

AUSTRALIAN ENERGY

2011 Stakeholder Survey Report

September 2011

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EXECUTIVE SUMMARY

The following report captures findings from the 2011 Australian Energy Regulator (AER) Stakeholder Survey.

First dispatched in 2008, the survey assesses stakeholder views about the AER in relation to four areas:

- Performance
- Consultation
- Reputation
- Communication.

In an evolution from the 2008 survey, this year respondents were able to identify which of the three roles the AER fulfils they wished to provide performance, consultation and reputational feedback on. The three roles were identified as:

- Role 1: "monitoring, compliance and enforcement under national electricity and gas laws".
- Role 2: "preparing for responsibilities under the National Energy Customer Framework (retail law)".
- Role 3: "gas and electricity network economic regulation".

This approach enables the AER to determine if stakeholder views on the organisation's performance, consultation and reputation differ in relation to each of its roles.

Respondents answered the communication questions in respect the AER more generally.

SURVEY METHODOLOGY

In collaboration with the AER, Buchan finalised a questionnaire and a list of stakeholders.

Survey recipients

A total of 200 surveys were distributed to a range of the AER's direct stakeholders in the categories of:

- Electricity distribution
- Electricity transmission
- Electricity retailer
- Gas distribution
- Gas transmission
- Gas retailer
- Generator
- Ombudsman
- Regulator
- Government Department
- Industry representative/association
- Consumer representative/association
- Minister/ministerial adviser
- Consultant

We note some organisations fall into more than one stakeholder group such as both 'gas retailer' and 'electricity retailer'.

At the request of a participant, Buchan added another option of 'other (please specify)'. Eight stakeholders responded with the following:

- Environmental Protection Organisation (2)
- Consultant
- Renewable generation
- Market Operator (2)
- Financial service provider
- Consumer

Survey distribution

The Stakeholder Survey was distributed in May 2011 to 200 individuals representing electricity transmission, distribution and retail, gas transmission, distribution and retail, generators, ombudsman, regulators, government departments, ministers and advisors, industry and consumer representatives and associations and consultants.

Therefore the original pool of possible respondents reduced to 170.

Of the 170, 112 surveys were returned, representing a participation rate of 66%.

The 2008 participation rate was 62%.

The following table shows the percentage of each stakeholder group within the final pool of survey respondents.

Stakeholder group	Percentage in final pool of respondents	Stakeholder group	Percentage in final pool of respondents
Electricity - transmission	12%	Ombudsman	4%
Electricity - distribution	18%	Regulator	7%
Electricity - retailer	16%	Minister / ministerial adviser	2%
Gas - transmission	10%	Government Department	5%
Gas - distribution	11%	Industry representative / association	5%
Gas - retailer	8%	Consumer representative / association	17%
Generator	14%	Other (please specify)	7%
Consultant	5%		

* Respondents could select more than one option.

Survey response

Response rate

Of the 200 surveys distributed:

- 10 were declined;
- 8 were away or on annual leave;
- 6 experience technical problems and could not participate in the survey;
- 3 indicated someone else for their organisation had responded.
- 2 were no longer at the organisation; and
- 1 bounced back.

Therefore the original pool of possible respondents reduced to 170.

Of the 170, 112 surveys were returned, representing a participation rate of 66%.

The 2008 participation rate was 62%.

Of the 38 per cent which were not returned, we note some organisations received two or more questionnaires in order to seek views from different individuals identified within the organisation such as the CEO and relevant regulatory or operational manager and one of these organisations advised only one response would be provided on behalf of the entire organisation.

Of the 151 organisations approached, 57% completed the survey.

Position of respondent

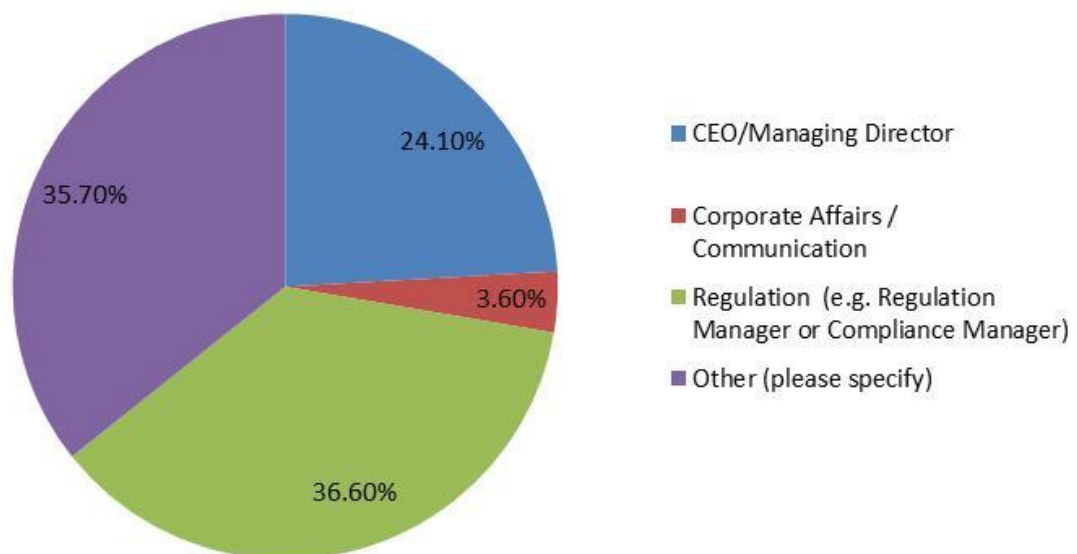
The survey asked respondents to identify the position they held within the organisation.

As demonstrated in the following graph the majority of respondents indicated their position was not listed as an option.

Assessment of the qualitative answers found 'executive', 'manager', 'advocate' and 'consultant' were common responses in the 'other' category.

Of the options available, the majority of respondents held regulatory positions (e.g. Regulatory Manager) or the position of Chief Executive Officer/Managing Director.

