

Attachment 1: Consumer Engagement

**Access Arrangement Information for the 2016-21 ACT,
Queanbeyan and Palerang Access Arrangement**

Submission to the Australian Energy Regulator

June 2015

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1. Consumer engagement

Key points

- ActewAGL Distribution delivered a proactive program of consumer engagement that gathered feedback from representatives of many sectors of the community, including residential consumers, businesses, large customers, industry and vulnerable customers. Feedback was also obtained from retailers.
- Feedback from the Gas Consumer Engagement Program influenced development of the Access Arrangement Information 2016-2021 document.
- ActewAGL Distribution has made a long-term commitment to continued consumer and key stakeholder engagement, particularly through the establishment of the Energy Consumer Reference Council (ECRC).

Consumer benefits

- Consumers will benefit from the Consumer Engagement Program as it:
 - has influenced a number of aspects of the 2016-2021 access arrangement proposal; and
 - will continue to create future opportunities to explore consumer priorities with respect to energy infrastructure and network services in the ACT.

1.1 Overview

ActewAGL Distribution's Gas Consumer Engagement Program provided a valuable and influential input into the preparation of ActewAGL Distribution's business plan for the next five years, as outlined in its 2016-2021 access arrangement proposal. ActewAGL Distribution is committed to long-term consumer engagement to ensure the decisions made on services, costs and prices take into consideration customer preferences. To do this, ActewAGL Distributions has designed, and will continue to evolve, its Consumer Engagement Program to facilitate positive outcomes for both consumers and ActewAGL Distribution.

The Consumer Engagement Program has enabled meaningful two-way conversations with key stakeholders about ActewAGL Distribution's gas operations. Proactively engaging with consumers is recognised by ActewAGL Distribution management as an important part of planning and decision making within the organisation. Resources will continue to be invested in gathering consumer feedback beyond the lodgement of the access arrangement proposal. A key aspect of the Consumer Engagement Program was the establishment in 2014 of the ECRC, an independent ACT forum in which representatives of the ACT community provide considered input into the operations and long-term planning of ActewAGL Distribution. The breadth of community representation is detailed in section 1.3.1.

This report focuses on the activities undertaken in the delivery of the Gas Consumer Engagement Program and summarises the key issues identified, feedback received and actions taken by ActewAGL Distribution in responding to this feedback and developing its 2016-2021 access arrangement proposal.

1.1.1 Key outcomes

The key outcomes from the Consumer Engagement Program, outlined below, have enabled ActewAGL Distribution to consider and incorporate feedback from business and residential consumers with respect to the development of its 2016-21 access arrangement information.

The Consumer Engagement Program has also identified further areas for discussion, such as a long-term interest in the role renewable energies will play in future gas infrastructure planning and how better to coordinate infrastructure planning and development across government and business stakeholders.

The key themes generated by the 2016-21 access arrangements consultation have been that consumers:

- value safety and reliability;
- want price stability and certainty;
- want to support vulnerable customers;
- are interested in what the long-term energy infrastructure looks like for the ACT; and
- are keen to be involved in future energy discussions.

Across all aspects of the consultation, participants valued the opportunity to participate in the discussions. Evaluation of the Program is summarised at section 1.5. Consumer feedback is outlined in more detail in section 1.3 of this document.

A comprehensive and mature approach to consumer engagement strengthens decision making within the organisation. Consumer feedback has influenced ActewAGL Distribution's 2016-21 access arrangement proposal in several ways:

- the expenditure proposals are designed to allow ActewAGL Distribution to continue to provide safe and reliable services;
- the capital expenditure (capex) and operational and management expenditure (opex) proposals recognise the need to take a long-term perspective in managing the network;
- the proposed price path avoids price shocks and provides stability in average prices; and
- the new tariff structure will allow ActewAGL Distribution to better address the needs of different types of customers.

The positive outcomes of the Consumer Engagement Program were facilitated by a number of important features.

- It was developed with reference to the International Association of Public Participation (IAP2) engagement spectrum and strove for levels of engagement beyond simply 'consult'.
- It adhered to ActewAGL Distribution's principles of engagement (section 1.2).
- Senior executive buy-in to the process provided opportunities for key decision-makers to hear directly from the community. Senior members of ActewAGL Distribution participated in each ECRC meeting, including regular attendance by the CEO.
- Inclusion of a consumer 'voice' in deliberations by the ActewAGL Distribution 2016-21 Access Arrangement Project Board and Steering Committee.

- Briefings, discussion and collaboration with the ECRC (section 1.3.1).
- Release of a consultation paper, 'The Gas Network – Our 5 Year Plan', and supporting addendum, with further information made available on the ActewAGL website at www.actewagl.com.au/consumerengagement.
- Hosting of two business and two community workshops (section 1.3.3).
- Publication of information and presentations on the ActewAGL website www.actewagl.com.au/consumerengagement.
- Conduct of a survey through the ActewAGL Power Panel (section 1.3.4) .
- Major customer presentations and discussion (section 1.3.5).
- Retailer consultation.
- Providing reports and feedback to consumers (section 1.3.6).

1.1.2 Engagement Strategy

The Gas Consumer Engagement Program was developed in accordance with ActewAGL Distribution's Consumer Engagement Strategy (2014/15 – 2016/17). This overarching Strategy outlines a plan to better understand the organisation's consumers and develop proactive initiatives to more effectively engage with consumers into the future.

Figure 1.1 Consumer engagement strategy roadmap



The Strategy is based on the IAP2 engagement spectrum and acknowledges that engagement is about two-way communication, providing an opportunity to listen more carefully to stakeholders and working together to ensure ActewAGL Distribution is able to respond effectively to the needs and expectations of the businesses, governments and communities to which it provides services.

