

Attachment 3.6

Australian Gas Networks South
Australian Stakeholder Engagement
Strategy

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

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Stakeholder Engagement Strategy for South Australia

1 December 2014

Introduction

Australian Gas Networks (AGN) recognises the importance of engaging with our stakeholders. This strategy document outlines AGN's approach to stakeholder engagement across the South Australian (SA) natural gas distribution network. Key insights from this program will be used to underpin AGN's revised Access Arrangement (AA) proposal (or business plan) which is due to be provided to the Australian Energy Regulator (AER) on or before 1 July 2015.

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Background

AGN's aim is to operate our networks in a manner that is consistent with the long term interests of consumers. To achieve this we will meaningfully engage with key South Australian stakeholders, particularly in those regions served by our networks.

As illustrated in Figure 1, AGN's stakeholder engagement program will be sequentially rolled-out to the communities served by our natural gas distribution networks. The program will commence in SA to underpin our upcoming AA Proposal, which is due to be submitted to the Australian Energy Regulator (AER) on or before 1 July 2015.

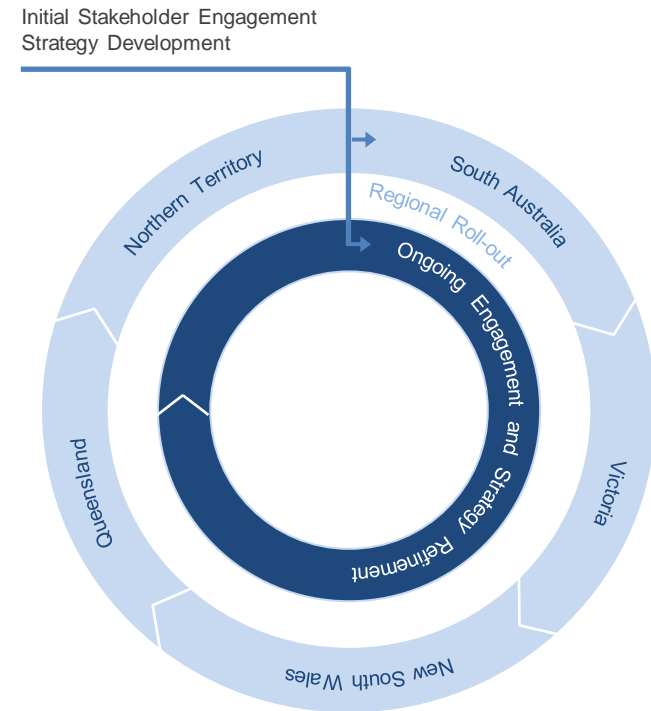
Whilst the regional focus on engagement may be staggered, AGN intends to engage with stakeholders in all regions on an ongoing basis. Importantly, learnings from the SA program will be incorporated into future programs.

We have developed and published our overarching stakeholder engagement strategy that transparently sets out our approach to engaging with stakeholders. Importantly, our approach is designed to be consistent with the National Gas Objective (NGO) and the AER's Customer Engagement Guideline. This strategy is available on AGN's dedicated stakeholder engagement site: www.stakeholders.agnl.com.au

Purpose of this document

This document sets out AGN's stakeholder engagement strategy for SA. More specifically, it details our approach to engagement and specific activities for each engagement phase. It is based upon the principles, priorities and approach set out in our overarching stakeholder engagement strategy.

