Brand Strategy
Creative Efficacy
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Revenue Reset Stakeholder Engagement

Interim Quantitative Report (Phase 2 of 3)

Prepared for TransGrid
1st October, 2021

TransGrid

Forethought® Outcomes

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Program Overview

Program Objectives

Organisational Objectives

- Ensure customer and stakeholder support of key positions and propositions within TransGrid’s Revenue Reset Proposal
- Engage with customers and stakeholders where there are differences in position, to ultimately arrive at a proposed outcome

Research Objectives

- Explore consumer sentiment, attitudes and expectations towards TransGrid;
- Explore consumer values pertaining to the energy industry and expectations about the future of energy
- Determine consumer willingness to pay for services provided by TransGrid
- Test drafted elements of the Revenue Reset Proposal and prospective projects to identify opportunities for further refinement

Program Overview

			This Report	
What	**Program Design and Establishment**	**1. Explore**	**2. Prioritise**	**3. Test**
How	Immerse in the existing knowledge base and ensure consistency between the research and strategic objectives.	Online **qualitative research** to explore the underlying needs, attitudes and expectations of TransGrid customers regarding their relationship with energy.	Online **quantitative research** to develop a hierarchy of what is most important to customers regarding their relationship with energy.	**Online Qualitative research** to test the appeal of TransGrid projects in the pipeline and drafted components of the Revenue Reset Proposal for final pre-submission refinement.
Approach	1.5 hour **kick-off workshop** with: • Key TransGrid Stakeholders • Forethought team	1 x 3 day Online Discussion Board with n= **32 consumers** in metro, regional and coastal areas.	• 15-minute representative online survey of **n=1,505 consumers** (sourced from online panel).	**6 x 90 minute online focus groups** with consumers in metro, regional and coastal areas.
Deliverables	• Finalised Scope of Works • Finalised Research Objectives	• Summary Report • Presentation • Questionnaire	• Summary Report including a statistical hierarchy of the Value of TransGrid Investment • Presentation	• Drafted and Final Executive Report • Final Presentation of Findings
Outcomes	**Alignment on the research objectives and agreement on next steps.**	**Hypothesis to be tested in the quantitative phase (Prioritise).**	**Clear prioritisation of initiatives to be included in the Revenue Reset Proposal to test with consumers.**	**Refined projects and Revenue Reset Proposal based on feedback from consumers.**

Phase 2 Objectives

- Quantify consumer **sentiment**, **attitudes**, **values** and **expectations** of the electricity industry
- **Prioritise electricity industry investment** according to consumer preferences
- Determine consumer **willingness to pay** for **carbon emission reduction** by the electricity industry
- Understand **customer preferences for engagement and communication** with Transmission Networks

Phase 2 Data Collection

What: 15 min online survey

When: 17th – 30th August

Who: Main or joint household and small-to-medium business energy decision makers within the TransGrid Transmission Network

Sampling Frame

Consumer Type/ Location	Sydney	Canberra	Coastal (Inc. Newcastle, Wollongong and Byron Bay)	Regional (inc. Dubbo and Wagga Wagga)
Residential	733	71	71	299
Small to Medium Business (1-199 employees)	196	28	20	87
Total Consumers		**1505**		

Considerations in sampling and data weighting were also given to ensure:

- A representative mix of business industries and sizes
- Representation of residential consumers who speak a language other than English at home (n=221)
- Representation of residential consumers from the Indigenous community (n=28)

Executive Summary

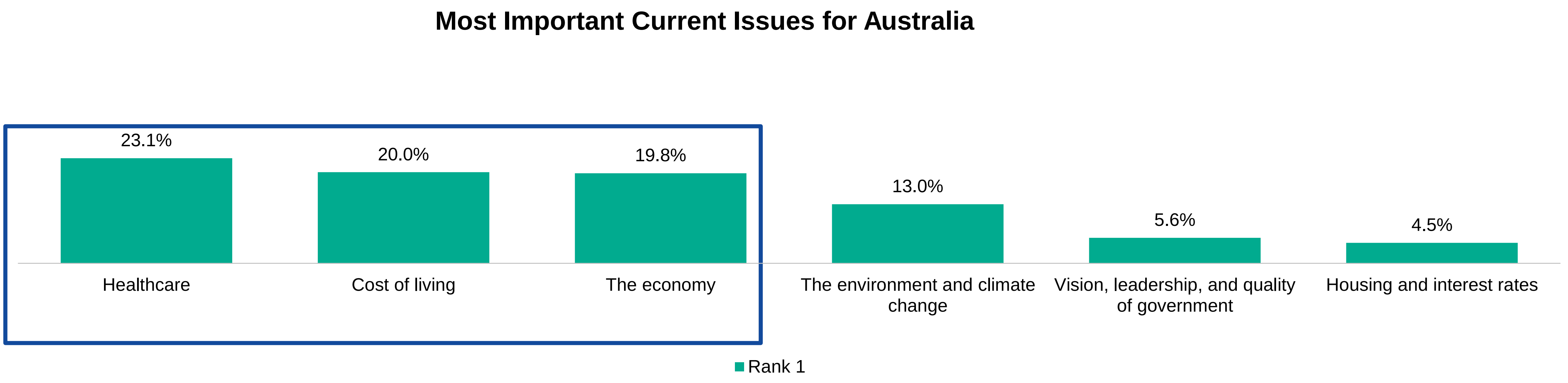
Key Findings		Considerations
1	Investment in *healthcare*, *cost of living* and *the economy* was prioritised in the short-term however in the future, residential customers prioritised investment in *the environment and climate change* over other areas. SMB customers however, prioritised *cost of living* and *economic* investment in both the short and long-term.	Balance communications between investments leading to increased affordability of electricity in the short term and climate change mitigation in the long term.
2	Investment to improve electricity affordability was first priority for residential and SMB consumers, with preference for investment to be frontloaded within the next four years.	Investing in improving the affordability of electricity and reducing carbon emissions within the next regulatory period is aligned with customer values and should be prioritised in regulatory proposals.
3	To help reduce carbon emissions, 57% of residential consumers would pay $25 more on their quarterly bills and 50% of SMB consumers would pay $40 - $50 on top of monthly bills. Willingness to pay was highest amongst younger residential age groups, larger SMBs and solar power users across consumer groups.	Climate change-related operations and communications should be targeted towards more affluent customers and customers in metropolitan areas in Sydney and the ACT. It is also vital to be cognisant of the priorities of SMB customers regarding cost of living and the economy over climate change mitigation in communications and projects.

Findings in Detail

Key Finding 1:

Investment in *healthcare*, *cost of living* and *the economy* was prioritised in the short-term however in the future, residential customers prioritised investment in *the environment and climate change* over other areas. SMB customers however, prioritised *cost of living* and *economic* investment in both the short and long-term.

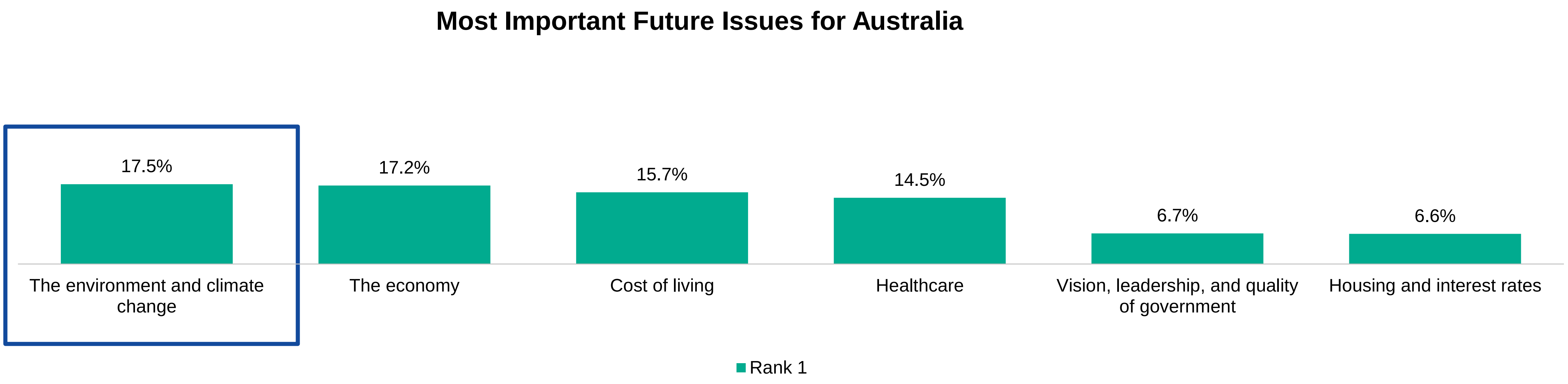
Residential consumers nominated *healthcare, the economy* and *cost of living* as the top three most important current issues for Australia to focus on



The environment and climate change, while still important, presented a secondary issue with 13% of residential consumers electing it one of the most important issue for Australia today.

Which of the following issues do you think are most important in Australia right now?

