

20 October 2016



Gas Access Arrangement Review Stakeholder Engagement Strategy

Access Arrangement Period: 2018 - 2022

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Document Information

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Authorisation

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Approver	General Manager, Corporate Affairs	Jai McDermott	30 March 2016

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1. About the strategy

1.1 Purpose

Multinet Gas (MG) is preparing its 2018 – 2022 Gas Access Arrangement Review (GAAR) to submit to the Australian Energy Regulator (AER) at the end of 2016 as obligated to under the Nation Gas Law (NGL).

This stakeholder engagement plan builds on the engagement strategy implemented by United Energy (UE) in the preparation of its 2016-20 Regulatory Proposal and the development of its first Tariff Structure Statement, submitted in September 2015. It seeks to apply the learning of those two processes to achieve continuous improvement in the stakeholder engagement activities of United Energy and Multinet Gas (UE and MG).

1.2 Context

Network businesses have, in effect, been challenged by the AER to engage more effectively with customers to maintain their social licence to operate. This social licence relies on customers understanding the nature, quality and value of the services provided, and a majority of those customers supporting the decisions and regulatory proposals of individual businesses.

Although it is not an explicit requirement, there is a clear expectation that network businesses will use International Association for Public Participation (IAP2) frameworks (or similar) and best practice principles in their engagement activities.

The underpinning best practice principles are:

- Clear, accurate and timely communication – The provision of information to consumers that is clear, accurate, relevant and timely, recognising the different communication needs and wants of consumers.
- Accessible and inclusive – The recognition, understanding and involvement of consumers early and throughout the business activity or expenditure process.
- Transparent – Clear identification and explanation of the role of consumers in the engagement process, and consultation with consumers on information and feedback processes.
- Measurable – Measurement of the success, or otherwise, of engagement activities.

The AER's engagement guideline is structured around four components which set out a process for service providers to develop and implement new or improved consumer engagement activities to meet the best practice principles:

- Priorities – Network businesses are expected to identify consumer cohorts and the current views of those cohorts; outline their engagement objectives; and discuss the processes to best achieve those objectives.
- Delivery – Network businesses are expected to address identified priorities via robust and thorough consumer engagement.
- Results – Network businesses are expected to articulate the outcomes of their consumer engagement processes, and how they measure the success of those processes, reporting back to the AER, their business and consumers.
- Evaluation and review – Network businesses are expected to periodically evaluate and review the effectiveness of their consumer engagement processes.

2. About the project

2.1 Project description

MG's network serves Melbourne's densely populated inner and outer east, the Yarra Ranges and South Gippsland. It includes approximately 10,300 kilometres of transmission and distribution pressure pipelines over an area of approximately 1,860 square km.

Our network transports gas from high-pressure transmission networks operated by APA GasNet and Bass Gas to residential, commercial and industrial customers.

Our pipeline network covers about 43 per cent of the Melbourne metropolitan area.

MG is continuing to connect customers in the South Gippsland and Yarra Ranges townships where reticulation was completed as part of the State Government's natural gas extension program.

The next stage of this program, bringing natural gas to Warburton, is currently underway with construction due to conclude in 2016.

The GAAR is a five-year plan for the 2018 to 2022 period which sets out Multinet Gas' future funding requirements in order to continue to provide safe and reliable services.

As part of this process, and in keeping with community expectations and regulatory requirements, we will engage our customers, stakeholders and the community to better understand what they want and value in their gas supply. This will allow us to make sure the decisions we make about our services, costs and prices reflect their priorities and long-term interests.

2.2 Consulting the community

Multinet Gas' customer base is dominated by the stable, established residential sector, which comprises 98% of total customers and 70% of total energy consumption.

Gas penetration in the residential market in Victoria is high in comparison to other states with more than 70 per cent of households using gas to heat their homes.

Our intent is to gain a deeper understanding about the issues and range of views across our consumers, particularly from builders, large users, council and retailers.

An important part of community engagement is revisiting past engagement topics to test changes in sentiment and new topics to ensure we continue to grow our network and provide safe and reliable gas.

Based on the need to reach a range of audiences with varying levels of knowledge in gas we will implement a program that recognises the needs of individual customer cohorts and is tailored to provide a genuine two-way engagement to gain a clear understanding of the needs of our customer base. This approach will include, but will not be limited to education, focus groups, workshops and deliberative forums.



