

Customer Forum Week 11: Customer Satisfaction Incentive Scheme

Next steps



18 February 2019

Customer Satisfaction Incentive Scheme – Deep Dive Feedback



- ▶ General support for the incentive scheme and using customers reported satisfaction as the basis of the scheme
- ▶ 0.5% revenue at risk
 - › Some questions whether this should be higher
 - › Some thought that complaints should have a higher incentive and unplanned outages lower. No consensus reached on this. Additional information sought on the number of customers impacted
- ▶ Telephone answering incentive. Some questions about whether this can or should be retained?
- ▶ Suggested a metric targeting 'do not connect customers'. We noted strong incentives already exist
- ▶ AER expressed a view that a single high level satisfaction measure (OFWAT scheme in UK) could be a good addition.
- ▶ General support for more specific targeting of connection types and different customer segments

Process and timing for moving forward

- ▶ We intend to submit a proposal to AER in early March
- ▶ There are different levels of agreement that could be reached with the Customer Forum prior to lodging with the AER
 1. All elements agreed and supported by the Customer Forum.
 2. Customer Forum provides in principle agreement to the scheme, but does not endorse specific elements of the proposal. The Customer Forum could provide further submissions on areas of importance to them.
 3. Customer Forum doesn't provide in principle agreement to the scheme – AusNet Services is unlikely to advocate further for this scheme.
- ▶ The AER has expressed that Outcome 1 needs to be achieved before it will start consideration of an incentive scheme
- ▶ If necessary we can test Outcome 2 further with the AER
 - › But risks the AER deciding not to undertake the necessary consultation

Process and timing for moving forward

- ▶ Today we would like to understand threshold issues for the Customer Forum
 - › What does the customer forum require before it can agree to the proposal

- ▶ In the next few weeks we will provide a draft submission to the Customer Forum
 - › This will reflect our preferred position
 - › In finalising our preferred position we will take into account the feedback at the deep dive and further feedback received today from the Customer Forum

- ▶ We are seeking a view on
 - › What level of agreement the Customer Forum can provide to the submission
 - › Preferred way forward

Customer Satisfaction Incentive Scheme – Key issues for discussion



Issue	AusNet Services position	Customer Forum
Performance Metrics	Customer Satisfaction – unplanned outages Customer Satisfaction – planned outages Customer Satisfaction – New Connections (Basic and Standard) Customer Satisfaction – Complaints	Can the Customer Forum agree with these metrics based of the existing CSAT survey. Alternatively, what metrics would the customer forum support?
Target setting	Average	Can the Customer Forum agree to targets based on average performance? Alternatively, what approach to target setting would the customer forum support?
Revenue at risk	0.5% or approximately \$3.5m) split in the following way: Planned outages: +/- \$1m Unplanned outages: +/- \$1m Connections: +/- \$1m Complaints: +/- \$0.5m	Can the Customer Forum agree to the revenue at risk and the split between metrics? Alternatively, what revenue at risk and split would the customer forum support?
Incentive rate	Set so the full reward is granted if we reach industry leading performance.	Can the Customer Forum agree to this approach to calculating the incentive rate.
Telephone answering parameter	Proposing not to apply this parameter from the STPIS.	Does the Customer Forum agree that the telephone answering parameter should not apply.

Possible changes to metrics

- ▶ Using the CSAT survey, we can make the following changes
 - › Add a measure of satisfaction with DER connections – we have some reservations about placing an incentive on this
 - › Split the connections incentive into Homeowners, Builders and Electricians. This will require us to implement some quotas to ensure sufficient data is collected on each customer type

	Homeowners	Builders	Electricians
Number Surveyed	142	25	5
Overall Satisfaction level	5.5	5.4	2

Possible changes to metrics

- ▶ If we move away from the CSAT survey as the basis of the incentive scheme, then we could implement measures based on connections timeframes

- ▶ Candidate metrics would include
 - › New Estate – Design approval cycle time
 - › Negotiated Connections – Preliminary Advice – Cycle time
 - › Negotiated Connections – Prepare firm offer (design) – Cycle time
 - › Negotiated Connections – Construct (where relevant) – Cycle time
 - › Allocate NMI stage – 2 day target (civil penalty provision)
 - › Establish Supply stage – 10 day target (GSL payment)

- ▶ We consider additional reporting and our new service level agreements may be the best way to provide transparency or manage these measures