
Submission to the Australian Energy
Regulator *Issues Paper: Ausgrid
Electricity Distribution Determination
1 July 2024 to 30 June 2029*

Consumer Challenge Panel
Sub-panel 26

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The authors recognise the traditional owners of the lands on which Ausgrid and the AER operate, as well as the lands on which this report has been prepared. We pay our respect to the past, present and emerging elders of these nations.

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1. Executive Summary

We consider that the greatest strength of Ausgrid's reset engagement program has been its Reset Customer Panel (**RCP**). The RCP has played a strong hand in pushing Ausgrid to ensure that every aspect of the Regulatory Proposal is delivering value for customers. The engagement between Ausgrid and the RCP has been rich, innovative and future-focused. Ausgrid treated the RCP as a genuine partner in developing its proposal.

Ausgrid's customer engagement program has been very broad and very deep. The CCP26 spent more than 150 hours observing Ausgrid's consumer engagement. We acknowledge that we did not observe all the activities that took place. Ausgrid's consumer engagement program is the most extensive engagement program observed by a Consumer Challenge Panel.

With such a large engagement program has come challenges. The Regulatory Proposal does not provide a clear explanation of how all the Voice of Community Panel (**VOCP**) recommendations have been addressed. With the exception of Recommendation 6 (relating to cyber security and innovation), we have formed the view that the VOCP's recommendations had a limited influence on the Regulatory Proposal. Engagement fatigue during the third phase of the engagement, which saw about two thirds of the VOCP discontinue their involvement, and other factors, has led the CCP26 to question the validity of some engagement outcomes. There is also evidence that participants in the deliberative process struggled with the complex regulatory framework.

We observed that the Pricing Working Group members demonstrated a deep and mature understanding of network pricing issues and worked collaboratively with the Ausgrid pricing team in developing firstly the Pricing Directions Paper and subsequently the elements of the TSS.

Ausgrid's customer engagement is ongoing. The CCP26 acknowledges Ausgrid's ambitious and innovative approach to engagement, and its desire to create a customer-centric culture. We look forward to observing more of Ausgrid's engagement activities during 2023 and providing further advice to the AER on Ausgrid's post-lodgement consumer engagement.

At the heart of the Better Resets Handbook is an assumption that monopoly network service providers will deliver better services for their customers by listening to them. Since our appointment in November 2021, the Consumer Challenge Panel sub-panel 26 (CCP26) members have observed hundreds of hours of consultation conducted by the three NSW and one ACT electricity distribution businesses. Across all four consultative processes the wisdom of customers has been consistently displayed. In rooms full of technical and regulatory experts, customers offered useful and original insights about their needs and expectations.

2. Background

The role of the Consumer Challenge Panel is to assist the AER make better regulatory determinations by members advising the AER on issues that are important to consumers.¹ This includes members using their expertise to provide challenge to network businesses' proposals and the way the AER approaches issues. In carrying out its role, the Consumer Challenge Panel strives to be robust, challenging, fair and always consumer focussed.

The CCP26 subpanel was appointed in November 2021. The CCP26 observed a sample of Ausgrid's pre-lodgement consumer engagement activities (see Appendix 1 for details). Overall, the CCP26 has observed more than 150 hours of Ausgrid's consumer engagement activities. We chose to focus our observation on the Reset Customer Panel (**RCP**), Voice of Community Panel (**VOCP**) and Pricing Working Group (**PWG**).

We note the following with respect to the CCP26's observations of Ausgrid's consumer engagement:

1. The CCP26 was appointed around 9 months after Ausgrid's consumer engagement commenced. This meant the CCP26 did not observe the co-design of the engagement framework and engagement program with the RCP.
2. This submission is focused on phases 2 and 3 of Ausgrid's engagement approach (see Appendix 2).
3. The CCP26 observed most formal meetings between Ausgrid and the RCP. There was, however, informal engagement that took place between meetings which was not observed.
4. Ausgrid has continued to undertake an extensive consumer engagement program since it lodged its Regulatory Proposal on 31 January 2023. This post-lodgement engagement will inform any further Ausgrid submission on its resilience expenditure, as well as Ausgrid's Revised Regulatory Proposal due in December 2023. The CCP26 continues to observe these engagement activities.

This submission offers the CCP26's views on Ausgrid's consumer engagement based primarily on our observations. In doing so, we are guided by the expectations set out in the Better Resets Handbook (the **Handbook**). The CCP26 has been asked to respond to the engagement-related questions raised in the AER's Issues Paper, including questions 1, 3, 5, 7, 25 and 28.

