

Attachment 3.5

Australian Gas Networks
Stakeholder Engagement Strategy

**2016/17 to 2020/21 Access
Arrangement Information**

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Stakeholder Engagement Strategy

1 December 2014

Introduction

Australian Gas Networks (AGN) recognise the importance of engaging with our stakeholders. This strategy document outlines AGN's approach to stakeholder engagement across all network locations.

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Background

Our aim is to operate our networks in a manner that is consistent with the long term interests of consumers. To achieve this we need to meaningfully engage with key stakeholders, particularly in those regions that are served by our natural gas distribution networks.

We have developed and published our stakeholder engagement strategy to transparently set out our approach to engaging with stakeholders. Importantly, we have sought to design our approach to stakeholder engagement such that it is consistent with the National Gas Objective (NGO) and the Australian Energy Regulator's (AER's) Customer Engagement Guideline.

The National Gas Objective (NGO)

The National Gas Objective (NGO), which is set out in Section 23 of the National Gas Law (NGL), states that:

“The objective of this [National Gas] Law is to promote efficient investment in, and efficient operation and use of, natural gas services for the long term interests of consumers of natural gas with respect to price, quality, safety, reliability and security of supply of natural gas.”

Effective engagement with our key stakeholders is key to assisting AGN both understand and operate our natural gas distribution networks in a manner that is consistent with the “long term interests of consumers of natural gas”.

Customer Engagement Guideline for Network Service Providers

The AER “Customer Engagement Guideline for Network Service Providers” provides a high level framework to help businesses like ours integrate stakeholder engagement into business-as-usual operations. The framework is centered around the following key components:

- *Principles* – adhering to a set of best practice principles to guide effective stakeholder engagement (which include the need for engagement to be clear, accurate and timely; accessible and inclusive; transparent and measurable);
- *Priorities* – the need to identify the issues and priorities for stakeholder engagement to ensure we understand and incorporate stakeholder views into business planning, recognising that stakeholders have diverse views;
- *Delivery* – setting the manner by which stakeholder engagement will occur for different stakeholder groups, including through holding stakeholder workshops and focus groups;
- *Results* – articulating the outputs of stakeholder engagement and how this has impacted on business planning; and
- *Evaluation and Review* – implementing a robust process to identify areas for continuous improvement.

Stakeholder Engagement Program Roll-out

Figure 1 illustrates how our stakeholder engagement program will be sequentially rolled-out to the communities served by our natural gas distribution networks. This reflects that engagement will be focussed in those areas where AGN is revising its business plans, as part of the five-yearly review of our Access Arrangements (AA).

The current AA periods in each jurisdiction are as follows:

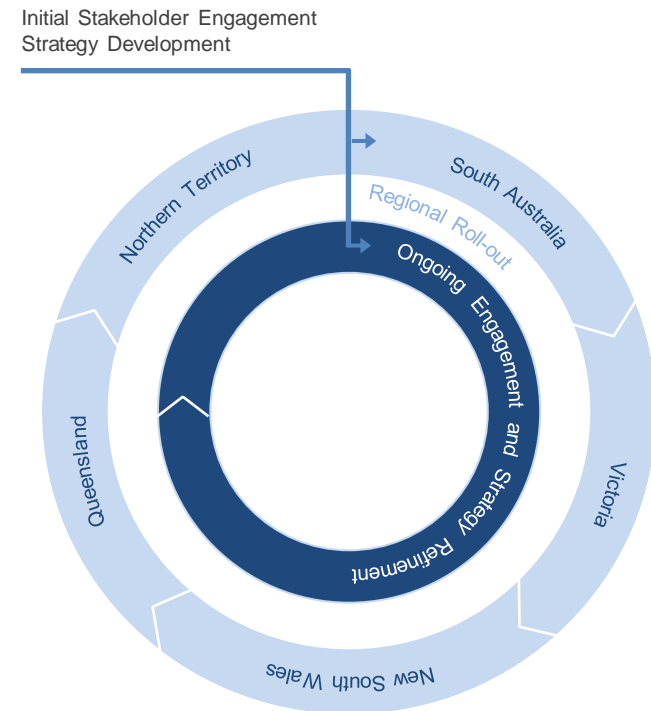
- South Australia – 1 July 2011 to 30 June 2016; and
- Victoria and Albury – 1 January 2013 to 31 December 2017.

