



NEW REG: TOWARDS CONSUMER-CENTRIC ENERGY NETWORK REGULATION

Newsletter, July 2019

New Reg, the joint Australian Energy Regulator (AER), Energy Networks Australia (ENA) and Energy Consumers Australia (ECA) initiative, has now passed a second key milestone in the New Reg trial with AusNet Services' draft plan.

The project team is continuing to monitor progress of the AusNet Services trial and has recently broadened its public engagement.

We are pleased to see evidence of broader adoption of pre-lodgment draft plan engagement by Australian energy network providers, and a rich public dialogue on customer participation in regulatory processes.

In this Newsletter we:

- Recap the second milestone of the New Reg trial and the monitoring and evaluation work we've published on this
- Discuss the current stage of the trial and its updated timelines
- Explore current network practice in pre-lodgment customer engagement
- Note upcoming events.

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:

202125EDPR@ausnetservices.com.au

Trial stage two

Through our live engagement approach on the New Reg process, we are reporting regularly on different stages of the process. In the second quarter of 2019 we:

- Published our stage two [trial monitoring report](#) on the scoping and interim negotiation stage
- Published our stage two [insights report](#) from our independent trial evaluator
- Held a public forum to discuss trial progress and present these stage two publications.



Stage two has presented some helpful lessons for future consideration in any New Reg refinement. In particular, publishing an initial negotiation outcome for feedback was seen as a helpful step. In February 2019 the Customer Forum released its [Interim Engagement Report](#) and AusNet Services released its [Draft Electricity Distribution Regulatory Proposal](#).

This step was not required in the New Reg process [Directions Paper](#). However, parties saw this as a helpful process step because it:

- Supports keeping the negotiation timing on track
- Allows AER Staff to provide their views on how the Customer Forum and AusNet Services have set out their positions and associated justification
- Allows AusNet Services' customers to provide feedback on how well the Customer Forum is representing customer perspectives.

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The project team observes that it has become standard practice for networks to publish draft plans, discussion or issues papers for consultation prior to lodging their regulatory proposals with the AER. Indeed, in the current round of reviews, all electricity and gas distribution networks in the National Electricity Market did so, in addition to their broader customer engagement and research programs.

The monitoring and evaluation reports for our New Reg trial observed that the timing of the pre-lodgment processes is affecting the currency of cost and pricing forecasts over the process. With the timeline from initial customer discussions on the network's plans through to an AER decision now spanning several years, stakeholders must deal with the issue of forecast iteration. This issue was observed by AusNet Services and the Customer Forum in stage two, and they have implemented measures to manage this in stage three.

A further challenge to this timing is the [announcement](#) of a six month delay in the Victorian electricity distribution price review. AusNet Services' Proposal is now due by 31 January 2020.

Trial stage three update

The current stage of the trial involves final negotiations culminating in the Customer Forum's Engagement Report and AusNet Services' Proposal.

The Victorian delay has provided AusNet Services and the Customer Forum additional time to incorporate feedback on the draft plan and to negotiate matters that were not agreed in the interim negotiation.

In addition to the monthly week-long meetings held in [February, March, April and May](#), the parties have agreed a forward timeline that includes:

- 8-9 July – Customer Forum meetings
- 29-31 July – Pre-negotiation and briefing sessions, with the aim of highlighting and exploring the way forward on issues/sticking points, prior to final negotiations
- 2 September – Publication of final negotiation position notes
- Early-mid September – Final negotiations.



Upcoming forums

The enhanced role of consumers in driving 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:

- On 11 September the ECA and ENA will jointly host a stakeholder forum in Melbourne designed as a 'stock take' of consumer engagement outcomes in the latest round of network regulatory reviews.
- Energy Consumers Australia will continue to hold teleconferences for consumer advocates on the New Reg process. The next of these will be held in September. Invitations will be sent to registered advocates, and if you want to be sure of an invitation please email David Havyatt at david.havyatt@energyconsumersaustralia.com.au.