We also note that this is the first written advice that the CCP26 is providing to the AER about Ausgrid's consumer engagement. On 19 October 2022, the CCP26 provided a verbal update to AER staff and Ausgrid about our insights and analysis of Ausgrid's pre-lodgement

¹ See www.aer.gov.au/about-us/stakeholder-engagement/consumer-challenge-panel accessed on 12 May 2023

engagement up to that point. We are able to provide the AER with a summary of this briefing, if requested.

3. Context of the NSW/ACT regulatory resets

The CCP26 is aware of external factors that have had an impact on developing the regulatory proposals for NSW and ACT electricity distribution businesses, including:

- The COVID19 pandemic which has impacted on electricity use and on methods for engaging with consumers.
- Natural disasters, specifically fires then floods in many parts of NSW with some communities being impacted by multiple events. We also recognise that recovery is still underway for many households, small businesses and their communities.
- The AER's draft decision of the 2023-24 Default Market Offer² is for an increased reference price in the range of a 14.1% -15.4% annual increase for NSW residential customers without controlled load. This reflection of rising electricity costs coupled with other cost of living pressures have resulted in growing numbers of households and businesses experiencing financial stress.

In identifying these factors, we understand that they all influence the nature of engagement and customer expectations.

4. Consumer engagement approach

Question 1: Do you think Ausgrid's consumer engagement meets the expectations set out in the Handbook in delivering a consumer-centric proposal? Please give examples.

The CCP26 observed a large amount of engagement activities that demonstrate the various ways in which Ausgrid's consumer engagement has met the expectations set out in the Handbook and delivered a consumer-centric proposal. These are set out below. In this section we also identify challenges faced by Ausgrid in its engagement and some areas where we consider that Ausgrid fell short of the Handbook expectations.

The central role of the RCP

Ausgrid's commitment to genuine engagement is particularly apparent in its relationship with the RCP. We observed RCP members speaking frankly to senior people in the organisation on issues of concern. Ausgrid actively sought challenge from the RCP and we did not observe any issues that were 'off limits'. RCP meetings were a place where challenging conversations regularly took place. Ausgrid was open to the RCP views about where there were opportunities to deliver better customer outcomes and this enabled Ausgrid's Regulatory Proposal to innovate in a number of key areas.

We observed occasions on which the CEO and Board Directors, including the Board Chair, attended RCP meetings. The CCP26 considers that senior executives at Ausgrid were strongly supportive of the RCP and its role to challenge the business.

² [AER - Draft determination - Default market offer prices 2023-24 - 15 March 2023](#)

Ausgrid ensured the RCP was well-equipped to engage with the Regulatory Proposal by providing regular and transparent updates on the Regulatory Proposal as it evolved. Ausgrid also ensured that the organisation's relevant experts attended RCP meetings. We note that Ausgrid made staff available to engage with the RCP outside of formal meetings.

The robust and thoughtful challenge provided by the RCP has been a strength of Ausgrid's engagement program. The Terms of Reference establish independent challenge as the central feature of the RCP and provided a clear foundation for the RCP to undertake this role.

There is evidence that demonstrates the Handbook expectation that, where possible, engagement will occur at the upper end of IAP spectrum. As well as co-designing the engagement program, Ausgrid has also co-designed its Resilience Framework and ICT governance approach with the RCP.

The affordability measures included in Ausgrid's Regulatory Proposal stand out as evidence of the impact of engagement. The package of reforms can be directly linked to RCP concerns about the rising cost pressures facing Ausgrid's customers.

The CCP26 offers the following limited reflections on improvement opportunities based on our observation of the RCP's role in Ausgrid's customer engagement program:

- Towards the end of the pre-lodgement engagement program, RCP members took on roles of explaining, and justifying, the draft Regulatory Proposal to the VOCP and Townhall participants. By taking ownership of the draft proposal in this way, we felt the RCP risks undermining its objectivity and ability to act as an effective counterparty to Ausgrid.
- Some RCP members were employed by, or professionally associated with, organisations that were active stakeholders in Ausgrid's consultative processes. It is not clear how these potential conflicts of duty have been managed during the engagement process.