Role of respondent



PERFORMANCE

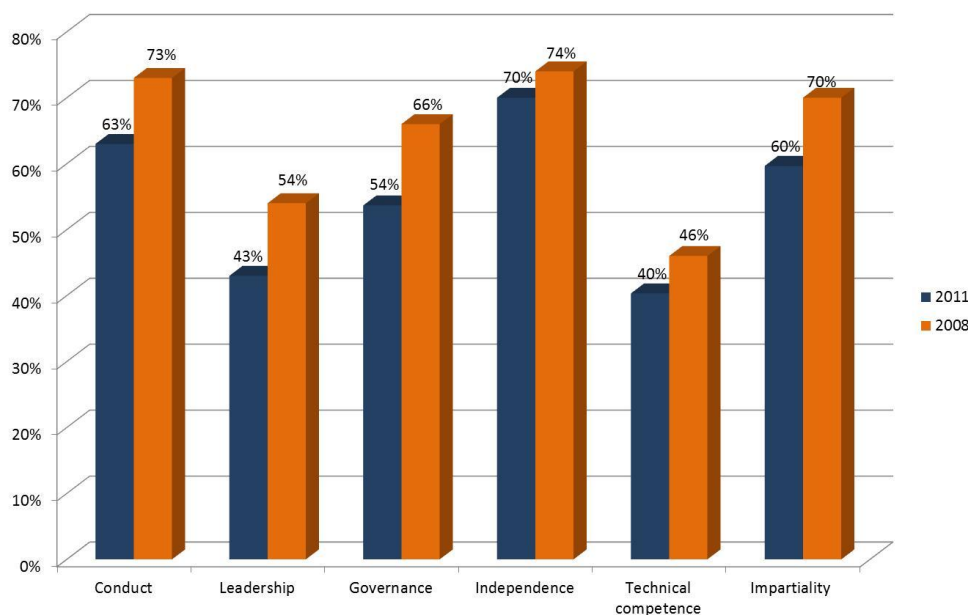
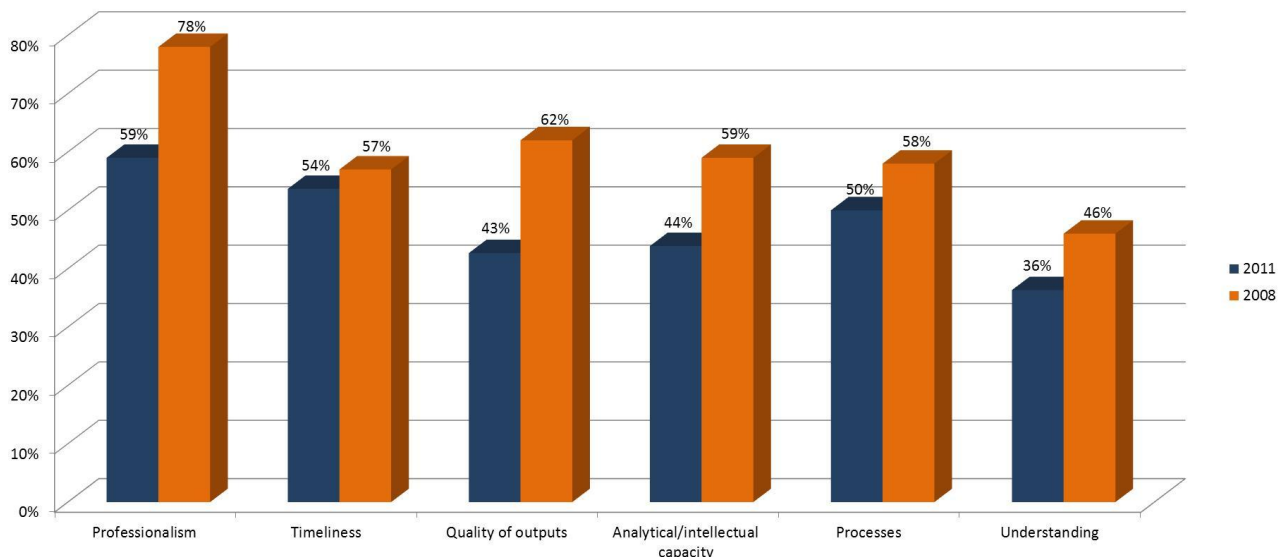
The following sections present the results of the Stakeholder Survey in relation to performance.

Response to Question 1

1. Please rate the AER's performance in relation to "monitoring, compliance and enforcement under national electricity and gas laws" / "preparing for responsibilities under the National Energy Customer Framework (retail law)" / "gas and electricity network economic regulation".

When the 2011 data was averaged across all three roles, the research found across all metrics stakeholders rated the AER's performance more favourably in 2008.

The percentage of 'good' or 'excellent' responses in 2008 exceeded 2011 in all categories, especially in the areas of 'professionalism' and 'quality of outputs'.



Response to Question 2

2. If applicable, please identify opportunities for performance improvements in relation to "monitoring, compliance and enforcement under national electricity and gas laws" / "preparing for responsibilities under the National Energy Customer Framework (retail law)" / "gas and electricity network economic regulation".

Question two was a qualitative question.

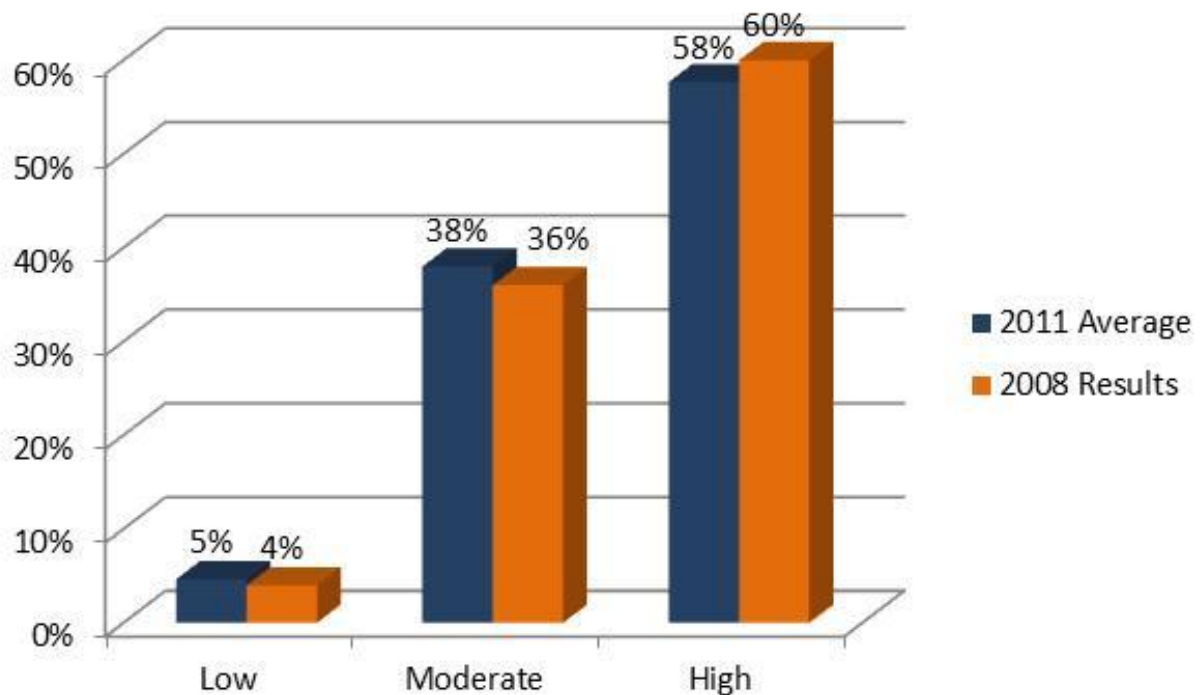
The main areas of comment were in relation to the AER's:

- Communication with stakeholders;
- Business approach / practice;
- Employee skills / industry knowledge;
- Technical understanding / expertise;
- Understanding operational differences;
- Restrictive operational framework; and
- Consistency.

Response to Question 3

3. What level of knowledge do you have of the legislative framework within which the AER operates in relation to "monitoring, compliance and enforcement under national electricity and gas laws" / "preparing for responsibilities under the National Energy Customer Framework (retail law)" / "gas and electricity network economic regulation"?

Similar results were found when the 2011 results were compared to the 2008 results. Ninety-six per cent of respondents from both 2008 and 2011 indicated they had a 'moderate' or 'high' knowledge of the legislative framework within which the AER operates.

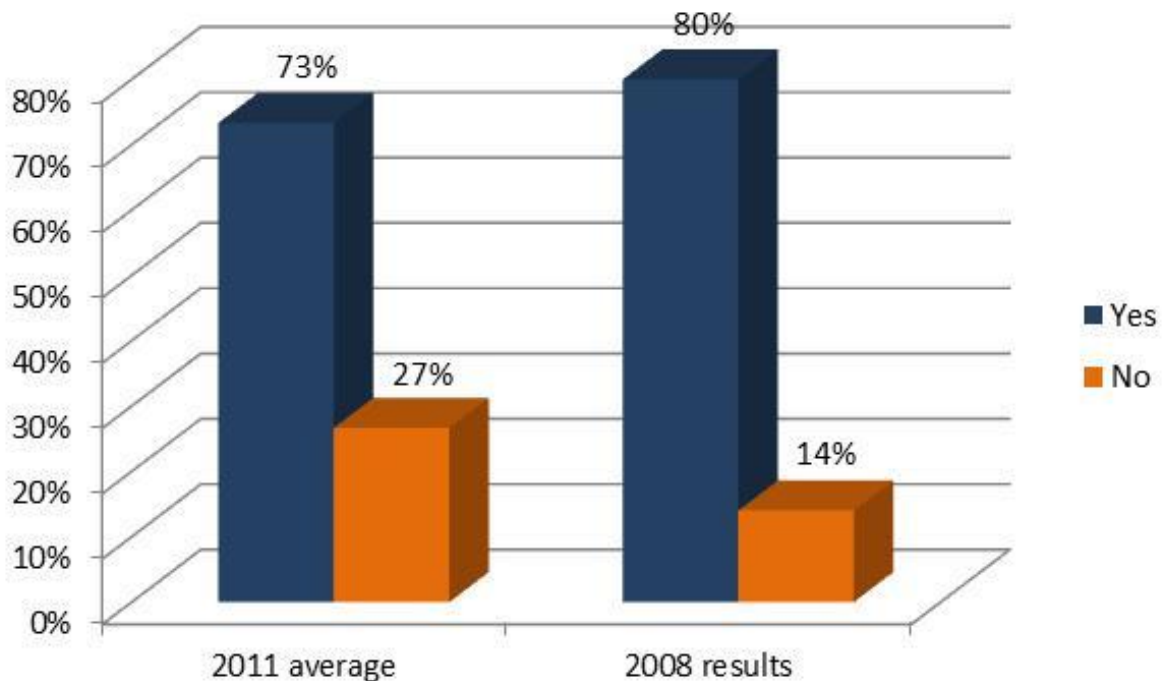


Response to Question 4

4. In relation to "monitoring, compliance and enforcement under national electricity and gas laws" / "preparing for responsibilities under the National Energy Customer Framework (retail law)" / "gas and electricity network economic regulation", do you believe the AER is fulfilling its statutory role in protecting the long-term interests of Australian consumers with regard to the price, quality and reliability of energy services?

In 2008 more stakeholders indicated the AER was fulfilling its statutory role in protecting the long-term interests of Australian consumers with regard to the price, quality and reliability of energy services than in 2011.

Eighty per cent of stakeholders responded 'yes' in 2008, compared to 73% in 2011.



Response to Question 5

5. If no, how do you think the AER can improve in this role in relation to "monitoring, compliance and enforcement under national electricity and gas laws" / "preparing for responsibilities under the National Energy Customer Framework (retail law)" / "gas and electricity network economic regulation"?

Question five was a qualitative question.

The main areas of comment were in relation to the AER's:

- Approach to complex situations;
- Business approach;
- Technical competence / expertise;
- Restrictive operational framework;
- Understanding of consumers and industry; and
- Consideration of long-term impacts.