Figure 1: Stakeholder engagement program roll-out

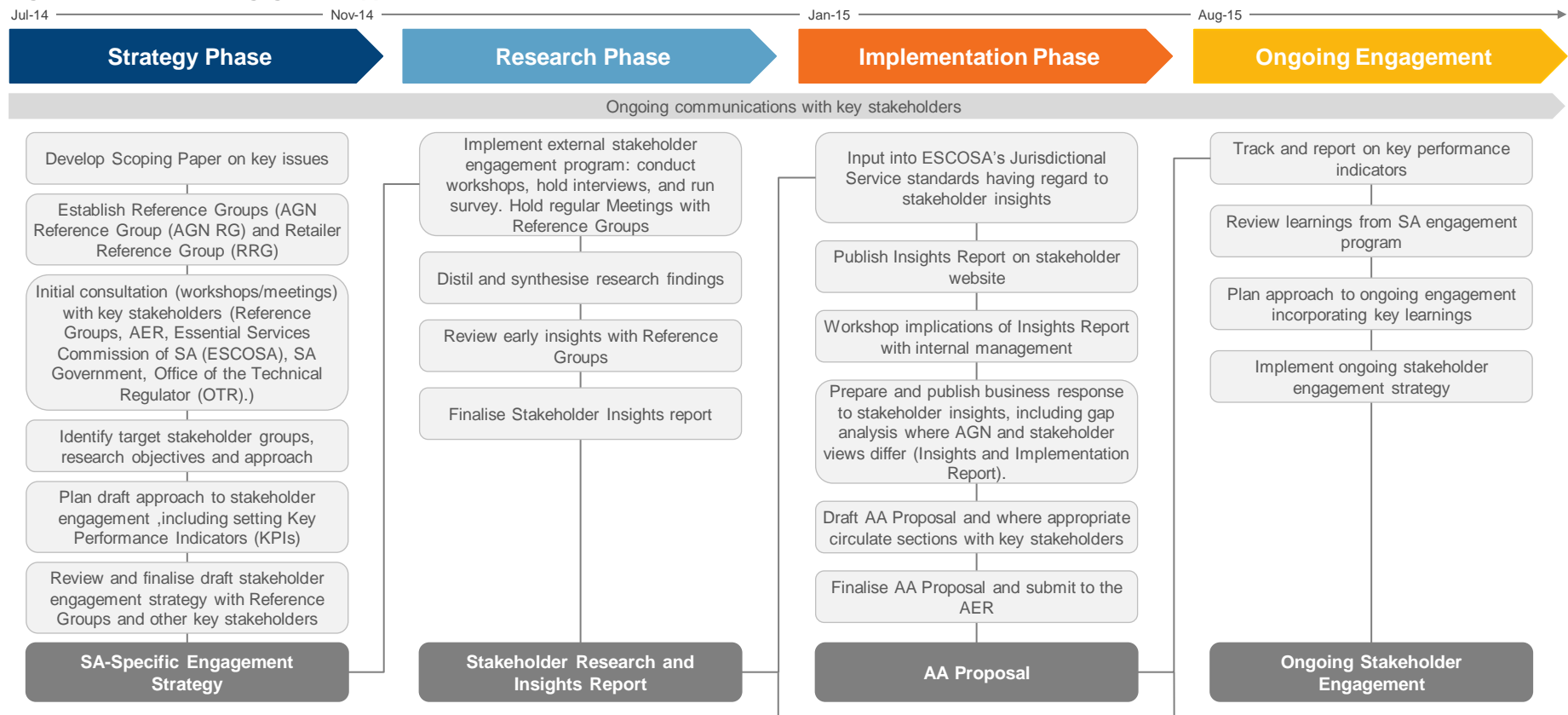


Stakeholder Engagement Approach

AGN's approach to stakeholder engagement comprises four phases. It commences with developing the region specific engagement approach (or 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.

Figure 2 illustrates AGN's approach to stakeholder engagement in SA. Each phase is discussed in further detail in the remainder of this document.

Figure 2: Stakeholder engagement approach - SA



SA Stakeholder Engagement – Strategy Phase

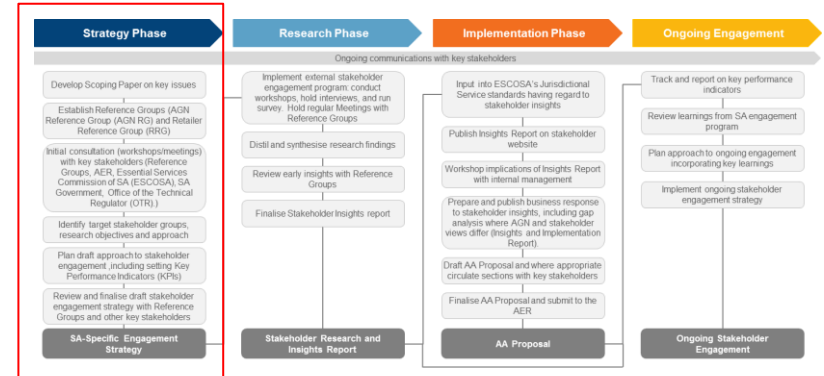
The objective of the Strategy Phase was to identify who AGN's stakeholders are, the appropriate method for engaging with these stakeholders and what we should engage on. Importantly, the strategy was designed to be robust and fit-for-purpose.

