the outage experience

TasNetworks Response Experience Improvements



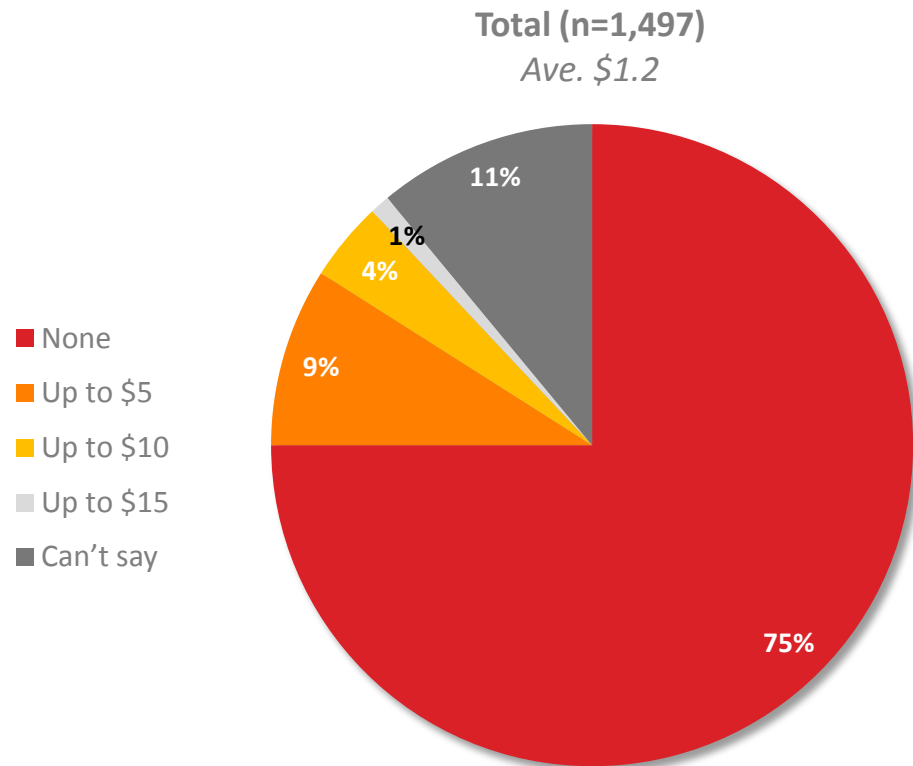
Subgroup differences



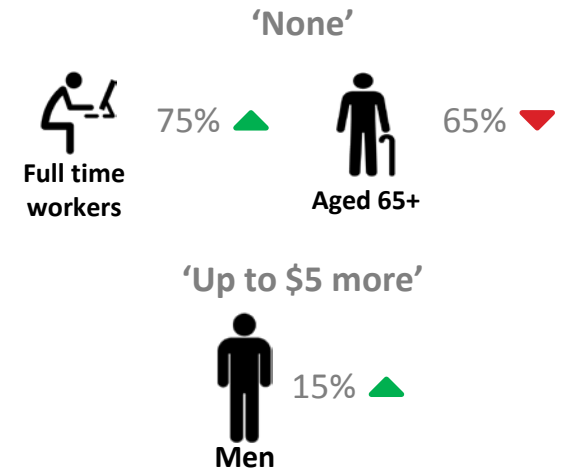
'Better information about restoration times' would improve the outage experience more for households with higher income and children living at home.

Three in four consumers wouldn't be willing to absorb any price increase for improved service / reliability

