Regulatory Proposal Stakeholder Engagement Evaluation Report

Prepared for: Essential Energy

March 2018

WOOLCOTT
RESEARCH & ENGAGEMENT

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Background and objectives

Background

Essential Energy is a NSW Government owned corporation with responsibility for building, operating and maintaining Australia's largest electricity network. The organisation's service area covers most of New South Wales and a small part of Southern Queensland, and is operated as three regions, Northern, North Coast and Southern.

In common with all providers of electricity networks in the National Electricity Market, Essential Energy is required to submit to the Australian Energy Regulator a regulatory proposal and tariff structure statement on a five year basis. The AER is the independent, national regulator of public and privately owned electricity networks. It determines the funding for Essential Energy's capital and operating programmes and the funding needs for jobs to undertake the work. This regulatory proposal is due to be submitted for the 2019-24 period by January 2018.

Essential Energy has an underlying philosophy of placing customers and stakeholders at the centre of everything they do. In particular, the organisation has a specific commitment to engaging with stakeholders and including their views and opinions in the formulation of future business planning. In this context, it is envisaged that a significant programme of stakeholder engagement will be conducted to contribute to the development of the 2019 - 2024 regulatory proposal.

A considerable body of work has been carried out within the broad Australian energy marketplace in developing frameworks and guidelines for stakeholder engagement and consultation. At the highest level, there are broad requirements set out in the National Electricity Rules and at the next level the AER has formulated a set of guidelines for Network Service Providers. The Energy Networks Association, in collaboration with the CSIRO, has produced an excellent and very comprehensive handbook on customer engagement and Essential Energy themselves have developed a Stakeholder Engagement Framework.

Objectives

The objective of the project as a whole was to develop and implement a stakeholder engagement plan for Essential Energy's 2019-24 regulatory proposal. This had to:

- be consistent with and build upon Essential Energy's Stakeholder Engagement Framework and associated guide and the Energy Networks Association's Customer Engagement Handbook and
- meet 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.

Engagement plan

Prior to the engagement period a literature review was conducted on best practice stakeholder engagement in the energy industry. There was also an internal workshop with Essential Energy staff to inform the content of the engagement and prioritise engagement topics.

The whole stakeholder engagement plan occurred from April 2017 through to March 2018 and consisted of three phases. For phases one and two there was:

- Mini group discussions to test consultation papers
- An online survey with a representative sample of residential customers and small to medium businesses.
- In-depth interviews with large customers and stakeholders.
- Deliberative community forums with residential customers across the network area.

In phase three there was:

- Mini groups to test the materials
- An online and phone survey
- Closing the Loop forums

There was also a dedicated website available for the whole engagement programme for people to visit to ask questions, provide feedback and complete a short survey at:

 http://essentialenergy.com.au/yoursay

At each phase, participants were asked to provide feedback on their experience of the engagement. Further details of each phase, along with the numbers who participated, are included below.

Phase 1

Phase 1 included:

- Six mini group discussions to test the discussion paper (n=40),
- An online survey with n=752 residents and n=250 businesses,
- A 'Your say' engagement website which included an online survey (n=34 residents and n=4 businesses),
- 11 in-depth interviews with stakeholders, and
- Seven community deliberative engagement forums which included a total of n=513 residents of the Essential Energy region.

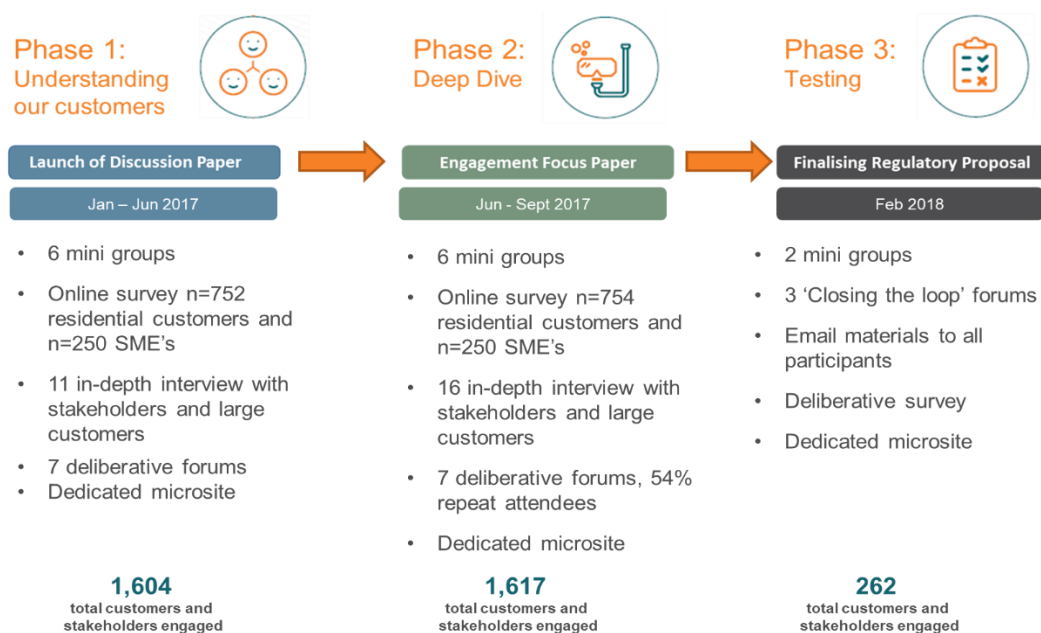EXPERIENCE | INNOVATION | INSPIRATION

Phase 2

Phase 2 included:

- Six mini group discussions to test the engagement focus paper (n=48),
- An online survey with n=754 residents and n=250 businesses,
- A 'Your say' engagement website which included an online survey with n=11 residents,
- 16 in-depth interviews with stakeholders,
- A pilot forum with n=20 participants to test the presentations and key questions, and
- Seven community deliberative engagement forums which included a total of n=518 participants (54% of participants returned from phase 1).

