



NEW REG: TOWARDS CONSUMER-CENTRIC ENERGY NETWORK REGULATION

Newsletter, October 2019

NewReg, the joint Australian Energy Regulator (AER), Energy Networks Australia (ENA) and Energy Consumers Australia (ECA) initiative, is continuing to progress its work to explore ways to improve consumer engagement, and identify opportunities for regulatory innovation.

The project team continues to monitor progress of the AusNet Services trial. We are pleased by the customer service innovations emanating from it, and the broader advancement in customer engagement across the network sector of the Australian energy supply chain.

In this newsletter we:

- Update on the NewReg trial’s progress
- Discuss public consultation on the small scale incentive scheme arising from the NewReg trial
- Celebrate 2019 customer engagement award winners
- Explore outcomes of the recent customer engagement stocktake completed by ECA, and
- Note upcoming events.

Trial update

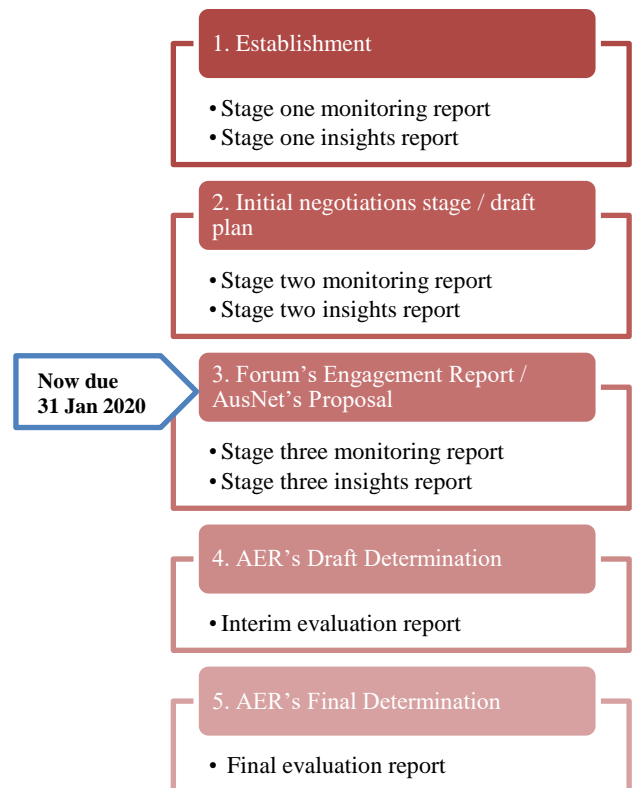
We are mid-way through stage three, which has been extended following the [announcement](#) of a six month delay in the Victorian electricity distribution price review. This delay has provided:

- AusNet Services more time to [engage](#) with the Customer Forum, and complete a series of five deep dive workshops with customers, following the seven submissions on its draft plan, and
- Time for the AER to consult on the customer service incentive scheme discussed below.

The remainder of the current stage of the trial involves final negotiations culminating in the Customer Forum’s Engagement Report and AusNet Services’ Regulatory Proposal to be submitted to the AER by 31 January 2020.

These final negotiations are being aided by:

- AusNet Services publishing its [Final negotiation notes for the Customer Forum](#) on 2 September 2019 which provide further detail on remaining items which have not already been agreed with the Customer Forum, and
- AER staff publishing [guidance note 10](#) on these final negotiating positions



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Customer service incentive scheme

AusNet Services' trial of the NewReg process has revealed that customers might value improvements in distributor customer service performance. This is separate to the network reliability and telephone answering component (calls answered within 30 seconds) already covered by the AER's service target performance incentive scheme or STPIS.

The Customer Forum [found evidence](#) that AusNet Services' customers would value a higher level of customer service than they were currently receiving. They also found that, while AusNet Services had responded to the incentives available in the regulatory framework, these incentives were too narrowly focused.

AusNet Services responded by designing a scheme in consultation with the Customer Forum and submitting it to the AER in March.

The AER is now considering whether it would benefit customers to provide electricity distribution businesses (distributors) with an incentive to improve customer service.

It published an [issues paper](#) in July. The issue paper sets out why developing the scheme may have merit and sought feedback on:

- Whether there is a need for a new incentive
- When the AER should apply the scheme
- How much revenue should be included in the scheme's reward or penalty
- The nature of any potential scheme.

The AER has received [20 submissions](#) to the issues paper and will hold two workshops to further explore scheme design and application issues with customers and stakeholders. These will be held:

- In Sydney on Wednesday 6 November 2019 from 1:30pm to 4:30pm, and
- In Melbourne on Wednesday 13 November 2019 from 9:30am to 12:30pm.