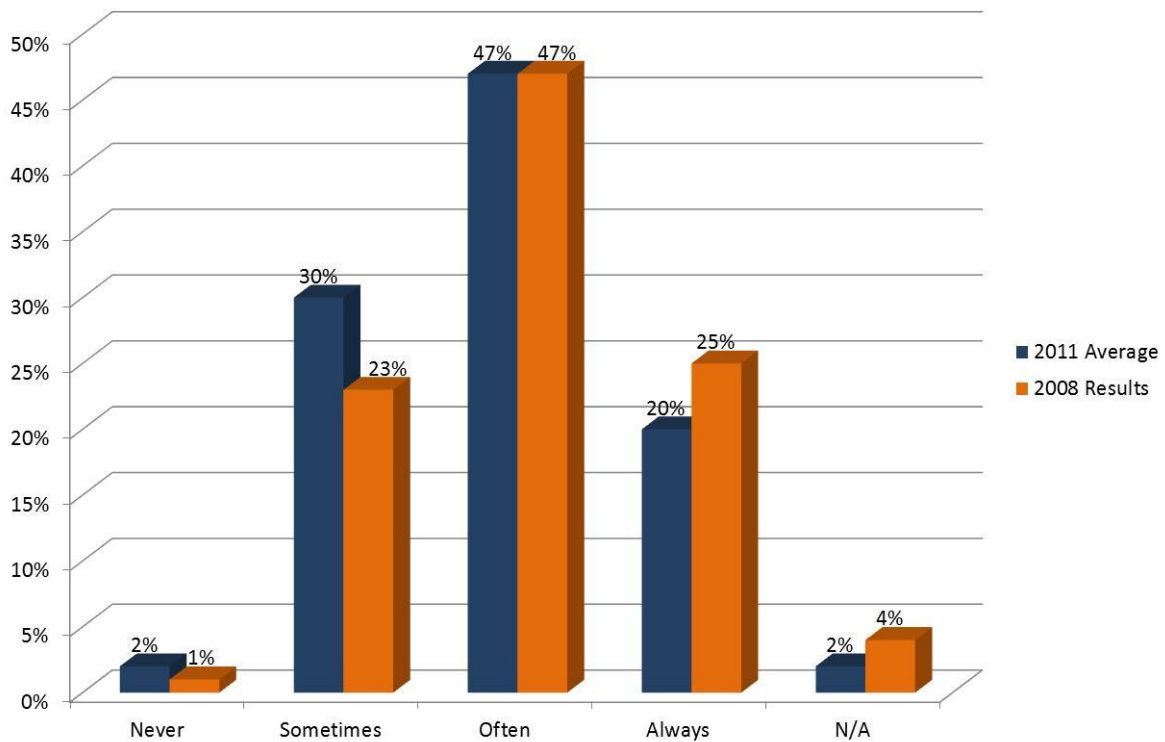
CONSULTATION

The following sections present the results of the Stakeholder Survey in relation to consultation.

Response to Question 6

6. Do the AER's consultation processes provide adequate opportunity for consultation with stakeholders in relation to "monitoring, compliance and enforcement under national electricity and gas laws" / "preparing for responsibilities under the National Energy Customer Framework (retail law)" / "gas and electricity network economic regulation"?

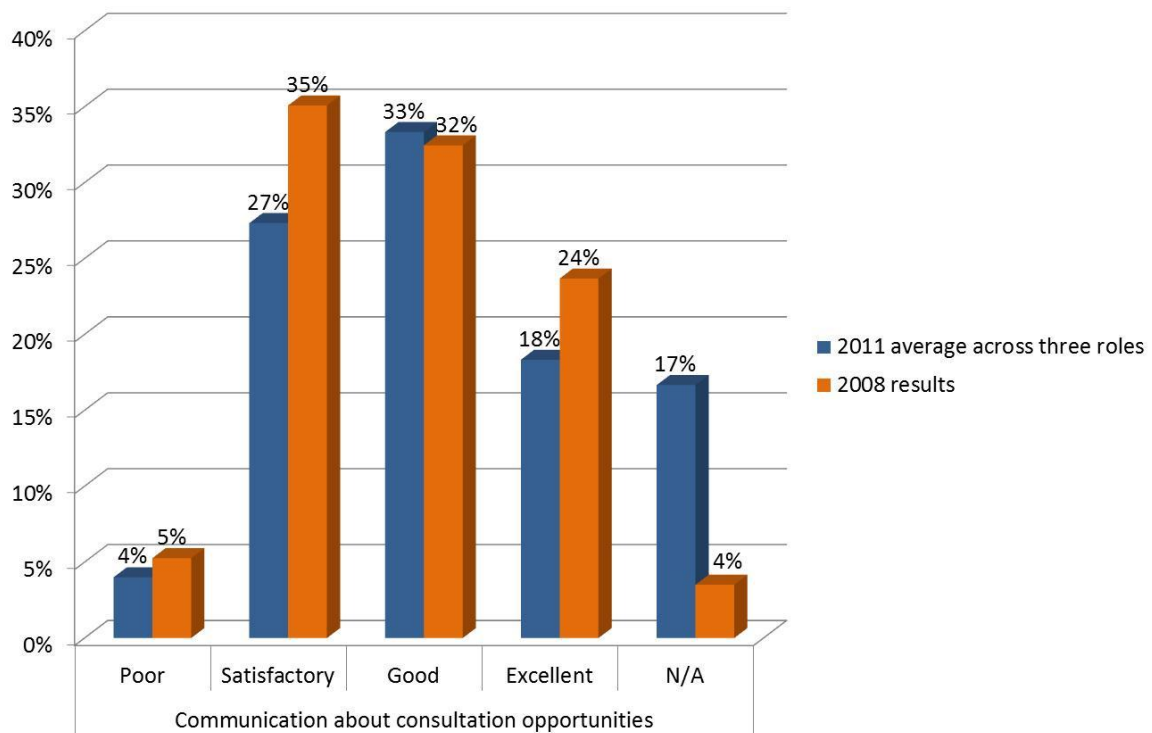
Seventy-two per cent of stakeholders from the 2008 survey believed the AER's consultation processes 'often' or 'always' provide adequate opportunity for consultation with stakeholders, compared to an average of 67% in 2011.



Response to Question 7

7. If you have participated in a consultation process led by the AER in relation to "monitoring, compliance and enforcement under national electricity and gas laws" / "preparing for responsibilities under the National Energy Customer Framework (retail law)" / "gas and electricity network economic regulation", please provide feedback on i. communication about consultation opportunities; ii. communication during the consultation process (i.e. about timelines, decision making progress, reporting back etc).

2008 compared more favourably than 2011, with 56% of respondents in 2008 rating the AER's 'communication during the consultation process' 'good' or 'excellent', compared to 51% in 2011.