Stage 1 of the ActewAGL Distribution Consumer Engagement Strategy is currently being implemented and focuses on increasing the organisation's maturity and effectiveness in consumer engagement by:

- investing in better understanding consumer needs, perceptions and expectations, and how they would best like to be communicated with and engaged in the work of the organisation;
- building recognition within the organisation of the importance of consumer engagement; and
- reconsidering the organisation's business practices to encourage engagement across all aspects of its operations. Figure 1 shows the Consumer Engagement Strategy Roadmap.

A copy of ActewAGL Distribution's Consumer Engagement Strategy, including the IAP2 engagement spectrum, can be found on the website at www.actewagl.com.au/consumerengagement and is explored in more detail in section 1.3 of this attachment.

1.2 Objectives

The objectives of the Gas Consumer Engagement Program were to:

- inform, consult and involve gas consumers and other members of the Canberra community; and
- collaborate with the ActewAGL Distribution ECRC in the development of ActewAGL Distribution's 2016-21 access arrangement proposal.

These objectives relate to the engagement principles adopted by ActewAGL Distribution and refer to the types of engagement described in the IAP2 engagement spectrum. That is 'collaboration' with the Consumer Reference Council as opposed to the range of 'inform', 'consult' and 'involve' with respect to general consumers.

Principles of engagement

ActewAGL Distribution's Consumer Engagement Strategy (2014/15 – 2016/17) establishes the following principles to guide the engagement programs across the organisation.

These principles were adopted within the development and delivery of the Gas Consumer Engagement Program and are in keeping with the principles recommended by the Australian Energy regulator (AER) Consumer Engagement Guidelines.

Table 1.1 Consumer engagement principles

Principle	What this means for our consumers
Clear, accurate and timely information	Information will be provided that is useful, relevant and easy to understand so that consumers can make informed choices and contribute effectively to the conversation.
Accessible and inclusive	Consumers will be engaged broadly across relevant communities and through a variety of interactions, so that they have the opportunity to participate in discussions, express opinions and understand the outcomes of our conversations.
Transparent	Our engagement with consumers will be open and honest, with regular and meaningful reporting, to enable an understanding of how consumer views and comments are taken into consideration.

Principle	What this means for our consumers
Measurable	Each consumer engagement activity will establish clear and measurable criteria against which the success of the engagement can be measured. This will allow for continued improvement across the entire engagement program and ensure we are accountable against the objectives of each engagement activity.
Long term	Engagement with our consumers will be on-going and regular, recognising that our consumers will be at differing levels of understanding and involvement in our organisation over time.

The following key performance indicators (KPI) were developed to measure the success of the Consumer Engagement Program.

Table 1.2 KPI for consumer engagement program

KPI goal	Target
To inform, consult and involve consumers and general community	80% of participants feel they were engaged in the development of the key aspects of the 2016-2021 access arrangement proposal at the 'involve' level as defined by the IAP2 engagement spectrum.
To collaborate with the ECRC	ECRC feedback reports that members of the forum feel they were engaged in the development of the key aspects of the 2016-2021 access arrangement proposal at the 'collaborate' level as defined by the IAP2 engagement spectrum.
Participation	Participation is representative of the following sectors: households, vulnerable customers, businesses and large customers.
Clear, accurate and timely information	80% of participants report that information is easy to understand. The ECRC provides feedback that it has received clear, accurate and timely information, both unprompted and in response to requests for further information. 70% of Power Panel survey respondents find information easy to understand.
Accessible and inclusive Electronic and hard-copy information, venues and presentations will be accessible	100% in accordance with identified guidelines. There are no instances of people expressing concern or dissatisfaction about accessibility or inclusiveness.
Transparent through the provision of timely and complete information	80% of participants report that information is easy to understand. 70% of Power Panel survey respondents believe ActewAGL Distribution has provided transparent information. ECRC advise that ActewAGL Distribution has been transparent in the provision of information and response to questions.

KPI goal	Target
Measurable Impact of the feedback obtained during engagement program Level of involvement in the program	Participants in the Consumer Engagement Program receive a Consumer Engagement Outcomes report that demonstrates how their feedback was incorporated into the 2016-2021 access arrangement proposal or other aspects of the business as appropriate. Participation and engagement data is gathered to establish a benchmark for continual improvement.
Long term Establishing a relationship with consumers that is lasting and long term	80% of participants express interest in receiving information on further ActewAGL Distribution consumer engagement activities. 70% of Power Panel survey respondents express interest in participating in further surveys on strategic discussions by ActewAGL Distribution.

1.3 Engagement program

ActewAGL Distribution's consumer engagement activities are on-going; the focus of the Gas Consumer Engagement Program commenced in December 2014 and will continue until the AER determination process is completed.

Supporting research

In addition to the Gas Consumer Engagement Program undertaken prior to lodgement of the 2016-21 access arrangement proposal, ActewAGL Distribution has undertaken two pieces of research that have also informed both the Consumer Engagement Program and preparation of the 2016-21 access arrangement information: choice modelling studies of customer willingness to pay (see box 1 below); and consumer focus groups undertaken by independent research company ORIMA in December 2014.

Box 1 Willingness to pay studies

ActewAGL Distribution commissioned NERA and ACNielsen to conduct a choice modelling study into customer willingness to pay in 2003. This study, which involved more than 240 residential and 240 non-residential customers, quantified the trade-offs that customers are willing to make between price and service attributes. The service attributes assessed as part of the study were the frequency, duration, time of year, and time of day of supply interruptions, the extent of prior notification of supply interruptions, and whether phone enquiries are answered by a person or an automated voice. A qualitative component of the study also assessed other service attributes, such as appointment windows. The study was overseen by Professor Ken Train and peer reviewed by Professor David Hensher—both are leading authorities in the field of choice modelling internationally.

