

## Attachment 7.2

# Opex business cases

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SA Final Plan July 2021 – June 2026

July 2020

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# SA140 – Vulnerable Customer Assistance Program

## 1.1 Project approvals

Table 1.1: Business case SA140 – Project approvals

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<b>Reviewed by</b>	Chris Hewson, Head of Customer Growth
<b>Approved by</b>	Andrew Staniford, Chief Customer Officer

## 1.2 Project overview

Table 1.2: Business case SA140 – Project overview

<b>Description of the problem / opportunity</b>	<p>Traditionally, the provision of assistance to vulnerable customers has been the domain of retailers, not-for-profit organisations and governments. It has, however, become clear through our stakeholder engagement process, the development of the Energy Charter (which AGIG is a signatory to), the Consumer Policy Research Centre's (CPRC) recent work for the AER on customer vulnerability and the COVID-19 pandemic, that we also have a role to play in supporting our vulnerable customers and that this is becoming an increasingly important element of our social licence to operate.</p> <p>This is reflected in the feedback provided through our customer workshops, with 77% actively supporting a vulnerable customer assistance program at a cost of \$1-\$2 pa on their bill and another 19% being slightly to moderately supportive of such a program. It is also reflected in the feedback our other stakeholders have provided, including the SA Energy and Water Ombudsman.</p> <p>Importantly, the provision of support to our vulnerable customers is not just part of our social licence to operate. Rather, it is embodied in the National Gas Objective and is also consistent with good industry practice and what would be expected of a prudent and efficient service provider. It is also required from a risk management perspective, with the untreated risks associated with the Reputation &amp; Customers and People risk categories being rated as Moderate.</p> <p>To help inform the development of a holistic package of measures to support our vulnerable customers, we conducted a co-design workshop in late 2019. This workshop was attended by representatives from a number of community organisations, peak bodies in the social service sector and the public sector. We have also examined the measures that gas distribution networks in the UK have implemented to support their vulnerable customers.</p> <p>Through these two processes we have identified a number of measures that we could implement, the objectives of which are to:</p> <ul style="list-style-type: none"> <li>• develop a better understanding of our vulnerable customers' needs and put in place measures to support them when we have direct interactions;</li> <li>• be more proactive in situations where customers are vulnerable by providing some explicit funding for gas appliance safety checks, emergency appliance repairs and purchases of more efficient gas appliances;</li> <li>• do more in the community to raise the level of energy literacy and provide customers with tools to manage their expenditure on energy; and</li> <li>• be present in the customer vulnerability/affordability debate through advocacy.</li> </ul> <p>Five of the identified measures will be funded through our existing operating expenditure allowance (i.e. reviewing the impact of our activities on vulnerable customers training our frontline staff, improving our communications, policy advocacy and doing more to improve energy literacy). This business case therefore focuses on the remaining measures, which would require an increase in our opex.</p>
<b>Untreated risk</b>	As per APA risk matrix = <b>Moderate</b>

Options considered	<ul style="list-style-type: none"><li>• <b>Option 1</b> – Do not implement any additional measures to support our vulnerable customers.</li><li>• <b>Option 2</b> – Implement all of the identified measures at a cost of \$1.2 m pa.</li><li>• <b>Option 3</b> – Implement a sub-set of the identified measures at a cost of \$0.75 m pa.</li></ul> <p>The key difference between options 2 and 3 is that the sub-set excludes one of the measures that was identified in the co-design workshop as requiring further review (i.e. the establishment of a dedicated education centre). It also provides for the establishment of a dedicated vulnerable customer role, rather than a vulnerable customer unit.</p>														
Proposed solution	<p>Option 3 is the proposed solution. This option involves the following measures:</p> <ul style="list-style-type: none"><li>• the establishment of a dedicated vulnerable customer service role within AGN, which will be responsible for resolving complaints involving our vulnerable customers, liaising with community organisations, developing referral programs for our customer service teams and other aspects of the program.</li><li>• the development of a priority services register using the upgraded Customer Relationship Management (CRM) system – this register will form the basis for the provision of a range of priority services to our vulnerable customers, including the provision of advance notice of planned outages, priority support in an emergency and/or a dedicated liaison person where required; and</li><li>• the provision of funding for:<ul style="list-style-type: none"><li>• gas appliance safety checks and emergency appliance repairs for our vulnerable customers; and</li><li>• rebates to help our vulnerable customers access more efficient appliances.</li></ul></li></ul> <p>Together the measures in this option will improve the customer experience for our vulnerable customers and will also reduce the financial barriers that some vulnerable customers may face in terms of utilising gas more efficiently and/or ensuring their appliances are operating in a safe and reliable manner.</p> <p>This option also reduces the risks associated with the Reputation &amp; Customer, People and Finance risk categories to low-negligible, because it reduces the risk:</p> <ul style="list-style-type: none"><li>• we inadvertently exacerbate the disadvantage our vulnerable customers face, which could result in a significant deterioration in customer satisfaction and our reputation in the broader community;</li><li>• our frontline staff are exposed to additional pressure and stress, which could result in a higher levels of occupational health and safety (OH&amp;S) issues; and</li><li>• that we have to pay compensation and/or incur other costs resolving complaints involving vulnerable customers and dealing with higher levels of OH&amp;S issues amongst our staff.</li></ul> <p>Option 3 is the preferred option because it will provide the support our vulnerable customers require, while also reducing the untreated risk from moderate to low in a more cost-effective manner than the other options. It also represents a measured approach to providing support to our vulnerable customers, with clear targets that can be realised in the next AA period that are consistent with our vision and our customers’ expectations that we will do more to support our vulnerable customers.</p> <p>Finally, it is worth noting that we do <b>not</b> intend to ‘go it alone’ on the measures described above. Rather, we intend to continue collaborating with community organisations, government agencies and other parts of the energy supply chain to ensure the assistance we provide is best practice and appropriately targeted.</p>														
Estimated cost	<p>The forecast direct cost (excluding overhead) during the next five-year period (July 2021 to June 2026) is \$0.75 m pa.</p> <table><tr><th>\$’000 real 2019/20</th><th>21/22</th><th>22/23</th><th>23/24</th><th>24/25</th><th>25/26</th><th>Total</th></tr><tr><td>Option 3</td><td>890.0</td><td>715.0</td><td>715.0</td><td>715.0</td><td>715.0</td><td>3,750.0</td></tr></table>	\$’000 real 2019/20	21/22	22/23	23/24	24/25	25/26	Total	Option 3	890.0	715.0	715.0	715.0	715.0	3,750.0
\$’000 real 2019/20	21/22	22/23	23/24	24/25	25/26	Total									
Option 3	890.0	715.0	715.0	715.0	715.0	3,750.0									

	<p>Note that the forecast cost of developing the priority service register assumes that the proposed upgrade of the CRM system is approved (see Attachment 8.8 Business Case SA137). If this does not occur, then revisions to the forecast costs will be required to account for the system related costs associated with developing the register.</p>
<b>Basis of costs</b>	<p>All costs in this business case are expressed in real unescalated dollars at December 2019 unless otherwise stated.</p>
<b>Alignment to our vision</b>	<p>Option 3 aligns with the following elements of our vision:</p> <ul style="list-style-type: none"> <li>• <i>Delivering for Customers</i> – the option will result in a more responsive customer environment and improvements in the customer experience for our vulnerable customers;</li> <li>• <i>A Good Employer</i> – the option will reduce the pressure and stress that our frontline staff may face; and</li> <li>• <i>Sustainably Cost Efficient</i> – this option is consistent with our objective to behave in a socially responsible manner.</li> </ul>
<b>Consistency with the National Gas Rules (NGR)</b>	<p>Option 3 complies with the following National Gas Rules (NGR):</p> <p><b>NGR 91</b> – The proposed solution is consistent with good industry practice, as reflected in the work recently undertaken by the CPRC for the AER, the Energy Charter (which was developed in conjunction with consumers) and the activities undertaken by our counterparts in the UK. It is also consistent with what a prudent service provider acting efficiently to achieve the lowest sustainable cost of service delivery would do, with two practicable options having been considered to address the identified risks and the least cost option being selected.</p> <p><b>NGR 74</b> – The forecast costs for the vulnerable customer role, development of a priority register and management of the appliance program are based on internal labour costs, while the costs of the appliance program are based on our knowledge of standard gas fitter rates and appliance costs. The project options consider our vulnerable customer requirements, which have been informed by our stakeholder engagement process and the co-design workshop conducted with participants with extensive experience in this area. The estimate has therefore been arrived at on a reasonable basis and represents the best estimate possible in the circumstances.</p> <p>Option 3 is also consistent with the National Gas Objective (NGO) because it promotes the long term interests of our customers with respect to price, quality, safety and reliability. Elements of Option 3 will also promote the efficient use of and investment in the network, consistent with the revenue and pricing principles.</p>
<b>Treated risk</b>	<p>As per APA risk matrix = <b>Low</b></p>
<b>Stakeholder engagement</b>	<p>We are committed to operating our networks in a manner that is consistent with the long-term interests of our customers. To facilitate this, we conduct regular stakeholder engagement to understand and respond to the priorities of our customers and stakeholders. Feedback from stakeholders is built into our asset management considerations and is an important input when developing and reviewing our expenditure programs.</p> <p>Our customers have told us their top three priorities are price/affordability, reliability of supply, and maintaining public safety. They have also told us that helping those in need is important and that they support us providing more support to our vulnerable customers at a cost of \$1-\$2 pa on their bill.</p> <p>The proposed Vulnerable Customer Assistance Program is a new initiative for the next AA period that will:</p> <ul style="list-style-type: none"> <li>• improve the customer experience for our vulnerable customers and minimise the risk that we inadvertently exacerbate the disadvantage they face; and</li> <li>• reduce the financial barriers that some vulnerable customers face in terms of utilising gas more efficiently and therefore reducing their gas bill and/or ensuring their appliances are operating in a safe and reliable manner.</li> </ul> <p>The proposed program is therefore consistent with what our customers value (i.e. helping those in need and affordability). The forecast cost of the program, when expressed on a total cost per customer per annum basis (\$1.50 per annum), is also in line with what our customers told us they would be prepared to pay to provide this support (i.e. \$1-\$2 per annum).</p>



#### Other relevant documents

- Attachment 5.4 – KPMG Co-design Report
- Attachment 8.8 – Capex Business Cases (Business Case SA137 Digital customer experience)

## 1.3 Background

The SA natural gas distribution networks currently deliver gas to over 450,000 customers, a reasonable proportion of which are 'vulnerable customers'. The term 'vulnerable customers' is used in this context to refer to customers that are experiencing financial hardship, or that are susceptible to other harm, detriment or disadvantage because they are in vulnerable circumstances.

