

# Attachment 4.2 How engagement informed our proposal

2019-24

E

April 2018



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# 1. Executive Summary

Through an extensive, in-depth customer and stakeholder engagement program we gained an understanding of the expectations of customers of Essential Energy. The strategies, investments and activities outlined in this Proposal reflect these views, while meeting the regulatory obligations and business requirements.

Our customers' top priorities	What we heard from customers	Outcome
<p><b>Safety</b></p> 	<ul style="list-style-type: none"> <li>&gt; Customers expect safety to be fundamental to everything we do.</li> <li>&gt; Poles in high traffic accident locations should be moved (Black Spot Program).</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Safety remains our number one priority.</li> <li>&gt; Black Spot Program will move poles in specific areas to reduce traffic accidents.</li> <li>&gt; Replacing old cross arms with new technology which is storm resistant to reduce wires falling down.</li> <li>&gt; Continuing our safety education programs.</li> </ul>
<p><b>Affordability</b></p> 	<ul style="list-style-type: none"> <li>&gt; Customers see our distribution costs are good value for money at around 37% of a typical residential bill.</li> <li>&gt; Affordability is important but needs to be balanced with efficient services.</li> <li>&gt; Equity and fairness is important, with concern for vulnerable and remote customers.</li> <li>&gt; Remove inappropriate vegetation and selectively replant.</li> <li>&gt; Safely stacking cut vegetation is not supported.</li> <li>&gt; To reduce costs, customers were prepared for streetlight repairs to take an average of 7 days rather than 4 days.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Proposal applies the Rate of Return Guideline from the independent regulator.</li> <li>&gt; Investing in technology that will improve efficiency and lower operating and capital spend.</li> <li>&gt; Seeking partnership to help support vulnerable customers.</li> <li>&gt; Proposal includes specific vegetation removal where appropriate and selective replanting to reduce bills.</li> <li>&gt; Completing streetlight repairs in an average of 7 days instead of 4 days to improve scheduling efficiency.</li> <li>&gt; Greater use of LED technology for lower costs.</li> </ul>
<p><b>Reliability</b></p> 	<ul style="list-style-type: none"> <li>&gt; 90% of customers felt our network service is reliable.</li> <li>&gt; Limited support for planned outages starting earlier or finishing later.</li> <li>&gt; Equity and fairness is important, with concern for those with very low reliability.</li> <li>&gt; Little understanding of Service Target Performance Incentive Scheme (STPIS) or support for increasing our STPIS revenue.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Evidenced-based prudent asset planning to ensure we meet long-term customer needs.</li> <li>&gt; Proposal aims to improve reliability, on average, by 25% in our worst-performing areas.</li> <li>&gt; Trial alternate start and finish times for planned outages.</li> <li>&gt; Increase to our STPIS revenue at risk, from 2.5% to 5% to strengthen the accountability and incentives applied to our business.</li> </ul>
<p><b>Pricing</b></p> 	<ul style="list-style-type: none"> <li>&gt; Changing the time at which electricity is used impacts quality of life. Incentives needed to support change.</li> <li>&gt; Progression to cost-reflective charges should be slow and careful. Bills should be predictable and stable.</li> <li>&gt; Locational pricing, seasonal pricing and fixed charge increases were not popular.</li> <li>&gt; Choice between pricing options required.</li> <li>&gt; Support a price that encourages off-peak charging for electric vehicles.</li> <li>&gt; Invest in researching microgrids as an option.</li> <li>&gt; No change required to charging windows for time of use pricing.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Off peak charging available and related services piloted.</li> <li>&gt; Due to lack of support, we have only increased fixed charges by \$5 p.a., with offsetting reductions in variable charges which allows slower progression towards cost-reflective prices.</li> <li>&gt; No locational or seasonal pricing.</li> <li>&gt; Network charging plans updated, with opt-out for all residents and small businesses.</li> <li>&gt; New default assignment for customers installing new innovative technologies to encourage efficient use.</li> <li>&gt; Microgrids will be piloted, with pricing trials undertaken and policy propositions.</li> <li>&gt; Education on our network charges enhanced.</li> </ul>

*Table continued on following page*

### Customer service and communication



- > Want control of their energy use and bill transparency.
- > Aware of us but not what we do e.g. who to report a fault to.
- > Should support the community.
- > Support more customer engagement and education.
- > Want us to invest in customer service, timely outage notifications and meter data availability.
- > Proposal includes communications and engagement programs.
- > Resources to improve awareness and customer understanding of the role Essential Energy plays in delivering electricity.
- > Continue to be involved in and support the local community.
- > Collaborating with land owners to improve vegetation management.
- > Maintain current outage notification schedule and system and improve availability of interval meter data.

### Innovation and renewables



- > Support for new energy technologies and invest in research and development that reduces infrastructure expenditure.
- > Generation source can be changed provided reliability and price remain stable.
- > Concerned new technology advantages not available to all.
- > Proposal includes expenditure on research and development.
- > Trialling new technologies, including microgrids and small-scale renewables, that will improve efficiency and lower network expenses for all.

## Background

Every five years Essential Energy submits our proposed business plans for building, operating and maintaining the electricity network and its proposed network charges for customers to the Australian Energy Regulator (AER). The current five-year period ends on 30 June 2019 and the next regulatory period will be from 1 July 2019 through to 30 June 2024.

As part of Essential Energy's preparation for our proposal, we conducted extensive and genuine customer and stakeholder engagement to gather information, insights, and feedback to inform and shape our business plans. This consultation recognised and catered for our diverse groups of regional, rural and remote customers and stakeholders and covered all key aspects of our Proposal.

We have also met the requirements of Chapter 6 of the National Electricity Rules (NER) and the Australian Energy Regulator's (AER) Consumer Engagement Guideline for Network Service Providers.

## 2. Purpose of this report

This report will summarise Essential Energy's customer and stakeholder engagement activities which have been conducted to inform the 2019-24 Regulatory Proposal. These activities were conducted between June 2016 and March 2018.



### 3. Consultation approach

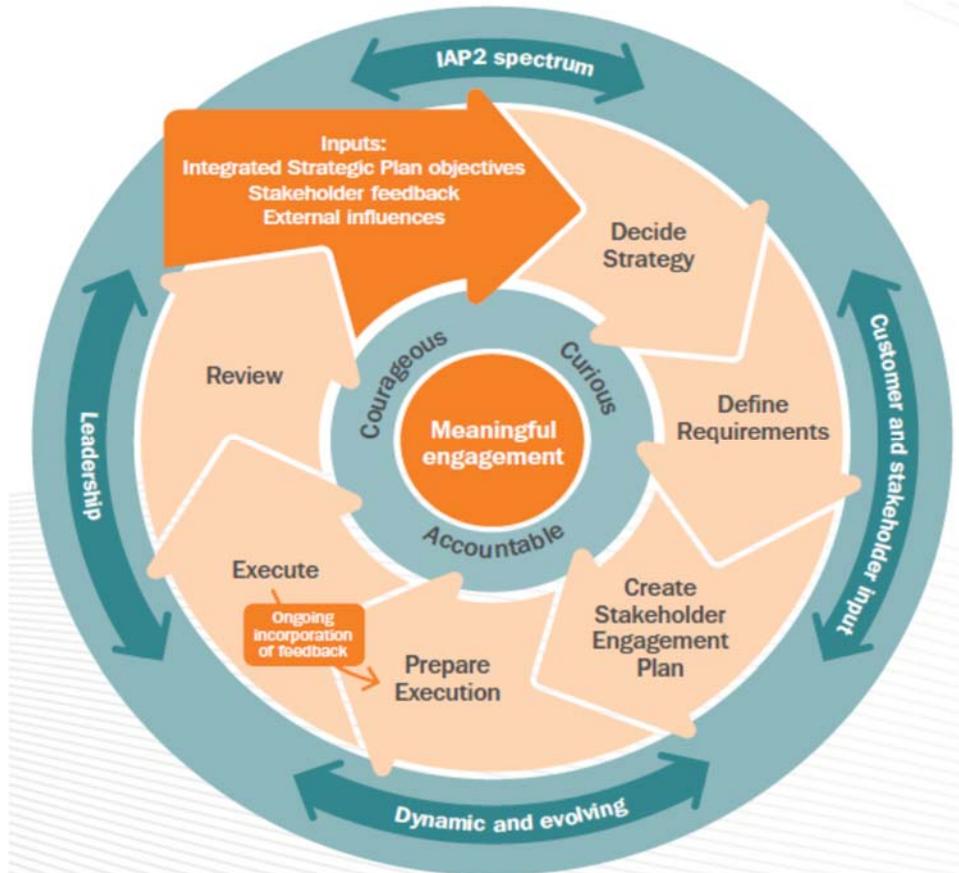
Essential Energy developed a tailored, comprehensive engagement program to share information and seek feedback about Essential Energy’s 2019-24 Regulatory Proposal with a key focus on making information accessible to our diverse stakeholders and their level of industry knowledge.

In June 2016, prior to commencing the consultation activity, Essential Energy held stakeholder interviews and met with Essential Energy’s Customer Advocacy Group to consult on Essential Energy’s Stakeholder Engagement Framework, as well as the regulatory proposal’s Framework and Approach. The revised Stakeholder Engagement Framework incorporates stakeholder feedback and has been informed by the International Association of Public Participation (IAP2), AER *Stakeholder Engagement Framework (2017)* and CSIRO and Energy Networks Association 2016, *Electricity Transformation Roadmap: Customer Engagement Handbook*.

IAP2 Public Participation Spectrum



Our Stakeholder Engagement Framework



Essential Energy engaged independent experts Woolcott Research and Engagement to facilitate deliberative engagement with customers for the 2019-24 Regulatory Proposal. We also engaged Farrier Swier to conduct engagement with customer representatives specifically on the Tariff Structure Statement.

