

**Independent assessment of  
Endeavour Energy's consumer  
engagement  
supporting the development of its  
2024-2029 regulatory proposal**

**Clare Petre**

**Clare Petre Consulting**

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## Introduction

At the request of the Australian Energy Regulator (AER), Endeavour Energy commissioned a third-party independent review of its consumer engagement program supporting the development of its 2024-2029 regulatory proposal.<sup>1</sup>

In December 2021 the AER published its *Better Resets Handbook – Towards consumer centric network proposals* - to encourage networks to better engage and have consumer preferences drive the development of regulatory proposals.

*“Our expectations are that network businesses will sincerely partner with consumers and equip them to effectively engage in the development of their proposals.”<sup>2</sup>*

*“If regulatory proposals also meet our expectations, they are more likely to be accepted by us, earlier in the assessment process and thereby create a more efficient regulatory process for all stakeholders.”*

This review focuses on how Endeavour Energy engaged with customers, whether this engagement met the AER expectations in equipping customers to effectively engage in the development of the Reset proposal.

## Methodology

The review consisted of three courses of action:

1. Consideration of relevant reports and documents (see Attachment 2).

Relevant documents include:

- AER *Better Resets Handbook – Towards Consumer Centric Network Proposals* December 2021
- Engagement Plan Endeavour Energy 2024-2029 Regulatory Control Period April 2022
- Cover letter to Endeavour Energy’s Draft Proposal from the Independent members of the Regulatory Reference Group 11 October 2022
- Endeavour Energy Customer Panel Revenue Reset (2024-2029) Final Report – Waves 1, 2, and 3 - October 2022
- Draft Proposal Endeavour Energy 2024-2029 Regulatory Control Period October 2022
- Regulatory Reference Group - Advice to Endeavour Energy following the Release of their Draft Proposal, 4 November 2022

The Endeavour Energy reports are well written, comprehensive and clear in their presentation, with an emphasis on outlining the input by customers and consumer advocates and the organisation’s response.

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<sup>1</sup> Endeavour Energy sought “an experienced customer engagement and regulatory practitioner with strong energy industry experience”. Clare Petre is the former Energy & Water Ombudsman NSW, former Board Member of Energy Consumers Australia and Chair of the Independent Accountability Panel for the Energy Charter, current Chair of the New Energy Tech Consumer Code Council.

<sup>2</sup> AER *Better Resets Handbook – Towards Consumer Centric Network Proposals* December 2021

2. Interviews with 25 key stakeholders representing Endeavour Energy - Board, CEO, executive and managers; consumer representative members of the Regulatory Reference Group (RRG)- the Independent Members Panel, external partner SECNewgate Australia; Chair of the AER Customer Challenge Panel (CCP) (see Attachment 1).

Each stakeholder was asked to describe the role they played in the engagement process, their experience of the process, their view on its strengths and weaknesses, suggestions for change, resources required for the engagement, the impact on Endeavour Energy culture, the transition of customer engagement to Business as Usual (BAU), and any other feedback they wished to provide. In discussions of half to one hour in length, all stakeholders gave frank and open feedback.

The aim of these interviews was to determine whether there were any differences of opinion between stakeholders about the success of the customer engagement, in particular between Endeavour Energy personnel and consumer advocates and customers; and to obtain feedback about whether the engagement process met the expectations of the AER's Better Resets Handbook.

3. Review of the expectations for customer engagement of the Australian Energy Regulator as outlined in the *AER Better Resets Handbook – Towards Consumer Centric Network Proposals* December 2021.

Several of the reports outline in great detail the engagement process and its timeline, e.g. recruitment of the Customer panel participants and processes to inform them (focus groups, self-directed learning, deep dives, online forums, breakout rooms); the very active role of the Independent Members Panel of the RRG; feedback loops for input by customers and consumer advocates. This information will be referred to but will not be repeated unnecessarily. This report will focus on identifying whether the feedback from the interviews confirms or differs from these other reports, and whether Endeavour Energy's customer engagement process for its 2024-2029 Reset proposal meets the expectations of the AER.

The Independent members of the RRG have provided feedback in their report: *Endeavour Energy Regulatory Reference Group (RRG) Advice to Endeavour Energy following the Release of their Draft Proposal 4 November 2022*. This feedback is from an experienced, independent, robust group of consumer advocates. These members were clear that they were not 'captured' by the process, and that they have provided a comprehensive critical assessment of the customer engagement process. As a result, this further review might be seen as unnecessary, but as it is the first major customer engagement process for Endeavour Energy, an additional independent assessment might provide comfort to all parties that Endeavour Energy is on the right path of consumer preferences driving the development of their regulatory proposals.

## Summarising the feedback

Overall, in the twenty-five interviews with key stakeholders, differences of opinion were at the margins, with all stakeholders agreeing that the codesign engagement had been successful and that Endeavour Energy had met the AER expectations.