3. Key issues and mitigation measures

Delivering an effective consultation program is primarily challenged by the limited level of understanding and interest around gas distribution. To address this, the recommended consultation approach will include an education component to develop base levels of understanding to help have informed discussions.

The program will also identify consumer advocates and customer representatives that possess existing capacity in gas related issues and can provide input and guidance on the most effective methods to communicate and gain feedback from their constituent groups.

3.1 Barriers to effective engagement

Table 3.1: Barriers to engagement

Major Challenges	Approach
Limited community knowledge/interest of Gas distribution industry	Education to develop consistent levels of knowledge of the gas distribution industry with representative groups Test consultation topics through GAAR Reference Group (GRG) Allowing multiple opportunities for input
Diverse Target Audience	Adapting information to different needs, particularly Culturally and Linguistically Diverse (CALD) communities, is essential to reaching some of the groups within distribution area.
Setting expectations – feedback on concepts not fixed deliverables	Preparation and design of workshops, consultation topics will clearly identify the areas and potential level of influence.
No past engagement or reference groups for Gas	Developing context and reasoning.

3.2 Carefully considered consultation

In general terms, our previous research has indicated that the levels of understanding and interest in the gas distribution network are low, people are rarely impacted by interruption to gas supply, nor do they see the continual operation, maintenance and upgrades conducted on a daily basis. These important facts have led to the omission of two generally used elements in consultation processes:

- Broad campaign style approach to reach residential and small business customers and
- The exclusion of surveying to obtain quantitative data.

Our consultation approach has been carefully considered. It is designed to ensure we hold valuable and informed discussions around the future of the gas distribution network to understand elements that are important when interacting with our network.

Our experience shows to get the numbers to make valid assumptions about residential and small business priorities incentives are generally used, e.g. participate to win a prize, to gain public participation. However

such surveys do not work effectively for topics with lower levels of interest, as they reduce the chance to build base levels of knowledge and remove the opportunity to provide context.

3.3 Proposed engagement techniques to overcome barriers

The consultation process will use a diverse range of tools and approaches to remove barriers to participation and meet the needs of our diverse consumers.

3.3.1 Face to face meetings with stakeholders

Key concepts are difficult to explain and provide context for consumers therefore our main platform will be via face-to-face meetings. MG's most significant stakeholders will be identified and included in a program of face-to-face meetings to explain key consultation topics.

3.3.2 Workshops and deliberative forums

Community stakeholders will be divided into groups to reflect particular area of interest while also representing a true cross section of our consumers. We will use workshops and deliberative forums to establish minimum levels of understanding to test consultation topics, debate merits and alternatives and agree on key drives in determining our submission

3.3.3 Online engagement

We believe consumers should not just have one avenue of participation, in addition to face-to-face consultation we will use the Multinet Gas website to provide additional opportunity for feedback on consultation concepts and an opportunity to provide qualitative input to the process.

3.3.4 Preparing key communication materials

The preparation of key communication material will enhance the consultation process and allow people outside the official engagement to access information on how they can contribute. These materials will be available online.

3.4 Key stakeholders

Table 3.2: Key stakeholders

Key Stakeholders	
Government	<ul style="list-style-type: none"> Victorian Department of Economic Development, Job, Transport and Resources
GAAR Reference Group	<ul style="list-style-type: none"> Alternative Technology Association St Vincent de Paul Consumer Utilities Advocacy Centre Brotherhood of St Laurence South East Community Links Council on the Ageing Energy Consumers Australia
Commercial and Industrial	<ul style="list-style-type: none"> Large businesses within the MG network
Builders/Developers	<ul style="list-style-type: none"> Large scale builders and property developers
Customer groups	<ul style="list-style-type: none"> Small business Other CALD groups Residents
Retailers	<ul style="list-style-type: none"> Gas retailers in Victoria

4. Communication and engagement approach

4.1 How consultation will help the project outcomes

The consultation process will test detailed concepts, technical solutions and key drivers on how MG will approach the management of the gas network through the next regulatory period.

4.2 Objectives

The GAAR consultation program provides an opportunity for Multinet Gas to start an ongoing conversation with customers about our gas distribution network. This consultation process will act as the first formal opportunity for consumer participation and feedback on what they expect from their network. This is an opportunity to strategically reset expectations on the timing, scale, tariff structures and budget allocation for the 2018 - 2022. As such our objectives are to:

1. Identify the aspirations, ideas and priorities of our consumers when interacting with our network.
2. Set clear expectations about MG's commitment to ongoing engagement with communities, stakeholders and business.
3. Meet regulatory requirements and timeframes associated with the GAAR process.

4.3 Principles

The MG GAAR consultation process will align closely with the AER's engagement guidelines and build on our experience in undertaking stakeholder engagement for UE's 2016-20 Regulatory Proposal and the development of its Tariff Structure Statement. It will clearly define expectations of MG and community participation. It will clearly define the scope of consultation on negotiable aspects of MG's GAAR submission.

4.3.1 Alignment with IAP2 public participation spectrum

Many Victorian Government departments and agencies reference the International Association for Public Participation (IAP2) spectrum of public participation to decide how to work with project stakeholders. IAP2 is the internationally recognised organisation for advancing public involvement and participation in government programs and services. Australian government departments, at all levels, use IAP2 as the industry guideline for community engagement.

Table 4.1 below identifies how the engagement strategy aligns with the IAP2 spectrum and how it will be applied to MG's consultation program.

Table 4.1: Alignment with IAP2 spectrum

IAP2 element	Application to GAAR consultation	
<p>Inform To provide stakeholders with balanced and objective information to assist them in understanding the problem, opportunities and/or solutions</p>	✓	Develop and implement a communication and engagement action plan that provides detailed information about the Multinet Gas network and future requirements for maintenance or capital works
<p>Consult To obtain feedback on analysis, alternatives and decisions.</p>	✓	Develop and implement a GAAR Reference Group to represent broader community groups to seek feedback as a representative for their group.
<p>Involve To work directly with stakeholders to ensure their aspirations are understood and considered.</p>	✓	Develop and implement a series of workshops/deliberative forums with interested business, commercial, and customers.
<p>Collaborate To partner with stakeholders in each aspect of the decision including development of alternatives and identification of the preferred solution.</p>	↔	Host a workshop with key stakeholders to develop a series of alternatives to achieve outcomes needed to maintain the network.
<p>Empower To place final decision-making in the hands of stakeholder.</p>	✘	Not expected to be appropriate for this project.

5. Communication and engagement governance

5.1 GAAR Reference Group terms of reference

5.1.1 Purpose

The GAAR Reference Group has been set up to provide representation of their constituents for the MG GAAR submission. Participants will be asked to provide direct community and consumer prospective about future operations of the gas network.

5.1.2 Objectives

The objectives of the GAAR Reference Group are to:

- Meet bi monthly for the duration of the program
- Members to represent the views of constituent groups
- Input and (where possible) support the MG's GAAR consultation approach
- Provide comment and (where possible) endorsement for GAAR submission

5.1.3 Terms of Reference

- (1) The GAAR Reference Group's (Reference Group) scope is limited to the business activities of Multinet Gas (MG).
- (1) External members of the Reference Group are empowered to provide MG with verbal and written information gathered from the constituents of their respective organisations or from other individuals or sources such as correspondence or published materials.
- (2) Reference Group members are free to seek information from MG on topics of interest to them, other than matters formally identified as "Commercial in Confidence". MG will invite staff with specialist skills or knowledge to assist with specific issues as appropriate. MG accepts that it has a responsibility to consider and respond to all issues raised.
- (3) The Reference Group will meet a minimum of five times in the lead up to the submission of the Gas Access Arrangement Review plan (plan), either at MG offices or other nominated location from time to time. Additional meetings may be arranged at the request of either the Reference Group or MG.
- (4) The Reference Group Chair shall ensure that all issues are being addressed in a positive, timely and co-operative manner.
- (5) The Reference Group forms a key component of the organisation's community and stakeholder engagement activities and is designed to assist the business in how it can improve its understanding and management of stakeholder expectations and ensure the regulatory proposal reflects the long term needs of the community.
- (6) The Reference Group is an advisory group only. It can make recommendations, but has no decision making authority, unless specifically delegated by the Chair at his or her discretion.

5.1.4 Frequency of meetings

The Reference Group will meet a minimum of five times prior to the submission of the plan. Additional meetings may be arranged at the request of either the Reference Group or MG.

5.1.5 Resources

MG will offer adequate resources and ensure the Reference Group functions effectively. This will include providing secretariat support as well as coordinating meeting locations and amenities.

MG will reimburse members for any reasonable travel and parking costs incurred in association with participating on the Reference Group.

MG will pay a flat \$500 (GST exclusive) sitting fee per meeting to Reference Group members representing not-for-profit organisations on receipt of an invoice. We respect that not all participants representing not-for-profit organisations will elect to do so for a range of reasons, including that they may have access to grant funding to participate in consultation programs. Sitting fees recognise not only the time taken to attend meetings, but also preparation, including the reading of background material.

5.1.6 Committee Membership

The GAAR Reference Group provides a representation of the MG distribution area. It has a specific focus on minority constituencies that have the potential to be most impacted by changes to the network, either through reliability or changes in cost.

Table 5.1: GAAR Reference Group membership

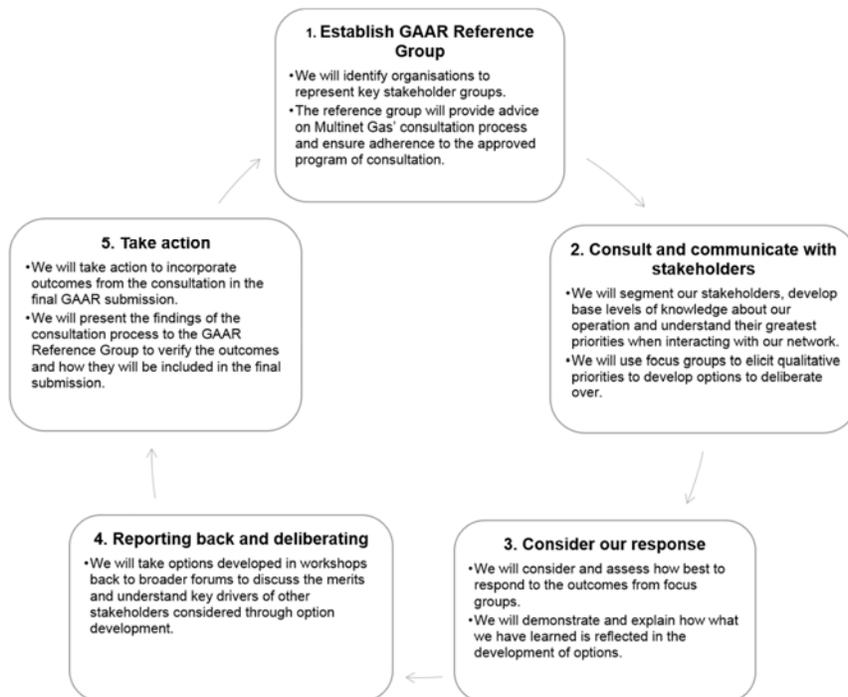
Jai McDermott (Chair)	General Manager Corporate Affairs
Andrew Schille	General Manager Regulations
Stephanie McDougall	Price Review Manager
Samantha Porter	Media and Public Affairs Manager
Jason Craig	Community Engagement Manager
Mark Beech	General Manager Gas Networks
	Subject matter experts as appropriate, and/or members of the Executive Leadership team including CEO

External Members

Kate Leslie	Alternative Technology Association
Gavin Dufty	St Vincent de Paul
Ben Martin Hobbs	Consumer Utilities Advocacy Centre
Victoria Johnson	Brotherhood of St Laurence
Dr Rhonda Cumberland	South East Community Links
Randal Harkin	Council on the Ageing
Craig Memery	Energy Consumers Australia

6. Action plan

6.1 Consultation cycle



6.2 Project overview

Our proposed program is designed to deliver a comprehensive community consultation program that shapes MG's GAAR submission, demonstrates our commitment to meaningful consultation and aligns with community expectations and regulatory requirements.

Our approach has been broken down into four phases representing an entire consultation lifecycle. The phases align with elements important to completing consultation. They do not need to run in linear succession and can overlap or run in parallel. We believe this approach demonstrates best practice.

Table 6.1: Lifecycle consultation elements

Element	Purpose
Increase Understanding	Educating to ensure our customers are informed and can contribute positively to discussed topics
Understanding consumers	Understanding key principles that are important to them when developing options for consideration
Providing opportunity to influence outcomes	Option development, request more informed stakeholders contribute to develop options

Creating a feedback loop	Presenting options that have been developed for discussion to previously engaged focus groups
Verification	Feeding consultation outcomes back to the Reference Group and Multinet Gas' position for GAAR

6.3 What are we consulting on?

It's important to ensure we are clear on what we are consulting on for the GAAR process. Consultation programs must be clear and clearly communicated to participants on how they can and to what level influence outcomes. The GAAR consultation process we will seek input on:

Table 6.2: Consultation topics

Topic	Description
Services and pricing	The core elements of the 2018 – 2022 plan. This includes the delivery of services, safety, cost recovery and tariff structures
Network investment	Issues that can be examined in future business planning. This could include connections, network expansion
Gas market issues	The factors influencing gas demand and how MG can or cannot accommodate changes occurring in the gas market
Other issues of interest	Issues of interest to the groups represented by the GAAR Reference Group

6.4 PHASE ONE: Education and Key Drivers

The focus of phase one is developing a base level of understanding to ensure informed discussions are held. It is also about understanding our consumers, establishing what drives them and the important factors to consider when designing options.

We will undertake a mix of consultation to understand our stakeholder's priorities outline our expectations and educate them about our operations.

We will make the information arising from our consultation and communication publically available, including on our website.

6.5 PHASE TWO: Option development

Phase two will focus on engaging appropriate stakeholders to develop options and trade-offs for deliberative forums (in stage three) to consider. Options developed will demonstrate how they have considered key drivers from stakeholder groups

We will consider and assess how best to respond to the outcomes of our focus groups and we will seek implement what we have learned into our option development.

6.6 PHASE THREE: Options presentation

Phase three will see the developed options presented back to deliberative forums. The deliberative forums will consist of a more mixed representative group and allow stakeholders to debate the merit of the options and what options are suitable.

6.7 PHASE FOUR: Findings presentation to GAAR Reference Group

Phase Four will present outcomes of consultation activities on the proposed options. This report will be presented to the GAAR Reference Group for comment and endorsement prior to inclusion in GAAR proposal.

7. Measuring success

Measuring success is an important aspect of any effective consultation program. It assesses the way in which an activity or program of activities is undertaken (process) and the results of the activity or program (outcomes).

Our primary objective is to gain stakeholder input into our regulatory proposal and secure support from stakeholder and the GAAR reference group on our final submission. To successfully achieve this we need to clear on negotiable and non-negotiable and ensure our consultation demonstrates actively listening to our consumers.

Key metrics to determine successful engagement are

Table 7.1: Success metrics

Engaging customer groups	
Metric	Approach to achieving
Receiving input towards Multinet Gas' GAAR submission from hardship groups	Inclusion on GRG. Focus group session directly tailored to this group
Receiving input towards Multinet Gas' GAAR submission from CALD groups	Leverage GRG representation as a touch point into CALD groups within MG distribution area. Focus group session directly tailored to this group
Receiving input towards Multinet Gas' GAAR submission from small business groups	Directly approaching customers to participate in appropriate focus group session, potentially identify trader associations within distribution area.
Receiving input towards Multinet Gas' GAAR submission from residential representative groups	Directly approaching customers to participate in appropriate focus group session, potentially identify rate payers associations within distribution area.

Engaging with retailers	
Metric	Approach to achieving
Engage with retailers on changes to part C terms and conditions	Hold continuous discussion with retailers about changes to the terms and conditions Provide iterations of terms and conditions for discussion
Negotiate changes to the terms and conditions	Achieve an aligned position within 4 focus groups

Develop opportunities for hardship groups	
Metric	Approach to achieving
Identify a program/s or options to assist hardship groups	Work with GRG to identify potential options to assist hardship groups. Meet with hardship groups to better understand where their pinch points are.
Develop and propose an endorsed program in GAAR submission for hardship groups	Develop options following meetings to take back to GRG Obtain supporting documentation of endorsement from hardship groups for proposal.