### 3.1 Stakeholder identification, analysis, and categorisation

We recognised the diversity of our customers and the importance of developing appropriate engagement programs to ensure we hear from people who are end-users of our service across all stakeholder groups. Our customers have varying levels of interest and knowledge about our business, and communication materials and engagement approaches must be appropriate to ensure feedback is inclusive of all stakeholder groups, such as hearing from culturally and linguistically diverse (CALD) representatives.

The table on the following page outlines our classification of stakeholder segments based on stakeholder interest in Essential Energy and their knowledge of the electricity industry. Through targeted demographic sampling, and a range of communication and engagement activities, we are confident we have received feedback to ensure the needs, values, concerns, impacts, wants of all end-users are considered in our 2019-24 regulatory proposal.

#### Representation by ATSI and CALD customers

Aboriginal and Torres Strait Islander peoples (ATSI) and culturally and linguistically diverse (CALD) representatives participated in interviews, surveys and deliberative forums.

Participation:	Phase 1 – January to June 2017	Phase 2 – July to September 2017
ATSI:	4% - residential survey, 2% - forums.	4% - residential survey, 5% - forums.
CALD:	6% - residential survey, 1% - forums	CALD: 5% - residential survey, 3% - forums.



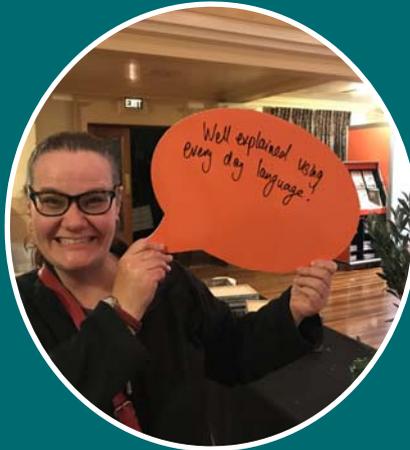
Stakeholder mapping	LEVEL OF ENGAGEMENT AND KNOWLEDGE 			
	Group 1 None	Group 2 Limited	Group 3 Moderate	Group 4 High
<b>Description</b>	Stakeholders who are future customers or new customers.	Stakeholders with limited knowledge. Interactions mainly via their retailer.	Stakeholders who interact with Essential Energy and have some understanding of industry and usage.	Stakeholders who have worked closely with Essential Energy and industry and have extensive knowledge.
<b>Stakeholders</b>	Future industry partners Young adults	Consumers – disengaged Consumers – vulnerable – social, financial, medical Consumers – culturally significant groups; ATSI, CALD MPs	Caravan and Camping Industry Association NSW Dairy Connect NSW Country Women's Association NSW (CWA) NSW Business Chamber Council on the Aging NSW (COTA) Consumers (residential and SME) – empowered Consumers – engaged Consumers – critical and sensitive Advocacy groups (social) – Australian Council of Social Services (ACOSS), NSW Council of Social Service (NCOSS), Uniting Care NSW/ACT, Ethnic Communities' Council of NSW (ECC) Large business customers - other Retailers – other Local Government Accredited Service Providers	AGL Energy Energy Australia Origin Energy Red Energy/Lumo Australian Energy Regulator (AER) Consumer Challenge Panel (CCP) Public Interest Advocacy Centre (PIAC) Energy Networks Australia (ENA) Cotton Australia Energy Consumers Australia (ECA) St Vincent de Paul Society Energy Users Association of Australia (EUAA) Energy & Water Ombudsman NSW (EWON), National Irrigators Council NSW Irrigators Council NSW Farmers Total Environmental Centre (TEC) Alternative Technology Association (ATA) Essential Energy's Customer Advisory Group (CAG) Large Customers – empowered Solar Citizens National Electrical and Communications Association NSW (NECA) Consumer Utilities Advocacy Centre (CUAC) Other DNSPs & TNSPs

### 3.2 The engagement program was delivered in three phases:



#### Phase 1: Understanding customers January – June 2017

- Interviews and deliberative forums to understand what matters to customers
- Learned the key themes and values that customers recognise as important
- Launched Essential Engagement, an online forum for people to 'have YourSay' on key initiatives in the regulatory proposal
- Launched a Discussion Paper and captured feedback in the Woolcott Engagement Programme Summary Report – Phase 1



#### Phase 2: Deep dive July – December 2017

- Delivered a range of engagement activities for deeper consultation on customer issues that will impact the regulatory proposal
- Priorities and needs were defined by customers and stakeholders
- Developed an Engagement Focus paper to support customer consultation and discussion
- Captured customer and stakeholder feedback in the Woolcott Engagement Programme Summary Report – Phase 2 and Farrier Swier Pricing working group engagement report



#### Phase 3: Testing January – March 2018

- Testing 'what we heard' by continuing deliberative consultation activities across distribution network footprint in NSW
- Publish draft Regulatory Proposal in February for public feedback
- Captured customer and stakeholder feedback in the Woolcott Closing the Loop Report – Phase 3 Engagement
- An evaluation of the engagement program was reported in the Woolcott Regulatory Proposal Stakeholder Engagement Evaluation Report
- Finalise Regulatory Proposal and submit to the AER 30 April 2018

### 3.3 Engagement and communication activities:

	Mini focus groups	Online survey	YourSay online forum	Stakeholder interviews	Deliberative forums	Customer Advocacy Group meeting	Deep dive stakeholder workshops	Vegetation Management Consultation Group meeting	Streetlight Consultative Committee meeting	Twitter	Event	Facebook	Phone	Face-to-face meetings	Website
Phase 1	40*	1002*	38*	11*	513*	✓		✓	✓	✓		✓	✓	✓	✓
Phase 2	48*	304*	11*	16*	518*	✓	✓			✓		✓	✓	✓	✓
Phase 3	14*	187*	✓		61*	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Total Engagements	102	1493	49	27	1092										

\* number of customers who participated

Essential Energy uses a variety of activities to communicate, update and consult with customers beyond the formal program outlined above. These include:

- > Proactively publishing updates on social media channels Facebook, Twitter, Instagram, YouTube and LinkedIn, sharing information and responding to queries and issues;
- > Creating project specific online forums on our Essential Engagement YourSay platform;
- > Regularly responding to email, postal and phone correspondence from consumers and stakeholders;
- > Issuing text messages to keep residents and businesses up-to-date during power outages;
- > Upgrading our Essential Energy website to modernise, make it more user friendly, and mobile compatible;
- > Providing project briefings to key stakeholders and government representatives to keep stakeholders up-to-date with Essential Energy initiatives and consult on proposed strategies.

Over the period covered by this report Essential Energy has:

- > participated in 14 consultative committee meetings with Essential Energy's Customer Advocacy Group, Streetlight Consultative Committee, and Vegetation Management Consultation Group.
- > responded to enquires via our customer call centre: 718,958 enquiries received over the phone and 44,809 enquiries received via email/website/social media. The majority of these enquiries relate to power outages, connections, meter reading, vegetation management and retailer related enquiries.
- > published 466 tweets and 809 Facebook posts; this delivered a total reach of approximately 43,000 with participants in these social communities encouraged to provide feedback on our AER 2019-24 Regulatory Proposal.

The tables on the following pages provide further details of these activities. Please note that the tables do not include:

- > Correspondence with ASPs, contractors, service providers as part of our business as usual activities
- > Day to day interactions between local Essential Energy employees and customers, community members and local businesses
- > Correspondence, briefings, meetings and discussions between regulators, members of Parliament and Essential Energy employees.



### 3.4 Summary of engagement channels

Engagement channel	Summary
Customer Advocacy Group (CAG)	Our Customer Advocacy Group is an independent advisory group for Essential Energy representing domestic, industrial, commercial, rural, and remote customers and primary producers as well as low-income households and Aboriginal and Torres Strait Islander people. The Customer Advocacy Group, running for over 20 years, is a proactive forum for consultation, engagement, and insight across Essential Energy's customer base, on any matters relating to the supply of electricity and associated services.
Vegetation Management Consultation Group (VMCG)	We have formed a Vegetation Management Consultation Group between Essential Energy and interested NSW councils. The group is working on set of strategic guidelines to share vegetation management responsibilities equitably between Essential Energy and regional and rural NSW councils.
Streetlight Consultative Committee (SCC)	The Streetlight Consultative Committee consists of representatives from local governments and Essential Energy and is dedicated to improving public lighting management.
Community Relations Managers	Our dedicated Community Relations Managers proactively communicate with and engage stakeholders and customers, providing information and seeking feedback on our activities and maintaining partnerships in the local community.
Regional Managers	Regional Managers lead the internal works program and liaise with customers and stakeholders to ensure the continued levels of quality, reliability, safety, environmental and customer satisfaction.
Communication materials	We develop a suite of online and offline communication materials to provide proactive and timely information to customers and the community on a range of projects and activities. Our aim is to provide a range of information which is clear and meets a range of audiences.  Communication materials include Advertisements, Factsheets, Reports, Discussion Papers and Briefing Papers.
Community information sessions and public meetings	We coordinate community information sessions for new projects as an opportunity to provide information on the proposed initiative, and to seek feedback from impacted and interested stakeholders.
Essential Engagement <a href="https://engage.essentialenergy.com.au">engage.essentialenergy.com.au</a>	Our online engagement hub is an additional engagement tool for people to find out more about our projects, join discussions and share thoughts about future opportunities.

