

# Jemena Electricity Networks (Vic) Ltd

## 2016-20 Electricity Distribution Price Review Regulatory Proposal

### Revocation and substitution submission

Attachment 1-3 Continuing engagement with our  
customers

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## ABBREVIATIONS

AER	Australian Energy Regulator
CUAC	Consumer Utilities Advocacy Centre
Customer Council	Jemena Electricity Customer Council
DNSP	Distribution Network Service Provider
EDPR	Electricity Distribution Price Review
ENA	Energy Networks Association
Guideline	Consumer Engagement Guideline for Network Service Providers (November 2013)
IAP2	International Association for Public Participation
JEN	Jemena Electricity Networks
NEO	National Electricity Objective
Optimal NEO Position	The position which contributes to the achievement of the NEO to the greatest degree and best promotes the long term interests of consumers of electricity
TSS	Tariff Structure Statement
VECUA	Victorian Energy Consumer and User Alliance

## OVERVIEW

Customer engagement formed a key pillar in the development of Jemena Electricity Networks' (**JEN**) April 2015 proposal to the Australian Energy Regulator (**AER**), ensuring that it accurately reflects our customers' priorities and long-term interests.

This document provides a summary of how we are continuing to deliver on our commitment to genuine and meaningful customer engagement, highlighting how we have engaged with customers since the submission of our April 2015 proposal and in the preparation of this submission.

This document should be read as an addendum to Attachment 4-1 of our April 2015 proposal, 'Our customer, stakeholder and community engagement', which includes detailed information about how we designed and delivered our overall engagement program, its outcomes and how they influenced our decisions, and a thorough evaluation of our engagement.

Our customers told us they want us to continue to engage with them, openly and transparently, through the remainder of the Electricity Distribution Price Review (**EDPR**) process and beyond it. In recent months, they have provided specific feedback relating to our proposed tariff changes, public lighting, and matters specific to the preliminary decision including demand management, vulnerable customer support and price path sculpting to support network tariff reform.

## 1. INTRODUCTION

1. Jemena is committed to engaging with our customers, stakeholders and the broader community to understand and balance their expectations in our decision making.
2. Our business plan objective in relation to our customers is to deliver energy services that are safe, reliable affordable and responsive to our customers' preferences. Customer and stakeholder engagement is therefore critical in enabling us to achieve this objective.
3. Customer engagement has formed a key pillar in the development of JEN's regulatory proposals and it influenced the development of our draft Tariff Structure Statement (**TSS**) included with our April 2015 proposal and our proposed TSS submitted to the AER on 25 September.<sup>1</sup> Detailed information about how we designed and delivered our engagement, its outcomes and how it influenced our decisions, as well as a thorough evaluation of our engagement can be found in 'Our customer, stakeholder and community engagement' summary included as Attachment 4-1 of our April 2015 proposal.
4. The decision to include our network tariff design consultation as part of our broader EDPR engagement was made recognising the impact and importance of changes to our network prices to customers.
5. This document provides a summary of how we have engaged with customers since our April 2015 proposal, highlighting how we are continuing to deliver on our commitment to genuine and meaningful customer engagement. It should be read as an addendum to Attachment 4-1 of our April 2015 proposal.
6. Throughout our engagement process, we have drawn on the AER's Consumer Engagement Guideline,<sup>2</sup> advice from some of our key stakeholders and other utilities,<sup>3</sup> and our own previous experience engaging with customers of JEN and Jemena Gas Network in New South Wales. We also consulted with our Jemena Electricity Customer Council<sup>4</sup> (**Customer Council**) about a number of aspects of our engagement.
7. The four stages of our customer engagement process are summarised in Figure 1–1.

**Figure 1–1: Our customer engagement process**



<sup>1</sup> When talking to some of our customers and stakeholders, we referred to our April 2015 proposal as 'our five-year plan' or 'our 2016 plan'. The use of these terms in this document refer to JEN's April 2015 regulatory proposal

<sup>2</sup> AER, *Better Regulation: Consumer Engagement Guideline for Network Service Providers*, November 2013

<sup>3</sup> In particular, we are grateful for the advice around our engagement approach provided by Gavin Dufty (St Vincent de Paul Society), the Consumer Utilities Advocacy Centre and Yarra Valley Water.

<sup>4</sup> See section 2.1.1 for more information about the Customer Council.

8. The information we have obtained through engaging with our customers has helped us ensure that our electricity distribution price review proposal reflects the **Optimal NEO Position**.<sup>5</sup> In particular, consulting with our customers helped us to understand their service level expectations, receive valuable customer influence in business decisions and helped us ensure our customers' views and preferences are appropriately reflected throughout our proposal.
9. The AER's Consumer Engagement Guideline sets out the AER's expectations for how networks should engage with their customers and stakeholders, including best practice principles for engagement. We have applied this guidance in designing, undertaking and measuring the effectiveness of our engagement program, and therefore consider that our engagement is consistent with the Consumer Engagement Guideline. This is supported by the Consumer Utilities Advocacy Centre (**CUAC**) which recently stated that it too considers JEN has followed the Consumer Engagement Guideline.<sup>6</sup>
10. CUAC and Victorian Energy Consumer and User Alliance (**VECUA**) have both made submissions in response to the AER's public consultation process of the 2016-20 Victorian EDPR process. In these respective submissions, specific mention is made of JEN's engagement:

*"Jemena's consumer engagement is likely the best of the Victorian DNSPs"*<sup>7</sup>

*"VECUA considers that Jemena and United Energy have made positive and genuine efforts to extensively engage with residential consumer advocates"*<sup>8</sup>

11. We are proud to have been recognised by key stakeholders as having made genuine and meaningful attempts to engage with our customers and as a leader in these activities.
12. As detailed in section 6.1 of Attachment 4-1 of our April 2015 proposal, we received positive feedback in relation to a number of aspects of our engagement from a range of other stakeholders who had been directly involved in our activities. In addition we have employed (and will maintain) a continuous improvement approach to our customer and stakeholder engagement and committed to:
  - Continually improving our engagement with customers and stakeholders
  - Continuing to work closely with our Customer Council to design engagement which meets our customers' and stakeholders' expectations and is consistent with our commitment to ongoing engagement
  - Playing a leadership role in sharing our learnings with the energy distribution industry, by participating in industry-wide activities (such as through the Energy Networks Association's Consumer Engagement Working Group) and sharing our learnings through forums provided by our stakeholders.
13. However, we are disappointed that it is unclear how the AER has reflected the feedback of our customers and stakeholders in some key aspects of the preliminary decision. For example, areas where the preliminary decision was not aligned to this feedback included:
  - Our proposed price path to mitigate potential customer impacts of cost-reflective tariff structures
  - Our proposed projects under the demand management incentive scheme
  - Our proposed initiatives to assist vulnerable customers.

<sup>5</sup> The position which contributes to the achievement of the National Electricity Objective (**NEO**) to the greatest degree and best promotes the long term interests of consumers of electricity

<sup>6</sup> Consumer Utilities Advocacy Centre, *Victorian electricity distribution pricing review (EDPR), 2016 to 2020*, p. 3

<sup>7</sup> Consumer Utilities Advocacy Centre, *Victorian electricity distribution pricing review (EDPR), 2016 to 2020*, p. 2

<sup>8</sup> Victorian Energy Consumer and User Alliance, *Victorian Energy Consumer and User Alliance (VECUA) Submission to the AER Victorian Distribution Networks' 2016-20 Revenue Proposals*, p. 50

14. We also note that some stakeholders' views on these particular issues<sup>9</sup> were communicated to the AER during its own consultation on our April 2015 proposal, but were not acknowledged in the preliminary decision. We consider it is important for the AER to demonstrate that customers' and stakeholders' contributions to distributors' or regulators' consultation processes do have an influence on the AER's decision making. Ensuring this is the case will avoid the risk of undermining stakeholders' perceived value of distributor-led engagement over time.
15. We remain committed to continued engagement with our customers and stakeholders. The sections below set out how we are delivering on these commitments by outlining: our customer engagement activities since the submission of our April 2015 proposal, how feedback has influenced our decision making in developing our revised regulatory proposal and our plans for customer engagement beyond the EDPR process.

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<sup>9</sup> For example, Consumer Utilities Advocacy Centre's 13 July 2015 submission to the AER in relation to Jemena's vulnerable customer initiatives and distributors' role in assisting vulnerable customers



## 2. DELIVERY: CONTINUING OUR CUSTOMER ENGAGEMENT

16. We have a large number of customers and stakeholders with diverse interests, levels of knowledge of our business, industry and services, expectations and preferences. The five engagement streams which we engaged with when developing our five-year plan are summarised below:
1. The Jemena Electricity Customer Council—through regular meetings of members who represent a broad cross section of our customers and stakeholders
  2. Mass-market customers, including vulnerable customers—through face-to-face engagement such as deliberative forums and focus groups
  3. The broader community—through an online survey, our website and community relations activities
  4. Large industrial and commercial customers, including local governments—through individual interviews, workshops and group meetings
  5. Other stakeholders, including government, retailers, and consumer advocates—through workshops and meetings.
17. We have continued to engage with these groups following our April 2015 proposal to inform the development of this submission and our proposed TSS. Section 2.1 summarises our engagement activities following our April 2015 proposal.

### 2.1 ENGAGEMENT FOLLOWING OUR 2016 PLAN SUBMISSION

#### 2.1.1 JEMENA ELECTRICITY CUSTOMER COUNCIL

18. We continued to engage with our Customer Council following our April 2015 proposal, providing a detailed overview of our final submission, seeking feedback about our tariff design and seeking feedback on a number of matters relevant to our submission.
19. Two standard Customer Council meetings have been held since April 2015, and a special meeting on our rate of return on capital requested by council members. Attendees are highlighted in Table 2–1 below.