Interested parties who wish to attend a workshop are encouraged to register by 1 November by email to RegulatoryInnovation@ aer.gov.au advising which workshop you wish to attend and the names of attendees.

2019 customer engagement awards

The winner of the ENA and ECA 2019 Consumer Engagement Award was announced in September. Jemena, was the unanimous choice of the judging panel for its Gas Networks Deliberative Forum in NSW, as well as its People's Panel citizens' jury in Victoria.

ECA CEO Rosemary Sinclair presented the award, saying that lifting consumer engagement with more innovative approaches was a critical part of the energy modernisation project taking place.

"Rebuilding trust with consumers starts with embracing them as partners in change and doing everything we can to inform our decisions with consumer preferences and views," Ms Sinclair said.

"Initiatives like Jemena's, to make engagement opportunities accessible and inclusive with translators, childcare assistance, transport services and in-language consultation, shows strong progress and we look forward to these approaches becoming the norm.

"To make energy truly individualised, everything from service delivery to consultation needs to be built around people, in all their diverse circumstances.

"This award is an opportunity to demonstrate and reward networks that are rising to the challenge of better consumer engagement and we congratulate Jemena for receiving the award this year."

Ms Sinclair said the judging panel was pleased with the calibre of entries this year.

"We hope this reflects how consumer engagement is maturing across the network part of the energy sector," Ms Sinclair said

Other finalists for the consumer engagement award were Horizon Power's Solar Incentive Scheme, Powerlink (Qld) for its 2023-27 Revenue Determination and SA Power Network's community engagement for its 2020-25 Tariff Structure Statement.

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Consumer engagement stocktake

As the ECA/ENA engagement awards reveal, there has been progress in pre-lodgement consumer engagement outside the NewReg process. The NewReg evaluation is focused on a comparison with how AusNet Services would have engaged were it not for the trial. Accordingly, the NewReg program board asked ENA and ECA to conduct a separate ‘stocktake’ on engagement.

A workshop was conducted on 11 September involving representatives of most networks and some consumer advocates. A complete report from the workshop will be published on the project webpage shortly.

Prior to the workshop, network participants and all the consumer advocates who had been invited to participate (a number of whom had conflicts) were surveyed on current engagement practices using the ENA [Customer Engagement Handbook](#) as a guide.

While most participants said their objective from the workshop was to find what is working well in engagement, the meeting first discussed the purpose of engagement. The role of engagement in facilitating trust featured highly, especially in the ability of consumers to trust that the network was acting to promote the long-term interests of consumers. This discussion also re-emphasised that pre-lodgement engagement needs to build on ‘business as usual’ engagement.

Another issue discussed was the proliferation of terms used to describe engagement or in engagement. The list of terms identified at the workshop is:

deep dive, citizens' jury, deliberative forum, survey, advisory group/panel, co-design workshop., People's panel, ethnographic studies, sandbox, negotiation, deliberation, real consumer, world cafe, stocktake, round table, UN summit, focus groups, community events, forums, poll, research online., Your say, Brown bag session, co-design panel, sundowner, interviews., hot tub, popup, consumer lab, workshop, project-based activity (youth uni), hack, gamification, consultation session, chatbot, information session, capable of acceptance, dialogue cafe, workshops, wilderness retreat.

ECA has previously considered developing its own ‘wiki’ as a collaborative tool to define energy market terms. They are now reviving this project and will start with these engagement terms. People who are interested in participating should email David Havyatt at david.havyatt@energyconsumersaustralia.com.au.

When the workshop summary is available a further consultation will be initiated on how the insights from the workshop should be used. Options include updating the AER [Consumer Engagement Guideline](#) or updating the ENA handbook. A further possibility to be explored is to merge these documents into one agreed guide.

Upcoming forums

The enhanced role of consumers in informing and shaping energy network business proposals prior to submission is being discussed across Australia in a range of forums.

Upcoming forums where you can keep up with this important broader dialogue and hear from key thought leaders include:

- Ongoing ECA teleconferences for consumer advocates on the NewReg process. The next of these is currently scheduled for 31 October 2019. Invitations will be sent to registered advocates, but if you want to be sure of an invitation please email David Havyatt at david.havyatt@energyconsumersaustralia.com.au.
- ECA has announced the focus for next year’s annual Foresighting Forum to be held on 19 and 20 February 2020. The focus of Foresighting Forum 2020 will be ‘Take Charge: A future vision for the energy market’. Chris Alexander, Director of Advocacy and Communications at ECA, will lead the forum.

Regulatory Innovation enquiries?

Email Mark McLeish
RegulatoryInnovation@aer.gov.au

AusNet Services price review enquires?

AusNet Services is providing opportunities to join the conversation on its 2021-25 electricity distribution price review. Please email AusNet Services at: 2021-25EDPR@ausnetservices.com.au