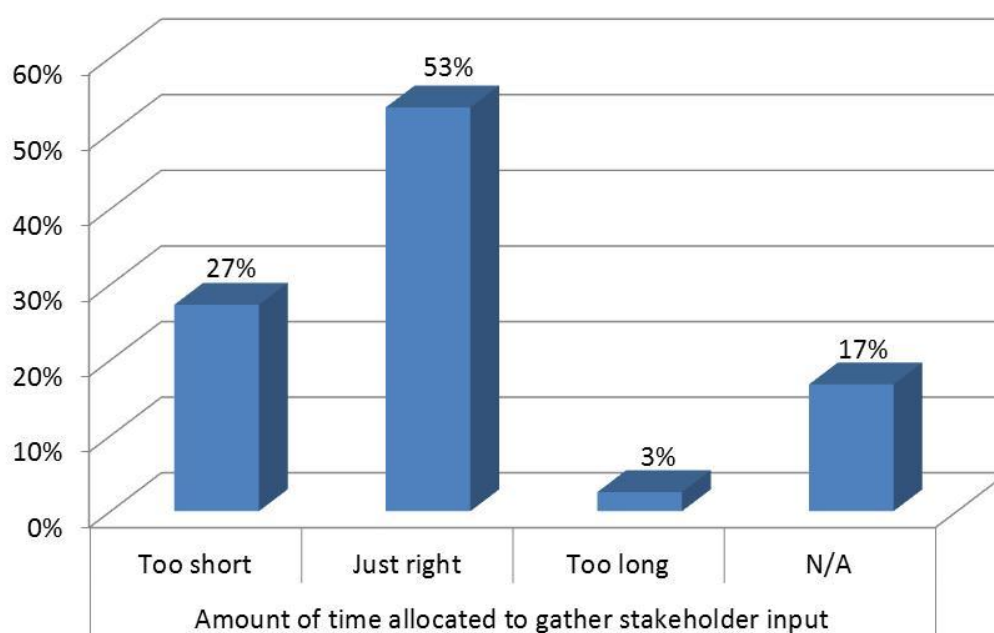
N.B: 'Communication during the consultation process (i.e. about timelines, decision making progress, reporting back etc.)' was not asked in 2008 and therefore cannot be compared.

Response to Question 8

8. If you have participated in a consultation process led by the AER in relation to "monitoring, compliance and enforcement under national electricity and gas laws" / "preparing for responsibilities under the National Energy Customer Framework (retail law)" / "gas and electricity network economic regulation", please provide feedback on i. amount of time allocated to gather stakeholder input

2011 results

The majority of respondents (53%) said the amount of time the AER allocated to gather stakeholder input was "just right".



N.B: Question eight, which asked respondents to assess the amount of time allocated to gather stakeholder input during consultation, was a new question and was not asked in the 2008 Stakeholder Survey.

Response to Question 9

9. If you have been involved in one of the consultation formats listed below in relation to "monitoring, compliance and enforcement under national electricity and gas laws" / preparing for responsibilities under the National Energy Customer Framework (retail law)" / "gas and electricity network economic regulation" , and found any of them to be ineffective, please provide your reasons below:

Question nine was a qualitative question.

The main areas of comment under each of the AER's consultations formats were:

Video conferencing:

- Accessibility;
- Time efficiency;
- Only available in capital cities;
- Impersonal;
- Number of participants (too many);
- Not available in rural areas; and
- Ineffective and restrictive.

Written submissions:

- Acknowledgement; and
- Thoroughness; and
- Resources to argue position.

Roundtable discussions:

- Unstructured;
- Only available in capital cities;
- Dominant voice overpowering and key issues not heard;
- Number of participants (too many);
- Short notice;
- Lack of attendance from certain groups; and
- Non-inclusive.

Seminar or workshop:

- Dominant voice overpowering and key issues not heard;
- Only available in capital cities;
- Not available in rural areas;
- Participation not representative;
- Too high level.