The limited impact of the Voice of Community Panel recommendations

The centrepiece of Ausgrid's customer engagement program was its Voice of Community Panel (VOCP). At the conclusion of 8 days of deliberative engagement the VOCP delivered a Final Report that included ten recommendations and a definition of fairness. The Board and CEO demonstrated a strong commitment to the VOCP process. For example, Ausgrid's Board Chair and CEO attended the VOCP in June 2022 to receive the Final Report.

Ausgrid's Regulatory Proposal (at p31) outlines the steps taken to ensure that the 45 participants in the panel was fully representative of the community. The VOCP maintained strong participation and good attendance through phase 2 culminating in the delivery of the Final Report. However, we observed significant engagement fatigue during phase 3, in

which around one third of participants attended the VOCP recall and the Town Hall engagement activities.

The RCP has stated that it is confident the VOCP recommendations are robust:

Observing the progress of the VoCP sessions enables the Panel to confidently state that the process by which the VoCP arrived at their recommendations was robust and the recommendations accurately reflect the views and experiences of those who participated.³

We offer a qualified position in support of this view. During the finalisation of the recommendations, Ausgrid intervened to request clarification on recommendation 2 (net zero strategy) and suggested the following alternative language which was adopted by the VOCP:

Ausgrid should introduce a pro-active and targeted mixed investment plan between \$100-\$150 million to achieve net zero and minimise barriers for 85% of impacted customers.⁴

While this gave Ausgrid greater clarity, the CCP26 is concerned that the redrafted recommendation was not well understood by the panel participants. With this exception, the CCP26 agrees that the phase 2 VOCP process was robust.

Despite Ausgrid's assertion at the Public Forum that all of the VOCP recommendations have been adopted, the CCP26 has not found evidence in the Regulatory Proposal to support this view.

Some aspects of the VOCP recommendations are directly referenced in the Regulatory Proposal. For example, the Regulatory Proposal responds to the VOCP recommendation 6 which calls for increased expenditure on cyber security (Ausgrid proposes an additional investment of \$106m in response to VOCP at p104) and innovation (Ausgrid resists the VOCP request to significantly increase innovation expenditure at p85-86).

While some details contained in the VOCP recommendations are highlighted (such as those relating to net zero expenditure in recommendation 2), the Regulatory Proposal is silent on other details (such as resilience related confidence levels in recommendation 8). It is not clear if recommendations 2, 5 and 8 have been actioned as part of the CER, CSIS and ICT proposals.

Recommendations 1 and 10 call on Ausgrid to lobby for regulatory reform to change the IPART reliability standards and enable Ausgrid to play a wider role in the supply of electricity to households. Recommendations 3 and 4 call for additional information to be made available to customers about Ausgrid's costs and energy issues. The Regulatory Proposal

³ RCP Report, 29 August 2022, p23

⁴ Ausgrid Community Panel Report, p7

appears to be silent on these recommendations and below we discuss how regulatory complexity has affected the engagement program.

Recommendation 9 regarding export pricing assignment has not been adopted in the Regulatory Proposal. This is explored in more detail below.

Customer preferences on export pricing

Ausgrid asked the Voice of Community Panel (VOCP) to specifically consider the assignment policy for export pricing as part of its deliberations. During this time Ausgrid made experts available to explain the pricing framework and related considerations. The outcome of that process was a recommendation in the VOCP's Final report to not adopt mandatory assignment during the regulatory period, but rather to provide a longer opt-in transition and move to a mandatory assignment in the subsequent regulatory period.⁵ This recommendation was adopted with a 'super-majority' (in excess of 80% support) and no dissenting report was written. As noted above, the RCP considers that the VOCP recommendations accurately reflect the views and experiences of those who participated.

Ausgrid subsequently invited the VOCP back to attend a recall session to "take a deep dive into climate resilience, net zero and export pricing". This engagement took place on 17 September 2022 and involved 14 participants (about one third of the 45 active VOCP participants). Export pricing was addressed in 40 minutes of the online session.⁶ The CCP26 considers that some inaccurate statements were presented to the panel during this session. The CCP26 is also concerned that the participants were pressured to support Ausgrid's export pricing assignment position during this session. Ausgrid's published documentation from this engagement reflects the participants' responses to the presentation but does not include verbal representations made by Ausgrid staff during the session. Some of the published feedback from the session supports the CCP26 concerns.

The CCP26 formed the impression that Ausgrid may not have been satisfied with the outcome from the VOCP and set up another process (the VOCP recall) to provide a more satisfactory answer.

