

Customer Service Incentive Scheme



Why an alternative CSIS?

In today's rapidly changing energy market, there has never been a more critical time for us to **engage with our customers and respond to their feedback**. We have moved beyond telling our customers what we are doing and rather working with them to ensure our services deliver what they value.

Adopting a new CSIS is a significant opportunity to **deliver services our customers value and want**. We have used the AER's introduction of the CSIS framework as a springboard to hold extensive customer engagement.

We have worked with our customers, over multiple engagements, to **design an incentive scheme which better reflects their values and expectations** while balancing the need to ensure fairness of customer service and access across our different customer groups (e.g. vulnerable and elderly groups).

We have listened and collaborated with our customers from across our networks to design a tailored incentive scheme. We are proud to present a CSIS proposal that reflects what customer service means to our customers.

Our proposed CSIS will..

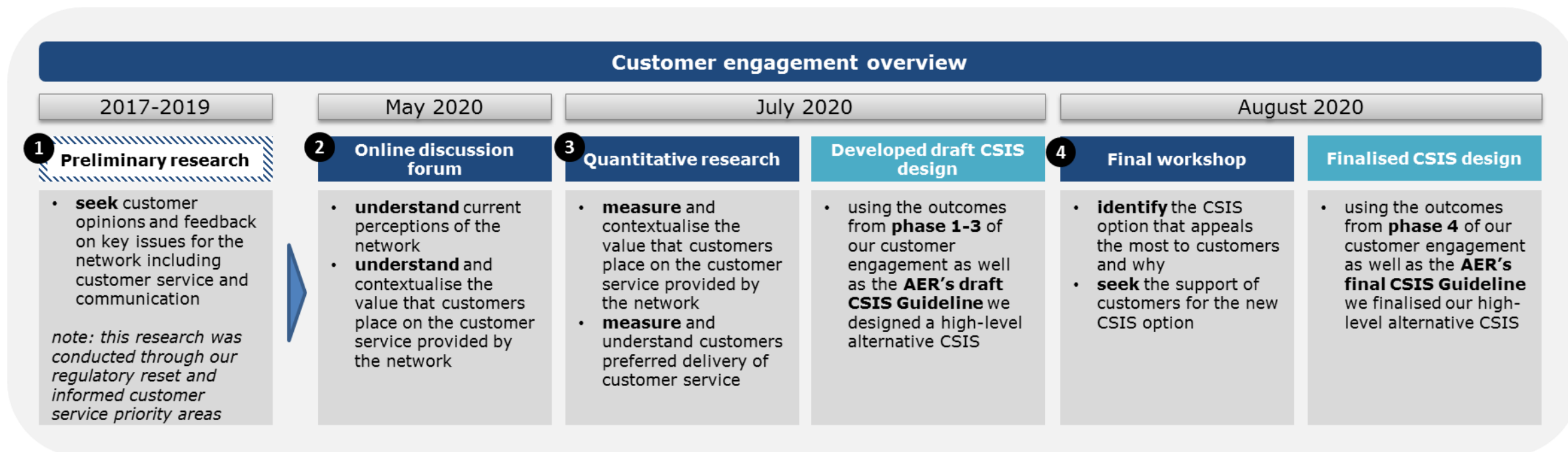
respond to our
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How we engaged with our customers

We have adopted a thorough four phased engagement approach to consult customers on our proposed CSIS:



What our customers told us

Phase two: Online discussion forums

Engagement objectives

- understanding current perceptions of the network
- understand the value that customers place on the customer service provided by the network to inform the design of the CSIS incentive

Who we spoke to

- 60 customers including 45 residential customers and 15 small businesses

Summary of key findings

- the most regular and important touch point for customers was their experience during planned and unplanned outages
- customers expressed a desire for their outage experience to be improved through more effective and efficient communications
- customers also value reducing planned outages, particularly in Powercor
- customers placed lower value on further improving telephone answering, but saw retaining performance as important
- the concept of reducing the effort for customers to engage with us did not resonant with our customers

In a ‘CEO for a day’ question, customers got the opportunity to share where they would focus their attention and investment on a range of options

Figure 1: Customer values for different services

	PAL	CP	UE	Total
Reducing the number of planned outages that customers experience				
Reducing the duration of a planned outage on average				
Reducing time taken to answer the phones on average				
Improving the quality of information customers get during outages				
Improving the speed of information to customers during outages				
Reducing the amount of effort that a customer has to put in to get information about their outage				
Reducing customer effort to obtain information on home electricity supply				

■ High value placed on by customers
■ Moderate to high value placed on by customers
■ Moderate to low value placed on by customers
■ Low value placed on by customers



“I want my distributor to be proactive and inform customers quickly and efficiently. An SMS broadcast to all affected customers' mobile numbers is the most efficient way of doing that, and so that would be my highest priority.”