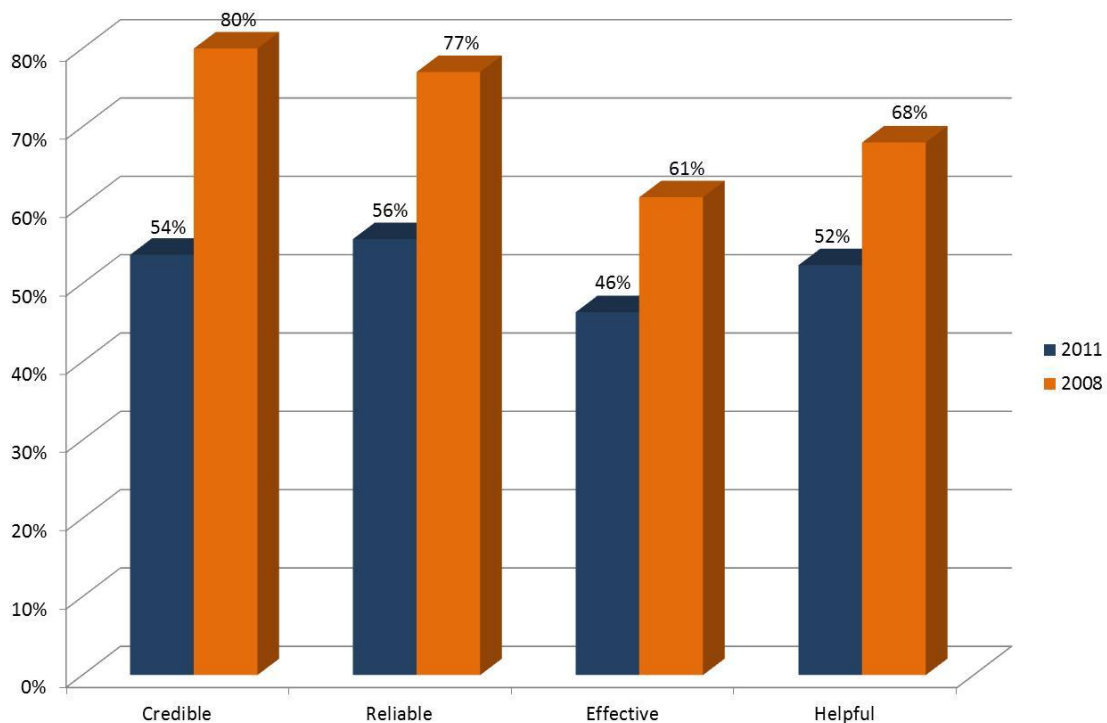
REPUTATION

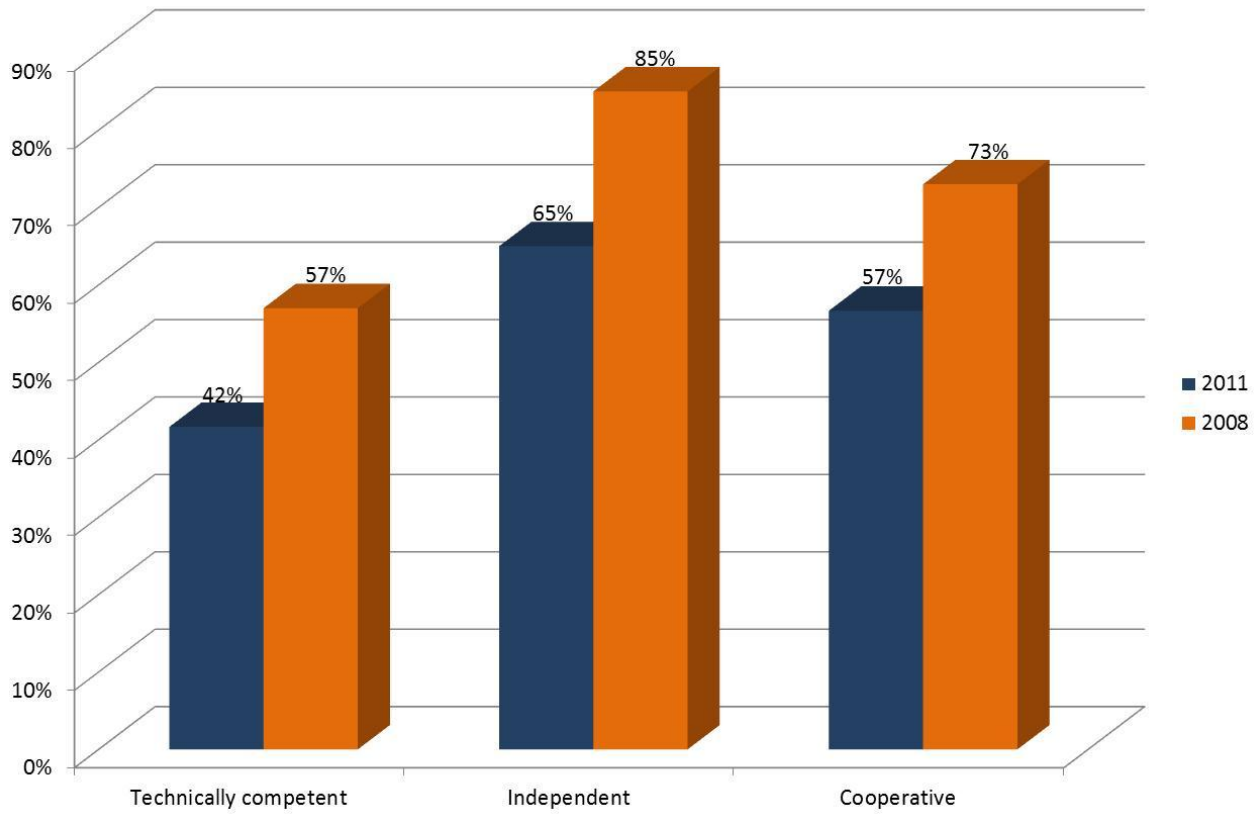
The following sections present the results of the Stakeholder Survey in relation to reputation.

Response to Question 10

10. Please rate how well the following words describe the reputation of the AER in relation to "monitoring, compliance and enforcement under national electricity and gas laws" / "preparing for responsibilities under the National Energy Customer Framework (retail law)" / and "gas and electricity network economic regulation" (1 = poorly; 4 = very well).

Stakeholders rated the AER's reputation more favourably in 2008, with a higher percentage of 'well' and 'very well' responses across all categories.





Response to Question 11

11. Are there any other comments you wish to make regarding the reputation of the AER in relation to "monitoring, compliance and enforcement under national electricity and gas laws" / "preparing for responsibilities under the National Energy Customer Framework (retail law)" / and "gas and electricity network economic regulation"?

Question 11 was a qualitative question.

The main areas of comment were in relation to the AER's:

- Technical expertise;
- Business approach.
- Restrictive operating environment;
- Industry understanding; and
- Regulatory clout.

COMMUNICATION

The following sections present the results of the Stakeholder Survey in relation to communication

For this section stakeholders were asked to rate the communication functions of the AER as a whole, not in relation to each role.