In 2011, independent researchers at the Australian National University refreshed the choice modelling study for 274 residential customers and also assessed household attitudes towards, responsiveness to and willingness to accept compensation for calls for voluntary reductions in gas usage. The researchers found that 'Despite the fact that households are now less likely to agree that the prices for utilities services are reasonable (than they were in 2003), comparisons with the findings of the NERA and ACNielsen study show that households are now willing to pay more to avoid gas supply interruptions. The study was peer reviewed by Professor Riccardo Scarpa—a recognised expert in the field of choice modelling, with substantial experience in the utilities sector.

Key features

The key features of the Gas Consumer Engagement Program include:

- active participation and discussion with the ECRC (section 1.3.1);
- discussion on consultation papers and supporting addendums (appendices 1.1 and 1.2);
- feedback from business and community workshops (section 1.3.3);
- publication of information and presentations on the ActewAGL website www.actewagl.com.au/consumerengagement which attracted visits from almost 500 distinct users and more than 100 people downloaded the consultation paper;
- input from almost 200 participants in a survey through the ActewAGL Power Panel (section 1.3.4);
- considered input from major customers (section 1.3.5); and
- provision of reports back and updates to consumers (section 1.3.6).

The next steps in the Gas Consumer Engagement Program include:

- provision of regular updates to consumers on the AER process and access arrangement proposal status;
- a summary of the 2016-21 access arrangement information will be released to the community during July 2016
- a Consumer Engagement Outcomes report demonstrating what ActewAGL Distribution heard during the engagement phase and how consumer feedback has been reflected in the 2016-21 access arrangement proposal will be distributed to all participants in consultation activities.

These activities were delivered across all consumer sectors, including large customers, businesses and the general community as outlined in the following sections.

1.3.1 Energy Consumer Reference Council

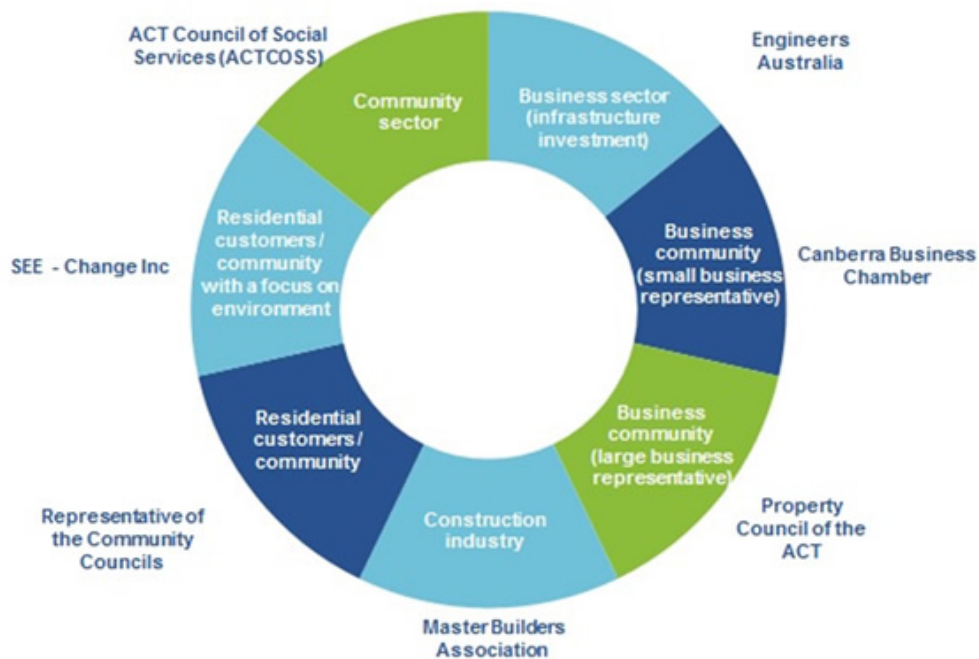
The ECRC was established by ActewAGL Distribution in 2014 to provide a long-term mechanism to engage with representatives of a range of key customer segments. Figure 2 shows the representative nature of the ECRC as a highly inclusive vehicle for collaboration with consumers.

To ensure the ECRC is truly representative of ActewAGL Distribution consumers, the membership is periodically reviewed. For example, the Council of the Aging has recently been approached to join the ECRC.

The ECRC has an independent chairperson, Mr Allan Williams, who is a retired senior executive from Qantas. Meetings are supported by a professional facilitator and open communication and exchange of ideas is actively encouraged.

Agendas, minutes, communiqués, presentations and documents tabled at ECRC meetings are posted to the ActewAGL website shortly after each meeting (with the exception of documents considered commercial-in-confidence). The communiqué is prepared and distributed within five working days of the meeting and added to the website once it has been ratified by Council members. Minutes are ratified at the following meeting.

Figure 1.2 Key customer segments representative on the ECRC



The ECRC process encourages representative organisations to act as a conduit of information to their broader membership and constituency. For example, invitations to the business and community workshops were promoted by a number of organisations and the ECRC communiqué is often distributed by organisations to easily inform their constituents of the work of the ECRC. It is also available on the ActewAGL Distribution website.

Within the Gas Consumer Engagement Program the ECRC fulfilled two key roles:

- providing input and guidance to the Consumer Engagement Program to ensure it was meaningful and provided a genuine opportunity for the general community and the business sector to have input into ActewAGL Distribution's five year plan for gas; and
- collaborating with ActewAGL Distribution on key areas and priorities to be included in the 2016-2021 access arrangement proposal, including consideration of operational expenditure, capital investment, tariff structures and proposed price path.



ECRC input to the Gas Consumer Engagement Program

In relation to the delivery of the Gas Consumer Engagement Program, the ECRC provided the following input which was taken into consideration in delivering the final consumer engagement activities. This feedback is documented in ECRC presentations, minutes and communiqués (www.actewagl.com.au/consumerengagement).