The Town Hall meeting was held with a subset of VOCP participants and other customers to obtain views on the Draft Regulatory Proposal. At no point during this one-day face-to-face engagement was it explicitly stated that the Regulatory Proposal would not adopt the VOCP recommendation on export pricing assignment.

The Handbook sets an expectation that customers will be equipped to engage and that businesses will be open to new ideas. The CCP26 considers that Ausgrid's customer engagement on export pricing fell short of these expectations. We consider the VOCP recommendation to be the most reliable and valid expression of Ausgrid's customers' preference on export pricing assignment. A more genuine approach to engagement would

⁵ The VOCP recommendation states that "This pricing mechanism should be opt-in based initially, with a view to transition to all-in as part of the next 5 year planning window." CCP26 confirms that VOCP's reference to the 'next 5 year planning window' refers to the 2029 to 2034 Regulatory Period.

⁶ BD Infrastructure *Engagement Overview* p58

have seen Ausgrid acknowledge customer preferences for a delayed transition to mandatory assignment of export pricing with an explanation about why Ausgrid did not adopt that recommendation, if that remained Ausgrid's position.

The challenges of extensive engagement

The CCP26 has observed Ausgrid's execution of a very large and ambitious engagement program, including 25 existing engagement channels and 11 new engagement channels. The range of customers reached through the engagement program is shown at Appendix 3. The BD Infrastructure *Engagement Overview* explains that:

The program comprised a series of workshops, focus groups, interviews and surveys that informed an extensive deliberative process to delve deep into the core trade-offs at the heart of the Reset.

The CCP26 is confident that Ausgrid's engagement program reached a wide variety of customers and engaged deeply to understand their viewpoints. The CCP26 is less confident that the Regulatory Proposal appropriately responds to identified customer preferences.

In the "Overall lessons learned" section of its report, BD Infrastructure notes that:

achieving real breadth and depth of engagement presents not only opportunities but challenges, particularly in times of pandemic lockdown and economic turmoil and in light of the increasingly complex energy environment.⁷

The CCP26 welcomes this constructive reflection of Ausgrid's engagement program. We have also reflected on the opportunities and risks associated with such a large engagement program, particularly during a period of rapid change.

A major execution risk of any reset engagement program, but a particular concern for very large-scale engagement programs, is that insights are used selectively, or 'cherry-picked', in support of proposed expenditure and initiatives. There were a number of important strategies to manage this risk. For example, the RCP were involved as observers throughout the engagement program and were able to bring their views on key insights from different engagement channels to their reflections. Insights derived from the wider engagement process were fed into the deliberative process to enable a more comprehensive view to emerge from the VOCP. BD Infrastructure's *Engagement Overview* also provides important transparency on insights from the wide range of engagement channels.

Despite the risk management strategies outlined above, the CCP26 is not convinced that the Regulatory Proposal adequately responds to customer preferences. There are a number of reasons for this. As noted above, it has been difficult to confirm if, and to what extent, VOCP recommendations have been adopted in the Regulatory Proposal. We are also concerned that the relatively small number of participants in the phase 3 Town Hall process has diminished its reliability. For example, some participant votes reported in the Regulatory

⁷ *Ibid* p57

Proposal had as few as 13 participants. This reflects the engagement fatigue that we observe set in at the conclusion of phase 2 of the engagement program. We have also been unable to verify some preferences attributed to the phase 2 of VOCP engagement in the Regulatory Proposal.

Ausgrid notes in its Regulatory Proposal that its engagement program was designed to drive cultural change within the business and address engagement weaknesses from its previous Reset. At the Public Forum, stakeholders expressed support for Ausgrid using its engagement program to create a more customer-centric culture. As Ausgrid completes its cultural transformation, we expect to see high-quality engagement become business-as-usual. Ausgrid is therefore unlikely to have the same drivers for an engagement program on the same scale at future resets.

The challenges of regulatory complexity

The BD Infrastructure report specifically highlights the complexity of the energy environment as a challenge and explains that the role of deliberative engagement is to understand *“the reasons and nuances behind customer preferences and decisions”*.

The deliberative approach adopted by Ausgrid did allow for more in-depth discussion. However, the CCP26 observed that participants still struggled to understand the scope of the task and the constraints of the regulatory framework. For example, at the VOCP recall session the CCP26 observed participants’ confusion about who would pay for the proposed expenditure and how their feedback would be used in the regulatory process. Many of the VOCP recommendations reflect the participants’ frustrations with the regulatory framework, rather than their specific views on Ausgrid’s service provision.

