Attachment 1

Consumer engagement

Access arrangement information

ACT and Queanbeyan-Palerang gas network 2021–26

Submission to the Australian Energy Regulator

June 2020

evoenergy

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1. Consumer engagement

Key points

- We utilised existing community relationships and a range of additional channels to understand the expectations of our consumers and to ensure that we respond to the challenges and opportunities they identify.
- The release of the ACT climate change strategy significantly increased community discussion relating to the future of gas in the Canberra region.
- Evoenergy consulted with our Energy Consumer Reference Council (ECRC) to ensure consumer and stakeholder groups were identified and included in the engagement program planning.
- Segmenting the engagement program into phases allowed a clear approach to each stage of the development of the GN21 plan.

1.1 Our consumer engagement

Evoenergy has a long-standing commitment to the local community that we serve. We strive to operate every day with our consumers' interests at heart. For us, engagement is about two-way communication that provides us with opportunities to listen to our stakeholders. Evoenergy's consumer engagement strategy outlines the engagement principles that guide our approach to all engagement planning and activity.[1]

In preparing our GN21 plan, we utilised existing community relationships and a range of additional channels to understand the expectations of our consumers and to ensure that we respond to the challenges and opportunities they identify.

1.2 Our engagement strategy

Evoenergy's GN21 plan consumer engagement strategy consists of six phases as set out in Figure 1.1.

In developing the strategy Evoenergy consulted with our Energy Consumer Reference Council (ECRC) to ensure consumer and stakeholder groups were identified and included in the engagement program planning.

1.3 Our engagement environment

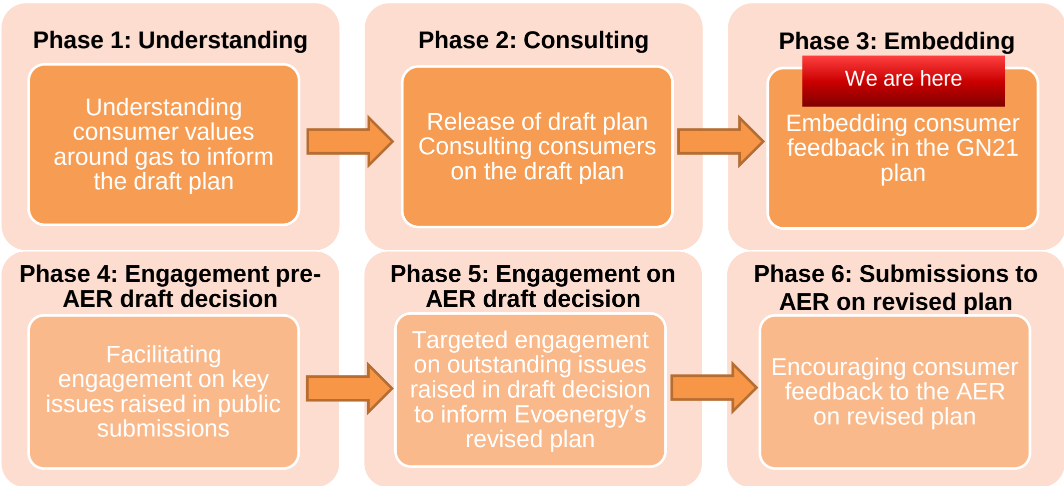
The timing of our engagement in Phase 1 coincided with the release of an update to the ACT Government's Climate Change Strategy 2019–25 (ACT climate change strategy). The release of the ACT climate change strategy significantly increased community discussion relating to the future of gas in the Canberra region. It was clearly an important

[1] https://www.evoenergy.com.au/consumer-engagement-program

topic for many stakeholders, becoming a dominant theme in engagement feedback. Questions arose that related to planning, timing, cost, future options and a desire to understand what these options mean for consumers. It became clear early in our engagement program that the conversations we needed to have with consumers would be about the long term future of the gas network, and not just the next access arrangement period. In this environment, it was also important that we tested what we had previously heard to see if it still held true against this new backdrop.

In March 2020, in the final weeks of our consumer engagement Phase 2, COVID-19 restrictions were introduced across Australia, which meant Evoenergy needed to cancel all remaining pop-ups and drop-in sessions in the interests of public health. At the same time, ACT community councils cancelled their monthly meetings until further notice. This meant that we were unable to deliver some of our engagement activities in the final part of Phase 2: Consulting.

