

Assessment of Engagement Component of BRH

We are supportive of the Handbook's objective to *Incentivise proposals that reflect consumer preferences and are capable of acceptance.*

Key Benefits

- Provides clarity on the AER's expectations around engagement and will lead to improved levels of consumer engagement undertaken across network businesses and therefore better customer outcomes.
- Consistent with what we consider are the appropriate objectives for a business proposal
 - Delivering for current and future customers
 - Underpinned by effective engagement; and
 - Is capable of acceptance by customers and stakeholders

Areas for further clarification

- Understanding how the AER defines 'consumers', 'consumer advocates' and 'stakeholders'
- We would welcome further advice around the role of broader stakeholder groups such as social service organisations, local councils and community groups. Quality engagement programs involve a breadth of stakeholders.
- Noting that most networks commence the engagement programs at least 18 months out from submission, should we expect that the AER and CCP is willing to be involved this far in advance?

Assessment of Regulatory Depreciation Component of BRH

Key Benefits

- Acknowledgment that although mature, gas is facing challenges in respect of future demand
- Agree that changes to depreciation profile can be warranted post asset investment

Areas for further clarification

- We are undertaking significant engagement on Future of Gas for our Victorian networks, which includes price impacts
- Our proposal will include changes to the depreciation profile but aims for no net price increase
- If customers/stakeholders agree there is an issue, and agree with proposed response, then business still eligible for streamlined review

Summary

- Customers/Stakeholders/Business understand and agree on key issues/activities
- Effective engagement framework developed including use of co-design
- A range of potential options considered and presented, including price impacts
- Capable of acceptance ultimately means that the issue/activity, when conserved on its own and alongside the total package of initiatives, including their price impact, is acceptable to customers and stakeholders