BD infrastructure identified ongoing complexity as a lesson from Ausgrid’s engagement. This problem is not unique to Ausgrid. Complexity is a feature of the energy environment. Network businesses need to undertake customer engagement within these constraints to elicit meaningful insights. This may mean that network businesses adopt different engagement models in the future that are better suited to the complex environment.

5. Engagement on capital and operating expenditure

Question 3: Do you consider Ausgrid’s capex proposal addresses the concerns identified by electricity consumers as identified in the course of its engagement on the proposal?

Questions 5: Has Ausgrid engaged constructively with its stakeholders on its capex proposal? Please provide examples for your response.

Question 7: Do you consider Ausgrid’s opex proposal addresses the concerns identified by electricity consumers during its engagement on the 2024-29 proposal?

Resilience expenditure

Ausgrid commenced an intensive resilience engagement program following the lodgement of its Regulatory Proposal. During the pre-lodgement engagement, the CCP26 observed a lack of clarity about the definition of resilience. In particular, we observed an insufficient distinction between reliability and resilience. For example, the VOCP recommendation 10 (which is used in support of resilience expenditure) was focused specifically on reliability. The CCP26 has been observing Ausgrid's post-lodgement resilience engagement program and will provide its views on Ausgrid's resilience engagement (both pre- and post-lodgement) to the AER at the conclusion of that process.

CER enablement

Ausgrid spent a lot of time testing its CER enablement thinking with the VOCP and other customers. These participants consistently expressed a view that Ausgrid needed to be a part of the energy transition. However, the technical aspects of Ausgrid's proposals were not well understood by customers. As we highlight above, we consider that Ausgrid's late intervention on the VOCP 'net-zero' recommendation weakened the validity of this recommendation.

As outlined above, we have also addressed our concerns about Ausgrid's engagement on export pricing. We consider the VOCP recommendation to be the most reliable and valid expression of Ausgrid's customers' preference on export pricing assignment. This preference is not addressed in the Regulatory Proposal.

Innovation

The VOCP gave a strong and consistent message in support of innovation expenditure, particularly where it supported the energy transition. The Regulatory Proposal accurately reflects preferences expressed in the VOCP recommendation 6, as well as the Town Hall participants' frustration that it didn't go further.

Information, Communications and Technology

The Regulatory Proposal accurately reflects the cyber security preferences contained in VOCP recommendation 6 and the associated minority report. Ausgrid's Regulatory Proposal responds to the diverse customer views on how aggressively to pursue this expenditure.

The VOCP recommendations focus on making information available to customers and maintaining current level of services. Ausgrid's phase 2 engagement on customer service delivered outcomes that do not appear to support the proposed expenditure. There were mixed views about the adequacy of Ausgrid's current and future service delivery needs and a reluctance to pay more for better services. In phase 3 there were more positive views from the 16 people involved in the Town Hall engagement. For example, the ICT Governance Framework, co-designed with the RCP, was well received in phase 3 engagement.

We note that this issue has continued to be explored in post-lodgement engagement.

Technical matters

Ausgrid notes that a range of technical issues were not raised with the VOCP but were the subject of intense engagement with the RCP, including matters such as repex, property and fleet programs and opex base, step changes and trend analysis. The CCP26 observed some of the RCP's engagement with Ausgrid on these issues and notes that these discussions were typically very robust as highlighted above.

6. Engagement on public lighting

Question 25: Do you consider Ausgrid's public lighting proposal generally incorporates stakeholder inputs from this pre-lodgement engagement? If not, did Ausgrid communicate these potential departure points to stakeholders and provide adequate explanation during pre-lodgement engagement?

Question 28: Do you have any other comments on Ausgrid's public lighting proposal and their pre-lodgement engagement?

The CCP26 observed some of Ausgrid's pre-lodgement engagement on public lighting. The session had the relevant experts available to answer questions and provide ample opportunity for customers to provide their perspectives. The engagement outcomes summarised in the Regulatory Proposal (p165) reflect the issues that we heard raised by public lighting customers. In particular, customers noted the importance of transparency in pre-2009 capital charges and flexibility in paying pre-2009 capital charges.

7. Engagement on Tariff Structure Statement (TSS)

Ausgrid undertook significant customer and stakeholder engagement to inform the development of its Tariff Structure Statement. This was achieved primarily through the Pricing Working Group (PWG) and the Voice of Community Panel (VOCP).