This Phase took place from July 2014 through end-November 2014.

To develop the strategy AGN:

- Developed a Scoping Paper setting out our preliminary views on who our key stakeholders are and potential issues for engagement.
- Established Reference Groups to provide efficient access to a broad range of stakeholder groups.
- Circulated the Scoping Paper with numerous internal and external stakeholders including the APA Group, ESCOSA, the OTR, the Energy Retailers Association of Australia (ERAA), the AER, the Consumer Challenge Panel (CCP), the AGN RG and the AGN RRG.
- Incorporated feedback from these internal and external stakeholders to develop a robust strategy which specifically identified:
 - **Who:** Identifying broad stakeholder cohorts;
 - **What:** Identifying the key issues to engage with stakeholders on; and
 - **How:** Identifying the techniques to be use to best ascertain stakeholder feedback.
- Circulated the final strategy with key stakeholders.

These results underpin future phases of AGN's stakeholder engagement program and are summarised on pages 6-11.



SA Strategy Phase Results: Reference Groups

A key component of AGN's stakeholder engagement strategy is establishing Reference Groups. These groups provide efficient access to a broad range of stakeholders and have been established to regularly challenge and guide AGN in developing and implementing the stakeholder engagement program.

In SA, AGN established two external reference groups:

- the AGN Reference Group (also known as the AGN RG) comprising a cross-section of community representative groups; and
- the Retailer Reference Group (also known as the RRG) comprising retailers who utilise our network.

Figure 3: External reference groups



SA Strategy Phase Results: Cohorts and Approach

The AGN RG indicated that AGN’s external stakeholders aren’t only gas consumers, but are anyone exposed to AGN’s operations. During the Strategy Phase AGN therefore sought to identify broad stakeholder groups to engage with. Guidance from external stakeholders was key to ensuring AGN had a robust list of stakeholders as well as an appropriate means of consultation: targeted or community.

Targeted consultation

Targeted consultation was deemed appropriate for key stakeholder groups and major customers. This will occur during all phases of engagement, for example:

- Strategy Phase: AGN engaged key stakeholder groups, particularly our two Reference Groups, the AER, CCP, OTR and ESCOSA in initial workshops and meetings.
- Research Phase: AGN will conduct in-depth (‘deep dive’) interviews with major customers and non-government organisations to understand their needs, concerns and values.
- Implementation Phase: AGN will share research findings, early insights and business plans with AGN’s Reference Groups and stakeholders more generally.

Community consultation


Community consultation will target the broader community in the Research and Implementation Phase. More specifically, AGN will involve representatives from metropolitan and regional communities in interactive and engaging workshops to understand their issues and values, and to test our business plan. Workshop participants will comprise representation from a broad cross section of SA gas stakeholders (current and potential network users) and suppliers (facilitators).

Additionally, AGN will run an online survey which will be open to the SA public and available from a dedicated engagement website. Questions will seek to cover the major research themes that will be discussed in more detail at the interactive stakeholder workshops.

We will be monitoring the effectiveness of all engagement approaches and will refine the strategy for future regions as appropriate as part of the Ongoing Engagement Phase.

Figure 4: External stakeholder engagement approach



 Current and potential network users, facilitators and major customers will be involved in research activities.

SA Strategy Phase Results: Approach

During the initial consultation and strategy phase we asked key stakeholders how they would like to be involved in our process. The table below has been informed by this feedback and highlights how we will engage with key stakeholder groups.