- Provided feedback on the draft Consumer Engagement Program prior to the Program commencing (meeting 2).
- Reviewed and provided input to the draft Five Year Gas Plan Consultation Paper (meeting 3).
- Provided input into the key messages and themes suggested for discussion at the community and business workshops (meeting 2).

- Provided guidance to and direct logistical assistance to the hosting of community and business workshops, including distributing promotional material to their constituency. The Master Builders Association hosted the business workshop at their premises.
- Received briefings on feedback from the community and business workshops.
- Reviewed and provided input into the draft consultation outcomes summary before it was posted to the ActewAGL website (meeting 5).
- Participated in a workshop to consider the effectiveness of the Consumer Engagement Program against KPI, particularly with respect to the role of the ECRC (meeting 6).

The following areas of feedback were provided by the ECRC with respect to the Gas Consumer Engagement Program.

Table 1.3 Areas of feedback from the ECRC

Area of feedback	How this response was considered by ActewAGL Distribution in designing the engagement program
<p>Consultation should occur with other groups such as Consult Australia, residential groups and vulnerable customers. Need to consider how to engage with those who will not normally attend a workshop. (meeting 2)</p>	<p>Invitations to participate in the community and business workshops were distributed to other organisations, not included in the ECRC, although there were no additional participants. The ECRC is currently being expanded to include more representative groups.</p>
<p>Consumers are not used to being engaged by ActewAGL with respect to regulatory submissions; it may be difficult to get feedback from consumers on the complex aspects of the 2016-2021 access arrangement proposal. Consultation should be focused on the long term, not just the 2016-2021 access arrangement proposal. (meeting 2)</p>	<p>ActewAGL's program of engagement with consumers on the 2016-2021 access arrangement proposal was delivered within a context of broader, continued engagement. As suggested by ECRC, feedback from general consumers was minimal.</p>
<p>Hard data is required to understand the trade-off between costs and reliability. (meeting 2)</p>	<p>Presentation to community and business workshops included case studies that provided real numbers around the trade-off between costs and reliability, or long-term capital investment.</p>
<p>Willingness-to-pay surveys are useful, but more is needed. (meeting 2)</p>	<p>The Power Panel is expected to provide broader long-term input about consumer views to supplement the work of willingness-to-pay surveys.</p>
<p>The engagement program needs to focus clearly on the aspects of ActewAGL's business that are relevant: consumers are interested in the bottom-line impact and often this is just cost. (meeting 6)</p>	<p>Future engagement programs will consider communicating with stakeholders on the basis of the 'what's in it for me' test.</p>

ECRC discussions on the 2016-21 access arrangement

The ECRC discussed ActewAGL Distribution's Five Year Plan for gas and considerations for the 2016-21 access arrangement proposal at meetings held in December 2014, and January, February, March, April and May 2015. A summary of the meeting agendas, as they relate to the 2016-21 access arrangement, is listed below. Copies of the meeting agendas are included at appendix 1.03.

Table 1.4 summary of ECRC meeting agendas

Meeting number	Agenda topic
Meeting 1 8 December 2014	Energy market regulatory framework and timeframes
Meeting 2 22 January 2015	AER price-determination process Gas Consumer Engagement Program
Meeting 3 11 February 2015	Draft Gas Five Year Plan Consultation Paper Capital priorities Operational considerations Reliability versus price trade-offs Determination of gas bills Proposed future price structure <ul style="list-style-type: none"> - weighted-average price cap - tariff baskets
Meeting 4 18 March 2015	Reporting on Gas Five Year Plan Consumer Engagement outcomes Capital works planning Operational expenditure Revenue requirements <ul style="list-style-type: none"> - Revenue building blocks - Efficiency Benefit Sharing Scheme - Price path - Proposed new tariffs
Meeting 5 15 April 2015	Reporting on Gas Five Year Plan Consumer Engagement outcomes 2016-21 access arrangement update on key building blocks Consultation on key tariff considerations
Meeting 6 14 July 2015	Reporting on Gas Five Year Plan Consumer Engagement outcomes 2016-21 access arrangement key building blocks Proposed tariffs and price impacts across customer segments

Across these meetings a range of discussions and topics were explored. As is the nature with collaborating, feedback was given across general areas throughout the discussion at these meetings. Below is a summary of the key areas of feedback and ActewAGL Distribution's response.

Table 1.5 Key areas of feedback from the ECRC and ActewAGL Distribution’s response

Topic area	Feedback	Response by ActewAGL Distribution
Price determination process	Continued confusion about the differences between distribution and retail businesses and how this impacts on the consumer bill.	Information to explain this was included in all communications collateral and presentations. A program of presentations to community councils will seek to better explain the roles of distribution and retail.
Price path and tariff structure	Importance of certainty for the business community in terms of long-term pricing of gas distribution.	Adopted a smooth price path, with steady increases each year, rather than sharper adjustments across the five-year period
Tariff structure	New tariff structure may not provide enough price incentive for customers to move to new tariffs.	New tariff structure to be supported by information campaign explaining the new tariff structure and benefits of moving to new tariff levels.
Tariffs and services	Concern about the use of boundary metering in large residential complexes as this is seen to limit customer choice and be a disincentive to efficient energy use.	ActewAGL Distribution notes the community comments and operates within the current regulatory environment.
Tariffs and services	Concern that new tariff structure may reward potential inefficient energy use by rewarding larger gas users.	ActewAGL is committed to encouraging energy efficiency across all customers, such as through the current incentive schemes and by promoting energy efficiency workshops.
Tariffs and services: vulnerable customers	Recognition that vulnerable customers in Canberra are unique. As a city with a seasonal climate, it is not enough to work with low residential gas users as potential vulnerable customers. Many vulnerable customers in our community have large inefficient homes, medical conditions and are struggling with the high cost of housing in Canberra.	ActewAGL Distribution is exploring what role it can play in supporting vulnerable customers. This discussion has been scheduled for future ECRC meetings and further information on the characteristic and demographics of vulnerable customers is being sought from relevant community and government organisations and retailers
Operational expenditure	Recognise the importance of trade-offs between reliability/safety and cost. Support ActewAGL Distribution in getting this balance right.	This feedback complements feedback from the willingness-to-pay studies conducted in 2003 and 2011 and from general consumers at the business and community workshops that consumers place a high value on reliability and safety. ActewAGL Distribution will continue to prioritise reliability and safety.