Engagement channel	Summary
Letters	We post notification to Life Support Customers at least four business days in advance of power outages. We follow up with customers to ensure they have received the notification and are able to make alternative arrangements.
Text messages	We provide notifications to customers via text messaging during power outages.
Media releases	We publish proactive and reactive media releases. Between March 2017 and March 2018 11 media articles were published, 10 print and 1 radio broadcast, encouraging people to provide their feedback to inform the draft Regulatory Proposal.
Mail: Essential Energy PO Box 5730 Port Macquarie NSW 2444	We regularly receive postal correspondence about a variety of issues. We also send notifications to customers about power outages via mail, where we don't have a customer's mobile number.
Online enquiry form	An online form is available on our website for general enquiries, to report a supply interruption or damaged streetlight, report an unauthorised poster, attachment or graffiti on equipment, or to provide feedback on regulatory proposal.
Newsletters	We have responded to community feedback and publish an electronic newsletter for our southern region. Topics include public safety, regional events, corporate updates and network projects (upgrade and maintenance work). Over 70 readers receive this publication. In other areas of our business we are trialling a YouTube video newsletter and it is distributed via email to over 45 government and community representatives.
Phone: General enquires 13 23 91 Electricity supply interruptions 13 20 80 Water leaks and blockages 13 20 80	<p>We have a dedicated 24-hour contact centre for customer enquiries and complaints.</p> <p>The service is available for international callers: +61 2 5525 4500 for general enquiries and +61 2 5524 0414 for supply interruptions. Overseas calls will be charged at the country of origin's normal International rates.</p> <p>Phone numbers are published widely including in published reports, website and advertisements in local newspapers.</p> <p>Between June 2016 and March 2018, we responded to 718,958 enquiries received over the phone and 44,809 enquiries received via email/website/social media. The majority of these enquiries relate to power outages, connections, meter reading, vegetation management and retailer related enquiries.</p>

Engagement channel	Summary
Reports	Our Annual Report details financial, operational, and safety performance and is published for each financial year. Approved by our Board of directors the contents of the report are in compliance with The State-Owned Corporations Act 1989 and The Annual Reports (Statutory Bodies) Act 1984.
Site technical visits	We regularly arrange site visits to Essential Energy regional locations for schools to different depots or zone substation sites by TAFE and colleges. We host ministerial visits, AER and stakeholder visits to our regional depots and the Port Macquarie Quality Asset Management Laboratory.
Social media	We have established social media channels on Facebook, YouTube, Twitter, Instagram and LinkedIn to provide project updates, notifications on power outages, and as outreach tools for all interested customers to publicly ask questions, make comments and responses are shared publicly.
Sponsorship	Our Community Support Program aims to deliver best value to our customers and has to be balanced with providing direct, local support to the communities we service across regional, rural and remote NSW. It's part of our ongoing commitment to partnering with the local communities where we live and work as we operate and maintain one of Australia's largest electricity distribution networks.
Stakeholder meetings and corporate briefings	Meetings with stakeholders include government agencies, local community groups and the business sector. We provide regular business updates and consult on community and business initiatives.
Submissions	We seek to engage on public policy issues, consistent with our values.
Website: <a href="http://www.essentialenergy.com.au">www.essentialenergy.com.au</a> <a href="http://www.essentialwater.com.au">www.essentialwater.com.au</a>	Includes regular updates to keep all members of the community informed of current and planned future activities. A variety of reports, news articles, and policy documents are publicly accessible.  Essential Water is a division of Essential Energy providing water supply services to over 20,000 people in Broken Hill, Menindee, Sunset Strip and Silverton. The website includes project updates, information on our business, news articles and reports.  We also provide a link to Essential Engagement, our online engagement hub.

## 4. Customer priorities

During January to June 2017 Essential Energy consulted with over 1,500 customers, exploring their knowledge, attitudes and behaviours around electricity consumption and investment decisions. Specifically, Essential Energy consulted on key values of importance to customers, which reflect customer's current and emerging expectations and are incorporated in Essential Energy's business objectives and approach to managing network capital and operating expenditure. 90 percent of customers agreed with the following customer priorities.

**Our customers' top priorities.**

 **Safety is essential for doing business**

	<b>Affordability</b>	<ul style="list-style-type: none"> <li>&gt; Electricity should be affordable for all</li> <li>&gt; Network should provide value for money</li> </ul>
	<b>Reliability</b>	<ul style="list-style-type: none"> <li>&gt; Current power reliability levels are acceptable</li> </ul>
	<b>Good Customer Service &amp; Communication</b>	<ul style="list-style-type: none"> <li>&gt; Early notice provided of planned outages</li> <li>&gt; Information provided during unplanned outages</li> <li>&gt; Quick turnaround to enquiries is important</li> </ul>
	<b>Transparency/ Bill Itemisation</b>	<ul style="list-style-type: none"> <li>&gt; Increased bill transparency</li> </ul>
	<b>Environmentally Friendly/ Encouraging Renewables</b>	<ul style="list-style-type: none"> <li>&gt; Investigate renewable energy opportunities</li> <li>&gt; Continue to care for the environment</li> </ul>
	<b>Innovative Technologies</b>	<ul style="list-style-type: none"> <li>&gt; Undertake research and development in new technologies</li> </ul>

## 5. Customers informed our Proposal

	Phase 1 - Understanding customers January – June 2017	Phase 2 - Deep dive July – December 2017	Phase 3 - Testing January – March 2018	Our Regulatory Proposal	Chapter reference in Regulatory Proposal
<b>Customer values</b>	Customers participated in a future visioning exercise where they were asked to imagine the ideal electricity distributor in the future and the kinds of values that this organisation would need to embody.	Customer themes of importance, as identified in phase 1, were prioritised and the most important values identified – safety, affordability, reliability, good customer service and communication, transparency on bills, environment, and innovation.	90% of surveyed participants supported these values.	Customer values incorporated into strategic business planning for this Proposal and expenditure approach.	About Essential Energy Our Customer Engagement Customer Overview
<b>Awareness of Essential Energy and its role</b>	High awareness of EE however little clarity about role of organisation.  Clear about who to contact regarding outages however confusion when connecting to network, seeking energy advice, product information.	Topics of particular interest to customers in phase 1 were included in much more detail. For example, information about tariff options, reliability trade-offs and vegetation management.  The more informed customers became the more they perceive they are obtaining value for money from Essential Energy's services.	Phase 3 was included as an additional phase to enable Essential Energy to test the interpretation of 'what has been heard' and ensure the Proposal accurately reflected customers feedback.	Overall there was a great deal of support for the outcomes presented by Essential Energy for their Regulatory Proposal for 2019-2024.  Refer: Attachment 4.6 Woolcott report – Closing the Loop Report Phase 3 Engagement – Table 1: Summary of Support for Outcomes from Forums and Survey.	Customer Overview Our Customer Engagement
<b>Safety</b>	Safety of customers and staff expected and considered essential.	In the prioritising of customer values safety is an overarching consideration for everything we do.  Safety was also reflected in their discussion about other matters, such as considering the implications of stacking cut vegetation in rural areas.	91% of participants state safety as number one priority.  Proposed expenditure plans continue to provide a safe and sustainable network.  We balance investment with safety and risk, but it would be cost-prohibitive to eliminate all risks.  88% support for a Black Spot Program.  99% support to replace old cross arms with new technology.  94% support to continue safety education programs.	Safety will always be our #1 priority and is embedded into everything that we do.  We will continue to work with our communities on safety education.  We address key risks, from asset failure to bushfires.  Proposal includes a Black Spot Program to move poles in specific areas to reduce traffic accidents.  We will replace old cross arms with new technology which is storm resistant to reduce wires falling down.	About Essential Energy Risk Management Capital Expenditure

	Phase 1 - Understanding customers January – June 2017	Phase 2 - Deep dive July – December 2017	Phase 3 - Testing January – March 2018	Our Regulatory Proposal	Chapter reference in Regulatory Proposal
<b>Affordability</b>	<p>Price cap liked by customers however risk to Essential Energy also acknowledged. Stakeholders showed a preference for revenue cap.</p> <p>Would like the breakdown of costs presented in forum to be provided by retailers.</p>	<p>Electricity companies should be encouraging better usage behaviour and offer incentives for positive change.</p> <p>Customers discussed their support regarding several affordability and service trade-offs.</p>	<p>83% support to apply AERs Rate of Return Guideline.</p> <p>96% support to invest in technology.</p> <p>91% support partnership to help support vulnerable customers.</p>	<p>We will apply AER's Rate of Return Guideline.</p> <p>Investing in technology that will improve efficiency and lower operating and capital spend.</p> <p>Seeking partnership with a community-based organisation to help support vulnerable customers.</p> <p>We will limit real network revenue increases to 1.63%.</p> <p>Our operating costs in 2024 will be 46% lower than in 2012 and our capital expenditure will be 53% lower.</p>	<p>Delivering Value</p> <p>Operating Expenditure</p> <p>Capital Expenditure</p> <p>Allowed Rate of Return</p>
<b>Reliability</b>	<p>Strong satisfaction with current reliability.</p> <p>Current management of outages is considered optimal.</p> <p>No appetite to pay more to reduce outage duration however some appetite to accept slightly lower reliability level for price reduction.</p> <p>Customers should receive same level of service regardless of location however are not willing to pay more for Essential Energy to maintain service levels.</p>	<p>Little support for any changes regarding unplanned outages, especially if they negatively impact others – farmers, home run businesses, elderly, and lower income earners.</p> <p>Little support for 7am start time for outages – disruptive for workers and getting children ready for school.</p> <p>Strong support to pay \$0.10 more a quarter to improve reliability in areas of lower availability.</p> <p>Strong call for alternative technologies to be considered in improving reliability such as microgrids and batteries.</p>	<p>Trial alternate start and finish times for planned outages.</p> <p>Balancing service levers with efficient expenditure means customers will still be impacted by outages.</p> <p>91% of participants strongly supported improving reliability by 25% in the worst performing areas.</p> <p>89% support a trial for alternate start and finish times for planned outages.</p> <p>71% support an increase to 5% for STPIS.</p>	<p>Our plans prioritise high-risk areas to support managing pricing pressures.</p> <p>STPIS revenue at risk will increase from 2.5% to 5%.</p> <p>We will aim to increase reliability in worst-served areas of our network by 25% and maintain reliability elsewhere.</p> <p>We will trial alternate start and finish times for planned outages.</p>	<p>Our Network</p> <p>Our Customer Engagement</p> <p>Framework and Approach</p> <p>Risk Management</p> <p>Capital Expenditure</p>