The Pricing Working Group is a standing group comprising a range customer and electricity industry advocates, as well as energy retailers and aggregators. Ausgrid reports that they met with the PWG 15 times in the last year.⁸ CCP observed most of these conversations. PWG members demonstrated a deep and mature understanding of network pricing issues, and worked collaboratively with the Ausgrid pricing team in developing firstly the Pricing Directions Paper and subsequently the elements of the TSS. We particularly commend Ausgrid and the PWG on their pioneering engagement with embedded network owners on the design and introduction of new embedded network tariffs. We also note that input

⁸ Ausgrid, Att. 8.2 – Our TSS Explanatory Statement for 2024-29, p. 9

from PWG members was influential in the development of the innovative contingent tariff adjustment mechanism.

Ausgrid engaged with the VOCP to elicit their preferences regarding the introduction of export tariffs. See above for details. The PWG was also involved in detailed consideration of the design and implementation of export tariffs. PWG's expressed preference was for a speedy transition to mandatory export tariffs. It is not clear how Ausgrid balanced the views of these two groups to arrive at their final position on export tariffs.

8. Systemic consumer engagement issues across NSW/ACT

Good governance

In the Handbook, the AER places a strong focus on ensuring the independence and integrity of consumer engagement processes. The Handbook sets out the following expectations to ensure independence⁹:

- Consumer representatives should clearly declare any interests that may be perceived to conflict with those of the consumers they are representing and provide details on how they're managing any conflicts of interest;
- Networks and consumer representatives should transparently set out all governance arrangements covering their interactions in the development of a regulatory proposal, including arrangements in place to ensure the independence of consumer representatives;
- Networks should publicly declare all remuneration arrangements, benefits and financial support provided to consumer representatives.

CCP26 strongly support these expectations which we believe form the bedrock of good governance for the engagement process and serve to instil confidence in its integrity. However, we note that not all of the businesses we have observed prioritise compliance with these expectations. In our view, best practice requires that documentation of governance arrangements including remuneration arrangements, and conflict of interest declarations are developed and maintained, and are available in the public domain. In addition, businesses should demonstrate that they are appropriately managing any conflicts throughout their engagement processes.

Ausgrid largely complies with these requirements. In Ausgrid's case, we note that the *Ausgrid Customer and Stakeholder Committees Engagement Terms of Reference* (updated December 2021) which comprehensively sets out the Terms of Reference for each of Ausgrid's customer committees including remuneration arrangements is publicly available. While the Terms of Reference state that a conflict of interest register will be maintained, CCP26 understand it is not publicly available.

Business-As-Usual engagement

⁹ AER, *Better Resets Handbook, Towards Consumer Centric Network Proposals*, December 2021, p. 14

The Handbook expects networks to engage with consumers as an ongoing business-as-usual process, rather than a one-off process only undertaken in preparing for regulatory resets. Each of the NSW and ACT network businesses developed bespoke engagement processes to help inform their regulatory proposals. These processes typically operated in parallel with regular business-as-usual processes, varied widely and included a diversity of methods including citizens jury processes, deliberative forums, focus groups and one-off discussion groups. In all of these settings we observed groups of passionate, thoughtful, committed customers who were able to absorb sometimes quite complex material, and make valuable and insightful contributions to the network business's service offerings and future plans. We challenge all businesses not to waste these valuable assets, and to consider how to harness the knowledge, insights and interest built up through the various customer and stakeholder groups established to participate in engagement activities for the current regulatory reset, with a view to creating new mechanisms for deeper ongoing customer engagement as a regular part of their ongoing business operations.

Customer Service Incentive Scheme

It is now three years since the AER introduced the CSIS scheme. During the NSW/ACT regulatory resets we have observed a range of customer responses to proposed models and different levels of sophistication in approaches to designing a scheme. It is too soon to commence a formal review of the scheme, but we do consider that it may be useful to provide an opportunity to reflect on the strengths and weaknesses of models that have been adopted and what emerging best practice might look like. In particular we are interested in how models can be designed to align with strategic initiatives and produce concrete, forward-looking benefits to customers.

Use of independent research budgets

Despite research budgets being available to various customer panels during the NSW/ACT regulatory resets, we have not observed any panels making use of this funding. Given the novel issues raised during this round of resets we consider it unlikely that there was no need for expert advisory services. We are therefore unsure why these opportunities are not being pursued. If this trend continues, we encourage a conversation with consumer representatives to explore what other steps could be put in place to support and equip them to engage with regulatory reset engagement processes.