Topic area	Feedback	Response by ActewAGL Distribution
Capital expenditure program	Better coordination and early-stage planning with relevant stakeholders including the ACT Government and property and development industry to adopt a more strategic approach to delivering the long-term infrastructure requirements for the city.	Plans are being developed, in consultation with the ECRC, to host a workshop with key planning stakeholders in the 2015/16 year to discuss better long-term planning coordination.
Weighted-average cost of capital (WACC)	The WACC is important and complex. It is not considered appropriate for consumers to form a view on the appropriate rate of WACC for ActewAGL Distribution as they are not experts or in possession of all the information. However, it is important that consumers understand WACC.	A cost of capital fact sheet was prepared, distributed to the ECRC and added to the website. ActewAGL Distribution will prepare a position paper for the ECRC on their final proposed WACC and rationale for this decision.
Capital expenditure and long-term financial structure	ActewAGL Distribution's long-term planning needs to take into consideration the impacts of new technologies, continuing decline in per customer gas consumption and implications for the network as alternate renewable energies become more viable.	The long-term energy needs of Canberra and an appropriate business model to deliver those energy needs have been identified as key areas for discussion by the ECRC in 2015/16.
Consumer engagement	Investment by ActewAGL Distribution in the development of capacity within the community sector to build an understanding of the utility sector. This will allow robust consumer engagement within the ACT across all utilities into the future.	ActewAGL Distribution is currently considering a proposal from members of the ECRC to fund a policy resource, located within the community sector, to contribute to and foster well-informed community discussion on energy supply and pricing.

1.3.2 Consultation Paper – Five Year Plan for Gas

The consultation paper *'The Gas Network – Our 5 Year Plan'* (appendix 1.01) was released on 19 March 2015, supported by a media release and information on the ActewAGL website. This media release was reported by a local commercial radio station.

The paper provided important background on how the AER determination process works and explored the building blocks of the gas access arrangement in a simple, easy-to-understand format. It encouraged the community and business sector to provide feedback on:

- the trade-off between reliability and cost of gas distribution, on the one hand, and consumer experiences and opinions on current service levels, on the other hand;
- areas of operational service and capital investment priorities; and
- potential restructure of tariffs and views on higher or lower fixed and variable components for gas distribution charges.

Members of the community were encouraged to provide written feedback on the consultation paper, or participate in associated community or business workshops.

Information on the consultation paper and workshops was distributed through the following organisations:

- combined community councils;
- SEE-Change;
- Canberra Business Chamber; and
- Master Builders Association.

The focus of the consultation was on the community and business workshops and the consultation paper provided an important basis for discussion at those meetings. Members of the community were invited to provide a written submission. However, no written submissions were received.

An addendum to the consultation paper (appendix 1.02) was issued in June to provide further information on ActewAGL Distribution's preferred price path and proposed tariff structures. Consumers, particularly those who participated in the community and business workshops, were invited to provide further feedback to ActewAGL Distribution on the issues explored in the paper.

1.3.3 Community and business workshops

The community and business workshops were promoted by ActewAGL Distribution through social media, traditional media releases, online content and distributed by organisations involved in the ECRC (as detailed above). Feedback received during the community and business workshops was presented to the ECRC at its March and April 2015 meetings.

Community workshops

Two community workshops were held:

- Monday 16 March 2015 6.00 – 7.30pm
Ground floor ActewAGL House, 40 Bunda Street, Civic
- Thursday 19 March 2015 3.00 – 4.30pm
ActewAGL Distribution Greenway Depot, Oakden St, Greenway.

The workshops were promoted through the ActewAGL Distribution consumer engagement section of the website, as well as through the distribution of information by the Canberra community councils, SEE-Change and through the ACT Council of Social Services. It is estimated that the flier was distributed to mailing lists with a combined total in excess of 2000 people.

These workshops complemented the information in the consultation paper and all participants were provided with a copy of the paper. In addition to receiving feedback during the workshop, participants were encouraged to provide written feedback on the consultation paper. The workshops were attended by 10 representatives of the local community.

Key areas of feedback from these workshops are as follows.

- Safety and reliability are valued, but consumers were worried about the affordability of gas.

- Concern about confusion across the ACT community about the distinction between retail and distribution services provided by ActewAGL and the impact of each on the final household energy bill.
- It is important that current customers do not subsidise new customers, or that existing customers are not burdened with the cost of paying for long-term infrastructure that is for the benefit of future customers.
- Suggested consideration should be given to having only a usage-based charge, and no fixed charges within the Distribution tariffs.
- Concern about vulnerable gas users and ensuring those residents are able to stay warm in winter.
- Interested in working with ActewAGL Distribution to better understand the long-term energy resources and infrastructure requirements of Canberra as energy sources change in the future. Keen to ensure the long-term viability of ActewAGL and don't want to see it invest in infrastructure that may be obsolete in the long-term future. Questioned whether growing the gas network, by increasing the number of customers, is the right long-term strategy.

Business workshops

Two business workshops were held on Thursday 19 February 2015, one at ActewAGL House, Canberra City and the other in the Master Builders Association offices in Fyshwick.

The workshops complemented the consultation paper and encouraged participants to provide feedback on the consultation paper.