**Table 2–1: Customer Council attendance**

Meeting	Attendees
July 2015	Alternative Technology Association, Ai Group, Consumer Utilities Advocacy Centre, Kildonan Uniting Care, LeadWest, Metro Trains, Moreland Energy Foundation, St Vincent de Paul,
July 2015 (Special meeting – Rate of Return)	Alternative Technology Association, Consumer Utilities Advocacy Centre
November 2015	Ai Group, Consumer Utilities Advocacy Centre, Consumer Action Law Centre, Kildonan UnitingCare, Moreland Energy Foundation, St Vincent de Paul

20. The agenda items relevant to our 2016 Plan are shown in Table 2–2.

Table 2–2: Overview of Jemena Electricity Customer Council meeting agenda items relevant to EDPR

Meeting	Issues and topics discussed	Objective <sup>10</sup>
<b>July 2015</b>		
EDPR Update – Our 2016 Plan	<ul style="list-style-type: none"> <li>Update on Our 2016 Plan</li> <li>Tariff structures</li> <li>Customer impacts of proposed tariff structure reform</li> </ul>	Inform
Demand Management Innovations and Technology Program (2016-2020)	<ul style="list-style-type: none"> <li>Our innovation and technology program proposed in our 2016 Plan</li> <li>Our Demand Management Objectives</li> <li>Design of Phase 1 of our innovation program for Residential Customers</li> </ul>	Consult
Presentation from Moreland Energy Foundation – Update on energy and solar projects	<ul style="list-style-type: none"> <li>History of the organisation and look ahead</li> <li>Summary of residential, commercial and local government energy projects</li> <li>Existing and potential collaboration with Jemena</li> </ul>	Consult
<b>July 2015 (Special meeting – Rate of Return)</b>		
Rate of return – funding our assets	<ul style="list-style-type: none"> <li>What the cost of capital is and why it matters</li> <li>What the new rules say</li> <li>What the AER guideline says and our thoughts</li> <li>Our proposal</li> </ul>	Inform
<b>November 2015</b>		
Our revised regulatory proposal (our submission)	<ul style="list-style-type: none"> <li>Our response to the AER's Preliminary Decision</li> <li>Aspects of the Preliminary Decision we welcome (green), can live with (amber) and believe a better decision can be made (red)</li> </ul>	Consult
Our 2016 Prices	<ul style="list-style-type: none"> <li>Overview of our 2016 prices derived from AER's preliminary determination</li> </ul>	Inform
Presentation from Ai Group	<ul style="list-style-type: none"> <li>Lessons learnt from Ai Group's tariff reform engagement with large customers</li> <li>Implications for Jemena's approach to tariff reform engagement with large customers</li> </ul>	Consult

### 2.1.2 MASS MARKET CUSTOMERS

21. Engaging with residential and small and medium business customers (mass-market customers) presented a particular challenge. Our past engagement and research demonstrated that not only do most mass-market customers have a low understanding of issues related to the development of our five-year plan—including our services, costs and prices—but many do not know who JEN is or what we do.<sup>11</sup>

<sup>10</sup> Defined using the International Association of Public Participation (IAP2) Public Participation Spectrum

<sup>11</sup> For example, we undertook an online survey in 2013 where 74% of respondents said they knew who their distributor was, however only 6% of the people who said they knew their distributor could correctly name it

22. Given the complexity of many of the issues relevant to our five-year plan,<sup>12</sup> the need for us to ensure that our engagement was accessible to a range of customer types (including vulnerable customers) and the importance of obtaining in-depth feedback from customers, we chose to base our engagement with mass-market customers (including vulnerable customers) around direct (face-to-face) activities including holding a deliberative forum. This approach was a core element in developing our April 2015 proposal.
23. Our engagement with mass market customers following our April 2015 proposal has focused on ensuring relevant and up to date information is readily available. In particular, we have:
  - Developed network pricing fact sheets to inform interested residential, small business and large business customers on our proposed tariff changes and ways they can benefit, and published these on our website
  - Maintained a customer engagement website that provides information about JEN, the electricity supply chain, the process we use to develop our five-year plan and how we're engaging with our customers and stakeholders. It also holds information such as presentations and agenda papers from other engagement activities, and allows customers to submit any feedback they have directly to us using an online feedback form or via email
  - Promoted our website, fact sheets and 'haveyoursay' email address to customers and stakeholders. We raised awareness by providing postcards and handouts at customer engagement and other events, and by including links to the website in the email signatures of relevant Jemena employees
  - Held customer engagement events since April 2015, including 'Bring Your Bills Days' funded by JEN and delivered in partnership with Kildonan UnitingCare at Meadow Heights, Sunbury, Footscray and Broadmeadows. The Bring Your Bills Days enabled face to face engagement with vulnerable customers, many of whom from culturally and linguistically diverse backgrounds. A number of retailers, water utilities and other industry stakeholders with an interest in vulnerable customer support also attended the events.

### 2.1.3 RETAILER AND STAKEHOLDER FORUMS

#### 2.1.3.1 Pricing workshops

24. We have been very conscious of the importance, depth and (at times) complexity of issues related to our tariff structures and other pricing arrangements, and the significance of some of the changes we have proposed to the way we price our services. To enable quality feedback on pricing issues we held workshops to engage on pricing issues with customers and stakeholders who have a high level of knowledge of these issues. Building on the three workshops we held leading up to our 2016 Plan submission, we held a further workshop in August 2015 in the lead up to our proposed TSS submission to the AER in mid-September 2015.
25. Table 2–3 summarises the stakeholders who attended the August 2015 workshop.

