Ergon Energy is currently developing its investment plans for 2015 to 2020 and is seeking feedback from its customers and the community to ensure we can best meet regional Queensland’s electricity distribution needs into the future.

As we moved into the customer and community engagement program to achieve this, we commissioned an external research agency (Colmar Brunton) to undertake a review of a number of our existing research reports to compile and confirm our understanding of the insights already available to us as part of Ergon Energy’s significant customer research program.

The insights gained from the review were supplemented by qualitative customer discussions facilitated by Colmar Brunton in August 2013 (4 x residential focus groups and 6 x business depth interviews).

This helped clarify what we already know through our research – and saw a number of key themes emerge. These themes are presented here for the benefit of our stakeholders.

This process also highlighted the gaps in our understanding. This has helped guide the design of the quantitative research at the centre of the overall program, as well as evaluate the engagement program generally. The quantitative customer ‘cost trade off’ research now being undertaken is designed to explore the value different customer segments place on reliability of supply and other services – their willingness to pay.

**Overall, electricity affordability is the key concern, with customer perceptions of affordability falling dramatically over the past five years as prices have risen.**

**Reliability of supply and safety, however, remain important factors in our customer’s value perceptions and must not be disregarded.**
Seven key themes were identified from the review of Ergon Energy’s customer research to date. The underlying messages in each theme and a summary of the key research findings follow.

1. I want more assistance to reduce my usage and electricity prices to be more stable
2. I want a safe and reliable electricity supply, where any outages are managed effectively
3. I want more control and knowledge vs. I can’t be bothered over my usage and my bills
4. I support and am interested in Ergon Energy’s focus on innovation, technology and renewable energy
5. I want Ergon Energy to give back to the community – but to do so without it impacting significantly on my bill
6. I know, respect and trust Ergon Energy – the brand has meaning
7. As a business, I have specific needs
Affordability is a key concern for customers as the costs keep rising each year, and many are struggling to pay their bills.

Electricity is an essential service and Ergon Energy is generally customers only option for supply.

Customers cannot comprehend electricity to be ‘value for money’ and the default is to assume it is not.

Price increases are seen as significant and outstripping CPI.

Customers don’t understand why prices are going up and where the money is going.

The majority of customers are trying to reduce their electricity bills and look to Ergon Energy to assist them with this.

Key Theme 1: I want more assistance to reduce my usage and electricity prices to be more stable
While customers’ perceptions of Ergon Energy’s performance on cost / affordability have been slowly recovering, customers still want Ergon Energy to concentrate on minimising cost increases and the relativity of costs to other expenses.

**Overall Cost/Affordability Perceptions**

![Graph showing overall cost/affordability perceptions with data points and price increases.]

Source: Colmar Brunton, V2C Monitor 2013

**Note:** this data does not yet reflect the significant increase in July 2013.
Key Theme 2:
I want a safe and reliable electricity supply, where any outages are managed effectively

Customers consider Ergon Energy to be working for the benefit of others and is customer focused, particularly when it comes to providing a reliable and safe electricity supply.

Customers trust that Ergon Energy is doing the right things on a day to day basis to keep the power on and that they do what they can during a crisis.

They want to be kept well informed of planned and unplanned outages.

The brand pillar of safety is strongest pillar and safety education is considered a core responsibility of Ergon Energy.

Key reasons why customers are likely to speak well of Ergon Energy are linked to supply and customer service.
Safety education is a core responsibility of Ergon Energy’s

Responsibility to Inform

About what I should do if I see a fallen powerline
About how I can save money on my appliances
That I should be careful when working/playing near service wires & p’lines around my home
About how we can work together to save and stay safe this summer
About how I should properly prepare for a severe storm

<table>
<thead>
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<th>Not Ergon Energy’s responsibility</th>
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<th>Is Ergon Energy’s responsibility</th>
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</table>

Source: Colmar Brunton, Brand Track Oct – Dec 2012

Likely to speak well of Ergon Energy

Because...
• Reliable and consistent service
• No problems in the past
• Quick to fix issues
• Helpful
• Good customers service
• Ergon Energy is a good organisation

Over half are ‘advocates’ of Ergon Energy with only one in five unlikely to speak well of Ergon Energy

Source: Colmar Brunton, Brand Track April – June 2013

The brand pillar of safety is perceptually strongest among residential customers

Is an org that tries new & better ways of doing things
Adopts relevant and innovative technologies
Is working towards a sustainable future for Qld
Helps customers manage their electricity use
Does things in an efficient & effective manner for customers
Provides a reliable and safe electricity supply
Helps customers stay safe around electricity
Acts in the best interests of your community
Actively supports your local community
Is a passionate and caring organisation
Is an energetic and hardworking organisation
Is a desirable organisation to work for

Source: Colmar Brunton, Brand Track April – June 2013
Not all customers want the same degree of control when it comes to managing their electricity usage.