There was strong agreement among all stakeholders on key points:

1. This Reset proposal was a world away from the previous more adversarial and defensive Reset experiences.

2. Customer engagement was genuine, authentic, sincere, active, and positive. The codesign model was successful, although this could not have been achieved without Endeavour Energy engaging an external partner.
3. It was remarkable that the Customer Panel started with 89 participants and ended with 89 participants, with no customers dropping out over many months of engagement. Endeavour Energy has a very large footprint and diverse customer base, but the range of its customers was well represented on the Customer Panel.
4. There were innovative features of the engagement, in particular the “*Dinner with Endeavour Energy*” events that were very successful in engaging customers of culturally and linguistically diverse backgrounds.
5. COVID forced the engagement online, and although this was not planned, it had a very positive outcome, with many more people able to be involved in the process – both customers and Endeavour Energy personnel. The break-out rooms were very successful in encouraging all customers to engage and to have a voice through small group discussion.
6. The involvement of Board members, the CEO, and executives and senior staff in the engagement sessions had a significant positive impact, with customers reporting that they felt listened to and respected.
7. There was no single major change in the proposal, instead it was a longitudinal series of waves, with a pattern of inform, listen, adapt, re-present, listen, adapt etc.
8. The engagement process has had a positive impact on the culture of Endeavour Energy.
9. Although there was no consensus on the form of BAU customer engagement, the benefits of this engagement cannot be lost, and must continue. The customer engagement experience is the beginning of a process, not the end.

Each of these points will be discussed in more detail.

## 1. A new approach to customer engagement

A few stakeholders had participated in previous Resets or were aware of their approach. Everyone agreed that the previous approach had essentially been defensive – *Develop, Propose, Defend* - with ‘Clayton’s’ customer engagement.

Endeavour Energy’s new approach was described by one stakeholder as: *Engage early, engage deep, engage broad*. While there was a significant cost to the new engagement process, it was suggested that this cost was likely to be similar to or less than the cost of lawyers in the more adversarial and defensive approach of previous Resets.

**Endeavour Energy Stakeholder:** *Endeavour Energy would spend money on lawyers for an appeal, why not spend it on the proposal instead?*

A consumer advocate with experience of previous Resets noted that this experience was completely different. It was not a ‘present and comment’ / ‘accept or reject’ approach, but genuine codesign, with Endeavour Energy outlining where they need to be, and asking customers what they want to do.

A senior Endeavour Energy stakeholder acknowledged that the previous adversarial approach was not healthy, but they were nervous about a process where consumers had control. *“I went into the process with these prejudices and I’ve come out a complete convert.”*

Endeavour Energy began its customer engagement before the publication of the AER's *Better Resets Handbook*. An Endeavour Energy Executive noted that: *"We did it ahead of the AER handbook, but it was well aligned. The AER handbook confirmed our approach."*

## 2. Codesign model

All stakeholders agreed that the engagement process went very well, with consensus about the following:

Customer engagement can be a superficial tick-the-box exercise, but in this Reset process there was a genuine commitment to hear the customer's voice.

**Customer advocate:** *The sincerity of Endeavour Energy to engage and their willingness to respond has been a standout feature. They let us as independent members lead the discussions. They had a 'we heard/we did' approach.*

The engagement was authentic and professional, very broad and deep, with a Customer Panel representing the wide range of Endeavour Energy customers, including SMEs and vulnerable groups. The words *sincere* and *genuine* were frequently used by stakeholders to describe Endeavour Energy's approach so that customers could raise issues they were concerned about.

**Customer advocate:** *This was not engagement washing.*

There was universal agreement that Endeavour Energy did not have the resources to undertake this new engagement approach alone. They engaged SECNewgate Australia (Newgate) as their external partner for capability uplift - to support the team, challenge them and hold them to account and deadlines, and help with their customer communications. Newgate pushed a *'Listen not tell'* approach. They also provided research resources and facilitation of customer meetings.

**Customer advocate:** *It's been a massive learning process for Endeavour Energy – a big task done really well.*

Stakeholders agreed that a lot of effort went into making the questions for customers neutral. An RRG member noted that the group challenged draft questions to ensure they were neutral rather than leading.

The Independent Members Panel reported that: *"Since Endeavour Energy commenced their planning of the 2024-29 regulatory reset in April 2021, the Independent Members Panel has been integral in the co-design of the engagement process and has provided critical feedback as Endeavour Energy's regulatory proposal has evolved."*

## 3. Customer Panel

89 customers were recruited through Newgate on the basis of ABS data about Endeavour Energy's diverse area. The panel was divided into three regions to ensure an appropriate geographic representation across the network area. The panel also had wide demographic representation: residential (homeowners and renters), SMEs, early adopters of new technology, age, gender,

cultural and linguistic background (CALD), Aboriginal and Torres Strait Islander people (ATSI), energy usage, those impacted by bushfires or floods in the past two years, income and life stage.<sup>3</sup>

The small to medium business customers (SMEs) also included a mix of those under financial pressure and innovators.

**Consumer advocate:** *I know how hard it is to engage small business – to get 25 on a customer panel and get them to stay on is impressive. This also included CALD small business owners – this shows what’s possible, as it’s generally not well done.*

Customers were provided with information online so that they could learn at their own pace. Their incentive payments and bonuses were described as “healthy”. All stakeholders agreed that hearing from the Board, CEO, and Executive was very important, as well as them being present from the beginning of the process.