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<sup>12</sup> CUAC's research report *Meaningful & Genuine Engagement: Perspectives from consumer advocates* (November 2013) also explains that 'face-to-face engagement is particularly useful for complex issues', p.36

**Table 2–3: August 2015 pricing workshop attendees**

Type of stakeholder	Organisations represented
Energy retailers	AGL, Alinta, Globird , Lumo, M2 Energy, Momentum Energy, Pacific Hydro, People Energy, Powershop, Simply Energy
Government and statutory authorities	Department of Economic Development, Jobs, Transport and Resources
Consumer advocates or representatives	Alternative Technology Association, Australian Industry Group, Consumer Utilities Advocacy Centre, Moreland Energy Foundation, St Vincent de Paul, Brotherhood of St Laurence, Northern Alliance for Greenhouse Action, Victorian Council of Social Service, Kildonan Uniting Care
Large customers	Metro Trains, Orora, Owens-Illinois, Visy
Other	Energy Supply Association of Australia, Hume City Council

26. Table 2–4 summarises the issues discussed.

**Table 2–4: Issues for engagement at pricing workshops**

Item	Issues and topics discussed	Objective
<b>August 2015</b>		
Engaging and responding to our customers, stakeholders and the community	<ul style="list-style-type: none"> <li>A summary of our draft TSS, the consultation process to date, and feedback heard</li> <li>Outline of efforts to align with other Victorian distributors</li> </ul>	Inform
Our tariff design	<ul style="list-style-type: none"> <li>Elements to finalise new tariffs for residential customers:                             <ul style="list-style-type: none"> <li>Aligning with other distributors on a residential demand charging window of 3pm-9pm</li> <li>Aligning with other distributors on a residential demand charging window of 'business day' vs 'week day' vs 'any day'</li> <li>Use summer and non-summer demand charges</li> <li>Transition to cost reflective prices in 2017 to align with other distributors</li> </ul> </li> <li>Key elements to finalise new tariffs for business customers, and overview of potential future tariffs</li> </ul>	Consult
Customer impact analysis	<ul style="list-style-type: none"> <li>Assessment of customer impacts</li> </ul>	Inform

### 2.1.3.2 Annual Retailer Forum

27. We hold an annual forum with retailers to respond to operational challenges, seek feedback on our service and improve our relationship over time. This year's forum included an agenda item aiming to inform retailer representatives present about our tariff reform and 2016 Prices based on the preliminary decision. The forum was attended by 23 representatives from six retailers.

28. Table 2–5 summarises the retailers represented at Jemena's Annual retailer forum.

**Table 2–5: Annual retailer forum attendance**

Type of stakeholder	Organisations represented
Energy retailers	AGL, Energy Australia, Dodo, Lumo, Origin, Red Energy

29. Table 2–6 summarises the issues discussed.

**Table 2–6: Issues for engagement at annual retailer forum**

Item	Issues and topics discussed	Objective
<b>August 2015</b>		
Tariffs and Pricing	<ul style="list-style-type: none"> <li>AER preliminary decision outcomes summary</li> <li>2016 Pricing proposal</li> <li>Customer impacts</li> </ul>	Inform

### 2.1.3.3 Public lighting forum

30. Two forums targeting our public lighting customers have been held since April 2015:

- Public lighting prices and processes forum in July 2015
- Public lighting technical meeting in October 2015.

31. At the July forum, we informed public lighting customers of our final submission prices, took on board their views on traffic management and aimed to address their operational concerns. The October forum focused more on technical product specifications in relation to changes our customers would like to see in our revised regulatory proposal.

32. Table 2–7 includes the list of attendees at each forum.

**Table 2–7: Public lighting forum attendance**

Forum	Attendees
Public lighting prices and processes forum in July 2015	AER, Banyule City Council, Brimbank City Council, Darebin City Council, Hume City Council, Hobsons Bay City Council, Macedon Ranges City Council, Maribyrnong City Council, Melbourne City Council, Melton City Council, Moonee Valley City Council, Moreland City Council, VicRoads, VicTrack
Public lighting technical meeting in October 2015	Darebin City Council, Hume City Council, Maribyrnong City Council, Melton City Council, Moreland City Council, VicRoads

33. Table 2–8 lists the issues and topics discussed at each forum.

**Table 2–8: Issues for engagement at public lighting forum**

Item	Issues and topics discussed	Objective
<b>July 2015</b>		
Our regulatory proposal	<ul style="list-style-type: none"> <li>Breakdown of proposed alternative control service prices for the 2016-2020 regulatory period</li> </ul>	Consult

Item	Issues and topics discussed	Objective
	<ul style="list-style-type: none"> <li>Jemena's proposed prices and service classification for dedicated assets</li> </ul>	
Our policies and strategies	<ul style="list-style-type: none"> <li>Proposed new policies and strategies</li> </ul>	Inform
Our public lighting service levels	<ul style="list-style-type: none"> <li>Service improvements and projects under consideration</li> </ul>	Inform
<b>October 2015</b>		
Our Asset Management processes	<ul style="list-style-type: none"> <li>Jemena's asset management approval process</li> </ul>	Inform
Our customer drivers and needs	<ul style="list-style-type: none"> <li>What are the principles/drivers underpinning what you want Jemena to deliver?</li> </ul>	Consult
Better tailoring our products to customer needs	<ul style="list-style-type: none"> <li>Products our customers would like Jemena to offer and by when</li> <li>Additional features and innovations customers are seeking from Jemena</li> <li>Prioritisation of the products customers seek from Jemena in order of need</li> <li>Development of product approval and deployment action plan with respect to:                             <ul style="list-style-type: none"> <li>Products customers seek to be included in our revised regulatory proposal</li> <li>Products customers seek during next regulatory period (2016-2020)</li> </ul> </li> </ul>	Consult