Information on these workshops was distributed to the business community through the Canberra Business Chamber, ACT Property Council, Master Builders Association and Canberra Division of Engineers Australia. Invitations to the workshops were also extended to large customers of ActewAGL Distribution.

The workshops were attended by 16 representatives of the business community including engineering, construction, development and small business sector.

Key issues raised at these workshops by the business community included the following matters.

- Long-term price stability and certainty are important.
- Value ActewAGL Distribution's commitment to safety.
- Keen for earlier and regular engagement with both gas and electricity network providers.
- Gas installation is not thought of early enough in the development application approval process by developers.
- Important to find a better solution for accessibility of gas in high-rise residential apartments.
- Infrastructure planning for the city as a whole needs to be done earlier and be better connected across utilities and government planners. Need longer planning timeframes of 20-30 years.
- Encouraged ActewAGL to provide better information to the community on the efficient use of energy to ensure consumers can make informed purchasing decisions.
- Concerned about the long-term viability of ActewAGL as the energy market changes.

1.3.4 Power Panel

The Power Panel is a new initiative of ActewAGL and features a 'family' of more than 300 ActewAGL customers (both retail and distribution) who are encouraged to participate in online surveys to provide quick, direct feedback to the organisation. Further information can be found at <http://www.actewagl.com.au/Product-and-services/Power-panel.aspx>.

The Power Panel was surveyed between 11 May and 20 May and 200 people participated. The Power Panel survey questions were developed to complement the discussions undertaken at the community and business workshops and the issues explored in the Consultation Paper. The Power Panel questions were also discussed with the ECRC. A copy of the Power Panel questionnaire is included at appendix 1.04.

The key results of the survey are as follows.

- While most people understood that there was a network and retail component of their energy bill, only 34% were able to accurately identify what proportion of their bill was for distribution charges.
- Half of those who responded suggested it was not important that their gas bill be evenly spread across the year, while more than 50% expressed a preference for the fixed component of their network charges to be equal or greater than the variable charges.
- Around 8% of respondents indicated that they had some level of concern about the safety of the gas network.
- Only 3.6% (seven respondents) disagreed that the statement that the gas network is maintained in good working order.
- Respondents were evenly split between 'not knowing' or 'agreeing' that ActewAGL Distribution is very responsive in the event of gas supply problem.

1.3.5 Major customer engagement

Individual engagement sessions were held with the top 10 major customers on ActewAGL Distribution's network from December 2014 to February 2015 to discuss their forecast demand and any forecast changes in their gas requirements or gas consumption behaviour over the 2016-2021 access arrangement period. Customers were also given an opportunity to discuss any other aspects of their energy needs.

Feedback during these meetings indicated there is a shift towards more energy-efficient buildings and gas appliances, or applications to reduce energy requirements. Consideration is being given to large-scale generation facilities, such as co-generation and tri-generation facilities, as an alternative option to meet customer energy needs overall.

In February 2015, the major customers were invited to participate in the business workshops and were provided with a copy of *The Gas Network – Our 5 Year Plan Consultation Paper* (appendix 1.01). Key areas explored in these presentations were:

- the rationale for changing the services and tariff structure;
- proposed changes to services and tariff structure, in particular for business and major customers;
- introducing new tariffs for large-scale generation facilities powered by gas (co-generation and tri-generation facilities); and

- the proposed process for providing information on tariffs, including any variations to tariffs.

In June 2015, the major customers were invited to discuss potential billing impacts from the proposed tariffs for financial year 16/17. In addition to this round of engagement, a representative from the large customer segment has been invited to participate in the ECRC.

1.3.6 Retailer engagement

In January and February 2015, ActewAGL Distribution had individual engagement sessions with each gas retailer on its network to gain their feedback on:

- the proposed changes to the 2016-2021 access arrangement, in particular, the new services and tariff structure, ActewAGL Distribution's rationale for these proposed changes and its intention to adopt a form of reference service agreement similar to Jemena Gas Networks (NSW) Ltd's (JGN) agreement in NSW, which will form part of the access arrangement;
- how the proposed changes to the 2016-2021 access arrangement could impact on retailers; and
- how the proposed changes to the 2016-2021 access arrangement could be adopted by retailers in their retail offers to keep gas competitive.

The retailers were generally supportive of the proposed changes, in particular, harmonising with JGN's form of reference service agreement and including it as part of the access arrangement, and simplifying and streamlining the process for major customers to seek additional gas capacity on the network.

In May 2015, ActewAGL Distribution had an engagement session with all gas retailers on its network to discuss:

- the transitional process to move customers from the 2010-2015 access arrangements (and associated agreements) to the 2016-2021 access arrangement, including the bulk transfer option;
- the proposed new tariff-assignment process and the initial tariff-assignment process;
- the key differences between ActewAGL Distribution's proposed reference service agreement and JGN's proposed reference service agreement; and
- the proposed tariffs for financial year 16/17 and how those tariffs could be adopted by retailers in their retail offers to keep gas competitive.

Once again, the retailers were generally supportive of the proposed changes to the 2016-2021 access arrangement and proposed process to transition from the 2010-2015 access arrangement to the 2015-2021 access arrangement. They suggested a follow-up engagement session following the release of the AER's draft decision to discuss the impacts of the AER's draft decision on all parties.

1.3.7 Feedback to consumers

The ActewAGL Distribution Consumer Engagement Strategy highlights the importance of adopting a long-term view to consumer engagement. In accordance with this Strategy, the Gas Consumer Engagement Program undertook the following steps to provide feedback to those participating in the consumer engagement program and to foster long-term involvement in discussions about the delivery of gas services to the Canberra community.