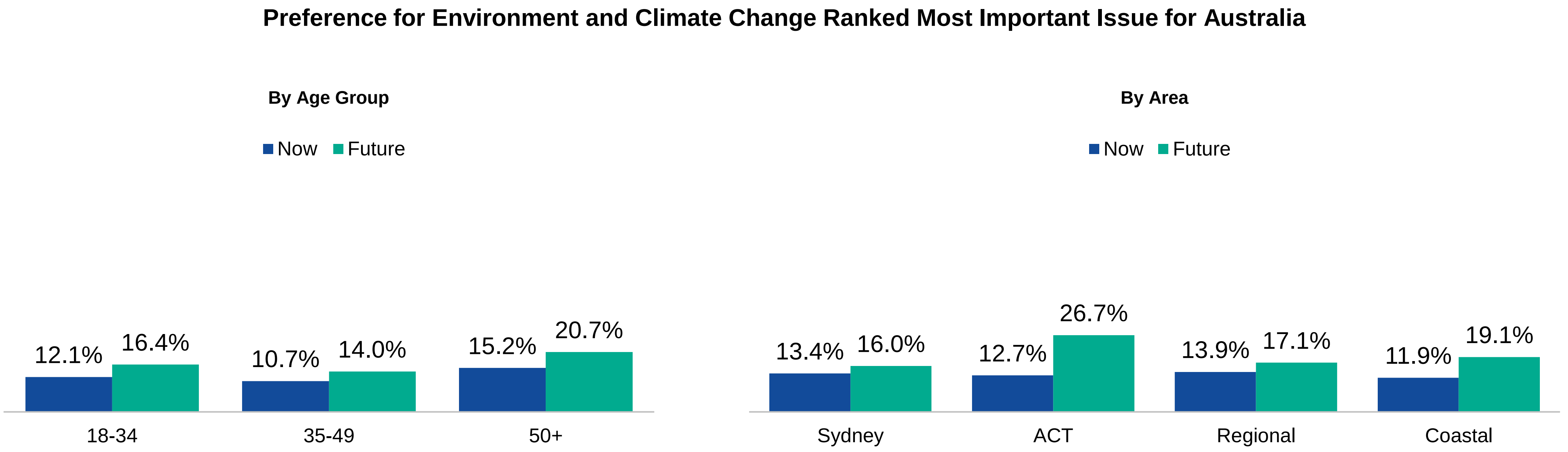
Looking to the future, *the environment and climate change* became the most important issue for Australia



The economy, cost of living and *healthcare* remained important however slipped behind the *environment and climate change* as the most important issue for Australia in a future context.

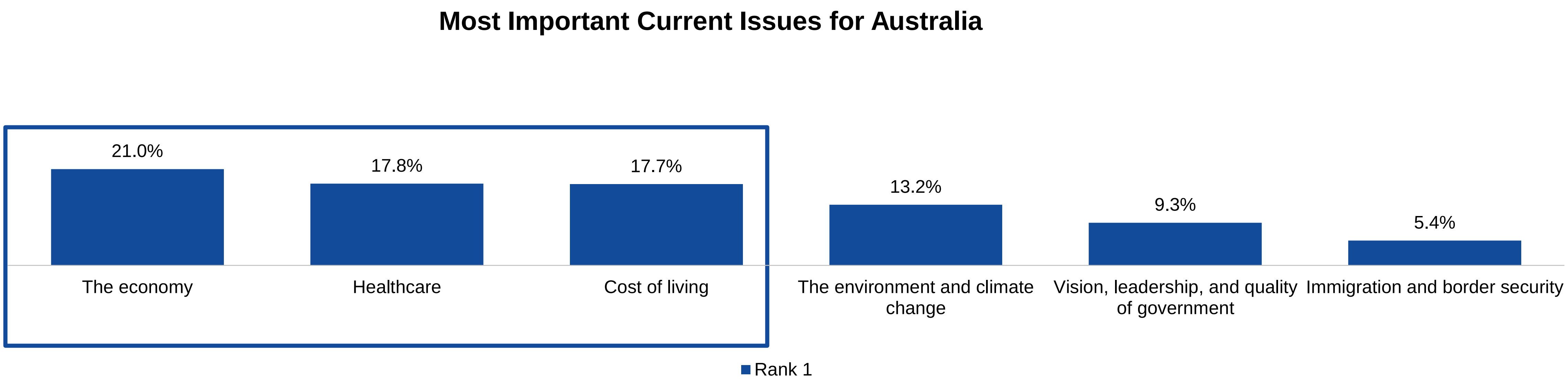
Which of the following issues do you think will be the most important in Australia in the future?

The increased importance placed on *environment and climate change* in a future context was universal across age groups and geography



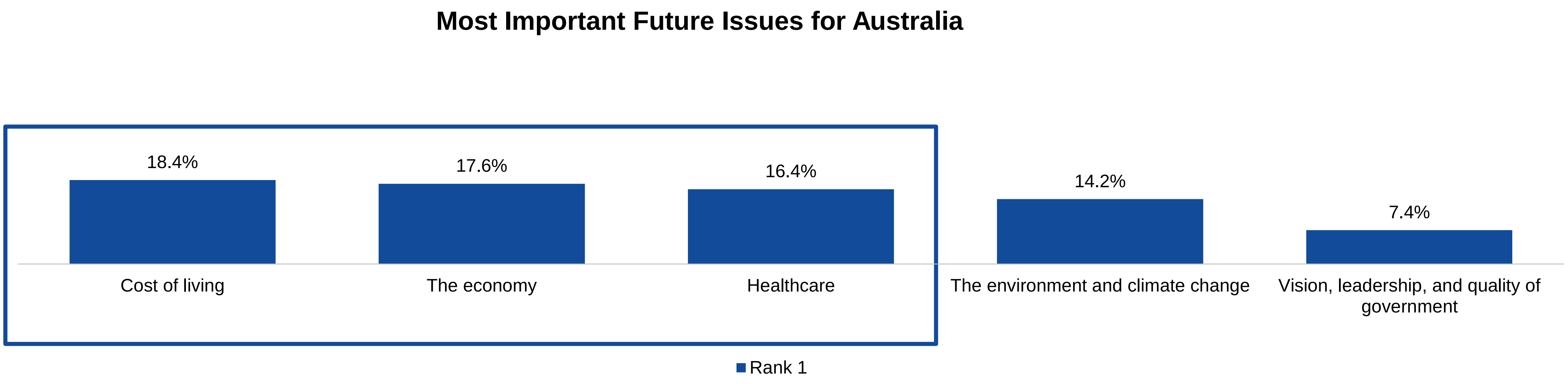
Which of the following issues do you think will be the most important in Australia in the future? (Ranked First)

Like residential consumers, SMB nominated healthcare, *the economy* or *cost of living* as their three most important issues for Australia to focus on



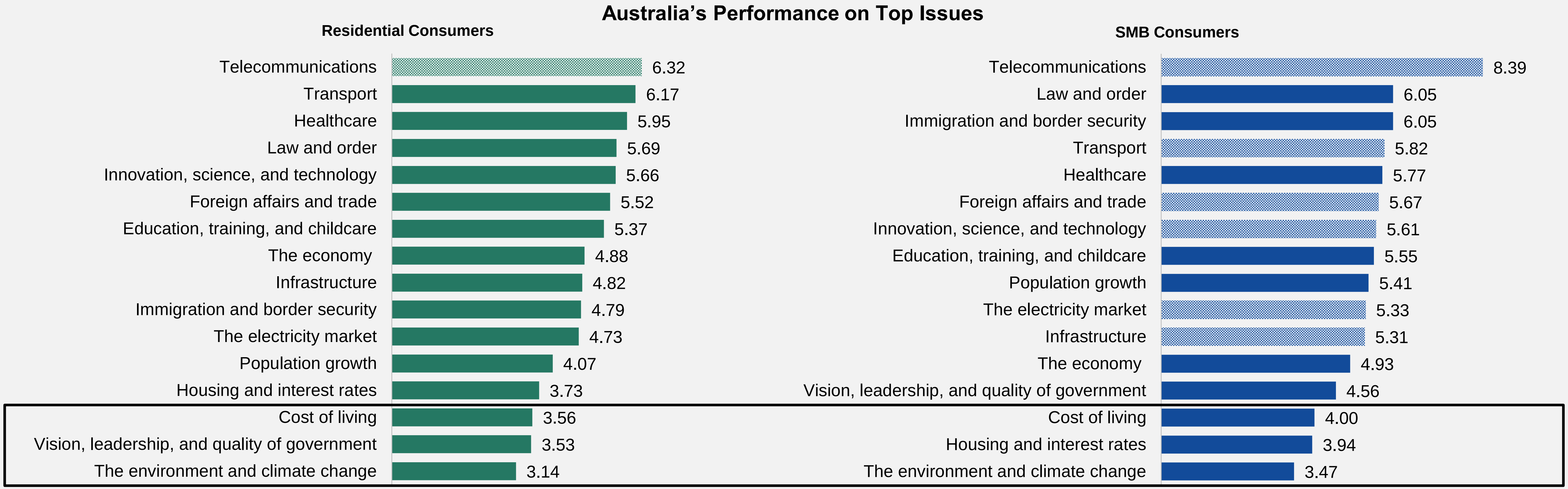
Which of the following issues do you think are most important in Australia right now?