	Phase 1 - Understanding customers January – June 2017	Phase 2 - Deep dive July – December 2017	Phase 3 - Testing January – March 2018	Our Regulatory Proposal	Chapter reference in Regulatory Proposal
<b>Good customer service and communication</b>	<p>Mostly easy to communicate with.</p> <p>Email preferred method of contact in most situations, with text messages for unplanned outages.</p> <p>Letters favoured for consultation of future plans and other subjects.</p> <p>Most found text message alerts adequate in the case of raising awareness about upcoming outages.</p>	<p>There was support for Essential Energy to engage with community through forums and surveys at no increase in bills.</p> <p>High level of support for increasing customer engagement however more information would be required.</p> <p>Essential Energy opportunities to be 'provider of last resort'.</p>	<p>71% support increasing quarterly bill by 30cents to include communications and engagement programs.</p> <p>94% support resources to improve awareness and customer understanding of the role Essential Energy plays in delivering electricity.</p> <p>98% support the continued involvement in the local community.</p> <p>97% support collaborating with landowners to improve vegetation management.</p> <p>90% support outage notification and system to remain the same, and availability of interval meter data to be improved.</p>	<p>Proposal includes communications and engagement programs.</p> <p>We will maintain current outage notification schedule and system and improve availability of interval meter data.</p> <p>Continue to be involved in and support the local community.</p> <p>Resources to improve awareness and customer understanding of the role Essential Energy plays in delivering electricity.</p> <p>Collaborating with landowners to improve vegetation management.</p> <p>Asked the AER to remove obligations which constrain us from providing services in rural areas with no other provider.</p>	<p>Our Customer Engagement</p> <p>Customer Overview</p> <p>Framework and Approach</p>
<b>Encourage renewables and innovative technologies</b>	<p>Extremely interested in new technologies particularly for rural remote areas.</p> <p>Little concern about changing source of generation if reliability and price remain consistent.</p> <p>Strong support for Essential Energy investment in microgrid.</p>	<p>Support for initiative to invest in research and development for extra \$0.30 per quarter to enable Essential Energy to adapt to new energy technologies.</p>	<p>83% support expenditure on research and development.</p> <p>93% support trialling new technologies, including microgrids and small-scale renewables, that will improve efficiency and lower network expenses.</p> <p>81% support for trialling microgrids, with pricing trials undertaken and policy propositions.</p>	<p>Proposal includes expenditure on research and development.</p> <p>Trialling new technologies, including microgrids and small-scale renewables, that will improve efficiency and lower network expenses.</p> <p>Alternatives to traditional network investment can deliver more cost-effective solutions, reducing prices for customers.</p> <p>Risk-based asset planning to meet long-term customer needs.</p>	<p>Innovation</p> <p>Risk Management</p> <p>Capital Expenditure</p> <p>Pricing Arrangements</p> <p>Tariff Structure Statement</p>

	Phase 1 - Understanding customers January – June 2017	Phase 2 - Deep dive July – December 2017	Phase 3 - Testing January – March 2018	Our Regulatory Proposal	Chapter reference in Regulatory Proposal
Pricing	<p>Complex issue.</p> <p>Meaning of 'tariff' misunderstood.</p> <p>Response to different tariffs more positive when more information provided.</p> <p>New tariffs simple and easy to understand with transition to new tariffs made slowly and carefully.</p> <p>Time of Use tariff sensible first step to the adoption of new tariffs however not fully understood.</p> <p>Location based pricing understood but not supported.</p> <p>Support for discounted pricing for some customer groups-pensioners/elderly, medically/financially vulnerable, remote.</p> <p>More support for vulnerable customers however not necessarily the role of Essential Energy.</p>	<p>Lack of popularity to increase fixed charge.</p> <p>Changing the time at which electricity is used impacts quality of life, incentives needed to support change.</p> <p>Transition to cost reflective pricing should be slow and careful.</p> <p>Bills should be predictable.</p> <p>More information on time of day usage and cost breakdown-retail, distribution, and generation.</p> <p>Information and education about pricing options is a priority.</p> <p>Understanding reasoning of demand tariffs however concern about how peaks would be measured, and tariff calculated.</p> <p>Some overarching cost reflective pricing principles were provided by forum participants.</p>	<p>90% support for off peak charging and related services piloted.</p> <p>76% support to increase fixed charge by \$5 p.a., with offsetting reductions in variable charges, which allows slower progression towards cost reflective pricing.</p> <p>87% support for no locational or seasonal pricing.</p> <p>87% support to update network charging plans, with opt-out for all residents and small business.</p> <p>87% support for new default assignment for customers installing new innovative technologies.</p> <p>95% support to enhance education on our network charges.</p>	<p>We will pilot off peak pricing.</p> <p>Slightly increased fixed charges by \$5 p.a., with offsetting changes to variable charges.</p> <p>No locational or seasonal pricing.</p> <p>Network charging plans updated.</p> <p>New default assignment for customer using innovative technologies to encourage efficient use.</p> <p>We will build on the work of our prior TSS and continue our slow and steady move to more cost reflective pricing.</p> <p>Improved education on our network charges.</p>	<p>Pricing Arrangements</p> <p>Tariff Structure Statement</p>

	Phase 1 - Understanding customers January – June 2017	Phase 2 - Deep dive July – December 2017	Phase 3 - Testing January – March 2018	Our Regulatory Proposal	Chapter reference in Regulatory Proposal
Vegetation	Identified vegetation as a key topic of interest and discussion.	<p>A video was included as part of the forum agenda, and deliberative questions included for consultation.</p> <p>Better communication is required to ensure appropriate vegetation is planted in new developments. Passing costs to local councils was perceived as complex and cause confusion regarding who was responsible</p> <p>Safely stacking cut vegetation, rather than chipping, is not supported.</p>	96% strongly support the removal where appropriate and selective replanting, although there is some concern about cutting down really old trees and replanting with younger ones.	We will remove inappropriate vegetation and selectively replant to reduce bills.	Operating Expenditure
Street lighting	Streetlighting wasn't discussed and was not a topic identified by customers for phase 2. However Essential Energy will include questions in phase 2 as feedback will be incorporated into the Regulatory Proposal.	<p>Only a third of respondents would contact Essential Energy in the case of faulty streetlight, most would contact local council.</p> <p>Awareness to report these incidents on line was low.</p> <p>Expected response time for street light repairs was 4-5 days, 3 days being reasonable.</p> <p>Agreement a 7-day response time is considered reasonable.</p>	<p>87% support for move to 7-day streetlight repairs (from 4) to improve scheduling efficiency. Greater use of LED technology also supported.</p> <p>95% support for greater use of LED technology.</p>	<p>We will complete streetlight repairs in an average of 7 days to improve scheduling efficiency.</p> <p>Greater use of LED technology for lower costs.</p>	Alternative Control Services

## 6. Consultation completed for 2019-24 Regulatory Proposal

During the reporting period 1 June 2016 – 28 February 2018, the following consultation was undertaken.

Date	Stakeholders	Consultation method	Objective of consultation	Discussion and issues raised
22 June 2016	Customer Advocacy Group	Meeting	Matters relating to Essential Energy's NSW network customers are highlighted and discussed with committee members who represent the customer base and the diversity of the community Essential Energy serves.	AER Determination process, Stakeholder Engagement Framework, Power of Choice.
9 August 2016	Customer Advocacy Group	Teleconference	Matters relating to Essential Energy's NSW network customers are highlighted and discussed with committee members who represent the customer base and the diversity of the community Essential Energy serves.	AER draft decision on TSS and pricing options.
11 August 2016	Solar Citizens	Meeting	Matters relating to the Framework and Approach, Tariff Structure Statement and Tariff Change Project.	AER draft decision on TSS and pricing options; depreciation considerations for meters; TOU cost reflectivity.
11 August 2016	NSW Farmers Association	Meeting	Matters relating to the Framework and Approach, Tariff Structure Statement and Tariff Change Project.	Revenue cap vs price cap mechanisms; incentive schemes; transitional tariffs.
12 August 2016	St Vincent De Paul	Teleconference	Matters relating to the Framework and Approach, Tariff Structure Statement and Tariff Change Project.	Revenue cap vs price cap mechanisms; incentive schemes; separation of network and retailer tariffs on bill; metering and customer behaviours.
15 August 2016	Ethnic Communities Council of NSW	Meeting	Matters relating to the Framework and Approach, Tariff Structure Statement and Tariff Change Project.	Efficiency Benefit Sharing Scheme; incentive scheme review; communicating with CALD customers; simple tariffs.
15 August 2016	EWON	Meeting	Matters relating to the Framework and Approach, Tariff Structure Statement and Tariff Change Project.	EWON appreciated being involved in discussions however could not contribute views.
19 August 2016	Origin	Meeting	Matters relating to the Framework and Approach, Tariff Structure Statement and Tariff Change Project.	Ancillary Network Services (ANS); revenue cap; TOU tariffs and smart meters.