Figure 1.1 Consumer engagement phases



1.4 Our engagement delivery

Segmenting the engagement program into phases allowed a clear approach to each stage of the development of the GN21 plan. In keeping with our engagement principles, it was important that sufficient time was devoted to understanding general consumer sentiment towards gas use before testing our approach in our draft plan for the coming access arrangement period.

To strike a balance between consumer convenience, inclusivity and accessibility, and to be confident of drawing rich consumer feedback and input, the engagement program was delivered across multiple locations, online and face-to-face, in conversation and through surveys. In addition, we ensured a distribution of engagement opportunities across all identified stakeholder groups (as can be seen in Figure 1.2 and in section 1.5).

The engagement program was a sustained effort and, through a willingness to be innovative, such as utilising a citizens' jury, we are confident in our understanding of the consumer views we have incorporated into our GN21 plan.

Appendices 1.2 to 1.10 to this attachment include engagement event reports and summaries and provide rich detail of the feedback we received that is reflected in our GN21 plan.

Figure 1.2 Our engagement plan on a page

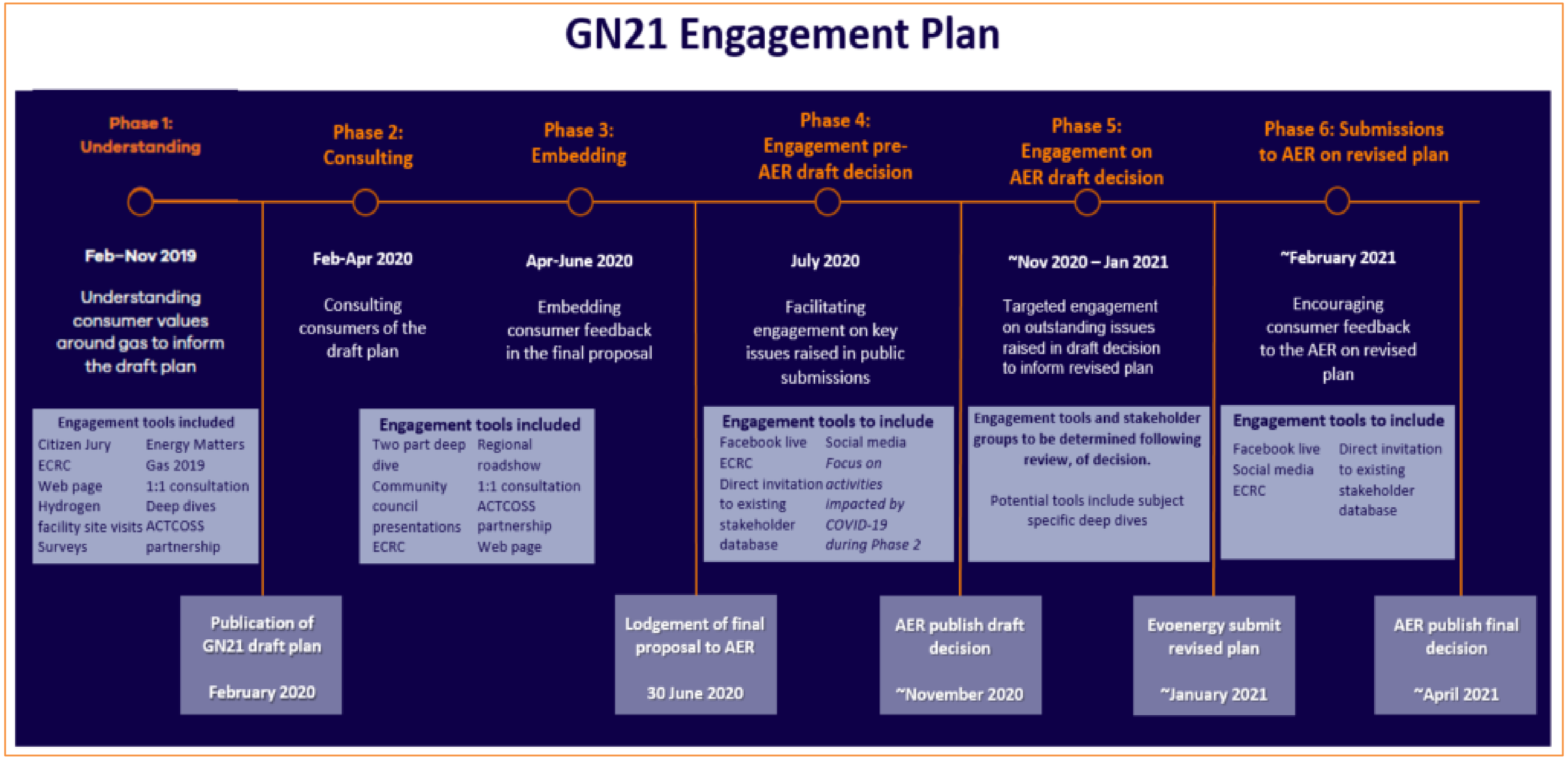


Table 1.1 Engagement tools utilised during Phases 1 – 3

Engagement activity	Date	Phase 1	Phase 2	Energy retailers	Household consumers	Small - medium business consumers	Vulnerable consumers	Culturally and linguistically diverse (CALD) community	Major customers (including infrastructure sector)	Government (ACT Government and NSW local government)
Citizens' Jury	Oct/Nov 2019	●	●		●	●	●	●		●
Energy Consumer Reference Council meetings	Six meetings over 2019 -2020	●	●		●	●	●		●	●
ACTCOSS partnership – Energy consumer advocacy workshop	Aug 2019 - ongoing	●	●		●	●	●	●		
Community regional roadshow – community council presentations and drop-in sessions	Feb/Mar 2020		●		●	●		●		●
Deep dive sessions	Mar 2020		●		●	●	●	●	●	●
Energy Matters Gas 2019	Sept 2019	●							●	●
ACTSmart Business Expo	Sept 2019	●			●	●		●		
Online survey	Sept - Nov 2019	●			●	●	●		●	
Hydrogen facility site visits	Aug 2019 - ongoing	●	●		●	●			●	●
Briefings and 1:1 consultations	Aug 2019 - ongoing	●	●	●				●	●	●
Email inbox and written submissions	Aug 2019 - ongoing	●	●		●		●			

1.5 Who we engaged with

Figure 1.3 describes the major groups with whom we engaged.

Figure 1.3 Who we engaged with