Phase 3

- Two mini groups to test the draft regulatory proposal documents (n=14),
- Three 'Closing the Loop' forums with a total of n=61 residents of the Essential Energy region who had attended Phase 1 and/or Phase 2 forums,
- An online and phone survey with previous participants who were unable to attend the Closing the Loop forums. They were emailed the Customer Overview document. The survey instrument mirrored the questions asked in the forums. A total of n=187 respondents was achieved across both surveys.

Summary of engagement plan for the 2019-2024 Regulatory Proposal

Phase 1:
Understanding our customers

Launch of Discussion Paper

Jan – Jun 2017

- 6 mini groups
- Online survey n=752 residential customers and n=250 SME's
- 11 in-depth interview with stakeholders and large customers
- 7 deliberative forums
- Dedicated microsite

1,604
total customers and stakeholders engaged

Phase 2:
Deep Dive

Engagement Focus Paper

Jun - Sept 2017

- 6 mini groups
- Online survey n=754 residential customers and n=250 SME's
- 16 in-depth interview with stakeholders and large customers
- 7 deliberative forums, 54% repeat attendees
- Dedicated microsite

1,617
total customers and stakeholders engaged

Phase 3:
Testing

Finalising Regulatory Proposal

Feb 2018

- 2 mini groups
- 3 'Closing the loop' forums
- Email materials to all participants
- Deliberative survey
- Dedicated microsite

262
total customers and stakeholders engaged

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This report provides feedback on the engagement programme itself, how it changed and participants' feedback on the process. It does not include the findings of the engagement. The findings can be found in the three individual reports from the phases.

Evaluation Findings

1. The journey through the engagement programme

This section of the report outlines how each phase influenced subsequent phases, i.e. how the elements and content of the engagement changed and evolved throughout the programme.

1.1 How the literature review influenced the programme

The literature review prior to the initial phase highlighted the core elements of best practice stakeholder engagement and provided recommendations for Essential Energy when developing its engagement programme. It highlighted the importance of:

- A structured engagement programme that is framed against the IAP2 engagement spectrum;
- Moving from Inform and Consult levels on the IAP2 spectrum towards Involve and Collaborate levels;
- A strong commitment to engaging with the Customer Advisory Group (CAG) throughout;
- Using a diverse range of methods for engagement including online;
- Engaging with consumers early to feed into the engagement design (this was done through CAG in June-December 2016) and inviting customers to suggest other ways of engaging throughout the process;
- The use of stakeholder mapping to categorise stakeholders according to their level of engagement and knowledge around electricity, to determine the most suitable ways of engaging with them;
- Ensuring that the engagement design is inclusive – using engagement techniques that are fit for audience and fit for issue;
- Ensuring that there is a representative sample of participants in the engagement including representation from CALD and Aboriginal people, people on low incomes and people with disabilities;
- Involving stakeholders in defining and confirming the issues for engagement and developing an issues matrix to summarise the key questions;
- Ensuring that information and materials are clear and easy to understand using layperson friendly language;
- Continuing to engage with stakeholders between drafts of the Regulatory Proposal;
- Essential Energy being transparent in the engagement and showing a genuine willingness to listen;
- Reporting using 'what you said and what we have done', including verbatims from stakeholders and effective use of infographics;
- Using different levels of reporting – a summary report and more detailed reporting for each phase;

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- Evaluating the effectiveness of the engagement programme.

The above points were taken into account when finalising the engagement programme.

1.2 How the structure of the engagement was influenced during the programme

The engagement programme was iterative in that elements were changed and new ones added as it progressed. Some key changes made were:

- Stakeholder mapping was conducted prior to phase 1 on the recommendation of the literature review;
- Additional forums were included in Broken Hill to ensure that the Western region was represented;
- Mini groups were conducted at the beginning of each phase (rather than just in phase 1) to test communication materials;
- A pilot forum was conducted before the main forums in phase 2 to test the presentations, materials and key questions;
- An additional phase (phase 3) was included to the programme to test support for the outcomes in the Draft Regulatory Proposal before submission.

1.3 Ensuring that information was clear to customers throughout

Prior to phase 1 of the engagement, Essential Energy drafted a consultation paper that outlined all of the issues that required feedback from customers and stakeholders for the Regulatory Proposal. Information was provided for each of the issues along with consultation questions. This paper was then tested with six groups of residential customers for clarity and comprehension. They were also asked whether there were any other issues they would like to provide feedback on.

Prior to phase 2, Essential Energy drafted an Engagement Focus paper that put forward specific proposals for consideration by customers and stakeholders. This was tested by six mini groups of diverse customers. Mini groups were also conducted prior to launch of the Draft Regulatory Proposal to test the content.

The documents at each phase were amended substantially on the basis of the findings from these groups.

A pilot forum was also conducted prior to the phase 2 deliberative forums. This took place with 20 participants, some of whom had taken part in the discussion groups and some of whom were 'fresh' to the engagement programme. It took place a week before the main forums. Following the pilot forum, some changes were made to the presentations.

Based on feedback, the video used to explain demand charging in the forums was changed to make it clearer and more realistic. The example in the video originally suggested the use of a TV and oven at different times rather than at the same time but was changed to a washing machine and oven.

There were also a number of learnings throughout the engagement programme regarding communication with customers. One example was that it was found that customers were misinterpreting the word 'tariff' to mean a higher price or a tax, rather than a pricing mechanism, which suggested that this term should be avoided, or when used, further explanation should be provided to clarify its meaning.

1.4 How topics/content of the engagement was influenced during the programme

During the group discussions to test the consultation paper it became apparent that there were some topics that were not engaging to participants and that were hard for residential customers to understand. Following this it was decided to leave out WACC and STPIS from the customer forums and survey. Stakeholders were still consulted on these topics.

Throughout the engagement programme, participants were asked whether there were additional topics that should be discussed. In phase 1, there were a small number of suggestions made at the forums which included more information about future tariff options and discussion about vegetation management. Both of these topics were included in a lot more detail in phase 2. Vegetation appearance and management proved to be an area of interest to customers who were focused on a cost effective long-term approach.

Between phases 2 and 3 the key project team also conducted an evaluation of the engagement so far against the International Association of Public Participation Quality Assurance Standards to ensure that it was meeting requirements.