Date	Stakeholders	Consultation method	Objective of consultation	Discussion and issues raised
19 August 2016	Energy Australia	Meeting	Matters relating to the Framework and Approach, Tariff Structure Statement and Tariff Change Project.	Ancillary Network Services (ANS); incentive schemes; revenue cap; TOU tariffs and smart meters.
27 October 2016	Customer Advocacy Group	Meeting	Matters relating to Essential Energy's NSW network customers are highlighted and discussed with committee members who represent the customer base and the diversity of the community Essential Energy serves.	AER TSS update, Power of Choice, Customer Engagement – Tariff Change Project.
8 March 2017	Customer Advocacy Group	Meeting	Matters relating to Essential Energy's NSW network customers are highlighted and discussed with committee members who represent the customer base and the diversity of the community Essential Energy serves.	AER Submission update, Demand Tariffs, Power of Choice.
9 March 2017	Streetlight Consultative Committee	Meeting	Council representative group to discuss matters relating to Essential Energy projects and seek feedback on proposed streetlighting initiatives.	AER Determination update, Negotiated LED SLUOS Pricing, Transition to LED lighting.
27-29 March, 2017	Participants: 40	Focus group – Port Macquarie, Dubbo, Wagga Wagga, Goulburn, Cootamundra, Tamworth.	Testing of Discussion Paper.	Customers provided feedback which was incorporated into the final Discussion Paper.
4 May – 16 May 2017	Participants: 752 residential customers & 250 small to medium business customers	Online survey	Facilitated by Woolcott, to seek feedback on 2019-24 regulatory proposal.	Awareness & familiarity, communication, service, pricing, engagement methods.
5 May – 31 May 2017	Participants: 38 residential customers	YourSay	Facilitated by Woolcott, to seek feedback on 2019-24 regulatory proposal.	Awareness & familiarity, communication, service, pricing, engagement methods.
5 May – 15 June, 2017	Participants: 10	In-depth Interviews	Facilitated by Woolcott, to seek feedback on 2019-24 regulatory proposal.	Essential Energy income, prices, classification of services, investing in the network, assisting vulnerable customers, empowering customers to make informed decisions, engagement.
12 May 2017	Community	Media release	Encouragement to provide feedback on the Regulatory Proposal.	Feedback through a number of channels, including Essential Engagement.
15 May 2017	Participants: 78	Deliberative forum - Goulburn	Mix of table discussions, presentations, films and keypad polling to consult with customers on awareness of Essential Energy, attitudes towards vegetation, reliability and	Polling for customers to provide feedback and inform 2019-24 Regulatory Proposal.

Date	Stakeholders	Consultation method	Objective of consultation	Discussion and issues raised
			response times, pricing, communication and evaluation of engagement.  Delivered by CEO/Executive team and attended by employees and observers.	Reference: Woolcott Research and Engagement Phase 1 Deliberative Forum Report.
16 May 2017	Participants: 65	Deliberative forum - Cootamundra	Mix of table discussions, presentations, films and keypad polling to consult with customers on awareness of Essential Energy, attitudes towards vegetation, reliability and response times, pricing, communication and evaluation of engagement.  Delivered by CEO/Executive team and attended by employees and observers.	Polling for customers to provide feedback and inform 2019-24 Regulatory Proposal.  Reference: Woolcott Research and Engagement Phase 1 Deliberative Forum Report.
17 May 2017	Participants: 75 Observers: AER	Deliberative forum – Wagga Wagga	Mix of table discussions, presentations, films and keypad polling to consult with customers on awareness of Essential Energy, attitudes towards vegetation, reliability and response times, pricing, communication and evaluation of engagement.  Delivered by CEO/Executive team and attended by Chair of the board, employees and observers.	Polling for customers to provide feedback and inform 2019-24 Regulatory Proposal.  Reference: Woolcott Research and Engagement Phase 1 Deliberative Forum Report.
23 May 2017	Participants: 61 Observers: CCP	Deliberative forum – Broken Hill	Mix of table discussions, presentations, films and keypad polling to consult with customers on awareness of Essential Energy, attitudes towards vegetation, reliability and response times, pricing, communication and evaluation of engagement.  Delivered by CEO/Executive team and attended by employees and observers.	Polling for customers to provide feedback and inform 2019-24 Regulatory Proposal.  Reference: Woolcott Research and Engagement Phase 1 Deliberative Forum Report.
29 May 2017	Participants: 78 Observers: CCP, AER	Deliberative forum – Port Macquarie	Mix of table discussions, presentations, films and keypad polling to consult with customers on awareness of Essential Energy, attitudes towards vegetation, reliability and response times, pricing, communication and evaluation of engagement.  Delivered by CEO/Executive team and attended by employees and observers.	Polling for customers to provide feedback and inform 2019-24 Regulatory Proposal.  Reference: Woolcott Research and Engagement Phase 1 Deliberative Forum Report.

Date	Stakeholders	Consultation method	Objective of consultation	Discussion and issues raised
30 May 2017	Participants: 76	Deliberative forum - Tamworth	Mix of table discussions, presentations, films and keypad polling to consult with customers on awareness of Essential Energy, attitudes towards vegetation, reliability and response times, pricing, communication and evaluation of engagement.  Delivered by CEO/Executive team and attended by employees and observers.	Polling for customers to provide feedback and inform 2019-24 Regulatory Proposal.  Reference: Woolcott Research and Engagement Phase 1 Deliberative Forum Report.
31 May 2017	Participants:82 Observers: CCP, CAG	Deliberative forum - Dubbo	Mix of table discussions, presentations, films and keypad polling to consult with customers on awareness of Essential Energy, attitudes towards vegetation, reliability and response times, pricing, communication and evaluation of engagement.  Delivered by CEO/Executive team and attended by employees and observers.	Polling for customers to provide feedback and inform 2019-24 Regulatory Proposal.  Reference: Woolcott Research and Engagement Phase 1 Deliberative Forum Report.
15 June 2017	Participants: Berrigan Shire Narrandera Shire Council Glenn Innes Severn Council Leeton Shire Council Goulburn Mulwaree Council Richmond Valley Shire Tweed Shire Council Cowra Shire Council Forbes Shire Council Coolamon Shire Council Dubbo Shire Council Port Macquarie Hastings Council Goondiwindi Regional Council Kempsey Shire Council Snowy Monaro Regional Council	Meeting	Vegetation Management Consultation Group	About Essential Energy, vegetation management around powerlines, OPEX, legislation, AER, IPART, current arrangements for urban areas, shared responsibility framework, planting for the future, concerns, options, tree clearing, streetscape.  Material and invitation for feedback sent to all councils, including those councils that were unable to attend the meeting on the day.
18 July 2017	Participants: 48 residential customers (6 sessions)	Focus Group – Goulburn, Dubbo, Port Macquarie	Facilitated by Woolcott, to seek feedback on Focus Paper.	Focus Paper providing overview of Essential Energy business and information to be discussed through the consultation period phase 1.

Date	Stakeholders	Consultation method	Objective of consultation	Discussion and issues raised
19 July 2017	Customer Advocacy Group	Teleconference	Matters relating to Essential Energy's NSW network customers are highlighted and discussed with committee members who represent the customer base and the diversity of the community Essential Energy serves.	Safety, Customer Deliberative Forums insight, AER proposal update, TSS, Power of Choice.
20 July 2017	Streetlight Consultative Committee	Meeting	Council representative group to discuss matters relating to Essential Energy projects, and in particular seek feedback on proposed streetlighting initiatives.	AER Determination update, AER stakeholder engagement framework, Transition to LED lighting, Bulk Lamp Replacement.
28 August –17 September, 2017	Participants: 11 residential customers	YourSay online survey	Facilitated by Woolcott, to seek feedback on 2019-24 regulatory proposal.	Awareness and familiarity, vegetation, streetlighting, response times, billing, reliability, other operating expenditure, engagement evaluation.
22 August, 2017	Participants: 48	Focus Groups – Goulburn, Dubbo, Port Macquarie	Facilitated by Woolcott, customer testing of Forum material.	Customer testing of forum material.
23 August 2017	Customer Advocacy Group	Meeting	Matters relating to Essential Energy's NSW network customers are highlighted and discussed with committee members who represent the customer base and the diversity of the community Essential Energy serves.	AER proposal and customer engagement update, TSS, Private Asset Management, Power of Choice, Ring Fencing.
25 August 2017	Community	Media Release	Encouraging customers to provide feedback on draft Regulatory Proposal.	Feedback via a number of channels, including Essential Engagement.
25 August 2017	AER AGL Energy Alternative Technology Assoc. Cotton Australia CCP Dairy Connect NSW ECA Energy Australia Energy Users Association of Australia EWON National Irrigators Council NSW Farmers NSW Irrigators Council Origin Energy PIAC	Outgoing correspondence (email)	Share agendas and supporting documentation for Tariff Structure Statement workshops to be held 28 August and 6 September 2017.	Shared Agenda, Engagement Focus Paper and Essential Engagement "Your network – Your Say" engagement platform.