Priorities remained the same for SMB consumers when the future was considered



Which of the following issues do you think will be the most important in Australia in the future?

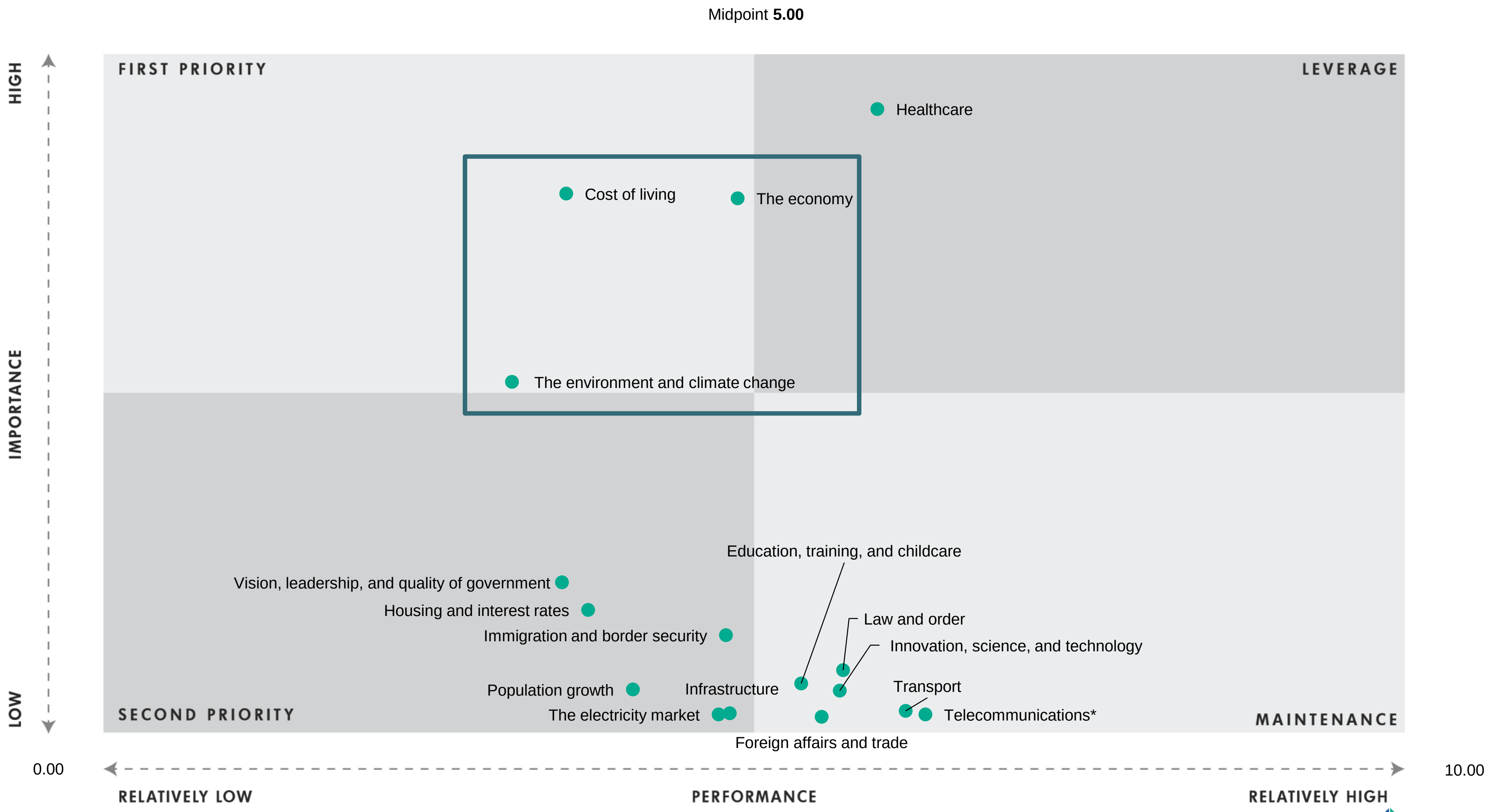
Cost of living and climate change were rated amongst the three issue areas where Australia performed the worst by both residential and SMB consumers



Climate change was considered where Australia's performance was worst, despite a lesser stated importance when compared to cost of living.

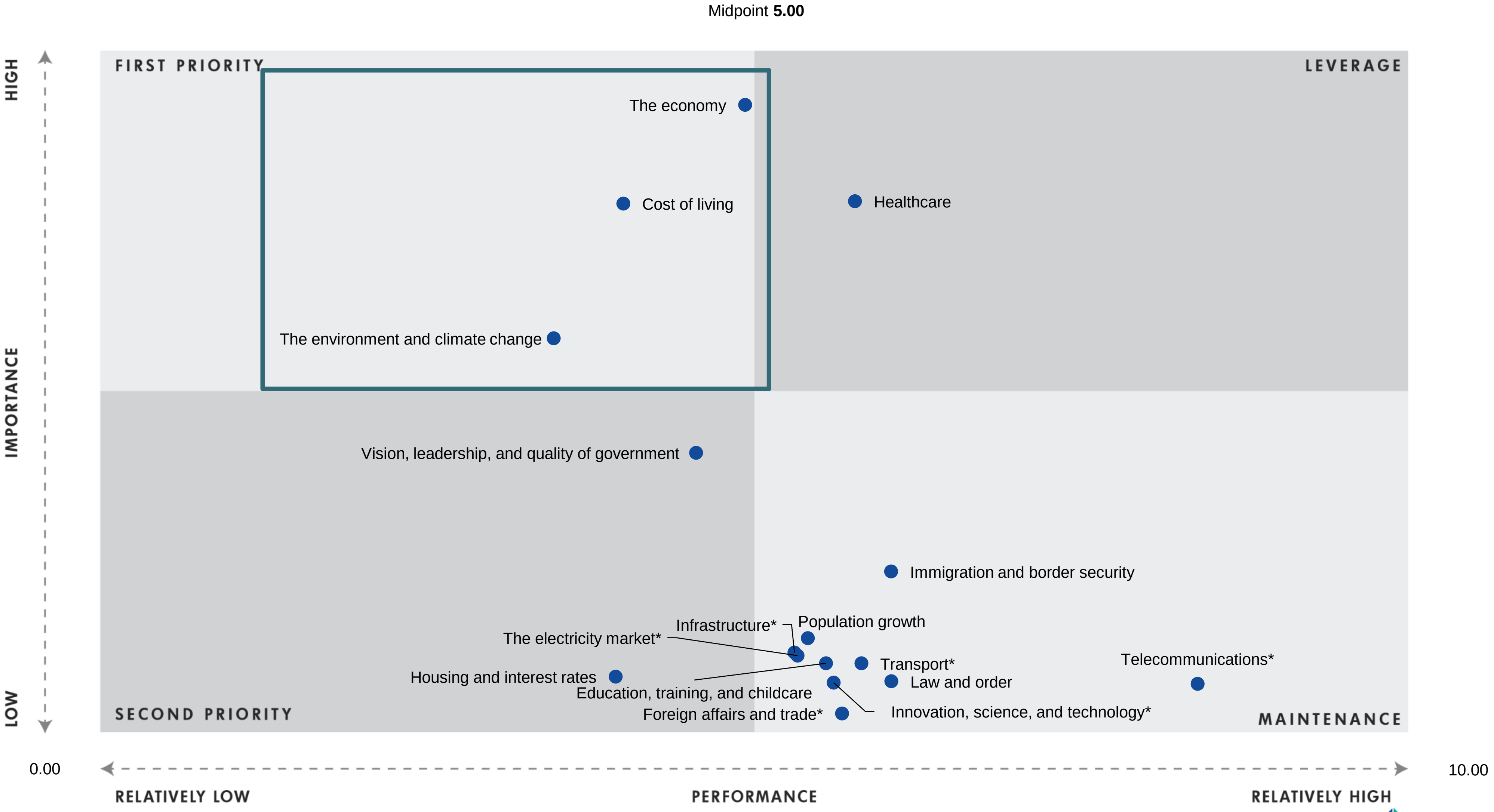
How do you think Australia currently performs on the management of these issues?
Note: Shaded bars indicate results based on small sample sizes. A minimum sample size of n=30 is recommended for an indicative result.

National investment should therefore be prioritised into these areas for residential customers



Importance: Which of the following issues do you think are most important in Australia right now? Ranked first.
Performance: How do you think Australia currently performs on the management of these issues?
Note: * indicates performance results based on small sample size. A minimum sample of n=30 is recommended for an indicative result.