A customer may, for example, be considered to be in vulnerable circumstances because they are elderly, physically or intellectually disabled, chronically ill, suffering from mental health issues, experiencing domestic violence, have low levels of literacy, or are from lower socio-economic, cultural or linguistically diverse backgrounds. For some customers, the circumstances of vulnerability can be permanent (e.g. due to chronic health conditions, poverty or language barriers), while for others it may be transient (e.g. due to short-term unemployment, relationship breakdown).<sup>1</sup>

While it is difficult to know precisely how many of our South Australian customers are vulnerable, the AER has estimated that at the end of 2019, approximately 1.4% of South Australian residential gas users (~6,150 customers) were on a retailer financial hardship program. This is almost double the average for residential gas users in the east coast (0.76%).<sup>2</sup> Other indicators of customer vulnerability referred to in the research recently conducted by the Consumer Policy Research Centre (CPRC) for the AER on regulatory approaches to consumer vulnerability (see Box 1.1), suggest that amongst the broader Australian population:<sup>3</sup>

- 2 in 3 experience some form of financial stress at some point in their life.
- 1 in 5 have a disability;
- 1 in 5 National Debt Helpline callers with energy issues in 2019 were experiencing mental health problems;
- 1 in 6 women have experienced physical and/or sexual violence;
- 1 in 5 speak a language other than English at home; and
- 44% have literacy levels below what is considered enough to get by in everyday life.

<sup>1</sup> CPRC, Exploring regulatory approaches to consumer vulnerability – A report for the AER, February 2020, p. 21.

<sup>2</sup> AER, Retail Markets Quarterly, Q2 2019-20, March 2020, p. 8.

<sup>3</sup> CPRC, Exploring regulatory approaches to consumer vulnerability – A report for the AER, February 2020, p. 5.

Box 1.1: Consumer Policy Research Centre - Exploring regulatory approaches to consumer vulnerability

In 2019, the AER commissioned a report on regulatory approaches to consumer vulnerability. The report, which was prepared by the CPRC, recommended the AER work with consumers, industry, community organisations and other regulators to develop a customer vulnerability strategy. In doing so, the CPRC noted that:<sup>4</sup>

*"Consumer vulnerability is in the spotlight following Australian and UK reviews of retail energy markets and other sectors, which revealed complex and strategically confusing or exploitative marketing practices, and egregious conduct in banking and insurance, as documented by the Financial Services Royal Commission.*

*Other inquiries (for example, the Victorian Family Violence Royal Commission) have also shown how essential service providers can exacerbate harm if they do not respond in an informed, sensitive way to the personal circumstances of their customers.*

*Vulnerability can be addressed at multiple stages of the customer journey. While many regulators and legal frameworks have traditionally focused on debt and payment difficulty, some are also looking more closely at the design of products and services, to help create inclusive markets where people can secure what they need at a fair price, without being excluded or taken advantage of. This approach has the potential to deliver deeper, more comprehensive market change and positive consumer outcomes."*

Elaborating further on the steps that can be taken across the customer journey, the CPRC noted that:<sup>5</sup>

*"From a market-outcomes perspective, it is efficient and effective for regulators, government, community organisations and industry to prioritise early and pre-emptive interventions wherever possible, rather than focusing on 'bottom of the cliff' measures that wait for problems to emerge or become more advanced."*

Traditionally, the provision of assistance to vulnerable customers in the energy sector has been left to retailers, not-for-profit organisations and governments. It has, however, become clear through our stakeholder engagement process, the development of the Energy Charter, the Financial Services Royal Commission and the CPRC's work for the AER, that networks also have a role to play in supporting vulnerable customers and that this is becoming an increasingly important element of our social licence to operate.

For example, through the stakeholder engagement process conducted as part of the July 2021 to June 2026 AA process, our stakeholders told us that we should be providing better support to vulnerable customers. Specifically, 77% of the participants in our customer workshops, actively supported a vulnerable customer assistance program at a cost of \$1-\$2 per annum on their bill, with a number noting that supporting vulnerable customers was "the right thing to do". Of the remaining 23% of customer workshop participants, 19% were moderately to slightly supportive, while 3% did not support the adoption of an assistance program.<sup>6</sup>

<sup>4</sup> *ibid*, p. 3.

<sup>5</sup> *ibid*, p. 8.

<sup>6</sup> Note that the numbers don't add due to rounding.

Amongst our other stakeholders, there has been broad support for the adoption of a vulnerable customer assistance program. Our South Australian Reference Group and Retailer Reference Group, for example, supported the proposal but wanted to see more detail on what this would involve in our Final Plan. The South Australian Energy Water Ombudsman (EWOSA) also noted the importance of this type of program in its response to our Draft Plan:<sup>7</sup>

*"We see much evidence of the challenges some customers are facing in South Australia and believe that supporting vulnerable customers is a high priority for the energy and water sector."*

The importance that our customers and other stakeholders place on supporting vulnerable customers is consistent with our vision and values and, in particular, our commitment to being socially responsible and delivering for our customers. It is also consistent with one of the key principles of the Energy Charter, which is to support customers facing vulnerable circumstances (see Box 1.2 for more detail).

The importance of supporting vulnerable customers has become even clearer through the COVID-19 pandemic, with a greater number of our customers facing financial hardship and other vulnerable customers facing greater pressures. To help reduce the burden posed by the pandemic, AGN has worked with other networks in South Australia, Victoria and NSW to develop a relief package, which amongst other things provides for network charges to be deferred or rebated for residential customers that default as a result of COVID-19.<sup>8</sup>

The relief that we have been able to provide our customers during this period highlights the important role that networks can play in supporting vulnerable customers, which as discussed in further detail below can take a variety of forms. It also highlights the responsibility that all parts of the supply chain have to operate in a socially responsible manner and in the long term interests of consumers, consistent with the National Gas Objective.

Box 1.2: Energy Charter – Principle 5: Supporting customers facing vulnerable circumstances

One of the five key principles of the Energy Charter is that signatories support customers facing vulnerable circumstances. To fulfill this principle, the Charter states that energy businesses should:

- Have processes to enable early identification of and engagement with customers at risk, coupled with intervention measures to prevent customers falling into hardship.
- Provide products and services that are tailored to customers facing vulnerable circumstances and support them to get back on track.
- Provide flexible solutions that are easy to access and are provided by specially trained frontline staff with expertise in supporting those customers who face additional barriers.
- Take a collaborative approach, partnering across the energy supply chain and with government and community organisations to implement

<sup>7</sup> Energy Water Ombudsman SA, Submission to the AGN Consultation on the Draft Plan, 17 April 2020.

<sup>8</sup> ENA, Energy network relief package announced, 2 April 2020.



innovative solutions that improve outcomes (affordability or experience) for customers facing vulnerable circumstances.

As noted in the Energy Charter:<sup>9</sup>

*"Identification and early engagement with customers at risk of vulnerability can help to avoid longer term issues. This may include proactively ensuring that customers are accessing the best products for them, advice on flexible payment options and energy debt, helping customers manage and reduce their energy consumption and encouraging early contact when assistance is required.*

*The most sustainable outcomes may be where customers are partners in developing the solution. Frontline staff who are the first point of contact for customers must be trained and empathetic about the varied and underlying causes of vulnerability, and skilled in facilitating the right conversations with customers.*

*While energy businesses cannot solve the underlying issues impacting customers, they are an important point of contact to help customers access the support services they need. Forging strong relationships with community service organisations and government will assist in connecting customers quickly to the right support services.*

*These relationships should be leveraged for advocacy and collaboration, to develop consistency and best practice across support programs and to support policies that will be in the best interests of customers."*

### 1.3.1 What support could AGN provide vulnerable customers?

AGN does not currently have any formal programs in place to support our vulnerable customers; rather support is provided on a case-by-case basis when we become aware that customers may have specific needs.

To get a better understanding of the type of support that we could provide, we conducted a co-design workshop in January 2020 and invited a range of stakeholders that have extensive experience working with vulnerable individuals and communities to participate.

We have also undertaken a review of what gas distribution networks in the UK have done to support their vulnerable customers. The key points emerging from the co-design workshop and our review of what other networks have done are outlined below. Further detail on the outcomes of the co-design workshop can be found in Appendix A.

#### Co-design workshop

The co-design workshop was attended by representatives from a number of not-for-profit organisations, peak bodies, the public sector, energy retailers and AGN. A number of observers from AGN and the Consumer Challenge Panel were also present.