MAJOR CUSTOMERS	• The industrial sector in the Canberra region is relatively small and Evoenergy's major customers largely include tertiary education facilities, developers and Government. Development in Canberra has been a growing sector in recent years and changes to the gas network will have significant impacts in this space. Evoenergy engages regularly with major customers to discuss network planning and services.
HOUSEHOLD CONSUMERS	• There are over 150,000 residential connections to the gas network across the ACT and surrounding areas of NSW. Of these, the majority are detached dwellings.
ENERGY CONSUMER REFERENCE COUNCIL	• *EVOENERGY'S PEAK STAKEHOLDER ENGAGEMENT BODY* • The ECRC is an independent forum providing representatives of the community with an opportunity to provide considered input into operations and long-term planning of Evoenergy. The Council meets regularly and enables direct stakeholder feedback to be considered as part of improving Evoenergy's business performance and influencing the development of regulatory review submissions.
SMALL-TO-MEDIUM BUISNESSES	• Small-to-medium businesses make up a significant portion of the gas network's 3,000 commercial (and contract) customers. The Canberra Business Chamber represents business interests as a member of Evoenergy's ECRC. Evoenergy hosted stalls at the ACTSmart Business Expo and the Master Plumbers Association (ACT) annual trade show, to seize opportunities to engage with business customers.
VULNERABLE CONSUMERS	• As with previous regulatory proposal consumer engagement programs, Evoenergy partnered with the ACT Council of Social Service (ACTCOSS) to support the delivery of a consumer advocate workshop and reach vulnerable communities through their membership base.
GOVERNMENT	• *ACT GOVERNMENT AND NSW LOCAL GOVERNMENT* • Evoenergy's gas networks extend into Queanbeyan-Palerang and Bungendore and NSW local Government representatives participated in the ACTCOSS workshop, the Deep Dive (Part A) and one-on-one briefings. The ACT Government presented to both the citizens' jury and to major customers and was briefed by Evoenergy team at key stages of draft plan development.
CALD	• *CULTURALLY AND LINGUISTICALLY DIVERSE COMMUNITY* • Our community is becoming increasingly culturally diverse. The citizens' jury representation included nearly 30% CALD community members, which aligns with the percentages across the ACT and region. CALD community feedback was captured across many other engagement activities including community council presentations, ACTCOSS workshop and community pop-up sessions.
ENERGY RETAILERS	• There are many existing energy retailers in the ACT and NSW, and more emerging retailers entering the market. Evoenergy enjoys good open relationships with all energy retailers and kept them informed of the development, and content, of the plan.