Date	Stakeholders	Consultation method	Objective of consultation	Discussion and issues raised
	Red Energy/Lumo St Vincent de Paul Society Total Environment Centre			
28 August 2017	AER AGL Energy Cotton Australia CCP ECA EWON Origin Energy Red Energy/Lumo PIAC	Workshop	Tariff design: suitability for consumers, managing transition for new and existing customers, legacy tariffs.	A diversity of views were expressed, however there was consensus on ensuring customers are informed in advance of customers being impacted by tariff changes and transition into new tariffs slowly.  Reference: Farrierswier Pricing working group engagement report.
28 August 2017	Participants: 78 Observers: CCP, ECA, AER	Deliberative forum - Goulburn	Mix of table discussions, presentations, films and keypad polling to consult with customers on awareness of Essential Energy, attitudes towards vegetation, reliability and response times, pricing mechanisms, and evaluation of engagement.  Delivered by CEO/Executive team and attended by employees and observers.	Polling to identify consumer preference for 2019-24 Regulatory Proposal.  Pricing video: updated to reflect feedback from forum.  Inclusion of video: overview of Essential Energy, following feedback from forum.  Reference: Woolcott Research and Engagement Phase 2 Deliberative Forum Report.
29 August 2017	Alternative Technology Association (ATA) Senior Energy Analyst	Meeting	Review pricing plans for 2019-24 and seek feedback.	ATA shared lessons learned from Vic meter roll-out, advised customers will require education on the different tariffs and the importance of transitioning slowly.
29 August 2017	Participants: 82 Observers: CCP, Cotton Australia, NSW Irrigators, PIAC	Deliberative forum – Cootamundra	Mix of table discussions, presentations, films and keypad polling to consult with customers on awareness of Essential Energy, attitudes towards vegetation, reliability and response times, pricing mechanisms, and evaluation of engagement.  Delivered by CEO/Executive team and attended by employees and observers.	Polling to identify consumer preference for 2019-24 Regulatory Proposal.  Also of interest to participants – the main reasons for outages, smart meters and communication channels.  Reference: Woolcott Research and Engagement Phase 2 Deliberative Forum Report.
30 August 2017	Participants: 75 Observers: CCP, PIAC	Deliberative forum – Wagga Wagga	Mix of table discussions, presentations, films and keypad polling to consult with customers on awareness of Essential Energy, attitudes towards vegetation, reliability and	Polling to identify consumer preference for 2019-24 Regulatory Proposal.  Reference: Woolcott Research and Engagement Phase 2 Deliberative Forum Report.

Date	Stakeholders	Consultation method	Objective of consultation	Discussion and issues raised
			response times, pricing mechanisms, and evaluation of engagement.  Delivered by CEO/Executive team and attended by employees and observers.	
29 August – 18 September, 2017	Participants: 754 residential customers & 250 small to medium business customers	Online survey	Facilitated by Woolcott, to seek feedback on 2019-24 regulatory proposal.	Awareness and familiarity, vegetation, streetlighting, response times, billing, reliability, other operating expenditure, engagement evaluation.
28 August – 18 September, 2017	Participants: 16	In-depth Interview	Facilitated by Woolcott, to seek feedback on 2019-24 regulatory proposal.	Power outage information, rural services, STPIS, price smoothing, demand tariffs, time of use pricing, fixed pricing, anytime pricing, network maintenance, urban vegetation management, vegetation maintenance costs, rural vegetation clean up, vegetation relocation, research and development, customer engagement, reliability improvements.
4 September 2017	Participants: 75 Observers: CAG, PIAC	Deliberative forum - Dubbo	Mix of table discussions, presentations, films and keypad polling to consult with customers on awareness of Essential Energy, attitudes towards vegetation, reliability and response times, pricing mechanisms, and evaluation of engagement.  Delivered by CEO/Executive team and attended by employees and observers.	Polling to identify consumer preference for 2019-24 Regulatory Proposal.  Reference: Woolcott Research and Engagement Phase 2 Deliberative Forum Report.
5 September 2017	Participants: 54	Deliberative forum – Broken Hill	Mix of table discussions, presentations, films and keypad polling to consult with customers on awareness of Essential Energy, attitudes towards vegetation, reliability and response times, pricing mechanisms, and evaluation of engagement.  Delivered by CEO/Executive team and attended by employees and observers.	Polling to identify consumer preference for 2019-24 Regulatory Proposal.  Reference: Woolcott Research and Engagement Phase 2 Deliberative Forum Report.
6 September 2017	AER AGL Energy ATA ECA EWON Origin Energy	Workshop	To explain the rule requirements and cost concepts relevant to pricing design, how Essential Energy has applied these and to obtain feedback on the approach.  To recap what was heard and draft pricing plan of recent engagement on 2019-24 regulatory proposal.	Feedback informed pricing structure for 2019-24. Collectively, the industry needs to embrace and work through the complexity of pricing. Education and communication to consumers is key.

Date	Stakeholders	Consultation method	Objective of consultation	Discussion and issues raised
	PIAC Red Energy/Lumo St Vincent de Paul TEC			Reference: Farrierswier Pricing working group engagement report.
6 September 2017	PIAC	Incoming email	Feedback following participation as Observer at Dubbo Deliberative Forum.	Cost reflective tariffs described and presented in a clear and accessible way. Good pricing video to explain peak demand on the network.  Provide more discussion on different options for implementing cost-reflective pricing such as spare network capacity. LRMC looking 10 years out is low.
8 September 2017	AER AGL Energy Alternative Technology Assoc. Cotton Australia CCP Dairy Connect NSW ECA Energy Australia Energy Users Association of Australia EWON National Irrigators Council NSW Farmers NSW Irrigators Council Origin Energy PIAC Red Energy/Lumo St Vincent de Paul Society Total Environment Centre	Outgoing correspondence (email)	Tariff Structure Statement Forum presentations.	Sharing presentations from workshops held 28 August and 6 September 2017.  CEO John Cleland expressed "customer and industry engagement and consultation is valued by Essential Energy, and we will continue to welcome feedback and opportunities to work together so that we can support our customers in the transition to a sustainable energy future."
11 September 2017	NSW Local Government – all	Outgoing correspondence – letter	Invitation to attend Public Lighting Consultation Forum.	Covering Essential Energy's broader network proposal. The meeting was scheduled for 4 October 2017 however due to lack of interest to participate the meeting was cancelled. A teleconference was held on 21 September 2017.
11 September 2017	PIAC	Meeting	Seek feedback on Tariff Structure Statement and LRMC.	PIAC shared their view on proposed tariff structures and LRMC and the importance of having a transitional plan to balance cost reflective pricing and consumer

Date	Stakeholders	Consultation method	Objective of consultation	Discussion and issues raised
				<p>impact. Concern raised for disengaged customers so that they don't get a bill shock.</p> <p>Transition is desirable, and they support no change for existing customers.</p> <p>Agree demand prices should be the end goal, and PIAC see TOU energy prices as transitional reform not end state.</p>
11 September 2017	<p>Participants: 76</p> <p>Observers: CCP, NSW Farmers, PIAC, CAG</p>	Deliberative forum – Port Macquarie	<p>Mix of table discussions, presentations, films and keypad polling to consult with customers on awareness of Essential Energy, attitudes towards vegetation, reliability and response times, pricing mechanisms, and evaluation of engagement.</p> <p>Delivered by CEO/Executive team and attended by employees and observers.</p>	<p>Polling to identify consumer preference for 2019-24 Regulatory Proposal.</p> <p>Reference: Woolcott Research and Engagement Phase 2 Deliberative Forum Report.</p>
12 September 2017	Total Environment Centre (TEC)	Meeting	Seek feedback on Tariff Structure Statement and LRMC.	Discussion on export pricing and TEC expressed they would like to see more cost reflective pricing.
12 September 2017	<p>Participants: 78</p> <p>Observers: CCP, AER, PIAC</p>	Deliberative forum - Tamworth	<p>Mix of table discussions, presentations, films and keypad polling to consult with customers on awareness of Essential Energy, attitudes towards vegetation, reliability and response times, pricing mechanisms, and evaluation of engagement.</p> <p>Delivered by CEO/Executive team and attended by employees and observers.</p>	<p>Polling to identify consumer preference for 2019-24 Regulatory Proposal.</p> <p>Reference: Woolcott Research and Engagement Phase 2 Deliberative Forum Report.</p>
14 September 2017	<p>Cotton Australia</p> <p>NSW Irrigators Council</p>	Meeting	Delivered Pricing Workshop #2 presentation and sought feedback on proposed tariffs.	<p>Discussion on smart meters, tariff structure transition, technology, upgrades and expense for feeders, transformers, TOU and demand pricing.</p> <p>Price reform should not be getting ahead of the technologies – it should be informed by knowing the behaviours and data.</p> <p>Need transparency in assignment arrangements and process.</p>

Date	Stakeholders	Consultation method	Objective of consultation	Discussion and issues raised
				Need data to explain impacts and manage transition. Need a better understanding of where there can be mutually common issues/benefits between the network and the customer – ‘need to understand what we’re dealing with before locking customers in’. Concerns remain about no opt out.
21 September 2017	Streetlight Consultative Committee	Meeting	2019-24 Regulatory Proposal Consultation Session	Essential Energy provided overview of engagement and preliminary outcomes from deliberative forums. Discussion included pricing, public lighting and Essential Engagement communication.
Wednesday 4 <sup>th</sup> - Thursday 5 <sup>th</sup> October 2017	Customer Advocacy Group	Meeting	Matters relating to Essential Energy’s NSW network customers are highlighted and discussed with committee members who represent the customer base and the diversity of the community Essential Energy serves.	AER update, Power of Choice, TSS, Ring Fencing.
11 October 2017	AGL Energy	Meeting	Seek feedback on Tariff Structure Statement.	Essential Energy provided an overview of 2019-24 pricing proposal and has considered the feedback expressed by AGL Energy.
11 October 2017	Energy Australia	Meeting	Seek feedback on Tariff Structure Statement.	Essential Energy provided an overview of 2019-24 pricing proposal and has considered the feedback expressed by Energy Australia.
12 October 2017	Red Energy / Lumo	Meeting – Melbourne	Seek feedback on Tariff Structure Statement.	Essential Energy provided an overview of 2019-24 pricing proposal and has considered the feedback expressed by Red Energy/Lumo.
18 October 2017	NSW Local Government – all	Outgoing correspondence – email	Invitation to participate in Essential Engagement and provide feedback on public lighting.	Public lighting online consultation forum.
16 October 2017	Origin Energy	Teleconference	Seek feedback on Tariff Structure Statement.	Essential Energy provided an overview of 2019-24 pricing proposal and has considered the feedback expressed by Origin Energy.
26 October 2017	Streetlight Consultative Committee meeting:	Meeting	AER determination and AER stakeholder engagement framework update.	Update on streetlighting and overview of Essential Engagement online consultation forum.