“If you can inform the customer of the problem, fast, tell him how much time it might be, and take all the effort from him, he will feel a company that is giving its best to solve the problem fast and in a good way.”

What our customers told us

Phase three: Quantitative research

Engagement objectives

- measure and contextualise the value that customers place on the customer service provided by the network
- measure and understand customers' preferred delivery of customer service

Who we spoke to

- 800 customers including 600 residential customers and 200 small businesses

Summary of key findings

- SMS is by far the most preferred form of communication during an outage
 - residential customers overwhelmingly preferred to receive information via SMS during an outage
 - small businesses prioritised a text message but were also interested in other channels of communication
- calling the call centre was the fourth preferred form of communication for residential customers, but may be critical in emergency situations
- more than half of residential customers found planned outages to be inconvenient and small businesses overwhelmingly found planned outages to be inconvenient
- customers found us easy to deal with across a range of services and their experience was aligned with their expectations

Figure 2: Customer values for different services – residential customers

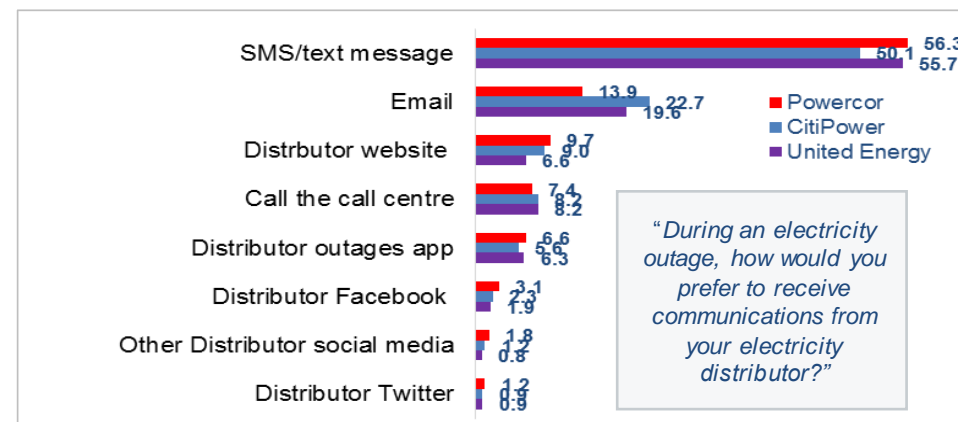
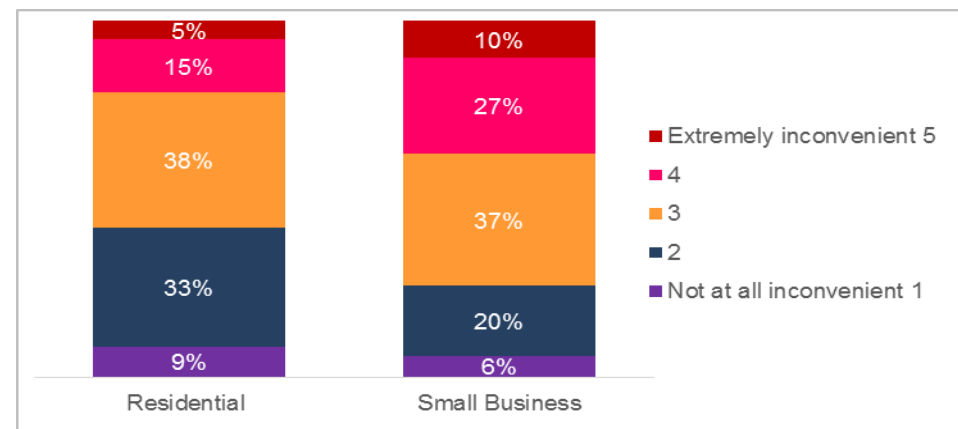


Figure 3: Inconvenience for planned outages – all networks





"Incentives help to get some people focused. However, with these days with mobile phones and locations being readily available, the best way to be able to advise customers of outages would be notifications on mobile phones -updates would also be able to be sent via mobile phones."