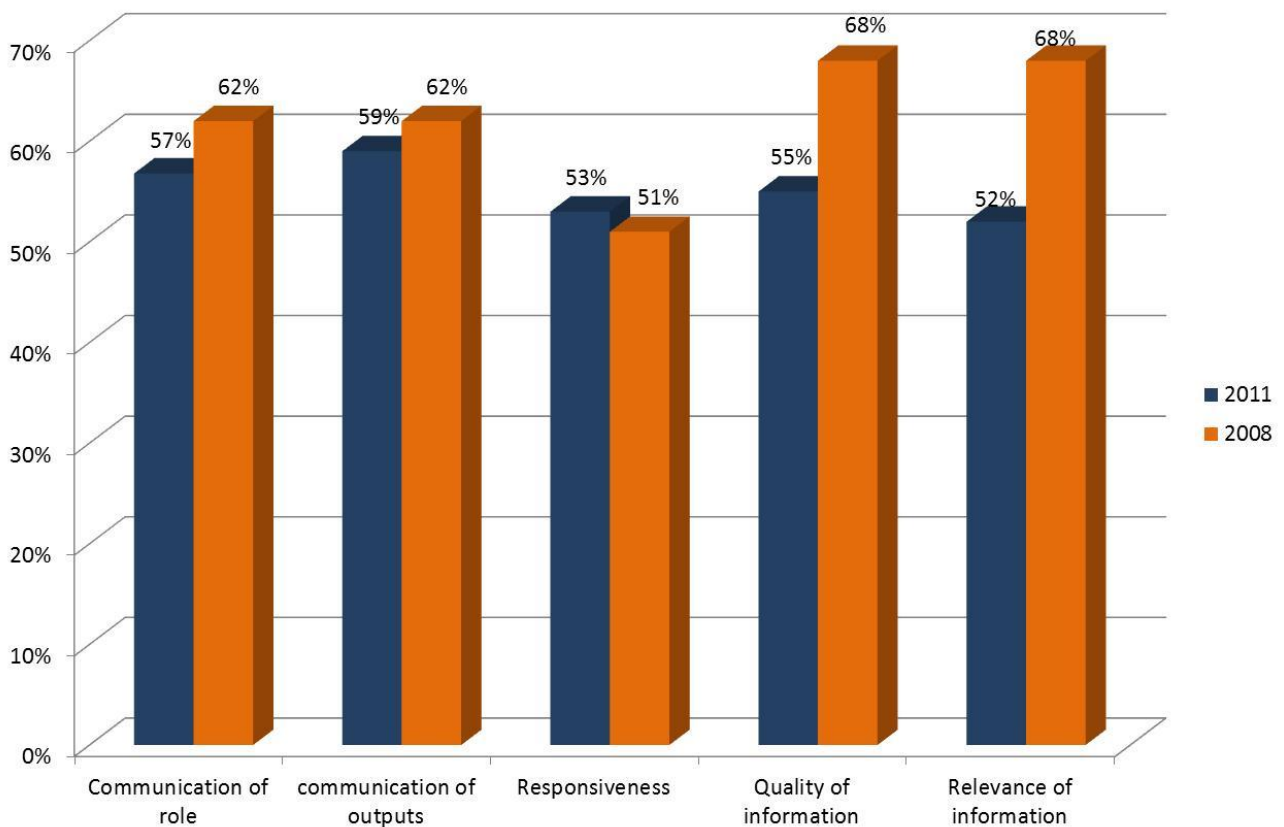
Response to Question 12

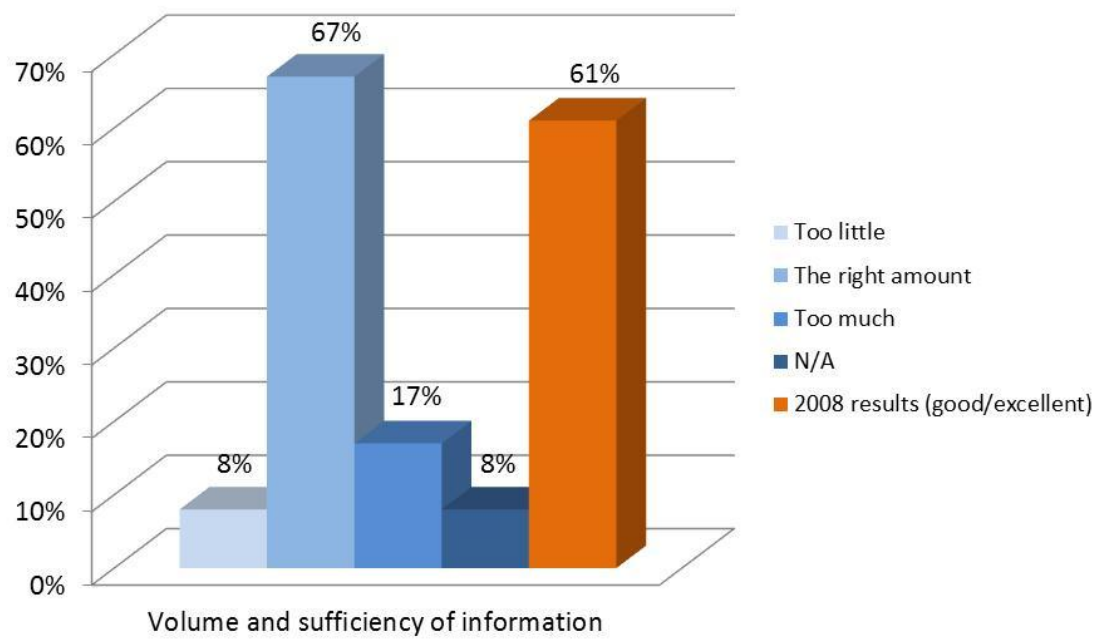
12. Please rate the following aspects of the AER's communication processes and materials:

Stakeholders rated the AER's communication processes and materials more favourably in 2008 with the exception of 'responsiveness', which received more 'good' and 'excellent' responses in 2011.

'Volume and sufficiency of information' was rated more highly in 2011.

Communications processes and materials





Response to Question 13

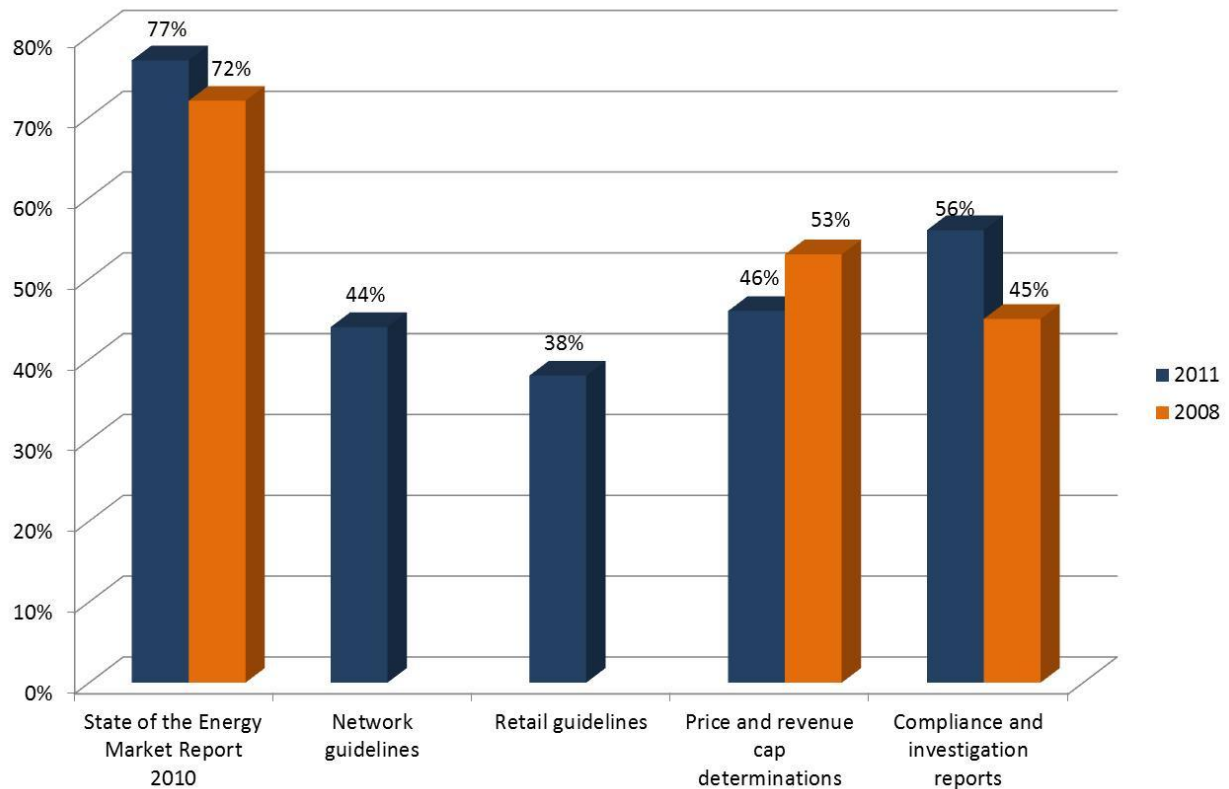
13. Please rate the following AER communication tools:

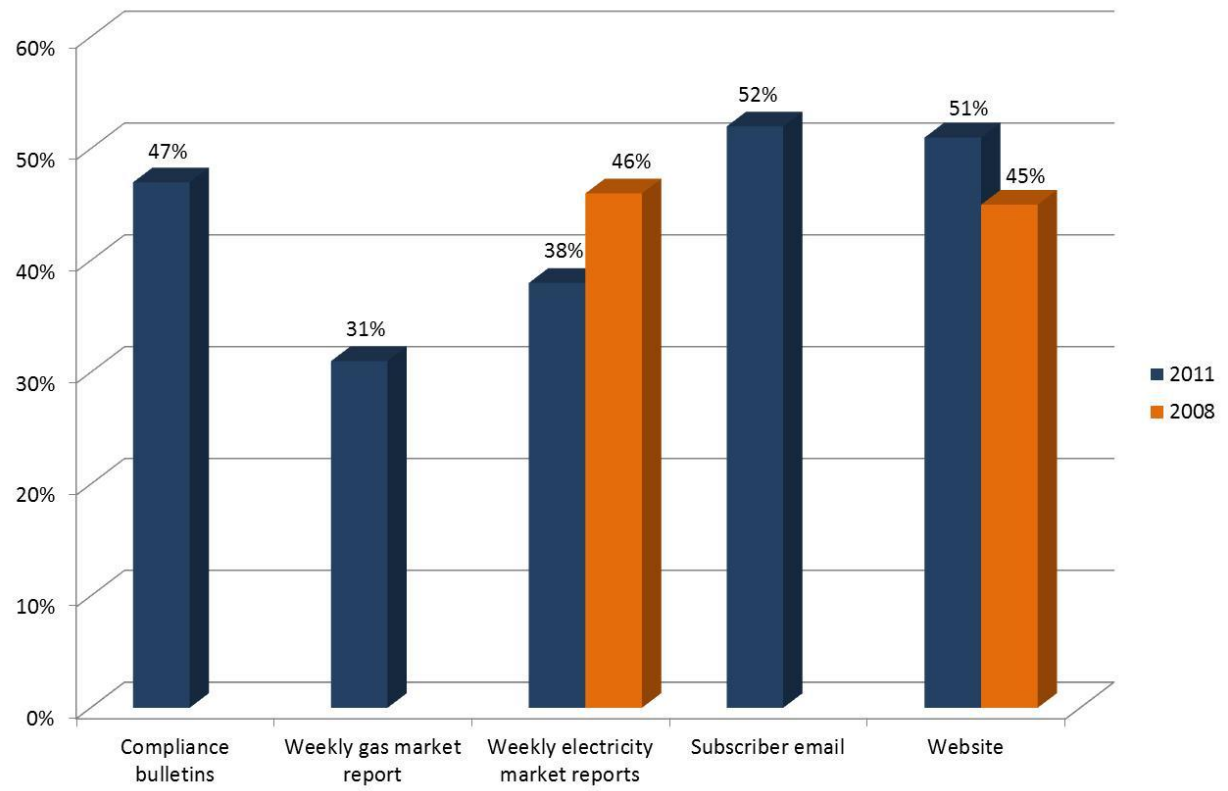
When asked to rate the AER's communications tools, stakeholders rated the 'State of the Energy Market Report 2010' the highest (77% of stakeholders responded 'good' or 'excellent'), followed by 'compliance and investigation reports' (56%) and 'subscriber email' (52%).

2011 comparison with 2008

In 2008, four communications tools received more 'good' and 'excellent' responses than in 2011, while three communications tools received more 'good' and 'excellent' responses in 2011 than 2008, these were 'State of the Energy Market Report 2010', 'compliance and investigation reports' and 'website'.

NB: Five communications tools ('gas market report', 'compliance bulletins', 'subscriber email', 'retail guidelines', 'network guidelines') in the 2011 survey were not present in the 2008 survey, and therefore could not be compared.





Response to Question 14

14. If you responded poor or satisfactory in the previous question, how could the AER improve the communication tool(s)?

Twenty-seven per cent of stakeholders who answered the previous question responded 'poor' or 'satisfactory' in relation to at least one of the AER's communication tools.

Thirty-three per cent (29) provided additional comments on how the AER could improve its communication tools.

The main areas of comment were in relation to the:

- Website (55%);
- Price and revenue cap determinations (41%);
- Subscriber email (21%); and
- Network guidelines (17%).

Response to Question 15

15. If there are any other communication tools or ways you would like to receive information from the AER, please indicate below:

Four stakeholders identified other communication tools or ways of receiving information from the AER, these included:

- Forums;
- Organisational chart including contact details; and
- Summary of regulatory developments.

Response to Question 16

16. If you have any additional comments in relation to AER's communication processes, materials or outputs, please indicate below:

Six stakeholders provided additional comments in relation to the AER's communication processes, materials or outputs, these included:

- Quicker reports regarding electricity price spikes;
- Greater stakeholder engagement;
- Improvement of annual transmission report; and
- Database of network regulatory determinations data.

CONCLUSION

In conducting the Stakeholder Survey, Buchan consultants found the vast majority of respondents were pleased with the opportunity to participate.

We believe the results obtained and analysis provided within this report provide valuable comparative and trend data for the Australian Energy Regulator and will be useful in informing future business strategy.

In addition, we believe all stakeholders that participated in the 2011 survey would be favourably pre-disposed to participate again in the future.