We will also engage with those stakeholders supplied by networks that are subject to light regulation (Queensland) or no regulation (Northern Territory and parts of Queensland and New South Wales).

AGN will develop a region-specific stakeholder engagement strategy to ensure our approach for engagement is properly targeted and adjusted over time (for example to reflect that key stakeholder groups and priorities for engagement can change over time). In doing so, the region-specific strategy will draw on the principles and approach set out in this document. We also intend to take into consideration any learnings from previous stakeholder engagement programs.

Whilst the regional focus on engagement may be staggered, AGN intends to engage with stakeholders in all regions on an ongoing basis.

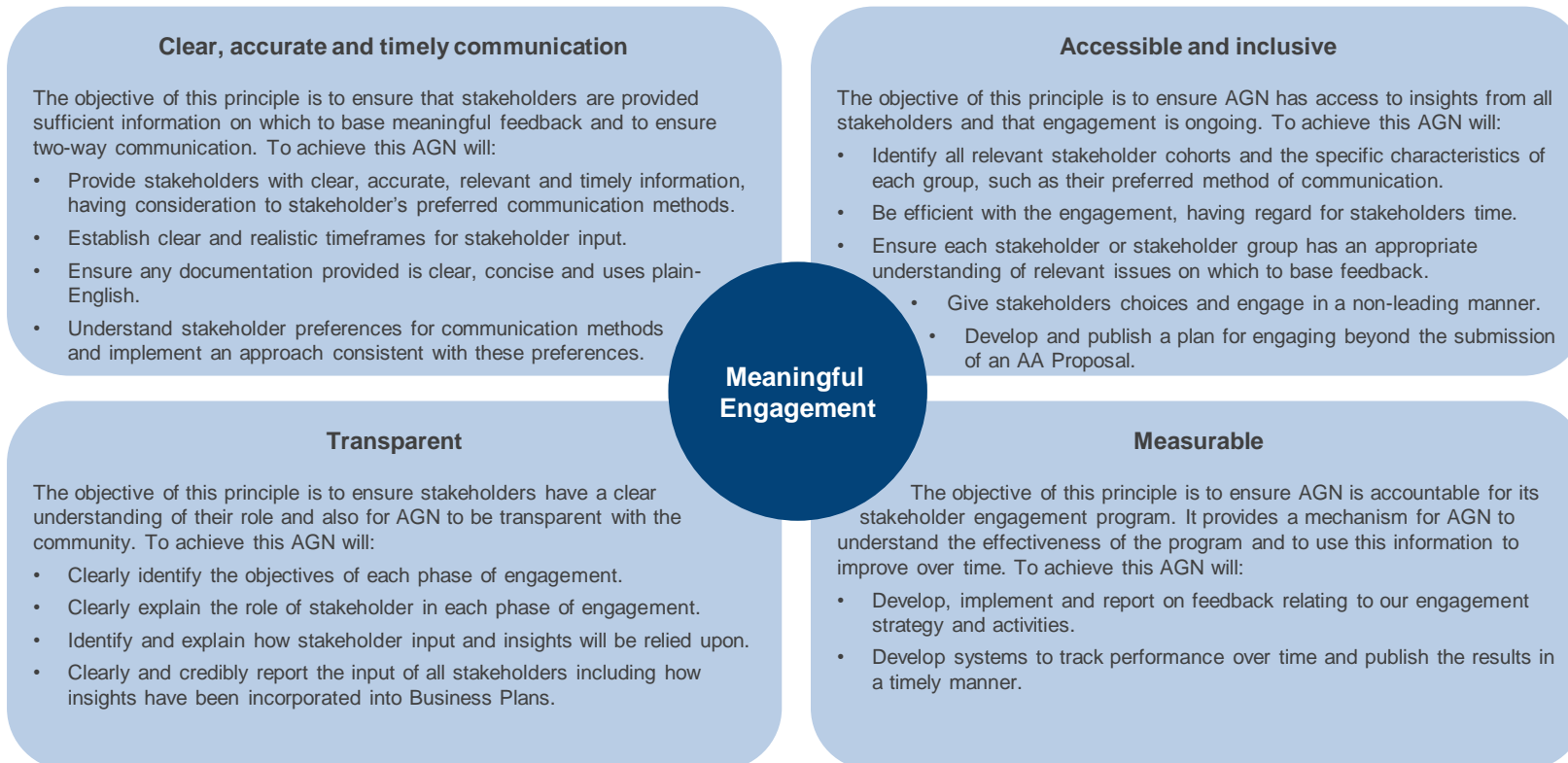
Figure 1: Stakeholder engagement program roll-out