Furthermore, not all customers are willing to put in the same degree of effort to achieve change (especially those comfort focused).

Ergon Energy needs to cater to both segments of the market – to provide the ability for customers to see and control their own behaviour, and for others, to implement solutions in the background.

Increased knowledge also empowers customers and helps them make informed decisions in relation to their energy consumption.
The majority of customers have tried to reduce their energy usage in the past 12 months, primarily to lower their bill.

9 in 10 customers have tried to reduce their electricity consumption.

While only a slight trend, agreement that individuals are already as energy efficient as possible is increasing among customers.

Main Reason for Reducing Consumption

- Reducing my electricity bill / saving money
- Helping the environment / reducing greenhouse gas emissions
- Have Solar PV and want to maximise the feed in tariff
- Weather conditions (i.e. Not as hot so didn't need the air conditioning)
- Other

Ergon Energy is relatively strong at providing customers with tips and tools to manage their electricity usage.

The main reason for reducing consumption was to reduce the electricity bill and save money.

Source: Colmar Brunton, Queensland Household Energy Survey 2012
Key Theme 4:
I support and am interested in Ergon Energy’s focus on innovation, technology and renewable energy

Activities and initiatives that are new, different and future focused are welcomed by customers.

Ergon Energy is the ‘electricity industry’ for many customers – who expect the organisation to be looking towards the future.

These initiatives also say a lot about how the organisation is staying ahead.

Shows they are looking out for customers.

Shows they are looking out for the environment.

Helps keep costs down (greater advancements are expected to lead to a more affordable electricity supply).
There is room for improvement around customers believing Ergon Energy is future focused.

Value to Customer Performance

Providing innovative and relevant products and services to help you use less electricity

Motivations for purchasing Solar PV

- It is a cost effective option / to reduce the size of my bill
- Attractive Government rebates on offer
- It is a good investment
- I want to look after the environment
- It’s the energy and technology of the future
- To be self-sufficient / not rely on electricity
- To increase the resale value of my home
- The QLD Solar Bonus Scheme feed-in tariff was...
- I have heard good things about solar PV through...
- I have heard good things about solar PV through the...
- To enhance my personal / family's reputation in...
- Other
- Don't know

Current Solar PV Ownership in Regional QLD

- 14%*

Solar PV Future Intention to Purchase in Regional QLD

- 15%*

* Homes as of June 2013

Source: Colmar Brunton, Queensland Household Energy Survey 2012

The main motivation for purchasing Solar PV is cost savings rather than environmental concerns.

However, Ergon Energy is performing more strongly in providing innovative products than other electricity suppliers.

Source: Colmar Brunton, V2C Monitor July – Dec 2012

Source: Colmar Brunton, Brand Track April – June 2013

Source: Colmar Brunton, Queensland Household Energy Survey 2012

Source: Colmar Brunton, Queensland Household Energy Survey 2012
Key Theme 5:
I want Ergon Energy to give back to the community – but to do so without it impacting significantly on my bill

Ergon Energy’s response during outages and natural disasters generates significant goodwill amongst the community.

Spend on community initiatives needs to focus on giving back to the community, not corporate sponsorships.

Customers appreciate the work that Ergon Energy does in the local community, but do not want significant money being allocated to this (compared to other areas).
Key Theme 6:  
I know, respect and trust Ergon Energy – the brand has meaning

The Ergon Energy brand holds inherent value to customers. By observing Ergon Energy's actions and initiatives...
  - customers are familiar with the brand
  - customers generally trust the brand
  - there is credibility of the brand.

Ergon Energy demonstrates that it knows regional customers.

All aspects of the brand are generally positive except price.

Top 5 Associations

1. Provides a reliable and safe product
2. Actively looks after the environment
3. Hardworking and active organisation
4. Efficient and effective
5. Adopts relevant and new technologies

Source: Colmar Brunton, Brand Track Oct - Dec 2012
Key Theme 7:
As a business, I have specific needs

Although there are some similarities, business customers also have some different needs, expectations and perceptions compared to residents.

Typically business customers pay more for their electricity supply and therefore they expect more.

They are also often more critical of Ergon Energy’s (and other companies) performance.

Business customers feel like they need proactive tailored advice, dedicated communication channels and that their needs are often quite unique to other businesses (and especially residents).

Small business customers are more similar to residential customers than medium and large businesses.
Small business customers are more similar to residential customers in their overall value drivers, particularly their focus upon cost / affordability.

<table>
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<tr>
<th></th>
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<th>Medium / Large Business</th>
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<td>Performance</td>
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<td>★</td>
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<tr>
<td>Connections</td>
<td>–</td>
<td>–</td>
<td>★</td>
</tr>
</tbody>
</table>

Source: Colmar Brunton, V2C and V2B Monitor Jan – Jun 2013, Overall Models