Jemena Gas Networks (NSW) Ltd

2015-20 Access Arrangement Information

Appendix 1.4

JGN's customer, stakeholder and community engagement

Public

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GLOSSARY

2015 Plan	2015 access arrangement submission
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
AER guidelines	Consumer Engagement Guideline for Network Service Providers
CD	Chargeable Demand
CUAC	Consumer Utilities Advocacy Centre
FR	First Response
IPART	Independent Pricing and Regulatory Tribunal
NECF	National Energy Consumer Framework
NGO	National Gas Objective
PIAC	Public Interest Advocacy Centre
RSA	Reference Service Agreement
TSS	Tariff Structures Statement
UAG	Unaccounted for Gas

1. INTRODUCTION

1. Australia's gas markets are expected to undergo big changes over the next 15 years, with major implications for JGN and its customers. To assist us in responding to these changes and developing our 2015 access arrangement submission (**2015 Plan**), in August 2013 we decided to redesign our approach to customer and stakeholder engagement. We were prompted by two factors.

2. The big changes occurring in our gas market are likely to put upward pressure on end-retail gas prices and we are concerned about how this will impact our customers. Rising end-retail gas prices also mean that we are under increasing pressure to demonstrate to our customers that gas is an attractive, competitive and value for money way to power homes and businesses in NSW. To do this, we need to focus on continually improving our cost efficiency to put downward pressure on prices. We also need to attract new customers, and to do this we need to understand our customers' needs and preferences, and involve them in our decision-making. Managing our gas network in the long-term interests of our customers is, quite simply, critical for our long-term business success.

3. Rising gas and electricity prices in recent years has highlighted the need for customers to be more effective participants in energy markets, and to be at the centre of decision making. A key part of this is encouraging clear, accessible two-way communication between network businesses and their customers, stakeholders and the community on decisions relating to safety, service levels, costs and prices. In this context, the Australian Energy Regulator (**AER**) published its Consumer Engagement Guideline for Network Service Providers[1] in December 2013 (**AER guidelines**), which created an expectation on networks to apply best practice principles to better engage with their customers.

4. We undertook a comprehensive customer engagement process that involved four key stages:

   1. Establishing priorities
   2. Undertaking the engagement and incorporating the findings into our decision making
   3. Communicating the findings and outcomes
   4. Evaluating the effectiveness of the engagement process.

5. In designing and implementing this process, we took close account of the expectations set out in the AER guidelines. We also took account of the findings of the Consumer Utilities Advocacy Centre (**CUAC**) research report on consumer advocates' perspectives on meaningful and genuine engagement[2], other community engagement guidelines[3] and best-practice models in other jurisdictions.[4]

6. We are confident our process and implementation were consistent with the best-practice principles in the AER guidelines. In particular:

   - we took care to ensure all our communications with the customer, stakeholder and community groups we engaged with were clear, accurate and timely (*in line with principle 1 of the AER guidelines*)

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1 AER, *Consumer Engagement Guideline for Network Service Providers*, November 2013.

2 Consumer Utilities Advocacy Centre (CUAC), *Meaningful & Genuine Engagement Perspectives from consumer advocates – A CUAC research report*, November 2013.

3 Including the Community Engagement Spectrum developed by the International Association for Public Participation commonly known as IAP2.

4 For example, Yarra Valley Water's customer engagement in developing its 2013/14 to 2017/18 Water Plan.

- we selected these groups to include a cross-section of gas customers and other stakeholders that represent a diverse range of views and concerns, and tailored our engagement activities to their needs and interests (*principle 2*)
- we provided customer-friendly background information and sufficient time to ensure all groups could understand the issues of importance to them and participate in a meaningful way (*principle 2*)
- we were transparent about our engagement objectives on these issues (for example, either to consult, involve or inform), and about which issues we could address through our 2015 Plan, which we could address through other business planning (such as business-as-usual processes), and which were largely outside our control (*principle 3*)
- we measured the overall success of our engagement process, and evaluated what we learnt and how we could improve over time (*principle 4*).

7. The sections below outline our ongoing commitment to customer, stakeholder and community engagement, and then discuss each of the four stages of our engagement on the 2015 Plan.

2. ONGOING COMMITMENT TO ENGAGEMENT

8. We are committed to engaging with our customers, stakeholders and the community on our 5-year plans, and as part of our usual business practice. We recognise this is important to help ensure our decisions promote the long-term interests of our customers. This is in line with the National Gas Objective (**NGO**) (Box 2–1).

Box 2–1 National Gas Objective

…is to promote efficient investment in, and efficient operation and use of, natural gas services for the long term interests of consumers of natural gas with respect to price, quality, safety, reliability and security of supply of natural gas

9. We are committed to understanding our customers' needs and preferences, and involving them in our decision-making. We are also committed to better informing our customers, stakeholders and the community about how we make our decisions, and how changes in the energy market are likely to affect them. This information is essential for effective two-way communication during the engagement process, and can also help empower our customers in managing their own energy costs.

10. Our high-level engagement commitments are to:

- help our customers, stakeholders and the community understand how gas services and prices are determined
- keep our customers, stakeholders and the community informed of emerging factors that are influencing the energy market (including JGN), and our customers and stakeholders
- involve our customers, stakeholders and the community in our decision making, and provide opportunities for them to provide feedback on the range of issues that are important to them
- acknowledge and respond to the feedback we receive, including how it has influenced our decision making
- be transparent about what we can and cannot do to manage gas prices and services, and what customers can do
- measure, report and improve the effectiveness of our engagement through time.

3. ESTABLISH PRIORITIES FOR THE ENGAGEMENT

11. The first stage in our approach to engagement on the 2015 Plan was to establish our priorities for the engagement, including:

- *who we should engage with*—identifying the relevant 'cohorts' within our diverse customers, stakeholders and the community base
- *how we should engage with them*—selecting the appropriate means or mechanisms for engaging with each of these groups
- *what we should engage them on and why*—identifying, prioritising and validating the important issues for consultation with each group, and our objectives for this consultation.

12. This is broadly consistent with the 'priorities' stage described in the AER guidelines.

3.1 WHO WE SHOULD ENGAGE WITH

13. Our cohorts include a diverse range of people and businesses. They have differing levels of knowledge and interest in the energy industry and our gas distribution services. They also have differing needs, expectations and preferences. After analysing our customers, stakeholders and the community, we identified the following cohorts for the purpose of our them on our 2015 Plan:

- metropolitan and regional residential gas customers, including vulnerable customers and their representatives
- small business gas customers and their industry representatives
- large industrial gas customers and their industry representatives
- retailers and other network users and their industry representatives
- other market participants and stakeholders including energy 'intermediaries',[5] the Australian Energy Market Operator (**AEMO**), the Australian Energy Market Commission (**AEMC**), the AER, the Independent Pricing and Regulatory Tribunal (**IPART**), the NSW Government, the Public Interest Advocacy Centre (**PIAC**)[6] and the Consumer Utilities Advocacy Centre (**CUAC**)
- the broader NSW community.

3.2 HOW WE SHOULD ENGAGE WITH THEM

14. In deciding on appropriate means and mechanisms for engaging with each cohort, we took account of the particular interests, knowledge and constraints (such as resources and time) of each group. For example, we considered whether they would need background material to build their capacity to engage effectively on the

5 Recent technological, market and policy developments mean some residential and business customers may be supplied gas, hot water, and potentially electricity services through 'energy intermediaries' rather than taking gas direct from our network. Under these arrangements many of the core responsibilities for supplying these residential and business customers would rest with the intermediary, rather than with us.

6 PIAC and their Energy and Water Consumer Action Panel (**EWCAP**) which is made up of residential and vulnerable customer representatives.

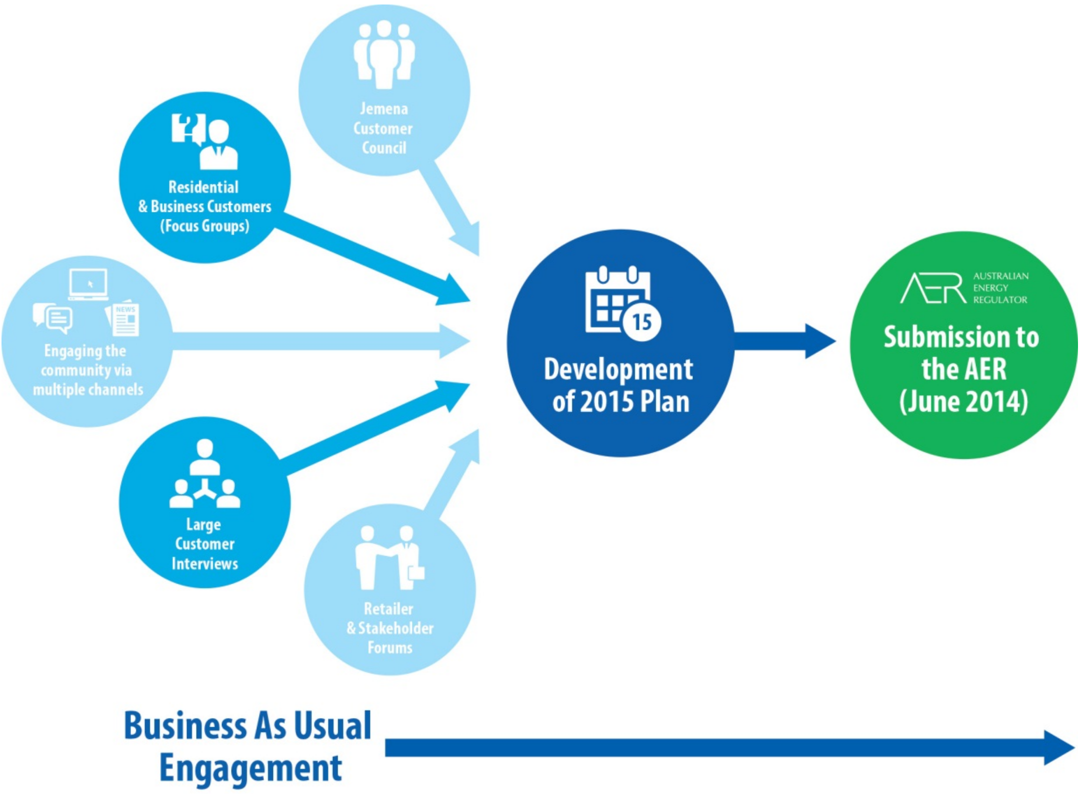
key issues of concern to them, and how to provide this information in an accessible way. We also considered what means of engaging them would be most efficient and effective — for example, deliberative forums, surveys or one-on-one discussions — taking account of our objectives for the engagement and their capacity to engage effectively on the key issues of concern to them (discussed in section 3.3 below).

15. We decided to engage:

- *the JGN Customer Council*—which comprises customer and industry representatives of residential, small business and large industrial customers, as well as other stakeholders through a series of deliberative workshops
- *residential and small business customers*—through a series of deliberative forums held in both metropolitan and regional locations
- *large industrial customers*—through one-on-one interviews
- *retailers and other network users*—through forums and some one-on-one discussions
- *other market participants and stakeholders*—including energy intermediaries, AEMO, AEMC, AER, IPART, NSW Government, PIAC, and CUAC through one-on-one discussions
- *the broader NSW community*—through the Jemena website and other targeted channels, including distribution of information pamphlets.

16. These engagement activities played a key role in developing our 2015 Plan and will continue to form part of our decision making into the future (refer Figure 3–1).

Figure 3–1: Development of 2015 Plan



3.2.1 JGN CUSTOMER COUNCIL

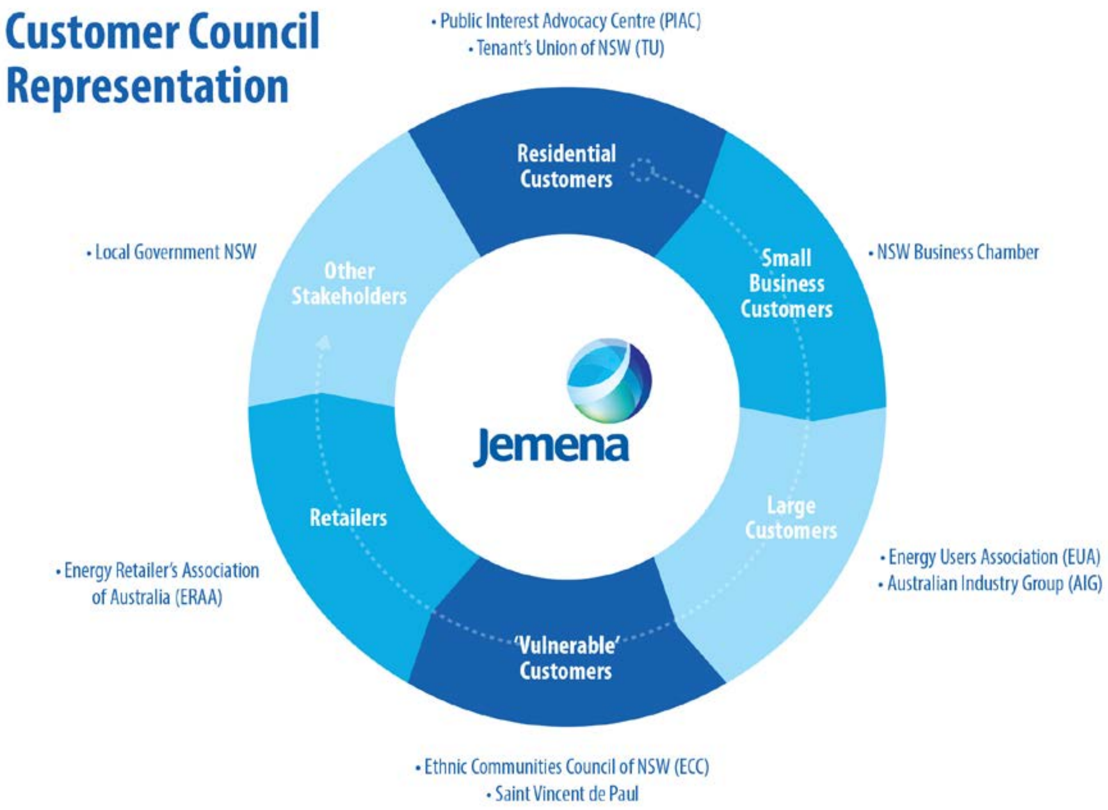
17. The JGN Customer Council was established in October 2013 to assist us in understanding our customers and stakeholders and to guide our decision making for our 2015 Plan and business-as-usual issues in the future. It was designed to be our primary means of engagement across issues that affect our entire customer and stakeholder base.

18. The Customer Council comprises a diverse set of customer and stakeholder advocates that represent our residential, small business and large industrial customer base as well as our key stakeholders (see Figure 3–2). It is governed by a Customer Council Charter which sets out the objectives and principles of our engagement (see Box 3–1).

19. The Customer Council is chaired by an executive general manager of Jemena. It has an independent facilitator to ensure we hear from a diverse set of customer and stakeholder advocates.

20. We decided that the quarterly meetings of the Customer Council were the appropriate mechanism for engaging with our customer and stakeholder advocates on our 2015 Plan. We met with the Customer Council four times between October 2013 and June 2014, with two of the meetings being extended by two hours given the topics to be discussed and the interest of members. We will continue to meet quarterly to engage with the Council on business-as-usual issues and update them on the 2015 Plan review process.

Figure 3–2: JGN Customer Council



Box 3-1 JGN Customer Council Charter – Objectives

The objectives of the Customer Council are as follows:

- engage members of significant operational, industry and strategic issues, either current or on the horizon, that are of relevance to JGN customers
- enable members to provide structured feedback on issues presented, that are captured within the forum with any relevant associated actions assigned, and an account of how the feedback was reflected in JGN's decision making provided at an agreed later date
- where appropriate, provide two way collaborative engagement between JGN and the Council members
- provide opportunities for Council members to raise matters on behalf of their representative groups
- aid the delivery of just, equitable and effective provision of gas services by JGN
- assist the development of strengthened relationship between JGN and its customers, and their key sector representatives, by fostering an open and honest approach and dialogue regarding JGN services
- provide an ongoing engagement channel that allows members to raise significant customer issues across the 5-year JGN access arrangement cycle that would influence the price and service submissions
- provide a framework that measures the success and impact of the council's activities to the expectations of the members and their representative bodies

3.2.2 RESIDENTIAL AND SMALL BUSINESS CUSTOMERS

21. In addition to engaging with customer representatives through our Customer Council, we decided to engage with residential customers (including vulnerable customers) and small business customers directly. Our Customer Council supported this approach. We undertook a series of deliberative forums (or workshops) across metropolitan and regional areas of our network—including in Sydney's Central Business District (CBD), Parramatta's CBD and Orange (see Box 3-1).

22. These forums allowed us to engage with a representative sample of our customers including:

- residential customers in both the metropolitan area and regional areas, including a range of demographics—household income, ages, home ownership status and primarily language spoken
- small business customers in both the metropolitan area and in regional areas.

23. We engaged Newgate Research to:

- arrange for a representative sample of our customers to attend the forums (based on demographics—household income, ages, home ownership status and primarily language spoken)
- work with us in developing the agenda and preparing materials for the forums, and
- facilitate the forums.

24. Presentations at the forums were delivered by senior managers from Jemena. Newgate Research's report[7], provided as appendix 1.5, details the approach and outcomes of the forums.

7 Newgate Research, Jemena Gas Networks Five Year Price and Service Reset - Community and small business consultations: Research Report, April 2014

Box 3.2: Engaging with our residential and small business customers through our deliberative forums

- Sydney CBD (1 April 2014)
  - objective: to engage directly with residential customers (including vulnerable customers) and small business customers living and working in inner Sydney and to test presentations and other materials for the subsequent forums
  - attendees: 8; including 6 residential customers and 2 small business customers
- Orange (7 April 2014)
  - objective: to engage directly with residential customers (including vulnerable customers) and small business customers living and working in regional NSW
  - attendees: 17; including 15 residential customers and 2 small business customers
- Parramatta (9 April 2014)
  - objective: to engage directly with residential customers (including vulnerable customers) and small business customers living and working in western Sydney
  - attendees: 34; including 28 residential customers and 8 small business customers (some customers represented both residential and small business customers)

3.2.3 LARGE INDUSTRIAL CUSTOMERS

25. We considered one-on-one interviews were most appropriate for engaging with our large industrial customers, given that they are relatively small in number, and:

- we have existing relationships with them
- the issues they are interested in are often very specific to them
- they are time poor
- they may wish to discuss confidential issues relating to their future operations, such as their likely demand and pricing arrangements.

26. We contacted each of our 20 largest industrial customers between December 2013 and April 2014, and arranged and conducted at least one interview with 14 of them[8]. The focus of each interview reflected the customer's specific interests and concerns.

3.2.4 RETAILERS AND OTHER NETWORK USERS

27. We decided that a series of forums was the most appropriate means of engaging NSW energy retailers and self-contracting users given the range of issues of interest to retailers, including contractual, service and pricing issues. We also wanted an opportunity to inform retailers of our customer engagement activities and the feedback we had received from customers.

28. To engage with retailers and other network users, we held:

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8 The remaining large customers declined the request to discuss these issues given they were either represented by other customers/ industry groups, or had signalled an intention to cease operations.

- three round-table discussions with energy retailers, including AGL, Origin Energy, EnergyAustralia, Lumo Energy and CovaU[9]
- one round-table discussion with self-contracting users via a teleconference.

3.2.5 OTHER MARKET PARTICIPANTS AND STAKEHOLDERS

29. We considered that one-on-one discussion was the most appropriate means of engaging with other market participants and stakeholders given we have existing relationships with them. The issues they are interested in are very often specific to them and this allowed them to discuss confidential issues.

30. We arranged and conducted at least one one-on-one discussion with each market participant (listed in section 3.1) between December 2013 and June 2014.

3.2.6 BROADER NSW COMMUNITY

31. We considered that the Jemena website[10] was an appropriate and cost-effective means of engaging with the broader community for the 2015 Plan.

32. We have continuously updated the website from December 2013 to June 2014, and sought to improve awareness of the website and the key information available by:

- distributing pamphlets to stakeholders and the community promoting the engagement activities for our 2015 Plan and encouraging interested parties to 'have your say' by visiting the website
- including links to our engagement activities on the email signatures of those employees engaging with stakeholders and the community.

3.3 WHAT WE SHOULD ENGAGE THEM ON AND WHY

33. Given the diversity of interests and concerns among our cohorts, we identified the issues each cohort was most likely to be interested in and affected by. We tested and validated these issues with participants as part of the initial engagement, and gave them an opportunity to identify additional issues for engagement.

34. As part of this process, we also clarified for participants our purpose in engaging with them on these issues—for example, was it to present options and seek customer feedback on their preferences (to 'consult' or 'involve' as per AER engagement guidelines[11]), or to 'inform' customers of developments that may impact them? We ensured we were transparent about:

- what issues we could address as part of the 2015 Plan (for example, our services and prices)
- what we would examine as part of our business-as-usual business planning in the future (for example, connection issues, concerns related to the National Energy Consumer Framework (**NECF**), further assistance for vulnerable customers)
- what issues JGN is not best placed to manage (for example, sources of gas and rising wholesale gas prices), or which customers have a role in managing (their choice of retail supplier).

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9 Two of these were face-to-face engagement in Melbourne CBD on 21 March and 16 April, with the last over phone on 8 and 10 April.

10 http://jemena.com.au/Gas/Customer-Engagement-and-Price-Review/Reviewing-our-gas-network-prices.aspx

11 As per engagement levels identified in the Guideline and the IAP2 Public Participation Spectrum.

35. The sections below outline the priority issues we engaged with each cohort on, and our objectives in relation to this engagement.

3.3.1 JGN CUSTOMER COUNCIL ISSUES

36. Meetings with our Customer Council were our primarily means of engagement across issues that affect our entire customer and stakeholders base. Therefore, we engaged the Customer Council on a broad range of issues related to our safety and services levels, our forecast costs and our proposed prices, as set out in Table 3–1. Some of these specific issues were:

- how we should engage with our customers and on what issues (*involve*)
- how our distribution gas prices are determined, including the regulatory framework and the role of the AER, and the role of other market participants in the gas supply chain, including retailers, and IPART (*inform*)
- how we should accommodate changes that are occurring in the gas market, and what aspects of the 'customer experience' we should seek to improve (*involve*)
- how to promote the long-term interest of our customers, including whether we should maintain current safety and service levels, invest to increase these levels or save by reducing them; whether we should invest to provide a universal service quality across the network (*consult*)
- whether and to what extent we should focus on attracting new customers — for example by extending our network to new suburbs and areas, and marketing gas to households (*inform*)
- options for recovering our costs over this regulatory period, including the balance between our fixed charges and usage charges (*consult*).
- options for assisting vulnerable customers in our community (*consult)*
- how we can improve our engagement over time (*involve*).

Table 3–1: JGN Customer Council – meeting agenda items

Item	Issues and topics discussed	Objective
October 2013		
Introductions	• Who we are and why we are here (including why members have been invited to the Council)	Inform
Customer Council Charter and objectives	• Our expectations of the Customer Council, including the objectives and role of the Council, and commitments from us and members	Involve
Discussion of interest areas	• Issues for future discussion and formation of future agenda	Involve
December 2013		
JGN customer engagement commitment	• JGN customer engagement commitment	Inform
Setting priorities	• Validation of future agendas or 'roadmap'	Consult
How are gas prices determined and where does customers' money go?	• Gas supply chain and key players • Economic regulation of our network services • Decisions we need to make as part of the 2015 Plan • AER review process	Inform
Energy intermediaries and	• Current 'services' we offer	Involve

Item	Issues and topics discussed	Objective
the customer experience	• Market changes and potential impacts on the 'customer experiences' • Customer preferences relating to individual billing and metering • How best to accommodate market changes and protect 'customer experience'	
Measuring service performance and customer satisfaction	• Why we measure service performance • What aspects or KPIs do we currently measure • What aspects or KPIs should we measure in future	Consult
National Energy Customer Framework (NECF)	• What is NECF • What are our obligations under the 'transitional' and full NECF from 1 July 2015 • What are we doing to comply with these obligations	Inform
February 2014		
Funding our assets (cost of capital)	• Our funding costs and why are they important • How they are determined and the factors that influence them over time • The regulatory framework including the rate of return objective, and the AER's guidelines	Inform
The costs of providing gas services to our customers	• Where our customers' money goes, and types of operating and capital expenditure we incur • Future capital projects and estimated capital expenditure in our 2015 Plan • Estimated operating expenditure in 2015 Plan • How we recover these costs under the regulatory framework • Aligning future levels of service with what our customers value	Inform/ Consult
Providing value for money services	• Why we care about providing value for money services • Measuring the 'right' aspects of value for money • Continually improving our performance	Consult
Growing the gas network	• Why we 'grow the network' and how this benefits us and our customers • How we make our decisions on growing the gas network in NSW • Our plans to promote network growth over the 2015-20 period	Inform
Gas demand and drivers	• The factors influencing gas demand, including over the 2015-20 period • How we will forecast gas demand as part of our 2015 plan	Inform
Prices and tariff structures: How customers pay for using our gas network	• How gas bills are determined • How we make our gas network pricing decisions including the considerations we need to balance • What principles should underpin our pricing decisions for the 2015-20 period	Consult
The role of Jemena in managing affordability for vulnerable customers	• Our understanding of the types of customers that are likely to be vulnerable to rising gas prices • The effectiveness of the various measures that are in place to assist vulnerable customers	Consult

Item	Issues and topics discussed	Objective
	• How we may (or may not) be able to offer further assistance to vulnerable customers	
April 2014		
Funding our assets (Cost of capital)	• The regulatory framework including the rate of return objective, and the AER's guidelines • Our preliminary thinking on the AER's rate of return guidelines, and our 2015 Plan	Inform
May 2014		
Changes in the gas market	• Key factors influencing our 2015 Plan • Our view on future retail gas prices, and likely gas demand	Inform
Our customer engagement activities: What we have heard	• Overview of our engagement activities including what we have heard, how it influenced our decision making and how we have responded	Inform
Overview of our regulation proposal (2015 Plan)	• What is our proposed price path • What are the drivers of our costs, and how we have balanced the long-term interests of customers • What it means for customers in terms of safety, services and prices • Our customer overview and its accessibility to customers	Consult
Our network tariffs	• How we set out network tariffs • Our proposed tariff *classes* and *structures* for the 2015-20 period • How the tariff *levels* may change over the period for the 2015-20 period • Process for consulting and updating tariff structures and levels for the 2015-20 period • Our tariff structures statement (**TSS**) and its accessibility to customers and stakeholders	Consult
Managing affordability for vulnerable customers	• Our plans to assist vulnerable customers	Consult
Measuring the success of our engagement	• How we plan on measuring success • Our experience and what we have learnt	Consult

3.3.2 RESIDENTIAL AND SMALL BUSINESS CUSTOMER ISSUES

37. As noted above, our deliberative forums were designed to engage with residential customers (including vulnerable customers) and small business customers directly.

38. Our Customer Council suggested we engage with customers directly on issues relating to our services and prices. Therefore, we engaged this cohort on issues related to:

- how we should engage with our customers and on what issues (*involve*)
- how our distribution gas prices are determined, including the regulatory framework and the role of the AER, and the role of other market participants in the gas supply chain, including retailers and IPART (*inform*)
- getting our service levels 'right' by testing customer preferences on whether we should:
  - maintain current safety and service levels, invest to increase these levels or save by reducing them

  - whether we should invest to provide a universal service quality across the network (*consult*)
- whether and to what extent we should focus on attracting new customers – for example by extending our network to new suburbs and areas, and marketing gas to households (*inform*)
- our pricing principles, including whether we should:
  - consider the end-retail price when setting our distribution prices to promote the stability of end-retail prices over the next five years
  - continue to minimise our fixed charges to provide incentives for customers to connect to gas supply and install gas appliances and to give customers greater control over their bills (*consult*)
- how we can improve our engagement over time (*involve*)

39. The agenda items are set out in Table 3–2.

Table 3–2: JGN deliberative forums with residential and small business customers – agenda items

Item	Issues and topics discussed	Objective
Background and context		
Introductions	• How gas is used • How gas reaches our customers, and who is involved • Who Jemena is • How gas bills are determined, the role of the regulatory framework and its objectives	Inform
Changes in the gas market	• The changes in the market including rising wholesale gas prices what this could mean for us and our customers	Inform
Our challenges	• How should we respond to these changes and the challenges in doing so	Inform
Balancing safety, services and prices		
Our current thinking	• Balancing safety, services and prices in the long-term interest of customers	Inform
Service levels	• What do current service levels look like • What level of service do our customers value • What are our options and what would they mean for customers in terms of service levels, costs and prices both over the next 5 years and 20 years	Consult
Recovering our costs		
Our likely costs and prices	• Our likely changes in costs over the 2015-20 period	Inform
Recovering our costs over the period (Price path)	• Options we have in recovering our costs over the 2015-20 period • Whether customers would value us considering likely movements in end-retail prices when recovering our costs over the 2015-20 period	Consult
Setting our network prices	• How customer bills are determined • Options we have in setting our price structures and levels over the 2015-20 period	Consult

Item	Issues and topics discussed	Objective
	• Whether customers value minimising our fixed charges (relative to usage charges) over the 2015-20 period	
Managing affordability for vulnerable customers		
Types of assistance that vulnerable customers may require	• Types of customers that are vulnerable to rising prices • Types of assistance available	Inform
How we can best assist vulnerable customers	• What we currently do to assist vulnerable customers • Options we have to provide further assistance to vulnerable customers	Consult
Engaging with the community		
Improving our engagement with the community	• What issues are our customers interested in • What mechanisms should we use to engage with our customers • How can we improve our engagement over time	Involve

3.3.3 LARGE INDUSTRIAL CUSTOMER ISSUES

40. As noted above, our one-on-one interviews with our large customers were designed for engagement around specific areas of interest to us and them. Therefore, we engaged this cohort on specific issues related to:

- forecasting demand over the 2015-20 period (*consult*)
- our and their experience with demand side participation, including our first response (**FR**) tariff (*consult*)
- considering the tariffs levied on these large customers in the 'demand market' (*consult*)
- the most appropriate way of engaging with large customers as part of the development of the 2015 Plan (*consult*)
- overview of our engagement (including what we heard) and our proposed 2015 Plan (*inform*)

41. The agenda items are set out in Table 3–3.

Table 3–3: Large customer interviews – agenda items

Item	Issues and topics discussed	Objective
Dec 2013 – February 2014		
Recent and likely future gas demand	• Recent gas consumption history • Expected business conditions and impact on business operations • Likely gas demand over the over the 2015-20 period	Inform Consult
Demand side participation and the FR tariff	• What is the FR tariff and how customers can be eligible • Our proposal to close the FR tariff to new customers to manage demand forecasting risk	Consult
Resetting levels of 'Chargeable Demand'	• What is Chargeable Demand (**CD**) and how it is used to determined large customer bills • Our proposal to reset levels of CD as part of the 2015 Plan to align	Consult

Item	Issues and topics discussed	Objective
	with customers' long-term use of the network	
Engagement preferences with our large customers	• Our engagement activities for the 2015 Plan • The issues our large customers are interested in and the best mechanism to engage with them in future	Inform Consult
June 2014		
Update on our customer engagement	• Overview of engagement activities for the 2015 Plan • What we heard from our customers	Inform
Overview of proposed 2015 Plan	• Outline of proposed 2015 Plan, including proposed reference services and price path • Specific tariff classes, charge levels and customer impacts	Inform
Briefing on our proposed 2015 Plan, including AA and RSA	• Where information will be available (incl. JGN website)	Inform

3.3.4 RETAILER AND OTHER NETWORK USER ISSUES

42. Our forums with retailers and other network users were largely designed to engage this cohort on specific issues related to:

- our proposed services, including simplifying our disconnection charges and consolidating the meter data and haulage services into a single reference service (*consult*)
- the development of the 2015 Plan and the engagement that was underpinning this (*inform*)
- our proposed reference tariffs, including new tariff classes, and likely movements in prices for these customers (inform)
- our proposed changes to the Reference Service Agreement (**RSA**) (*inform*)
- overview of our engagement (including what we heard) and our proposed 2015 Plan (inform).

43. The agenda items are set out in Table 3–4.

Table 3–4: Retailer and Self Contracting User forums – agenda items

Item	Issues and topics discussed	Objective
Retailer forum - 21 March 2014, 8 and 10 April 2014		
Simplifying our disconnection charges	• NECF impacts on existing temporary disconnection service • Options for simplifying our disconnection charges as part of the 2015 Plan	Consult
Simplifying our services and network tariff charges	• Customer feedback to simplify our network charge • Retailer feedback on consolidation of reference services and simplifying network charges	Consult
Retailer forum - 16 April 2014		
Update on our customer	• Our engagement activities for the 2015 Plan	Inform

Item	Issues and topics discussed	Objective
engagement	• What we heard from our customers	
Update on the 2015 Plan	• Context for this review of our AA • Our current thinking on services, costs and prices • What it means for customers and other stakeholders	Inform
Update on 2015 AA services	• Changes to references services and the rationale	Consult
Update on prices and network charges	• Our current thinking on prices, including new tariff classes • Changes to tariff structure and tariff classes	Inform
Update on RSA	• Our proposed changes to the RSA and rationale	Inform
Self-Contracting User forum – 8 May 2014		
Update on the 2015 Plan	• Context for this review of our AA • Our current thinking on services, costs and prices • What it means for customers and other stakeholders	Inform
Update on prices and network charges	• Our current thinking on prices, including new tariff classes • Changes to tariff structure and tariff classes	Inform
Simplifying our services and network tariff charges	• Retailer feedback on consolidation of reference services and simplifying network charges	Consult
Update on RSA	• Our proposed changes to the RSA and rationale	Inform
Retailer forum - June 2014		
Update on our customer engagement	• Overview of engagement activities for the 2015 Plan • What we heard from our customers and stakeholders	Inform
Briefing on our proposed 2015 Plan, including AA and RSA	• Outline of proposed 2015 Plan, including proposed reference services, price path, tariffs classes and charges (including disconnection charges) • Where information will be available (incl. JGN website)	Inform

3.3.5 OTHER MARKET PARTICIPANT AND STAKEHOLDER ISSUES

44. Our one-on-one discussions with other market participants and stakeholders including energy intermediaries, AEMO, AEMC, AER, IPART, NSW Government, PIAC, and CUAC were on specific issues related to:

- changes to the gas market, including rising wholesale gas costs and retail gas prices (*inform*)
- likely demand for energy intermediaries on-selling energy to customers in medium or high density developments (*consult*)
- our proposed approach to managing unaccounted for gas (**UAG**) (*consult*) and simplifying our disconnection charges (*inform*)
- our proposed approach to setting our network tariffs, including the principles underpinning our pricing decisions, and our proposal to publish a TSS (*inform/consult*)
- our proposal to bring forward the publication of our annual changes to our network prices (*inform*)

- our customer and stakeholder engagement (including what we have heard) and our 2015 Plan (*inform*)

45. The agenda items are set out in Table 3–5.

Table 3–5: Other market participants and stakeholder discussions – agenda items

Stakeholder/Item	Issues and topics discussed	Objective
Energy intermediaries		
New reference tariffs for energy intermediaries	• Current approach to supplying energy intermediaries, and potential to accommodate market changes ,including emerging technologies • Types of intermediary energy services likely to be in demand	Consult
AEMO		
Proposed approach to managing UAG	• Current approach to managing UAG • Our proposal to continue with our current UAG responsibilities	Consult
Simplifying our disconnection charges	• NECF impacts on existing temporary disconnection service • Simplifying our disconnection charges as part of the 2015 Plan	Inform
AEMC		
Proposed approach to setting our network tariffs (including any changes to the National Gas Rules)	• Our current thinking on how to balance our pricing objectives • Our proposal to publish a TSS to provides clear, accessible guidance on how we set our current tariffs and charges, and how we will engage before changing these • Our views on rule changes that may affect the 2015-20 period	Consult
Update on the 2015 Plan	• Our engagement activities for the 2015 Plan, including what we heard through the engagement process • An overview of our 2015 Plan	Inform
IPART		
Changes to the gas market	• Our operating environment, including gas is a fuel of choice in NSW • Impact of rising retail prices on gas demand	Inform
Proposed approach to setting our network tariffs	• Our current thinking on how to balance our pricing objectives • Our proposal to publish a Tariff Structures Statement to provides clear, accessible guidance on how we set our current prices, and how we will engage before changing prices or structures • Our proposal to bring forward the publication of our annual changes to our network prices	Consult
Update on the 2015 Plan	• Our engagement activities for the 2015 Plan, including what we heard • An overview of the 2015 Plan	Inform
AER		
Background and context for 2015 Plan	• Our operating environment, including gas being a fuel of choice in NSW • Our plans for marketing and network expansion • Likely gas demand for the 2015 Plan	Inform

Stakeholder/Item	Issues and topics discussed	Objective
Engagement approach and activities	• Approach and design of our customer engagement for 2015 Plan • Our engagement activities underpinning the 2015 Plan, including what we heard through the engagement process	Inform
Forecasting costs	• Methodologies for forecasting costs (including cost categories and step changes), service delivery model, incentive mechanisms and pass throughs • Capital expenditure program	Inform
Proposed approach to setting our network tariffs	• Our current thinking on how to balance our pricing objectives, including introduction of new tariff classes • Our proposal to publish a TSS • Our proposal to bring forward the publication of our annual changes to our network prices	Inform
The RSA and terms and conditions	• Overview of the terms and conditions in the RSA • AER approved terms and conditions in other gas AAs	Consult
Update on the 2015 Plan	• Our engagement activities underpinning the 2015 Plan, including what we heard through the engagement process • An overview of the 2015 Plan	Inform
NSW Government		
Background and context for 2015 Plan	• Our operating environment, including gas is a fuel of choice in NSW • Our plans for marketing and network expansion • Likely gas demand for the 2015 Plan	Inform
Engagement approach and activities	• Approach and design of our customer engagement for 2015 Plan • Update on engagement activities including what we have heard from customers, stakeholders and the community	Inform
Update on the 2015 Plan	• Our engagement activities underpinning the 2015 Plan, including what we heard through the engagement process • An overview of the 2015 Plan	Inform
PIAC (incl. EWCAP reference group)		
Engagement approach and activities	• Approach and design of our customer engagement for 2015 Plan • Update on engagement activities including what we have heard from customers, stakeholders and the community	Inform
Update on the 2015 Plan	• Our engagement activities underpinning the 2015 Plan, including what we heard through the engagement process • An overview of the 2015 Plan	Inform
Assisting vulnerable customers	• Our commitments to assist vulnerable customers to upgrade old gas appliances (through partnerships with NSW public housing and through becoming a partner of NILS NSW) and provides clear, accessible information for customers to make it easier for them to manage their bills	Inform
Improving our engagement	• Making better use of stakeholders' network to 'reach' our customers, including vulnerable customers	Consult

Stakeholder/Item	Issues and topics discussed	Objective
CUAC		
Engagement approach and activities	• Approach and design of our customer engagement for 2015 Plan • Update on engagement activities including what we have heard from customers, stakeholders and the community	Inform
Update on the 2015 Plan	• An overview of the 2015 Plan • Our engagement activities for the 2015 Plan, including what we heard	Inform
Assisting vulnerable customers	• Our commitments to assist vulnerable customers to upgrade old gas appliances (through partnerships with NSW public housing and through becoming a partner of NILS NSW) and provides clear, accessible information for customers to make it easier for them to manage their bills	Inform
Improving our engagement	• Making better use of stakeholders' network to 'reach' our customers, including vulnerable customers	Consult

3.3.6 BROADER NSW COMMUNITY ISSUES

46. The Jemena website[12] was the primary means of engaging with the broader community for the 2015 Plan. Our approach was to:

- provide information relating to the gas supply chain, our role and the role of the AER (*inform*)
- our community engagement activities, including the presentations we have provided and feedback we have received from the JGN Customer Council and our deliberative forums (*inform*)
- invite customers to have their say on the key issues that are important to them at haveyoursay@jemena.com.au (*consult*)
- tell customers how they can stay informed of our development of the 2015 Plan, including our engagement activities, by receiving email updates[13] (*inform*).

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12 http://jemena.com.au/Gas/Customer-Engagement-and-Price-Review/Reviewing-our-gas-network-prices.aspx

13 http://jemena.com.au/Gas/Customer-Engagement-and-Price-Review/Keeping-you-informed.aspx

4. EFFECTIVELY UNDERTAKE THE ENGAGEMENT

47. The second stage in our approach for engagement on the 2015 Plan was to effectively undertake the engagement. To ensure our delivery was effective, we:

- *scheduled the engagement*—so there was sufficient time for our cohorts to understand and consider the issues, provide feedback on the issues, and for JGN to consider and respond to this feedback in our decision making
- *built the capacity of our cohorts*—to participate by providing accessible background and explanatory materials where needed
- *consulted and involved our cohorts*—in a meaningful way by testing their preferences on specific options related to our service levels and prices under the 2015 Plan
- *provided strong internal support for the engagement*—across our business areas
- *incorporated the feedback into our decision making*—by considering the relevant engagement findings in making all key decisions.

48. This is broadly consistent with the 'deliver' stage described in the AER's guidelines.

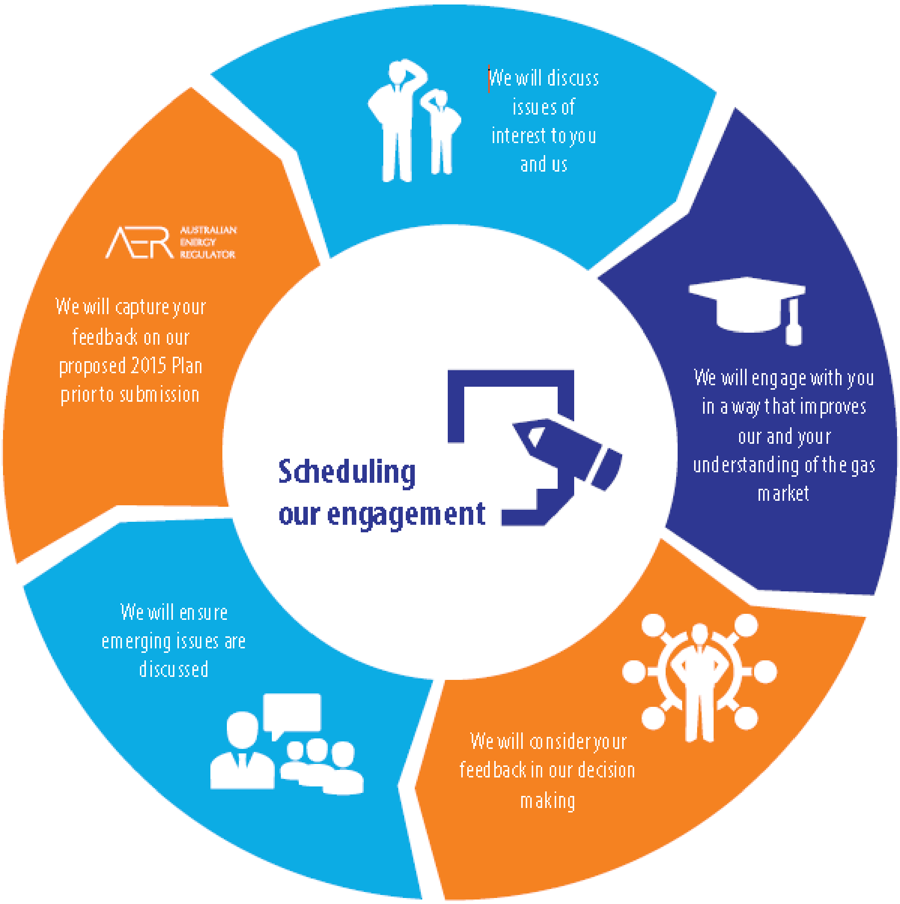
4.1 SCHEDULING THE ENGAGEMENT

49. To allow us and our cohorts to engage effectively on the 2015 Plan, we scheduled the engagement process to allow sufficient time to:

- seek customer and stakeholder views on the issues for engagement, and incorporate them into our agenda
- build customer and stakeholder capacity to meaningfully engage on the issues that affect them
- inform customers of the key issues and considerations involved, and test customer preferences and compare the results across cohorts
- document, analyse and consider the feedback as part of our decision-making process
- report back to the cohorts on the feedback they provided, explain how their input was considered and influenced our decisions, and discuss any emerging issues
- regularly review and evaluate the engagement.

50. Our approach to the scheduling of engagement is summarised in Figure 4–1 which outlines the commitment we made to the JGN Customer Council in December 2013.

Figure 4–1: Delivering effective engagement - our commitment to the JGN Customer Council on scheduling the engagement for the 2015 Plan



4.2 BUILDING COHORTS' CAPACITY TO PARTICIPATE

51. The gas market is a complex subject and gas issues are not top-of-mind for most residential and business customers. Key decisions made today about services, cost and prices impact our customers over the next 5 years and into the future. However, customers and other stakeholders need a reasonable understanding of the market and key issues, including the balance between services, cost and prices, if they are to engage on these issues. This enables effective, two-way discussions.

52. Therefore, we considered the likely knowledge of, and other constraints to participation for, each cohort. Where needed, we invested time and effort in preparing accessible materials designed to address these constraints and to incorporate them into the engagement process. For example, for the JGN Customer Council, we:

- distributed a series of short and accessible background papers or fact sheets prior to each Customer Council meeting to allow members to quickly scope the background, key issues and objectives for the engagement (inform, consult, involve). These were circulated two weeks in advance of each meeting.[14]

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[14] These fact sheets and presentations are available on our website http://jemena.com.au/Gas/Customer-Engagement-and-Price-Review/Engaging-with-the-community.aspx

- made presentations at each meeting to outline the context, identify the key issues to be discussed and explain the important concepts associated with these issues (such as the concept of service levels, as shown in Box 4–1)
- conducted some targeted workshops to build understanding of the most difficult issues, including the cost of funding our assets.

53. We incorporated similar capacity building into our deliberative forums with residential and small business customers—particularly related to 'unpacking' what is meant by the long-term interests of customers and the 'right' balance between services, costs and prices—and into our engagement with the broader community via our website.

54. Box 4–1 provides an example of how we engaged with our residential and small business customers about the various aspects of our service levels.

Box 4–1 Explaining the concept of service levels

Gas issues, particularly the aspects of our gas services, aren't top of mind to most of our customers.

To build capacity to participate in the engagement, we sought to provid clear, customer-friendly explanations of key concepts related to the issues to be discussed. For example, our explanation of the concept of 'service levels' involved distilling the various aspects of our service levels into concept that our customers could relate to:

- *public amenity*—minimising the gas that leaks (and smells bad) and disruptions to traffic (digging up streets, driveways and footpaths)
- *service quality*—providing the gas pressure to meet customer expectations, particularly around new more efficient (but demanding) gas appliances
- *reliability*—making sure gas is available when it is needed and reducing customer frustration relating to service disruption
- *responsiveness*—minimising the time it takes to respond to supply disruptions and to connect customers
- *availability*—making sure gas is available to new customers.

4.3 TESTING CUSTOMER PREFERENCES ON OPTIONS FOR SERVICE LEVELS AND PRICING

55. To consult and involve our cohorts in decision-making for the 2015 Plan in a meaningful way, we presented them with a range of options for key decisions related to our service levels, costs and pricing that were most likely to interest or affect them. We sought to clearly explain each option and its likely consequences for us and for customers, and sought feedback on their preferences.

56. For example, with our residential and small business customer cohort, we sought feedback and tested their preferences by presenting several trade-off options relating to service levels and cost—over the next five years and beyond—and asking what customers thought would best promote their long-term interests. Figure 4–2 and Box 4–2 provide more information on this process.

Figure 4–2: The trade-off between safety, services, costs and prices

Source: Jemena

57. We also tested their preferences on options for:

- passing on price decreases initially or smoothed over the period to provide stable retail—in recovering our costs over the period, larger (or smaller) decreases in end-retail prices and bills initially would mean larger (or smaller) rises in end-retail bills in future
- the balance between fixed supply charges and volumetric usage charges—for us to recover our costs, higher (or lower) fixed charges mean lower (or higher) usage charges.

58. Testing customers' preferences on these key trade-offs helped us make decisions on key aspects of our 2015 Plan. Newgate Research's report provides further detail on some of the other issues we tested with our residential and small business customers (refer appendix 1.5 of the AAI).

Box 4–2 Testing customer preferences on the balance between safety, services, costs and prices

One of the issues we engaged residential and small business customers on in our deliberative forums was how we could best balance safety, services and prices in the long-term interest of customers. In this session, we explained to participants that the long-term safety of our services is our non-negotiable top priority, and that we are proactive in designing and constructing our network prudently, regularly inspecting and maintaining our assets ('pipeline patrols'), responding to incidents such as leaks and bushfires, and maximising staff and public awareness about gas safety. We also sought feedback on this. Participants told us they supported safety being our non-negotiable top priority.

We then tested customer preferences in relation to how we should balance, or make trade-offs between, our service levels, costs and prices. We explained that our total average costs per customer are expected to be lower than in the current period (Option 1) – creating an opportunity for price reductions, the size of which will depend on decisions about our service levels and investments in growing our customer base. We outlined several options, and the likely price implications for the next 5 years and 20 years. We noted our preference for Option 1:

1. **maintain current service levels and proactively pursue gas marketing and growth opportunities** to further reduce average costs per customer, which would allow small reductions in prices in the short and longer term (our current preference)
2. **reduce current service levels for the longer term** to further reduce average costs per customer and prices in the short term, but lead to higher average costs per customer and prices in the longer term as a result of a shrinking customer base (relative to option 1)
3. **reduce current service levels in the short term** to further reduce average costs per customer and prices in the short term **but return to current service levels by 2030,** which would require average costs per customer and prices in the longer term as a result of 'catching up' on expenditure (relative to option 1)
4. **maintain current service levels but scale back pursuit of gas marketing and growth opportunities** to reduce our average costs and prices in the short term, but require price increases in the longer term as a result of smaller growth in our customer base (relative to option 1)
5. **equalise service levels for all existing customers** by improving service quality, primarily pressure levels, for existing customers who currently receive a lower level of service, which would increase our average costs per customer and prices by a small amount (relative to option 1).

To help participants consider the options and make informed decisions about their preferences, we sought to provide clear and simple information on what we mean by 'service levels' (see Box 4–1 above). We communicated the information and options through presentations made by Jemena senior management and then clarified and explored the options further through small round-table discussions facilitated by Newgate Research. We captured their feedback through the round table discussions and through anonymous electronic voting.

Customers told us that they thought the options were clear and well-presented and enabled them to form a view on the balance between prices, safety and services, and to score Jemena's overall 2015 Plan. Their specific feedback on the options is discussed in Table 5–3.

4.4 PROVIDING STRONG INTERNAL SUPPORT FOR THE ENGAGEMENT

59. In addition to making a high-level commitment to ongoing customer engagement (see section 2), we backed this commitment with a range of supporting actions across our business areas. For example, these included:

- maintaining an engagement feedback log, and circulating the key outcomes and action items within the business after key engagement milestones
- presenting a monthly summary of our engagement activities to decision makers to ensure they continued to align with our engagement commitments

- making regular internal presentations across the business on our engagement activities, including how we were engaging with customers and stakeholders, on the topics and what we have heard
- conducting regular customer evaluations of our engagement, discussed after each JGN Customer Council meeting
- building internal understanding and expertise in customer engagement, including why it is important for our business and our customers, and how it has influenced our decision making as part of the 2015 Plan. For example, we conducted internal workshops on who we were engaging with, on what topics and what we heard
- encouraging internal decision makers, including managers, general managers and executive general managers, to participate in the JGN Customer Council, customer forums and retailer forums to provide our customers and stakeholders with ‘line of sight’ to the relevant decision makers within the business.

4.5 INCORPORATING THE FEEDBACK INTO OUR DECISION MAKING

60. An essential part of our engagement delivery was to ensure the feedback we received from our customers and stakeholders was communicated within the business and considered as part of the decision making relating to the 2015 Plan.

61. In addition to taking actions to promote and support the engagement process within our business, we also:

- purposely structured our key internal meetings on the 2015 plan to ensure customer, stakeholder and community views were considered:
  - internal briefing papers presented customer and stakeholder implications of recommended positions
  - a JGN attendee of the Customer Council (typically a General Manager or Executive General Manager) was present to confirm and explain relevant customer views
  - a key decision-maker was asked to act as a ‘customer advocate’
- cross-checked our 2015 plan to the outcomes arising from our engagement, including both specific matters and broad themes
- provided a draft of our customer overview and TSS to the Customer Council for comment, to double-check that the key elements of our proposal and prices were accessible and appropriately presented.

5. COMMUNICATING THE FINDINGS AND OUTCOMES

62. The third stage of our engagement on the 2015 Plan was to communicate the findings and outcomes of the engagement process. This involved capturing what we heard from each cohort and explaining what we did in response to this feedback. In particular this included how it influenced our decision-making, and how we dealt with tensions in customer and stakeholder views. This is broadly consistent with the 'results' stage described in the AER's Guidelines.

5.1 CAPTURING WHAT WE HEARD

63. Table 5–1 summarises the findings on each of the key issues identified in our priorities stage, and what we have done in response to this feedback.

64. Table 5–2 to Table 5–7 provide more detail on the findings of our engagement activities with each cohort.

65. Box 5–1 outlines some of the differences in the feedback we received from these cohorts and how we dealt with these differences.

Table 5–1: Summary of findings and outcomes for priority issues

Issue	What we heard	Who told us	What have done in response
Safety and services	Customers told us they: • support safety being our non-negotiable top priority • value network service reliability and responsiveness, and are generally satisfied with our current service levels • think all customers should receive the same service levels for the same prices (universal level of service).	• JGN Customer Council • residential and small business customers	We have: • committed to maintaining safety levels as our non-negotiable top priority • proposed maintaining current service levels for most of our customers • proposed improving service levels where necessary to provide a universal level of service.
Recovering our costs over the 2015-20 period	Customers told us they: • are concerned about the affordability of gas, which depends on the overall end-retail price not just JGN's distribution prices • are concerned about future increases in wholesale gas costs and end-retail prices • want us to consider the end-retail price when setting our prices to promote stability in this price over the next 5 years (and prevent retail price shocks).	• JGN Customer Council • residential and small business customers	We have: • considered our prices in the context of the total cost of gas and likely end-retail prices over the 2015 period • proposed placing downward pressure on end-retail prices, particularly in later years of the period, to offset some of the expected increases due to rising wholesale gas costs
Cost efficiency	Customers told us they: • want us (and other gas market players) to focus on improving the cost efficiency of gas services • see the benefit to us and them in attracting new customers to the gas network to help ensure the overall retail price of gas remains competitive compared with other fuels.	• JGN Customer Council • residential and small business customers	We have: • proposed investments to facilitate new gas sources coming into our network, which should put downward pressure on end-retail gas prices by offering retailers alternative sources of gas supply • committed to making an annual 1% efficiency saving in operating costs over the next 5 years • advocated the introduction of an Efficiency Benefit Sharing Scheme for network businesses improve incentives for efficiency savings • committed to proactively attracting new customers to spread our large fixed costs over a larger customer base.

Issue	What we heard	Who told us	What have done in response
Our prices and charges	Customers told us they: • see fixed charges are as a barrier to gas connection and a disincentive to improving their energy efficiency • would value us resetting our charges for large industrial customers ('levels of Chargeable Demand') to better reflect their use of the network.	• residential and small business customers • JGN Customer Council • large industrial customers	We have: • proposed keeping fixed charges low (as a proportion of a typical small customer bill) to encourage gas installation, provide incentives for customers to manage their consumption (and bills) and reward customers who reduce their consumption • proposed rewarding large industrial customers who have reduced their peak gas consumption over the past 5 years by resetting our charges for them.
Improving the ability of customers to participate in energy markets	Customers and stakeholders told us they would value: • greater simplicity in our pricing, so it is easier to understand the different components of their energy bill, compare end-retail price offers and identify how their prices may change in future • transparency in the way we make pricing decisions today and in the future • us bringing forward the timing of our annual changes to network pricing to give retailers more time to prepare market offers, and allow customers more time to shop around and compare retail offers • access to individual metering and billing and their choice of energy retailer, and want all customers to have this access.	• residential and small business customers • JGN Customer Council • retailers and other stakeholders (IPART)	We have: • simplified our price and tariff structures, including our disconnection charges, to make it easier for customers to understand and retailers to pass through network price signals • reduced the charges for special meter reads to reduce barriers to customer switching • improved the transparency of our pricing decisions by publishing a TSS • requested the AER make the necessary changes necessary so we can propose network prices by 15 March each year (one month earlier than at present).
Customer preferences around future communications engagement	Customers and stakeholders told us they value: • consultation on issues affecting services and prices, as well as policy and regulatory changes that may impact them • information on how to manage gas bills, the gas supply chain and where customers' money goes.	• residential and small business customers • retailers and other stakeholders (IPART)	We have: • reaffirmed our commitments to engaging with our customers, stakeholders and the community, including retaining the Customer Council as an ongoing form of engagement with customer, industry and stakeholder representatives • captured the feedback the issues they would like to be engaged on in future, and what means of engaging them would be most efficient and effective.

Issue	What we heard	Who told us	What have done in response
			• committed to providing clear, accessible information on our website to help customers manage their gas consumption, find a better retail market offer, and take advantage of any assistance measures that may be available to them.
Assisting vulnerable customers	Customers told us they: • want us to do more to assist vulnerable customers manage their energy bills, particularly helping them with the upfront costs of upgrading gas appliances • want us to advocate on behalf of customers to ensure energy markets "work better" for vulnerable customers	• JGN Customer Council • residential and small business customers	We have committed to: • continuing our work with the NSW Government and other partners to replace and upgrade gas appliances in public housing • becoming a partner of NILS NSW, a No Interest Loan Scheme, as part of our 2015 Plan to help vulnerable customers access funds to replace their old gas appliances with new, more efficient models • advocating for policy and regulatory changes to ensure all customers – including those who rent their property, or live in a caravan park or boarding house – have the choice of individual billing and metering and their choice of retail supplier • advocating for additional Government programs to assist vulnerable customers (for example, by providing rebates for larger gas bills and conducting energy audits to identify steps they can take to use gas more efficiently) • working with charities and not-for-profits to support vulnerable customers through targeted partnerships and sponsorships.

Table 5–2: What we heard from the JGN Customer Council

Issue and question	What we heard
Background and context for the 2015 Plan	
Issues in gas We asked Customer Council members what the key areas of interest were	Customer Council members told us the key areas of interest were: • rising gas prices and what can be done to assist vulnerable customers • meter reading and connections service issues • ensuring access to gas in regional areas • impacts to the customer experience of energy intermediaries or "aggregators" • our cost efficiency and how we can demonstrate continuous improvement • our proposed capital program • forecast gas demand including new customer connections given the changes in the gas market • our tariff structures, especially fixed charges and what can be done to minimise them • the challenges & opportunities surrounding NECF & direct relationship for customer service • enhancing the effectiveness of the Customer Council, including getting access to decision makers within Jemena.
Gas demand and drivers We informed Customer Council members of: • the changes occurring in the gas market • the impacts this may have on us and customers, including the factors influencing gas demand over the 2015 AA period	Customer Council members told us they: • appreciate the changes occurring in the gas market, and how they will impact us and our customers • want us to be proactive in responding to these changes in a way that promotes the long-term interests of customers.
Safety and services	
Service levels We asked Customer Council members whether we should: • maintain safety as our non-negotiable top priority • retain current service levels, (decrease them or improve them to improve a universal level of service	Customer Council members told us they: • understood why safety is our non-negotiable top priority • supported providing a universal level of service to customers • recommended directly testing the trade-offs between service levels and costs with residential and business customers.
Energy intermediaries and the customer experience We asked Customer Council members whether customers see value in: • access to individual metering and billing and their choice of energy retailer	Customer Council members told us: • customers value access to individual metering and billing and their choice of energy retailer • they were concerned about access to energy rebates and other customer protections as well as dispute resolution mechanisms for customers supplied by energy intermediaries • that these market changes may require greater regulatory protection for

Issue and question	What we heard
• us accommodating these market changes and supplying gas to energy intermediaries	these customers or more information disclosure about the implications of being supplied by an intermediary.
Measuring service performance and customer satisfaction We asked Customer Council members whether: • we are measuring the right aspects of service (including gas leakage and reliability) they recognise our current levels of service performance	Customer Council members told us they: • were comfortable that we were measuring the aspects of customer service most important to customers, but should continue to review over time • saw value in publishing the relevant metrics on our Jemena website.
Network and business growth We asked Customer Council members whether customers see value in us proactively attracting new customers and growing the network	Customer Council members told us they: • understood why we proactively attract new customers and grow the network to put downward pressure on prices • understood how we intend to attract new customers as part of the 2015 Plan • saw an alignment of interests between Jemena and its customers in relation to attracting new customers
Our proposed costs and cost efficiency	
Funding our assets (cost of capital) We informed Customer Council members of: • how we fund our investments and why our funding costs are important to us and customers • how are they determined and what are the factors that influence them over time • the regulatory framework including the rate of return objective, and the AER's guidelines, and where we have a difference of view from the AER	Customer Council members told us they: • wanted further information on how our funding costs move over time, what this meant for us and the areas of agreement and disagreement we had with the AER guidelines • saw value in providing a more detailed briefing session on this issue
Costs of providing gas services to our customers – expenditure forecasts We informed Customer Council members of the drivers of our proposed changes in expenditure over the 2015 AA period	Customer Council members told us they: • welcomed our focus on operating cost efficiency • wanted further information on the increase in capital expenditure, including the meter replacement programme to be included in the customer overview • welcomed a decline in the required revenue per customer over the 2015 AA period
Providing value for money services We asked Customer Council members whether they see value in a regulatory mechanism - in line with what the AER has approved in other jurisdictions - to	Customer Council members told us they: • understood how attracting new customers could assist in improving our cost efficiency • saw value in publishing the relevant metrics on our Jemena website

Issue and question	What we heard
create incentives for further cost savings	• supported our proposal to introduce a Efficiency Benefit Sharing Scheme (EBSS) to encourage further cost savings.
Our prices and tariffs	
Prices & tariff structures We asked Customer Council members how customers should pay for using our gas network	Customer Council members told us they: • support us simplifying our network tariffs and charge components to allow customers to better understand energy pricing and compare retail price offers • support us setting our prices so that: – similar customers pay similar prices – residential customers primarily pay on the basis of usage (minimising fixed charges) – we consider the end-retail price customers pay when setting the profile of network prices with the aim of providing retail price stability and predictability • understood the benefits of bringing forward the publication of our annual changes to our network prices • saw value in us providing information on the key factors driving energy prices and the considerations underpinning our pricing decisions on our website (refer TSS below) .
Proposed price path and customer impacts We informed Customer Council members of how will customers be impacted by our proposed prices	Customer Council members told us they: • Welcomed the decline in our proposed network prices, particularly for residential and small business customers • Welcomed the decline in special meter read charges.
TSS We asked Customer Council members whether they saw the TSS as a valuable way of providing clear, accessible guidance on: • how we set our current prices, • how our price structures and levels may change in the future • how we will engage before changing prices or structures	Customer Council members told us they: • support us improving the transparency of our pricing decisions • support us providing information on estimated movements in our tariffs and charges over the 5 year period of the AA, including the likely movement in estimated bills for typical customers.
Measuring the success of our customer engagement	
Our customer engagement commitments We asked Customer Council members whether our engagement commitments aligned with their expectations	Customer Council members told us: • we had a positive customer focus and commitment to end user engagement • we engaged with them on the topics of interest to them • they valued being informed about our engagement activities, including our deliberative forums with residential and small business customers
We asked Customer Council members what worked well and what didn't	Customer Council members told us they felt: • we had been clear in our objectives for engagement on specific topics,

Issue and question	What we heard
	and how these topics related to our decision making for the 2015 Plan • they could participate in a meaningful way at the meetings through the provision of background material and presentations, including the use of graphics to explain concepts in simple and accessible ways • they felt we were responsive in providing further information on issues and questions raised, including holding more detailed briefing sessions on specific topics • there are opportunities for members and Jemena to 'learn as we go' and evaluating the effectiveness of the process is a key element
Managing affordability for vulnerable customers	
We asked Customer Council members about the role we should have in managing affordability for vulnerable customers	Customer Council members told us they: • consider we have a role in managing the affordability of gas for vulnerable customers including: – supporting policy measures to improve the housing stock in NSW, or Government programs to promote energy efficiency – providing seed funding to no or low interest low schemes that assist low income customers in overcoming barriers to replacing their appliances – using existing relationships with manufacturers of gas appliances to see if they would join this scheme by providing appliances at cost to eligible customers. – advocating for policy changes to ensure energy markets 'work' for vulnerable customers , and for a national review of assistance measures – providing information to the community on how to save money • agreed that a coordinated response was needed including Government, community organisations, retailers and network businesses, and that we should take small steps and 'stick to what we know' • welcome us being proactive in addressing the issue

Table 5–3: What we heard from our residential and small business customers

Issue and question	What we heard
Background and context for 2015 Plan • Were you aware of forecast increases in wholesale gas costs and retail bills? • Are these increases a concern to you, and how will you respond?	Overall, there was: • little knowledge of the gas supply chain, and the relative contributions of each element to the end-price • little knowledge of future changes in the gas market and the implications for customer bills • limited knowledge of regulation of the energy sector, including network businesses, and the objectives of the regulatory framework • significant concern over the impact on their bills (once informed of the change), and their ability to respond to rising prices
Safety and Services Should we: • maintain safety as our non-negotiable top priority?	Overall, a large majority (87%) indicated that current balance between safety, services and prices was 'right'. Overall, there was strong support for: • maintaining safety as our non-negotiable top priority

<table>
<tr><th>Issue and question</th><th>What we heard</th></tr>
<tr><td>retain current service levels (option 1), decrease them (options 2-4) or improve them (option 5)?</td><td>retaining the current service levels (option 1), or improving service levels for specific customers to provide a universal level of service (option 5)
– residential customers, both within the metropolitan area and in regional areas, strongly supported Option 5, whereas small business customers were more likely to support option 1
– however, overall there was more support for option 5.
Quotes included:
"Safety is the most important – for myself and for the community" (residential customer, Parramatta forum, 9 April 2014)
"I think that safety is a no-brainer that should go without saying" (residential customer, Orange forum, 7 April 2014)
"There should be the same service for everyone" (residential customer, Parramatta forum, 9 April 2014)</td></tr>
<tr><td>Energy intermediaries and the customer experience
Would customers be concerned if:
they did not have access to individual metering and billing and their choice of energy retailer</td><td>Overall, there was strong support for:
access to individual metering and billing and their choice of energy retailer to be able to control their gas bills
doing more to highlight the potential impacts to the customer experience as many people may not realise this until after they have moved into a premises</td></tr>
<tr><td>Recovering our costs
Should we recover our costs in a way that:
minimises changes in total retail prices for customers (moderate decreases in retail bills initially, but moderate increases in retail bills in future - Option 1)?
is indifferent to retail price changes for customers (larger decreases in retail bills initially, but steep rises in retail bills in future - Option 2)?</td><td>Overall, a large majority (92%) supported recovering our costs in a way that provided a smoother retail price path:
Residential customers thought it would be easier to handle psychologically. Some made the point that when the big rises occur, people will have forgotten the large falls of a couple of years before
Some business customers thought it may be difficult to pass on large increases in gas prices to their customers and preferred more stable prices.
Quotes included:
"Being a gradual increase you can justify an increase in your products whereas on the other side you can't justify a big increase in your products. From a business perspective it is very important. It makes it easier on companies" (business customer, Parramatta forum, 9 April 2014)
"You might be willing to pass the savings on to us but I don't know about the retailers". (residential customer, Sydney CBD forum, 1 April 2014)</td></tr>
<tr><td>Our prices and charges
Should we structure tariffs for residential and business customers so we:
minimise our fixed charges so customers primarily pay for gas based on their usage?
have no fixed charge so customers only pay based on their usage (with</td><td>Overall, a majority (67%) supported structuring our tariffs for residential and business customers with a small or no fixed charge, given:
people would pay for what they use
it provided customers with more control over their bills, particularly in warmer months when gas usage is typically less
of the 32% that favoured a higher fixed charge, the majority of these were in higher usage customers, such as those in Orange.
As part of the Parramatta forum, participants were asked to respond not on</td></tr>
</table>

Issue and question	What we heard
higher usage charges)? • have higher fixed charges (and lower usage charges) so customers primarily pay for gas based on their connection?	their own situation but on principle. On this basis, most favoured a low fixed cost. There were two reasons for this: • it would mean that people pay for what they use. • it would be fairer on people who use less gas, which presumably includes many customers who are under financial pressure. Quotes included: • *"I'm happy as it is"* (residential customer, Parramatta forum, 9 April 2014)
Assisting vulnerable customers Should we: • provide information on how customers can be energy smart and get the best retail prices. If so, what is the best way to provide this information? • assist vulnerable customers overcome upfront costs of upgrading appliances to better manage their energy bills • advocate for Government policy to ensure customers have access to individual metering to encourage energy efficiency and drive retail competition • advocate for Government programs to assist vulnerable customers with larger gas bills (say through gas rebates, and/or energy audits	Overall, there was strong support for us being proactive in assisting vulnerable customers in our community. Some customers indicated that cost effective assistance measures should be pursued to avoid adding unnecessarily to customer bills. There was widespread support for each of these options, but there was most support for: • assisting vulnerable customers overcome upfront costs of upgrading appliances to better manage their energy bills, say through funding no or low-interest loans, or working with key partner organisations • advocate for Government programs to assist vulnerable customers with larger gas bills (say through gas rebates, and/or energy audits) Quotes included: • "*Jemena doesn't have to support them but it's good that it does"* (residential customer, Parramatta forum, 9 April 2014)
Overall 2015 Plan Do we have a sensible plan for the future?	Overall 76 per cent of customers thought we had sensible plan for the future, with 54 per cent of customers rating the 2015 Plan as an 'A' (A+, A or A-). Quotes included: • "*Common sense may rule in the end"* (residential customer, Parramatta forum, 9 April 2014) • *"It's good they're trying to make up for rises in the other 50%."* (residential customer, Sydney CBD forum, 1 April 2014) Overall 89 per cent of customers thought that the quality of the deliberative forums was either very good or good.
Engagement topics and mechanisms • What issues would you like to be consulted on in future? • What issues would you like to be informed of in future? • How should we engage you on these	Most popular issues for consultation: • changes to the distribution network that affect your area • upcoming decisions Jemena has to make that will impact costs and consumer prices • changes to regulatory and policy settings that may affect your gas supply or bills

Issue and question	What we heard
issues	• how Jemena makes its pricing decisions Most popular issues for information: • information about how to keep gas bills down • information about the most efficient appliances • how the gas supply chain works and where customers' money goes • what Jemena does and how it spends customers' money Preferred method for engagement: • television advertising • Jemena website, including email subscription • mail brochures

Table 5–4: What we heard from our large customers

Issue and question	What we heard
Likely future gas demand • Do you expect your gas demand to continue in line with recent gas consumption history?	Some of our customers expected future gas demand to: • continue in line with recent gas consumption history • decline compared with recent gas consumption history given changes in the economic and external environment. Overall most customers noted that our network charges were not a major driver of their gas usage decision making
First response (FR) tariff • We are considering whether to grandfather the FR tariffs, such that only current FR customers and others that have been included in our forecast will be able to qualify for the tariffs. • Do you have interest in participating in the FR tariff?	Some of our customers: • saw value in the FR tariff • wanted the opportunity to look more closely at the tariffs before they are grandfathered and would engage further with us prior to June 2014. Overall most customers appreciated being engaged and informed that the FR tariffs may be grandfathered, but did not see themselves as having sufficient business flexibility to be eligible for this tariff. One customer wanted the FR tariff to remain open in case they become eligible in future.
Resetting levels of 'chargeable demand' • Do you see value in resetting levels of CD as part of the 2015 Plan?	Overall most customers indicated that: • it would be worthwhile and beneficial to them if CD was reset for all demand customers from 1 July 2015 as part of the 2015 plan, to take more recent demand patterns for each customer into account. • there have been substantial changes to NSW manufacturing in the last five years and therefore it would be appropriate to enable CD to be adjusted. Some customers supported more regular (more than every 5 years) resetting of CD.
Engaging with our large customers • What mechanisms should we use to engage with our large customers?	Overall most customers indicated they were: • members of the Energy Users Association or Australian Industry Group (both of which are members of the JGN Customer Council) • comfortable with us engaging on the 2015 Plan through the JGN Customer Council. Some customers saw value in being registered to receive email updates on the development of our 2015 Plan and our engagement activities.

Table 5–5: What we heard from retailers and network users

Issue and question	What we heard
Simplifying our disconnection charges • Do you see value in us continuing to offer a temporary disconnection service? • Would you have concerns if we were to simplify our disconnection charges by removing the temporary disconnection service for residential and small business customers?	Some retailers: • questioned whether NECF's 10-day window to reconnect customers requires the removal of the temporary disconnection service • indicated that the pricing of the disconnection and decommission services was important in giving them a cost effective mechanism to manage debt recovery.
Simplifying our services and network tariff charges • Do you see value in us simplifying our network charges and consolidating the meter data and haulage services into a single reference service?	Some retailers: • questioned why we were concerned about the complexity of our network tariffs • indicated it is the role of retailers (rather than network businesses) to provide tariff offerings that meet customers' preferences • questioned how the 2015 Plan would accommodate any introduction of meter reading contestability in NSW
Other issues • Do you have any other comments on issues relating to the 2015 Plan or business as usual?	Some retailers indicated concerns over meter reading accuracy and timeliness as well as issues relating to physical access to meters.

Table 5–6: What we heard from market participants and other stakeholder representatives

Issue and question	What we heard
'Boundary metered' reference tariff for energy intermediaries • What are the likely innovations in energy services (such as energy intermediaries on-selling energy) over the period? • What types of aggregated energy services are likely to be in demand from your perspective/experience? • Is there a need to change the current approach set out in the AA to accommodate these changes? Is this in the long-term interests of customers?	Aggregated energy services may occur in: • precincts – residential and commercial • large capacity plants • large commercial developments If we were to provide a new reference tariff to energy intermediaries it would promote: • certainty on network charges to energy intermediaries and developers • innovation in the energy market • growth in gas demand, and lower average gas prices for existing customers • better utilisation of the network over summer and winter
Proposed approach to managing UAG • Does AEMO have any objections to our proposal to continue with our current AA UAG responsibilities?	AEMO told us it has no objections to us continuing with our current approach

Issue and question	What we heard
Providing guidance on how we set our network tariffs • Do stakeholders see value in us publishing a TSS that provides clear, accessible guidance on how we set our current prices, how our price structures and levels may change in the future, and how we will engage before changing prices or structures?	IPART indicated support for publishing this information to allow customers to engage in network pricing issues.
Bringing forward the publication of our annual changes to our network prices • Do stakeholders see value in us bringing forward the publication of our annual changes to our network prices to 15 March (1 month earlier than currently)?	IPART indicated support for us bringing forward the publication of our annual changes to our network prices, and that this would provide benefits to retailers, customers and IPART.

Table 5–7: What we heard from the community

Issue	What we heard
The gas supply chain, our role and the role of the AER	Positive comments relating to clear provision of information[15] Comments related to improving awareness of the website.
Our engagement activities	Positive comments relating to the depth of the engagement as well as the information provided on the key engagement topics.[16]
Having your say on issues related to the 2015 Plan	Comments included that customers want: • to better understand how their gas bills are determined and where their money goes • to see a focus on efficiency • to know more about policy and market developments that may impact them, including future changes to retail gas prices • to know what they can do to manage their energy bills.

[15] http://jemena.com.au/Gas/Customer-Engagement-and-Price-Review/Reviewing-our-gas-network-prices.aspx

[16] http://jemena.com.au/Gas/Customer-Engagement-and-Price-Review/Engaging-with-the-community.aspx

Box 5-1 Managing tensions in customer and stakeholder views

As section 3.1 discussed, we selected our cohorts to include a cross-section of customers and stakeholders and to represent a diverse range of views and concerns. Therefore it is not surprising that we identified some conflict or tension between these cohorts' views about certain issues.

One example was the issue of our simplifying our network prices. Feedback from the JGN Customer Council and residential and small business customers was that many retail market contracts include a pass through of our network charges, and that the complexity of energy prices (including our prices) is often a barrier to customers participating in energy markets (including assessing retail market offers and considering likely changes in their retail bills).

In response to this, we tested customer preferences around the value in simplifying our network prices. This would involve consolidating the current three fixed network charges into one fixed network charge for each residential and small business customer. It would also involve consolidating the meter data and haulage services into a single reference service. Our network prices would then be set to recover the revenue allocated to this single reference service. Our customers supported this simplification.

However, some retailers questioned why we were concerned about the complexity of our network prices, indicating that interfacing with the customer is the retailers' role. One retailer also questioned how the 2015 Plan would accommodate any introduction of meter-reading contestability in NSW.

To decide how to address these conflicting views, we considered the benefits of reducing barriers to customer participation in the NSW energy market. We noted that IPART, the AEMC and the NSW Government are all looking at ways to improve customer participation in the competitive retail gas market.

We also considered the likelihood of retail metering contestability being introduced in NSW over the 2015-20 period and concluded that this was low. We also noted that other network businesses in Australia (including in Victoria) did not have network tariffs that distinguish between transportation and meter reading services.

On balance, we concluded simplifying our network prices and services was in the long-term interest of customers, and on that basis have included measures to simplify our prices in our proposed 2015 Plan.

5.2 COMMUNICATING WHAT WE HEARD AND WHAT WE DID IN RESPONSE

66. A key part of our engagement approach was to communicate to our cohorts what we heard, and explain what we did in response to this feedback. In particular, how it influenced our decision-making and how we dealt with tensions in customer, stakeholder and community views.

67. In general, we captured each cohort's feedback after the engagement activity. For the JGN Customer Council, where we ran multiple activities, we reported on what we heard at the next activity to confirm our findings. At our May 2014 meeting, we presented our 2015 Plan and outlined how we developed this in response to what we heard through our engagement. We also tested the contents and accessibility of aspects of our 2015 Plan, including the customer overview and this appendix, with the Council to get feedback (and made adjustments where needed).

68. For other cohorts, we informed them of the specific decisions we made as part of our 2015 Plan and on topics on which we consulted, and outlined how their feedback was incorporated into the decision making. We did this with our cohorts through one-on-one discussions and by making key elements of our 2015 Plan available on our website including our:

- customer overview, which provides a short and accessible overview of our proposed 2015 Plan. It focuses on what the plan will mean for our customers including how our prices will change so we can provide the services they value. It also outlines how we engaged with customers in developing the plan, and how we responded to their feedback.
- fact-sheets on the 2015 Plan, which provide further information on several key areas relating to our services, costs and prices and our engagement activities
- research paper on the long-term interests of customers, which provides information on the design of the regulatory framework, its objectives and its application in promoting customers' long-term interests
- AAI, which provides detail on all the aspects of our 2015 Plan.

We also distributed these documents to key customers and stakeholders, including those that had registered to receive email notifications.

6. IMPROVING THE EFFECTIVENESS OF OUR ENGAGEMENT PROCESSES

69. The last stage in our engagement approach on the 2015 Plan was to evaluate and review the engagement processes and outcomes, including:

- *measuring the success of the engagement*—evaluating whether our engagement process and activities met our objectives and our stakeholders' expectations
- *considering what we learnt and how can we improve*—considering what worked well, what didn't, and what we could do differently in future to improve our engagement activities
- *reaffirming our commitments and aligning our priorities*—ensuring we evaluate, reaffirm and communicate our engagement commitments and priorities.

This is broadly consistent with the 'evaluation and review' stage described in the AER's guidelines.

6.1 MEASURING THE SUCCESS OF OUR ENGAGEMENT

70. The depth and breadth of our engagement around our services, costs and prices has been a new experience for us, but one that has been valuable in guiding our decision-making on the 2015 Plan and in ensuring our plan supports our customers' long-term interests. To ensure we understood what worked well and what we could do differently in future to improve our engagement activities, we evaluated the success of our engagement and the extent to which it met our customers' and stakeholder's expectations.

71. Based on the best-practice principles in the AER's guidelines, we did this by asking our 'cohorts' whether they felt:

- we had been clear and genuine in our commitments to engaging with our customers, stakeholders and the community on the 2015 Plan
- they had been informed or consulted on key issues of interest to them as part of the engagement process
- the engagement activities were undertaken in way that allowed them to participate effectively, including:
  - scheduling the engagement to allow feedback to be considered, and to build capacity to engage effectively
  - being clear about the objectives of the engagement
  - providing appropriate engagement materials and presentations (for example, well targeted, high quality etc.)
  - facilitating the engagement sessions effectively
- they had been listened to, including whether their feedback had been considered as part of our decision-making on the 2015 Plan
- the engagement on the 2015 Plan met their overall expectations and why
- we should continue this engagement on issues of importance to them and what could be done to improve it.

72. We sent a survey to each of our ‘cohorts’ asking them to evaluate our engagement on our 2015 Plan (Figure 6–1).

Figure 6–1: Seeking stakeholder feedback on our engagement on our 2015 Plan

THINKING ABOUT OUR ENGAGEMENT ON OUR **2015 PLAN...**

Jemena

Agree = 1 **Partially Agree = 2** **Disagree = 3** **Unsure = 4** **N/A = 5**

1	We have been clear in our commitment to engaging with your organisation	
2	You felt we have been genuine in our commitment to engaging with your organisation	
3	We have been clear in communicating the topics for discussion	
4	We have been clear about how these topics relate to our decision making for the 2015 Plan	
5	We have been clear with our timeframes for receiving your feedback	
6	We have been clear about how we see your role in helping us develop our 2015 Plan	
7	We have been clear about our engagement objectives for specific topics (classifying them as inform, consult or involve)	
8	We have told you what we heard from our other stakeholders on topics we engaged on with you	
9	If your answer to 8 was partially agree, disagree or unsure, you know where or how to find out more information	
10	Our engagement addresses the issues of interest to you	
11	You felt that we listened to your questions, views and experience	
12	We provided you with the ability to participate in a meaningful way (e.g. background material, access to relevant staff, further clarification discussions/emails).	
13	This feedback form is a sensible way to receive feedback on the success of our engagement with you.	
14	Do you have any other constructive feedback on our engagement, including ways we could improve it?	
	[your response here]	

Source: Jemena

6.2 DID OUR ENGAGEMENT PROCESS AND OUTCOMES MEET OUR CUSTOMERS' AND STAKEHOLDERS' EXPECTATIONS?

73. Table 6–1 summarises what we heard from our customers and stakeholders on our engagement as part of the 2015 Plan.

Table 6–1: What we heard from our customers, stakeholders and the community

Cohort	What we heard
Customer Council	
	Customer Council members told us: • we had a positive customer focus and commitment to customer engagement • we engaged on the topics of interest to them • they valued being informed about our engagement activities, including our deliberative forums with residential and small business customers. Customer Council members told us they felt: • we had been clear in our objectives for engagement on specific topics and how these topics related to our decision making for the 2015 Plan • they could participate in a meaningful way at the meetings through the provision of background material and presentations, including the use of graphics to explain concepts in simple and accessible ways • they felt we were responsive in providing further information on issues and questions raised, including holding more detailed briefing sessions on specific topics • there are opportunities for members and Jemena to 'learn as we go' and evaluating the effectiveness of the process is a key element
Residential and small business customers	
	Our residential and small business customers indicated that they supported us consulting with and informing the community about what we do. They rated the overall quality of the engagement through the forums: • 73% rated them as 'very good' • 16% rated them as 'good' • 11% rated them as 'fair'
Large customers	
	We received mixed feedback from our large customers, as some told us: • we had been clear in our objectives for engagement on specific topics and how these topics related to our decision making for the 2015 Plan • we engaged on the topics of interest to them • they could participate in a meaningful way in the discussions. However some of our large customers told us they felt: • unsure about our objectives for engagement on specific topics and how these topics related to our decision making for the 2015 Plan • unsure whether we had been genuine in our commitments to engage on specific topics • they were not adequately listened to on issues of interest to them • they were not informed on where they could find further information on our engagement, and what we'd heard from other stakeholders.
Retailers and network users	
	We received mixed feedback from retailers and network users, as some stakeholders told us: • we had been clear in our objectives for engagement on specific topics and how these topics related to our decision making for the 2015 Plan

Cohort	What we heard
	• they could participate in a meaningful way at the retailer and network user forums • they felt we were responsive in providing further information on issues and questions raised. However other stakeholders told us they felt: • we had not been genuine in our commitments to engage on specific topics • they were not adequately listened to on issues of interest to them • they could not participate in a meaningful way at the retailer and network user forums • they were not clear on where they could find further information on our engagement.
Market participants and other stakeholder representatives	
	Our market participants and other stakeholder representatives told us: • we had been clear in our objectives for engagement on specific topics, and how these topics related to our decision making for the 2015 Plan • we had been genuine in our commitments to engage on specific topics • we engaged on the topics of interest to them • they were felt informed on where they could find further information on our engagement, and what we'd heard from other stakeholders • they welcomed us keeping them informed about issues affecting distribution prices, and that this engagement is valued • welcomed us considering changes that improve the operation of the retail market However some market participants and other stakeholder representatives told us: • they felt unsure whether we had been genuine in our commitments to engage on specific topics • they were unsure in whether we adequately listened to them on issues of interest to them

6.3 HOW WE CAN IMPROVE OUR ENGAGEMENT

74. We also thought about the challenges we have encountered in engaging with our customers, stakeholders and community on the 2015 Plan and gas issues more broadly (see Box 6–1).

Box 6–1 The challenges in engaging with our customers, stakeholders and community

Some of the challenges experienced by us as well as our customers, stakeholders and community in engaging on the 2015 Plan:

- engaging on gas issues when there is little knowledge of who Jemena is and little direct interaction with customers
- some scepticism among customer representatives and stakeholders about our commitment to engagement, the value of participating in the engagement process and our concern for customers' interests
- initially not having the knowledge of our end- customer base (given its over 1.2 million customers) and a cost effective way of 'reaching' them
- resourcing and time constraints of customer and industry representatives – including turnover in customer and industry representatives – and the challenges this creates in building capacity to engage effectively on the key issues of concern to them
- developing customer friendly communication tools (such as simple graphics to convey complex subjects)

75. We also asked our customers, stakeholders and the community about the issues they would like to be engaged on in future and what means of engaging them would be most efficient and effective. Table 6–2 summarises what we heard and what we intend to do in response.

Table 6–2: Improving our engagement process - What we heard from our customer, stakeholders and the community

Issues of interest to customers and stakeholders	Type of engagement	Engagement preference	Our response
Our residential and small business customers told us we should raise our profile and explain how we fit in the broader supply chain	Inform	Television, JGN website, newsletters and email registration	*The Natural Gas, The Natural Choice* marketing campaign will include the Jemena brand to improve customer awareness of who we are and what we do. Use of 'pop-up' shops at community events to increase community understanding of our role and where they can find further information.
Our residential and small business customers told us they want to know more about: • how the gas supply chain works and where customers' money goes • information about how to keep gas bills down • changes to regulatory and policy settings that may affect them	Inform	JGN website, electronic newsletters and email registration	We will use cost effective avenues (website, targeted newsletters and pamphlets, 'pop-up' shops at community events) to improve 'energy literacy' and inform our customers and stakeholders of: • how customers can manage their bills, by being energy smart, shopping around for retail market offers, and ensuring they access relevant customer assistance and protections • energy efficient gas appliances, and how customers can access these • changes in regulatory or policy settings that may affect them

Issues of interest to customers and stakeholders	Type of engagement	Engagement preference	Our response
Our residential and small business customers told us they want us to engage with the community on: • changes to the distribution network that affect them • upcoming decisions we may make that impacts services and costs	Consult	JGN website, electronic newsletters and email registration	We are committed to: • consulting on key issues and testing preferences of end-customers (through workshops or deliberative forums) • using surveys (through website and targeted newsletters and pamphlets) on issues that may not require significant discussion or background material

76. Given what we have heard from our customers, stakeholders and community on our engagement we also thought about what we could do overcome these challenges and improve our engagement activities (see Box 6–2).

Box 6–2 Addressing the challenges in engaging with our customers, stakeholders and community

Our thinking on how to overcome these challenges:

- improve the community awareness of Jemena, including our role in the community and our presence in marketing natural gas (including 'branding' our advertisements on the *Natural Gas, The Natural Choice*' campaign), and the gas supply chain
- continue to use our website and proactively target community events with 'pop-up' shops (as we have done effectively in Victoria in our electricity network) to provide a cost effective way of providing key information to the community and build the our stakeholder network (including our list of email notification subscribers)
- utilise the 'reach' of our stakeholders (for example, increased use of PIAC's EWCAP reference group) to provide information on key gas market changes, provide information to community and financial counsellors on 'energy literacy' and to better understand the diverse views of our customers and stakeholders
- continue to focus on concise, targeted and customer friendly communication tools (such as simple graphics to convey complex subjects) and utilise these on booklets and other communications brochures
- reaffirm our engagement commitments and priorities and communicate this internally (for example, continue making regular internal presentations across the business on our engagement activities) and externally (for example, continue working with the Energy Networks Association to establish a best practice engagement model)
- continue our engagement as business as usual and continue to focus on actions that respond to stakeholder feedback (including actions to improve customer participation in the energy market and assist vulnerable customers) to build trust and demonstrate value and credibility of the engagement process
- continue to use well-targeted workshops or deliberative forums to test end-customers preferences on key issues
- recruit more members to the Customer Council to ensure we continue to have representation for our customer and stakeholder base.