Principles of Stakeholder Engagement

AGN will collaboratively and actively engage key stakeholders in those regional and metropolitan areas that are served by our networks. The objective of this program is to generate meaningful insights into what stakeholders value, which in turn will be factored into our business planning. To achieve this, AGN will engage with stakeholders having regard to four overarching best practice principles which are taken from the AER's Customer Engagement Guidelines and summarised in Figure 2. This strategy document has been developed having regard to these principles, which essentially set out our commitments to our stakeholders.

Figure 2: Stakeholder engagement principles.



Stakeholder Engagement Priorities

Drawing on the four key engagement principles, AGN has identified three key priorities to ensure that our business plans reflect the long term interests of stakeholders.

Balancing external and internal engagement

Collaborative engagement with external stakeholders will allow AGN to ensure their views and priorities are considered and addressed. Importantly, internal engagement will ensure that stakeholder insights are applied to business decisions.

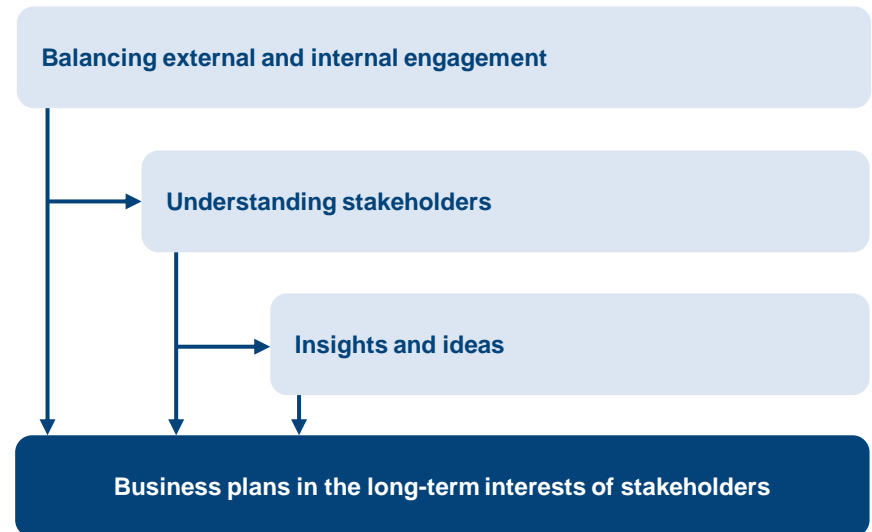
Understanding stakeholders

Deep stakeholder understanding is fundamental to good business planning and decision making. A mix of qualitative and quantitative research and analysis methods will provide an in-depth understanding of stakeholder groups and their perspectives, which is fundamental to ensuring our business plans are consistent with the long term interests of stakeholders.

Insights and ideas

Generating insights from stakeholders is a collaborative process. AGN will ensure that stakeholder views are understood and considered when developing business plans. This is considered essential to providing services that promote the long-term interests of stakeholders.