Table 1: External stakeholder engagement approach

Stakeholder group	Segments	Initial consultation	Ongoing communication	Research method		
				Deep dive interviews	Consultation workshops	Online survey
Regulators	<ul style="list-style-type: none"> • AER • CCP (AER advisors) • ESCOSA • OTR (SA) 	•	•			
Energy intermediaries	<ul style="list-style-type: none"> • The Australian Energy Market Commission (AEMC) • The Australian Energy Market Operator (AEMO) 		•			
Government	<ul style="list-style-type: none"> • State government • Local government • Local councils 	•	•			
Non-government organisations	<ul style="list-style-type: none"> • SA Energy and Water Ombudsman • Environmental groups • Consumer advocacy groups 	•	•	•		
Network users	<ul style="list-style-type: none"> • Residential; Commercial/business; vulnerable customers • Large industrial users • Energy retailers 		•	•	•	•
Potential network users	<ul style="list-style-type: none"> • Non-gas users • Former gas users 				•	•
Network facilitators	<ul style="list-style-type: none"> • Plumbers • Builders • Gas fitters • Developers • Appliance retailers and manufacturers 				•	•

SA Strategy Phase results: Research Schedule

AGN intends to engage network users in workshops and via online survey. Five workshops will be conducted throughout SA, consistent with feedback from the AER who stressed the importance of going to regional areas. Each workshop will have approximately 15 participants.

Major customers will be engaged using deep dive interviews or over the phone subject to availability.

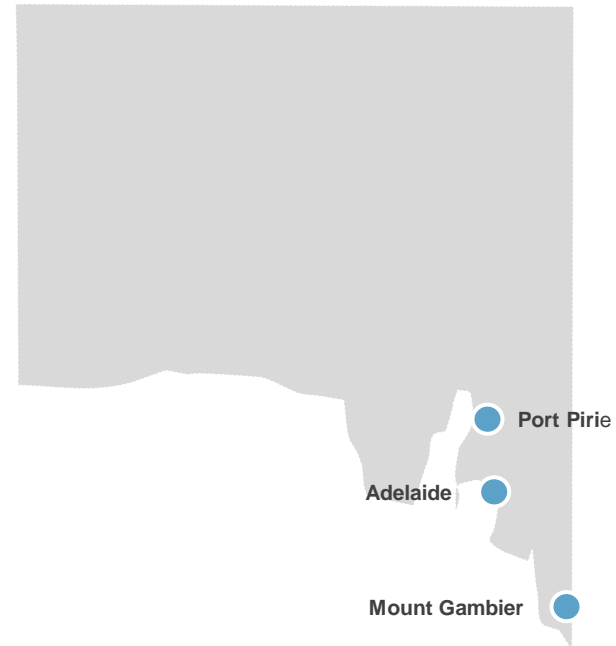
Reference Groups and Non-Government Organisations will be engaged on an ongoing basis through workshops and one-on-one interviews.

Potential network users and network facilitators will be engaged through the online survey.

Table 2: Workshop schedule

Location	Date	Participants
Port Pirie	1 December 2014	Port Pirie residents
Adelaide	2 December 2014	Metropolitan residents (all suburbs)
Adelaide	3 December 2014	Metropolitan small-to-medium businesses
Mount Gambier	4 December 2014	Mount Gambier residents and small-to-medium businesses
Adelaide	5 December 2014	Consumer advocacy groups

Figure 5: Focus group location



SA Strategy Phase Results: Themes and Objectives

AGN and key internal and external stakeholders, including our Reference Groups, identified the key engagement themes and objectives for the research phase.

Overall objectives

- Ensure our AA Proposal, and business plan more generally, is consistent with the long term interests of stakeholders.
- Assist our stakeholders and the community more generally understand the gas market including AGN's role and the application of the regulatory regime to our business.

Themes

AGN reviewed feedback from the Scoping Paper to identify those areas to be subject to stakeholder engagement. These projects were grouped under five key themes (as outlined below).

Engagement activities were organised around these themes, with questions tailored to the appropriate stakeholder groups.

Figure 6: Consultation themes



SA Strategy Phase Results: Key Performance Indicators

Tracking and transparently reporting on the performance of our stakeholder engagement is an important part of our strategy. It is another mechanism for stakeholders to provide feedback to AGN and is key to AGN understanding the effectiveness of the program, which in itself provides a base for qualifying the results. Importantly this information will help AGN improve its engagement techniques over time.