Through this workshop, participants identified a number of ways in which AGN could:

- develop a better understanding of its vulnerable customers and their needs;
- be more proactive in situations where customers are vulnerable;

<sup>9</sup> The Energy Charter, January 2019, p. 18.

- do more in the community to support vulnerable customers through engagement, education and outreach programs; and
- be present in the affordability debate.

Of the initiatives identified in the workshop, participants recommended that AGN:

- **progress** with consideration of the following ideas:
  - establish either:
    - a dedicated vulnerable customer role that is responsible for managing contact with vulnerable customers; or
    - a dedicated vulnerable customer unit that is responsible for managing contact with vulnerable customers and implementing a vulnerable customer strategy (e.g. to identify opportunities to make products and services more accessible to vulnerable customers and create a voice for them in decision-making);
  - train staff to engage with vulnerable customers with empathy and sensitivity and to be able to refer them to dedicated support services where required;
  - develop a register of vulnerable customers, potentially in partnership with retailers, so that customers do not need to self-identify as vulnerable;
  - support vulnerable customers to access more efficient appliances through, for example, cash grants, partnering arrangements with manufacturers, auditing the efficiency of individual appliances, or conducting household energy audits;
  - establish an education facility and program, potentially in partnership with the SA Government, other utilities, energy retailers, or other stakeholders; and
  - improve engagement with multicultural communities by making communications available in multiple languages and potentially presenting on ethnic radio stations.
- **review** the following ideas prior to pursuing further:
  - work with retailers to introduce a 'pay it forward' or financial donation scheme so that other customers can assist vulnerable customers; and
  - advocate for higher concessions and government allowances.

In this workshop we informed participants that the latter two initiatives were not really options that we could implement. We do, however, think there is merit in AGN being present in the customer vulnerability debate and working collaboratively with others to support policies that are in the best interests of consumers.

### What support have networks in other jurisdictions provided?

In contrast to Australia, gas and electricity networks in the UK have been providing specialised support to their vulnerable customers for some time, which is funded through their regulated price control mechanism and actively monitored by Ofgem.

The support provided by networks in the UK, is principally carried out through a priority services register, which is a network specific confidential register of customers requiring priority services. The priority services provided to the customers on this register are intended to help with access, safety and communication and, include, amongst others:<sup>10</sup>

<sup>10</sup> <https://www.ofgem.gov.uk/consumers/household-gas-and-electricity-guide/extra-help-energy-services/priority-services-register>

- the provision of information in an accessible format, including information on how to understand and manage costs and consumption and how to switch to other retailers;
- advance notice of planned outages;
- priority support in an emergency (e.g. the provision of alternative heating and cooking facilities in the event of a supply interruption);
- meter reading services at more regular intervals; and
- free gas safety checks every 12 months.

In addition to priority services, gas networks such as Northern Gas Networks, have implemented a range of other initiatives to support vulnerable customers, including:<sup>11</sup>

- providing connections to fuel poor customers;
- conducting carbon monoxide and energy efficiency awareness campaigns and providing referrals for further help with in-house measures;
- providing funding to charities to provide services to hard-to-reach customers; and
- working with specialist organisations to train staff to help identify signs of vulnerability and to provide appropriate support and referrals.

In its framework decision for the upcoming price control review (referred to as RIIO-2), Ofgem has reiterated the importance of networks supporting vulnerable customers:<sup>12</sup>

*"Our objective for RIIO-2 is to ensure that regulated network companies deliver the value for money services that both existing and future consumers want. In particular, that the price controls:*

- *Give due attention to mitigating the impact of networks on the environment*
- *Are designed so that networks play a full role in addressing consumer vulnerability issues."*

*"Our objectives also emphasise that networks must play a full role in addressing consumer vulnerability issues. We will achieve this by:*

- *Expecting network companies to set out in their business plans how they intend to assist consumers in vulnerable situations. Companies should develop these proposals using the insight that stakeholders can bring. We will take into account the quality of their proposals, and the views of stakeholders, in our assessment of business plans.*
- *Identifying and developing appropriate output measures for each sector to ensure companies play a full role in addressing consumer vulnerability...*
- *Exploring how we can use the innovation funding we provide to support projects that deliver benefits across the system. In particular, where those benefits may be most valuable for vulnerable consumers."*

### **1.3.2 What are we considering for the next AA period?**

As noted above, the provision of assistance to vulnerable customers has traditionally been the domain of retailers, not-for-profit organisations and government agencies. It is

<sup>11</sup> Northern Gas Networks, Customers in vulnerable situations strategy – A7 – NGN RIIO-2, 2019.

<sup>12</sup> Ofgem, RIIO-2 Framework Decision, 2018, pp. 4 and 7.



clear though from the feedback that our stakeholders have provided, the results of the co-design workshop, the Energy Charter and the CPR's recent work for the AER on customer vulnerability that, like our counterparts in the UK, we also have a role to play in supporting vulnerable customers. We intend therefore to implement a Vulnerable Customer Assistance Program in the next AA period.

The objectives of this program will be to:

- (a) Develop a better understanding of the needs of our vulnerable customers and put in place measures to support these customers when we have direct interactions either through our call centre, or in the field (e.g. when undertaking emergency repairs, installing new connections, or carrying out other capital works). This could involve:
  - developing a dedicated vulnerable customer role or unit within AGN, which would be responsible for all aspects of the Vulnerable Customer Assistance Program;
  - reviewing the end-to-end customer journey to identify where vulnerable customers are impacted by existing AGN activities or processes and using this information to identify ways to mitigate these impacts;<sup>13</sup>
  - developing a register that can be used to introduce a range of priority services for our vulnerable customers (e.g. providing advance notice of planned outages, providing priority support in an emergency and/or assigning a dedicated liaison person to a field team where required);
  - training our customer service and field based staff (including contractors) (jointly referred to as 'frontline staff') to:
    - engage with vulnerable customers with sensitivity and empathy about the varied and underlying causes of vulnerability; and
    - refer our vulnerable customers to:
      - the priority services and other initiatives available from AGN to support these customers; and
      - dedicated support services where required; and
  - improving communications with our vulnerable customers, including by:
    - providing information in an accessible format (including for those with low levels of computer literacy) and in multiple languages; and
    - developing communication material aimed at improving the energy literacy of vulnerable customer groups.
- (b) Be more proactive in situations where customers are vulnerable, by for example, providing funding for gas appliance safety checks, emergency appliance repairs and purchases of more efficient appliances.
- (c) Do more in the community to raise the level of energy literacy and provide customers with tools to manage their expenditure on energy.
- (d) Be present in the customer vulnerability/affordability debate and work collaboratively with others to support policies that are in the best interests of consumers.

The table on the following page provides further detail on the measures that we could implement to achieve these objectives and the benefits they are expected to provide our vulnerable customers. Grey shading is used in this table to identify those measures that we intend to fund from our existing operating expenditure allowance. Blue shading, on

<sup>13</sup> We could for example, consider the impacts our road opening works have on local communities and individuals in vulnerable circumstances (e.g. those with mobility or visual disabilities) and the measures that could be employed to mitigate those impacts (e.g. having a team member on site that could assist these individuals bypass the road works).

the other hand, is used to identify those measures that participants in the co-design workshop suggested should be subject to further review given the potential costs.

It is important to note that we don't intend to 'go it alone' on the measures set out in Table 1.3. Rather, we intend to continue collaborating with community organisations, government agencies and other parts of the energy supply chain to ensure the assistance we provide is best practice and appropriately targeted. We intend, for example, to work collaboratively with others to:

- develop a better understanding of the needs of our vulnerable customers and reviewing our end-to-end processes, so that we can be more responsive and improve their customer experience;
- help identify those customers that would benefit from free gas appliance safety checks, appliance repairs or rebates for more efficient appliances;
- develop and deliver community based education and awareness programs; and
- undertake policy advocacy on behalf of our vulnerable customers.

The other important point to note about the measures in Table 1.3 is that they are not intended to replace or duplicate the support that is already available to vulnerable customers. Rather, they are intended to complement and supplement existing measures.