**Stakeholder:** *Executive involvement was really important – it gave a sense of occasion, people felt very respected. This was critical.*

While some stakeholders noted that they were sometimes overwhelmed with information, there was agreement that the information for customers was of a good quality. The role of Newgate and the Endeavour Energy Comms Team was acknowledged in translating ‘engineer speak’ for customers. Newgate and the Comms Team noted that technical staff were non defensive and very willing to accept feedback about making their information more accessible to customers.

**Stakeholder:** *We challenged material and our feedback was well received. Technical staff acknowledged the need for their information to be triaged and adapted for customer understanding.*

One consumer advocate said that the quality of information for customers was consistently excellent, though some reframing was needed, e.g. “rather than talk about technical solutions, talk about the value and principle basis – what does the issue mean to you?” They acknowledged that this type of discussion occurred, but more was needed. There remains a challenge for Endeavour Energy to provide information to customers in a way that is clear and accessible.

**Consumer advocate:** *Endeavour Energy really came with the best of intentions. It’s unrealistic to expect them to get it all right.*

All stakeholders agreed that a customer engagement process that began with 89 customers and ended with 89 customers was “impressive”.

## 4. Innovation

Endeavour Energy noted that it considered ways to target specific stakeholders and customers who might be more difficult to involve in broader engagement forums. “This might be because they have very specific areas of interest (e.g. large energy users or local councils) or because they are time poor, unable to share frank feedback in public settings (e.g. due to privacy or competition reasons)

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<sup>3</sup> Engagement Summary Report Endeavour Energy 2024-2029 Regulatory Control Period October 2022

or just need a bespoke approach to ensure their voices are properly heard and then considered in decision making (e.g. non-English-speaking customers). This targeted engagement typically took the form of small group meetings or workshops with smaller customer groups or stakeholder segments.”<sup>4</sup>

One consumer advocate commented that in the previous Reset there was “no time” for consultation with culturally and linguistically diverse (CALD) customers. It was considered too hard to do, and nothing really happened. This time was very different. Endeavour Energy conducted CALD engagement with advice and guidance, using bilingual facilitators.<sup>5</sup>

Several stakeholders suggested that small business owners are the hardest customers to reach and engage. Businesses with less than 5 staff are even harder, and CALD makes up 40-50% of these.

Endeavour Energy took advice on board and developed ‘*Dinner with Endeavour Energy*’. The Ethnic Communities Council recruited small business owners for discussion over a couple of hours at a time of their choice. Endeavour Energy had dinner delivered to their homes for their families during the discussion. Stakeholders agreed that this was a particularly successful and innovative approach.

**Consumer Advocate:** *The customer outcomes of the dinner with Endeavour Energy were not very different from other customers, but these customers had never been asked anything, and they appreciated being asked. Until you ask in the most appropriate way, i.e. in language, you have no idea whether they are different or not. CALD groups are not homogeneous and have heterogeneous views – you don’t know till you ask.*

## 5. Online engagement

At the beginning of the process, some face-to-face meetings were expected to be held, but COVID forced customer engagement meetings online. All stakeholders agreed that this proved to have unexpected but significant benefits.

In particular, Endeavour Energy was able to engage customers who might not have been able to attend meetings in person, for example, people with caring responsibilities or who could not otherwise travel, students, and low income customers. Customers could work in their own time, with time to listen and ask questions, and small group discussion.

Online meetings enabled many more observers from Endeavour Energy staff, and participation from Board members that had not previously occurred previously. It was a contributing factor to keeping every one of the 89 customers who started the engagement process – an outcome acknowledged by all stakeholders as unexpected and impressive.

**Endeavour Energy stakeholder:** *We kept customers engaged through the process, for example, small breakout rooms hosted by Endeavour Energy and Newgate with a moderator. The same group, the same moderator - so we built a sense of community. Customers felt listened to, and we got to know them.*

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<sup>4</sup> Engagement Summary Report Endeavour Energy 2024-2029 Regulatory Control Period October 2022

<sup>5</sup> The bilingual staff were contracted from the Ethnic Communities Council.

There was some concern about the impact of online engagement for CALD groups, as this changed overnight, but stakeholders agreed that the online engagement went very well.

**Consumer advocate:** *Three years ago, I would have said that CALD engagement online would not work, but now it turned out pretty well. The CALD communities were surprised at how well it worked. Bilingual facilitators worked hard and well.*

Most stakeholders considered that customer engagement should remain online, and that virtual communication is now embedded and encourages consistent engagement. However, some caution was expressed about online engagement alone setting a precedent.