1.5 Showing how stakeholder and customer feedback was used in the Proposal

In addition to being a key element of best practice, customers and stakeholders also suggested that feedback should be provided on how their views had been listened to and taken into account by Essential Energy. This practice was adopted throughout the engagement.

Findings from the phase 1 forums were presented at the commencement of the phase 2 forums, in the form of a list of prioritised values. Participants were then asked to indicate whether this list of values reflected the values that they themselves held personally. More than 90% at each of the phase 2 forums stated that the values presented reflected their own, either fully or partially, showing support for Essential Energy to focus on these values in developing the Draft Regulatory Proposal.

An additional phase of engagement was also added to the programme. Rather than simply including the Draft Regulatory Proposal on the engagement microsite and directing participants to it, it was decided to include an additional round of forums and a survey with the participants from the engagement programme. This phase involved the presentation of the outcomes in the Proposal with a measure of how much participants supported each outcome.

Essential Energy presented the proposal outcomes is a clear and structured way. What Essential Energy had heard from participants was presented under each value, alongside the specific outcomes proposed for each. This approach helped participants to understand the link between what they had said, and the proposed outcome, potentially leading to stronger levels of support for all proposals.

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2. Development of positive perceptions of Essential Energy

Perceptions of Essential Energy became more positive as a result of the engagement.

In phase 2, before commencing the forum's main content, participants were asked to consider how they would rate Essential Energy on a range of attributes, using a score from 0-10, with 0 being the lowest score and 10 being the highest score. There was also the option to give a score of 11, indicating 'don't know'.

At the conclusion of the forums, audiences were asked to again vote on their perceptions of Essential Energy, in order to understand how those perceptions may have changed across the course of the forum.

The range of attributes included:

- Listening to customers;
- Having customers interests' at heart;
- Being open and honest;
- Educating customers on the Electricity Network; and,
- Essential Energy overall.

It is evident that the forum engagement process had a positive influence on the Essential Energy brand as most attributes showed an improvement from pre to post forum, with most improvement shown with 'having customers' interests at heart' (25% indicated a score of 8-10 pre forum to 35% post forum) and being 'open and honest' (25% indicated a score of 8-10 pre forum to 34% post forum).

There was also a noteworthy increase in the percentage of forum participants indicating a score of 8-10 for their perception of Essential Energy overall, increasing from 39% pre forum to 55% post forum.

In addition, the more informed customers became, the more likely they were to perceive that they are obtaining value for money. In the phase 1 forums participants were asked at the beginning and end of the forums to rate the 36% of the bill that is paid to Essential Energy on value for money. Before the discussions 33% of participants rated Essential Energy as providing very or quite good value for money compared with 59% at the end of the forums.

3. Feedback on the engagement

3.1 Satisfaction with the engagement

Overall, participants were very positive about the approach taken and their involvement in the engagement process. Over half of the participants from phase 1 of the engagement returned to take part in the phase 2 forums. In fact, by the end of the phase 3 forums some were disappointed that it was largely over for the time being.

3.2 End of session feedback

Participants were given a questionnaire at the end of each forum to indicate their satisfaction with the event. The questionnaire included a list of statements and they were asked the extent to which they agreed with each one.

Overall the feedback was very positive across all phases with the vast majority agreeing with the statements. The strongest agreement was obtained for thinking that events like this are a good way of consulting with the public about issues and the sessions being well organised and structured.

The levels of agreement also increased across the phases, as the engagement programme progressed.

The table below outlines the percentage of participants who agreed and strongly agreed from each phase.

Table 1: End of session feedback

	Phase 1		Phase 2		Phase 3	
	Strongly agree	Agree	Strongly agree	Agree	Strongly agree	Agree
The session was well organised and structured	54	44	63	35	87	11
I was able to provide my views and contribute during the session	48	47	57	39	87	13
I enjoyed taking part in the session	49	50	58	40	82	17
It was informative and I feel I have learned a lot	40	56	49	46	66	30

I think Essential Energy will act on the information from this session	24	51	34	49	56	39
I think events like this are a good way of consulting the public about issues	57	38	67	32	-	-

Based on your experience today, please indicate whether you Strongly Agree, Agree, Disagree, Strongly Disagree or Neither Agree or Disagree with each of the following statements Base: Total Participants Phase 1, Phase 2, Phase 3 (n=61)

Participants were also asked to provide their views on the strengths of the session and what could be improved in the form of open text responses. In phase 1, 30% of participants stated that the strengths included the sessions being informative and providing new information, 18% praised the table facilitator and 11% highlighted the group discussions as being a positive aspect. In terms of what could be improved, a third of participants stated that nothing could be improved with a further 8% stating that they didn't know. There were similar responses for phase 2. In phase 3, the main strengths were hearing feedback from the other forums (25%), the communication being good/explanations clear (21%) and being informative (17%). Over half stated that there was nothing that could be improved (56%).

Participants in phase 3 were also asked for their feedback on the whole engagement programme through a series of statements. There was strong agreement with the statements, particularly around enjoyment (100% agreed) and events like these being a good way of consulting the public about issues (98% agreed). Ninety five per cent (95%) agreed that Essential Energy had taken their views into account when drafting the Regulatory Proposal. The results are provided overleaf.

Table 2: End of engagement programme feedback

	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

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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)

3.3 Interest in being kept informed

Towards the end of the phase 3 forum, participants were asked if they would like to be kept up to date and what methods of being kept informed would be most suitable.

The majority showed strong interest in being kept informed, especially with regard to the content of the final submission to the regulator to see what needed or had to be changed. However, there was agreement that they would prefer a summarised version that was expressed in layman's terms.

Many also expressed interest in being abreast of what some of the initiatives/programmes end up involving.

3.4 Other feedback on the engagement

In phase 1 survey respondents were asked if there was anything else that Essential Energy should be doing to engage with customers and stakeholders. Most survey respondents were satisfied with Essential Energy's current engagement activities (81% residents, 79% businesses). Of those who thought Essential Energy could be doing more, suggestions were mainly at the inform level, i.e. providing more information to customers in a clear and easy to understand way.