Level of per quarter cost increase willing to accept



Subgroup differences



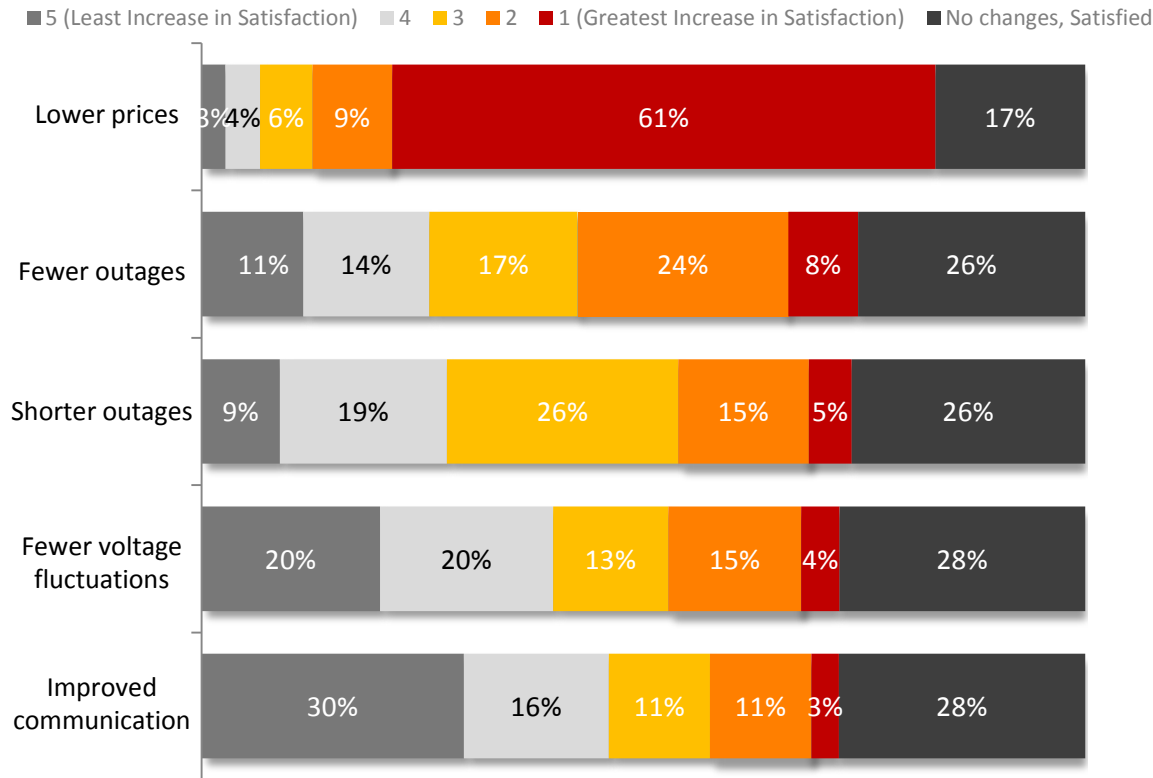
Men and older consumers are in generally more willing to accept an increase in their quarterly costs. However, the average cost increase they are willing to accept is only around \$2 more

▲ = significantly higher than average
▼ = significantly lower than average

Lower prices would lead to the greatest uplift in satisfaction and would be much more likely to have an impact than other service performance improvements

How to improve satisfaction (Ranking)

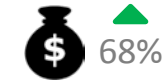
Total (n=1,497)



Subgroup differences 'Lower prices' - #1



Children living at home



High Income (\$80k+)



Aged 65+

Lower prices are more likely to lead to a greater satisfaction increase amongst households with children and higher income.

Q9. Which of the following would improve your satisfaction with your electricity network service? Please rank in order of importance – with '1' providing you with the greatest increase in satisfaction and '5' the least. If there are other things you value please type them into the box below. Base: Total sample (n=1,497)

= significantly higher than average
 = significantly lower than average

Feedback is generally positive towards the quality of the overall service, with lower pricing the only consistent theme in terms of suggested improvement

General Feedback



Summary

1

The average quarterly bill is \$440, although more than half of consumers pay less than \$400. These people are more likely to be aged over 65 years and receiving a concession. Households with children at home and higher incomes are more likely to be paying more than \$400 on a quarterly basis.

2

6 in 10 consumers believe that they currently pay an appropriate amount for their electricity service, although those groups paying higher average bills are less inclined to think this.

3

Most consumers have experienced fewer than three power outages in the last year. As a result, overall satisfaction with the reliability of the current service is quite high. In addition the response to power outages and the management of a safe/reliable system are the most valued aspects of the current service that TasNetworks provides.

4

TasNetworks' response to power outages is also perceived positively, with nearly 4 in 5 consumers rating the timeliness and communication well/very well. Positive past experiences of a timely resolution to any outages is primarily responsible for this rating.

Summary

5

Just over 1 in 2 consumers believe that the power outage experience could be improved, with better information about restoration times perceived to be the best way to improve the experience. This improvement is perceived to be even more important amongst households with children and higher incomes.

6

While a large group of consumers think improvements could be made, only a minority would be willing to absorb even a minor price increase for this. Males and older consumers were more willing to accept a price increase, although, on average they were only willing to accept a \$2 increase.

7

Lower prices are more likely to lead to an uplift in satisfaction than other service improvements, particularly amongst households with children and higher incomes. General feedback about TasNetworks suggests that consumers are satisfied with the current service, but would appreciate lower pricing.

Considerations Moving Forward

Things to consider going forward...

1

TasNetworks is currently perceived to be meeting most consumers' needs from an overall performance perspective, with few outages and the timeliness of response driving high levels of satisfaction. As the most valued aspects of performance, these should continue to be the focus of any consumer communications and further service improvement.

2

While improving service reliability and response could strengthen satisfaction, consumers are unwilling to absorb any price increase for this. In fact, lowering prices has the greatest potential to increase satisfaction of any initiative. This is something to bear in mind when weighing up the cost impact of future service upgrades.

3

When considering future price increases, consideration should be given to the impact on households that currently receive the highest bills. These customers are more likely to respond negatively to price increases, given the higher impact electricity bills already have on their household budgets.

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