## 6. Endeavour Energy high level involvement

There was strong agreement among all stakeholders about the importance and value of Endeavour Energy senior staff and Board member involvement in the process. It was consistently mentioned that:

- Endeavour Energy was genuine in their engagement and listened.
- They took the time to document customer feedback and respond to every piece of consumer advocate and customer feedback.
- People felt they were listened to, the CEO attended meetings and there were Q&A sessions with him.
- The online sessions made this easier. *“A new broom and a new attitude.”*

**Customer advocate:** *It was of great value to see Board members and the CEO, so customers feel they have attention from the highest level of the organisation.*

## 7. Small continual changes

Stakeholders agreed that there were smaller changes over time, rather than a presentation at the end for feedback, and that this was a major change from previous resets.

**Endeavour Energy stakeholder:** *This one was methodical, iterative, justified – if not, we had to go back. We needed Newgate, as we are not resourced to do the work. They were very experienced with good counsel.*

Stakeholders also agreed that deliberate feedback loops were critical pillars of the project – Endeavour Energy would advise the RRG and Customer Panel how they had changed their positions as a result of what they had learned through discussions.

The process was one of small systemic changes, unlike the previous reset approach *“where every line was written with a view to an appeal”*.<sup>6</sup>

One senior Endeavour Energy stakeholder acknowledged that they were *“critical that we weren’t talking to customers about numbers early. Newgate was adamant that we had to build up customer understanding first and develop a common view of the issues. This worked. Newgate educated us enormously and kept telling us to trust the process. I hope the AER has as much confidence in the process as we do.”*

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<sup>6</sup> Endeavour Energy stakeholder comment.

Stakeholders agreed that at every meeting Endeavour Energy's positions were challenged then refined. The outcomes were more evolved and less obvious as a result.

## 8. Impact on Endeavour Energy culture

All stakeholders, but particularly senior Endeavour Energy stakeholders, agreed that there was a change in culture through this engagement process. It was helped by a new CEO, changed messages from the top, and more proactive engagement with customers. The approach was to ask customers what they wanted rather than tell them. Endeavour Energy staff were put in front of customers, and exposed them to customer views and what customers care about.

**Customer advocate:** *I was impressed by the way Endeavour Energy handled any tension or contentious issues. They were not defensive. Other managers were invited to attend as observers, and this provided good exposure across the organisation.*

Customers responded well to the CEO and senior executives attending sessions as presenters or observers.

**Endeavour Energy stakeholder:** *The process allowed more Endeavour Energy people to present and to attend as observers - they were less afraid of dealing with customers.*

Endeavour Energy stakeholders agreed that this engagement process was all about putting customers at the centre of development of the Reset proposal.

**Endeavour Energy executive:** *Having the right customer outcome is the right business outcome. This became part of our vocabulary.*

## 9. Next steps in customer engagement

There was strong agreement among all stakeholders that customer engagement could not come to a stop, then start again in five years time for the next Reset. They agreed that the benefits of the new approach to engagement could not be lost, and must be leveraged to provide an ongoing customer voice – *the new normal* - particularly given the rapid changes occurring in the energy industry, and significant challenges that will only increase in intensity, such as cost of living pressures and energy affordability, the impact of climate change/weather events, new energy technology and the transition to a net zero economy.

Although there was strong agreement about ongoing customer engagement being part of BAU, stakeholders were divided on its form, apart from further agreeing that it would not/could not be as costly and resource intensive as the Reset process.

Some stakeholders suggested that Customer Panel members who wished to stay involved should be used on an ongoing basis. They were now engaged and informed, and not to leverage off this would be a waste. Others suggested that ironically, because these customers were engaged and informed, they no longer represented Endeavour Energy customers at large.

The consensus seemed to support a mix of qualitative and quantitative engagement, for example:

- Using the experience of the RRG, review and strengthen the ongoing role of the Peak Customer and Stakeholder Committee (PCSC) in terms of representation, responsibility and support. (Endeavour Energy has stated that it will revise the role, skill set and membership of the PCSC and subcommittees.)
- Continuation of the Customer Panel, e.g. six monthly or annual check-ins with Customer Panel members who wished to stay engaged, and with ‘new’ customers being invited to join the panel for a periodic refresh and an opportunity to grow the customer cohort. (Endeavour Energy has stated that it will consider the scope, purpose, operation and costs of an ongoing customer panel.)
- A ‘Pulse of the Nation’ survey of customers attached to particular issues/events.
- Survey of customers through RepTrack on an annual basis.
- Working more closely with local Councils as representatives of their precincts.
- Developing a community of practice for different issues, e.g. vegetation management, sustainability, EVs, street lighting.
- Maintenance of CALD engagement. Informed consumers become a source of trusted knowledge in their communities, and Endeavour Energy should check in by engaging with them through their churches or community events.

One stakeholder stressed the need to identify people who will be left behind in the energy transition, with issues of cost of living, vulnerability, affordability, disconnection, the working poor.

Endeavour Energy noted that they are one of the original signatories to The Energy Charter, committing to work collaboratively to achieve better customer outcomes. They have actively contributed to The Energy Charter’s #BetterTogether initiatives on various customer focussed projects. Results from these activities are reported to the Board and Executive Leadership Team on a regular basis to enable strategic leadership that is informed by customer preferences.

Endeavour Energy has acknowledged that decisions need to be made on the strategy, resourcing, accountabilities and capability to sustain their position as a customer-centric energy business.