Table 1.3: Measures to support vulnerable customers

Objective	Potential initiatives	Benefits to vulnerable customers
Understanding our vulnerable customers better through customer relationship management, priority services and empathy in service delivery	<p>Establish either a dedicated vulnerable customer</p> <ul style="list-style-type: none"> <li>i. role within AGN, by hiring 1 full time employee; or</li> <li>ii. unit within AGN, by hiring 2-3 full time employees.</li> </ul> <p>Apart from being responsible for resolving complaints involving our vulnerable customers, any role or unit established would be responsible for liaising with customer advocate groups and other community service organisations, developing referral programs for our customer service teams to supporting agencies, and other aspects of the program.</p>	<p><b>Role:</b> The establishment of a vulnerable customer contact person within AGN would help vulnerable customers because they would get more focused and personalised customer service when complaints or concerns are raised. They are also more likely to express their concerns with a single contact, which will enable any concerns or complaints that they have to be addressed more rapidly.</p> <p><b>Unit:</b> If a vulnerable customer unit was developed within AGN (i.e. with two or more staff), then staff in the team could also work on improving the customer experience for vulnerable customers, ensuring that our products, services and experiences meet the needs of vulnerable customers and there is a voice for vulnerable customers in our decision-making.</p>
	Reviewing the end-to-end customer journey to identify where vulnerable customers are impacted by existing AGN activities or processes and identifying ways to mitigate these impacts	The implementation of any measures to mitigate the negative impacts our activities or processes can have on vulnerable customers will directly benefit these customers.
	Develop a priority services register using the upgraded CRM system that can then be used to provide priority services to our vulnerable customers (e.g. providing advance notice of planned outages, providing priority support in an emergency and/or assigning a dedicated liaison person to a field team where required). The upgraded CRM will also be used to implement and monitor the delivery of the priority services.	<p>This measure would benefit vulnerable customers because it would enable priority services to be delivered to vulnerable customers (e.g. providing advance notice of planned outages, providing priority support in an emergency and/or assigning a dedicated liaison person to a field team where required) and provide for a faster resolution of any complaints they may have, both of which will improve the customer experience.</p> <p>The development of a register of vulnerable customers would also mean customers do not need to self-identify as vulnerable, which could reduce the stigma associated with asking for support.</p>
	<p>Train frontline staff to engage with customers with empathy and sensitivity and to refer our vulnerable customers to:</p> <ul style="list-style-type: none"> <li>▪ the priority services and other initiatives available from AGN to support these customers; and</li> <li>▪ dedicated support services where required.</li> </ul>	<p>Training our call centre and field staff in this manner would result in a more responsive customer environment, improve the customer experience and reduce the risk we inadvertently exacerbate our customers' vulnerability. It would also mean that our staff are better able to recognise the indicators of vulnerability and, where appropriate, refer customers to the priority services we offer and other initiatives available from AGN to support these customers, and other dedicated support services, where required.</p> <p>This form of training may also reduce the pressure our frontline staff face when interacting with vulnerable customers and reduce complaints, because it would improve their understanding of the underlying causes of vulnerability.</p>
	<p>Improve our communications with vulnerable customers by:</p> <ul style="list-style-type: none"> <li>▪ improving the accessibility of our communications, including by making information available in multiple languages and accessible to those with low levels of computer literacy; and</li> <li>▪ developing communication material aimed at improving the energy literacy of vulnerable customer groups.</li> </ul>	Improving the way in which we communicate with our vulnerable customers would also improve their customer experience and reduce the risk that we inadvertently exacerbate their vulnerability through our interactions. The development of energy literacy material for this group would also help them to more informed decisions about how to reduce their energy consumption and bills,



Objective	Potential initiatives	Benefits to vulnerable customers
Be more proactive in situations where customers are vulnerable	Provide funding for: (a) gas appliance safety checks; and (b) emergency appliance repairs, for vulnerable customers.	<p>For vulnerable customers facing financial hardship, the cost of:</p> <ul style="list-style-type: none"> <li>obtaining a gas appliance safety check may be prohibitive, which may expose them to a greater risk of carbon monoxide poisoning or other safety issues; and</li> <li>emergency repairs for hot water systems, stoves or heating may also be prohibitive, which may mean they are unable to use these appliances for a period of time and therefore experience further hardship, or use it when it is not safe to do so and therefore face other safety issues.</li> </ul> <p>The proposed measures would remove these financial barriers for vulnerable customers and, in so doing, improve the safety and reliability of our vulnerable customers gas appliances and gas use.</p>
	Provide funding for rebates to help our vulnerable customers access more efficient appliances.	<p>In a similar manner to gas safety checks, the cost of switching to more efficient gas appliances may be considered prohibitive by some vulnerable customers. The proposed measure would reduce the financial barriers associated with switching to more efficient appliances and provide for reductions in gas bills. The use of newer appliances may also improve the safety with which gas is consumed.</p> <p>From a network perspective, these measures should result in more efficient utilisation of and investment in the network.</p>
Do more in community through engagement outreach and education programs	Work with retailers, community organisations and government agencies to develop and deliver education programs that are designed to improve energy literacy amongst different groups of vulnerable customers (including children) and provide them with tools to more effectively manage their consumption and bills (this could be done through a variety of channels, including ethnic radio).	If designed appropriately, these types of education and outreach programs can help vulnerable customers make more informed decisions about how to reduce their energy consumption and bills, and empower them to engage more effectively in the energy market.
	Develop an education and public engagement centre, or build on existing engagement activities at Hydrogen Park SA.	<p>The development of a centre could provide vulnerable customers and the broader community an opportunity to learn more about the safe, reliable supply of gas, how to reduce their energy consumption and bills, and empower them to engage more effectively in the energy market.</p> <p>Note that this was classified as requiring further review in the co-design workshop because of the additional resourcing costs associated with developing and operating a dedicated facility, with some participants noting that there would have to be sufficient community interest to warrant the investment.</p>
Be present in vulnerability/affordability debate	Advocate for vulnerable customers in rule change, regulatory and policy processes relating to customer vulnerability and affordability.	Working with community organisations, government agencies and other parts of the supply chain to support policies, rule changes and regulatory developments that are in the best interests of consumers could provide tangible benefits to these customers in terms of market design, service delivery and/or affordability.

Of the ten measures listed in Table 1.3, there are five that we intend to fund through our existing operating expenditure allowance (i.e. reviewing the impact of our activities and processes on vulnerable customers, training our frontline staff, improving our communications, community engagement to improve energy literacy and policy advocacy measures – see grey shaded cells). To implement any of the remaining measures, which are set out in Table 1.4, will require an increase in our operating expenditure allowance.

Table 1.4: Business case: Additional measures to support vulnerable customers

Objective	Potential initiatives
Understanding our vulnerable customers better through customer relationship management, priority services and empathy in service delivery	<p>a. Establish either:</p> <ul style="list-style-type: none"> <li>i. a dedicated vulnerable customer role within AGN; or</li> <li>ii. a dedicated vulnerable customer unit within AGN, with three staff.</li> </ul> <p>b. Develop a priority services register using the upgraded CRM system and introduce a range of priority services for our vulnerable customers (e.g. providing advance notice of planned outages, providing priority support in an emergency and/or assigning a dedicated liaison person to a field team where required).</p>
Be more proactive in situations where customers are vulnerable	<p>c. Provide funding for:</p> <ul style="list-style-type: none"> <li>i. gas appliance safety checks; and</li> <li>ii. emergency appliance repairs, for vulnerable customers.</li> </ul> <p>d. Provide funding for rebates to help our vulnerable customers access more efficient appliances.</p>
Do more in community through engagement outreach and education programs	e. Develop an education and public engagement centre

The remainder of this business case therefore assesses the costs, benefits and risks associated with implementing:

- all of the measures set out in Table 1.4, which includes the development of an education and public engagement centre and establishment of a dedicated vulnerable customer unit within AGN (i.e. measures (a)(ii), (b)-(e)); or
- a subset of the measures set out in Table 1.4, which excludes the development of an education and public engagement centre and provides for the establishment of a dedicated vulnerable customer role within AGN rather than a unit (i.e. measures (a)(i), (b)-(d)).

The business case also assesses the consistency of the identified option with our vision and values and the relevant provisions in the National Gas Law (NGL) and National Gas Rules (NGR).

Finally, it is worth noting that because this will be our first Vulnerable Customer Assistance Program, we intend to continue to work with participants from our co-design workshop on both the design and delivery of the individual measures that make up the final program over the remainder of 2020 and potentially into the next AA period. We also recognise that we may need to adjust the program during the next AA period if we find that some measures are more effective in supporting our vulnerable customers than others, or if new measures are identified through the period.

## 1.4 Risk assessment

Risk management is a constant cycle of identification, analysis, treatment, monitoring, reporting and then back to identification (as illustrated in Figure 1.1). When considering risk and determining the appropriate mitigation activities, we seek to balance the risk outcome with our delivery capabilities and cost implications. Consistent with stakeholder expectations, safety and reliability of supply are our highest priorities.

Our risk assessment approach focuses on understanding the potential severity of failure events associated with each asset and the likelihood that the event will occur. Based on these two key inputs, the risk assessment and derived risk rating then guides the actions required to reduce or manage the risk to an acceptable level.

Our risk management framework is based on:

- AS/NZS ISO 31000 Risk Management – Principles and Guidelines,
- AS 2885 Pipelines-Gas and Liquid Petroleum; and
- AS/NZS 4645 Gas Distribution Network Management.

The Gas Act 1997 and Gas Regulations 2012, through their incorporation of AS/NZS 4645 and the Work Health and Safety Act 2012, place a regulatory obligation and requirement on us to reduce risks rated high or extreme to low or negligible as soon as possible (immediately if extreme). If it is not possible to reduce the risk to low or negligible, then we must reduce the risk to as low as reasonably practicable (ALARP).

Seven consequence categories are considered for each type of risk:

- 1 **Health & safety** – injuries or illness of a temporary or permanent nature, or death, to employees and contractors or members of the public
- 2 **Environment** (including heritage) – impact on the surroundings in which the asset operates, including natural, built and Aboriginal cultural heritage, soil, water, vegetation, fauna, air and their interrelationships
- 3 **Operational capability** – disruption in the daily operations and/or the provision of services/supply, impacting customers
- 4 **People** – impact on engagement, capability or size of our workforce
- 5 **Compliance** – the impact from non-compliance with operating licences, legal, regulatory, contractual obligations, debt financing covenants or reporting / disclosure requirements
- 6 **Reputation & customer** – impact on stakeholders' opinion of AGN, including personnel, customers, investors, security holders, regulators and the community
- 7 **Financial** – financial impact on AGN, measured on a cumulative basis

A summary of our Risk Management Framework, including definitions, has been provided in Attachment 8.10.

Figure 1.1: Risk management principles





The risk events associated with not implementing any of the vulnerable customer support measures set out in Table 1.4 are that we could inadvertently exacerbate the financial hardship, harm, detriment or disadvantage that our vulnerable customers face, which could, in turn result in:

- a deterioration in customer satisfaction and our reputation amongst other stakeholders, regulators, governments and the community more generally;
- our frontline staff being exposed to additional pressure and stress, which may in turn, contribute to a higher level of occupational health and safety (OH&S) issues; and
- compensation and/or other dispute resolution costs having to be paid our vulnerable customers, as well as the costs associated with higher levels of OH&S issues amongst our staff.

