



Australian Energy Regulator

Attention: Mr Chris Pattas

Submission: Small Scale Incentive Scheme for
Customer Service Issues Paper

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About The Energy Project

The Energy Project is a specialist energy consulting firm. We provide independent analysis, insights and advice on a range of energy related challenges faced by commercial, institutional and government clients.

We don't sell equipment. Rather, we work closely with clients to provide them with the tools needed to make sound business decisions about their energy needs.

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ECA Disclaimer

This project was funded by Energy Consumers Australia as part of its grants process for consumer advocacy projects and research projects for the benefit of consumers of electricity and natural gas.

The views expressed in this document do not necessarily reflect the views of Energy Consumers Australia (www.energyconsumersaustralia.com.au)

1 Executive Summary

The Energy Project Pty Ltd has been successful in obtaining a grant from Energy Consumers Australia (ECA) in May 2019 (with the South Australian Financial Counsellors Association and Uniting Communities) to advocate for the consumer interest in relation to customer connections during the SA Power Networks 2020-25 Regulatory Determination.

This project has made a submission to the AER's Issues Paper and SAPN's 2020-25 Regulatory Proposal. That submission had two key themes. Firstly, in relation to expenditure on connections and the pricing of services. Secondly, in relation to the 'user experience' of accessing connection services. It is this second theme that is relevant to this Small Scale Incentive Scheme for Customer Service Issues Paper.

In our experience of making connection inquiries and applications under the current Connection Policy (2015-20) for business customers, community sector organisations and property developers, the process is not transparent and rarely results in customers feeling like they have achieved a reasonable result. We are strongly of the view that a better customer experience is possible.

We have approached SA Power Networks in relation to these matters and they have agreed to engage with us and other stakeholders on connection issues. We have held a discovery workshop with SAPN and other stakeholders to develop a shared understanding of the issues from a customer's perspective. SAPN have also initiated a Connections Working Group that recently held its inaugural meeting.

The desired outcome of this project is that customers seeking connection services during 2020-25 can access a timely, transparent, customer-centric process for a fair priced connection service. We welcome this positive response from SAPN.

This submission to the AER Incentive scheme Issues paper supports the inclusion of connection processes in a Customer Service Incentive Scheme applicable to all DNSPs.

2 Questions for Consultation

2.1 Do the AER's incentive schemes provide sufficient incentives for distributors to provide customer services as desired by customers?

In our experiences with most of the NEM DNSPs, the level of customer service during the connection process is materially lower than would be experienced in other parts of the energy supply chain.

This is also consistent with that reported in 'Distributed Energy in the Property Sector – Unlocking the Potential' by Property Council Australia and Clean Energy Finance Corporation¹:

"... if the electricity industry is to maximise the contribution of distributed generation in lowering emissions and providing other network benefits, then some existing regulatory, market and participant barriers need to be addressed:

1. Unnecessary costs, delays and uncertainty in current grid connection processes. ...
"

In summary, the lack of direct incentive and lack of forced transparency leads to levels of customer service below that desired by customers.

2.2 What would be necessary preconditions for applying the trial CSIS? Is broad customer support a necessary prerequisite, and how could broad customer support be demonstrated?

The significant volume and dollar value of connections should be sufficient to demonstrate the importance of connections. Ombudsman reports could also be used as a rationale for including connections.

In our submission to SAPN's 2020-25 Regulatory Proposal and AER Issues Paper we noted that the Energy and Water Ombudsman (EWOSA) 2017-18 Annual Report shows 'Connections' as the second highest category of complaints in 16/17 and 17/18 but that SAPN's proposal did not include any analysis, elaboration or contrast EWOSA complaints with internal complaints performance:

¹ Available from www.cefc.com.au/where-we-invest/built-environment/property/

SERVICE PROVISION

This year we received 1,369 complaints from customers in relation to aspects of Service Provision.

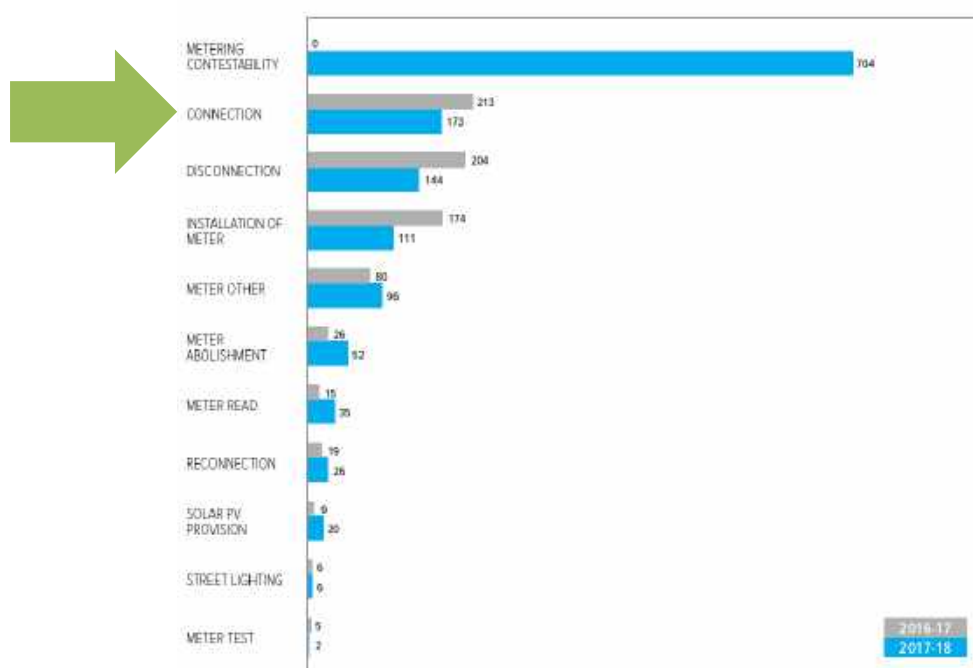


Fig 7. Provision of supply complaints by type, 2016-17 and 2017-18.

In our view, the customer service issues are not dependent on whether customers are seeking to connect new loads or new distributed energy resources.

2.3 How should we determine the revenue at risk if applying a trial CSIS?

The revenue at risk should be proportionate to the value of the services being considered.

2.4 Are financial incentives alone sufficient to improve customer service outcomes? Should any CSIS also involve public reporting of customer service performance?

In our view, public reporting and financial incentives need to apply in tandem.

2.5 Are customer surveys a good basis for an incentive? If so, what processes should be in place to ensure the robustness of the data used to calculate rewards/penalties under the incentive scheme?

In terms of connections, we are of the view that customer surveys can be appropriate if used in conjunction with objective data such as timeliness of responses etc.

2.6 How could the AER decide what parts of a scheme should be consistent across all distributors and what parts of a scheme should be flexible?

In terms of connections, our view is that this should apply to all distributors.