Key Performance Indicators (KPIs) were developed having regard to the principles of stakeholder engagement set out in the AER's Customer Engagement Guidelines. These principles are described more fully in AGN's overarching engagement strategy (www.stakeholders.agnl.com.au) whilst KPI's for the SA engagement program are set out in Table 3.

Table 3: SA Engagement Program KPIs

AER Principle	AGN Commitment	Measurement
Clear, accurate and timely communication	<ul style="list-style-type: none"> • Provide stakeholders with clear, accurate, relevant and timely information, having consideration for their preferred communication methods. • Establish clear and realistic timeframes for stakeholder input. • Support stakeholders from diverse backgrounds to make an informed view on our plans by ensuring documentation provided is clear, concise and uses plain English. • Understand stakeholder preferences for communication topics and methods and implement an approach consistent with these preferences. 	<ul style="list-style-type: none"> • Stakeholder satisfaction with: <ul style="list-style-type: none"> • Educational materials used during customer workshops and in surveys and interviews. • Process for engagement (how clearly materials were presented). <p>As measured by a 70% or above satisfaction score on the workshop as a whole.</p>
Accessible and inclusive engagement	<ul style="list-style-type: none"> • Identify all relevant stakeholder cohorts and the specific characteristics of each group, such as their preferred method of communication. • Be efficient with the engagement, having regard for stakeholders' time. • Ensure each stakeholder or stakeholder group has an appropriate understanding of relevant issues on which to base feedback. <ul style="list-style-type: none"> • Give stakeholders choices and engage in a non-leading manner. • Develop a plan for engaging beyond the submission of an AA Proposal. 	<ul style="list-style-type: none"> • Endorsement from Reference Groups that engagement reaches a representative group of the target population, as measured through a feedback survey on the process. • Stakeholder satisfaction, as measured by 70% or above score, on the following workshop feedback survey elements: workshop pace, education materials and collaboration within the workshop.
Transparent process	<ul style="list-style-type: none"> • Clearly identify the objectives of each phase of engagement. • Clearly explain the role of stakeholder in each phase of engagement. • Identify and explain how stakeholder input and insights will be relied upon. • Clearly and credibly report the input of all stakeholders including how insights have been incorporated into Business Plans. 	<ul style="list-style-type: none"> • Public disclosure of details about engagement activities. Publish on website: strategy, workshop materials, stakeholder insights, business plan and KPI tracking. • Attendance by Chief Executive Officer at one or more workshop. • Access to Board and Management team to AGN Reference Group. • Publish "Insights and Implementation" paper outlining application of stakeholder insights.

SA Stakeholder Engagement – Research Phase

The Research Phase draws upon the Strategy Phase and will employ a mix of qualitative and quantitative methods to gain insights into stakeholder values. More specifically, AGN will use a targeted, fit-for-purpose engagement method consisting of:

- a series of stakeholder workshops;
- key stakeholder interviews; and
- an online survey (all South Australians).

The proposed schedule for this program is described on page 13 and the specific discussion points on page 14 – 18.

The key research tools will comprise the workshops and stakeholder interviews. During these processes, key topics such as the natural gas supply chain, regulatory process, and our proposed initiatives can be discussed in detail to ensure informed feedback is received.

Engagement reach

AGN aims to ensure a widespread opportunity for involvement amongst key stakeholders. We will therefore conduct research in a manner that provides for the following:

- Host workshops in geographic locations reflective of network activities.
- Develop stakeholder engagement website.
- Involve workshop participants that provide a representative sample of SA stakeholders,
- Conduct a fit-for-purpose level of media advertising to ensure South Australian's are aware of our engagement activities and know how to contribute.

Research partners

AGN has engaged Deloitte to support the research phase. Deloitte will act as an independent advisor, facilitator and results interpreter.

