

Ref: NB/TF/JD



16 August 2013

Mr Warwick Anderson
General Manager – Network Regulation
Australian Energy Regulator
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Dear Mr Anderson

Re: AER's Draft Consumer Engagement Guideline for Network Service Providers

Ergon Energy Corporation Limited (Ergon Energy), in its capacity as a Distribution Network Service Provider in Queensland welcomes the opportunity to provide comment to the Australian Energy Regulator (AER) on its *Better Regulation: Draft Consumer Engagement Guideline for Network Service Providers* (the Guideline).

Ergon Energy broadly supports the objective of the Guideline proposed by the AER and considers that an appropriately structured Guideline will serve as a useful framework to guide network service providers' engagement with their consumers. This is particularly important for Ergon Energy as we work toward the submission of our Regulatory Proposal in 2014.

General observations

Ergon Energy maintains a commitment to ongoing consumer engagement practices, and in demonstrating genuine involvement and interaction with consumers on a broad range of issues, wishes to highlight the level of flexibility a Guideline dedicated to this topic will require.

In endeavouring to achieve the highest quality and most efficient delivery of services to electricity consumers, Ergon Energy must balance its regulatory obligations with the expectations of its shareholders, its internal improvement and investment strategies, anticipated outcomes for customers and the needs of consumers. Furthermore, each of Ergon Energy's cohorts will have a different capacity to understand these issues, processes and potential impacts and this will determine the extent and means by which they can provide meaningful input. With this in mind, Ergon Energy has already commenced quantitative customer research to build on the body of research and information accumulated to date.

Ergon Energy seeks confirmation from the AER that the flexibility of approach it is seeking to include in its Guideline also extends to the means by which service providers are measured and assessed. As Ergon Energy has committed considerable time and resources to the analysis of stakeholder groups in order to develop processes for better communicating and engaging with consumers, and indeed for integrating findings across the full breadth of investment decisions, our expectation is that flexibility of approach will allow service providers to demonstrate the effectiveness of their consumer engagement practices not simply by adherence to a specific standard. In seeking to deliver, and in fact delivering a promise to their consumers, the means by which each service provider achieves this objective will be different, and should by no means be classified as right or wrong.

Consumer Challenge Panel

Ergon Energy requests further specific information on the intended scope and function of the Consumer Challenge Panel, beyond the description of their role in advising the AER on the effectiveness of service providers' engagement activities with consumers and the reflection of this engagement in the development of expenditure proposals.

Development of Key Performance Indicator's (KPI's)

In the Guidelines, the AER raises the issue of a requirement for service providers to develop a range of KPIs (both qualitative and quantitative) to measure engagement strategies and activities, in addition to a requirement to publish the results of measurement activity. Although Ergon Energy agrees that the sample evaluation questions provide a useful mechanism for assessing the effectiveness of any engagement undertaken, Ergon Energy remains concerned about the imposition of a further formal reporting obligation.

Currently Ergon Energy reviews the effectiveness of its engagement with consumers, and believes these practices are consistent with the approach suggested in the Guideline. As such, Ergon Energy would not support an increase in reporting obligations that would not represent an additional benefit to consumers, and would potentially increase resource implications.

Should you require additional information or wish to discuss any aspect of this submission, please do not hesitate to contact either myself on (07) 4092 9813, or Trudy Fraser on (07) 3851 6787.

Yours sincerely



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