National investment priorities were the same for SMB customers



Importance: Which of the following issues do you think are most important in Australia right now? Ranked first.
Performance: How do you think Australia currently performs on the management of these issues?
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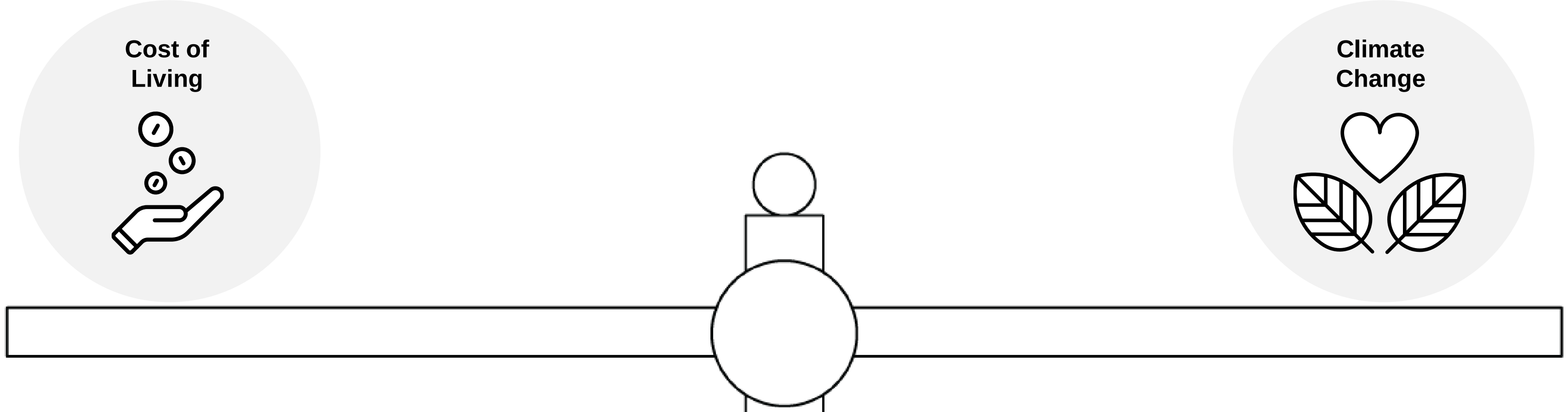
Consumer preferences reflected a balance of affordability and long-term climate change mitigation priorities



In the context of *cost of living*, affordability of electricity supply was a top-of-mind priority for consumers:

- Electricity bill increases were associated with immediate and tangible implications
- Overall cost of living was seen to have increased due to pandemic

“ *Over the past year, I've seen Grocery prices rising month after month.”*

- Residential consumer

Consumers prioritised focus on climate change mitigation for Australia’s future:

- Perception that Australia lagged other countries when it came to research an innovation investment to combat climate change
- Viewed as a broader societal issue to be managed by government, industry and big business

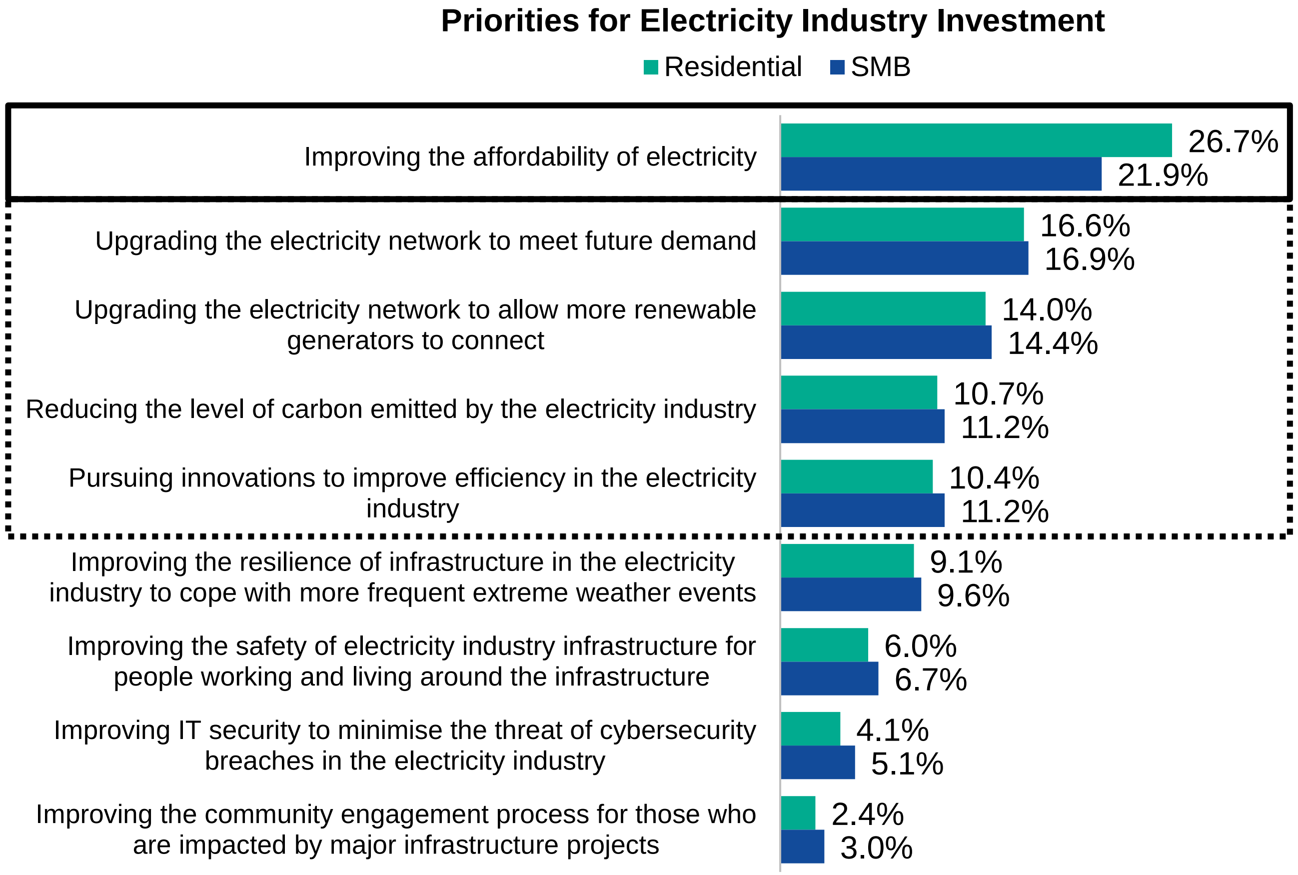
“ *With a global shift towards renewable energy and solar power, Australia needs to gear up for the future demand in this space.”*

- Residential consumer

Key Finding 2:

Investment to improve electricity affordability was first priority for residential and SMB consumers, with preference for investment to be frontloaded within the next four years – aligning with the 5 year revenue proposal period.

Industry investment for more affordable electricity was first priority for residential and SMB consumers



Phase 1 discussion boards revealed that network investment was associated with both cheaper and cleaner energy:

- Technological innovation to increase renewable energy usage was considered a long-term solution to minimising costs and environmental damage

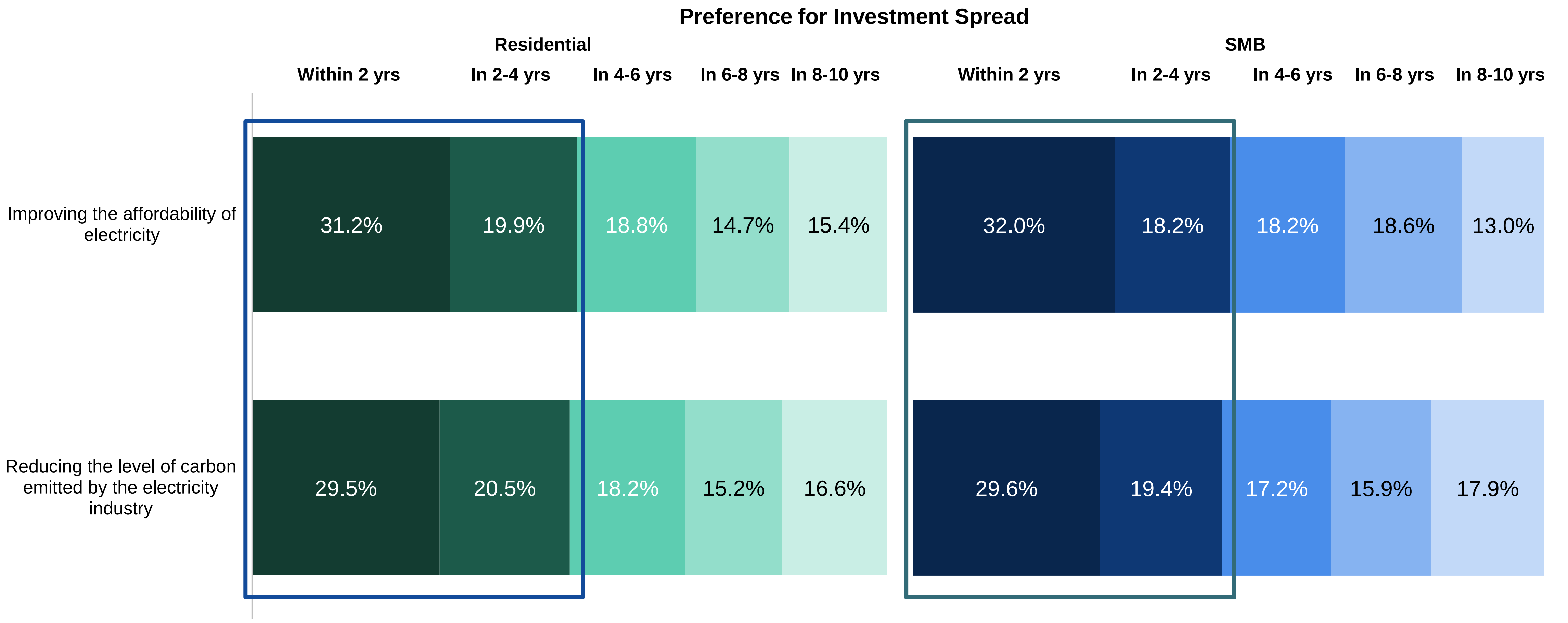
"

[To ensure that cost of living is not a concern in future] we need to increase the uptake of renewable energy and keep gas onshore."