1.6 What we heard

Table 1.2 sets out what we heard from major consumer groups.

Table 1.2 What we heard from major consumer groups

Group	What we heard
Major customers See Appendices 1.5, 1.7 and 1.8	Major customers expressed concern about operating costs and energy use. They were concerned about managing and paying for the transition away from natural gas and wanting clarity about Government policy and planning to enable them to make good strategic decisions. Major customers participated in tailored workshops as well as ECRC meetings, individual business briefings and our Deep Dive (Part A). They expressed concerns about whether alternatives were available if there was a transition away from gas, and a related concern about the impact of this on the electricity network – reliability and cost. Some developers felt connection charges and processes were costly and complicated. Major customers appreciated the reliability of gas and its efficiency for (large) space and water heating.
Household consumers See Appendices 1.2, 1.4, 1.5, 1.8, 1.9 and 1.10	The citizens' jury assembled a diverse cross section of community members and discussion was often values-based. Household consumers were concerned about gas prices being high, and who would pay for any gas network transformation, and particularly concerned that vulnerable consumers not be left behind. Consumers also felt strongly that environmental sustainability should be supported in the future gas network. The online survey revealed the variety of uses for gas in the home and the majority of respondents expected to continue to use a similar amount of gas in the coming 5-10 years. There was confidence in the safety of the gas network.
Small – medium business customers See Appendices 1.2, 1.5, 1.7, 1.8 and 1.9	Businesses wanted certainty about their energy future to make wise financial decisions about energy infrastructure and choices. Some smaller businesses had questions about alternatives to natural gas and supported renewables but asked about the costs to transition, and about their choices.
Vulnerable consumers See Appendices 1.2, 1.4, 1.5, 1.6, 1.9 and 1.10	Evoenergy invested in developing the capability of vulnerable-consumer advocates to be able to discuss our plan with their communities and advocate for their interests. Vulnerable consumers are concerned about energy prices and lack of choice, whether this is because they are tenants or cannot afford network fees. Environmental sustainability was also a concern.

Group	What we heard
Culturally and linguistically diverse (CALD) community See Appendices 1.2, 1.4 and 1.9	Evoenergy spoke with many members of culturally and linguistically diverse communities and our citizens' jury included CALD representation. There was feedback about the strong cultural links to cooking with gas in some cultures, and that they expected to continue to use gas into the future. Some members of CALD communities were unfamiliar with Government energy policy and knew little about gas distribution or renewable gas.
Energy retailers	Evoenergy kept retailers informed throughout the Reference Service Agreement and Access Arrangement processes so they would be aware of proposed changes. Retailers were emailed descriptions of the changes only if face-to-face meetings could not be scheduled. Retailers have not expressed concern about any proposed changes.
ACT Government and NSW local Government See Appendix 1.5	Government noted that consumers often misunderstood who was responsible for gas distribution and service provision. The ACT Government participated in many engagement activities, presenting and answering questions on the ACT climate change strategy that was released during our engagement program.
ECRC *	Evoenergy's peak stakeholder engagement body represents community and industry. ECRC member feedback contributed to the development of the consumer engagement strategy and challenged Evoenergy to always present information in plain language and from a customer perspective.

* See https://www.evoenergy.com.au/consumer-engagement-program for detailed information about the ECRC and its operation.

1.7 Phase 1 feedback

It was important to begin by revisiting what we learned during the development of our plan for the current regulatory period. Phase 1 was about understanding current consumer values around gas to inform the draft plan. A consumer survey with a broad focus on consumer values and knowledge around gas was delivered online and face-to-face at engagement events, and was complemented by other personal engagement activities that drew rich feedback from consumers. Phase 1 served as a valuable re-set that helped frame an approach to a draft plan for the upcoming regulatory period.