## 10. Was it worth it?

Board members, the CEO, Executives, and senior Endeavour Energy staff were asked whether the Reset engagement process was worth the significant cost. The overall response was: “*Absolutely.*”

**Endeavour Energy stakeholder:** *It’s one of the costs you have to bear. You can’t do light touch engagement/codesign. I’m very happy with the process and I wouldn’t change anything.*

**Endeavour Energy stakeholder:** *We put our interests on the table and this led to rich discussion. As a result, the final proposal is very good and in good shape. It was definitely worth the cost, and we’ll do it better next time.*

Some Endeavour Energy stakeholders expressed the hope that the AER would be as positive about the outcome as they were, with one senior Endeavour Energy stakeholder stating that the customer engagement process was worth the cost regardless of the outcome.

## 11. Some Customer Panel views on the process

Some members of the Customer Panel recorded their comments on the engagement process, which are worth noting in the context of this review:

- I was really happy that Endeavour Energy has given a voice back to its customers in asking customers to have a voice and an opinion.
- It was wonderful to think that our opinions can influence decisions about the future.
- I feel more valued as a customer and having a say in the way electricity usage is going to change in years to come.
- I welcome the opportunity to speak and to be heard, especially as a small business owner.
- Having all the representatives from Endeavour Energy there to answer questions and to be part of the process, and I thought it was sort of interesting that they were in there and mingling with us as participants – I thought that was pretty cool.

At the end of the consultation process customer views were outlined in the report – *Endeavour Energy Customer Panel Revenue Reset (2024-2029) Final Report – Waves 1, 2 and 3 October 2022*.

- 90% of participants felt that the Draft Proposal reflected their priorities
- 87% felt positively about the way Endeavour Energy had taken the views of customers and stakeholders into account, with 9% neutral.

This is considered a reasonable response. It would have been surprising and perhaps questionable if there was 100% agreement among the 89 customers who participated in the Panel.

## 12. AER expectations of customer engagement

The AER Better Resets Handbook sets out the regulator’s expectations regarding customer engagement.

In a cover letter to Endeavour Energy’s draft proposal dated 11 October 2022, the Independent Members Panel of the RRG stated that:

*“Overall, we consider Endeavour Energy has met the requirements of the Australian Energy Regulators Better Resets Handbook in the development and execution of its engagement.”*

The Independent members of the RRG noted that:

- Endeavour Energy has sincerely engaged with a broad range of its customers and stakeholders. This is evidenced by many factors e.g. extensive Board, CEO and senior management attendance at a wide range of engagement sessions, genuine co-design of a live engagement plan that was adapted over time, a genuine interest in consumer feedback and an openness to challenge.
- Endeavour Energy has provided the Independent Members Panel with the necessary support for us to engage critically and has consistently provided us with the information and materials that we need to challenge them to come up with a proposal that strikes an appropriate balance for all their customers between the range of views expressed over the engagement timetable.
- The breadth and depth of engagement has been strong.
- As noted in this engagement summary, Endeavour Energy has sought to engage with multiple customers and stakeholders across multiple channels, and we are pleased to see the diversity of opinions represented.

- The benefits of strong engagement have flowed through to Endeavour Energy’s draft revenue proposal. While in practice there is a limit to the elements of the proposal that consumers and stakeholders can influence, the link between customer and stakeholder and feedback and adjustments to the revenue proposal are clear. We are particularly pleased to see a renewed emphasis on affordability and value for money following the increasing financial pressures on all consumers over the last few months.
- We have confidence that Endeavour Energy will continue to learn from and build on these processes as part of its business-as-usual engagement, as well as its next regulatory reset.

Endeavour Energy stakeholders who were interviewed all acknowledged that the independent members of the RRG were experienced, passionate, informed, robust in their consideration, challenging at all levels, and closely involved in the customer engagement process from the beginning. Their assessment of whether the process meets AER expectations therefore carries considerable weight.

Consumer advocates suggested that key elements in the Reset meeting the AER requirements were the sincerity of the engagement led from the top by the CEO that flowed through the process; the openness of Endeavour Energy in equipping consumer advocates to challenge their directions; the meticulous records of every piece of feedback and their response. They considered that Endeavour Energy did its best to balance competing interests, and where they differed, they provided a reasonable justification. Tariffs was noted as one area where alignment was not achieved.