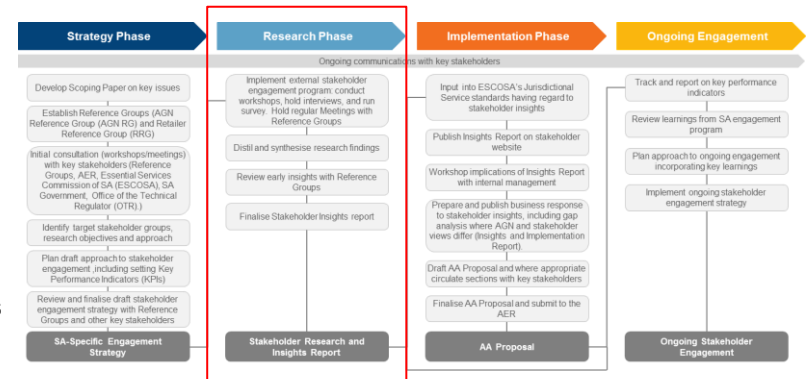
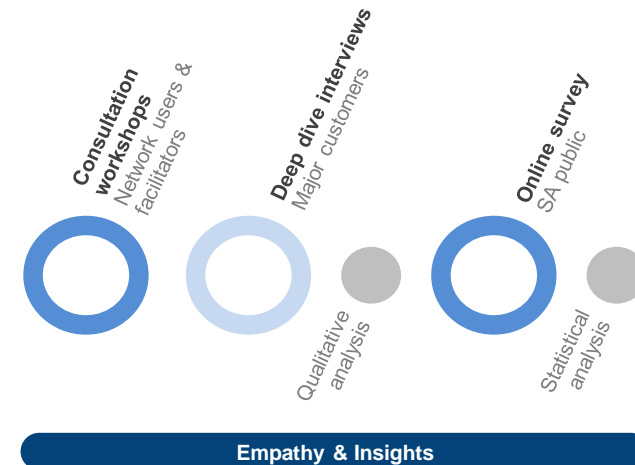


Figure 7: Research methodology



SA Research Phase: Research Schedule

The Research Phase will take place over November-December 2014, with key stakeholder insights expected to be finalised by AGN's independent expert in February 2015. The following table summarises the process for developing, conducting and reporting on research activities in SA.

Table 4: Proposed research schedule

	November 2014			December 2014		January 2015	February 2015
	10-14	17-21	24-28	1-5	8-19	5-30	2-27
Consultation workshops (5)		Design	AGN Reference Group review	Conduct			
	Recruit participants						
Deep dive interviews		Design	AGN Reference Group review	Conduct			
Online survey	Design	Build and Open	Open		Close		
Insights					Collate data		
					AGN Reference Group review		
					Synthesis & analysis		
						Draft report	
						AGN Reference Group review	
							Finalise report

SA Research Phase: Research Themes and Topics

Based on the themes and topics identified in the Strategy Phase, AGN developed a series of discussion points relevant to specific stakeholder groups. These discussion points (summarised in Tables 5–9) will be used by AGN and research partners Deloitte for workshops, interviews and the online survey.

Table 5: Research themes and topics – customer experience

Customer experience	Stakeholders				Discussion points
	Major customers	Network users	Potential network users	Reference Group	
Level of awareness of AGN and associated brands (i.e. Natural Gas and/or Envestra)	•	•	•		<ul style="list-style-type: none"> – Have stakeholders heard of AGN and what do they know about our operations? – Can stakeholders recall the Natural Gas ("make the connection") advertising?
Use and reliance on gas	•	•			<ul style="list-style-type: none"> – How do stakeholders use natural gas in their home/business? – To what extent do stakeholders rely on gas in their home/business?
Customer service	•	•	•		<ul style="list-style-type: none"> – If stakeholders have had contact with AGN/APA Group in the last 12 months, what was it about and how do they rate the customer service they experienced?
Topics and channels for communication	•	•	•	•	<ul style="list-style-type: none"> – What do stakeholders want information on, e.g. AGN services, gas appliances, the distribution network, our operations and future plans etc.? – How would stakeholders like to receive information from or interact with us, i.e. which channels?
Do stakeholders want a guaranteed service level (GSL) scheme?		•			<ul style="list-style-type: none"> – Willingness-to-pay for a GSL scheme in SA.
Responding to general enquiry phone calls		•			<ul style="list-style-type: none"> – Current performance and willingness-to-pay for increased or decreased level of service.
Responding to gas leak reports		•			<ul style="list-style-type: none"> – Current performance and willingness-to-pay for increased or decreased level of service.
Do stakeholders want a better coordinated mains replacement program?	•	•	•		<ul style="list-style-type: none"> – Willingness-to-pay for a new system to efficiently coordinate capital works with other service providers (e.g. councils) to minimise disruption to the public.

