



Jemena Electricity Networks (Vic) Ltd

2021-26 Electricity Distribution Price Review Regulatory Proposal

Attachment 02-01

Our customer, stakeholder and community engagement



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Abbreviations

| | |
|-------|---|
| AEMC | Australian Energy Market Commission |
| AEMO | Australian Energy Market Operator |
| AER | Australian Energy Regulator |
| AMI | Advanced Metering Infrastructure |
| CALD | Culturally and Linguistically Diverse |
| CAM | Cost Allocation Methodology |
| CBRM | Condition Based Risk Model |
| CCP3 | Consumer Challenge Panel 3 (covering the 2016-20 review) |
| CCP17 | Customer Challenge Panel 17 (covering the 2021-26 review) |
| CEC | Clean Energy Council |
| CSIS | Customer Service Incentive Scheme |
| DER | Distributed Energy Resources |
| DNSP | Distribution Network Service Provider |
| DR | Demand Response |
| EBSS | Efficiency Benefits Sharing Scheme |
| ECA | Energy Consumers Australia |
| ECC | Ethnic Communities' Council of Victoria |
| EDPR | Electricity Distribution Price Review |
| EV | Electric Vehicles |
| IAP2 | International Association of Public Participation |
| IT | Information Technology |
| JEN | Jemena Electricity Networks (Vic) Ltd |
| LED | Light Emitting Diode |
| MEFL | Moreland Energy Foundation |
| NER | National Electricity Rules |
| OMR | Operation, Maintenance and Replacement |
| PV | Photovoltaic |
| RAB | Regulatory Asset Base |
| REFCL | Rapid Earth Fault Current Limiters |
| RIN | Regulatory Information Notice |
| RTF | Run To Failure |
| TOU | Time of Use |
| TSS | Tariff Structure Statements |
| VECUA | Victorian Energy Consumer and User Alliance |
| WACC | Weighted Average Cost of Capital |

Overview

Jemena Electricity Networks (Vic) Ltd, (**JEN, Jemena**) is an electricity Distribution Network Service Provider (**DNSP**). Jemena's vision is 'To be customers' first choice for world-leading, sustainable and reliable energy.' We, therefore, continuously work with the customers that we serve in Melbourne's North-West, to understand and meet their changing needs. Our objective is that customers will advocate for us based on the experience they have with us and our products and services.

We are proud to power Australia's second busiest airport and proud to be home to some of Australia's fastest-growing suburban sprawl, the diversity of which is second to none. All in all, our distribution area covers approximately 12 per cent of the population of Victoria and nearly 13 per cent of the state's manufacturing output.

As an electricity DNSP, we are subject to economic regulation. This is administered by the Australian Energy Regulator (**AER**), under the National Electricity Rules (**NER**). Every five years, we submit a proposal to the AER, outlining our plans for the next regulatory period and how we expect to fund them.

In examining our revenue proposal, the AER considers—among other factors—the extent and quality of consumer engagement we have undertaken during the development of our plan. It also looks for evidence that our regulatory proposal reflects the outcomes of that process.

In this document, we describe our engagement process in detail, show how our customers' recommendations helped form our proposal, and explain how our plans for the next regulatory period are in the long-term interests of customers.

Figure OV-1: Presenting our customers' recommendations to the Jemena Board



1. Building on past success

In 2015, Jemena submitted a proposal to the AER to cover the current regulatory period—from 1 January 2016 to 31 December 2020. In its final decision on that proposal, the AER was encouraged by our consumer engagement and considered that it had been meaningful and genuine.

In its response to submissions on our proposal, the AER identified ways in which we could improve our engagement process for future proposals. These, and what we have done in response, are shown in the table below.

‘Jemena has taken important steps to engage with its customers. Stakeholder comments that Jemena’s consumer engagement was meaningful and genuine are encouraging.’

AER - Final decision Jemena distribution determination – Overview – May 2016 p53

Table 1–1: Feedback from the previous price review

| AER’s feedback | How we incorporated this feedback for the 2021-26 period to deliver an industry-leading program of customer engagement |
|--|--|
| Feedback from the Victorian Energy Consumer and User Alliance (VECUA) was that Jemena needed to involve customers more in our decision-making and provide more information to enable customers to challenge more effectively. | From the outset, we wanted to do more than just involve customers in the development of our 2021-26 Plan. We aimed to use their long-term needs as the foundation of our proposal and, to do that, we needed to collaborate. This meant embarking on a journey to inform customers on issues and their impacts, for them to make informed challenges and recommendations. |
| The Ethnic Communities’ Council of Victoria (ECC) felt that all Victorian distribution businesses should engage more with culturally and linguistically diverse (CALD) customers. | CALD customers were proportionately represented in our engagement sessions. We were also able to engage with the Arabic speaking women’s group of East Coburg, a session that, with the help of a translator, we ran entirely in Arabic. |
| The Consumer Challenge Panel 3 (CCP3) raised general concerns that the selection of attendees and the information provided to customers by DNSPs during workshops, were potentially open to bias. | Mindful of the feedback from the CCP3, we sought to hear views from a wide range of customers. As well as local councils, retailers and a selection of large and small business customers, we engaged with a statistically representative sample of our residential customer base and exposed them to the views of independent experts—even when they differed from our own. |
| The AER observed that although Jemena engaged with our Customer Council to revise our proposal for the current period, we did not return to our customers to gather feedback on the changes we had made. | Throughout our engagement process, we aimed to collaborate with our customers to develop a proposal that met their needs from the network. When we embarked on the process, we committed to returning to customers in March 2019, to show how their recommendations had helped form our plans. In this document, we will outline how we returned to our customers and the feedback they provided us. |

2. Everything revolves around the customer

There are plenty of regulatory requirements and guidelines that mean we need to engage with our customers. But that's not why we do it. We don't just see ourselves as a regulated essential service—rather, we are a customer-centric business, and our role is to deliver electricity when our customers need it.

We are constantly adapting to meet the shifting expectations of customers and, as a result, our business has changed significantly since our last proposal. Our leadership has created a vision that prioritises customer value by identifying and understanding our customers' needs. To that end, customer focus is our third value and sits at the heart of our organisation's culture.

Figure 2–1: Jemena's values



Health and Safety

We care; we are successful when we identify risks and seek out healthier and safer ways to work, encourage questioning and entertain doubt, care for the physical and mental wellbeing of our people and ensure health and safety is considered appropriately in our decision making.

Teamwork

We act as one team; we are successful when we value diversity and treat all people with dignity and respect, individually understand how the business works and the role that we play, work together to achieve better outcomes, ensure decisions are based on what is best for the whole business and are willing to sacrifice our own goals for the benefit of Jemena.

Customer Focus

We consider our customers in everything we do; we are successful when we seek opportunities to engage with our customers, hear, listen & think to understand what our customers want, deliver exceptional customer service in and beyond our work areas, evaluate decisions in terms of the impact on our customers.

Excellence

What we do, we do well; we are successful when we are committed to benchmarking ourselves against the world's best and set our standards accordingly, have an open mind to change, will look for better, simpler and a consistent way of operating, learn from our successes as well as failures and take active steps to improve performance.

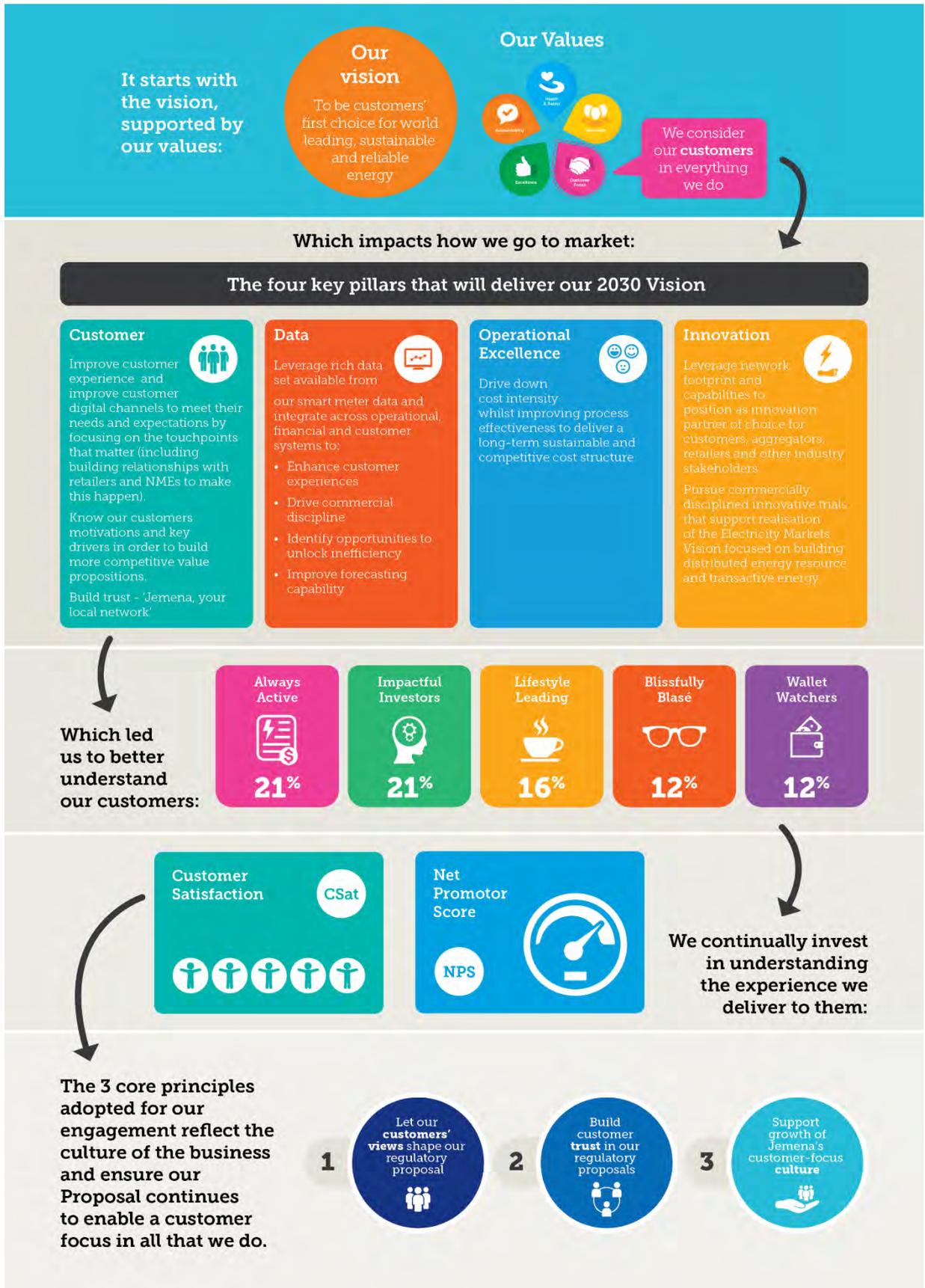
Accountability

We do what we say we will do; we are successful when we do what we say we will do to meet deadlines and honour our commitments, encourage honest constructive discussions and are willing to learn from mistakes, are clear on roles and responsibilities and ensure our goals are SMART and we exercise appropriate initiative and judgment.

Preparing our regulatory proposal represented an opportunity for us to show just how much value we placed on our customers' views. We wanted to show that customer focus ran through Jemena's DNA.

From the beginning, we set out to deliver something the industry hadn't seen before. We weren't looking to develop our plans independently and then show them to a selected group of customers—what we wanted was to really understand our customers' needs and then use them as a basis to develop a plan for the next five years.

Figure 2–2: Our Customer Story



2.1 The Energy Charter

Jemena is one of the 22 organisations in Australia that have signed up to the Energy Charter. Its purpose is to progress the culture and solutions required to deliver a more affordable, sustainable and reliable energy system for all Australians. It seeks to align the whole energy supply chain behind a common purpose of putting customers at the forefront and fostering collective accountability for better customer outcomes.¹

Adopting the Energy Charter is voluntary. The fact that Jemena has chosen to participate is further evidence of our commitment to customers. In signing up, we have agreed to publicly account for our performance against the principles of the Energy Charter and to be assessed and evaluated by an independent panel.