During Phase 1 Evoenergy delivered the first ever citizens' jury process from an Australian gas utility, bringing together a group of almost 30 citizens who reflected and represented their diverse community and shared their opinions on what they wanted from their gas network on the pathway to a net zero greenhouse gas emissions future. The Citizens' Jury Recommendations Report clearly showed consumers expect Evoenergy to listen and respond in our draft plan.

Further information on our engagement tools and activities is in Appendices 1.1, 1.2, 1.4, 1.7, 1.8 and 1.9, including the Citizens' Jury Recommendations Report and Evoenergy's response. Table 1.3 sets out the main feedback themes heard in Phase 1.

Table 1.3 What we heard from major consumer groups (Phase 1)

Overarching theme	Sub-theme	What we heard in Phase 1
Responsible transition *"It will be important to ensure that there is a just transition to the 2045 net zero emissions target to ensure that gas consumers on low incomes or at risk of hardship do not bear a higher proportion of costs in terms of either staying on or moving off gas - ideally, these households will be 'winners', and in a better position than at present as a result of the decisions that are made."* **Online survey respondent**	Transition impacts	Consumers were concerned about impacts a transition would have on their appliances and costs that would be incurred in replacing or upgrading these appliances. This was particularly noted amongst retirees responding to the survey. Major customers were looking for certainty relating to diversity of supply and wanting to ensure that their supplies would remain reliable, particularly during a transition[2]. This was echoed by small and medium business respondents who expressed concern about transitioning away from their current uses of gas. The need for support and assistance during the transition period was articulated by major customers and formed part of the citizens' jury recommendations. Consumers also spoke of the importance of supporting vulnerable customers through all elements of a transition. The citizens' jury recommendations included consideration of a 'just and equitable' transition and development of consumer-centred policy to protect vulnerable customers. The ECRC also advocated for better support for vulnerable customers.

[2] See Appendix 1.7

Overarching theme	Sub-theme	What we heard in Phase 1
Responsible transition *"For retirees like us on limited income you will end up causing financial distress if we have to change our heating and hot water systems. We don't have savings to draw on to pay for this."* **Online survey respondent**	Research into options and costs	Feedback was received that Evoenergy should be undertaking research and investing in understanding what the future energy options are. 76 per cent of survey respondents agree or strongly agree that Evoenergy should invest in better understanding renewable gas[3]. The citizens' jury also recommended that Evoenergy actively seek to be a 'research partner' in the process[4]. This included specific suggestions about understanding overseas renewable gas projects through to undertaking research specific to Canberra and the region.
Responsible transition *"Do not connect gas to new suburbs."* *"Restrictions on gas in new housing is a strategically short-sighted approach as households must have the option of both electricity and gas to cover unexpected longer-term breakdowns in service delivery of either gas or especially electricity."* **Conflicting feedback from online survey respondents**	Network expansion	During Phase 1 it was announced that the existing requirement for gas infrastructure to be installed in new property developments in ACT suburbs would be removed; developers would still be allowed to decide if they wanted to install gas infrastructure. This generated considerable discussion and feedback about whether Evoenergy should continue to expand network infrastructure into new developments. Halting the expansion of the gas network in new suburbs was supported by some consumers to prevent potentially unnecessary spending until a future direction is decided. However, some consumers voiced concern about the practicality and cost of potential future retrofitting. Major customers told us that they wanted to know how developers would decide to install gas or multi-energy connections if this was not mandated. The citizens' jury was unable to reach agreement on whose role it was to decide that Evoenergy should cease installing gas infrastructure in new suburban developments.