Value for money in engagement programs

The CCP26 has observed engagement programs growing significantly in scale and cost. We have not seen any business report on the total cost of their programs, and as such we can not offer a view on the value for money derived from the various engagement programs. It would be useful if the Handbook offered guidance on whether engagement programs ought to demonstrate value for money.

Appendix 1 – CCP26 observations of Ausgrid’s pre-lodgement engagement

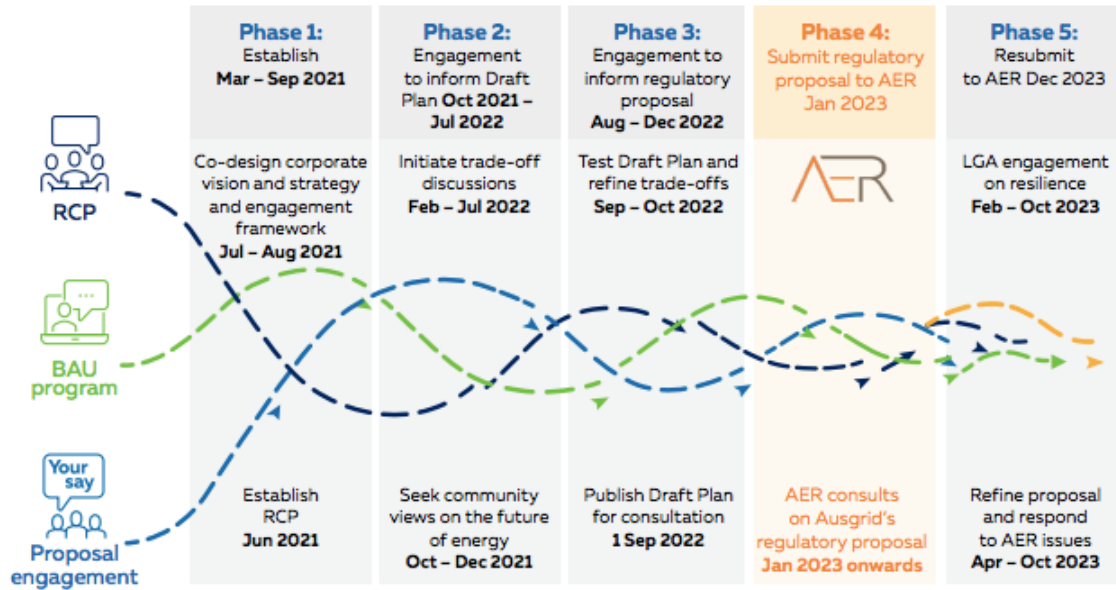
Activity	Date	Format	Hours	Observer(s)
Reset Customer Panel meeting	13/12/21	Online	3	Elissa Freeman
Reset Customer Panel meeting	1/2/22	Online	3	Elissa Freeman; Mark Henley
Lived Experience customer interview	10/2/22	Online	0.5	Elissa Freeman; Mark Henley
Voice of Community Panel - Day 1 Meet & Greet	22/2/22	Online	3	Elissa Freeman, Robyn Robinson
Engagement Process Review	25/2/22	Online	2	Elissa Freeman; Mark Henley
Reset Customer Panel meeting	1/3/22	Online	3	Elissa Freeman
Large Customer Interview	15/3/22	Online	1.5	Elissa Freeman
Voice of Community Panel – Day 2	16/3/22	In person	7.5	Robyn Robinson
Voice of Community Panel – Day 3 regional	22/3/22	Online	3	Elissa Freeman; Mark Henley
Voice of Community Panel – Day 3 regional	23/3/22	Online	3	Rob Nicholls
Voice of Community Panel – Day 3 regional	24/3/22	Online	3	Mark Henley
Reset Customer Panel meeting	28/3/22	Online	3	Elissa Freeman
RCP Sub Panel – Value for Money	31/3/22	Online	2.5	Elissa Freeman
RCP Sub Panel – Value for Money	11/4/22	Online	1	Elissa Freeman
Pricing Working Group meeting	12/4/22	Online	2	Robyn Robinson
Reset Customer Panel meeting	26/4/22	Online	3	Elissa Freeman
Pricing Working Group meeting	29/4/22	Online	2	Robyn Robinson
Voice of Community Panel – Day 4	30/4/22	In person	7.5	Elissa Freeman, Robyn Robinson, Mark Henley, Rob Nicholls
Future Network Planning – Customer Forum	4/5/22	Online	1.5	Robyn Robinson
Future Network Planning – Peaks Follow Up	4/5/22	Online	2	Robyn Robinson
Pricing Working Group meeting	13/5/22	In person	2	Robyn Robinson
RCP sub-panel Network Investment	13/5/22	In person	2	Robyn Robinson
Voice of Community Panel – Day 5	14/5/22	In person	7.5	Robyn Robinson
Reset Customer Panel meeting	24/5/22	Online	3	Elissa Freeman

