

22 October 2021

Dr. Kris Funston
Executive General Manger, Network Regulation
Australian Energy Regulator
GPO Box 3131
Canberra, ACT, 2601

Dear Dr. Funston

Evoenergy submission on the *Draft Better Resets Handbook – Towards Consumer Centric Network Proposals*

Evoenergy welcomes the development of the Australian Energy Regulator's (AER's) Better Resets Handbook (the Handbook). We support the continued focus on improving consumer engagement to ensure the interests of consumers are placed at the centre of regulatory processes and that this is sharply focussed on outcomes for consumers.

In addition to the support we provide to Energy Networks Australia's (ENA's) submission on the draft Handbook, we appreciate the opportunity to provide some further comments on the questions asked in the draft Handbook.

- 1. Do you consider the Handbook as set out will achieve the AER's aim of incentivising proposals that reflect consumer preferences and are capable of acceptance?*

We support the intent of the Handbook and consider the draft Handbook to be a positive step towards further incentivising network businesses to ensure consumer preferences are meaningfully reflected in regulatory proposals.

While the draft Handbook usefully sets out the AER's expectations of network businesses, we consider there to be opportunity for the AER to provide further information on some aspects in the final version of the Handbook to improve clarity for stakeholders. We recognise the challenge is to strike the appropriate balance between providing enough clarity to assist stakeholders and not being overly prescriptive, allowing flexibility for innovation and to account for differences in circumstances.

The areas where we hope to see further information in the final Handbook are:

- **Targeted review stream compared to the standard approach**

We encourage greater clarity on the AER's expectations of how the reset process will differ between the targeted review stream and the standard approach for a network business whose proposal generally meets the expectations set out in the Handbook. We seek to confirm that a network business that elects not to pursue the targeted review stream but still meets the AER's expectations, would not be disadvantaged and would retain the opportunity for elements of its proposal to be accepted at the draft decision stage.

It would also be helpful to provide guidance on the AER's expectations of timing for notifying the AER on a network business' intent to access the target review stream and confirm whether it could nominate specific elements for the stream, or if it was expected to nominate its proposal in its entirety for this approach.

- **Independent consumer report**

We encourage more information on the AER's expectations of scope, process and timing for the independent consumer report.

- We seek the AER's views on solutions to overcome the potential conflict between the report requiring impartiality while at the same time being a resource-intensive commitment funded by the network business.
- We encourage the AER to accept a degree of flexibility in the process and timing of the report to accommodate the preferences of individual network businesses and their consumer representatives, while still meeting minimum requirements to be specified in the final Handbook. One model we have considered would be initial independent consumer feedback to be provided in response to our draft proposal, outlining aspects that meet consumers' preferences and those requiring further work before being capable of consumer acceptance. This could be followed by an independent consumer report directly relating to the submission of our initial regulatory proposal in January 2023.

2. *Do you agree with the proposed targeted review stream and that this a positive change to how we regulate networks? Please include reasons for your views in the answer provided.*

We see the proposed targeted review stream as a positive change, however we consider that all proposals, regardless of whether they access the targeted review stream, should be assessed against the AER's expectations as set out in the Handbook. We encourage the AER and Consumer Challenge Panel (CCP) to continue to be involved in the pre-lodgement phase of all reviews through engagement with network businesses and observing their consumer engagement activities. The CCP's involvement in a review will be most effective if it is appointed as early as possible in the process, the AER's expectations of its role are clearly set out in the Handbook, and there is a degree of flexibility to adapt to the needs of individual reviews.

3. *Do you consider the Handbook will improve the level of consumer engagement undertaken by network businesses and result in consumer preferences being better reflected in proposals? Please include reasons for your views in the answer provided.*

We observe that network businesses are generally committed to further improving consumer engagement and work hard to ensure proposals reflect consumer preferences. While we expect this would continue with or without the Handbook, we consider a key benefit of the Handbook is to provide greater clarity on the AER's expectations to all stakeholders, as well as establish an approach to achieving more efficient regulatory processes.

4. *Are the incentives offered by the Handbook sufficient for network businesses to seek access to the targeted review stream process? If you do not consider the incentives are sufficient, then what additional incentives do you think could be provided within the current regulatory framework?*

As noted above, we consider it appropriate that all network businesses are equally incentivised to deliver better consumer outcomes, regardless of whether they access the targeted review stream. As such, any network business whose proposal meets the AER's expectations as set out in the Handbook should have the opportunity to have elements of its proposal subject to a more focussed assessment process and to assess if they are capable of acceptance at the draft decision stage.

5. *The targeted review stream is a new process which we expect to refine and improve as we learn from each iterative application. Therefore our preference would be to first apply the targeted review stream process to a limited number of network businesses. This approach would allow us to better manage the risks of introducing a new process,*

maximise learnings and manage resourcing constraints. What approach or criteria should we use to determine which network businesses should be selected?

We have no further comments to add to ENA's response on this matter.

6. *Do you agree with the approach to commence the full application of the targeted review stream process to the revenue proposals due in January 2023?*

As a network business with a proposal due in January 2023, we agree that the targeted review stream process could commence for businesses on this regulatory period cycle. While we have already developed our consumer engagement strategy and commenced the engagement program, we consider our program to be broadly consistent with the expectations set out in the draft Handbook. If we were to apply for the targeted review stream for our 2024–29 proposal, our engagement program is likely to require only relatively minor changes.

It is important that the AER provide clear guidance on timing for notification of intent to access the targeted review stream to ensure network businesses with proposals due in January 2023, and interest in accessing the approach, have adequate opportunity to participate.

7. *Do you agree with the expectations for the topics set out in sections 4 to 8 of this document? If not, what changes do you consider need to be made to the expectations? Please include your reasons for any proposed changes.*

8. *Is there any further clarification or issues which the Handbook should set out?*

We have no further comments or clarification required to add to those set out in ENA's response on the expectations for the topics set out in sections 4 to 8 of the draft Handbook.

Once again, thank you for the opportunity to provide feedback on the draft Handbook. If you wish to discuss our comments, please contact Gillian Symmans, Group Manager Regulatory Reviews, on gillian.symmans@actewagl.com.au.

Yours sincerely



Peter Billing
General Manager, Evoenergy