Stakeholders also praised Essential Energy's engagement programme. Most of those interviewed thought that Essential Energy should be commended on their efforts.

The online survey in phase 2 asked respondents whether they agreed or disagreed that 'surveys such as these' are a good way of Essential Energy obtaining feedback from customers. There was strong agreement with 80% of residents and 81% of businesses agreeing.

Appendix 1: Phase 1 forum agenda

Time	Session details	Responsibility	Materials
5.00-5.02pm	**Welcome and Introduction** • Woolcott Research Lead Facilitator to welcome and thank participants for coming and introduce opening speaker	WR Lead Facilitator	
5.02-5.05pm	**Introduction** • Essential Energy to explain reason for engagement i.e. AER regulatory proposal. • Lots to grapple with (setting the scene). This needs to be high level as we don't want to give too much away up front. • Description of engagement plan – how we are engaging • Importance of the Forum to EE	EE	PP slides
5.05-5.10pm	**Housekeeping** • Woolcott Research Lead Facilitator to give overview of Forum agenda and approach, the key sessions, guidelines and housekeeping. Location of toilets and evacuation in emergency.	WR Lead Facilitator	PP slides
5.10-5.20pm	**Introduction to keypads** • Lead facilitator to introduce keypads and do some warm up questions. Results shown on screen: PRACTICE QUESTION: Q. How did you travel to the forum today? • Car, • bus, • train, • on foot, • helicopter, • other. KEYPAD QUESTIONS: Q. Who would you consider contacting if you were…	WR Lead Facilitator	PP slides and Keypads

	origin	AGL	essential energy	Energy Australia	reposit	Solar Australia	Other
Considering connecting to the electricity network	1	2	3	4	5	6	7

e.g. building a house							
Seeking advice regarding using less electricity	1	2	3	4	5	6	7
Enquiring about obtaining a battery storage	1	2	3	4	5	6	7
Wanting to report a power outage	1	2	3	4	5	6	7
Seeking advice on Solar Panel installation	1	2	3	4	5	6	7

Q. How reliable do you think your electricity supply is?

Very reliable   1
Quite reliable   2

Undecided   3
Quite unreliable   4
Very unreliable   5

Q Currently 36% of a customer's bill is for distribution of electricity. How would you rate this in terms of value for money?

Very good value for money   1
Quite good value for money   2
Undecided   3
Quite poor value for money   4
Very poor value for money   5

N.B We will re-ask this question again at the end of the forum to see if perceptions have changed

5.20-5.30pm	**Presentation: The Essential Energy Business** • Two minute video to introduce EE • What services are provided by EE • Where the electricity supply comes from • What EE's role is/ the vastness of the network • Average customer price for bill – network versus other components	EE	Video PP slides

5.30-5.55pm	**Table Discussion (The Ideal Energy Supplier)** Participants to introduce themselves on tables and say where they live In the future, what do you think would make an ideal electricity supplier? What do they need to ensure they focus on and do? What are the critical factors to ensure customers are satisfied? *(Participants should be encouraged to get things off their chests here i.e. any burning issues)* Each table to create a value tree on the flipchart. **GIVE OUT HANDOUT 1** *(e.g. reliability, safety, affordability, etc. should emerge here)* *A nominated spokesperson at each table is chosen to feedback their table's high level values. Let them know they only have 1 minute each to present so they should be brief and just go through the high level values.*	WR Table Facilitators	Flipcharts Handout 1
5.55-6.10pm	**Table Feedback** • Feedback invited from **all tables** on the values that they consider to be important to them with regard to electricity supply *Long list is compiled. The list will be condensed and put into themes (by WR) during the forum. These will be put to particpants later and they will be asked to rate them in terms of their importance.*	WR Lead Facilitator	Flipcharts List created
6.10-6.25pm	**Presentation: The Network Condition** EE to outline sheer size of network Main drivers of cost – low density, large area, high vegetation and remote customers Issue of servicing farthest parts of the regions The need to maintain the network including enabling solar The reasons for planned (and unplanned outages) and why longer planned outages could reduce costs Servicing remote locations Worst served customers Medical customers	EE	PP Slides
6.25-6.45pm	**Table discussion: Condition of the network** What do you think of the information presented? What do you think about the reliability of your electricity supply? What is your view on outages? What about the duration and frequency of outages? Brownouts, surges etc Would you prefer more outages, but for shorter periods of time, or less outages, but for longer periods? Why? GIVE OUT HANDOUT 2	WR Table Facilitators	HANDOUT 2

	o Would you be willing to pay more to have less outages and for shorter periods of time? Why/why not? Should EE try to reduce the number and duration of outages in locations with more outages? E.g. Bourke How should EE handle those in really remote locations? Should EE invest more to ensure remote/worst served customers (1% of customers) receive the same levels of service as other more populous parts of the network? Currently they have up to 20 outages a year. Why? Why not? What else could be done to help the reliability in those areas?		
6.45-6.50pm	**Key pad voting** Q. Power outages happen from time to time for a variety of reasons. Thinking about the following scenarios, which would be your preferred scenario? _see table below_ Q: If you had to trade off frequency of outages against the length of time you were without power, which would you choose? More outages, but for short periods of time 1 Less outages, but for longer periods of time 2	WR Lead Facilitator	PP Slides and Keypads
6.50-7.10pm	**DINNER BREAK:** During the break, the list of key factors/themes from 'Ideal Energy' session will be finalised for particpants to vote on at the end of the forum. Videos on screen without volume for participants to look at during the dinner break.		

