

# Better Regulation: Consumer engagement guideline for network service providers

The consumer engagement guideline for network service providers sets out a framework for electricity and gas service providers to better engage with consumers. The guideline aims to help these businesses develop strategies to engage systematically, consistently and strategically with consumers on issues that are significant to both parties.

## Why is consumer engagement important?

Consumer engagement is about working openly and collaboratively with consumers and providing opportunities for their views and preferences to be heard and to influence service providers' decisions. Effective consumer engagement requires commitment from both service providers and consumers.

Stronger consumer engagement can help us test service providers' expenditure proposals, and can raise alternative views on matters such as service priorities, capital expenditure proposals and price structures.

## What do we expect from service providers?

Service providers should demonstrate a commitment to ongoing and genuine consumer engagement on a broad range of issues relevant to consumers.

The guideline gives service providers a high level framework to integrate consumer engagement into their business-as-usual operations.

We expect all service providers—gas and electricity, transmission and distribution—to use the guideline to enhance their consumer engagement activities.

## How does the regulatory framework support consumer engagement?

We expect each service provider to develop consumer engagement approaches and strategies that address the best practice principles and the four components of the guideline that are explained over the page.

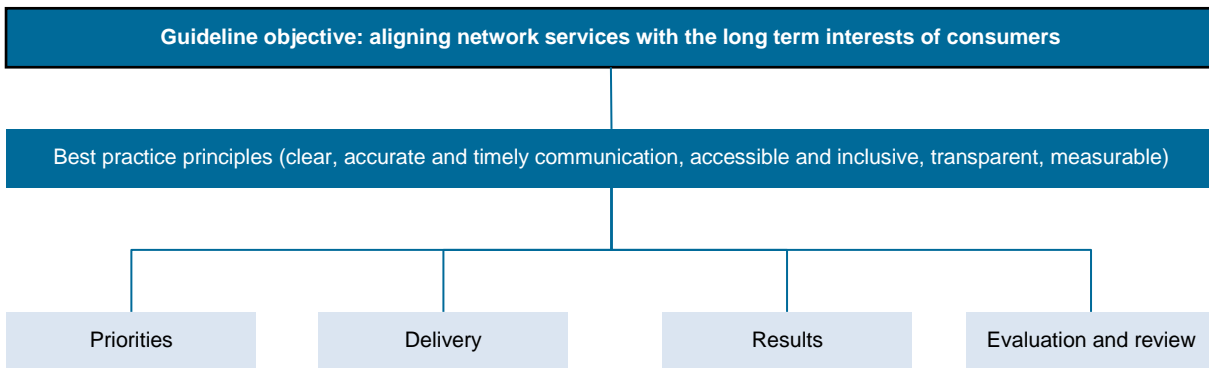
Implementing the guideline will help service providers demonstrate how their spending proposals contribute to the objectives contained in the national electricity and gas laws. That is, that their spending proposals promote efficient investment in, and efficient operation and use of, energy services for the long term interests of energy consumers.

Service providers must describe how they have engaged with consumers, and how they have sought to address any relevant concerns identified as a result of that engagement. Service providers present this information in an overview report to their regulatory or revenue proposals.

When assessing expenditure proposals we will have regard to how a service provider engaged with its consumers and accounted for the long term interests of those consumers. Consumer engagement is a factor we can consider when setting expenditure forecasts.

The consumer engagement guideline complements other measures to assist consumer involvement in energy regulation. These include our consumer-focused issues papers, and the Consumer Challenge Panel that advises us on issues that are important to consumers.

## Overview of the consumer engagement guideline for network service providers



### What are the best practice principles for consumer engagement?

Underpinning the guideline are four best practice principles. They overarch all aspects of consumer engagement, so service providers should use these principles in undertaking each component of the guideline:

- Clear, accurate and timely communication—we expect service providers to provide information to consumers that is clear, accurate, relevant and timely, recognising the different communication needs and wants of consumers.
- Accessible and inclusive—we expect service providers to recognise, understand and involve consumers early and throughout the business activity or expenditure process.
- Transparent—we expect service providers to clearly identify and explain the role of consumers in the engagement process, and to consult with consumers on information and feedback processes.
- Measurable—we expect service providers to measure the success, or otherwise, of their engagement activities.

Further elements of what we expect from service providers under each principle are in the guideline.

### How should service providers conduct consumer engagement?

The guideline is structured around four components. The components set out a process for service providers to develop and implement new or improved consumer engagement activities to meet the best practice principles:

- Priorities—we expect service providers to identify consumer cohorts, and the current views of those cohorts and their service provider; outline their engagement objectives; and discuss the processes to best achieve those objectives.

- Delivery—we expect service providers to address the identified priorities via robust and thorough consumer engagement.
- Results—we expect service providers to articulate the outcomes of their consumer engagement processes and how they measure the success of those processes reporting back to us, their business and consumers
- Evaluation and review—we expect service providers to periodically evaluate and review the effectiveness of their consumer engagement processes.

### More information

This consumer engagement guideline for network service providers is available on our website at <http://www.aer.gov.au/node/18894>.

This guideline forms part of the Better Regulation program. We initiated this program following changes to the regulatory framework in late 2012. The program includes seven new guidelines that outline our revised approach to determining electricity network revenues and prices, and our establishment of the Consumer Challenge Panel.

For more information on the Better Regulation program please visit our website [www.aer.gov.au/better-regulation-reform-program](http://www.aer.gov.au/better-regulation-reform-program).

Our website also has more information on the consumer Challenge Panel at <http://www.aer.gov.au/about-us/consumer-challenge-panel>.