The untreated risk<sup>14</sup> rating is presented in Table 1.5. Note that untreated risk in this case assumes that we will implement the measures identified in Table 1.3 as being capable of being funded through our existing operating expenditure allowance (i.e. reviewing the impact of our activities and processes on vulnerable customers, training our frontline staff, improving the accessibility of our communications, community engagement to improve energy literacy and policy advocacy). The ratings therefore measure the risk associated with not implementing any of the measures in Table 1.4.

Table 1.5: Risk rating – untreated risk

Untreated risk	Health & Safety	Environ-ment	Operations	People	Compliance	Rep & Customer	Finance	Risk
Likelihood	Remote	Remote	Remote	Occasional	Remote	Occasional	Unlikely	Moderate
Consequence	Minimal	Minimal	Minimal	Minor	Minimal	Significant	Minor	
Risk Level	Negligible	Negligible	Negligible	Low	Negligible	Moderate	Low	

The consequence of these risk events are reflected in the following risk categories:

- **Reputation & Customer:** The untreated risk in this case is rated as Moderate under the Risk Management Framework, because there is a risk that at least once every two years we will exacerbate the disadvantage faced by our vulnerable customers and would experience a sustained deterioration in customer satisfaction.
- **People:** The untreated risk in this case is rated as Minor under the Risk Management Framework, because there is a risk that at least once every two years the exposure of our frontline staff to additional pressure and stress will contribute to higher levels of OH&S issues.
- **Finance:** The untreated risk in this case is rated as Moderate under the Risk Management Framework because while unlikely, it is possible when certain circumstances prevail that the costs associated with resolving complaints involving our vulnerable customers and dealing with higher levels of OH&S issues could be in the order of \$1-\$5 million.

## 1.5 Options considered

The following options have been identified to address the risks outlined above and to play our part in supporting our vulnerable customers:

- Option 1 – Do not implement any of the measures set out in Table 1.4;

<sup>14</sup> Untreated risk is the risk level assuming there are no risk controls currently in place. Also known as the 'absolute risk'.

- Option 2 – Implement all the measures set out in Table 1.4, including establishing a dedicated vulnerable customer unit within AGN (i.e. measures (a)(ii), (b)-(e)); or
- Option 3 – Implement a subset of the measures set out in Table 1.4 (i.e. measures (a)(i), (b)-(d)).

The key difference between options 2 and 3 is that the sub-set excludes the development of an engagement/education facility and provides for the establishment of a dedicated vulnerable customer role, rather than a vulnerable customer unit.

### **1.5.1 Option 1 – Do nothing additional**

Under this option, none of the vulnerable customer assistance measures set out in Table 1.4 would be implemented. AGN would, however, still implement the following measures set out in Table 1.3, which as noted in section 1.3.2 would be funded from our existing operating expenditure allowance:

- reviewing the impact of our activities and processes on vulnerable customers,
- training our frontline staff to engage with customers with empathy and sensitivity;
- improving our communications with vulnerable customers and the accessibility of information (including making information available in multiple languages);
- working with community organisations, government agencies and retailers to develop and deliver energy literacy programs and tools to enable vulnerable customers to more effectively manage their gas consumption and bills; and
- advocating for vulnerable customers in rule change, regulatory and policy processes relating to customer vulnerability and affordability.

#### **1.5.1.1 Cost assessment**

There would be no additional upfront costs associated with this option. There may, however, be a range of indirect costs associated with this option for both our customers and our people. For example, not developing a priority services register and introducing priority services for our vulnerable customers could:

- inadvertently exacerbate the disadvantage faced by our vulnerable customers and therefore impose a cost on these customers; and/or
- expose our frontline staff to additional pressure and stress, which could result give rise to a range of OH&S issues.

While the first category of costs will be borne by our vulnerable customers, the second category will be borne by the network, the costs of which will be ultimately passed through to all users.

#### **1.5.1.2 Risk assessment**

Option 1 will not result in any change to the risk assessment, which as noted in section 1.4 is measured on the basis that AGN implements the improved communications, community engagement and advocacy measures, but none of the additional measures in Table 1.4. The risk associated with this option is therefore still considered Moderate (See Table 1.6), which is inconsistent with the requirements of our Risk Management Framework. It is also inconsistent with what one would expect of a prudent service provider.

Table 1.6: Risk assessment – Option 1

Option 1	Health & Safety	Environment	Operations	People	Compliance	Rep & Customer	Finance	Risk
Likelihood	Remote	Remote	Remote	Occasional	Remote	Occasional	Unlikely	Moderate
Consequence	Minimal	Minimal	Minimal	Minor	Minimal	Significant	Minor	
Risk Level	Negligible	Negligible	Negligible	Low	Negligible	Moderate	Low	

### 1.5.1.3 Alignment with AGN vision objectives

Table 1.7 shows how Option 1 aligns with our vision objectives.

Table 1.7: Alignment with AGN vision – Option 1

Vision objective	Alignment
Delivering for Customers – Public Safety	-
Delivering for Customers – Reliability	-
Delivering for Customers – Customer Service	N
A Good Employer – Health and Safety	N
A Good Employer – Employee Engagement	-
A Good Employer – Skills Development	-
Sustainably Cost Efficient – Working within Industry Benchmarks	-
Sustainably Cost Efficient – Delivering Profitable Growth	-
Sustainably Cost Efficient – Environmentally and Socially Responsible	N

As this table shows, Option 1 would **not** align with our objectives of *Delivering for Customers*, because it would not provide for the level of customer service that our vulnerable customers require and could result in lower levels of customer satisfaction and a greater number of complaints.

This option would also be inconsistent with our objective of being *A Good Employer*, because if, for example, we are not aware of the need to provide priority services to vulnerable customers in certain circumstances our frontline staff could be exposed to greater levels of pressure and stress. This could, in turn, expose them to a range of OH&S issues.

Option 1 would also be inconsistent with our objective of being *Sustainably Cost Efficient*, because the failure to implement specific measures to support our vulnerable customers would be socially irresponsible. As noted in section 1.3, it has become increasingly clear over the current AA period (including as a result of the Financial Services Royal Commission, the work the CPRC has recently carried out for the AER on customer vulnerability and our work on the Energy Charter) that networks should be providing support to our vulnerable customers and the failure to do so would put our social licence to operate at risk.

### 1.5.2 Option 2 – Implement all of the vulnerable customer assistance measures

Under this option, the vulnerable customer assistance program would comprise all of the measures listed in Table 1.4, which are as follows:

- establish a dedicated vulnerable customer **unit** within AGN (measure (a)(ii));



- develop a register using the upgraded CRM system that can be used to provide a range of priority services to our vulnerable customers (e.g. providing advance notice of planned outages, providing priority support in an emergency and/or assigning a dedicated liaison person to a field team where required) (measure (b));
- provide funding for:
  - gas appliance safety checks and emergency appliance repairs for vulnerable customers (measure (c)); and
  - rebates to help our vulnerable customers access more efficient appliances (measure (d)); and
- develop an education and public engagement centre (measure (e)).

### 1.5.2.1 Cost assessment

The implementation of this option is estimated to cost \$1.2 million per annum over the next AA period. This estimate is based on the following:

- The establishment of a dedicated vulnerable customer unit is estimated to cost [REDACTED] per annum, which represents the cost of employing 2.5 full time equivalent (FTE) staff members at an annual cost of [REDACTED] per staff member.
- The development of a priority services register is estimated to cost [REDACTED], which is the cost of employing a FTE staff member for a year to set up the register. Note that this cost estimate assumes that the proposed upgrade of the CRM system is approved (see Attachment 8.8 Business Case SA137). If this does not occur, then revisions to the forecast costs will be required to account for the system related costs associated with developing the register.
- The provision of funding for gas safety checks, emergency appliance repairs, and rebates for more efficient appliances is estimated to cost \$540,000 per annum, which includes the cost of:
  - employing a FTE staff member to establish and manage this aspect of the program, which is estimated to cost [REDACTED] per annum;
  - conducting the gas safety checks, which is estimated to cost [REDACTED] per annum (this estimate assumes that it costs [REDACTED] per safety check and that 400 checks are funded each year);
  - providing funding for emergency appliance repairs, which is estimated to cost [REDACTED] per annum (this estimate assumes that it costs [REDACTED] per appliance repair and that 200 repairs are funded each year); and
  - providing rebates to help our vulnerable customers access more efficient appliances, which is estimated to cost \$125,000 per annum (this estimate assumes that rebates of \$1,250 are made available to 100 vulnerable customers each year).
- The development of an education and public engagement centre is estimated to cost \$187,500 per annum, which is based on the cost of leasing a dedicated space for the centre [REDACTED] and employing a staff member to work on a part time basis (based on a [REDACTED]) to manage the centre and conduct the programs.

Under this option:

- Internal resources would be used for the vulnerable customer unit, the development of the priority services register, the management of the appliance program and the management of the education and public engagement centre. The labour related costs are based on the costs of hiring equivalent roles within AGIG and reflects the total cost of employing a FTE staff member (including salary, superannuation, training and other onboarding costs), while the leasing costs are based on the costs that we incur leasing space in our Adelaide head office (which reflect prevailing lease costs in the Adelaide commercial leasing market).
- External resources would be used to deliver the appliance program (e.g. gas fitters would conduct safety checks and emergency appliance repairs). These costs are based on our knowledge of standard gas fitter rates and appliance costs.