7.10-7.25pm	**Presentation: Network Demand**
	    Planning for network growth
	    Demand on the network at peak times
	    Number of customers are increasing but usage is lower
	    Using emerging technologies to move off-grid
	    Discuss solar, microgrids
	    Demand management technologies
		EE	PP Slides

OUTAGE TRAITS	Option 1	Option 2	Option 3	Option 4
Duration (how long your power is out for)	No change to current duration	No change to current duration	50% shorter duration	50% shorter duration
Frequency (how often you have a power outage)	No change to current frequency	1 to 2 more outages per year	No change to current frequency	1 to 2 more outages per year
Quarterly Bill Change	No change to current amount	$40 less than current amount	$40 more than current amount	$20 more than current amount

7.25-7.40pm	**Table Discussion: Network Demand**
	     What are your reactions to the presentation?
	     What do you think of the technological advances? Which are of interest to you and why? Which should EE look into further?
	     Who had solar on the table? Who has batteries?
	     What do you think of the use of solar power and batteries? Why?
	     What are the pros and cons of using solar power and batteries?
	     GIVE OUT HANDOUT 3
	     What are the pros and cons of microgrids? Do you think EE should be exploring this as an option? Why? Why not?
	         o If EE could guarantee the maintenance of reliability and price levels, would you be concerned if they changed the source of electricity generation? For example, if they provided you with locally generated solar electricity with a battery back-up, rather than sourcing power from the national electricity grid? Why? (THIS WILL BE A KEYPAD QUESTION)
		WR Table Facilitators	HANDOUT 3

7.40-7.45pm	**Key pad voting** To what extent do you agree or disagree that Essential Energy should invest in researching microgrids as an option? Strongly agree 1 Slightly agree 2 Undecided 3 Slightly disagree 4 Strongly disagree 5 Don't know 6 Q If Essential Energy could guarantee the maintenance of reliability and price levels, to what extent would you be concerned if they changed the source of generation for your connection? For example, if they provided you with locally generated solar electricity with a battery back-up, rather than sourcing power from the national electricity grid? Very concerned 1 Quite concerned 2 Undecided 3 Not concerned at all 4	WR Lead Facilitator	PP Slides and Keypads
7.45-7.55pm	**DESSERT – participants to bring back to tables**		
7.55-8.05pm	**Presentation: Our prices** • Revenue v price cap • Tariff structures – current and other options	EE	PP Slides
8.05-8.30pm	**Table discussion: Our prices**	WR Table Facilitators	HANDOUT 4

	Should EE adopt different tariffs e.g. Electric Vehicle charging tariff, a battery tariff, alternate demand charging methods, for example seasonal or critical peak, feed-in and export tariff? Should EE consider different pricing for some customers? If so, which ones? (e.g. specific industries (food and fibre tariff), those living in remote locations) Should EE consider charging customers different amounts based on where they live? Essential Energy does not currently provide any reduced pricing for specific customer groups. Should they consider reduced pricing for some customers? If so, which ones? **GIVE OUT HANDOUT 4** Which form of control mechanism would you prefer EE's standard control services to operate under – a price cap or revenue cap? Why?		
8.30-8.35pm	**Key Pad Voting** Should Essential Energy charge customers a different amount to customers in different locations based on the cost of supplying them with electricity? Yes 1 No 2 DK 3 Should Essential Energy adopt an electric vehicle tariff? Yes No Don't know Should Essential Energy adopt a battery tariff? Yes No Don't know Should Essential Energy adopt a feed-in and export tariff? Yes No Don't know Essential Energy does not currently provide any reduced pricing for specific customer groups. Should Essential Energy consider providing discounted pricing to some customers? Yes 1 No 2 DK 3	WR Lead Facilitator	PP Slides and Keypads
8.35-8.45pm	**Table discussion: The Future** What should the future of electricity supply be/look like?	WR Table Facilitators	

	How have your views changed from the beginning of the night? Is there anything else you personally feel EE should be doing to get customer's input about its future business plans? Any other topics we have not discussed today that you think should be included in the next round?		

8.45-8.55pm	**Key Pad Voting: Values ranking**
	Using the list compiled and the key pads, participants will be asked to rate and rank the values in terms of their importance
	Lead facilitator guides the voting process (whole of Forum):
	
	Q. Thinking back to the beginning of the forum and the values that you thought were important for an energy provider to focus on in the future. We'd now like you to rate each on a scale of 0-10, where 0 is not important at all and 10 is extremely important for Essential Energy to focus on in the future?
	(list of factors to be compiled at the forum and shown individually on screen for rating)
	(do not show results until after the ranking question below)
	
	Q. And now please choose the top three factors to you in order, i.e. choose the most important one first, then the second most important one, then the third.
	(show list of values and participants select their top 3)
	(result shown for rating questions now)
	
	Q Currently 36% of a customer's bill is for distribution of electricity. How would you rate this in terms of value for money?
	    Very good value for money 1
	    Quite good value for money 2
	    Undecided 3
	    Quite poor value for money 4
	    Very poor value for money 5
		WR Lead Facilitator	PP Slides and Keypads

8.55-9.00pm	**Summing up, thank you** *Essential Energy closing remarks* – what Essential Energy will take from today and confirmation of next steps, encouragement of future participation. WR will also contact all attendees after the forum to encourage participation in next forum.	EE	
9.00pm	**CLOSE** *Woolcott Research Lead Facilitator* – thanks and reminder to fill in end of session questionnaire on tables	WR All	End of session q Incentives and signing sheet

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Appendix 2: Phase 2 forum agenda

Time	Session details	Responsibility	Materials
5.00-5.02pm	**Welcome and Introduction** • Woolcott Research Lead Facilitator to welcome and thank participants for coming (back). Good to see so many familiar faces. • Introduce opening speaker	WR Lead Facilitator	
5.02-5.15pm	**Introduction** • Essential Energy to recap on role of EE, i.e. distributer, not retailer. Government owned and set a revenue cap. What we do key statistics. • Reason for engagement i.e. AER regulatory proposal. • Description of engagement plan and where we are now • What they told us last time – pyramid diagram from engagement focus paper (most important values – affordability, reliability, good customer service and communication, transparency on bills, environment, innovation) • Importance of the forum to EE - have developed some suggested initiatives that we now want your feedback on.	EE	PP slides
5.15 - 5.20pm	**Housekeeping and introduction to keypads** • Woolcott Research Lead Facilitator to give overview of Forum agenda and approach, the key sessions, guidelines and housekeeping. Location of toilets and evacuation in emergency. • Lead facilitator to introduce keypads and do some warm up questions. Results shown on screen: PRACTICE QUESTION: Q. Where would you **most** like to go on holiday? 1. Hawaii 2. Uluru 3. Europe 4. Surfers Paradise 5. North Pole REAL QUESTIONS: Q. Do the values summarised in the presentation from the last forums reflect your views? 1. Yes 2. No	WR Lead Facilitator	PP slides and keypads