- SMB consumer

If the electricity industry was to invest $100 million into the following service areas, which would you like them to invest in?

There was preference to frontload network investment within the next 4 years to increase affordability, aligning with the revenue proposal's 5-year timespan



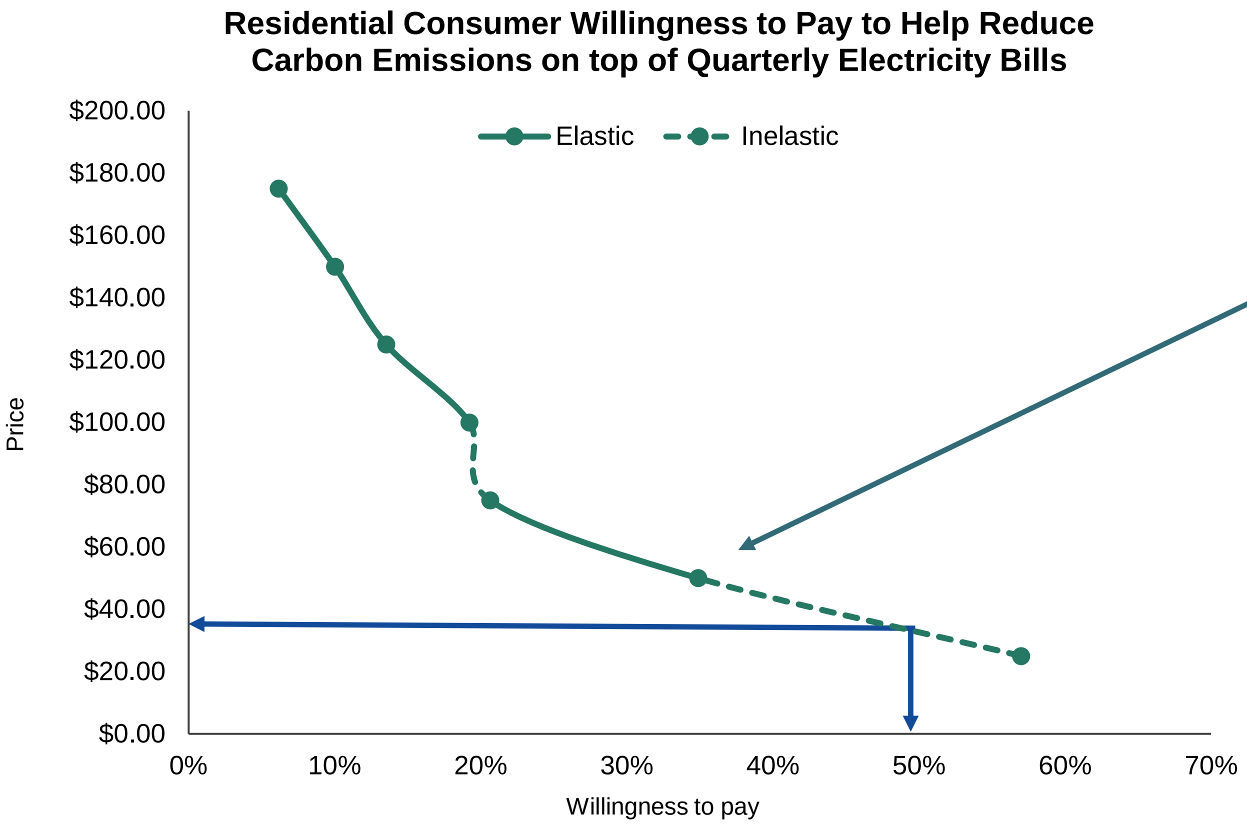
Please indicate how much money you would allocate to the following timeframes, noting the full sum must total $100 million?

Key Finding 3:

To help reduce carbon emissions, 57% of residential consumers would pay $25 or more on top of quarterly bills and 50% of SMB consumers would pay $40 - $50 on top of monthly bills.

Willingness to pay was highest amongst younger residential age groups, larger SMBs and solar power users across consumer groups.

43% of residential customers would not pay more than $25 per quarterly bill to help reduce carbon emissions



Willingness to pay to help reduce carbon emissions on top of quarterly electricity bills was **positively correlated with household income**, with those earning more than $100,000 significantly more likely to pay compared to those earning $99,999 or less at all price points.

There was inelasticity between $25 and $50 price points, presenting opportunity to charge up to $50 on top of quarterly bills without a proportional decrease in willingness to pay.

Supply Charge	Elasticity Co-efficient	
$25 to $50	-0.72	INELASTIC
$50 to $75	-1.28	ELASTIC
$75 to $100	-0.25	INELASTIC
$100 to $125	-1.56	ELASTIC
$125 to $150	-1.64	ELASTIC
$150 to $175	-3.09	ELASTIC