Customer experience

Network safety and reliability

Network expansion and innovation

Access and affordability

Environmental commitments and reporting

SA Research Phase: Research Themes and Topics

Table 6: Research themes and topics – network safety and reliability

Customer experience

Network safety and reliability

Network expansion and innovation

Access and affordability

Environmental commitments and reporting

Network safety and reliability	Stakeholders				Discussion points
	Major customers	Network users	Potential network users	Reference Group	
Do stakeholders want fire shut-off valves fitted?	•	•	•		– Willingness-to-pay to fit fire shut-off valves in new and replacement meters over the next five years to maintain and improve network safety.
Do stakeholders want AGN to repair customer outlet service leaks?	•	•	•		– Willingness-to-pay to repair customer outlet service leaks to ensure the work is done promptly and safely.
Mains replacement					– Willingness-to-pay for a variation in our proposed mains replacement schedule.
Do stakeholders want to replace above ground poly pipes and old fittings?	•	•	•		– Willingness-to-pay to replace identified instances of above ground poly pipe and old plastic fittings to maintain and improve network safety.
Do stakeholders want AGN to relocate meters on altered properties?	•	•	•		– Willingness-to-pay to relocate customer meters due to property alterations (eg driveways and building work) where the meter is in a dangerous area.
Do stakeholders want to replace meters inside buildings and inlet services under buildings?		•			– Willingness-to-pay to rectify sites that don't meet current Australian safety standards.

SA Research Phase: Research Themes and Topics

Table 7: Research themes and topics – network expansion & innovation

Customer experience

Network safety and reliability

Network expansion and innovation

Access and affordability

Environmental commitments and reporting

Network expansion and innovation	Stakeholders				Discussion points
	Major customers	Network users	Potential network users	Reference Group	
Do network users want AGN to explore potential major network expansions?	•	•			– Willingness-to-pay to allocate funds for AGN to explore if a project is economic.
Do stakeholders want remote meter reading devices?		•			– Willingness-to-pay to install a remote reading device to meters throughout the network as we conduct our periodic meter replacement program.

SA Research Phase: Research Themes and Topics

Table 8: Research themes and topics – access and affordability

					Customer experience	Environmental commitments and reporting	Network safety and reliability	Access and affordability	Network expansion and innovation
Access and affordability	Stakeholders				Discussion points				
	Major customers	Network users	Potential network users	Reference Group					
Forecast price path – understand stakeholders' price tolerance/elasticity of demand	•	•		•	– What do gas customers think of their last bill and at what price would it seem too low or high based on what they would normally expect to pay (i.e. what looks like a billing mistake)?				
What do stakeholders think AGN's role should be with respect to vulnerable customers?	•	•	•	•	– Does AGN have a role here, and if so what is it?				
Understand the reasons why people are not connected to mains gas			•		– What are the reasons stakeholders aren't connected to natural gas? – Have they been connected in the past? – What would encourage stakeholders to connect to natural gas?				
Do network users want a different network tariff structure?	•	•			– Do stakeholders value fixed tariffs or tariffs that link to volume? – Do stakeholders value smooth prices? – Do stakeholders think tariffs should be postage stamped across the network, e.g. SA or should they vary according to cost and distance from the delivery point?				