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	Q. How would you rate Essential Energy on the following, on a scale of 0-10 where 0 is very poor and 10 is excellent: Listening to customers 0 1 2 3 4 5 6 7 8 9 10 Has customers' interests at heart 0 1 2 3 4 5 6 7 8 9 10 Open and honest 0 1 2 3 4 5 6 7 8 9 10 Educating customers on the electricity network 0 1 2 3 4 5 6 7 8 9 10 And how would you rate your overall attitude to Essential Energy on a scale of 0-10 where 0 is very negative and 10 is very positive? 0 1 2 3 4 5 6 7 8 9 10		

5.20-5.35pm	**Presentation: Vegetation**
	
	• Not discussed much in the last forums but it is an important issue to customers and in terms of EE's total spending
	• Video material of vegetation work conducted
	• Note of key challenges, proportion of total costs - how much is spent on vegetation compared to other things
	• Show table from engagement focus paper
	• Explain what the non-cost related effects would be of
	    o cutting less frequently
	    o passing on costs of vegetation management
	    o stacking vegetation
	    o permanently removing and selectively replanting
		EE	Video
			
			PP Slides

5.35-6.00pm	**Table discussion: Vegetation**
	
	• What do you think of the information presented?
	• Do you have any concerns or priorities about vegetation management? What do you think EE should focus on in this area?
	GIVE OUT HANDOUT 1 and ask related questions:
	
	• Should EE increase the average trimming cycle by 6 months in urban areas – i.e. cut more of the tree less often? Why/why not?
	    o What are the pros and cons of cutting less frequently? What are your thoughts about the visual appearance of cutting more of the tree less frequently?
	• What should EE do about managing vegetation that was planted after the power line was constructed?
	    o Should EE pass costs of this vegetation maintenance onto Local Councils and private landowners where the
		WR Table Facilitators	HANDOUT 1: VEGETATION

	wrong trees were planted after the power line was constructed?
	
	    o What are the pros and cons of doing so?
	   • Should Essential Energy safely stack vegetation that has been cut in some rural areas rather than process it on site into wood chips? Why/why not?
	    o What are the pros and cons of doing this?
	   • Should Essential Energy permanently remove some vegetation and selectively replant it, rather than continue to cut it?
	    o What are the pros and cons of this?		

6.00-6.10pm	**Key pad voting: Vegetation** Q. To what extent do you agree or disagree with increasing the average trimming cycle by about 6 months in urban areas. This would result in Essential Energy having to trim more of the tree but less often, which may negatively impact on the visual appeal of the vegetation. 1. Strongly agree 2. Agree 3. Neither agree or disagree 4. Disagree 5. Strongly disagree 6. Don't know Q. And would you support this strategy if it resulted in saving customers $2.30 per quarter? 1. Yes 2. No 3. Don't know Q. Another strategy used elsewhere in Australia would be to pass costs of vegetation maintenance onto local Councils and private landowners in circumstances where the wrong tree was planted after the power line was constructed. To what extent do you agree or disagree with this strategy? 1. Strongly agree 2. Agree 3. Neither agree or disagree 4. Disagree 5. Strongly disagree 6. Don't know Q. And would you support this strategy if it saved customers $4.50 per quarter? 1. Yes 2. No 3. Don't know	WR Lead Facilitator	PP Slides and Keypads

	Q. Essential Energy could also reduce costs by safely stacking vegetation that has been cut in some rural areas rather than processing it on site into wood chips. To what extent would you agree or disagree with this strategy? 1. Strongly agree 2. Agree 3. Neither agree or disagree 4. Disagree 5. Strongly disagree 6. Don't know Q. And would you support this if it saved customers $0.38 per quarter? 1. Yes 2. No 3. Don't know Q. Costs could also be reduced if Essential Energy could permanently remove vegetation and selectively replant more appropriate types of vegetation rather than continue to cut the current vegetation. To what extent do you agree or disagree with this? 1. Strongly agree 2. Agree 3. Neither agree or disagree 4. Disagree 5. Strongly disagree 6. Don't know Q. And would you support this if it saved customers $0.49 per quarter? 1. Yes 2. No 3. Don't know		
6.10-6.20pm	**Presentation: Reliability and response times** • Current overall reliability and stats on engagement feedback on reliability • Average responsiveness times & details of poor performing feeders	EE	PP Slides
6.20-6.35pm	**Table discussion: Reliability and response times** • On average, Essential Energy supplies power to customers 99.9% of the time (excluding planned maintenance work and major weather events). They typically respond to power outages outside of business hours within one hour, and restore supply in under two and a half hours on average. Would you be happy with some customers having a longer response time but all customers paying slightly less on their bills? o GIVE OUT HANDOUT 2 - Which would be your preferred scenario? Why?		HANDOUT 2 and 3

	- Do you think that EE should start work on some outages earlier (i.e. prior to 9am) provided there is prior notification and it is reasonable given factors such as weather? - What are the pros and cons of this? - GIVE OUT HANDOUT 3 - which option do you prefer? Why? - Some rural areas suffer lower levels of reliability than other locations, due to the cost of servicing the lines needed to reach them. What do you think of Essential Energy increasing network charges for each customer by $0.10 per quarter to improve reliability in these rural areas? Either by introducing alternate technology such as microgrids or improving the lines?		
6.35-6.40pm	**Key Pad Voting: Reliability and response times** Q. The following alternate scenario would lengthen response times for a small number of customers, but reduce electricity costs for all customers. Which would be your preferred scenario?		

OUTAGE TRAITS	Option 1: Current Practice	Option 2: Alternate scenario
Number of customers without power	Less than 5 each outage	Less than 5 each outage
Time of the week	Outside of business hours	Outside of business hours
Response time	No change	up to an additional 16 hours without power each outage on a weekday
Quarterly Bill Change	No change	-$0.35

Q. Should Essential Energy should start work on some planned outages earlier (i.e. prior to 9am) provided there is prior notification and it is reasonable given factors such as weather? Which of the following options do you prefer?