Table 1.8: Cost estimate – Option 2, \$2019/20

Option 2		2021/22	2022/23	2023/24	2024/25	2025/26	Total
Vulnerable customer team							
Initial development of priority services register			\$0	\$0	\$0	\$0	
Management of vulnerable customer appliance program							
Gas safety checks	Cost per safety check						
	No. of checks	400	400	400	400	400	
	Total cost						
Emergency appliance repairs	Cost per repair						
	No. of repairs	200	200	200	200	200	
	Total cost						
Rebates	Cost per rebate	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	
	No. of rebates	100	100	100	100	100	\$625,000
	Total cost	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	
Education centre	Lease costs	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000
	Part time staff						
Total		\$1,340,000	\$1,165,000	\$1,165,000	\$1,165,000	\$1,165,000	\$6,000,000
Cost per annum							\$1,200,000

Tables may not sum due to rounding



Table 1.9: Cost estimate – Option 2, \$'000 real 2019

Option 3	2021/22	2022/23	2023/24	2024/25	2025/26	Total
Capex	-	-	-	-	-	-
Opex	1,340.0	1,165.0	1,165.0	1,165.0	1,165.0	6,000.0
<b>Total</b>	<b>1,340.0</b>	<b>1,165.0</b>	<b>1,165.0</b>	<b>1,165.0</b>	<b>1,165.0</b>	<b>6,000.0</b>

The key driver for this option is the provision of support for our vulnerable customers. The main benefits of this option are that it will:

- result in a more responsive customer environment and improve the customer experience for our vulnerable customers through the provision of priority services;
- provide for a more rapid resolution of complaints by having a dedicated unit to resolve the concerns and complaints raised by vulnerable customers, which will, in turn, reduce our financial related risks;
- reduce the financial barriers that some vulnerable customers face in terms of having access to safe, reliable and efficient appliances; and
- provide for a centre where dedicated education programs focused on improving energy literacy and providing vulnerable customers with the tools they require to reduce their bills can be conducted.

The provision of priority services to vulnerable customers will also reduce the pressure and our frontline staff may otherwise face in the absence of these services, which will reduce the OH&S and financial related risks.

It is worth noting in this context that it is unclear at this stage whether the development of a dedicated education and public engagement centre would give rise to significant additional benefits relative to the delivery of community based education and outreach initiatives. As noted in section 1.3 we intend to carry out these education and outreach initiatives in partnership with others and to fund these activities through our current operating expenditure allowance.

### 1.5.2.2 Risk assessment

This option reduces the risk from moderate to low. The residual risk outcomes are shown in Table 1.11.

Table 1.10: Residual risk – Option 2

Option 2	Health & Safety	Environ-ment	Operations	People	Compliance	Rep & Customer	Finance	Risk
Likelihood	Remote	Remote	Remote	Remote	Remote	Remote	Remote	Low
Consequence	Minimal	Minimal	Minimal	Minor	Minimal	Significant	Significant	
Risk Level	Negligible	Negligible	Negligible	Negligible	Negligible	Low	Low	

The implementation of all the measures in Table 1.4 reduces the likelihood of the Reputation & Customer, People and Finance related risk events occurring from occasional (may occur occasionally every two years) to remote (may occur if abnormal circumstances prevail). The risk consequence remains unchanged.

Reducing the overall risk to low is consistent with our Risk Management Framework.

### 1.5.2.3 Alignment with vision objectives

Table 1.12 shows how Option 2 aligns with our vision objectives.

Table 1.11: Alignment with vision – Option 2

Vision objective	Alignment
Delivering for Customers – Public Safety	-
Delivering for Customers – Reliability	-
Delivering for Customers – Customer Service	Y
A Good Employer – Health and Safety	Y
A Good Employer – Employee Engagement	-
A Good Employer – Skills Development	-
Sustainably Cost Efficient – Working within Industry Benchmarks	-
Sustainably Cost Efficient – Delivering Profitable Growth	-
Sustainably Cost Efficient – Environmentally and Socially Responsible	Y

As this table shows, Option 2 would align with our objectives of *Delivering for Customers*, because it would result in an improvement in customer service. Specifically:

- measures (a)(ii) and (b) would result in a more responsive customer environment, improve the customer experience for our vulnerable customers and provide for a more rapid resolution of complaints; and
- measures (c) and (d) would reduce the financial barriers that some vulnerable customers face in terms of utilising gas more efficiently and/or ensuring their appliances are operating in a safe and reliable manner.

Option 2 would also be consistent with our objective of being *A Good Employer*, because the provision of priority services to our vulnerable customers should reduce the pressure and stress our frontline staff and, in particular, our field staff, may otherwise face.

This option would also align with our objective of being *Sustainably Cost Efficient* because, as highlighted by the Financial Services Royal Commission, the CPRC's work on customer vulnerability and the Energy Charter, supporting vulnerable customers is becoming an increasingly important element of our social licence to operate. Undertaking the measures in this option would therefore be socially responsible.

Overall, when compared to Option 1, this option is expected to result in a higher level of:

- customer service provided to our vulnerable customers;
- health and safety for our employees; and
- social responsibility.

### 1.5.3 Option 3 – Implement a sub-set of the vulnerable customer assistance measures

Under this option, the vulnerable customer assistance program would comprise the following sub-set of the measures listed in Table 1.4:

- establish a dedicated vulnerable customer **role** within AGN (measure (a)(i));

- develop a register using the upgraded CRM system that can be used to provide a range of priority services to our vulnerable customers (e.g. providing advance notice of planned outages, providing priority support in an emergency and/or assigning a dedicated liaison person to a field team where required) (measure (b)); and
- provide funding for:
  - gas appliance safety checks and emergency appliance repairs for vulnerable customers (measure (c)); and
  - rebates to help our vulnerable customers access more efficient appliances for vulnerable customers (measure (d)).

### 1.5.3.1 Cost assessment

The implementation of this option is estimated to cost \$0.75 million per annum (real 2019) over the next AA period. This estimate is based on the following:

- The establishment of a dedicated vulnerable customer role estimated to cost [REDACTED] per annum, which represents the cost of employing an FTE staff member.
- The development of a priority services register is estimated to cost [REDACTED], which is the cost of employing a FTE staff member for a year to set up the register. Note that this cost estimate assumes that the proposed upgrade of the CRM system is approved (see Attachment 8.8 Business Case SA137). If this does not occur, then revisions to the forecast costs will be required to account for the system related costs associated with developing the register. We also note for the purposes of this business case and the opex step change we have put forward, we have included this as a one off cost only, but that once we implement we may find it is appropriate to have a resource to update and maintain the register on an ongoing basis.
- The provision of funding for gas safety checks, emergency appliance repairs, and rebates for more efficient appliances is estimated to cost \$540,000 per annum, which as outlined in section 1.5.2.1 includes the cost of:
  - employing a FTE staff member to establish and manage this aspect of the program, which is estimated to cost [REDACTED] per annum;
  - conducting the gas safety checks, which is estimated to cost [REDACTED] per annum (this estimate assumes that it costs [REDACTED] per safety check and that 400 checks are funded each year);
  - providing funding for emergency appliance repairs, which is estimated to cost [REDACTED] per annum (this estimate assumes that it costs [REDACTED] per appliance repair and that 200 repairs are funded each year); and
  - providing rebates to help our vulnerable customers access more efficient appliances, which is estimated to cost \$125,000 per annum (this estimate assumes that rebates of \$1,250 are made available to 100 vulnerable customers each year).

Under this option:

- Internal resources would be used for the vulnerable customer unit, the development of the priority services register and the management of the appliance program. The labour related costs are based on the costs of hiring equivalent roles within AGIG and reflects the total cost of employing a FTE staff member (including salary, superannuation, training and other onboarding costs).
- External resources would be used to deliver the appliance program (e.g. gas fitters would conduct safety checks and emergency appliance repairs). These costs are based on standard gas fitter rates and appliance costs.



Table 1.12: Cost estimate – Option 3, \$2019/20

Option 3		2021/22	2022/23	2023/24	2024/25	2025/26	Total
Vulnerable customer role							
Initial development of priority services register			\$0	\$0	\$0	\$0	
Management of vulnerable customer appliance program							
Gas safety checks	Cost per safety check						
	No. of checks	400	400	400	400	400	
	Total cost						
Emergency appliance repairs	Cost per repair						
	No. of repairs	200	200	200	200	200	
	Total cost						
Rebates	Cost per rebate	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	
	No. of rebates	100	100	100	100	100	\$625,000
	Total cost	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	
<b>Total</b>		<b>\$890,000</b>	<b>\$715,000</b>	<b>\$715,000</b>	<b>\$715,000</b>	<b>\$715,000</b>	<b>\$3,750,000</b>
Cost per annum							<b>\$750,000</b>

Tables may not sum due to rounding

Table 1.13: Cost estimate – Option 3, \$2019/20

Option 3	2021/22	2022/23	2023/24	2024/25	2025/26	Total
Capex	-	-	-	-	-	-
Opex	890.0	715.0	715.0	715.0	715.0	3,750.0
<b>Total</b>	<b>890.0</b>	<b>715.0</b>	<b>715.0</b>	<b>715.0</b>	<b>715.0</b>	<b>3,750.0</b>

The key driver for this option is the provision of support for our vulnerable customers. The main benefits of this option are that it will:

- result in a more responsive customer environment and improve the customer experience for our vulnerable customers through the provision of priority services;
- provide for a more rapid resolution of complaints by having a dedicated role to resolve complaints, which will, in turn, reduce our financial related risks; and
- reduce the financial barriers that some vulnerable customers face in terms of having access to safe, reliable and efficient appliances.

The provision of priority services to vulnerable customers will also reduce the pressure and our frontline staff may otherwise face in the absence of these services, which will reduce the OH&S and financial related risks.