- Establishment of a database of participants which will be used as a basis for future distribution of information on consumer engagement activities.
- Provision of feedback to the database on consultation outcomes through provision of a copy of the Community Consultation Summary fact sheet.
- Creation of a tailored email address consumerfeedback@actewagl.com.au which is monitored regularly to facilitate easy communication between consumers and ActewAGL Distribution.
- Establishment of a consumer engagement area of the ActewAGL Distribution website as a resource for all documents used in the consumer engagement programs.

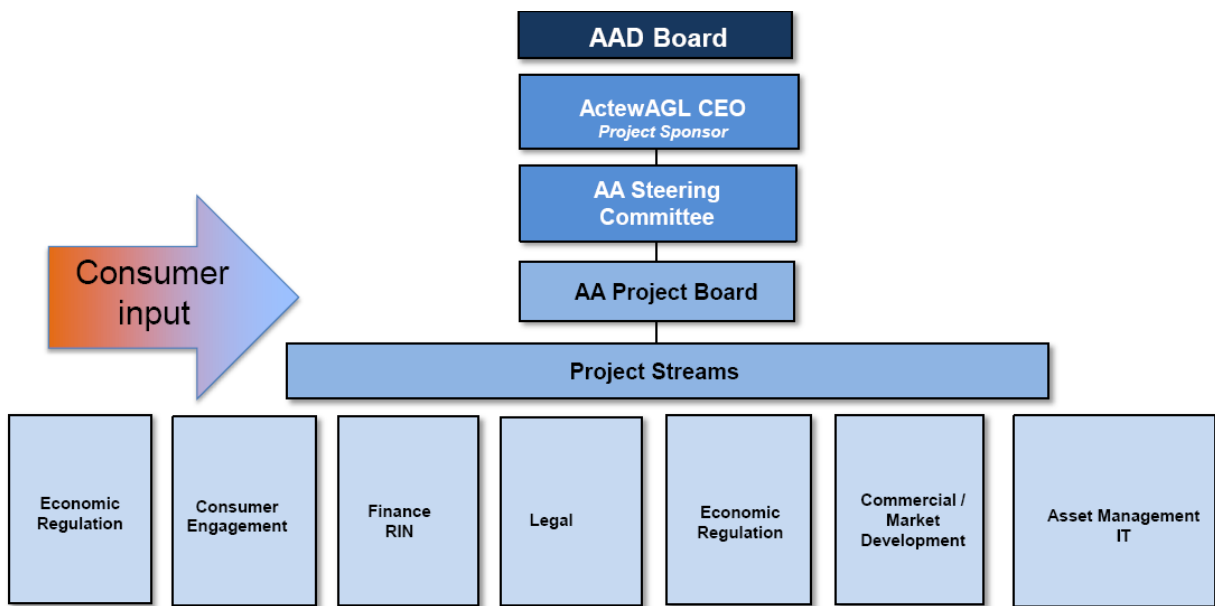
1.4 Consideration of consumer feedback

The feedback provided by consumers, as detailed in the previous sections of this attachment, influenced the development of the 2016-21 access arrangement proposal.

Consumer feedback was provided directly into the Access Arrangement Project Board and Steering Committee. The information effectively provided a 'seat at the table' for consumers at these meetings.

Figure 1.3 highlights the way in which consumer feedback contributed to the process of preparing the 2016-21 access arrangement proposal.

Figure 1.3 Consumer feedback for the 2016-21 access arrangement proposal



1.5 Evaluation of the Gas Consumer Engagement Program

The Gas Consumer Engagement Program identified measurable KPI against which to measure the success of the Program. Below is a summary of the performance against stipulated timeframes and the KPI.

Timeframes

The following key timeframes for 2015 were identified in the Gas Consumer Engagement Program. Delivery dates are noted next to each item.

- 22 January: ECRC Meeting (completed)
- 11 February: ECRC Meeting (completed)
- 12 February: Release Consultation Paper (released on 19 February)
- 12 February: Announce dates for Consumer Workshops (released on 19 February)
- 20 March: Consumer Workshops concluded and post-workshop report posted to website (workshops completed, reports posted to the website on 27 April)
- 27 March: Closing date for submissions and community feedback on Consultation Paper (completed)
- 15 May: Finalise consumer consultation outcomes summary (completed)
- 30 June: Release community summary (layman's guide) to 2016-21 access arrangement information submission (outstanding)

Key Performance Indicators

Details provided in this report against KPI are based on several feedback mechanisms provided by ActewAGL Distribution during delivery of the Consumer Engagement Program, including surveys of participants in the community and business workshops and a facilitated feedback session with the members of the ECRC.

Lessons were learnt from the performance against these KPIs and, in particular, feedback from the Energy Consumer Reference Council at meetings 5 and 6 led to proposals for discussions about the format of the Reference Council and its meetings, and what written communication should arise from them.

The ECRC also provided feedback which was taken into consideration when planning the 2015/16 implementation program for the ActewAGL Distribution Consumer Engagement Strategy.

Table 1.6 Review of consumer engagement program KPI

KPI goal	Target	KPI Outcome	Level of confidence in KPI outcome (traffic light system) NOT CONFIDENT MODERATELY CONFIDENT VERY CONFIDENT
To inform, consult and involve consumers and general community	80% of participants feel they were engaged in the development of the key aspects of the 2016-2021 access arrangement proposal at the 'involve' level as defined by the IAP2 spectrum of engagement.	100% of respondents to the participant survey* said it was easy to contribute to the discussion. 75% of respondents to the Power Panel said they were not aware of the gas five year plan consultation program.	MODERATELY CONFIDENT Participant sample size was only small.
To collaborate with the ECRC	ECRC feedback reports that members of the forum feel they were engaged in the development of the key aspects of the 2016-2021 access arrangement proposal at the 'collaborate' level as defined by the IAP2 engagement spectrum .	ECRC members felt engaged, although some suggested the material had been repetitive. ECRC members provided suggestions to enhance the operation of the meetings to ensure better 'collaboration', including provision of pre-written papers rather than PowerPoint presentations and highlighting prior to the meetings areas where feedback and comment were explicitly sought from ECRC.	MODERATELY CONFIDENT Not all members of the ECRC were present when this KPI was discussed.
Participation	Participation is representative of the following sectors: households, vulnerable customers, businesses and large customers.	Participation in the consultation was very representative as follows: 32% Property/building industry/business customers 24% Community councils/residents 12% Industry organisations 12% Large customers 8% Vulnerable customers 8% Environmental organisations	MODERATELY CONFIDENT Participant sample size was only small.