#### 2.1.4 LARGE CUSTOMER AND STAKEHOLDER INTERVIEWS & BRIEFINGS

34. In developing our April 2015 proposal we held individual meetings with 12 of our largest industrial and commercial customers between December 2014 and February 2015.
35. Our engagement with large customers since April 2015 focused on tariff reform through the fourth Pricing Forum, direct contact with our Commercial team account managers, and engagement with large customer advocates Ai Group and Energy Users Association of Australia.
36. We provided briefings to a number of key stakeholders following our April 2015 proposal. These briefings summarised what we heard during our engagement and how we responded, and included a particular focus on our draft TSS. Meetings were held with the stakeholders shown in Table 2–9.

**Table 2–9: One-on-one meeting participants**

Type of stakeholder	Organisations represented
Government and statutory authorities	Department of Economic Development, Jobs, Transport and Resources, Essential Services Commission
Consumer advocates or representatives	Consumer Utilities Advocacy Centre, Consumer Action Law Centre, Energy Consumers Australia, Energy Users Association of Australia, Kildonan UnitingCare, Northern Alliance for Greenhouse Action, St Vincent De Paul, Total Environment Centre, Victorian Council of Social Service

#### 2.1.5 MEETINGS BETWEEN VICTORIAN DISTRIBUTORS

37. Victoria has five electricity distributors. Most stakeholders, such as consumer advocates and retailers have constituents/customers across all distributors and are therefore interested in all tariff design plans and how they align and where they differ.

38. Stakeholders were keen for the Victorian distributors to discuss common tariff design issues and to seek alignment where possible. A group was set up across the five distributors to discuss ways in which tariff structures could be designed to maximise alignment across the Victorian distributors. The group met frequently throughout the TSS development process. It proved effective to meet some key customer and stakeholder concerns (see Table 4-1).
39. Our objective in seeking tariff design alignment with other Victorian distributors was to address feedback from consumer advocates, retailers and Victorian Government that alignment was in the long term interests of our customers as it would:
  - Simplify future customer messaging, assisting implementation and customer acceptance around tariff structures
  - Increase the likelihood of customers understanding our tariff changes and choosing whether to adopt behavioural change to benefit from them.

### 3. RESULTS: COMMUNICATING FINDINGS AND OUTCOMES

40. Section 3.1 summarises what we heard during our engagement since April 2015 and how we have responded.

#### 3.1 WHAT WE HEARD FROM CUSTOMERS

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41. Following the submission of our April 2015 proposal, our customers and stakeholders told us they:
- Value us engaging with them on a range of issues, and want to continue to be engaged in the remainder of the EDPR process and throughout the 2016-20 regulatory period
  - Continue to support our proposed demand management activities, noting it is important for JEN to undertake technology trials to build a platform for the efficient integration of new technologies and services into the existing grid
  - Continue to be supportive of the initiatives to assist vulnerable customers that JEN included as an operating expenditure step change in our April 2015 proposal
  - Were pleased we had put forward an initiative (in the form of our price path sculpting), supported by consultation, to minimise the potential for customers experiencing “bill shock” associated with new types of tariffs being introduced
  - Are concerned retailers may not pass on reduced distribution prices to consumers in a timely manner.
42. Specifically in relation to our proposed tariff design, retailers, consumer advocates and other stakeholders told us that:
- Victorian distributors should align on key elements of the tariffs, and, once aligned, supported a demand charging window of 3pm-9pm
  - The demand charging window should apply to work days only i.e. exclude weekends and public holidays
  - We should work with other distributors and all stakeholders to communicate the new tariff structures to the mass market.
43. Customers and stakeholders were generally supportive of:
- The proposed use of summer and non-summer demand charges
  - Transition to cost reflective prices to begin with a systems introduction in 2017 and then a charging introduction in 2018.
44. Our public lighting customers told us that they think we can improve the public lighting services we provide, including being more innovative and responsive to public lighting customers’ needs and communicating more effectively with them.
45. Table 3–1 provides more detail about what we heard and how we’re responding.