### 1.5.3.2 Risk assessment

In a similar manner to Option 2, Option 3 reduces the risk from moderate to low (see Table 1.16).

Table 1.14: Risk assessment – Option 3

Option 3	Health & Safety	Environ-ment	Operations	People	Compliance	Rep & Customer	Finance	Risk
Likelihood	Remote	Remote	Remote	Remote	Remote	Remote	Remote	Low
Consequence	Minimal	Minimal	Minimal	Minor	Minimal	Significant	Significant	
Risk Level	Negligible	Negligible	Negligible	Negligible	Negligible	Low	Low	

The implementation of a sub-set of vulnerable customer measures reduces the likelihood of the Reputation & Customer, People and Finance related risk events occurring from occasional (may occur occasionally every two years) to remote (may occur if abnormal circumstances prevail). The risk consequence remains unchanged.

Reducing the overall risk to low is consistent with our Risk Management Framework.

### 1.5.3.3 Alignment with vision objectives

Table 1.17 shows how Option 3 aligns with our vision objectives.

Table 1.15: Alignment with vision – Option 3

Vision objective	Alignment
Delivering for Customers – Public Safety	-
Delivering for Customers – Reliability	-
Delivering for Customers – Customer Service	Y
A Good Employer – Health and Safety	Y
A Good Employer – Employee Engagement	-
A Good Employer – Skills Development	-

Vision objective	Alignment
Sustainably Cost Efficient – Working within Industry Benchmarks	-
Sustainably Cost Efficient – Delivering Profitable Growth	-
Sustainably Cost Efficient – Environmentally and Socially Responsible	Y

As this table shows, Option 3 would align with our objectives of *Delivering for Customers*, because it will result in an improvement in customer service. Specifically:

- measures (a)(i) and (b) would result in a more responsive customer environment, improve the customer experience for our vulnerable customers and provide for a more rapid resolution of complaints; and
- measures (c) and (d) would reduce the financial barriers that some vulnerable customers face in terms of utilising gas more efficiently and/or ensuring their appliances are operating in a safe and reliable manner.

Option 3 would also be consistent with our objective of being *A Good Employer*, because the provision of priority services to our vulnerable customers should reduce the pressure and stress our frontline staff and, in particular, our field staff, may otherwise face.

This option would also align with our objective of being *Sustainably Cost Efficient* because, as highlighted by the Financial Services Royal Commission, the CPRC's work on customer vulnerability and the Energy Charter, supporting vulnerable customers is becoming an increasingly important element of our social licence to operate. Undertaking the measures in this option would therefore be socially responsible.

Relative to the other options, Option 3 is expected to:

- Result in the level of customer service provided to our vulnerable customers being higher than it is under Option 1 and marginally lower than what it is under Option 2. Customer service is expected to be marginally lower under Option 3, because it involves establishing a vulnerable customer role rather than a unit, which would have at least an additional two staff.
- Result in the health and safety of our employees being higher than they are under Option 1, but equivalent to the levels under Option 2.
- Result in our level of social responsibility being higher than it is under Option 1 and marginally lower than what it is under Option 2. Our social responsibility is expected to be marginally lower because it does not involve the development of a dedicated education facility. As noted above, it is unclear at this stage whether a dedicated education centre would give rise to significant additional benefits, relative to the delivery of community based education programs and outreach initiatives, which we also intend to do in partnership with others within our current operating expenditure allowance. It is for this reason that the difference in social responsibility under the two options is only considered marginal.

## 1.6 Summary of costs and benefits

Table 1.18 presents a summary of how each option compares in terms of the estimated cost, the residual risk rating, and alignment with our vision objectives (these objectives encapsulate the benefits of the options).



Table 1.16: Comparison of options

Option	Estimated annual cost (\$ million 2019/20)	Treated residual risk rating	Alignment with vision objectives
Option 1	0	Moderate	Does not align with <i>Delivering for Customers, A Good Employer or Sustainably Cost Efficient</i>
Option 2	1.2	Low	Aligns with <i>Delivering for Customers, A Good Employer or Sustainably Cost Efficient</i>
Option 3	0.75	Low	Aligns with <i>Delivering for Customers, A Good Employer or Sustainably Cost Efficient</i>

## 1.7 Recommended option

Option 3 is the proposed solution. This solution involves:

- establishing a dedicated vulnerable customer role within AGN (measure (a)(i));
- develop a priority services register using the upgraded CRM system to enable a range of priority services for our vulnerable customers to be introduced (e.g. providing advance notice of planned outages, providing priority support in an emergency and/or assigning a dedicated liaison person to a field team where required) (measure (b)); and
- providing funding for:
  - gas appliance safety checks and emergency appliance repairs for vulnerable customers (measure (c)); and
  - rebates to help our vulnerable customers access more efficient appliances (measure (d)).

Together the measures in this option will improve the customer experience for our vulnerable customers and will also reduce the financial barriers that some vulnerable customers may face in terms of utilising gas more efficiently and/or ensuring their appliances are operating in a safe and reliable manner.

This option will also reduce the untreated risks associated with Reputation & Customer and Finance to low and the People risks to negligible, because it will reduce the risk that:

- we inadvertently exacerbate the financial hardship, harm, detriment or disadvantage that our vulnerable customers face;
- our frontline staff are exposed to additional pressure and stress, which could otherwise result in higher levels of OH&S issues; and
- that we have to pay compensation and/or incur other costs resolving complaints and dealing with higher levels of OH&S issues.

This project will be delivered using a combination of internal and external resources, with internal resources used for the vulnerable customer unit, the development of the priority services register and the management of the appliance program, while external resources will be used to deliver the appliance program.

### 1.7.1 Why is the recommended option prudent?

Option 3 is the most prudent option because it is:

- the most cost effective option that reduces risk to an acceptable level (i.e. from moderate to low):
  - Option 1 would not mitigate any of the risks associated with the Reputation & Customers, People and Financial categories identified in section 1.4.
  - Option 2 would also reduce the risk rating from moderate to low, but the costs of doing so are significantly higher than they are under Option 3. Further, the incremental benefits associated with some of the additional measures in Option 2 (i.e. the development of a vulnerable customer unit and a dedicated education and public engagement centre) do not appear to be significant enough to justify the additional expenditure at this stage. While this could change in the future, it is prudent in the first program to focus on those measures that will deliver the greatest benefit to our vulnerable customers in the least cost manner.
- consistent with our vision that we will deliver for customers and customer and stakeholder expectations that we will do more to improve the customer experience for our vulnerable customers and provide other support to these customers; and
- deliverable, as evidenced by similar work that we have done to engage with our customers, provide rebates for appliances and new connections and to work collaboratively with others to deliver aspects of the program.

Option 3 also represents a measured approach to providing support to our vulnerable customers, with clear objectives that can be realised in the next AA period, which is important given it will be our first Vulnerable Customer Assistance Program. The forecast cost of the program, when expressed on a total cost per customer per annum basis (\$1.50 per annum), is also in line with what our customers told us they would be prepared to pay to provide this support (i.e. \$1-\$2 per annum).

Finally, it is worth reiterating that we don't intend to 'go it alone' on the measures described above. Rather, we intend to continue collaborating with community organisations, government agencies and other parts of the energy supply chain to ensure the assistance we provide is best practice and appropriately targeted.

### 1.7.2 Estimating efficient costs

The forecast cost breakdown is shown in Table 1.19, while Table 1.20 explains the basis for these forecast costs. All the expenditure related to this project is opex. As Table 1.20 highlights, the internal labour costs have been based on the costs of hiring equivalent roles within AGIG and reflects the total cost (salary and on costs) of employing a FTE staff member.

The external costs on the other hand (i.e. the costs of conducting gas safety checks, emergency appliance repairs, procuring and installing new appliances) are based on standard gas fitter rates and appliance costs. As this is a new program for us we do not have standard unit rates based on historical costs that we can apply. We have instead used our knowledge of appliance and plumber costs. In implementing the program we will conduct a competitive tender to lock in these rates.

Table 1.17: Cost estimate – Option 3, \$2019/20

Option 3		2021/22	2022/23	2023/24	2024/25	2025/26	Total
Vulnerable customer role							
Initial development of priority services register			\$0	\$0	\$0	\$0	
Management of vulnerable customer appliance program							
Gas safety checks	Cost per safety check						
	No. of checks	400	400	400	400	400	
	Total cost						
Emergency appliance repairs	Cost per repair						
	No. of repairs	200	200	200	200	200	
	Total cost						
Rebates	Cost per rebate	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	
	No. of rebates	100	100	100	100	100	\$625,000
	Total cost	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	
Total		\$890,000	\$715,000	\$715,000	\$715,000	\$715,000	\$3,750,000
						Cost per annum	\$750,000



Table 1.18: Basis for cost estimates – Option 3

Option 3	
Internal labour costs	The FTE related cost estimates are based on the costs of hiring equivalent roles within AGIG and reflects the total cost of employing a FTE staff member (including salary, superannuation, training and other onboarding costs).
Gas safety checks	The cost of a gas safety check (████) is based on the standard cost for a gas fitter to carry out gas heater safety check in Adelaide, which has then been adjusted to reflect the fact that the safety check will also encompass hot water systems and stoves and that some checks will also be undertaken in regional areas of South Australia.
Emergency appliance repairs	The cost of emergency appliance repairs (████) is based on the standard call out fees for plumbers and gas fitters in South Australia and also includes an estimate of the cost of parts to undertake the repairs.
Rebates	The level of the rebate for new appliances reflects the costs of acquiring and installing a range of gas appliances (e.g. gas stove, gas hot water system or gas heater).
No. of safety checks, appliance repairs and rebates	The number of gas safety checks (400), emergency appliance repairs (200) and rebates (100) that are assumed to be undertaken in each year is based on a conservative estimate of the number of vulnerable customers that may require this type of assistance. In this regard, it is worth noting that according to estimates published by the AER approximately 1.4% of our customers (~6,150 customers) were on a retailer hardship program in 2019.