KPI goal	Target	KPI Outcome	Level of confidence in KPI outcome (traffic light system) NOT CONFIDENT MODERATELY CONFIDENT VERY CONFIDENT
Clear, accurate and timely information	<p>80% of participants report that information is easy to understand.</p> <p>The ECRC provide feedback that they have received clear, accurate and timely information, both unprompted and in response to requests for further information.</p> <p>70% of Power Panel survey respondents find information easy to understand.</p>	<p>100% of respondents to the participant survey* found the information at the workshops easy to understand and appropriate. One respondent said the consultation report did not provide enough information.</p> <p>ECRC suggested information would be better presented in written papers that could be read before the meeting, rather than in PowerPoint presentations.</p> <p>Large numbers of Power Panel respondents (75%) were not aware of the gas five year plan consultation process prior to participating in the survey.</p>	<p>MODERATELY CONFIDENT</p> <p>Participant sample size was only small.</p> <p>Not all members of ECRC were presented when this KPI was discussed.</p>
Accessible and inclusive Electronic and hard-copy information, venues and presentations will be accessible	<p>100% in accordance with identified guidelines.</p> <p>There are no instances of people expressing concern or dissatisfaction about accessibility or inclusiveness.</p>	<p>There were no complaints about accessibility.</p> <p>Responses to the participant survey* reported that information presented was easy to understand and that contributing to the discussion was also easy.</p> <p>Low number of participants suggest more could be done to involve greater numbers.</p>	<p>VERY CONFIDENT</p>

KPI goal	Target	KPI Outcome	Level of confidence in KPI outcome (traffic light system) NOT CONFIDENT MODERATELY CONFIDENT VERY CONFIDENT
<p>Transparent through the provision of timely and complete information</p>	<p>80% of participants report that information is easy to understand.</p> <p>70% of Power Panel survey respondents believe ActewAGL Distribution has provided transparent information.</p> <p>The ECRC advise that ActewAGL Distribution has been transparent in the provision of information and response to questions.</p>	<p>100% of respondents to the participant survey* found the information at the workshops easy to understand and appropriate.</p> <p>Power Panel did not specifically answer a question about transparency.</p> <p>ECRC suggested that information requiring feedback from ECRC members would be better presented in written material prior to meetings, than as PowerPoint presentations. There was a suggestion that the material was sometimes repetitive.</p>	<p>MODERATELY CONFIDENT</p> <p>Participant sample size was only small.</p> <p>Not all members of the ECRC were presented when this KPI was discussed.</p>
<p>Measurable</p> <ul style="list-style-type: none"> - Impact of the feedback obtained during engagement program - Level of involvement in the program 	<p>Participants in the Consumer Engagement Program receive a Consumer Engagement Outcomes report that demonstrates how their feedback was incorporated into the ActewAGL Distribution 2016-2021 access arrangement proposal or other aspects of the business as appropriate.</p> <p>Participation and engagement data is gathered to establish a benchmark for continual improvement.</p>	<p>Outcomes report to be distributed in July 2015.</p> <p>Participation and engagement data has been collected and will be included in the consultation report.</p> <p>25 people participated in the consultation activities with the ECRC members.</p>	<p>VERY CONFIDENT</p> <p>Data collection and gathering was undertaken throughout the engagement process.</p>



KPI goal	Target	KPI Outcome	Level of confidence in KPI outcome (traffic light system) NOT CONFIDENT MODERATELY CONFIDENT VERY CONFIDENT
Long term Establishing a relationship with consumers that is lasting and long term	80% of participants express interest in receiving information on further ActewAGL Distribution consumer engagement activities. 70% of Power Panel survey respondents express interest in participating in further surveys on strategic discussions by ActewAGL Distribution.	No participants indicated they did not wish to receive further information on future ActewAGL Distribution consumer engagement activities. Power Panel members self-selected, indicating an interest in being more involved in the work of ActewAGL.	MODERATELY CONFIDENT Participants had to opt out, rather than opt in to receiving further information.

* Participants survey was completed by six participants, which represents 24% of those that attending the consultation workshops.

1.6 Providing feedback to consumers

A Community Consultation Summary fact sheet of consumer feedback, as at mid April 2015, was developed and considered by ECRC. It was then distributed to participants in the community and business workshops as well as included on the ActewAGL Distribution Consumer Engagement web pages. A copy of this summary is attached to this report (appendix 1.05).

This Consumer Engagement Outcomes Report will also be available on the ActewAGL Distribution consumer engagement web page during July.

Further feedback on the impacts of the Consumer Engagement Program on the 2016-21 access arrangement proposal will also be provided to consumers as part of releasing a consumer summary and guide to the 2016-21 access arrangement proposal information. ActewAGL Distribution aims to release this document by early in July 2015.

Abbreviations used in this document

Abbreviation	Full term
AA	access arrangement
AAD	ActewAGL
ACT	Australian Capital Territory
AER	Australian Energy Regulator
capex	capital expenditure
ECRC	Energy Consumer Reference Council
IAP2	International Association of Public Participation
JGN	Jemena Gas Networks (NSW) Ltd
KPI	key performance indicators
NSW	New South Wales
opex	operating and maintenance expenditure
RIN	Regulatory Information Notice
WACC	weighted-average cost of capital