What our customers told us

Phase four: Final workshop

Engagement objectives

- identify the CSIS option that appeals the most to customers and why
- seek the support of customers for the new CSIS option

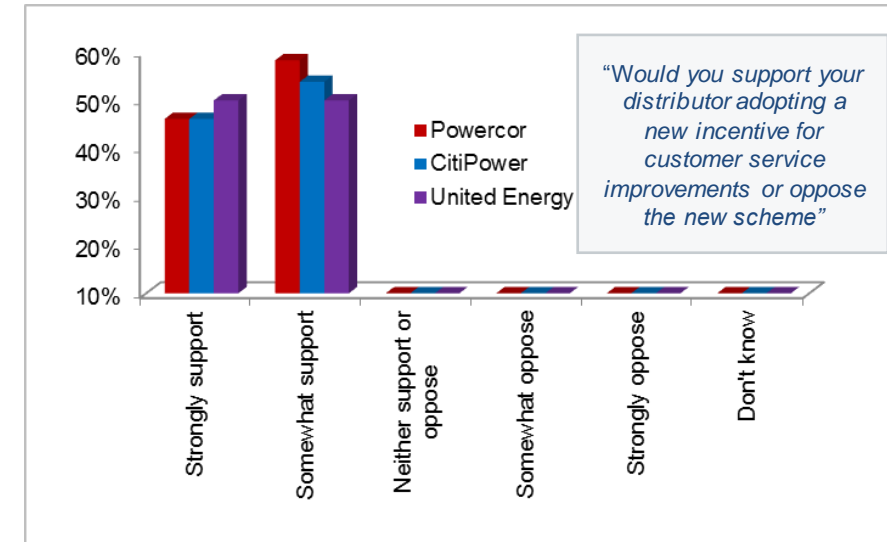
Who we spoke to

- 57 customers including 45 residential customers and 12 C&I customers

Summary of key findings

- all residential customers either *strongly supported* or *somewhat supported* us adopting the new incentive for customer service improvements
 - Powercor customers particularly liked the inclusion of planned outages
 - the inclusion of SMS updates received a very positive response from customers
 - despite being seen as out-dated in nature, including improvements to telephone answering was seen to be a vital safety net for many people if digital channels did not work
- C&I customers generally supported the proposed scheme
 - the inclusion of the SMS service was well received
 - planned outages received a positive response from C&I customers as they are seen to be a great inconvenience to them
 - phone answering inclusion was not seen as relevant

Figure 4: Customer sentiment towards new CSIS design – residential customers



Customer concerns

- there were concerns that reducing the number of planned outages would mean that essential maintenance services would be avoided
- concerns that the speed of the SMS communication or telephone answering would compromise the quality of information received
- C&I customers raised that faster SMS times were only beneficial if the SMS went to the correct person

Our CSIS proposal

Our proposed CSIS moves us from a one-dimensional customer service scheme to a broad balance of three customer service measures

All three services are directly measurable and auditable. Two of these services are already reported and audited through the AER's annual reporting requirements

In retaining the telephone answering service we recognise the importance and essential nature of the telephone service for our vulnerable customers, including elderly or finance hardship customers, and in emergency situations

Proposed CSIS incentive

1 Effective communication (unplanned outages)

Baseline target: Our proposed targets for % of SMS sent in 6 minutes or less is based on the % of SMS sent in 8 minutes or less in 2019. This is 2 minutes faster compared with 2019.

We are committed to having the Estimated Time of Restoration (ETR) in the text message.

We will be incentivised to send customer SMS communications faster to more customer who experience an unplanned outage.

2 Planned outages

Baseline target: Our proposed targets for frequency and duration of planned outages is based on average customer minutes and number of planned outages per annum over 2015-2019.

We will be incentivised to reduce the average duration and frequency of planned outages.

3 Telephone answering

Baseline target: Our proposed targets for number of calls answered within 30 seconds is based on % of calls answered within 30 seconds over July 2015 – June 2020.

We will be incentivised to answer more fault calls within 30 seconds.

Proposed targets and revenue at risk

Effective communications	PAL	CP	UE
Target	65%	62%	64%
Revenue at risk	0.15%	0.25%	0.15%

Planned outages	PAL	CP	UE
Target	62 mins 0.3 no.	NA	76 mins 0.2 no.
Revenue at risk	0.15%	NA	0.15%

Telephone answering	PAL	CP	UE
Target	82%	87%	75%
Revenue at risk	0.20%	0.25%	0.20%

Incentive rate

We propose an **incentive rate of 0.04** meaning for every 1% improvement on the baseline we receive 0.04% of revenue. This is consistent with the incentive rate as set in the STPIS (service target performance incentive scheme) for the telephone answering service.

We propose an **incentive rate based on 50% of the value of customer reliability (VCR)** set by the AER. This means for every customer or minute saved we receive half the revenue that we do under the STPIS for an unplanned outage.

We propose an **incentive rate of 0.04** meaning for every 1% improvement on the baseline we receive 0.04% of revenue. This is the same incentive rate as set in the STPIS guideline for the telephone answering service and reflects a willingness to pay study.