Figure 2–3: The principles of the energy charter



We believe that our Proposal is closely aligned with the Energy Charter Principles:

- **Principle 1** – our Proposal is strongly centred on customer engagement and is supported by our customers
- **Principle 2** – our Proposal delivers reductions in network prices
- **Principle 3** – our costs are prudent and efficient, and seek that required to maintain the safety and reliability of our network

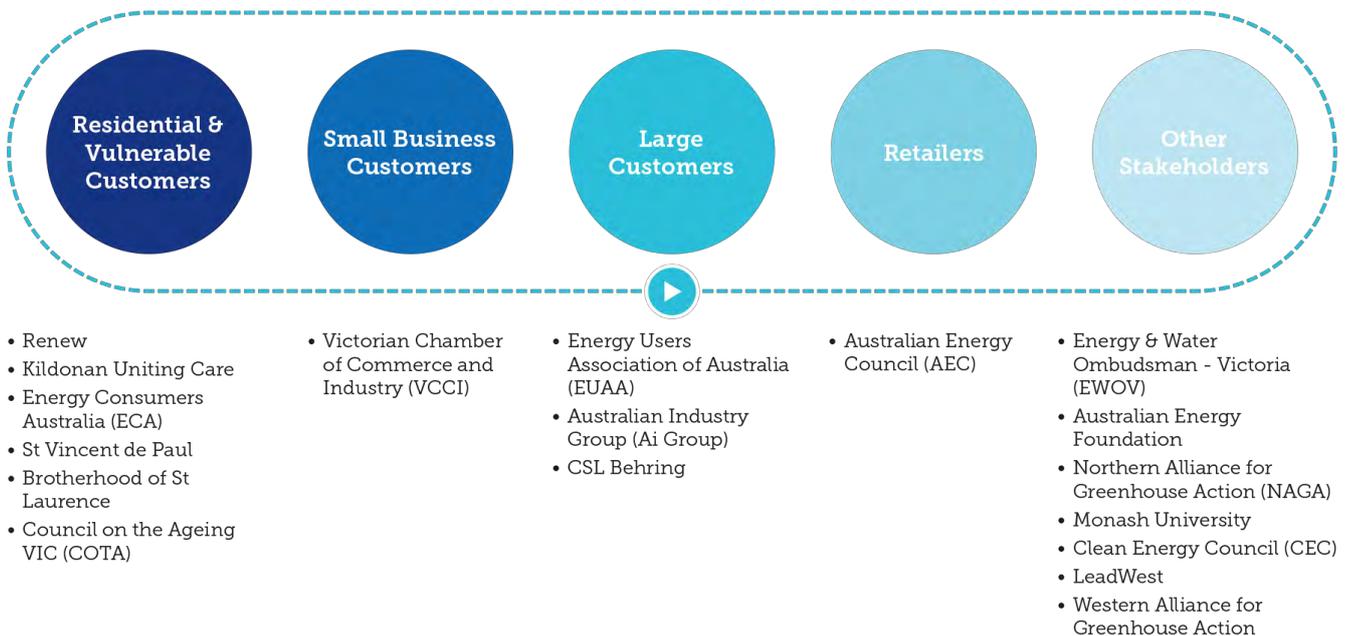
¹ <https://www.theenergycharter.com.au/publications>

- **Principle 4** – our IT capital program will allow us to keep up with evolving customer expectations in how they interact with us and the information we can provide
- **Principle 5** – consistent with the feedback we received from our People’s Panel—that we should support the vulnerable in our community—we will support initiatives that improve greater energy literacy to those who need it the most.

2.2 Our Customer Council

Our Customer Council has been in place since November 2011. It has enabled us to build strong relationships with industry stakeholders, key customers and customer advocates, and provides an ongoing source of ‘voice of the customer’ that we can feedback into our business.

Figure 2–4: Jemena's Customer Council



As we developed and ran our engagement plan, we met with the Customer Council to seek advice and input on both the structure and content of our approach. The members’ contribution included attendance at two sessions in May 2018 as part of our planning for the People’s Panel—which we expand on in the next few sections—in May 2018, and three members also attended our residential customer engagement sessions in July & August 2018.

We also held individual and small group meetings with our Customer Council members to hear their views and seek expert advice on specific topics related to our Draft Plan 2021-26. In March 2019, we returned to our Customer Council to obtain its views on our draft plan. How we did this—and the feedback we received—is outlined later in the document.

2.3 Ongoing customer engagement

On very hot days, households can use three times more power than usual. This can place home energy bills—and the local electricity grid—under pressure. Our Power Changers community connections program offers handy energy saving and efficiency advice for local communities, helping them save on bills while staying cool over the summer.

Between December 2017 and March 2018, more than 600 customers in our network area registered for a demand response trial, which provided incentives to energy users to reduce their electricity consumption during peak times on scorching days. This trial was innovative and technology-led, to enable customers to cut their bills, reduce energy and ease demand on the grid.

As part of the Power Changers program, we also had the opportunity to engage with the Arabic community. Once a month, on Tuesdays, the Arabic speaking women's group of East Coburg Neighbourhood House meet for a meal and to learn more about their neighbourhood. We were delighted to be invited to talk to them about energy and tips on how to save money over summer. With the help of a translator, we ran the entire session in Arabic. It was a great opportunity to hear their thoughts and views, and also to demonstrate our support for **CALD** communities.

Figure 2–5: Running an entire session in Arabic



3. Planning our approach to engagement

A 2017 report by Energy Consumers Australia cited that only 21 per cent of consumers believed the energy industry was working in their long-term interests². We saw the process of engaging with customers as something inherent to our culture as an organisation, and also an opportunity to do our bit to improve customers' perceptions of our industry.

The same report concluded that customers wanted to engage with the energy industry but lacked confidence in the existing mechanism. It was therefore clear to us that, despite our engagement process for the current period being well received, we needed to find a new, even more, effective way to engage about the next.

3.1 Objectives

We set ourselves three objectives to achieve in our customer engagement journey:

Figure 3–1: Our customer engagement objectives



We challenged ourselves to improve on previous engagement activities we had undertaken. Our company values of excellence and customer focus also meant it was important to us that the engagement process was industry-leading. At the core was a desire not just to engage, but to understand. In order to let our customers' views shape our regulatory proposal, we knew we had to focus on collaboration.

We also wanted to build the feedback we had received from the AER and customer advocates on our 2016-20 Proposal, into our engagement plan. That meant we would need to:

- share information with customers to elicit informed opinions and enable them to challenge our views
- ensure we sought views from a representative selection of our community, including those who were culturally and linguistically diverse
- expose our customers to independent experts and let them hear a range of views, even if they were at odds with our own
- return to the same customers once we had developed our plan, to show how their views had shaped our proposal.

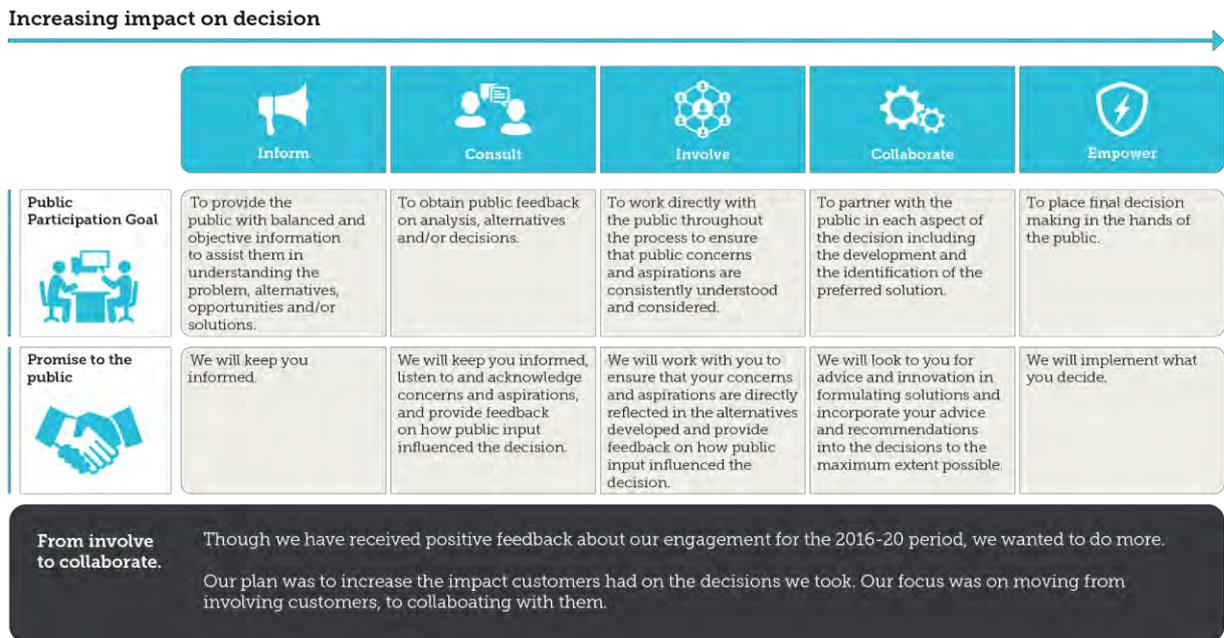
3.2 A framework for engagement

In devising our engagement plan, we were guided by the work the AER had done in developing its Consumer Engagement Guideline for Network Service Providers³. We sought out examples of best practice and identified the International Association of Public Participation (IAP) Spectrum of Public Participation (IAP2)—which itself underpins the AER guidelines—as a leading-edge framework.

² ECA Report, 2017

³ Explanatory Statement: Consumer Engagement Guideline for Network Service Providers, November 2013

Figure 3–2: The IAP2 Framework



We used this framework, and the following seven values which support it,⁴ to devise our approach.

- Based on the belief that those who are affected by a decision have a right to be involved in the decision-making process.** The size of our network makes engaging with everyone impractical but, as you will read later in the document, we were able to consult with a statistically representative cross-section of our residential customers, small and large business customers, local councils and retailers. In every discussion, we made it clear that we sought views from all those who would be impacted by our draft plan, and would use their recommendations to form our proposal.
- Includes the promise that the public’s contribution will influence the decision.** To engage effectively with our residential customers, we formed a People’s Panel, which we will elaborate on in section 4. Fundamental to this approach was that we committed to taking their recommendations to our Board for consideration. Not only did we promise—and deliver—this, the Board accepted every single one of our residential customers’ recommendations.
- Promotes sustainable decisions by recognising and communicating the needs and interests of all participants, including decision-makers.** We designed our process to be deliberative—a method of engagement in which participants take multiple points of view into account and discuss issues and options, before forming their own view. As the final decision maker, we were heavily involved in the discussions and used what we heard to form the basis of our proposal.
- Seeks out and facilitates the involvement of those potentially affected by, or interested in, a decision.** We targeted specific groups of customers in order to gain the thoughts of a representative section of the community. We facilitated their involvement by tailoring our approach. We compensated residential customers for participating, allowed busy small business owners to complete surveys, engaged one-to-one with large businesses and retailers, and held focus groups with local councils.
- Seeks input from participants in designing how they participate.** As you will read, back in 2017—before we even began talking about issues—we asked a wide range of customers what they felt was the best way to engage with them. We knew that this information would be invaluable in securing the views we needed, and it helped us to tailor the right approach to the right customer groups.
- Provides participants with the information they need to participate in a meaningful way.** To help our customers come to terms with the complexities of the energy industry and the issues we face, we recruited external speakers from across the industry to share their views. We also gave information to everyone to enable independent decision making. One of the more innovative solutions we devised was to show

⁴ <https://www.iap2.org.au/About-Us/About-IAP2-Australasia-/Core-Values>

customers the monetary impact on their bill under different scenarios, so they could see—first hand—the impact of the choices they were making.

- Communicates to participants how their input affected the decision.** After engaging with our customers, developing—and then publishing—our draft plan, we went back to them in March 2019 to get their feedback on what we had proposed. Later on in this document, we outline the topics discussed and the feedback we were given.

JEN LEADS THE WAY WITH AWARD-WINNING CUSTOMER ENGAGEMENT

In 2019, JEN was recognised as a leader amongst its peers for customer engagement receiving the peak industry award from the Energy Networks Australia / Energy Consumers Association.

The International Association of Public Practitioners (Australasia) has also recognised JEN for its customer engagement capabilities, shortlisting the People’s Panel program for an award in the ‘planning’ category.

3.3 Planning

Our planning phase was about learning the best way to engage with our customers. Within our network area, we have three main groups of customers:

Figure 3–3: Jemena’s three main customer groups

| Market Type | Revenue | Market Size | Consumption |
|---|------------|--------------|--------------|
| Electricity residential customers • Use less than 0.4GWh per year • 95% currently charged at a flat rate (c/kWh) | 45% | 91.7% | 31.5% |
| Electricity small to medium business customers Use less than 0.4 GWh per year and pay higher standing charges | 23% | 7.9% | 16.9% |
| Electricity commercial and industrial customers Use more than 0.4 GWh per year and pay higher standing charges | 33% | 0.4% | 51.7% |

In our day-to-day operations, we segment these customers further and, although they represent a wide spectrum of attitudes to electricity usage, we felt that they were too generic to use in our approach to engagement. What we wanted was something more individual, in which we were able to capture a much fuller range of views.

We knew that all customer types would have different needs from the network. They would have preferred ways of engaging with us and different levels of knowledge of both us as an organisation and the electricity market as a whole. For example, because they have regular meetings with a Jemena account manager, large businesses are very much aware of our role and very clear in their requirements. Small businesses, on the other hand, are

notoriously time-poor and therefore difficult to engage with effectively, and many residential customers would need support and access to information to provide meaningful input.

In addition, we needed to listen to retailers and local councils and understand how we could best serve them over the next regulatory period.

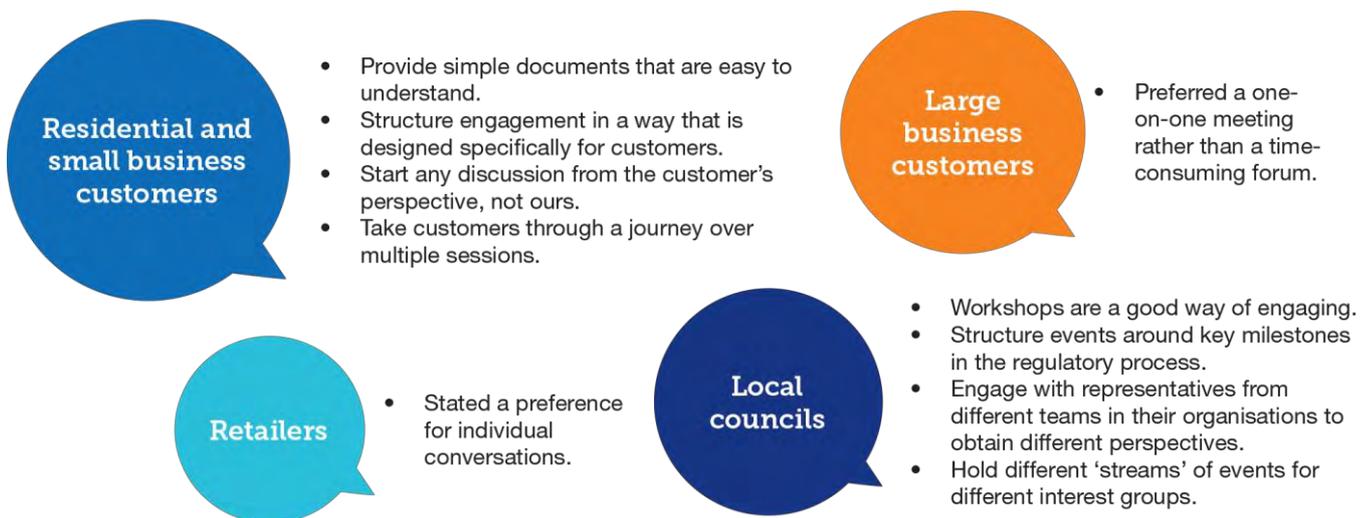
3.3.1 Two key questions

In November 2017, more than 18 months ahead of the deadline for submission of our regulatory proposal—and in line with the 5th IAP2 value of seeking input from participants in the design phase⁵—we ran a series of 13 focus groups for residential and business customers, and spoke to local councils and retailers. This was designed purely as an opportunity to understand how we could make our engagement process as effective as possible. We then used this information to tailor our approach to engagement to suit each type of customer. We asked two key questions:

3.3.1.1 How do you want us to engage with you?

This was our first question. The answers to this would help us to find the right method of engagement for each customer group.

Figure 3–4: How our customers wanted to be engaged



3.3.1.2 What topics are important to you?

This was our second question. The answers would go on to form topics we would explore further during our engagement sessions. Broadly speaking, the feedback from customers was in line with the energy trilemma of affordability, sustainability and reliability.

Figure 3–5: The topics that concerned our customers most



⁵ <https://www.iap2.org.au/About-Us/About-IAP2-Australasia-/Core-Values>

4. Let's talk

4.1 Residential customers

Our initial focus groups confirmed that we faced a real challenge to engage effectively with what was—by far—our largest volume of customers. But we were serious about engaging with them—a focus on customers has been ingrained in our DNA. We needed to find a way to make it happen.

We had set ourselves the goal of building trust in our regulatory proposal. We knew from the discussions we had already undertaken that the level of trust was low—something later corroborated by a 2018 Australian Energy Market Commission (**AEMC**) report that showed trust in the energy sector had fallen to just 39 per cent.⁶

We drew on the IAP2 Framework for guidance. From its supporting values, we knew we needed to:

- present customers with unbiased information when outlining initiatives we proposed to consider
- review the materials and information we shared to ensure they were easy to understand
- expose customers to the full range of opinions on a subject, rather than just Jemena's perspective
- provide customers with the expected impact of their preferences on price and service outcomes in the short and long term.

In addition, to demonstrate our desire to put customers at the heart of everything we do, we wanted to open our community engagement events to senior staff from across all functional groups within the company. This would allow customer views to be more broadly understood and dispersed across the business, rather than have them concentrated solely within the team developing our regulatory proposal.

We also wanted to meet the IAP2 value of allowing anyone who is impacted by a decision to have their say, and so we needed to find a way to reach more of the community. We set up a website yourgrid.jemena.com.au and shared the same topics and questions with the broader community. Having sought feedback from other businesses who had tried this approach in the past, and learnt that they got very few customers visiting their website, we decided to run Facebook campaigns to let as many people as we could reach know they had an opportunity to have their say.

4.1.1 Developing an approach

It was clear that we needed to refine our approach to really unlock the benefits of collaborating with this group. The feedback we had received confirmed our view that standard engagement processes tend to struggle to reach a broad section of the community, and time pressures lead to a lack of commitment to learning about the subject. Through these early conversations, we also identified several other specific challenges that we would need to overcome:

- most customers were unaware of Jemena and its role in transporting energy to their homes, businesses or places of work
- the issues we wanted to explore with customers were complex and whoever we engaged with would need to understand both the impact on themselves as an individual and the impact on the wider community
- our distribution area is more culturally diverse and has more pockets of low socio-economic disadvantage than the Melbourne average
- decisions that we make have long term and wide-ranging impacts on the whole community.

⁶ <https://www.aemc.gov.au/news-centre/media-releases/aemc-wants-energy-retailers-win-consumers-trust>

It was important to us that we achieved our objectives around engagement. In order to do so, we recognised we needed a partner who knew how to engage community groups in complex topics, someone who would challenge us to deliver the right structure and resources to facilitate this collaboration.

Because they were a values-driven organisation, dedicated to giving all community members a voice; had contacts amongst our community, and aligned closely with our values, we engaged Capire Consulting Group (Capire) to help us. They had extensive experience in delivering community consultation events—including within our own network area—and kept us to our promise to speak to customers on their own terms, and in their own language.

We asked Capire to help us find a different approach to engagement that would overcome these challenges and take us and our customers on a journey to arrive at solutions that were right for both of us. They recommended that we conduct a deliberative process called a People's Panel. This approach involved creating a mini-public—a representative sample of our community—building their knowledge over a series of sessions and then participating in in-depth discussions with them about the future of electricity distribution and pricing.

This type of model—also known as a Citizens' Jury—has proved to be successful in Australia and around the world because of its capacity to deliver outcomes that are trusted by the broader community. More than 1,100 case studies have shown that this kind of format delivers stronger public engagement and higher quality decisions⁷. It is a best-practice engagement approach that sits in the 'collaborate' level of public engagement on the IAP2 Public Participation Spectrum⁸, from which the AER guidelines for consumer engagement were drawn.

As it was a deliberative process, the final design of our People's Panel was underpinned by four key elements that enable a group of everyday citizens to develop and agree on a robust set of recommendations. They are:

- Access to information and explanations about issues, including a commitment to answering all questions asked
- Opportunities to hear from independent experts, and to listen to a range of opinions, even if they differ from the organisation's view
- Hearing different experiences and views from other members of the Panel
- Adequate time and resources to consider and discuss issues prior to making decisions.

In addition, several other elements that were informed by best-practice research and specialist consultant experience and knowledge were included:

- Engagement activities in the sessions were designed to provide participants with a range of experiences, learning and deliberative opportunities
- Participants were provided with the opportunity to visit sites within our network area to gain greater context about the electricity distribution process
- The development of a costing model so that participants would be able to see the cost implications of decisions and recommendations that they made
- Sessions were designed to be flexible to accommodate the different needs of the participants, including the length, size and style of activities.

The sessions were designed to be iterative and to build on the information presented—and decisions made—at previous sessions.

To ensure all of our customers and stakeholders were able to contribute to our planning process, regardless of whether they were able to be a part of our face-to-face consultation or not, we set up an engagement website yourgrid.jemena.com.au. This site attracted 7,400 visitors, many of whom were made aware of their opportunity

⁷ <https://www.newdemocracy.com.au/what-is-a-citizens-jury/>

⁸ <https://www.iap2.org.au/About-Us/About-IAP2-Australasia-/Spectrum>

to contribute through a series of social media awareness campaigns—using Facebook and LinkedIn—we undertook throughout the engagement process.

4.1.2 A People's Panel

This approach to deliberative engagement ticked many boxes for us. Not only was it industry-leading, but it also built on the positive engagement we had conducted during the development of our proposal for the current period, and addressed all of the feedback we had received:

Table 4–1: Feedback shaping our customer engagement

| Response to Draft Plan 2021-2026 | Our response |
|--|---|
| Mass-market customers had told us that we needed to help build their capacity to engage by taking them on a journey over multiple sessions and provide simple, easy to understand documents. | We embraced this feedback and took our customers on a journey during which we found innovative ways to inform them on the issues, including site visits and even the opportunity to drive electric cars. We also made significant efforts to ensure that all participants understood the information presented by Jemena and guest speakers. Panel members had the opportunity to ask questions throughout the process. |
| The VECUA had told us that we needed to involve customers more in our decision-making and enable them to challenge us more effectively by providing more detailed information. | This was central to the design of our People's Panel. At the beginning of the process, we made it clear that, as a collective, the Panel would be making recommendations which would be submitted to Jemena's Board for consideration. The Panel voted to submit 25 in total and, after evaluating them, Jemena's Board agreed to adopt every single one. |
| The open and transparent nature would help us to build trust and awareness of Jemena amongst the community | We made a commitment to answer every question that was raised, and also developed a model—using the members' own data—that showed the impacts of choices and decisions that were made. We conducted pre-and-post Panel surveys and were able to demonstrate that the process itself led to a significant improvement in the trust that Panel members placed in Jemena. |
| In line with the feedback from the ECC, our program would include engagement with CALD customers. | The People's Panel members were selected to closely match the demographic characteristics of our distribution area. Forty-seven per cent of the members were born overseas, and 21 per cent spoke a language other than English at home. One member of our Panel had an interpreter throughout the program. |
| The CCP3 had raised concerns in general that the selection of attendees and the information provided to customers by DNSPs during workshops were potentially open to bias. | The way the People's Panel was recruited and selected—and the information provided to its members—was extremely transparent and reflected our desire to hear views from our entire community. Throughout the process, we exposed customers to alternate views from independent experts, even when they were at odds with our own. |

Our initial People's Panel was to run over six sessions in mid-2018 and also include two site visits. This process would enable us to build the capacity of a sample of our community so they could confidently participate in in-depth discussions about the future of electricity distribution and pricing.