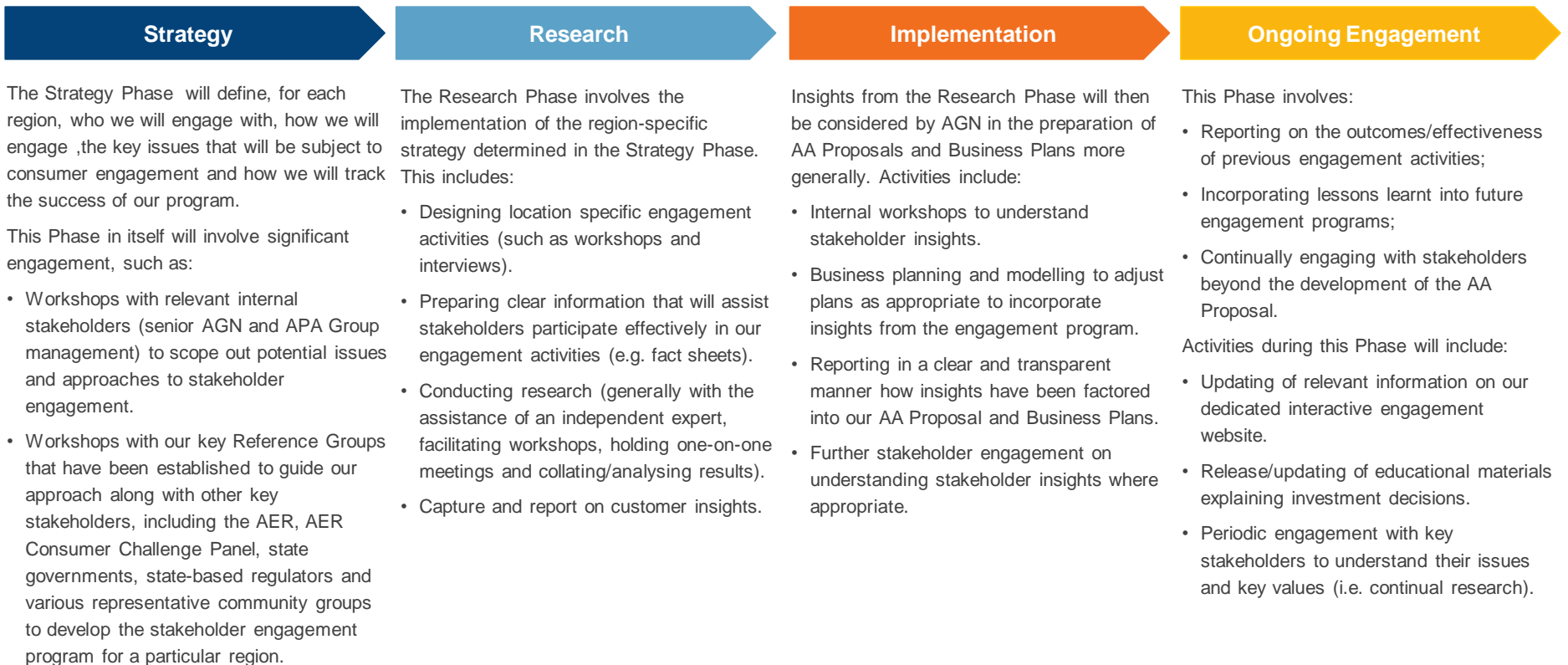
Figure 3: Stakeholder Engagement Priorities



Approach to Stakeholder Engagement

AGN's approach to stakeholder engagement comprises four phases. It commences with developing the specific engagement approach (referred to earlier as the region-specific strategy), followed by undertaking relevant research to understand stakeholder values and then including the outcomes of the engagement program into our business planning. The final phase is to continually engage with stakeholders to ensure we are always acting in a manner that is consistent with their long term interests. The key activities to be undertaken under each phase are outlined in Figure 4.

Figure 4: Approach to stakeholder engagement.



Contacts**Craig de Laine**

Group Manager – Regulation

craig.delaine@agnl.com.au

08 8418 1129

0403 309 949

Kristin Raman (key stakeholder
engagement contact)

Manager – Regulatory Policy

kristin.raman@agnl.com.au

08 8227 1500

0402 858 978

More information

www.stakeholders.agnl.com.au