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	Option 1: Current	Option 2: Earlier only	Option 3: Later only	Option 4: Earlier and Later
Usual planned outage times	9am to 2pm	7am to 2pm	9am to 4pm	7am to 4pm
Impact on quarterly electricity costs	No change	-$0.35	-$0.15	-$0.50

To what extent would you agree or disagree with Essential Energy increasing network charges for each customer by $0.10 per quarter to complete the reliability improvements on areas with lower availability?
1. Strongly agree
2. Agree
3. Neither agree or disagree
4. Disagree
5. Strongly disagree
6. Don't know

6.40-7.00pm	**DINNER BREAK** Videos on screen without volume for participants to look at during the dinner break.		
7.00-7.15pm	**Presentation: Cost reflective pricing** • Explain cost reflective pricing and the fact that EE need to move towards this. Cost reflective pricing principles (that it could mean less investment in the network and therefore lower bills) • Show video explaining demand tariff • Explain the following as components of cost-reflective pricing that EE can choose to implement or not based on feedback: – TOU – increasing fixed price and reducing variable (only briefly because more detail in next presentation) – demand tariff – seasonal pricing – locational pricing	EE	PP Slides
7.15-7.40pm	**Table discussion: Cost reflective pricing**		HANDOUT 4: Definitions

	• What are your thoughts on cost reflective pricing in general? Cost reflective pricing is where prices reflect the **actual cost** of supplying electricity to that customer.
	 • What are the pros and cons of cost reflective pricing in general?
	 • What are the pros and cons of the specific options: GIVE OUT HANDOUT 4
	
	  − Time of Use – different prices for peak, off peak and shoulder times of the day
	  − seasonal pricing - prices that differ between winter and summer (higher prices) versus other times of the year.
	  − controlled load – prices for services which Essential Energy decides when they use electricity eg hot water.
	  − demand tariffs – prices set based on highest demand (spikes)
	
	 • What are the principles that should be set around cost reflective pricing and which aspects to implement/not implement? I.e. how should decisions be made - if needed probe on aspects such as fairness, simplicity, support for vulnerable customers, degree of variability in bills, control by customer i.e. ability to reduce bills if wanted etc.
	
	 • On a flipchart write up the principles that should be set around it.
	
	 A nominated spokesperson at each table is chosen to feedback their table's principles that should be set around cost reflective pricing.
			of different pricing mechanisms

7.40-7.50pm	**Table feedback: Cost-reflective pricing** All tables present their principles around cost reflective pricing		
7.50-8.00pm	**DESSERT – participants to bring back to tables**		
8.00-8.15pm	**Presentation: Fixed versus variable pricing** • Show different options for fixed versus variable pricing and how changes would impact different types of customers	EE	PP Slides
8.15-8.35pm	**Table discussion: Pricing** • Recap that part of EE's cost is fixed (despite how much electricity you use) and the other part is variable (that is, it changes according to how much electricity you use). To help reduce the amount your bill goes up and down, and to be more cost reflective, EE could increase the fixed cost component and reduce the other components. Do you think the fixed	WR Table Facilitators	HANDOUT 5: ON INCREASING FIXED COMPONENT

	component of your bill should be increased or stay the same? Why? o GIVE OUT HANDOUT 5: If increased, then how much by? Why? o For Handout 5 probe on: How do these options match the principles your table came up with in the previous discussion session? • What are your views on the potential introduction of a demand component to residential customers? What are the pros and cons? (they will have touched on this in previous discussion but go into more detail here) o How would you like to see peak usage measured, i.e. e.g. average of 5 peaks in 12 months or one peak in 3 months? • Would you consider moving to a pricing option that includes a demand component if your fixed and variable prices decreased? i.e. this comes down to would you be able to spread your usage out so that you don't use everything all at once? o What types of appliances or electricity usage would you be willing to shift to non-peak times? • Would you support the introduction of new tools such as an app or web browser to assist in understanding your usage at a cost of $0.20 per quarter? Why/why not? o What would you like to be able to understand in terms of usage?		
8.35-8.40pm	**Key Pad Voting** Q: Which of the following options do you prefer? (single response) 1. Increase fixed charge by $5 per quarter 2. Increase fixed charge by $10 per quarter 3. Increase fixed charge by $15 per quarter 4. Increase fixed charge by $20 per quarter 5. I would prefer the fixed charge to remain unchanged 6. Don't know Q: Should Essential Energy introduce higher prices in winter and summer, and lower prices at other times of the year? 1. Yes 2. No 3. Don't know Q. Would you consider moving to a pricing option that includes a demand charge at peak times if your fixed and variable prices decreased? 1. Yes 2. No	WR Lead Facilitator	PP Slides and Keypads

	3. Don't know Q. Would you support the introduction of new tools to assist in understanding your usage, at a cost of $0.20 per quarter? 1. Yes 2. No 3. Don't know		
8.40-8.45pm	**Presentation: Supporting technology with pricing** • How pricing structures can make this fairer but influence the introduction of these technologies • Specific Information on EV tariff	EE	PP Slides
8.45-8.55pm	**Key pad voting: Supporting technology** Q. Do you think that Essential Energy should introduce a price specifically for Electric Vehicles to encourage customers to charge these vehicles at off-peak times? 1. Yes 2. No 3. Don't know Q. If Essential Energy do introduce a price specifically for Electric Vehicles, which option do you prefer? 	Price	Option 1: Anytime prices	Option 2: Time of Use and Demand pricing	Option 3: Controlled Load price
Impact on Electric Vehicle costs	Customers charged at a standard variable rate with no ability to reduce costs by charging car at different times.	Customers can reduce charges if they charge their car in off-peak times.	Customers can connect the car to an outlet which only receives power overnight. Similar to some hot water systems. | *Ian: And I'm just going to ask the same questions again as we did at the beginning to see if your views have changed at all:* Q. How would you rate Essential Energy on the following, on a scale of 0-10 where 0 is very poor and 10 is excellent: Listening to customers 0 1 2 3 4 5 6 7 8 9 10	WR Lead Facilitator	PP Slides and Keypads

