

Quantifying customer values

Executive Summary

May 2022

Quantifying customer values | We are integrating our customers' voice and what they value into our everyday business decision-making and investment priorities

For the first time, we surveyed almost 3,000 customers to quantify the value they place on further network improvements such as improvements in reliability in worst-served communities, improvements in network resilience, and improvements in environmental outcomes

During **August to December 2021**, we engaged NTF Group to conduct both **qualitative and quantitative** research with households and businesses across CitiPower, Powercor and United Energy. This included:

- Online surveys with 2197 residential customers and 778 business customers
- In-depth interviews with 23 residential customers and 8 business customers

Eight **key areas** were explored with customers, including

- Customer value of **reducing carbon emissions**
- Customer value of **improving reliability in worst-served communities**
- Customer value of **allowing solar export of any amount and at any time**
- Customer value of **improving the aesthetics of network assets**
- Customer value of **increasing information provided to them about network performance, investments, and their energy service**
- Customer value of **increasing the communication channels offered to customers**
- Customer value of **reducing customer and community impacts during severe weather events**
- Customer value of **saving time for when customers engage with the businesses**

What motivated this customer research and how are we using it today?

There are currently very few **quantitative** measures of customer value relevant to the various services electricity networks provide customers. Limited exceptions include the Australian Energy Regulator's value of customer reliability (VCR) and the statistical value of life. As a consequence, we currently do not directly take into consideration what customers value in our financial assessment of our investment decisions. Customer value is therefore qualitatively assessed.

CitiPower, Powercor, United Energy identified an opportunity to begin building **quantitative evidence** for how customers value the services we provide, with the intention being that **quantified customer values** would be an **additional** consideration in the financial assessment of business investment decisions, alongside other usual business investment drivers.

Understanding and recognising how our customers value the services we provide today or may provide in the future is critical in **shaping our future investment priorities**.

The value metrics have been incorporated into our internal business decision making processes. This is a significant step for our businesses in continuing to embed customer voice into our everyday decision-making.



Quantifying customer values | Eight financial metrics representing customer value were calculated

A **three-phase** approach including both quantitative and qualitative customer research was undertaken to allow for a wide range of topics and initiatives to be researched during the early phases, and then become more targeted with the final stage of research.

The **final phase** of research included quantifying eight customer value metrics. The customer values are incremental to existing market values and reflect customer value of outcomes across the network as opposed to their own direct service improvements.

\$28.31 / kWh

Improving reliability in worst-served areas

Survey respondents were asked how much they would value a **reduction in the annual electricity outages experienced in the worst-served communities**

Customers valued improving reliability in worst-served areas at **\$28.31/kWh**

\$8.81 / kWh

Improving network resilience

Survey responses were asked how much they would value a **decrease in the number of customers impacted annually by electricity outages caused by extreme weather events**

Customers valued improving network resilience to extreme weather events at **\$8.81/kWh**

\$9.51 / tonne of CO2e

Reducing carbon emissions

Survey respondents were asked how much they would value a **reduction in emissions** emitted by the distributor

Customers valued reducing emissions at **\$9.51 per tonne of CO2 emissions reduced**

1.00c / kWh

Improving solar export flexibility

Survey responses were asked how much they would value **preventing the need for restrictions on solar exports**

Customers valued preventing solar export restrictions at **1c / kWh**

Note: Values shown reflect **residential customers only**, aggregated across **all three networks**. Please see NTF's Final Report for a further breakdown of values by network, customer type, solar vs. non-solar customers.

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\$0.69 / customer

Improving network aesthetics

Survey respondents were asked how much they would value an increase in the proportion of **electricity assets** with **enhanced** visual appearance

Customers valued improving network aesthetics by **\$0.69/customer**

\$0.49 / customer

Improving communication

Survey responses were asked how much they would value if there was **more self-service** or **additional channels** to communication with us

Customers valued improving communication at **\$0.49 per customer**

\$0.12 / customer

Improving information accessibility

Survey responses were asked how much they would value if more information was **accessible on-demand** and **personalised**

Customers valued improving information accessibility at **\$0.12 per customer**

\$0.20 / minute

Customer value of time

Survey responses were asked how much value they place on an **additional hour of leisure time** in their life

Customers valued their own time at **\$0.20 / minute**

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