[3] See Appendix 1.9
[4] See Appendix 1.2

Overarching theme	Sub-theme	What we heard in Phase 1
Responsible transition *"We need to understand the viability of gas usage and whether we need to plan on replacing gas systems."* **Online survey respondent**	Communication and ongoing involvement	A better understanding of costs of different future energy options and transition was sought by many stakeholder groups including the ECRC, citizens' jury members and major customers. Consumers told us they had a strong desire to fully understand the options to reaching net zero greenhouse gas emissions by 2045 and what each option would involve and requested that consumers be kept informed at all stages of the research, planning and transition. This request was repeatedly heard from household consumers; vulnerable consumers; as well as small, medium and large business customers.
Environmental sustainability	Net zero greenhouse gas emissions strategy	Supporting environmental sustainability was a key driver for some respondents. It was highlighted by nearly 35 per cent of survey respondents as the number one thing that Evoenergy should be focusing on as we develop a roadmap for net zero emissions by 2045. This feedback was more prevalent than reducing network charges and maintaining reliable supply. It was suggested that the best way to achieve environmental outcomes would be to electrify the network. Feedback relating to environmental outcomes was not often linked to renewable gas options.
Affordability and fairness *"The flag fall costs are too high making gas unaffordable for low usage households."* **Online survey respondent**	Gas affordability	Consumers are concerned about affordability and are seeking reduced network charges. This feedback was received across household consumers, vulnerable consumers and small to medium business consumers. This was often coupled with feedback that consumers seek price stability and certainty related to their gas supply. Over 50 per cent of survey respondents felt that the current price of gas was not reasonable and nearly 20 per cent felt that reducing network charges should be a prime focus for Evoenergy going forward. Major customers indicated concerns about pricing that related to the affordability of transitioning appliances and networks to a changed energy source. Consumers also advocated for support for vulnerable consumers. This support ranged from delivering lower network charges, to providing support or subsidies to vulnerable customers to meet network charges.

Overarching theme	Sub-theme	What we heard in Phase 1
	Tariffs	Consumers told us that consumer network pricing plans (known as tariffs) work best when they are simple and easy to understand, structured to promote efficient use of the gas network and communicated clearly so that consumers understand what they mean for them.

1.8 Phase 2 feedback

This phase involved feedback on the GN21 draft plan we released in February: feedback on the draft plan itself, what we heard at our community council meetings and drop-in sessions, as well as at the deep dive sessions. Themes emerged across all engagement activities during Phase 2: Consulting, though within each theme the feedback was often mixed and consumers had many questions about the future of the gas network in the ACT. (See Appendices 1.1, 1.5, 1.6 and 1.10 to this attachment for information on Phase 2 engagement activities and feedback).

Table 1.4 sets out the main feedback themes heard in Phase 2.

Table 1.4 What we heard from major consumer groups (Phase 2)

Overarching theme	Sub-theme	What we heard in Phase 2
Environmental sustainability	Net zero greenhouse gas emissions strategy	Most feedback related to the ACT Government's Climate Change policy was supportive, but some unsupportive feedback was also received. People wanted more clarity about the policy's intent and the Government's role in implementation including cost mitigation and protection of vulnerable customers. There were mixed levels of awareness of the policy, and concern that a change of government would impact the policy.
Responsible transition	Transition impacts	Feedback indicated concern for the cost implications of achieving the net zero emissions 2045 target: about the cost of renewable gas, cost of electrification, cost of changing appliances, protecting vulnerable customers, need for compensation, reduced competition and who would end up paying for stranded assets. There was curiosity about impact on the electricity network, protection for tenants, and whether available technology would be reliable enough to replace gas.

Overarching theme	Sub-theme	What we heard in Phase 2
Responsible transition	Future renewable gas distribution	Support for renewable gas was high but people asked about its safety and feasibility, and whether calling hydrogen and biomethane renewable gas was misleading. It was suggested the ACT had an opportunity to become the model for other jurisdictions. This feedback also reflected a preference amongst many to use gas and feedback indicated they would like to continue using gas if renewable gas would enable this to happen.
Responsible transition	Network expansion	Feedback supported the decision to not reticulate new developments as outlined in the draft plan though it was suggested that if renewable gas was found to be viable this would be important but expensive to retrofit network. Some feedback indicated that limiting network expansion did not go far enough and all expansion should cease.
Responsible transition	Accelerated depreciation	Stakeholders held a variety of views on Evoenergy's proposal on accelerated depreciation. There was some support for accelerated depreciation, given expectations of a shrinking customer base. Some feedback questioned why accelerated depreciation should not be extended to existing (and not just new) assets, while some opposed it altogether on the basis that consumers should not bear the risk of asset stranding. One submission proposed deep dive engagement to test the assumption that accelerated depreciation would be required, and whether it would be in the interests of consumers.
Responsible transition	Customer numbers and volume forecasts	The majority of the feedback suggested the customer number forecasts seemed reasonable. However, some feedback suggested that instead of a gradual and linear decrease in gas consumption there may be a more marked decrease as customers embrace electrification.
Safe and reliable service	Safety and reliability of the network	As an ongoing concern and in the face of a potential transition, consumer feedback showed strong support for continuing to ensure safety and reliability in energy supplies. Consumers wanted to ensure that they would continue to have a service that meets their needs and voiced concern on matters such as loss of choice particularly in the event of a blackout.

