

13 August 2013

Mr Moston Neck
Director Network Regulation
Australian Energy Regulator
Level 24, 400 George Street
Brisbane Qld 4000



By e-mail to: moston.neck@aer.gov.au

Dear Moston

Better Regulation: Draft Consumer Engagement Guideline for Network Service Providers

Envestra is supportive of the AER draft consumer engagement guideline. Our earlier submission regarding the applicability of the guideline to gas distributors primarily reflected our concern that the guideline would prescribe the types of consumer engagement that gas businesses were required to undertake, which requirements may have been set to mirror the expectations for electricity businesses (the extent of which would not be appropriate for gas).

These concerns have however been allayed by the draft consumer engagement guideline, which does not seek to prescribe particular consumer engagement activities. The guideline instead sets out a principles based framework to guide businesses on activities that they could undertake to better engage with consumers.

We agree with the AER that a prescriptive guideline would result in a compliance driven approach to consumer engagement. Designing "fit for purpose" engagement strategies is particularly important for businesses like Envestra that have a diverse range of regulated assets, including smaller networks (Wagga Wagga and Albury), networks with low penetration rates (Queensland) and networks where gas is more consistent with an essential service (South Australian and Victoria).

Envestra recognises the need to improve its consumer engagement and considers that the guideline provides a very useful guide to facilitate this improvement. Envestra has begun establishing processes aimed at better communicating with consumers on an ongoing basis. This includes through various market research on consumer attitudes to natural gas and the establishment of formal arrangements with key stakeholders that are aimed at identifying and discussing key issues.

Envestra has the following suggestions for the AER to consider in finalising its consumer engagement guideline:

- recognise more overtly that the type/scope of engagement activities would be expected to differ depending on the specific circumstances of the regulated asset (for example, network sector/size/jurisdiction). While this flexibility is implied in the draft, it could be brought out more clearly;
- recognise that consumer engagement requires active participation by both business and consumers, which participation levels will be a key factor in considering the effectiveness of our consumer engagement; and
- that expenditure incurred on consumer engagement will be required to satisfy the relevant requirements of the National Gas Rules (particularly Rule 91).

Envestra would also find it beneficial if the AER could provide guidance on the key consumer cohorts in each jurisdiction based on its own experience. This is particularly relevant for our own circumstances given we operate across most states and territories in Australia. This could be provided in either the guideline or administered outside the guideline through a list of consumer cohorts that is, for example, administered by the Consumer Challenge Panel.

Please call me direct on 08 8418 1129 if you would like to discuss this submission, or any other related matter.

Yours sincerely



Craig de Laine
Manager Network Regulation