**Consumer advocate:** *Endeavour Energy listened and were respectful. Our views were not discounted, and we were treated as equals. They gave meaningful responses. The outcome reflects the customer voice as much as it can.*

**Consumer advocate:** *Endeavour Energy worked it all out before the Reset process. Their previous resets had been very ordinary. In this one they actively sought our opinion from the start. They really tried so that people could have influence in the process. The consumer voice has changed the proposal, and it is certainly reflected in the proposal.*

**This review has reached a similar conclusion – that Endeavour Energy has met the requirements of the AER Better Resets Handbook in the development and execution of its engagement.**

<p><b>Sincere engagement</b> provides consumers with confidence that they are genuinely being heard:</p> <ul style="list-style-type: none"> <li>• genuine commitment from network businesses extending down from their Boards and Executives to giving effect to consumer preferences</li> </ul>	<p>The Board, CEO and Executive were actively engaged with customers for the whole Reset program. This was acknowledged by the RRG Independent members, and by customers who felt they were listened to and their views respected.</p>
<ul style="list-style-type: none"> <li>• openness to new ideas and a willingness to change</li> </ul>	<p>Customer engagement was an iterative process with feedback loops and refinement through small systemic changes. In the Draft Proposal Endeavour Energy has noted where changes were made on the basis of customer/consumer advocate feedback.</p>

<ul style="list-style-type: none"> <li>ongoing engagement with consumers about outcomes that matter to them, which allows consumers to ‘set the agenda’</li> </ul>	<p>The Independent Members Panel of the RRG worked closely with Endeavour Energy in developing the agenda for consultation. It is not possible for customers to set the agenda by starting with a blank page, but both the Independent Members Panel and Customer Panel were able to raise issues that mattered to them in various ways, including forums, deep dives, small group discussion.</p>
<ul style="list-style-type: none"> <li>ensuring consumer confidence in the engagement process and alleviating concerns consumers may have.</li> </ul>	<p>Feedback from the Independent Members Panel and the Customer Panel confirms that there was confidence in the engagement process, with their views being respected and taken into account.</p>
<p><b>Consumers as partners</b> in forming proposals rather than simply being asked for feedback on a proposal. Network businesses should collaborate with and, where appropriate, empower consumers in developing regulatory proposals.</p>	<p>As noted above, the Independent Members Panel of the RRG worked closely with Endeavour Energy in developing the agenda for consultation. There was general agreement from all stakeholders that the longitudinal codesign process worked in reflecting the customer voice in the regulatory proposal.</p>
<p>Consumer engagement should be a continuous business-as-usual process, not a one-off process only undertaken in preparing for regulatory proposals. Consumers should not have to wait for a once-in-5-year regulatory proposal to be heard.</p>	<p>All stakeholders agreed that the positive benefits of the Reset engagement process should not be lost and should be transitioned into BAU. There was strong commitment to this, but no consensus about the form and extent of BAU engagement, so Endeavour Energy’s commitment will be tested in practice following finalisation of the Reset proposal.</p>
<p><b>Equipping consumers</b> is about ensuring consumers can effectively engage with and provide informed feedback to network businesses. To equip consumers, networks must provide them with accurate and unbiased information necessary to meaningfully participate.</p>	<p>The Independent Panel members reported that Endeavour Energy was very responsive to their requests for information throughout the engagement process. The Customer Panel was provided with information that they could go through in their own time and at their own pace, with a financial incentive for completing this work. The Endeavour Energy comms team and Newgate ‘triaged’ the technical information to make it accessible for customers, and to ensure as far as possible that questions were neutral rather than leading.</p>
<p>While equipping consumers is necessary for a network business to obtain genuine consumer perspectives, we consider it is important that the network business does so in a manner that maintains the independence and integrity of consumer engagement processes. This will allow us to place appropriate weight on any submissions and reports that consumers provide on proposals.</p>	<p>The Independent Members Panel of the RRG strongly rejected any suggestion of ‘capture’ in the engagement process. They were experienced, knowledgeable, and robust consumer representatives who maintained their independence through meeting separately, and bringing back to the whole Regulatory Reference Group any concerns or questions.</p>

<p><b>Breadth and depth</b> relate to the scope of engagement with consumers and the level of detail at which network businesses engage on issues. The breadth and depth of engagement also covers the variety of avenues used to engage with consumers.</p>	<p>As outlined in this report, the report of the Independent Members Panel, and Endeavour Energy's Engagement Summary Report, there was both breadth and depth in the engagement: good representation of the range of Endeavour Energy customers, and multi-faceted engagement including forums, deep dives, small break-out room discussions, quantitative survey, 'Dinner with Endeavour Energy'.</p>
<p><b>Accessible, clear and transparent engagement</b> - It is important that network businesses transparently set out their engagement plans. Consultation time frames should have regard to the complexity of the issues in the regulatory proposal and provide consumers with adequate time to understand and assess the regulatory proposal.</p>	<p>The engagement process was conducted over many months, with time for customers to absorb information and ask questions. The iterative process of 'we heard/we did' repeated information back to participants, and consistent effort was made to translate technical information for customers.</p>
<p><b>Consultation on desired outcomes and then inputs</b> - consumers should guide, and be seen to guide, the development of proposals. The consultation with consumers on outcomes should be focused on long-term outcomes, and not be confined to outcomes desired for the period covered by the regulatory proposal.</p>	<p>Endeavour Energy adopted a 'you said/we did' approach that outlined customer and customer advocate input into the development of proposals. The proposal covers a number of significant long-term issues, including changing climate and extreme weather events, rapidly changing customer technology choices, growth in Endeavour Energy's area, affordability, resilience.</p>
<p><b>Multiple channels of engagement</b> - To gain a comprehensive understanding of consumer preferences multiple complementary channels are necessary. We expect networks will directly engage with their consumers as well as engaging with consumer representatives. Direct engagement is particularly important where consumers aren't well represented.</p>	<p>Endeavour Energy used a variety of channels to engage with consumer advocates and customers, e.g. on-line learning, forums, deep dives, small group discussions, surveys, feedback loops. In particular their '<i>Dinner with Endeavour Energy</i>' was an innovative way of engaging with CALD customers, whose voices had not been heard in previous Reset proposals.</p>
<p><b>Consumers' influence on the proposal</b> - Engagement should consider the IAP2 Spectrum of Public Participation, in particular the different levels of participation and range of influence consumers have on the regulatory proposal. Issues over which consumers will have more influence should be at the upper (empower) end of the IAP2 spectrum.</p>	<p>The Independent Members Panel of the RRG said that: "<i>While in practice there is a limit to the elements of the proposal that consumers and stakeholders can influence, the link between customer and stakeholder and feedback and adjustments to the revenue proposal are clear.</i>"</p> <p><i>"This co-design approach means that the Independent Members Panel has had an ongoing influence on both Endeavour Energy's engagement process and the Draft Proposal. We can see the influence that this approach has had on the Draft Proposal."</i></p>

<p><b>Clearly evidenced impact</b> - Clearly evidenced impact is about how a proposal represents and is shown to represent consumer views.</p>	<p>The Independent Members Panel noted that: <i>“While the Draft Proposal generally aligns with our expectations, the Independent Members Panel encourages Endeavour Energy to consider whether additional expenditure reductions can be found given the recent announcements. We also expect Endeavour Energy to continue to monitor the external environment and reflect any changes in both the Revenue Proposal that it submits to the AER in January 2023 as well as its ongoing engagement plan.”</i></p> <p>This is a strong call to action by the panel given the huge challenges facing the energy industry over the next five years and beyond.</p> <p>One consumer advocate suggested that the AER should gain confidence in the representation of customer views from Endeavour Energy’s translation of ‘what we heard and what we did’.</p>
<p><b>Proposals linked to consumer preferences</b> - There needs to be a clear link between consumer research and engagement, a network business’s representation of the outcomes desired by consumers, and how the proposal gives effect to those outcomes.</p> <p>To allow an opportunity for all stakeholders to comment, a network business should release a comprehensive draft regulatory proposal for stakeholder comment.</p>	<p>As a new practice, Endeavour Energy presented a Preliminary Proposal in April 2022 which was the subject of intensive consultation with the Customer Panel and consumer advocates until publication of the Draft Proposal in November 2022.</p> <p>Endeavour Energy has invited general customer and stakeholder feedback on the Draft Proposal by way of a survey, written or verbal responses. They have outlined questions to help customers form their feedback. They have also detailed ‘What we heard’ and ‘How we will respond’.</p>
<p><b>Independent consumer support for the proposal</b> - We want consumers to express support for proposals developed by network businesses.</p>	<p>All stakeholders agree that Endeavour Energy’s Draft Proposal has refined its positions from the Preliminary Proposal based on the feedback from consumer advocates and customers. Endeavour Energy is now seeking feedback about their Draft Proposal from their broader customer and stakeholder base.</p>

The Draft Proposal is a clearly written document that outlines the feedback Endeavour Energy received from customers and customer advocates and the way this shaped the proposal. It states that:

The Independent Members Panel of RRG has provided useful recommendations on how Endeavour Energy prioritises the feedback it has received in an evolving environment. The recommendations from the Independent Members Panel set out below have been faithfully adopted by Endeavour Energy.

The existing Engagement Plan currently has no external engagement after the publication of the Draft Plan, with the focus only on internal ‘refining’ of the Draft Plan for submission to the AER in January 2023. We recommend that engagement across all customer groups continue after the publication of the Draft Plan and then well into 2023. This is required to give the Independent Members Panel RRG confidence that Endeavour Energy will meet the AER consumer engagement requirements under the Better Resets Handbook.<sup>7</sup>

In Draft Proposal Endeavour Energy went on to respond to the Independent Members Panel of the RRG by stating:

We will continue to engage to further test our draft proposal and regulatory proposal to ensure the positions we have taken and trade-offs we have made reflect the ongoing interests of customers. To that end we have amended our engagement plan in line with the advice of the RRG Independent Members Panel.<sup>8</sup>

### 13. Recommendations

1. Endeavour Energy to work with the RRG and PCSC to develop and implement a clear proportional BAU customer engagement process that builds on the positive Reset outcomes, including consideration of how the Customer Panel experience might be used on an ongoing basis.
2. Endeavour Energy to consider suggestions for BAU engagement, e.g. developing a community of practice for different issues; engaging with CALD communities through their own channels such as churches or community events.
3. The ‘top down’ involvement of Board, CEO and Executive members to continue as part of the BAU customer engagement process, as this is a critical factor in maintaining customer confidence.
4. Endeavour Energy to work with the RRG and PCSC to identify people who risk being left behind in the energy transition, and ensure that their voices are heard and responded to appropriately.
5. Endeavour Energy to share its Reset customer engagement experience through the Energy Charter #BetterTogether initiatives and provide feedback to the Board and Executive.