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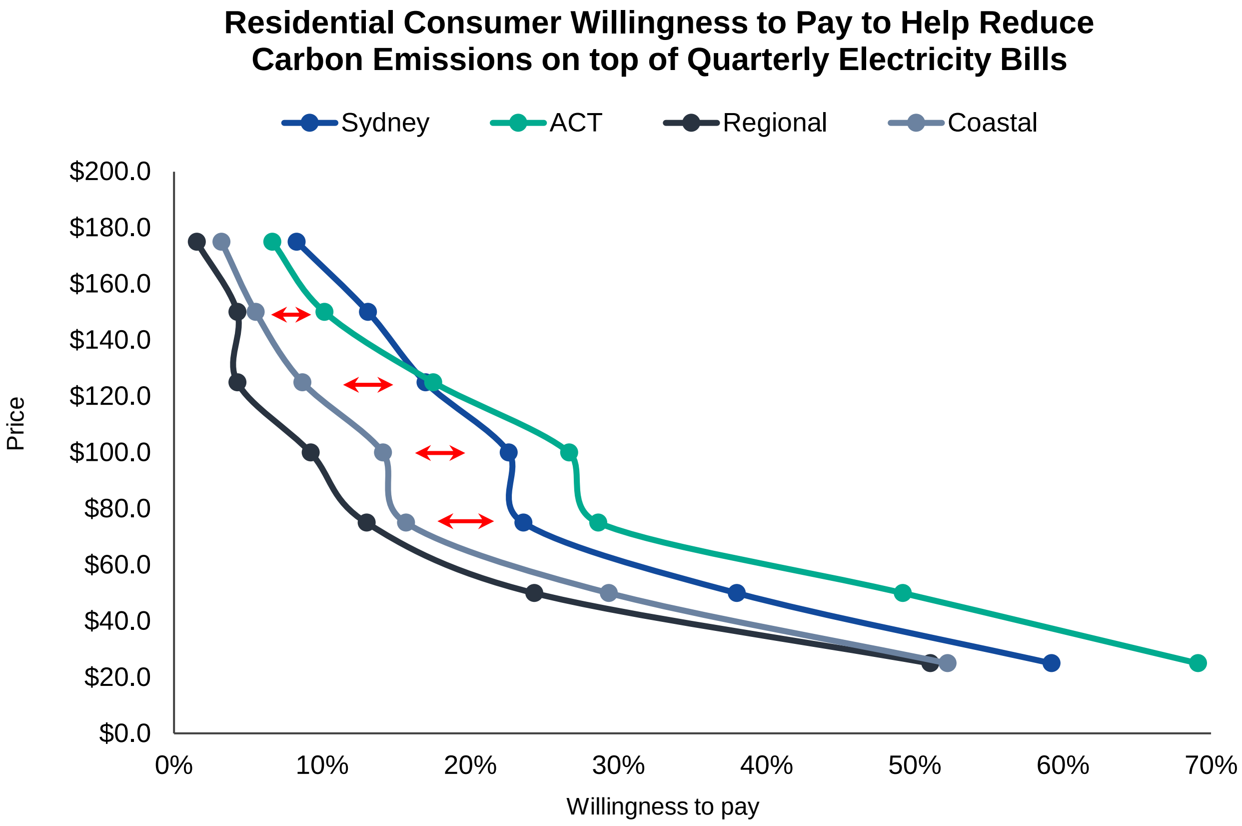
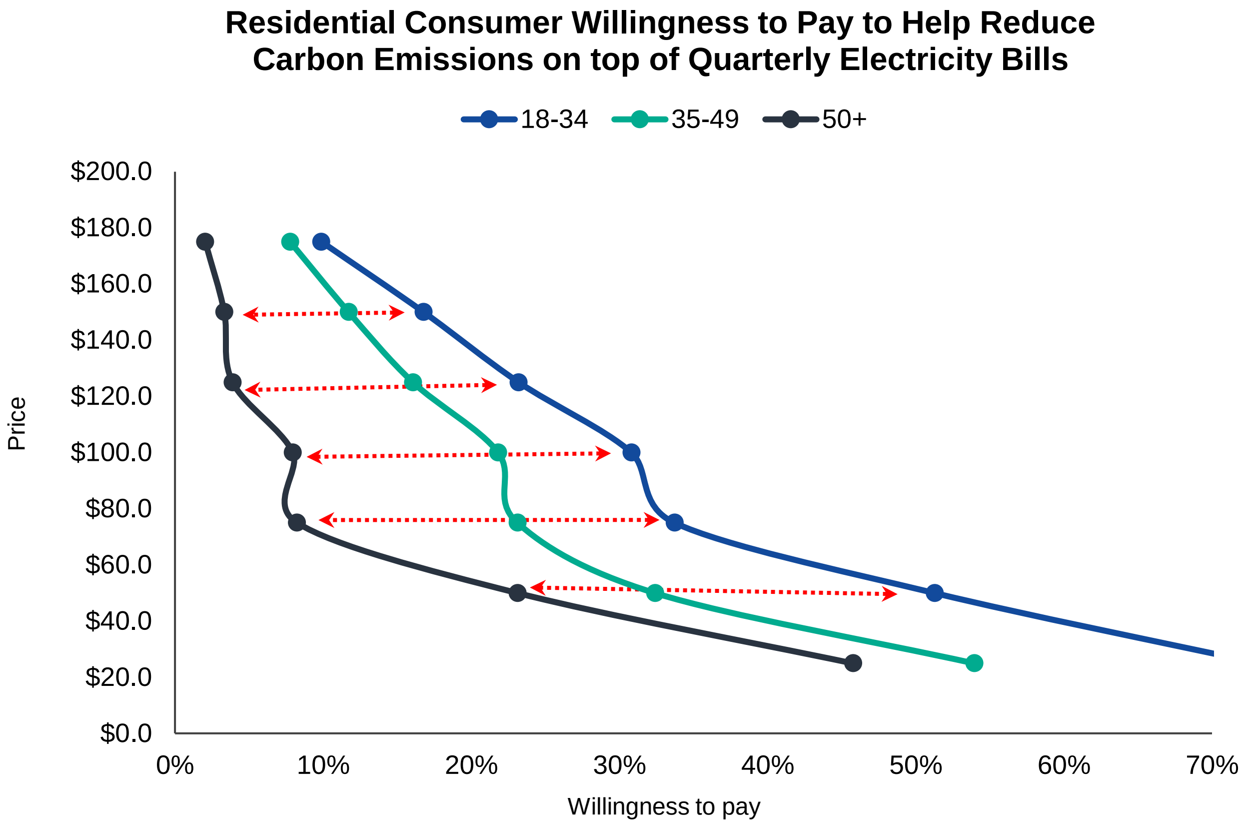
Residential willingness to pay to help reduce carbon emissions was consistently higher in Metro areas and amongst younger consumers





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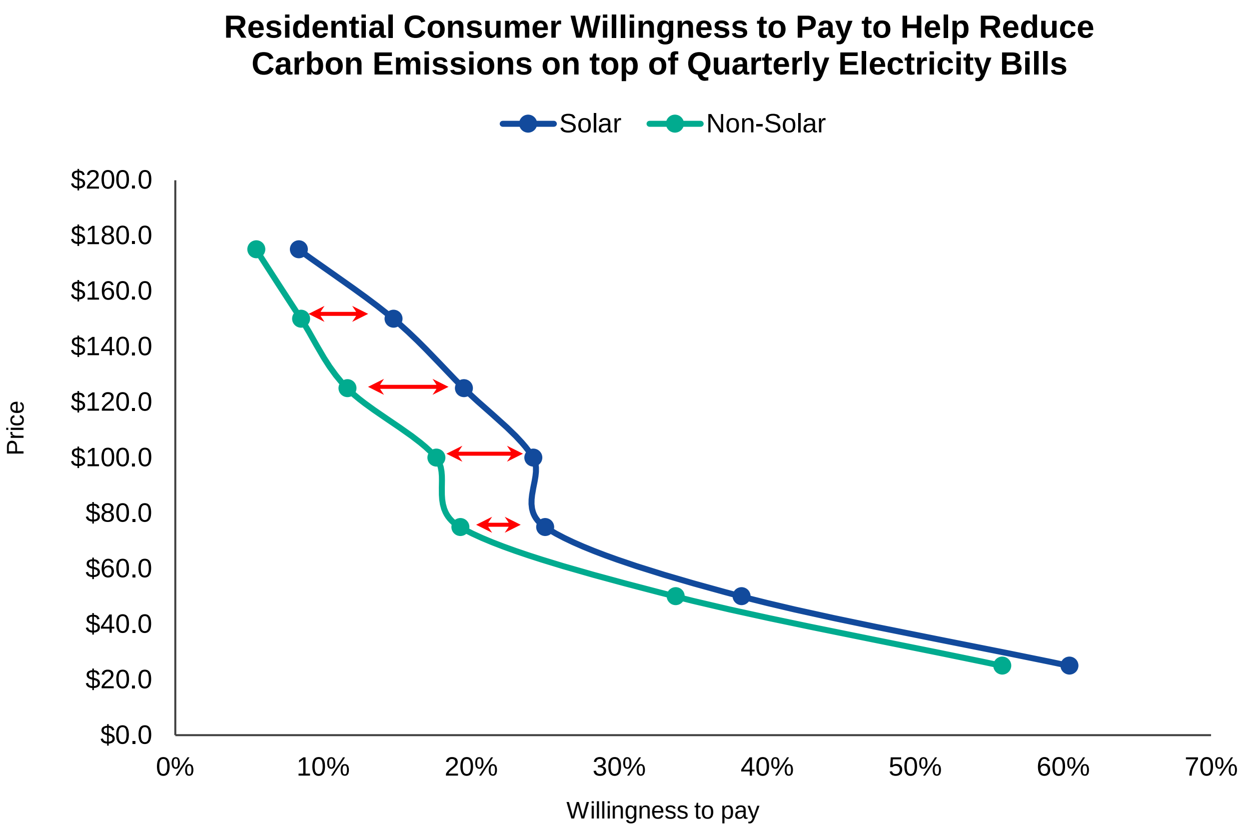
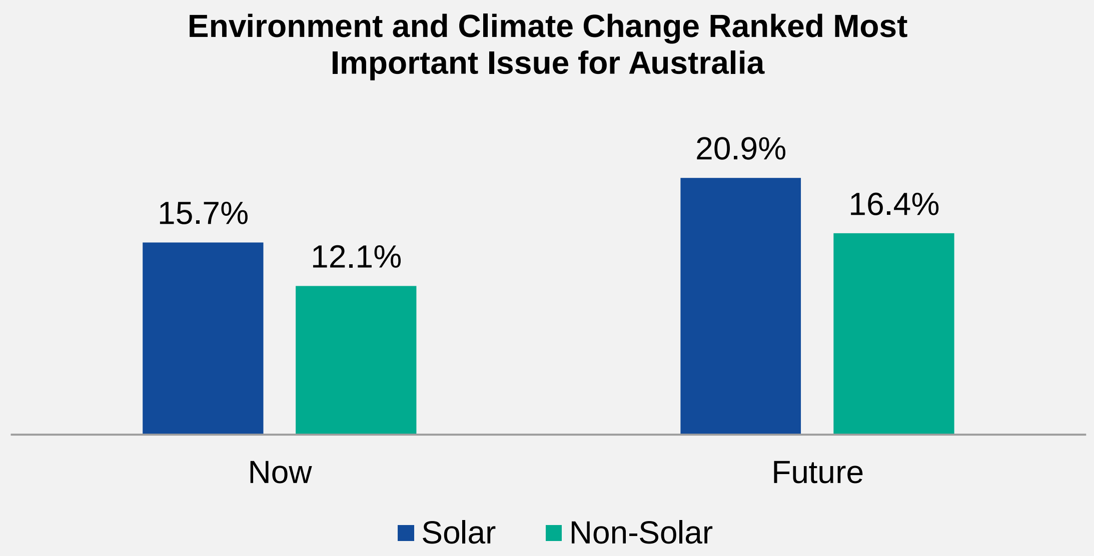
Residential consumers with solar panels also showed higher willingness to pay across price points and placed higher importance on climate change





Residential consumers with solar panels were consistently more likely to elect environment and climate change as the most important issue for Australia, in both current and future contexts.