Voice of Community Panel – Day 6 regional	24/5/22	Online	3	Elissa Freeman
TSS – Embedded Networks	25/5/22	Online	1	Robyn Robinson
Voice of Community Panel – Day 6 regional	25/5/22	Online	3	Robyn Robinson
Voice of Community Panel – Day 6 regional	26/5/22	Online	3	Mark Henley
RCP Sub Panel – Value for Money	27/5/22	Online	1	Elissa Freeman
Voice of Community Panel – Day 7	4/6/22	In person	7.5	Elissa Freeman
Reset Customer Panel meeting	7/6/22	Online	1.5	Elissa Freeman
Pricing Working Group meeting	10/6/22	Online	2	Robyn Robinson
Retailer Forum	20/6/22	Online	2	Elissa Freeman
Reset Customer Panel meeting	21/6/22	Online	3.5	Elissa Freeman
Customer Consultative Committee meeting	22/6/22	Online	2.5	Elissa Freeman
Reset Customer Panel meeting	5/7/22	Online	3	Elissa Freeman
Pricing Working Group meeting	8/7/22	Online	2	Robyn Robinson
Reset Customer Panel meeting	15/7/22	Online	1	Elissa Freeman
Reset Customer Panel meeting	2/8/22	Online	1.5	Elissa Freeman
Pricing Working Group meeting	5/8/22	Online	2	Robyn Robinson
Reset Customer Panel meeting	15/8/22	Online	3	Elissa Freeman
Reset Customer Panel meeting	26/8/22	Online	3	Elissa Freeman
Draft Plan Launch	2/9/22	Online	2	Robyn Robinson
Resilience Framework	6/9/22	In person	4	Elissa Freeman
Reset Customer Panel meeting	9/9/22	Online	3	Elissa Freeman
Lived Experience customer interview	14/9/22	Online	2	Robyn Robinson
Peaks forum 3	14/9/22	Online	1	Mark Henley
Reconvened Voice of Community Panel	17/9/22	Online	7.5	Elissa Freeman
Pricing Working Group meeting	30/9/22	Online	2	Robyn Robinson
Reset Customer Panel meeting	7/10/22	Online	3	Elissa Freeman
Town Hall Meeting	15/10/22	In person	7.5	Elissa Freeman
Reset Customer Panel meeting	21/10/22	Online	2.5	Elissa Freeman
Reset Customer Panel meeting	4/11/22	Online	3.25	Elissa Freeman

Reset Customer Panel meeting	18/11/22	Online	3	Elissa Freeman
Pricing Working Group meeting	25/11/22	Online	2	Elissa Freeman
Reset Customer Panel meeting	2/12/22	Online	3	Elissa Freeman
Reset Customer Panel meeting	20/1/23	Online	3	Elissa Freeman

Appendix 2 – Ausgrid’s engagement approach

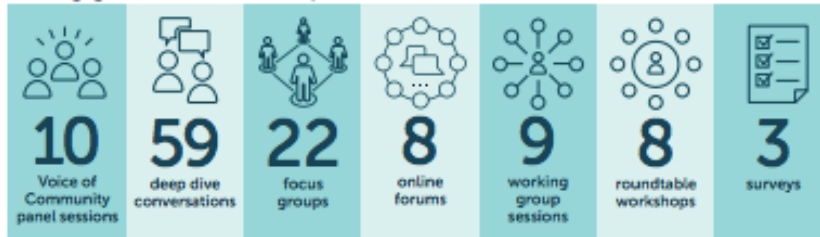
Figure 1 Engagement program.



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Appendix 3 – Ausgrid’s pre-lodgement engagement reach

The engagement to date has comprised:



Through this engagement, Ausgrid has spoken to:

