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Dear Kris

Thank you for the opportunity to engage on the AER's *Draft Better Resets Handbook: Towards Consumer Centric Network Proposals*. I commend the AER on this initiative to encourage networks to better reflect consumer preferences in their regulatory proposals.

Whilst I make this submission in an individual capacity, I draw on my research and engagement experience, my involvement in NewReg as a member of AusNet Services Customer Forum and my professional research and engagement qualifications, including the International Association for Public Participation's (IAP2) Advanced Certificate in Engagement. I also draw on experience from my membership of the AER's current Consumer Reference Group (CRG), and CRG consumer engagement evidence in the public domain.

My submission focuses on question 8: *Is there any further clarification or issues which the Handbook should set out?* In this context, I offer the following suggestions to clarify the *Handbook's* content:

1 Splitting Section 2.1 into two sections "Who we are" and "Purpose"

Section 2.1 aims to describe the AER's role as well as the *Handbook's* purpose. As the *Handbook's* purpose is central to demonstrating its value and application, it gains prominence and immediately informs the reader if the Purpose were a stand-alone section, even preceding a description of the AER i.e.:

- 2.1 Purpose of this *Handbook*
- 2.2 Who we are

Additionally, for added clarity, refer to the "Handbook" by name rather than "this document".

2 Consumer engagement expectations could be more explicit

Engaging on energy regulation matters can be difficult, especially as many consumers are not aware of their network service provider, or the difference between a retailer and a network service provider. I have observed, consumer engagement on network proposals has historically been limited to networks focusing their consumer engagement on advice from well-informed consumer representatives.

Undoubtedly consumer representatives, especially those well-versed in energy regulation, can provide invaluable advice on the long-term interests of consumers and they can engage deeply on technical aspects of energy regulation. However, consumers themselves can also engage on energy

regulation, as the Customer Forum learnt and documented in its *Engagement Report*¹. Beyond broad views on price and reliability consumers have perspectives on DER, electric vehicles, vegetation management and so on.

Further, as illustrated in the CRG's advice to the AER of 7 September 2021, whilst energy consumers support the AER in its role, they only have moderate levels of trust and confidence in the AER's processes and decisions, and consumer trust and confidence increases with greater engagement.²

Good or best practice engagement must include *direct* engagement with consumers themselves and may also include *indirect* engagement with consumer representatives, unless consumer representatives can provide evidence of how direct consumer engagement informed consumer representatives' perspectives. Therefore, without prescribing to networks how they should engage, the AER should at a minimum *encourage* networks to gather evidence of consumer expectations and preferences by directly engaging with consumers where it is reasonable to do so.

3 The AER should encourage Networks to aspire to “best practice” engagement

Whilst the *Handbook* references “good customer engagement”, and the AER should “not “prescribe a particular model or format for engagement” the meaning of “good engagement” is not clear in the *Handbook*. Although Chapter 4 describes the AER's expectations of consumer engagement, the principles upon which “good engagement” is established (versus the three criteria listed on page 12) are not explicitly stated.

IAP2 is widely recognised as a leading professional association that supports and advocates for **best practice** in engagement³. Underpinning the IAP2 approach is a set of Core Values which inform best practice engagement. These Core Values⁴ are as follows:

1. Public participation is based on the belief that those who are affected by a decision have a right to be involved in the decision-making process.
2. Public participation includes the promise that the public's contribution will influence the decision.
3. Public participation promotes sustainable decisions by recognising and communicating the needs and interests of all participants, including decision makers.
4. Public participation seeks out and facilitates the involvement of those potentially affected by or interested in a decision.
5. Public participation seeks input from participants in designing how they participate.
6. Public participation provides participants with the information they need to participate in a meaningful way.
7. Public participation communicates to participants how their input affected the decision.

The AER should be encouraging networks to aspire to “best practice” rather than rest on a belief that they demonstrate “good engagement”. The notion of best practice fosters a desire to learn and continuously improve, rather than simply aiming to be “good”. Drawing on my many years of consumer research and engagement experience, it is reasonable to consider that consumers desire organisations to be better than good – they expect them to be the best they can be with the resources available.