### 14. Other matters

The following matters were raised by a number of stakeholders during the interviews. While not directly related to the aim of this independent review, they are worth noting.

**Role of the Customer Challenge Panel (CCP).** There was general agreement among stakeholders that the role of the CCP in this Reset engagement process was unclear – both in relation to the RRG and the Customer Panel, and it was queried whether the CCP is stretched in carrying out its oversight of network Reset proposals. It may be a matter for the AER to clarify the role of the CCP in the Reset proposals of other networks, as well as for Endeavour Energy during its next Reset.

**Consumer advocacy.** There was strong agreement that the pool of consumer advocates is small, with the result that some independent members of the RRG were involved with the current and

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<sup>7</sup> Draft Proposal page 34.

<sup>8</sup> Draft Proposal page 35.

previous Resets of other networks. A calendar had to be developed to coordinate meetings between networks so that advocates could attend different commitments.

There was no criticism of the Independent Member Panel, quite the contrary – they were seen as informed, robust, unafraid to push back, and challenging. However, it was suggested that there are disadvantages to having the same small pool of advocates on different network Resets, and that the customer advocacy role needs to be widened – particularly for advocates who can represent a constituency in the engagement process. There was strong agreement about the need for capacity building and funding for a larger pool of consumer advocates in the energy sector.

## **15. Conclusion**

As noted by Endeavour Energy, the regulatory period coincided with significant local, national, and international events, including suspension of the national electricity market by AEMO, AER approved increases in the Default Market offer, the impact of the war in Ukraine on international energy markets, interest rate rises and general cost of living increases, extreme weather events of bushfires and floods.

These events occurred in the five year regulatory period, and there is no doubt there will be similar or even more extreme impacts in the next five years and beyond. The experience of this Reset proposal needs to set the foundation for active customer engagement as BAU, in ways that both inform customers of changes that will impact on them, and obtain timely measures of customer sentiment, impact, and preferences.

As agreed by all stakeholders, Endeavour Energy has made a very good start, but this is the beginning, not the end of the process. The test will be the actions taken by Endeavour Energy to continue the customer engagement process with the same sincerity, commitment, and proportional support and resourcing as this Reset experience.

## **Attachment 1 – Stakeholder interviews**

Online interviews were held with the following 25 stakeholders:

### **Consumer representatives/independent members of RRG**

1. Mark Grenning, EUAA
2. Jan Kucic-Riker, Public Interest Advocacy Centre
3. Iain Maitland, Ethnic Communities Council
4. Simon Moore, Policy Director Infrastructure, Business NSW
5. Nic Pasternasky, Western Sydney Region Organisation of Councils
6. Mike Swanston, The Customer Advocate
7. Lis Ross, Independent customer advocate

### **Endeavour Energy Board members**

8. David Bartholomew, Board member and Chair Regulatory Committee
9. Trevor Danos, Board member and Regulatory Committee member

### **Endeavour Energy Executive and staff**

10. Guy Chalkley, Chief Executive Officer
11. Daniel Bubb, Manager Economic Regulation & Strategy
12. Jacqueline Crompton, Stakeholder & Community Relations Manager
13. Colin Crisafulli, Head of Network Regulation
14. Patrick Duffy, Manager Regulatory Transformation & Policy
15. Rod Howard, Strategic Adviser
16. Peter Langdon, Head Asset Planning & Performance
17. Kate McCue, Manager Corporate Affairs
18. Danielle Manley, Head of Customer Experience
19. Francoise Merit – Chief Financial Officer and lead on regulatory program
20. Sam Morris, Reliability & Resilience Manager
21. Leanne Pickering, Chief Customer & Strategy Officer
22. Scott Ryan, Chief Asset & Operations Officer

### **SEC Newgate Australia**

23. Sue Vercoe, Managing Director SEC Newgate Research
24. Sophie Travers, Partner

### **Consumer Challenge Panel**

25. Mark Henley, Chair of the AER's Consumer Challenge Panel

## Attachment 2

### Reference material considered in the review:

- The Energy Charter *Better Practice Consumer Advocacy Support Guide* August 2021
- International Association for Public Participation (IAP2) *Public Participation Spectrum*
- AER *Better Resets Handbook – Towards Consumer Centric Network Proposals* December 2021
- Engagement Plan Endeavour Energy 2024-2029 Regulatory Control Period April 2022
- Early Signal Pathway AER check-in July 2022
- Early Signal Pathway AER check-in September 2022
- Draft Proposal Endeavour Energy 2024-2029 Regulatory Control Period October 2022
- Engagement Summary Report Endeavour Energy 2024-2029 Regulatory Control Period October 2022
- Cover letter to Endeavour Energy's Draft Proposal from the Independent members of the Regulatory Reference Group 11/10/22
- Endeavour Energy Customer Panel Revenue Reset (2024-2029) Final Report – Waves 1, 2, and 3 October 2022
- Regulatory Reference Group - Advice to Endeavour Energy following the Release of their Draft Proposal 4 November 2022