The following table shows the costs escalated into June 2021 dollars. The escalation includes inflation and the trend escalation factor (i.e. input cost, output growth and productivity) applied to our opex forecast.

Table 1.19: Escalated Vulnerable Customer Initiative cost estimate (\$'000 2020/21)

	2021/22	2022/23	2023/24	2023/25	2025/26	Total
Total unescalated (\$ Dec 19)	890.0	715.0	715.0	715.0	715.0	3,750.0
Escalation	25.9	24.0	27.5	31.9	36.0	207.6
<b>Total escalated (\$ Jun 21)</b>	<b>915.9</b>	<b>739.0</b>	<b>742.5</b>	<b>746.9</b>	<b>751.0</b>	<b>3,957.6</b>

### 1.7.3 Consistency with National Gas Rules and National Gas Law

In developing the forecast expenditure on the proposed Vulnerable Customer Assistance Program (i.e. Option 3), we have had regard to Rule 91 and Rule 74 of the NGR. With regard to all projects, and as a prudent asset manager/network business, we give careful consideration to whether opex is prudent and efficient from a number of perspectives before committing to fund new programs. We have also had regard to the National Gas Objective and revenue and pricing principles in the NGL.

#### NGR 91

The proposed solution is prudent, efficient, consistent with accepted and good industry practice and will achieve the lowest sustainable cost of delivering pipeline services:

- **Prudent** – The expenditure on the proposed Vulnerable Customer Assistance Program is necessary in order to support our vulnerable customers and reduce the untreated risks associated with the Reputation & Customers and Financial categories to low. The expenditure is also of a nature that a prudent service provider would incur, particularly given the growing awareness of the need to support vulnerable customers, as evidenced by the findings of the Financial Services Royal Commission, the CPRC's work for the AER on consumer vulnerability and the Energy Charter.

- **Efficient** – The measures forming part of the proposed Vulnerable Customer Assistance Program are the most practical and effective measures to support our vulnerable customers and to reduce the untreated risks from moderate to low. The proposed solution is also the most cost effective option. The expenditure is therefore of a nature that a prudent service provider acting efficiently would incur.
- **Consistent with accepted and good industry practice** – Implementing the proposed Vulnerable Customer Assistance Program would be consistent with good industry practice, as highlighted by:
  - a key element of the CPRC’s advice to the AER on regulatory approaches to consumer vulnerability, which is that:<sup>15</sup>

*"From a market-outcomes perspective, it is efficient and effective for regulators, government, community organisations and industry to prioritise early and pre-emptive interventions wherever possible, rather than focusing on 'bottom of the cliff' measures that wait for problems to emerge or become advanced."*

- the activities undertaken by gas and electricity networks in the UK to support their vulnerable customers, which are being encouraged by Ofgem; and
  - the Energy Charter, which AGN is a signatory to and which was developed in collaboration with consumer and customer representatives, including Energy Consumers Australia, and has as one of the five key principles supporting customers in vulnerable circumstances.
- **To achieve the lowest sustainable cost of delivering pipeline services** – The proposed Vulnerable Customer Assistance Program is necessary to provide the support our vulnerable customers require, which is in the long-term interests of all of our customers and our staff. Failure to implement this package could further exacerbate the vulnerability some of our customers face and give rise to a range of OH&S issues for our frontline staff. We may therefore incur additional costs over the longer term from not implementing the package. The project is therefore consistent with the objective of achieving the lowest sustainable cost of delivering services.

## NGR 74

The forecast costs for the vulnerable customer role, development of a priority register and management of the appliance program are based on internal labour costs, while the costs of the appliance program are based on standard gas fitter rates and appliance costs. The project options consider our vulnerable customer requirements, which have been informed by our stakeholder engagement process and the co-design workshop conducted with participants with extensive experience in this area. The estimate has therefore been arrived at on a reasonable basis and represents the best estimate possible in the circumstances.

## NGL

In addition to being consistent with rules 74 and 91, implementing a Vulnerable Customer Assistance Program will promote the long term interests of our customers, consistent with the NGO, because it will result in improvements to the quality, safety, reliability and security of supply to our vulnerable customers.

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<sup>15</sup> Consumer Policy Research Centre, Exploring regulatory approaches to consumer vulnerability – A report for the AER, February 2020, p. 8.

Elements of the program (e.g. rebates for more efficient appliances) will also promote more efficient use of and, in turn, more efficient investment in the network. This is consistent with both the NGO and revenue and pricing principles in the NGL.<sup>16</sup>

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<sup>16</sup> In particular, the principles set out in sections 24(3), (6) and (7).

## Appendix A – Proposed Initiative for Vulnerable Customers

### A.1. Staffing requirements

The FTE requirements for our Vulnerable Customer initiative would be:

- 1 FTE to establish and run the rebate program. This would involve initial design of the program, setting up a trade panel and negotiating supply and repair costs. They would be required to develop operating procedures and communicate internally and externally to ensure the program is directed to customer in vulnerable situations. This person would also run the program once implemented. Activities in the operational phase would include screening applications and referrals, liaising with Trade panel partners, works scheduling, auditing and reporting on program outcomes, customer feedback and process improvement.
- 1 FTE as a liaison officer with SA customer advocate groups and community service organisations, such as Financial Counsellors. As we implement vulnerable customer initiatives, there will be a requirement to establish working relationships and programs with organisations that represent vulnerable customers. These organisations deal directly with customers in vulnerable situations and by increasing awareness of the proposed initiatives, they can refer customers to us for assistance. This role will also allow co-design to better understand where our field activities impact customers. This will provide us with insights and improvement opportunities where the maximum benefit to vulnerable customers can be actioned. This role will also establish referral programs from our customer contact teams to supporting agencies. Northern Gas Networks in the UK has built similar relationships with community service organisations across their geographic area. When an employee or contractor identifies a customer in a potential vulnerable situation (normally during a site visit to their premise), they have a referral group they can offer to the customer. Examples may be financial hardship, physical disabilities or mental health issues.

### A.2. Business as usual activities – vulnerable customers

A number of activities to be implemented in the next AA period that are required to improve the support provided to customers in vulnerable situations will be undertaken by existing employees. These include:

- Provision of training to office and field based customer service employees and service providers (contractors) in areas of identification of vulnerable customers, initiatives available from AGN to support customers, referral organisations for the provision of targeted services.
- Development of communication material targeted at improving energy literacy in vulnerable customer groups.
- Improving communications to be clearer, better focused on customer needs and to meet the needs of groups with low computer literacy as well as CALD communities.
- Reviewing the end to end customer journey when vulnerable customers are impacted by our existing activities or processes. Utilising this information to mitigate the impact on customers. Examples would include road opening works and the impact these have on local communities, persons with mobility or visual disabilities.



### A.3. Proposed rebate initiative for vulnerable customers

#### Safety Checks

Recommendation for gas appliance is be regularly checked by a licensed gas fitter check.

Gas heater services in Adelaide are quoted around [REDACTED]. Allowing for other appliances to also be checked, cooking and hot water, and allowing for some regional travel, results in a unit cost of [REDACTED].

If we were to provide 400 checks per annum, this would be a total cost of [REDACTED].

#### Emergency Repairs

Call out fees and appliance repairs when an appliance fault is identified by our field crews. Call out fee, 2 hrs on site and parts totals [REDACTED].

[REDACTED] per repair at 200 repairs pa totals [REDACTED]

#### Rebate for appliance replacement

Where repair is not viable from a safety or efficiency perspective, upgrade of the appliance would be required, plus plumbers costs.

Unit cost of \$1,250 per replacement at 100 repairs pa totals **\$125k pa.**

**The rebate initiative for vulnerable customers is forecast to cost \$365k pa.**

## Appendix B – Comparison of risk assessments for each option

Untreated risk	Health & Safety	Environment	Operations	People	Compliance	Rep & Customer	Finance	Risk
Likelihood	Remote	Remote	Remote	Occasional	Remote	Occasional	Occasional	Moderate
Consequence	Minimal	Minimal	Minimal	Minor	Minimal	Significant	Significant	
Risk Level	Negligible	Negligible	Negligible	Low	Negligible	Moderate	Moderate	

Option 1	Health & Safety	Environment	Operations	People	Compliance	Rep & Customer	Finance	Risk
Likelihood	Remote	Remote	Remote	Occasional	Remote	Occasional	Occasional	Moderate
Consequence	Minimal	Minimal	Minimal	Minor	Minimal	Significant	Significant	
Risk Level	Negligible	Negligible	Negligible	Low	Negligible	Moderate	Moderate	

Option 2	Health & Safety	Environment	Operations	People	Compliance	Rep & Customer	Finance	Risk
Likelihood	Remote	Remote	Remote	Remote	Remote	Remote	Remote	Low
Consequence	Minimal	Minimal	Minimal	Minor	Minimal	Significant	Significant	
Risk Level	Negligible	Negligible	Negligible	Negligible	Negligible	Low	Low	

Option 3	Health & Safety	Environment	Operations	People	Compliance	Rep & Customer	Finance	Risk
Likelihood	Remote	Remote	Remote	Remote	Remote	Remote	Remote	Low
Consequence	Minimal	Minimal	Minimal	Minor	Minimal	Significant	Significant	
Risk Level	Negligible	Negligible	Negligible	Negligible	Negligible	Low	Low	