¹ <https://www.aer.gov.au/system/files/AusNet%20Services%20-%20Customer%20Forum%20Final%20Engagement%20Report%20-%2031%20January%202020.pdf>

² <https://www.aer.gov.au/system/files/CRG%20-%20Submission%20-%20Overall%20rate%20of%20return%2C%20Equity%20and%20Debt%20-%20Volume%202%20-%203%20September%202021.pdf>

³ https://iap2.org.au/wp-content/uploads/2019/07/IAP2_Quality_Assurance_Standard_2015.pdf

⁴ <https://iap2.org.au/about-us/about-iap2-australasia/core-values/>

To conclude, the IAP2 has established a *Quality Assurance Standard in Community and Stakeholder Engagement*⁵ and if it has not done so already the AER should reference this standard in its expectations in consumer engagement.

Regardless of whether the AER retains the notion of good or adopts the idea of best practice engagement Chapter 4 could benefit from an additional subsection after the overview that lists the AER's defining Principles that for good engagement.

4 The AER's expectations of an "independent consumer report" need to be clear

The requirement for networks to submit an "independent consumer report" if they wish to participate in the targeted review stream is reasonable. However, the *Handbook* could be improved by providing users with more explicit guidance around the expected contents of the independent consumer report.

The independent consumer report is important *evidence* of the quality of engagement processes and for the AER to adequately assess this evidence, the report needs to include at a minimum:

- The context, scope and purpose of engagement
- Who participated in the engagement activity?
- The method(s) of engagement and any limitations
- Engagement outcomes, conclusions and implications

While the above suggested contents for an engagement report may be obvious to those with experience in consumer engagement, more detailed guidance will provide greater transparency around AER processes and expectations for users of the *Handbook*.

5 The CCP's role under different scenarios needs to be clear

The *Handbook* assumes the reader knows of and understands the potential role of the CCP in a network reset.

Reflecting on the Customer Forum experience, both the Customer Forum and CCP could have benefited from a clear and agreed understanding of their different purposes in AusNet Services reset.

Whilst the relationship may differ according to a network's participation in a targeted review or the current process as illustrated in Figure 1 in the *Handbook*, a network's consumer engagement would benefit greatly from:

- A clear understanding of the CCP's role, membership (assigned to the reset) and skills/experience of the CCP members
- The AER's expectations of the CCP in relation to the reset
- Developing an agreed working relationship between CCP members, the network and consumer representatives

Some case studies of activities performed by previous CCPs would help illustrate some possible roles for the CCP to users of the *Handbook*.

6 Consumers' influence on a proposal

The IAP2 Spectrum of Public Participation is a scale to describe the "role" the public (consumers) will have in any engagement program. The IAP2 Spectrum has five levels:

⁵ https://iap2.org.au/wp-content/uploads/2019/07/IAP2_Quality_Assurance_Standard_2015.pdf

- Inform
- Consult
- Involve
- Collaborate
- Empower

The impact a consumer can have on a decision, increases from *Inform* through to *Empower*.

Importantly networks should be prudent in their engagement and recognise that consumers' can have different roles in different aspects of regulatory proposals. Engagement should be contextualised to both consider the issues over which consumers can have influence and the materiality of those issues. For example, on matters that are relatively immaterial or unimportant to consumers, it may be sufficient to keep them informed. On issues of significant interest and materiality to consumers where they can have significant influence (e.g., opex related to customer experience) it is meaningful to at least involve customers.

7 Correction to case study content (Equipping customers)

In reference to Case study 2, bullet point 3, the description is inaccurate to the extent it suggests the Customer Forum's freedom to engage and seek evidence was relatively limited. Beyond data analysis (as suggested by the case study) the Customer Forum designed and commissioned customer surveys and engaged directly with numerous consumers and consumer representatives as listed in the Customer Forum's engagement report. Therefore, I suggest the third bullet point be amended to read as follows:

- The ability of the Customer Forum to gather its own evidence of consumer preferences by designing and commissioning customer surveys, undertaking its own data analysis and directly engaging with consumers and consumer representatives.

If you would like to discuss this submission, please feel free to contact me.

Finally, I wish to confirm that the content of this submission is not subject to a confidentiality claim and may be published on the AER's website.

Kind regards



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