**Table 3–1: What we heard through our engagement on key issues and how we’re responding**

Issue	What we heard	Which groups told us	How we’re responding
Our Engagement	<p>Customers told us that:</p> <ul style="list-style-type: none"> <li>• They value us engaging with them on a range of issues and see JEN’s engagement as leading our industry</li> <li>• They would like JEN to keep dialogue open during the remainder of the EDPR process</li> <li>• They would like more information about our proposed rate of return and implications of Networks NSW’s and other businesses’ recent appeals to the Australian Competition Tribunal</li> <li>• They are concerned retailers may not pass on reduced distribution prices to consumers in a timely manner</li> <li>• We should continue to build our mass-market customer engagement skills and capabilities internally</li> <li>• We should share our customer engagement learnings and challenges with our industry associations, consumer representatives, government, regulators and other businesses in the utility sector.</li> </ul>	Customer Council	<p>We will:</p> <ul style="list-style-type: none"> <li>• Continue to engage with Customer Council members, making ourselves and information available</li> <li>• Hold an additional rate of return briefing session for interested Customer Council members after the release of the Australian Competition Tribunal’s decisions</li> <li>• Look for opportunities to proactively communicate 2016 distribution price changes to our customers through traditional and social media, web and our partners’ communication channels</li> <li>• Continue dialogue with government and industry stakeholders about including a new line item on electricity bills highlighting the network cost</li> <li>• Present at risk augex projects to affected councils and stakeholders.</li> </ul>
Demand management	<p>Customers and stakeholders told us:</p> <ul style="list-style-type: none"> <li>• That it is important for JEN to undertake technology trials to build its capability for the efficient integration of new technologies and services into the existing grid</li> <li>• They considered that given the pace of technological developments, the changes in our energy market and the range of pressures facing some of our customers (particularly industrial and commercial customers), an additional five years was too long to wait for new demand management technologies to be trialled, as proposed by the AER in its preliminary decision.</li> </ul>	Customer Council	<p>We have included the forecast expenditure associated with six trial projects under the demand management innovation allowance in this submission.</p>

Issue	What we heard	Which groups told us	How we're responding
<p>Strengthening the role we play in assisting vulnerable customers</p>	<p>Customers and stakeholders told us:</p> <ul style="list-style-type: none"> <li>• There is significant support for the initiatives to assist vulnerable customers that JEN included as an operating expenditure step change in our April 2015 proposal.</li> <li>• They considered that there was a real opportunity for distributors to play a unique and targeted role in assisting vulnerable customers</li> <li>• Any assistance provided by distributors needs to fit within a broader hardship assistance package, and should not overlap with or blur responsibilities for assistance provided by other organisations .</li> </ul>	<p>Customer Council</p>	<p>We have included the forecast expenditure associated with our vulnerable customer assistance opex step change in this submission.</p>

Issue	What we heard	Which groups told us	How we're responding
<p>Our approach to implementing changes to our tariff structures</p>	<p>Customers and stakeholders told us they:</p> <ul style="list-style-type: none"> <li>• Were pleased that we had put forward an initiative (in the form of our price path), supported by consultation, to minimise the potential for customers experiencing “bill shock” associated with new types of tariffs being introduced</li> <li>• Were concerned about the possibility of some residential customers experiencing ‘bill shock’ under maximum demand-based network tariffs (i.e. due to a single short period of very high usage)</li> <li>• In some cases, large customers were unsure about what the introduction of kVA-based charges would mean for them, and would value more information</li> <li>• Large customers would value more information about our future tariff levels to assist them in planning their own businesses.</li> </ul>	<p>Pricing workshop Customer Council</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>• Proposed a price path that overcomes the preliminary decision and retains the objective of minimising the potential for bill shock caused by the introduction of a demand tariff</li> <li>• Changed our initial approach to introducing our new tariff structures. Rather than phasing the new charge in over an extended period, we have proposed a maximum-demand charge to be set at 50% of our cost reflective levels in 2018, and then increasing in 10% increments annually</li> <li>• Proposed to introduce a monthly maximum demand tariff component into the tariff structure in 2017 and transitioning this charge to cost-reflective levels from 2018—we will enable a period in 2017 for customers to be able to opt out of a tariff with a demand charge tariff component until 2020.</li> </ul> <p>We will:</p> <ul style="list-style-type: none"> <li>• Work with retailers and other stakeholders to enhance customer understanding of these new tariffs</li> <li>• Continue to engage with consumer advocates, ENA, Government and retailers to drive planning and implementation of a coordinated communications effort to explain new tariffs and maximise benefit for customers</li> <li>• Continue to take a leading role in engaging with the ENA and other Victorian distributors to discuss new tariff customer engagement.</li> </ul>

Issue	What we heard	Which groups told us	How we're responding
<p>Alignment of Victorian distributors' tariff structures – determining a demand charging window</p>	<p>Customers and stakeholders told us:</p> <ul style="list-style-type: none"> <li>• There are a range of views about the most appropriate demand charging window. Some consumer advocates and stakeholders felt a wider window would allow simpler mass market messaging and others considered that a more defined window would enable a sharper and more cost reflective signal</li> <li>• There is a widespread strong preference for Victorian distributors to align, and they supported us being flexible to achieve this outcome</li> <li>• An aligned demand charging window has a number of benefits in terms of communicating tariff reform, such as common communications (and therefore customers' ability to understand the tariffs) and simplifying retailer call centre training and costs</li> <li>• There is a strong preference for the aligned position to exclude weekends and public holidays from the demand charging window.</li> </ul>	<p>Pricing workshop Customer Council</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>• Undertaken further analysis of acceptable demand charging windows</li> <li>• Engaged with other Victorian distributors, and achieved an aligned position</li> <li>• Amended our proposed TSS submitted to the AER on 25 September to now reflect:             <ul style="list-style-type: none"> <li>– A 'work day' monthly maximum demand charge for residential customers</li> <li>– Recorded in a window of time between 3pm and 9pm<sup>13</sup></li> </ul> </li> </ul>