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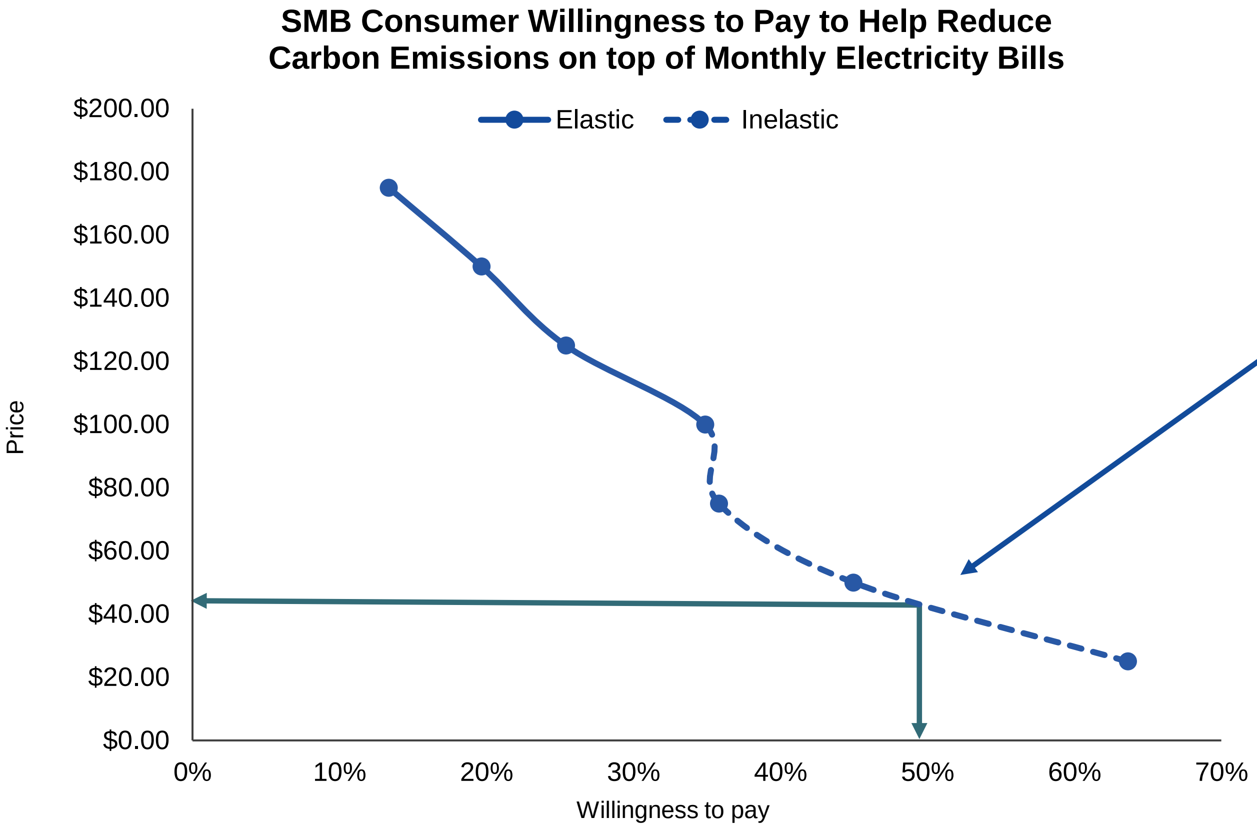
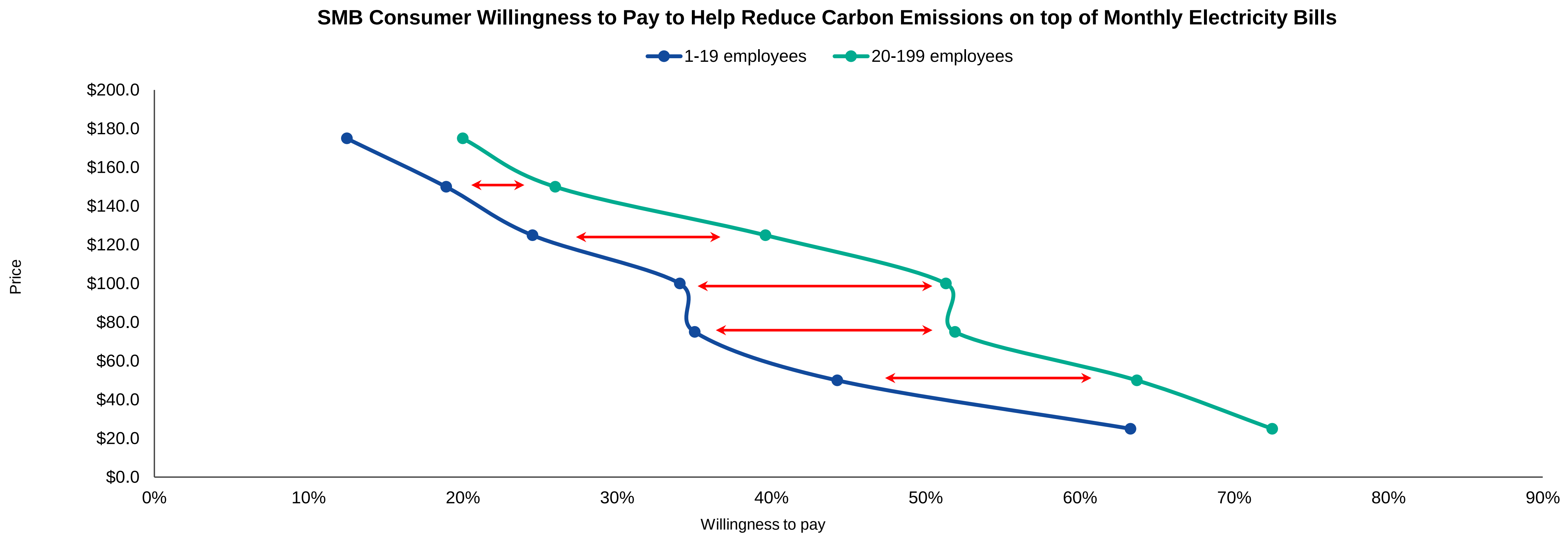
50% of SMB consumers were willing to pay $40-$50 on top of their monthly electricity bill to help reduce carbon emissions



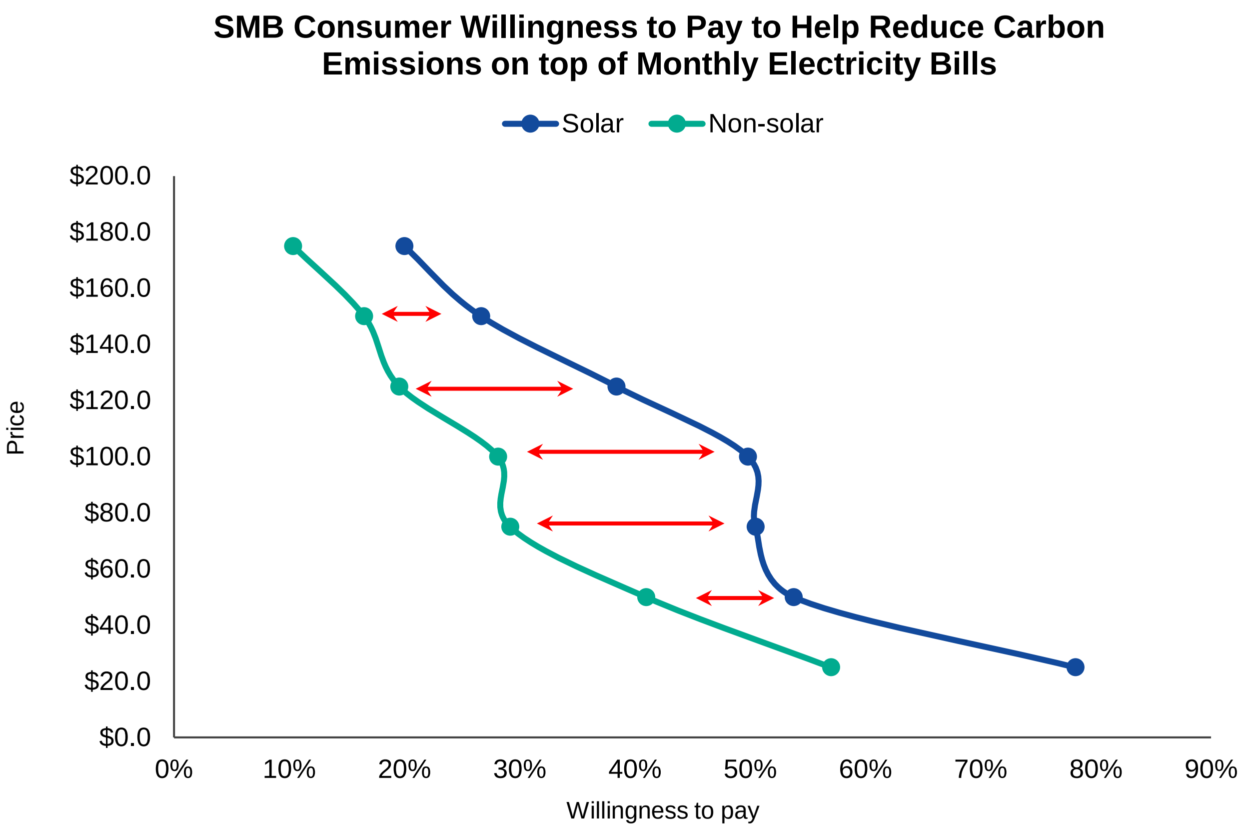
There was inelasticity between $25 and $100 price points, presenting opportunity to charge up to $100 on top of monthly bills without a proportional decrease in willingness to pay.