SA Research Phase: Research Themes and Topics

Table 9: Research themes and topics – environmental commitments

Customer experience

Network safety and reliability

Network expansion and innovation

Access and affordability

Environmental commitments and reporting

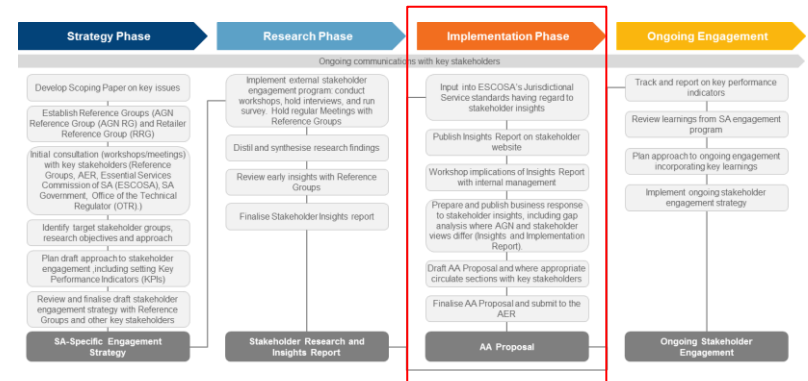
	Stakeholders				Discussion points
	Major customers	Network users	Potential network users	Reference Group	
Environmental commitments and reporting					
Environmental transparency	•	•	•		<ul style="list-style-type: none"> – What are AGN environmental commitments? – Transparency of environmental standards and performance.
AGN's role	•	•	•	•	<ul style="list-style-type: none"> – Expected role of AGN in the environmental policy debate.

SA Stakeholder Engagement – Implementation Phase

The Implementation Phase of AGN's engagement program focuses on embedding the findings from the Research Phase into our AA Proposal.

The Implementation Phase will take place over January 2015 to end-June 2015. Key activities will include:

- Inputting into ESCOSA's review of Jurisdictional Service Standards, having regard to stakeholder feedback on service standards.
- Publicising of stakeholder insights on dedicated stakeholder engagement website (open for comments).
- Presenting stakeholder insights to internal stakeholders, in particular senior AGN management.
- Engaging with Reference Groups on key insights.
- Internal workshops to "operationalise" findings.
- Business planning and modelling to adjust Business Plans as appropriate to incorporate stakeholder insights.
- Development and publish Insights and Implementation report, including a gap analysis to highlight where AGN and stakeholders may not agree and providing an explanation around AGN's position.
- Further stakeholder engagement on investment decisions as appropriate.
- Inform key stakeholders of findings – website and potentially workshop.



SA Stakeholder Engagement – Ongoing Engagement Phase

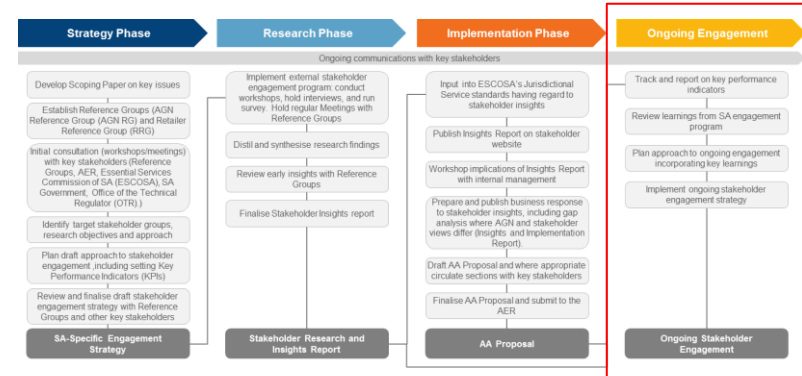
AGN’s strategy provides for an ongoing focus on stakeholder engagement. AGN will continue to engage in SA, and apply the learnings to other regions.

The details of this phase will evolve following the completion of the SA AA review process as AGN intend to seek guidance from stakeholders on the level of engagement they would like moving forward.

Key activities will include:

- Tracking and reporting of established key performance indicators.
- Release of education materials explaining investment decisions.
- Other – as determined by the initial consultation phase.

We will seek to ensure our business plans continue to reflect the wants and needs of stakeholders.



Additional Information

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Table 8: Research themes and topics - access and affordability

Table 9: Research themes and topics – environmental commitments

Acronyms

AA	Access Arrangement
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
AGN	Australian Gas Networks
AGN RG	AGN Reference Group
CCP	Consumer Challenge Panel
ERAA	Energy Retailers Association of Australia
ESCOSA	Essential Services Commission of South Australia
GSL	Guaranteed Service Level
KPI	Key Performance Indicator
OTR	Office of the Technical Regulator
RRG	Retailer Reference Group
SA	South Australia

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