Overarching theme	Sub-theme	What we heard in Phase 2
Affordability and fairness	Gas affordability	Overall, this feedback indicated that consumers feel gas is too expensive and that disconnection fees and supply charges are too high. There was also feedback received that related to alternative operating models from off-grid to community owned retailing.
Affordability and fairness	Marketing expenditure	A number of submissions queried expenditure on the 'gas rewards program' and felt it was at odds with the ACT climate change strategy.
Affordability and fairness	Continuation of efficiency carryover mechanism (ECM) for operating expenditure	Stakeholders expressed broad support for retaining the ECM and agreed that it can encourage Evoenergy to achieve operating expenditure (opex) efficiencies in the long-term interests of consumers. One submission proposed that the ECM should exclude opex associated with new connections to align the scheme with our proposed Capital expenditure Sharing Scheme.
Affordability and fairness	Proposed Capital Expenditure Sharing Scheme (CESS)	The feedback received on the CESS included exploration of the concept and the proposed performance measures themselves, as well as the proposed selection criteria and weighting and measures used for evaluation. The concept of a CESS was generally endorsed, however there was a question of the value in adopting a CESS given reduced forecast capex. Assessing the performance measures, criteria and weighting generated a great deal of discussion particularly relating to the structure of what would be measured and how. In response to the performance measures, the frequency and duration of unplanned supply interruptions was viewed as most important and 'estimated meter reads' were not considered an appropriate measure for the CESS and it was suggested this should be removed. There was a general consensus in support of a gas CESS, subject to providing appropriate safeguards to ensure that service quality does not deteriorate as a result of any efficiencies. There was a question of the value in adopting a CESS given reduced forecast capex.
Affordability and fairness	Tariffs	There was general support for tariff simplification, however some stakeholders expressed concern that the declining usage rate (declining block tariff) is not progressive and may not equally benefit low-income households who have lower gas usage per quarter. Some stakeholders observed that a declining block tariff appears to encourage higher consumption

Overarching theme	Sub-theme	What we heard in Phase 2
		contrary to ACT Government policy objectives. A flat tariff structure was (generally) proposed. Some feedback indicated potential merit in a separate tariff for NSW customers or a tariff structure that enabled a cross-subsidy to support transition. One submission proposed that demand[5] customers could support network maintenance costs while residential volume customers transition away from the network.

1.8.1 Formal submissions

During Phase 2, three organisations and four individual community members submitted formal feedback on our draft plan. The content of these submissions was considered in the context of the broader feedback received. Community member feedback focused on gas network expansion and was mixed as to whether new connections should occur or not. A summary of organisation submissions is included below. The submissions are included at Appendix 1.10 to this attachment.

1.8.1.1 ACT COUNCIL OF SOCIAL SERVICE

ACTCOSS is primarily concerned with ensuring that our GN21 plan is in the long-term interest of low-income and other at-risk households with respect to price, quality, safety, reliability and security of supply of gas (and energy more broadly). ACTCOSS broadly supports no expansion of gas network into new suburbs, was undecided on the idea of accelerated asset depreciation, and questioned whether Evoenergy's customer growth and volume forecasts are at odds with legislated greenhouse gas emission reduction targets.

1.8.1.2 CONSERVATION COUNCIL ACT REGION

Asserting that the Territory's priority should be to rapidly transition from gas to all-electric suburbs, the Conservation Council reiterated its support for a rapid phase-out of gas distribution over the next ten years as a way to support meeting interim emission reduction targets. It called for Evoenergy to develop a clear timeline for transitioning customers off the gas network, with priority given to protection of vulnerable customers.

1.8.1.3 BETTER RENTING

Better Renting's submission dealt mainly with concerns related to impacts on renters of escalating costs and potential inequity arising from the transition away from natural gas. Better Renting holds the position that all network expansion should be halted. The submission supports accelerated depreciation but raised concerns that the tariff structure is inequitable.

[5] Demand market customers are generally large commercial and industrial customers.

The Deep Dive (Part A) in Phase 2 brought together consumers from many segments