	Has customers' interests at heart 0 1 2 3 4 5 6 7 8 9 10 Open and honest 0 1 2 3 4 5 6 7 8 9 10 Educating customers on the electricity network 0 1 2 3 4 5 6 7 8 9 10 How would you rate your overall attitude to Essential Energy on a scale of 0-10 where 0 is very negative and 10 is very positive? 0 1 2 3 4 5 6 7 8 9 10 Q Currently 36% of a customer's bill is for distribution of electricity. How would you rate this in terms of value for money? 1. Very good value for money 2. Quite good value for money 3. Undecided 4. Quite poor value for money 5. Very poor value for money		
8.55-9.00pm	**Summing up, thank you** - *Essential Energy closing remarks* – what Essential Energy will take from today and confirmation of next steps.	EE	
9.00pm	**CLOSE** *Woolcott Research Lead Facilitator* – thanks and reminder to fill in end of session questionnaire on tables	WR All	End of session q Incentives and signing sheet

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Appendix 3: Phase 3 Closing the Loop agenda

Time	Session details	Responsibility	Materials
5.45–6.00pm	Give out participants agenda	WR Table Facilitators	Participants agenda
6.00-6.02pm	**Welcome and Introduction** • Woolcott Research Lead Facilitator to welcome and thank participants for coming back. • Explain that we have invited a selection of people from the first two forums to come back for Essential Energy to provide information on their Draft Regulatory Proposal and get their feedback. • Introduce opening speaker	WR Lead Facilitator	
6.02-6.05pm	**Introduction** • Welcome and thank for coming • Your feedback in the first two forums was invaluable and we have used this to develop our Draft Regulatory Proposal for the Australian Energy Regulator. • We are now at the end of the consultation programme and we are holding this forum to present what is in the Proposal, and how that relates to what we heard, and to hear your feedback on this.	EE	PP slides
6.05 - 6.10pm	**Housekeeping** • Woolcott Research Lead Facilitator to give overview of Forum agenda and approach, the key sessions, guidelines and housekeeping. Location of toilets and evacuation in emergency.	WR Lead Facilitator	PP slides and keypads

6.10-6.35pm	**Presentation 1: Sections of the proposal**
	
	• Introduction to the Proposal
	• Outline each theme – what we heard about each theme and what we are proposing as a result. Looking to hear their views on whether they support the proposals. Present this for:
	   o Customer values
	   o Safety
	   o Affordability
		EE	PP Slides

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6.35-6.50	**Table discussion 1** *Give out feedback sheet and ask participants to fill in their level of support with the proposals for the above themes.* *Then ask the table to discuss which proposals they supported/did not support and why. Go through each section:* • Customer values • Safety • Affordability	WR Table Facilitators	FEEDBACK SHEET 1

6.50-7.00pm	**Presentation 2: Sections of the proposal**
	
	• Outline next themes – what we heard about each theme and what we are proposing as a result. Looking to hear their views on whether they support the proposals. Present this for:
	   ○ Reliability
	   ○ Customer service and communication
		EE	PP Slides

7.00-7.15pm	**Table discussion 2** *Give out feedback sheet and ask participants to fill in their level of support with the proposals for the above themes.* *Then ask the table to discuss which proposals they supported/did not support and why. Go through each section:* • Reliability • Customer service and communication	WR Table Facilitators	FEEDBACK SHEET 2
7.15-7.40pm	**DINNER BREAK**		

7.40-7.50pm	**Presentation 3: Sections of the proposal**
	
	• Outline remaining themes – what we heard about each theme and what we are proposing as a result. Looking to hear their views on whether they support the proposals. Present this for:
	   ○ Innovation and renewables
	   ○ Pricing
		EE	PP Slides

7.50-8.05pm	**Table discussion 3** *Give out feedback sheet and ask participants to fill in their level of support with the proposals for the above themes.*	WR Table Facilitators	FEEDBACK SHEET 3

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	Then ask the table to discuss which proposals they supported/did not support and why. Go through each section: • Innovation and renewables • Pricing • If time permits: Is there anything missing from the proposal that you felt was discussed at the forums?		
8.05-8.10pm	**Presentation: Summing up of Proposal** • One slide on the summary points from proposal		
8.10-8.20pm	**Table discussion 4: Prioritisation and being kept up to date** • Out of all the presented proposals so far, what is most important to you? • Do you want to be kept up to date following this forum? • If yes, how would you like to be kept up to date?	WR Table Facilitators	VOTING SHEET – top 5 priorities
8.20-8.25pm	**Summing up, thank you** • *Essential Energy closing remarks* – what Essential Energy will take from today and confirmation of next steps.	EE	
8.25-8.30pm	**CLOSE** *Woolcott Research Lead Facilitator* – thanks and reminder to fill in end of session questionnaire on tables Reminder to facilitators to collect feedback sheets and voting sheets.	WR All	End of session survey Incentives and signing sheet

Appendix 4: End of session questionnaire

We would like your help to evaluate today's session so would be grateful if you could complete this questionnaire.

1. Based on your experience today, please indicate whether you Strongly Agree, Agree, Disagree, Strongly Disagree or Neither Agree or Disagree with each of the following statements (by placing a tick in the relevant box)

PLEASE TICK ONE BOX ON EACH LINE	Strongly Agree	Agree	Neither agree or Disagree	Disagree	Strongly Disagree	Don't know
a. I enjoyed taking part in the session	☐	☐	☐	☐	☐	☐
b. It was informative and I feel I have learned a lot	☐	☐	☐	☐	☐	☐
c. The session was well organised and structured	☐	☐	☐	☐	☐	☐
d. I was able to provide my views and contribute during the session	☐	☐	☐	☐	☐	☐
e. I think Essential Energy will act on the information from this session	☐	☐	☐	☐	☐	☐
f. I think events like this are a good way of consulting the public about issues	☐	☐	☐	☐	☐	☐

2. What were the strengths of the session today?

_____
_____

3. What do you think could have improved the session today?

_____
_____

Thank you for your time and participation.

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