4.1.3 Recruiting for the People's Panel

Core to the concept was creating a Panel that represented the diversity of experiences, values and voices within our community.

The panel members were selected to closely match the demographic characteristics of our distribution area. Using 2016 ABS Census Data, we were able to estimate that the population of our distribution area was approximately 1.1 million. In order to achieve a statistically valid sample of our population—with a 95 per cent probability and a 15 per cent margin of error⁹—we needed to recruit a Panel of 43 people.

Using the same data, we then set targets for each characteristic such as age, suburb, place of birth and homeownership. For example, if 20 per cent of the population came from a particular suburb, then 20 per cent of the 43-panel members should also emanate from that suburb. While the target size of the panel was 43, we chose to recruit 48 people to allow for any drop-offs in the lead up to, and during, the sessions.

Figure 4–1: The People's Panel discuss the future of energy



⁹ <https://www.research-advisors.com/tools/SampleSize.htm>

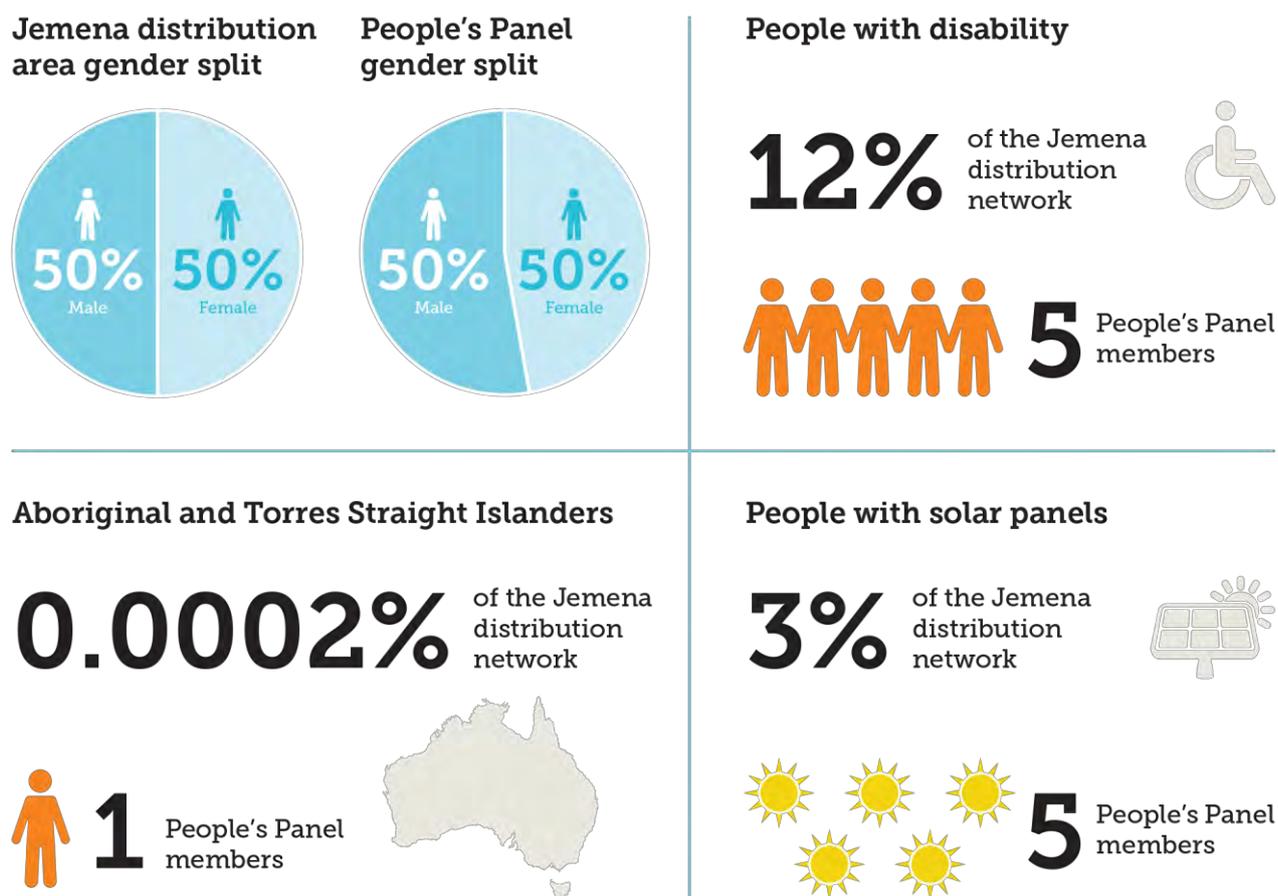
Table 4–2: The demographics of our network area and our target for recruitment

| Category | Measure | Population profile | Participant target |
|---------------------------|--|--------------------|--------------------|
| Gender | Male | 50% | 24 |
| | Female | 50% | 24 |
| Age | 0-14 years | N/A | N/A |
| | 15-19 years | 6.70% | 3 |
| | 20-29 years | 18.30% | 9 |
| | 30-39 years | 19% | 9 |
| | 40-49 years | 17.80% | 9 |
| | 50-59 years | 14.50% | 7 |
| | 60-69 years | 10.80% | 5 |
| | 70-79 years | 6.40% | 3 |
| | 80 years and over | 2.50% | 1 |
| Location | North west | 6% | 3 |
| | Inner west | 32% | 15 |
| | Inner east | 11% | 5 |
| | North | 13% | 6 |
| | Sunbury and surrounds | 6% | 2 |
| | Broadmeadows and surrounds | 5% | 3 |
| | Airport and surrounds | 3% | 2 |
| | Inner north | 24% | 12 |
| Cultural diversity | Born in Australia | 79% | 38 |
| | Born overseas | 21% | 10 |
| | Speak English at home | 77% | 37 |
| | Speak language other than English at home | 23% | 11 |
| Housing type | House own outright | 27% | 13 |
| | Owned with mortgage | 28% | 13 |
| | Rented | 24% | 12 |
| | <i>Other (census data: not stated, not applicable)</i> | 21% | 10 |
| | Aboriginal or Torres Strait Islander | 0.00% | 0 |
| | People with a disability | 12% | 6 |
| | People with solar panels | 13% | 5 |

To ensure there was no bias in the selection of the Panel, any Jemena customer was able to nominate themselves to be part of the process. To reach as many customers as possible, we recruited using social media, newspaper advertisements, email and random letterbox distribution to homes across the network. In total, 190 people put their names forward and, from that group, 48 were selected to join the Panel.

These members were selected to represent the demographic profile within our distribution area, but the final sample is not necessarily a statistically accurate reflection of the whole population due to people dropping out or a lack of registrations for some categories. The Panel did, however, deliver a strong cross-section of views across the Jemena area.

Figure 4–2: Make-up of the People's Panel



4.1.4 The journey

The aim of the Panel was to create a clear set of recommendations that would guide our plans for the next regulatory period. The topics discussed were closely related to the main dilemmas and choices that we needed to make in developing our proposal for the next regulatory period, and also included the subjects customers had told us they wanted to discuss during our initial consultation in 2017. The two were closely related.

We wanted our Panel to have the opportunity to hear opinions from independent experts, even if they differed from ours. To support this, we invited a range of industry players, community advocates and consultants to speak. Their expertise and independence enabled the participants to gain deep insights into the industry and develop a trust in the genuinely open nature of the process. Notable presenters included representatives from Tesla, Simply Energy, Energy Networks Australia and Power Ledger, among others. And to reflect the collective efforts of Victorian distribution business on tariff reform, our session on network tariffs was attended by representatives from Ausnet Services, Powercor, Citipower and United Energy.¹⁰

¹⁰ See Attachment 08-02.

In order to provide customers with the level of information they needed to be able to contribute to and challenge us, we provided a wide range of resources, including:

- Presentations from our own technical experts
- Presentations and discussions with external parties including energy retailers, the AER, customer advocacy groups and other energy distributors
- Site visits to an electricity control room and a distribution room sub-station
- The opportunity to sit in and inspect electric vehicles
- Written material and homework to complement presentations
- Modelling the price implications over time for all options presented and cumulative price changes for all recommendations
- Personal bill impacts for each People's Panel member under different electricity pricing structures, using their own smart meter data.

Figure 4–3: Panel members visit the control room



There were five panel sessions and one voluntary preliminary session in 2018 where the process—and the reasons for it—were explained. Seventy per cent of participants attended this optional first meeting, which we took as a sign of their enthusiasm and engagement in the process.

At the end of most sessions, the members of the People's Panel were asked to vote on options and suggestions, and these were revisited during the final day when the Panel voted on which of them would be presented as recommendations.

Participants were involved in a variety of individual, small and large group activities. They received information by way of presentations and guest speeches, and through written and visual material online. Feedback was collected in a range of ways, including personal written responses, visual mapping, voting with stickers and table-host notes.

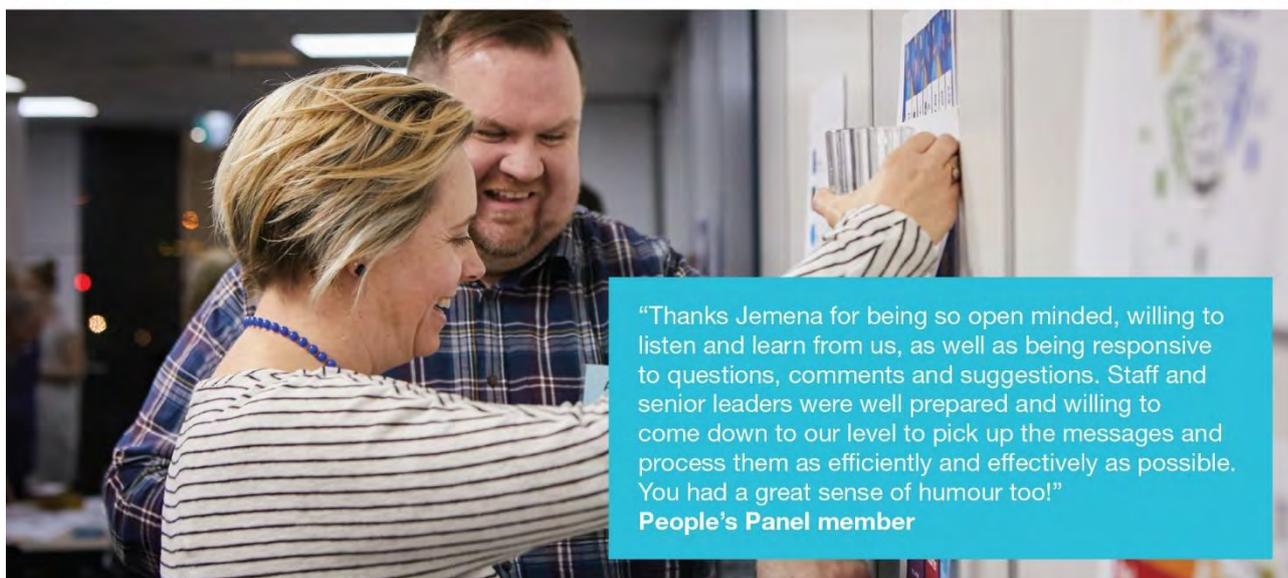
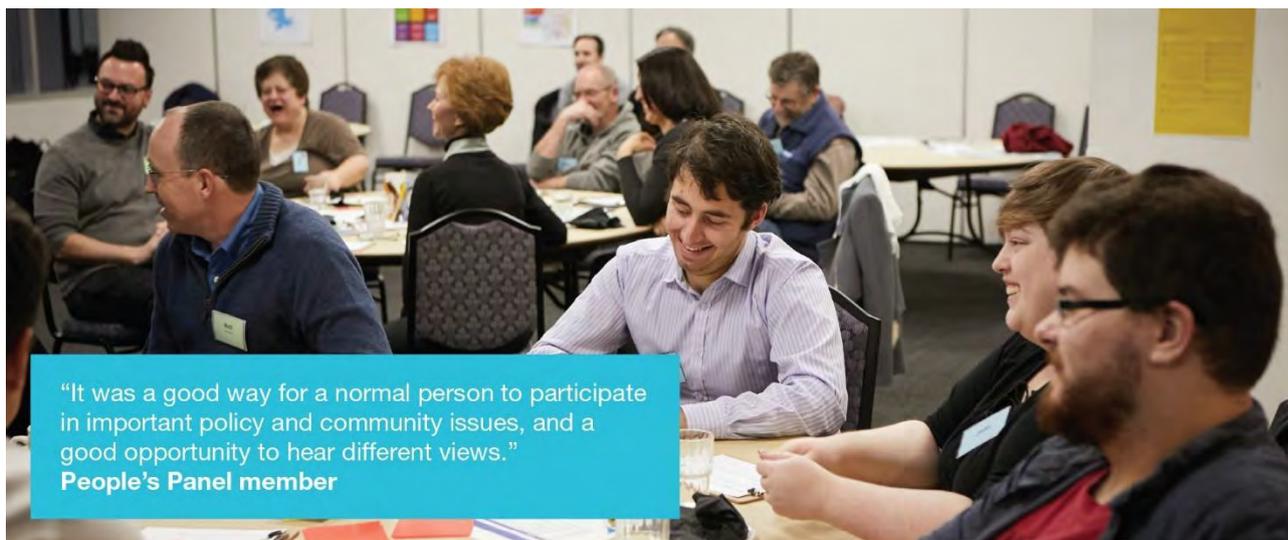
We found the participants in our People's Panel were thirsty for information and eager to participate. They didn't hold back, either. In the first session alone, they asked 40 questions; 90 in total. The complexity and maturity of the questions—right from the beginning—energised us. We knew straight away that we had an engaged audience who would challenge us. By the end of the final session, we had answered all the questions.

Figure 4-4: The Panel represented the diversity of our customers



The panel process delivered us much more than we initially expected. Customers voted, and we were presented with a set of recommendations but, even more than that, we obtained deep insights into how customers feel, their values, and what drives their decisions.

Figure 4–5: The People's Panel - highly engaged and enthused



There were significant benefits to our people and culture, as well. Members of our team from disciplines as diverse as customer service and engineering, support staff to Board members and our Executive Leadership team, participated in the process. This allowed us to share the outcomes and views from customers more broadly across the organisation, and for our staff to feel a sense of ownership of the outcomes which they can apply to their day-to-day work. This has complemented our ongoing customer engagement programs that we have and continue to develop.

Figure 4–6: The objectives of each Panel session

| | |
|---|---|
| Session 1 | Saturday, 21st July |
| Objectives: | |
| <ol style="list-style-type: none"> 1. To understand member behaviours, concerns, ideas and attitudes 2. To understand levels of energy literacy and opportunities to improve it 3. To understand customer service expectations, experience and sentiment | |
| Session 2 | Thursday, 26th July |
| Objectives: | |
| <ol style="list-style-type: none"> 1. To build a shared understanding of the changing energy environment and future energy distribution options 2. To identify customer interest and concerns about future energy options | |
| Session 3 | Thursday, 2nd August |
| Objectives: | |
| <ol style="list-style-type: none"> 1. To explore notions of energy fairness and identify opportunities to increase fairness amongst customers 2. To review and poll on future energy investment | |
| Session 4 | Thursday, 9th August |
| Objectives: | |
| <ol style="list-style-type: none"> 1. To explore reliability and choose from a series of options for Jemena to consider in the submission 2. To introduce pricing structures and potential options | |
| Session 5 | Saturday, 18th August |
| Objectives: | |
| <ol style="list-style-type: none"> 1. To determine customers' preferred pricing structures and how to implement them 2. To report back on deliberations so far and finalise recommendations 3. To create a vision to guide how Jemena will work with the community | |

4.1.5 Recommendations

In the final session, we presented the participants with the 27 draft recommendations they had created, for them to consider. These came from activities they had previously undertaken, voted on, or suggested during previous sessions. The Panel agreed that 25 of the recommendations should be put forward to Jemena for consideration. Of these, 22 received a super majority—where they were supported by at least 75 per cent of the Panel. The level of support gave us confidence that adopting the recommendations would represent the long-term interests of all our customers.

There were two types of recommendation:

- Recommendations on topics presented by us that needed to be included in our regulatory proposal, and
- Recommendations that were suggested by the People's Panel to improve customer experience and address issues, such as carbon emissions.

Figure 4–7: Recommendations on topics presented by us that needed to be included in our regulatory proposal

| RECOMMENDATIONS TO IMPLEMENT | | Jemena should... | |
|------------------------------|---|--|--|
| 1 |  | <p>Improve the information available to customers and the ease of access to smart meter data. This should be through:</p> <ul style="list-style-type: none"> a. Improving Jemena's portal b. Adding additional services such as apps for smart phones. | |
| 2 |  | <p>Increase investment into energy literacy and awareness in the community by \$330,000 per annum (35c per customer per year).</p> | |
| 3 |  | <p>Investigate how customers could be provided with personal usage and bill information for different pricing structures.</p> | |
| 4 |  | <p>Enable increased feed-in of solar (and other renewables) into the grid, by improving the performance of the grid through new technologies.</p> | |
| 5 |  | <p>Improve their channels of customer service by increasing their services to include mobile apps and using simpler processes.</p> | |
| 6 |  | <p>Invest in smart technology across the grid to ensure network equipment is not upgraded too early.</p> | |
| 7 |  | <p>Maintain the number of outages as they are today – on average each customer experiences four outages every four years.</p> | |
| 8 |  | <p>Maintain the length of outages as they are today – on average 51 minutes per outage.</p> | |
| 9 |  | <p>Send SMS messages to all customers for unplanned outages. The message should include an estimation of how long it will take to fix the outage.</p> | |
| 10 |  | <p>Provide email or letter notifications about all planned outages. This should include accurate details of how long the outage will be and suggestions for how to manage the time without electricity.</p> | |
| 11 |  | <p>Work with retailers to create an opt-out process for notifications, so all customers can receive notifications via their mobile unless they choose not to.</p> | |
| 12 |  | <p>Note that the Panel believes that the Monthly Maximum demand pricing structure is the best for customers, so long as customers can opt out</p> | |
| 13 |  | <p>Note the Panel's recommendation that Jemena continue to explore using rebates to encourage customers to respond during times of need (for example hot days)</p> | |

Figure 4–8: Recommendations suggested to improve customer experience and address issues

| | | |
|---|---|--|
| <p>RECOMMENDATIONS FOR JEMENA TO ADVOCATE</p> | <p>14</p>  <p>Increased docking stations for Electric Vehicles across Jemena's network.</p> | <p>15</p>  <p>Jemena will advocate for an impartial and technically accurate source of information for people who are considering installing solar. The information would include:</p> |
| <p>16</p>  <p>New technologies that make the grid less carbon intensive such as renewable energy storage, efficient technologies and new housing development that enable efficient technologies.</p> | <p>17</p>  <p>Clearer information and engagement with customers about energy options so people know what is the best option for them, and whether it is worth investing in different technologies.</p> | <p>a. What capacity can people legally have installed</p> <p>b. What are the tariffs available for solar customers, and how they impact bills</p> <p>c. What are the returns with the current feed-in tariffs</p> <p>d. How do you best manage appliance use during the day to maximise energy generated from the panels</p> |
| <p>18</p>  <p>Support for vulnerable customers who may get left behind because they cannot take part in new technologies.</p> | <p>19</p>  <p>Government-supported energy literacy programs and educating customers about retailer deals.</p> | <p>20</p>  <p>A bipartisan plan that responds to the energy crisis.</p> |
| <p>21</p>  <p>Provide bills in other languages.</p> | <p>22</p>  <p>Provide education resources about different supply and usage charges, and how charges are broken down.</p> | <p>23</p>  <p>Investigate pre-paid or bundled plans to eliminate bill shock or difficulty planning.</p> |
| <p>24</p>  <p>Simplify pricing rates to ease competition and consumer choice.</p> | <p>25</p>  <p>Encourage retailers to keep providing paper bills for customers who want it.</p> | |

These recommendations were then presented to the Chairman of the Board, Mr Qiantu Ruan and our Managing Director at the time, Mr Paul Adams, to take to our Board for consideration. After reviewing each for ease and cost of implementation, we have committed to adopting every single one.

In line with the first strategic goal for the engagement process, these recommendations have shaped our regulatory proposal.

Figure 4–9: The recommendations being handed to the Jemena Board



During this extensive program of customer engagement, we heard, loud and clear, that we needed to ready our network for increased feed-in of solar electricity and other renewable generation.

Concerned about affordability and reliability, our People's Panel recommended we invest in smart technology across the grid to ensure network equipment is not upgraded too early.

Over the long term, we will continue to embrace smart networks and the new and innovative technologies they bring. We also plan to leverage the infrastructure provided by the Advanced Metering Infrastructure (**AMI**) program to develop the kind of smart, robust and efficient network required to meet ever-changing customer needs.

'I learned so much and can share this information with family and friends, so they understand energy on a different level.'

People's Panel member

Figure 4–10: A variety of techniques were used to engage and involve customers



4.1.6 Returning to the people's panel

In line with the IAP2 core values—particularly, communicating with participants to show how their input affected the decision—our plan was always to return to the People's Panel once our draft plan was ready, to ensure that we had accurately reflected their views and recommendations.

Two sessions took place—on 14th and 23rd March 2019—and they were once again run by Capire. Of the original 43 members, 31 were able to take part in the two sessions. Of the 12 who did not attend, seven were not available, and five failed to respond. While the reconvened Panel still represented a diverse cross-section of our community and gave valuable input, the smaller sample size meant they could not be considered to be a representative sample of our customer base in the way that the original People's Panel was.

The purpose of the sessions was to:

- show the Panel how their recommendations had impacted our draft plan
- seek input into several final decisions
- create a submission on the draft plan from the Panel members.

In the first session, we talked the Panel through the ways in which we had actioned their recommendations in our draft plan, provided further information about other elements of the plan and the overall price trend, and built the Panel's awareness of the assumptions we

'It feels like a complete process now that we get to see the outcome of our time and contribution.'

People's Panel member

had used in our financial modelling. At the end of the session, we asked Panel members to indicate their preference for the delivery of the price reduction—whether they would prefer it implemented gradually over the five-year regulatory period, or would rather see a greater decrease in year one.

Figure 4–11: Staff and Board members consider customer questions



In the second session, we asked the Panel members to give feedback on:

- our proposal for a customer service incentive scheme
- options for implementing a time-of-use pricing structure
- how we should engage with customers moving forward.

At the end of the session, we asked the Panel to discuss, prepare and submit their formal submission to our draft plan. Their feedback is outlined later in this document.

4.1.7 Late development

Soon after the two People's Panel sessions in March 2019, a change in the regulatory year for Victorian Electricity Distribution businesses was announced by the Victorian government. This change invariably meant that our regulatory proposal would also have to change, but we weren't sure whether our customers' view would also change.

Having reviewed the People's Panel recommendations, we were confident that the positions put to us were reflective of long term objectives and that in all likelihood would not change because of the delay. However, we were not satisfied that we could confidently make this assumption, so we reconvened the Peoples' Panel on 24 July 2019 to ask the question "would your recommendations changes as a result of the delay in the regulatory year?"

After outlining the issues, the rationale for the change, and allowing the panel members time to deliberate on the question, we took a vote on the question. The result was unanimous; the Panel confirmed that their recommendations would not change.

A final report from Capire outlines the outcomes of this final panel session.

Figure 4–12: Checking the People's Panel recommendations



Table 4–3 summarises the documents that capture the feedback from our residential customers throughout the people's panel sessions and other residential customer feedback.

Table 4–3: Customer and stakeholder engagement attachments

| Attachment | Name | Author |
|------------|--|------------------|
| 02-01 | Our customer, stakeholder and community engagement (this document) | Jemena |
| 02-02 | Community consultation report (Nov 18) | Capire |
| 02-03 | Small business consultation report (Dec 18) | Capire |
| 02-04 | Reconvening the Jemena's people's panel (May 19) | Capire |
| 02-05 | People's panel price reset timing update (Jul 19) | Capire |
| 02-06 | Customer Council's Feedback on Jemena's 2021-25 Electricity Distribution Price Review (Mar 19) | Customer council |

4.2 Small business customers

4.2.1 Developing an approach

We knew from experience that small business customers were notoriously difficult to engage with. The range of hours and the importance of key personnel to the day-to-day running of the business makes workshops and initiatives like our People's Panel ineffective with this group—we simply can't get enough attendees to make the exercise worthwhile. They are also not easily reached by promotional methods like advertising.

Our challenge, however, was to find a way. We had committed to letting customers' views shape our regulatory proposal, and that meant we had to understand what this group needed from the network.

Once more, we turned to Capire. With their help, we targeted 146 small businesses with a survey. During the week commencing 5th November, we visited businesses in person to explain and deliver it, and then returned a week later to collect the ones that had been completed. In total, 20 surveys were returned, and each of these businesses was rewarded for their time with a \$25 EFTPOS voucher.

This represents a 14 per cent return rate and is consistent with the typical returns achieved when engaging through surveys.

4.2.2 What our small business customers told us

What our small business customers told us is summarised below.¹¹

4.2.2.1 Price

In our survey, we asked respondents to rank the cost of doing business. They placed electricity as the third-highest, behind mortgage/rent and salaries/wages. Most businesses said their electricity prices had increased, and this had impacted their profit margins—in some cases leading them to increase their own prices. These twenty businesses also ranked price as more important than reliability and safety.

Food services such as cafés and butchers said they struggled the most—competition in their industry was so fierce that they felt unable to raise prices in response to increased electricity costs. One business—a medical centre—had installed solar panels in an effort to try and reduce electricity prices.

4.2.2.2 Reliability

The businesses had experienced a range of outages over the last three years. Most had experienced 1-2 outages, while some couldn't recall any and others felt the number was higher. Most outages were for less than 40 minutes, but a quarter said that on at least one occasion they had been without power for longer than 60 minutes.

For many, an outage meant they were not able to operate at all until the power came back on. In these situations, butchers had additional issues as they needed to be careful that goods did not become contaminated while the electricity was off. As a group, our small businesses ranked reducing the number of outages higher than reducing the number during business hours, or the length.

4.2.2.3 Future energy options

Only 7 of our 20 respondents said that they had considered future energy options for their business. Those who had said they had contemplated going off the grid and producing their energy. Some of them felt it would reduce costs and, for others, it was a more environmentally sustainable choice.

¹¹ See Attachment 02-03 - Jemena Small Business Survey Summary

When presented with a range of options, five businesses said they had—or would—consider peer sharing energy; something they felt was attractive because it would mean their business was contributing to the community. Three businesses said they would consider installing solar and batteries but would need more information.

4.2.2.4 Managing peak demand

All but one of the businesses was open during the 3 pm to 6 pm peak during the week, and of those, only three felt it was possible for them to reduce their demand in the peak period. The remainder said their electricity use was essential to their supply of goods and services. Eleven of the businesses were interested in having someone provide them with advice about reducing their peak demand.

4.2.2.5 Price paths

Predictability and stability were important when it came to price increases. Most businesses said they would prefer any price increases or decreases to occur equally over five years with the aim of achieving stable and predictable bills, rather than build up incrementally over the period.

4.2.2.6 Future engagement

Of the 20 respondents, due to time pressures, only eight said they would be interested in any future engagement. Those who said they would had mixed views, with half preferring a whole day session during the week and a half stating a preference for three weekday evening sessions.

4.3 Large business customers

We engaged with large business customers through a series of sessions with a small but representative number who had been identified by our Electricity Markets Team. These sessions coincided with our regular account management meetings, which was how these customers had requested to be engaged during our initial focus groups. Members of the Jemena Price Review team actively participated in these meetings to ensure the views of large business customers were taken into consideration during the development of our proposal.

While large businesses consume more than 50 per cent of the electricity that flows through our network, they make up less than 0.5 per cent of our customers. Their regular interactions with Jemena and the volume of electricity they consume mean that invariably these customers are extremely knowledgeable and very clear on what they need from the electricity network.

We had direct conversations with several customers in the following industries:

- Transport
- Data storage
- Property development
- Medical
- Food manufacturing.

During our discussions, we covered a range of topics:

- Pricing, billing and understanding energy
- Reliability and quality of supply

- Innovation, demand management and trials
- Future energy network.

These large customers communicated a range of different energy priorities that reflected the realities of their industries. We, therefore, segmented their feedback into three categories, based on the customer's main priorities:

Table 4–4: The main priorities of our large customers

| Category Name | Priorities | Description | Industries Represented |
|-----------------------|--|---|--|
| Price Watchers | Pricing & Data | <ul style="list-style-type: none"> • Customers who generally have tight operating/profit margins, where shifts in pricing can have an impact on business sustainability. • Customers were also interested in exploring a new pricing mechanism • Customers were interested in getting access to more energy usage data to help manage their energy costs. | Manufacturing, Real Estate Development |
| Reliability Champions | Reliability & Quality of Supply | <ul style="list-style-type: none"> • Customers for whom either reliability or power quality is critical to their operations. • These customers were nervous about the impact of Distributed Energy Resources (DER) uptake on reliability and quality. | Healthcare, Biopharmaceuticals, |
| Sustainable Growers | Future of Energy & Growth | <ul style="list-style-type: none"> • Customers are interested in exploring and monetising energy solutions through DER, Demand Response (DR), and the like. • Customers had a strong preference for 'green', sustainable and community-based solutions • Customers here were expecting to grow rapidly and were concerned about managing demand peaks. They expressed a desire to work with us to develop solutions. | Transport & Information Technology (IT) Infrastructure |

We then asked these customers for their views on several energy themes that would all have an impact on our proposal.

Figure 4–13: Jemena staff presenting to our large customers



Table 4–5: What our large customers told us about key themes

| Theme | What customers told us | Jemena response |
|----------------|--|--|
| Price | Energy costs need to be maintained at affordable levels. | Jemena will provide 'rolling demand' pricing to enable customers to manage energy costs effectively. |
| Reliability | Maintain current levels of reliability. | Jemena will: <ul style="list-style-type: none"> continue to plan, operate and maintain its electricity distribution network with the objective of maintaining the current levels of customer reliability; and continue to explore smarter and more innovative ways to deliver an improved customer experience, while minimising the impact on costs. |
| Sustainability | Increasing focus on 'greener' and more sustainable energy and innovative solutions. | Jemena will regularly engage with customers individually to discuss their requirements and how we can support/enable alternative solutions. |
| | Enable DER and DER exports. Proactively work to mitigate DER impact on reliability. | Jemena will enable increased feed-in of solar and other renewables into the grid through a prudent and cost-effective network and operating investments, such as: <ul style="list-style-type: none"> new systems to better analyse two-way flows on the low-voltage network; |

| Theme | What customers told us | Jemena response |
|-------------|--|---|
| | | <ul style="list-style-type: none"> real-time monitoring of low-voltage networks with high penetration of distributed energy resources; and asset deployment to allow increased export of electricity from customers into the electricity network. |
| Information | Information on flickers, outages, voltage supply events. | <p>Jemena will</p> <ul style="list-style-type: none"> continue to explore smarter and more innovative ways to deliver an improved customer experience, while minimising the impact on costs, and explore refinement of the process designed to engage our business customers so that they can understand the need for planned interruptions and also to provide them with the opportunity to indicate their critical trading days/times and any possible issues that a proposed interruption would cause. |

4.4 Local Councils

Local councils had told us they preferred regular forums or workshop-style events. To obtain their feedback, we arranged three council forums over a twelve-month period. We also used our regular, existing channels to engage with any key contacts who were unable to attend the sessions.

In those forums, the councils raised three main topics. They wanted to look at options for different commercial arrangements covering street lighting, as well as new light types and smart technologies. They were interested in how we could collaborate—for example, through trials—on-demand management, micro-grids, peer-to-peer energy trading, and other emerging technologies. They also asked for data on energy usage and information on our infrastructure and maintenance activities, so that works could be better coordinated.

During the process, we engaged with VicRoads and thirteen local councils. Of those, VicRoads, Hume City Council, Maribyrnong City Council, Melton City Council, Moonee Valley City Council and Moreland City Council attended the forum held on 24 May 2018.

Table 4–6: What local councils told us

| What local councils told us | Jemena response |
|--|--|
| They understand the cost implications of options presented for 'decorative poles' as an alternative to the standard replacement poles under the current Operational, Maintenance, Repair & Replacement (OMR) pricing arrangement. | We also consulted on whether we should incorporate decorative poles in our standard equipment list; however, we could not proceed as we could not reach a consensus amongst the customers. Instead, councils wanting decorative poles will continue procuring them on an 'as needs' basis. |
| Councils and VicRoads supported the option to replace a failed lantern with a Light Emitting Diode (LED) lantern on both minor and major roads. | We provide public lighting services to thirteen councils and VicRoads. In response to local council feedback, we are introducing three new types of energy efficient lights for major roads as potential replacements for existing old technology lights. |

| What local councils told us | Jemena response |
|---|--|
| Provided positive feedback about the Streetlighting Fault Reporting application and the Council JEN Viewer application. | Jemena has provided councils with access and training to these online resources via 'a convenient 'Single Sign-On' platform. This has been well received well. |

4.5 Retailers

This group told us that their preference was to provide their views one-to-one, and as such, the engagement process was conducted in conjunction with account managers and operational teams. During our engagement process, we had direct conversations with all the large energy retailers, who between them hold an 85% share of the Victorian electricity market. We spoke to:

- AGL
- Alinta energy
- Origin
- Energy Australia
- Red/Lumo

Also, Simply Energy presented at a number of our People's Panel sessions to give a retailer's perspective on various topics.

Within this relatively small group, we identified a wide range of different priorities. This was further complicated by the fact that retailers often operate across the whole state of Victoria, and therefore tend to engage us on topics that apply to all Victorian distribution businesses, which have very different operational profiles to ours. This makes it difficult for us to understand which comments apply specifically to us.

Table 4–7: What retailers told us

| What retailers told us | Jemena response |
|--|---|
| Simpler tariff structure and reduced portfolio of tariffs offered by networks. | Jemena to engage retailers on a mechanism that ensures both sides (Jemena and retailers) work to simplify tariffs and pass on savings from these simplified tariffs to end-customers in a transparent, fair and commercially viable manner. |
| They want tariff harmonisation across VIC. | Jemena will work with other Victorian DNSPs and the Victorian government to ensure tariffs are harmonised. |
| They want implementation of a Time of Use (TOU) tariff. | Jemena and other Victorian DNSPs will invite all Victorian retailers to share their views on time-of-use tariffs to ensure there is a clearer picture of industry preferences. |
| Opt-in implementation approach for tariffs is not effective. | Jemena will work with other VIC DNSPs to present a consolidated energy-industry view on the best way to implement cost-reflective tariffs, to the Victorian government. |
| Energy literacy is key to the successful rollout of demand tariffs. | Jemena will work with other Victorian DNSPs and the Victorian government to investigate ways energy literacy amongst consumers can be increased, within the context of rolling out tariffs |

| What retailers told us | Jemena response |
|--|--|
| They want to work with Jemena more closely to enable the grid to accommodate new products and technologies. | Jemena will enable increased feed-in of solar and other renewables into the grid through prudent and cost-effective network and operating investments, such as: <ul style="list-style-type: none"> • new systems to better analyse two-way flows on the low voltage network; • real-time monitoring of low-voltage networks with high penetration of distributed energy resources; and • asset deployment to allow increased export of electricity from customers into the electricity network. |
| Supported Jemena's push to manage the impact of DER on quality of supply and price signals, and avoid load shedding. | In line with People's Panel recommendations, Jemena will: <ul style="list-style-type: none"> • continue to plan, operate and maintain its electricity distribution network with the objective of maintaining the current levels of customer reliability; • continue to explore smarter and more innovative ways to deliver an improved customer experience, while minimising the impact on costs; and • work with other Victorian DNSPs to introduce cost-reflective tariffs. |
| They wanted more coordination across the industry, including transparency on pricing and collaboration to innovate. | Will work with other Victorian DNSPs on the creation of a mechanism to improve coordination with retailers on pricing, and to increase exchanges on new initiatives in DER by retailers and DNSPs. |

We outline the detailed work we undertook on network tariffs in Attachment 08-02.

4.6 Deep-Dive workshops

On 5th and 6th March 2019, deep-dive workshops were held with representatives from the AER, the Consumer Challenge Panel and Jemena's Customer Council. During the workshops, we went into detail on:

- The customer of the future
- Revenue and pricing impacts
- Capital expenditure
- Network options analysis
- Future Grid
- Operating expenditure
- Customer service incentive scheme.



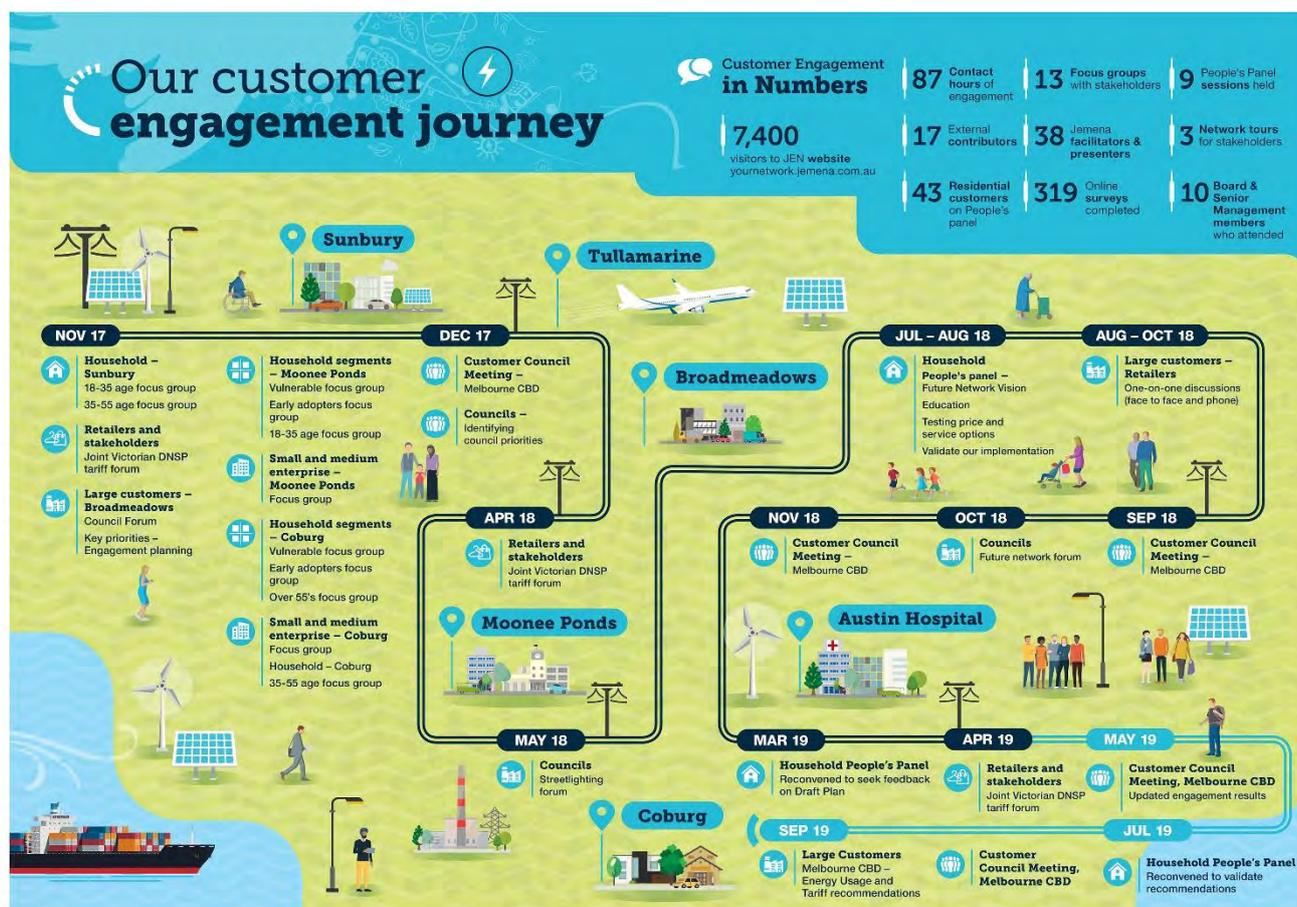
The feedback from those present was positive, with many impressed with our openness and willingness to talk about our proposal and listen to feedback without being defensive when we were challenged. It was felt that this approach facilitated open discussion and meant there were no surprises.

The way we had adopted the recommendations from our People's Panel and used them to inform our proposal was well-received, and it was felt that the level of detail we had provided would help those present to better digest our regulatory proposal.

The sessions took the form of presentations by key Jemena staff, who were supported by other members of our price review team. That meant our team had a real grasp of the details of our proposal and, coupled with a real interest in listening to the views and concerns of those present; it led to productive and open dialogue about the contents of our proposal.

The questions raised by those present are included later in this document.

Figure 4–14: Our customer engagement journey.



4.7 Feedback on our proposal

After publishing our draft plan in January 2019, we not only went back to seek feedback from the customers that had been instrumental in developing the plan but we also invited feedback from consumer groups and other industry stakeholders. To facilitate part of this feedback, we provided an independent consultant to collate and report the feedback of any of our Customer Council members who wanted to use this service to provide feedback.

The feedback we received was rich and varied and covered a wide range of themes including:

- Trust and Transparency

- Future planning and process
- Capital expenditure
- Replacement capital expenditure
- Connections capital expenditure
- Non-network capital expenditure
- Operating expenditure
- Distributed energy resources
- Pricing
- The wider market.

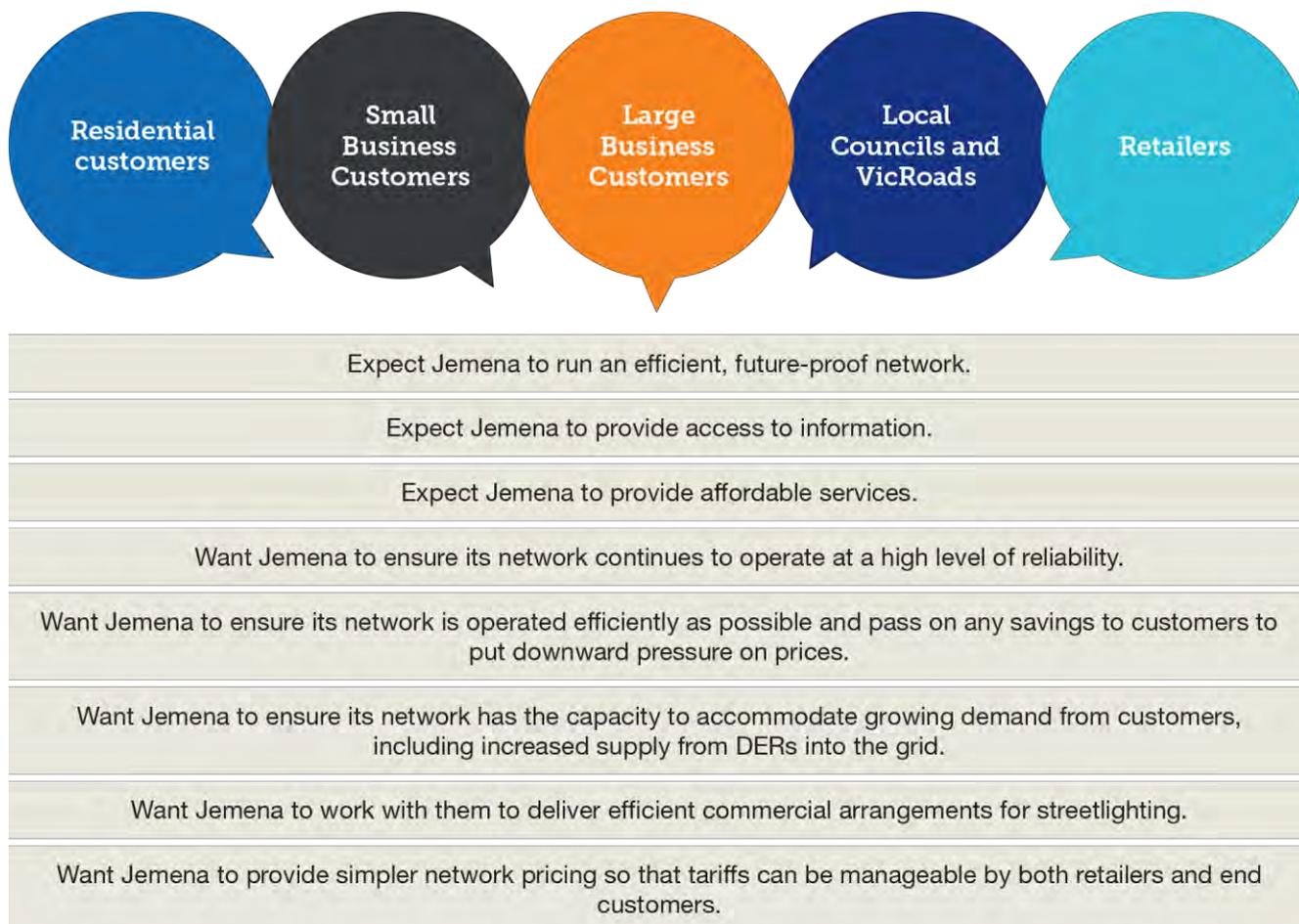
We feel the feedback is overwhelmingly positive. Our engagement in particular has been well received and acknowledged for being thorough, authentic and importantly, as having shaped our proposal. Overall the proposal was deemed to be in the long-term interests of our customers, as they expressed them to us, and is recognised to take a cost-efficient path recognising where investment is required and taking action to deliver an affordable service.

To demonstrate our response to this feedback (for topics over and above our engagement process) we have referred to the feedback we have received throughout our proposal, so that feedback and our response to it is seen in the relevant context, as you will see when reviewing our proposal the feedback we have received from all parties has significantly influenced our proposal, and responding authentically to this feedback is a theme that runs through the heart of this proposal.

5. The key priorities for customers over the next regulatory period

Through our customer engagement journey, our customers told us their key priorities for Jemena. We have summarised these in Figure 5–1 below.

Figure 5–1: Our customers' priorities



These priorities and the 25 recommendations made by residential customers who participated in our People's Panel form the basis of our Plan for 2021-2025.

6. Evaluating our engagement

We are very proud to have incorporated all our customers' recommendations into our Plan for the next regulatory period, and there is no question that we have achieved our objectives. Over the course of the journey, we brought the voice of customers into our business in an extremely powerful way and, in doing so, surpassed even our own expectations.

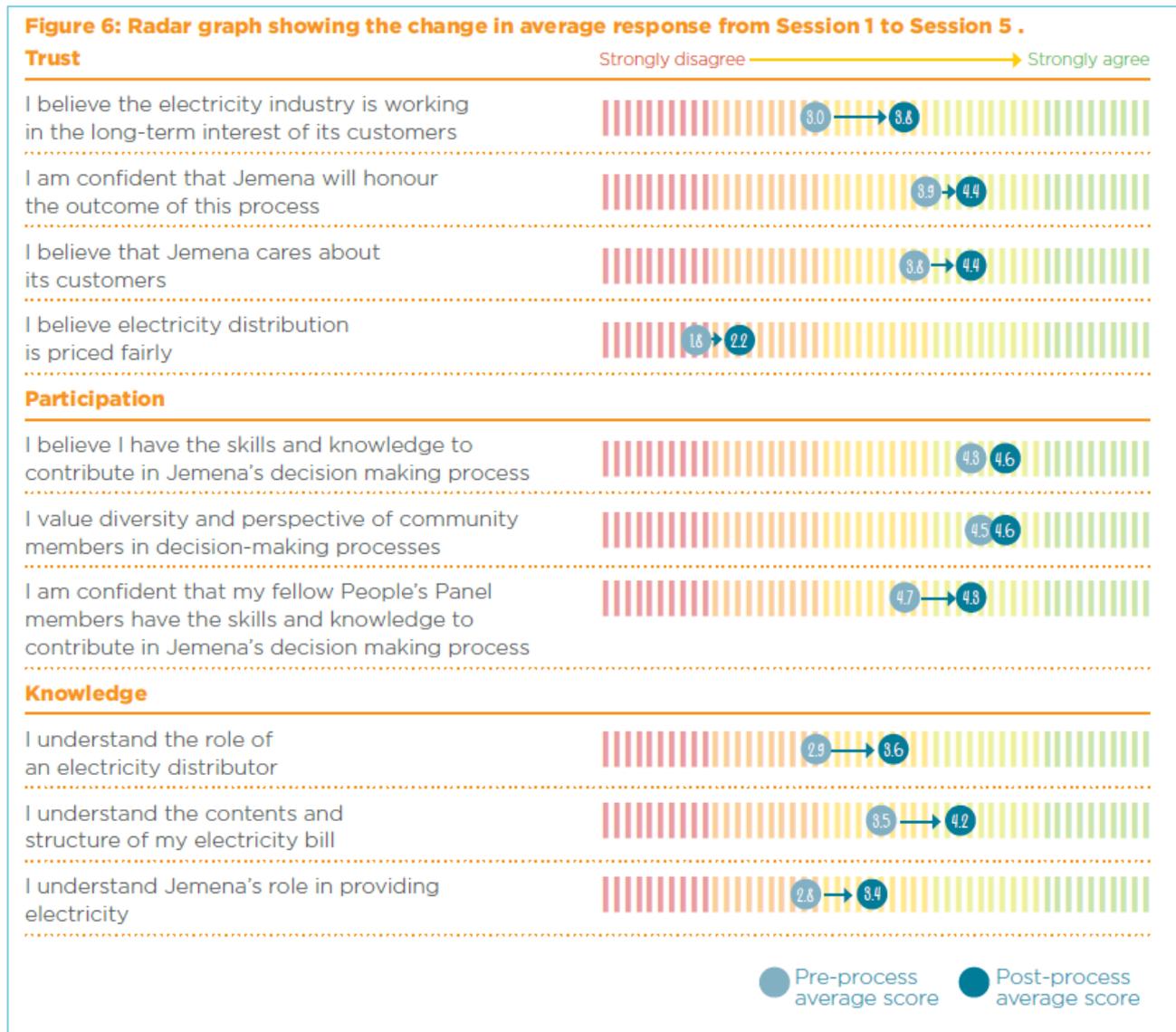
6.1 What did our customers think of our engagement?

6.1.1 Residential customers

Our residential customers who formed the People's Panel completed entry and exit polling to assess how their knowledge and views changed through the process. Specifically, we were asking questions relating to knowledge, trust and participation.

The ratings are compared in Figure 6–1. What is clear is that across the board, the participants in the People's Panel process gained a lot, and we are very grateful for their efforts. All in all, 95 per cent of participants said they would like to take part in the program again.

Figure 6–1: Comparing entry and exit survey responses



Several benefits arose from the People's Panel process. What struck us through these conversations was how community-minded customers were. Members often shifted from focusing on the impact to their own personal bill to making choices that were right for the community as a whole; they chose tariff types that benefited others, even when they came at a personal cost. They also had the next generation in mind and wanted to make changes now to ensure the network was ready to serve future customers in a sustainable way, and they were always looking for ways to help the less well-off.

Building the final set of recommendations iteratively through the sessions helped address issues of knowledge. This is because any gaps in understanding were filled in along the way. The time between sessions also helped. It allowed the opportunity for reflection, and also for complex questions to be taken away and answered.

Our leadership team brought the customer-centric culture to life throughout the process, when they were seen to be 'on the ground'—Board and Executive Leadership Team members actively participated in our events. Their presence signalled to staff and customers the seriousness of listening to customers.

'It's been great to see how enthusiastic Jemena has been and how responsive they have been to people's opinions.'

People's Panel member

Finally, positive relationships were built between Jemena staff and the People’s Panel members. Participants became more and more confident to ask questions and express their opinions as the process evolved.

We are delighted with the success of the program, though it did present some challenges along the way. Some participants said that they felt a couple of topics were rushed, and they would have liked more time to debate issues before making a decision.

During the process, participants often made comments about wanting to impact other areas of the supply chain that were outside our direct control. The 25 recommendations that we have adopted certainly include a number where Jemena has agreed to be an advocate for change.

In some cases, a lack of understanding of the privatised model of energy distribution presented some sticking points in discussions, and we managed it by presenting information in different and dynamic ways. And where participants had questions that could not be answered by those in the room, we committed to delivering an answer by the final session.

When we returned to the People’s Panel in March 2019, we asked for their views on the engagement process itself. The members felt that it was respectful, an opportunity to gain knowledge, and represented a significant investment on our behalf. Throughout, they felt they were involved in a genuine conversation and that we trusted their ability, despite the diversity of the group. They also felt that we engaged in a transparent and honest way, informed them when needed and accepted their responses.

Question: How well has Jemena listened to and reflected the People’s Panel’s recommendations in the Draft Plan?

A: The Panel’s response:

- We feel that Jemena did very well to adopt the People’s Panel’s recommendations.
- We feel that the process was respectful, an opportunity to gain knowledge, and was a significant investment.
- We feel that the process was a conversation, rather than being one-sided, and that Jemena trusted in the ability of this diverse group of people.
- We feel the future People’s Panel processes could be improved by providing more time for Panel members to consider the statistics and information provided and allowing the Panel to suggest options for consideration.
- We feel the Draft Plan could be strengthened with the inclusion of all options discussed during the People’s Panel process.

6.1.2 Jemena’s Customer Council

In March 2019, we engaged the Moreland Energy Foundation (**MEFL**)—to survey our Customer Council and seek comments on our draft plan. We wanted to receive the members’ feedback through a transparent and independent process.¹² The Council represents a wide range of stakeholders, and therefore, some issues would be more important to certain members than others, and vice versa. Surveys and interviews were considered to be the preferred engagement medium and the most effective way to capture all perspectives while gaining a true sense of how the draft plan was received overall.

Most of the members of Jemena’s Customer Council believed that the draft plan adequately addressed the energy trilemma, and felt the People’s Panel recommendations were very strong and significant. Those who responded to the survey felt we did well to engage ‘real people’, or, at least, a more representative sample of our network. They felt we had succeeded in delivering a more customer-centric submission and had got our timing right to maximise the impact of seeking engagement. In terms of process, the Council felt that the way we engaged with stakeholders allowed their needs and opinions to be heard, and was impressed with Jemena’s follow-through.

¹² See Attachment 02-06 Customer Council’s feedback on Jemena’s 2021-2025 EDPR

6.1.3 Consumer Challenge Panel

‘Jemena claims to be operating its customer engagement at or near the ‘Collaborate’ level of the IAP2 Spectrum. From engagement we have observed so far, we are inclined to accept this claim as being real in practice as well as aspiration – a commendable achievement.’

CCP17

The Consumer Challenge Panel (**CCP17**) observed that our overall engagement strategy had many strengths and that we had shown a strong desire to engage with a diverse group of customers. Throughout, they felt we had been willing to listen and incorporate advice and recommendations into our decisions, to the extent that we were able. They also said we showed a willingness to try new approaches; were prepared to talk about innovation and not claim to have all the answers, and had made a real attempt to make engagement ‘fun’. Specifically, they commended Jemena’s Chairman and Managing Director for being present at the final session of the People’s Panel to receive the recommendations. The CCP17 concluded that there were no major issues that Jemena needed to address between now and the lodgement of our regulatory proposal.

6.1.4 Energy Consumers Australia

Energy Consumers Australia (**ECA**) viewed our approach to engagement very positively. In terms of the final result, the organisation was pleased that our proposal would lead to savings for consumers, on average, of \$90 over the period. In its detailed feedback on our draft plan, the ECA observed that we had undertaken a strong consumer engagement program and had made a concerted effort to embed the principles of The Energy Charter into our business culture.

In referencing the recommendations from the People’s Panel, ECA endorsed the clarity with which we had shown how each recommendation had influenced our investment strategy. It felt that the outcomes of our engagement provided valuable information into the discussion on how best to meet the long-term interests of customers. ECA also commented that we had continued to make ourselves available to respond to questions or provide clarification when needed.

Within our business, we have observed significantly increased interest in what customers think, and this is impacting the direction in which projects are taken. The elevation of detailed customer recommendations to the Board as a result of the People’s Panel has signalled the importance of engagement to the rest of the business.

‘Jemena has undertaken a strong customer engagement program...and has made a concerted effort to embed the principles of the Energy Charter into its business culture.’

Energy Consumers Australia

6.1.5 Other customer segments

Small to medium enterprise customers proved very hard to engage through forums. This was primarily due to the diversity of their businesses and operating hours. We were able to use surveys to gather their thoughts and opinions and will continue to explore ways in which we can make it easier to access their views in the future.

While meeting with Large Business Customers within the framework of ongoing account management proved a great way to bring up key issues related to the Electricity Distribution Price Review (**EDPR**), it is possible that an additional dedicated session(s) focused on EDPR issues might have been beneficial to give us a richer understanding of customer needs. The largest obstacle in this is to secure time from customers’ representatives to engage with us in more detail and the fact that large businesses tend to want to focus on their business only rather than take a broader perspective.

We set out to meet with Energy Retailers to understand their concerns and identify ways we could incorporate their feedback into our plan. Overwhelmingly, Energy Retailers were focused on the pricing structures and to a lesser extent pricing levels; they did not express involvement in the operational matters of our businesses such as reliability.

Several Energy Retailers attended our Peoples Panel sessions to understand the concerns of their frontline customers but to also respond to questions from an Energy Retailer's perspective. But the majority of Energy Retailer's participation in our customer and stakeholder engagement activities occurred in the Victorian tariff engagement workshops as outlined in the customer engagement section of our Tariff Structure Statement.¹³

The CCP17 felt they were unable to comment on our engagement with councils, small business and industrial customers, and retailers as they had not observed our engagement with those groups.¹⁴

Figure 6–2: Melbourne Airport sits at the centre of the network



¹³ See Attachment 08-01.

¹⁴ Customer Challenge Panel 17, *Progress Report on Consumer Engagement by the Victorian Electricity Distribution Businesses for the 2021-2025 Regulatory Reset*, 27 Mar, 2019, Section 3.