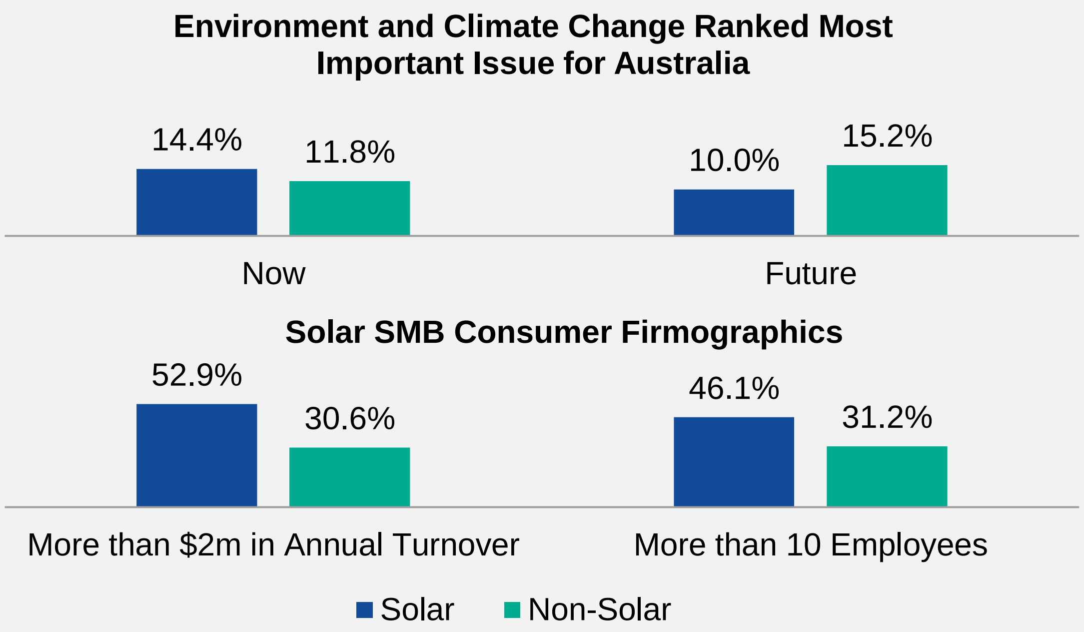
Supply Charge	Elasticity Co-efficient	
$25 to $50	-0.52	INELASTIC
$50 to $75	-0.57	INELASTIC
$75 to $100	-0.09	INELASTIC
$100 to $125	-1.41	ELASTIC
$125 to $150	-1.40	ELASTIC
$150 to $175	-2.49	ELASTIC

SMB willingness to pay to help reduce carbon emissions was consistently higher amongst larger businesses



Willingness to pay was also higher amongst SMB consumers with solar panels, which were more likely to be larger businesses with higher annual turnover





SMB consumers with solar panels were less likely to elect environment and climate change as the most important future issue for Australia, but more likely to have an annual turnover over $2m and have more than 10 employees.

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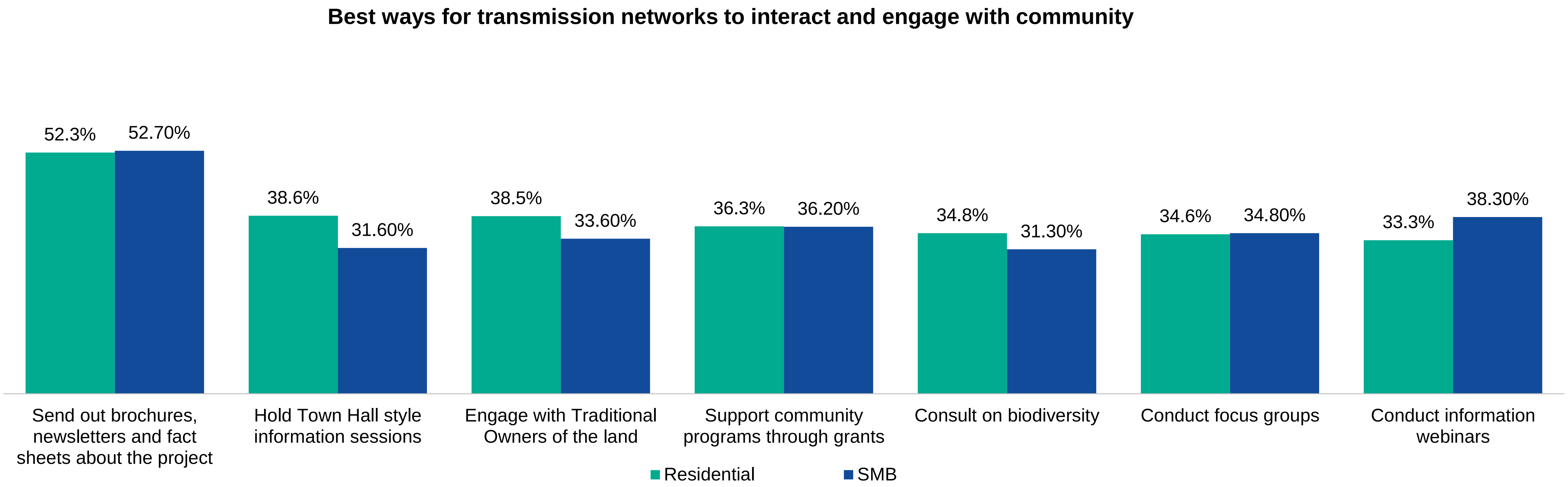
Engagement Considerations

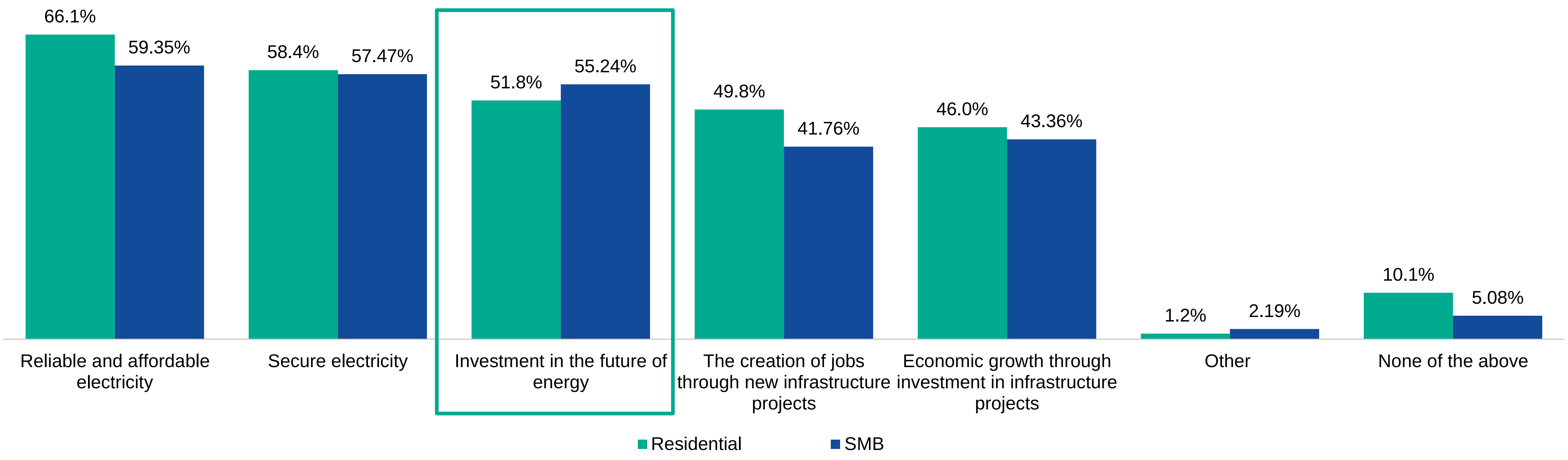
Over half of residential and SMB customers would like brochures, newsletters and fact sheets about projects in their area, highlighting a need for transparency about projects



Note: Multiple responses were allowed for this question, so these results may not sum to 100%.

The most popular benefit of transmission networks provided to the community was reliable and affordable electricity, with over half of customers also seeing investment in the future of energy as a benefit

Benefits that transmission networks provide to the community



Which of the following do you see as the benefits that transmission networks provide to the community?
Note: Multiple responses were allowed for this question, so these results may not sum to 100%.

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