<sup>13</sup> Our draft TSS included with our April 2015 proposal proposed a 'week day' monthly demand charge for residential customers, recorded in a window of time between 10am and 8pm

Issue	What we heard	Which groups told us	How we're responding
Public lighting services	<p>Public lighting customers told us that:</p> <ul style="list-style-type: none"> <li>• They think we can improve the public lighting services we provide, including being more innovative and responsive to public lighting customers' needs and communicating more effectively with them</li> <li>• They are concerned about the number of outstanding light faults</li> <li>• They want an energy efficient alternative to HPS 150W and 250W, and viable Category V LED alternatives and for LED118W to be accounted for on the Australian Energy Market Operator's load table</li> <li>• They also want competition in the light options offered in our public lighting technical standard.</li> </ul>	Local Government	<p>We have:</p> <ul style="list-style-type: none"> <li>• Revised our prices downwards following implementation of revised traffic management cost methodology</li> <li>• Committed to continuing to engage with these customers to explore public lighting-related services which leverage new technology and are specially tailored to each customer's needs.</li> </ul> <p>We are:</p> <ul style="list-style-type: none"> <li>• Implementing Project Shine which involves addressing a backlog of roughly 800 faults in an expedited manner</li> <li>• Working towards approving and pricing LED 118W or equivalent by early 2016.</li> </ul>

## 4. EVALUATION AND REVIEW: IMPROVING THE EFFECTIVENESS OF OUR CUSTOMER ENGAGEMENT PROCESSES

46. We have continued to review our customer and stakeholder engagement activities in order to continuously improve their effectiveness. This stage includes three main activities:
- Measuring the success of our engagement, to determine whether customers and stakeholders felt these activities were a valuable opportunity for them to provide input into our decision making
  - Identifying ways we can improve our future customer and stakeholder engagement
  - Reaffirming our commitment to engage with our customers and stakeholders on an ongoing basis.

### 4.1 MEASURING THE SUCCESS OF OUR ENGAGEMENT

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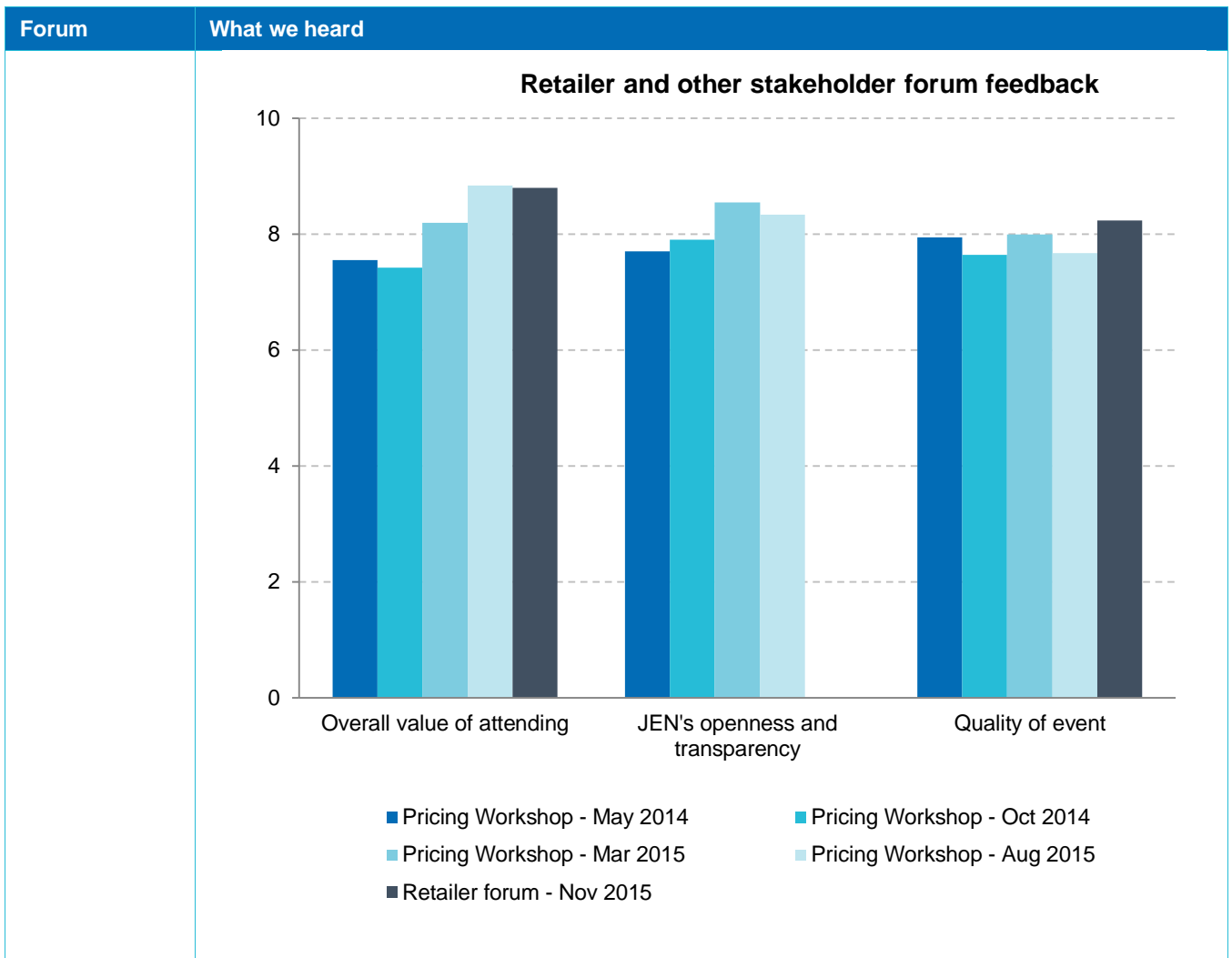
47. We continued to measure the success of our engagement through feedback forms completed by customers and stakeholders at the end of engagement activities<sup>14</sup> and by obtaining verbal feedback on the engagement in the case of meetings or interviews.
48. Comments received by participants since April 2015 include:
- *“I really appreciate the time and effort taken by the team at Jemena in preparing for each meeting and for making sure you have the relevant people in room to speak to various topics.”* – at July Customer Council meeting
  - *“Thanks for maintaining an excellent standard of engagement. I would have given the workshop a 10/10 were there a break - more than 2 hrs without a break is hard going.”* – at August 2015 Pricing workshop
  - *“Attendees, internal and external, genuinely appeared to be engaged.”* – at November 2015 Customer Council meeting.
49. Table 4–1 provides further details on what participants told us about each of our engagement activities.

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<sup>14</sup> Due to the nature of these activities, feedback forms were not used for our website or broader community engagement activities (e.g. information stands at Bring Your Bills days). However, we obtained positive verbal feedback in relation to us informing customers about our role in delivering energy to them and making staff available to answer questions during the course of our face-to-face engagement activities

**Table 4–1: Summary of what we heard about our engagement by forum**

Forum	What we heard																					
Customer Council	<p>Feedback from the Customer Council has been positive. Customer Council members were asked to fill out an evaluation form at the conclusion of all regular meetings. These surveys asked members to provide a rating (where a higher number indicates greater satisfaction) in response to a number of questions, and key indicators of members' satisfaction with Customer Council meetings are shown on the graph below.</p> <p>Members generally felt that meetings were valuable for them or their organisation to attend. Our approach of sending pre-meeting information packs to members was well received, with members saying that we were open and transparent in our engagement and generally provided adequate information to enable them to provide informed feedback.</p> <div data-bbox="438 678 1372 1171" data-label="Figure"> <p style="text-align: center;"><b>Customer Council attendee feedback</b></p> <table border="1"> <caption>Customer Council attendee feedback data</caption> <thead> <tr> <th>Category</th> <th>Jun 2014</th> <th>Sep 2014</th> <th>Nov 2014</th> <th>Mar 2015</th> <th>Jul 2015</th> <th>Nov 2015</th> </tr> </thead> <tbody> <tr> <td>Overall value of attending</td> <td>7.5</td> <td>7.5</td> <td>8.0</td> <td>8.8</td> <td>9.2</td> <td>8.0</td> </tr> <tr> <td>Quality of event</td> <td>7.5</td> <td>8.0</td> <td>8.8</td> <td>8.5</td> <td>8.5</td> <td>7.2</td> </tr> </tbody> </table> </div>	Category	Jun 2014	Sep 2014	Nov 2014	Mar 2015	Jul 2015	Nov 2015	Overall value of attending	7.5	7.5	8.0	8.8	9.2	8.0	Quality of event	7.5	8.0	8.8	8.5	8.5	7.2
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Retailers, customers and other stakeholders	<p>In a similar approach to the Customer Council, customers and stakeholders who attended our pricing workshops and retailer forum were asked to complete an evaluation form at the conclusion of the meeting. Feedback from attendees was again broadly positive, with attendees generally saying they found the event valuable to attend and of a high quality, and that we were open and transparent and provided adequate information to facilitate consultation.</p> <p>A summary of the feedback received is shown in the graph below. The survey for the retailer forum did not include a question on JEN's openness and transparency and as such no result is shown.</p>																					



## 4.2 OUR PLANNED ENGAGEMENT ACTIVITIES GOING FORWARD

50. We will continue to work with our customers and stakeholders to further improve the way we engage with them, so we can respond proactively to our changing energy market and customers' evolving preferences.
51. We plan to do more to build mass-market customers' awareness and knowledge of what distributors do and how we affect their electricity bills, in order to help build their capacity to engage with us over the longer-term. Activities will include simplifying and renewing our customer charter, to be mailed to every customer in 2016, and identifying proactive electricity communications and engagement opportunities. We will also continually improve our customer communications, using more customer-friendly language and graphics in our engagement with mass-market customers to improve accessibility and this segment's capacity to engage.
52. We will continue to work with other Victorian distributors, retailers (including through our industry associations and in conjunction with the Victorian Government) and consumer advocates to determine how best to communicate issues related to network tariff reform to mass-market customers, to minimise customer confusion and maximise the shared benefits of these changes.