

22 October 2021

Dr Kris Funston
Executive General Manager Network Regulation
Australia Energy Regulator
Via email: regulatoryinnovation@aer.gov.au

Dear Kris,

AGIG welcomes the opportunity to comment on the draft Better Reset Handbook. The development of a Reset Handbook is an important initiative, and reflects the progress the industry and the AER have made in incorporating customers and stakeholders in the regulatory reset processes of recent years. We consider that once finalised, the Better Reset Handbook will deliver benefits for customers and industry through a more transparent and streamlined regulatory process, focussing on key issues to customers.

As the owner of several regulated gas distribution and transmission assets, AGIG has continually worked to advance its approach to developing regulatory proposals (or Final Plans) that meet the needs of our customers. We adopt a 'customers are at the centre of our plans' approach and are committed to 'no surprises'. Our review objectives implemented across our networks and pipelines are to develop a regulatory proposal which:

- delivers for current and future customers;
- is underpinned by effective engagement; and
- is capable of acceptance by customers and stakeholders.

We are pleased that the draft Better Reset Handbook largely reflects much of our current approach to developing our regulatory proposals. We are also encouraged by the potential for the AER to be involved at the outset of our customer and stakeholder engagement programs, which commence some 18 months prior to lodgement of our regulatory proposal with the AER.

We agree with the AER's assessment that the Better Reset Handbook should not prescribe any particular form or model of customer engagement. AGIG and other businesses have successfully delivered different models of customer engagement programs, each of which the AER have recognised as delivering for customers. We believe customer engagement should be 'fit-for-purpose' and developed in consultation with stakeholders, as each business, and the market within which it operates, will differ.

As the AER has recognised, the key to successful stakeholder and customer engagement is not necessarily the model by which it is delivered, but the genuineness of the engagement. This genuine engagement is evidenced by the:

- participation in the process by senior management and executives
- transparency of information provided through the engagement process
- resources provided to customers and stakeholders by the business to help them understand the issues, potential solutions and the impacts of those solutions on the customer

- regulatory proposals submitted to the AER that clearly document how feedback has been responded to in the development of the regulatory proposals

We are keen to understand the scope of any independent report that is required to support a business' application for a targeted review stream. We consider the scope and authors of the independent report should not be so narrow as to pre-determine a particular customer and stakeholder engagement approach.

Attached to this letter are the responses to the questions the AER has raised in the draft Better Reset Handbook. We highlight some key matters below.

The Proposal as a Whole

While we understand the need to focus on the inputs to the Final Plan, we think consideration should also be given to the proposal as a whole (i.e. what is the outcome for customers of the Final Plan?).

If a business has developed a regulatory proposal where:

- customers/Stakeholders/Business understand and agree on key issues/activities;
- an effective engagement framework was developed, including the use of co-design;
- a range of potential options were considered and presented, including price impacts; and
- the regulatory proposal reflects the outcomes of the engagement process,

then the proposal should warrant an expedited review.

Capable of acceptance ultimately means that the issue/activity, when considered on its own and alongside the total package of initiatives, including their price impact, is acceptable to customers and stakeholders. Such an approach shifts the focus from inputs into a regulatory proposal, to the outcome for customers of the regulatory proposal.

Criteria for streamlined review

AGIG will be submitting regulatory proposals for its two Victorian gas distribution businesses (Australian Gas Networks (AGN) Victoria & Albury, and Multinet Gas Networks (MGN)) on 1 July 2022. This is prior to the proposed full application of the Better Reset Handbook to businesses whose regulatory proposals fall due in January 2023.

However, given the strong alignment between the Better Reset Handbook and our own approach to preparing regulatory proposals, we will request that the regulatory proposals we submit on 1 July 2022 should have access to the streamlined review. We consider that our current engagement process will meet the requirements proposed in the draft Better Reset Handbook, and the criteria used by the AER to apply a streamlined review should be no different.

We once again thank the AER for the opportunity to provide feedback on the draft Better Reset Handbook. Please contact me if you wish to discuss any aspect of our submission further.

Yours sincerely



Roxanne Smith
Executive General Manager Corporate and Regulation