## Attachment 4.2 How engagement informed our proposal

Date	Stakeholders	Consultation method	Objective of consultation	Discussion and issues raised
	Wagga Wagga Council REROC CENTROC SEROC Eurobodalla NOROC Albury City Council			
27 October 2017	Customer Advocacy Group	Outgoing correspondence (email)	AER Ring Fencing Guideline – opportunity for stakeholders to comment on Essential Energy waiver.	Essential Energy submitted a waiver to the AER and provided documentation that had been sent to ASP's for comment.
2 November 2017	Origin Energy	Incoming correspondence (letter)	Essential Energy Pricing Plans for 2019-24	Origin outlined specific issues and provided feedback; Essential Energy considered all feedback in 2019-24 Regulatory Proposal.
21 November 2017	AER AGL Energy Alternative Technology Assoc. Australian Council of Social Services (ACOSS) CCP Consumer Utilities Advocacy Centre Customer Advocacy Group Cotton Australia COTA NSW Dairy Connect NSW ECA Energy Australia Energy Networks Australia Energy Users Association of Australia Ethnic Communities' Council of NSW EWON National Irrigators Council NSW Council of Social Service (NCOSS)	Outgoing correspondence (email)	Sharing customer insights on Essential Energy 2019-24 Regulatory Proposal.	Shared summary report and key findings for Phase 2 deliberative customer consultation – interviews, surveys and deliberative forums.

Date	Stakeholders	Consultation method	Objective of consultation	Discussion and issues raised
	NECA NSW AND ACT NSW Business Chamber NSW Farmers NSW Irrigators Council Origin Energy PIAC Red Energy/Lumo Solar Citizens St Vincent de Paul Society Total Environment Centre Uniting Care NSW/ACT			
23 November 2017	AER CCP10 CWA ECA EWON CAG	Roundtable	To provide an overview of our remittal, explain how stakeholder feedback has informed our plans so far, and provide a further opportunity to discuss key aspects of our proposal.	Constructive feedback received to improve the infographic. AER reiterated the AER consultation and approval process, with intent to mitigate any confusion for consumers with 2019-24 process.
Wednesday 20 December	PIAC	Meeting	An update on Phase 3 of our engagement program for the Proposal.	PIAC to extend an invitation to meet to discuss PIAC's evaluation framework (scheduled for 18 January 2018).
18 January 2018	PIAC	Workshop	Review of PIAC engagement framework and assessment of Essential Energy engagement program for 2019-24 regulatory proposal.	Essential Energy provided feedback on PIAC's evaluation framework and received a score for engagement.
22 January 2018	Participants: 14 customers	Focus Group – Port Macquarie	Testing of presentation materials for phase three engagement program.	Participants are new to the material and provided fresh constructive feedback. Changes were made to Customer Overview Chapter including more photos to tell the story and resonate with customers, change in layout, and reduce duplication.
29 January 2018	ECA PIAC EWON	Meeting	Overview and feedback on draft 2019-24 Regulatory Proposal.	Review of Customer Overview and Tariff Structure Statement.
30 January 2018	Dairy Connect NSW	Meeting	Overview of draft 2019-24 Regulatory Proposal.	Discussion and feedback welcome.
1 February 2018	Customer Advocacy Group	Meeting	Overview and feedback on draft 2019-24 Regulatory Proposal.	Review of Customer Overview and Tariff Structure Statement.

Date	Stakeholders	Consultation method	Objective of consultation	Discussion and issues raised
				Feedback informed our draft 2019-24 Regulatory Proposal.
7 February 2018	Vegetation Management Consultative Group	Meeting	Overview of draft 2019-24 Regulatory Proposal	Feedback from Customer Deliberative Forums Phase 2 in relation to vegetation management.  Details of Essential Energy's vegetation management contract model, vegetation management cycles and bushfire mitigation strategy.
9 February 2018	AEMC Ausgrid CCP10 Council of Small Business Organisations of Australia (COSBOA) ECA EUAA EWON NSW Irrigators Council OEH PIAC Solar Citizens Division of Energy, Water and Energy Strategy	Presentation	Presentation of draft 2019-24 Regulatory Proposal and invitation to provide feedback.	Our engagement approach, what we heard from customers and stakeholders, feedback on our draft proposal.
9 February 2018	Local councils in Essential Energy footprint:  - Gwydir Shire Council - Byron Shire Council - Bathurst Regional Council	Livestream of presentation	Presentation of draft 2019-24 Regulatory Proposal and invitation to provide feedback.	Our engagement approach, what we heard from customers and stakeholders, feedback on our draft proposal.
9 February 2018	Employees	Livestream of presentation	Presentation of draft 2019-24 Regulatory Proposal and invitation to provide feedback.	Our engagement approach, what we heard from customers and stakeholders, feedback on our draft proposal.
9 February 2018	AGL  Energy Queensland Alternative Technology Association Jemena	Livestream of presentation	Presentation of draft 2019-24 Regulatory Proposal and invitation to provide feedback.	Our engagement approach, what we heard from customers and stakeholders, feedback on our draft proposal.

Date	Stakeholders	Consultation method	Objective of consultation	Discussion and issues raised
	Horizon Power AMP Capital Energy Australia Energy Queensland Enova Community Energy Caravan and Camping Industry of NSW Powercor CitiPower			
9 February 2018	Customers	YourSay online forum	Draft Regulatory Proposal released for public feedback [closes 1 March 2018].	Feedback incorporated into Woolcott Phase 3 Summary Report and all feedback was considered to inform Essential Energy's AER 2019-24 Regulatory Proposal.
13 February 2018	Participants: 20 customers Observers: PIAC	Forum – Wagga Wagga	Closing the loop on Phase 1 and Phase 2 consultation. Delivered by CEO/Executive team and attended by employees and observers.	Presented what is in the Proposal, how this related to what we heard from customers during Phase 1 and Phase 2, and participants were asked to provide scoring against key criteria that informed our regulatory proposal.  Reference: Woolcott Research and Engagement Closing the Loop Report.
14 February 2018	Employees	Face to face – Wagga Wagga	Executive update on draft 2019-24 Regulatory Proposal	Overview of Proposal. GM Customer and Stakeholder Engagement responded to questions on impact to employees.
14 February 2018	Origin	Meeting	Seeking feedback on draft 2019-24 Regulatory Proposal	Provided feedback on tariff structures.
15 February 2018	Energy Australia	Meeting	Seeking feedback on draft 2019-24 Regulatory Proposal	Provided feedback on tariff structures.
15 February 2018	AGL	Meeting	Seeking feedback on draft 2019-24 Regulatory Proposal.	Provided feedback on tariff structures.
15 February 2018	Alternative Technology Association (ATA)	Meeting	Seeking feedback on draft 2019-24 Regulatory Proposal.	Our engagement approach, what we heard from customers and stakeholders, feedback on our draft proposal.

Date	Stakeholders	Consultation method	Objective of consultation	Discussion and issues raised
15 February 2018 – 1 March 2018	Customers – Participants of Phase 1 and Phase 2	Survey	Closing the loop on Phase 1 and Phase 2 consultation.	Presented what is in the Proposal, how this related to what we heard from customers during Phase 1 and Phase 2, and participants were asked to provide scoring against key criteria that informed our regulatory proposal.
19 February 2018	Participants: 20 customers Observers: PIAC, CCP10, Essential Energy's Customer Advocacy Group Representative	Forum – Port Macquarie	Closing the loop on Phase 1 and Phase 2 consultation. Delivered by CEO/Executive team and attended by employees and observers.	Presented what is in the Proposal, how this related to what we heard from customers during Phase 1 and Phase 2, and participants were asked to provide scoring against key criteria that informed our regulatory proposal.  Reference: Woolcott Research and Engagement Closing the Loop Report.
21 February 2018	Employees	Face to face – Port Macquarie	Executive update on draft 2019-24 Regulatory Proposal	CEO presented overview of Proposal. The session was recorded for communication to the wider workforce.
26 February 2018	Participants: 20 customers Observers: PIAC, AER, CCP10	Forum - Dubbo	Closing the loop on Phase 1 and Phase 2 consultation.	Presented what is in the Proposal, how this related to what we heard from customers during Phase 1 and Phase 2, and participants were asked to provide scoring against key criteria that informed our regulatory proposal.  Reference: Woolcott Research and Engagement Closing the Loop Report.
27 February 2018	Employees	Face to face – Dubbo	Executive update on draft 2019-24 Regulatory Proposal.	Overview of Proposal. GM Customer and Stakeholder Engagement responded to questions on impact to employees.
27 February 2018	CCP10 PIAC St Vincent de Paul Energy Consumers Australia (ECA) NSW Farmers	Meeting	Deep dive into the key concerns expressed by consumer group representatives.	RAB challenge, capital and operating expenditure, network charges, forecasting, benchmarking.
1 March 2018	NSW Irrigators' Council	Submission received	Feedback on draft 2019-24 Regulatory Proposal.	Affordability; distributional impacts; cost drivers; tariff change project; consultation and engagement.

Date	Stakeholders	Consultation method	Objective of consultation	Discussion and issues raised
2 March 2018	Cotton Australia	Submission received	Feedback on draft 2019-24 Regulatory Proposal.	Tariffs; price increases and impact; consultation and engagement.
21 March 2018	PIAC	Meeting	Deep dive into the key concerns expressed by consumer group representatives.	Reliability vs pricing.

## 7. Customer and stakeholder feedback during engagement program

During our engagement program we received # of comments and complaints regarding the delivery of our engagement program. A detailed list is provided in the table below and includes the actions taken to address them.

Date	Issue	Method	Resolution
20 May 2017	"Never had heard of this survey until informed by a friend. MORE NEEDS TO BE done by Essential Energy to inform customers. So angry."	YourSay microsite	Did not leave a contact email or phone number so unable to contact.  We have refreshed our website and made mobile-friendly advancements.  We will run a communication and awareness campaign to increase participation and dialogue through our online engagement platform.
25 May 2017	"I am unable to proceed with the online survey as it says "complete" after I select business size. I checked with a colleague and apparently it has been like this for a week. Can you please sort?"	YourSay microsite	Did not leave a contact email or phone number so unable to contact.  Woolcott tested the site and it was working. The survey was only relevant for SMEs so large businesses were screened out. Large businesses were included through interviews with relevant questions for large businesses.
29 May 2017	Many customers are not aware of the independent online comparator website and the forums are an ideal opportunity to promote <a href="http://energymadeeasy.com.au">energymadeeasy.com.au</a> .	Customer Forum	We included reference to this site at each customer forum as an agenda item in our presentation. We will continue to promote in communications with customers including a link on our website.
28 August 2017	Pricing video would offer a better explanation if different appliances were used.	Customer Forum	We updated the pricing video to include appliances that had better relevance to customers. The update was made in time for the Customer Forum held on 29 August 2017.  Note: appliances of an oven and a TV were changed to an oven and a washing machine.
28 August 2017	It would be useful to include a video about Essential Energy at the beginning of the Customer Forum presentation.	Customer Forum	A video was introduced to the agenda at all future Customer Forums. The video is available on our website.
20 September 2017	A regional shire council raised concern that a Customer Forum was not located in their area. Advice was sought regarding the procedures we put in place to ensure an equitable process.	Email correspondence	On 21 September 2017 we advised that all households and businesses across the Essential Energy footprint have the opportunity to provide feedback and ask questions. Detailed information on Essential Energy's engagement process, and the results, is available on <a href="http://www.essentialenergy.com.au/yoursay">www.essentialenergy.com.au/yoursay</a> .  We specifically acknowledged local shire events provided learnings for the 2019-24 regulatory submission.
25 January 2018	Essential Energy website states consultation on 2019-24 draft Regulatory Proposal is due by 31 January 2018.	Incoming phone call	Website was immediately updated, and date updated to 1 March 2018.

## 8. Learnings from stakeholder engagement program

Every step of the way we had customers and stakeholders looking at documents, materials and approaches to shape the range of activities. This highlighted the value of an iterative engagement program, as customers and stakeholders provided insights and suggestions to incorporate into each phase of engagement, which improved the quality of our communications and helped us identify stakeholders across regional, rural and remote NSW and beyond.

Employing Woolcott Research and Engagement and Farrier Swier provided an independent perspective to gain honest responses and a method to conduct random representative sampling to hear from people from all walks of life, including people with disabilities, Aboriginal and Torres Strait Islander, culturally and linguistically diverse (CALD), vulnerable customers and people with varying levels of knowledge of our business. Their high level of professionalism was complemented by their relatable approach with customers in regional and rural communities. We note that the opportunity to work with one independent consultant, rather than engaging with different consultants on the one project, assimilates information more efficiently and effectively. We also needed to deliver additional interviews, deep-dives and meetings with stakeholders facilitated directly by Essential Energy where additional depth and interaction was required.

A whole of business rather than a project-based approach was critical from the outset with senior executive and Board buy-in accompanied by constant review and adjustment of the approach. The internal perspectives were then continuously tested with external stakeholders. Employees were invited to attend the customer forums as observers, with members from the Board, Executive, Senior Leaders and field supervisors in attendance. This delivered the customers' voice directly back into every team, department, office and depot for greatest effect. Participation by employees across the business also meant that knowledge could be shared, and customers and stakeholders received prompt answers to their questions.

The importance of utilising a range of engagement channels was highlighted by the lack of participation in our online engagement forum Essential Engagement. People were encouraged to make a comment or ask a question, with limited response. As we will utilise Essential Engagement for other projects within the business the challenge will be to encourage online dialogue and increase stakeholder participation.

The use of closed-door customer testing of public material before it was published was a critical step in the engagement process to ensure the language and content of documents made sense. As a result, we adjusted our communications materials, refreshing key messages and introducing more proactive/outbound, visual and digital content including infographics.

Material was also provided to forum participants prior to attending the forum, and it is recognised that only about half the participants read the material.

We evaluated our engagement against the IAP2 Quality Assurance Standard and the outcome was to develop new approaches to building relationships with large customers and to enhance our employee engagement to ensure our employees were informed and had the opportunity to provide feedback.

On 3 October 2017 the AER granted an extension on our submission and this allowed us to 'close the loop' with customers and stakeholders, testing what we had heard and the accuracy of our interpretation into the 2019-24 Regulatory Proposal.

We evaluated the program at each stage of the engagement process with overwhelmingly positive feedback from customers about the approach taken and their involvement in the engagement process, as outlined in the table on the following page.

Over 80% of residential and business customers were satisfied with Essential Energy's engagement activities, including support for an online survey as a good way for Essential Energy to receive feedback from customers.

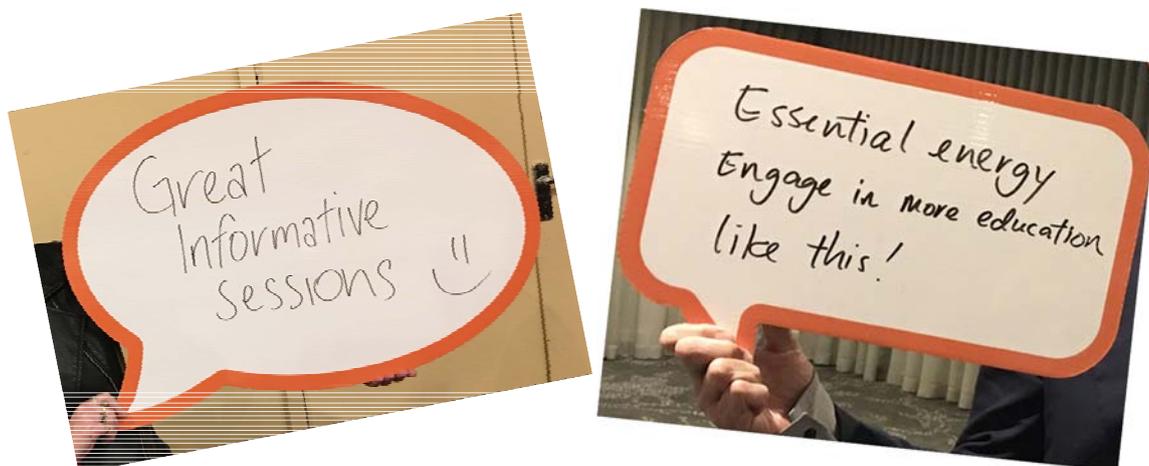
We were thrilled to receive positive feedback from customer advocacy representatives who have commented to us directly that we have lead the way for our industry peers; and the AER's Chair recently praised our consumer engagement approach leading to direct benefits for consumers. (The Australian, 16 March 2018).

## Engagement programme feedback

(Woolcott Regulatory Proposal Stakeholder Engagement Report, Table 2)

Feedback from Phase 3 Closing the Loop forums	Strongly Agree %	Agree %	Neither agree or disagree %	Disagree %	Disagree Strongly %
I think events like this are a good way of consulting the public about issues.	80	18	2	0	0
I enjoyed taking part in the engagement process.	79	21	0	0	0
The engagement process was informative, and I feel I have learned a lot.	74	23	3	0	0
Essential Energy have taken my views into account in their Draft Regulatory Proposal.	70	25	3	2	0

Based on your experience of the whole engagement process, please indicate how strongly you agree or disagree with each of the following statements Base: Total Participants Phase 3 (n=61)



## 9. Next steps

Consultation on our 2019-24 Regulatory Proposal forms part of our ongoing engagement and commitment to open customer and stakeholder dialogue. Customer and stakeholder engagement leading up to the proposal submission revealed encouragement by the Board and Executive team to support ongoing customer and stakeholder

engagement across our business, and we have reflected this in our updated Stakeholder Engagement Framework (attachment 4.1).

Today stakeholder engagement is embedded into our strategic planning, setting out a clear methodology for each element of our business strategy, and ensuring customer and stakeholder research and analysis informs our future values, projects and activities.

Building engagement into a business as usual approach, our engagement on projects such as regional initiatives and emerging technologies, vegetation management, streetlighting, and capital programs, will continue to inform AER regulatory processes.

We value shared learnings within the industry and we will continue to reach out to our industry leaders and peers – both domestic and overseas - as a foundation for productive, ongoing change.

Specifically, we will:

- implement a stakeholder management system to record all interactions of stakeholder engagement, document all actions taken, monitor impacts and responses to emerging issues, and enhance reporting processes
- roll out an evaluation and reporting framework across the business
- build our customer segmentation research into our engagement planning to enhance the understanding of who our customers are, what they want and/or need, and enhance Essential Energy's relationship with customers and key stakeholders
- deliver a branding and communications campaign to enhance customer awareness of our business.