



Stakeholder engagement

PAL APP01 - Stakeholder engagement - Jan2020 - Public

Regulatory proposal 2021–2026

Contents

1	INTRODUCTION	4
1.1	Our commitment to improving engagement	4
1.2	Engaging customers and stakeholders in our regulatory reset process.....	5
1.3	Our overarching approach to engagement	6
2	DESIGN PHASE: DEVELOPING A TAILORED, EFFECTIVE ENGAGEMENT PROGRAM	8
2.1	Our research and review process	8
2.2	Stakeholder engagement approach	11
2.3	Dedicated EFCAP	17
2.4	Reviewing our engagement progress	19
3	PHASE 1: GAINING CUSTOMER INSIGHTS AND REFINING THE FUTURE ENERGY SCENARIOS	20
3.1	What we heard from phase 1 engagement.....	21
3.2	Our response in preparation for phase 2	25
4	PHASE 2: EXPLORING POSSIBLE ENERGY SCENARIOS.....	28
4.1	What we heard from phase 2 engagement.....	29
4.2	Our response in preparation for phase 3	33
5	PHASE 3: SENSE CHECKING OUR DRAFT PROPOSAL.....	34
5.1	Ensuring our most vulnerable had a voice	35
5.2	Hearing from those in bushfire risk areas	37
5.3	Getting feedback on our draft proposal.....	37
5.4	Customers' preferences considering billing impacts.....	39
5.5	Popping up in local communities	40
5.6	Opening the doors for local government and community opinion leaders	41
5.7	What we heard from phase 3 engagement.....	42
5.8	Our response in preparation for phase 4	42
6	PHASE 4: PREPARING OUR PROPOSAL.....	43
6.1	Key engagement outcomes and our responses	43
6.2	How our operations will address risks for our customers and stakeholders	46
7	EVALUATING AND MONITORING OUR ENGAGEMENT.....	48
7.1	Evaluation framework	48
7.2	Evaluation process.....	49
7.3	Evaluation outcomes	49

8 CONTINUING THE CONVERSATION..... 53

8.1 We need to be flexible 53

8.2 Importance of reporting back..... 53

8.3 Learning from our customers 53

8.4 Recommendations for the next reset..... 54

1 Introduction

This Chapter provides an overview of how we engaged with customers and stakeholders in preparation for our Regulatory Proposal 2021–2026 (**the proposal**) and identifies how customer and stakeholders have influenced and shaped the proposal.

Engagement was undertaken through a four phased process which commenced early 2017 and concluded in late 2019. While the engagement was primarily undertaken to inform the development of our proposal, engagement with our customers and stakeholders in an ongoing process.

Powercor recognises that we have an important role in the communities in which we operate, ensuring that we continue to deliver a resilient, affordable and flexible supply of electricity. Given that energy powers the way we live, work and play, we believe that planning for our energy future is of vital importance to our customers and stakeholders across our networks.

CitiPower, Powercor and United Energy are the three networks that we operate. For each network we are required to prepare a regulatory reset proposal. An overarching engagement program was developed to support the three networks, Energised 2021–2026.

Developing this program ensured that we were engaging with our customers and stakeholders in a consistent approach. The overarching program ensured we were sharing learnings across the three networks and able to compare and identify unique factors for each network.

When differences were identified we took extra measures to engage further or differently with customers and stakeholders to ensure their needs were met. We have however, been able to benefit from a large pool of data relating to energy customers from across Victoria, which has in itself provided invaluable insights for our business and proposals.

This combined approach can be likened to the joint engagement performed by all five networks for the Tariff Structure Statement, where we benefit from talking to the same stakeholders about our proposals and the opportunities and challenges for each network.

We are committed to engaging with customers and stakeholders across our networks to understand their needs, priorities and changing expectations. It underpins how we plan and manage our networks today and well into the future, ensuring we deliver services that are in the long-term interests of our customers.

1.1 Our commitment to improving engagement

Improving how we engage customers and stakeholders is a strategic focus of our business. For us, engagement is an ongoing and constant process, not just an obligatory step in the five-yearly regulatory reset cycle. It is a tool we use to regularly check in with our customers and stakeholders. We view engagement as essential to ensuring we deliver customer outcomes. Without knowing what customers want and need, we cannot deliver.

For us to be successful in how we engage customers and stakeholders it must be embedded within the culture and core functions of our business. In May 2017, we released our Stakeholder Engagement Framework (see attachment PAL ATT069 - Stakeholder engagement plan - Nov2017 - Public) to guide how we would work with stakeholders to deliver on our promise to Victorians across our three networks. The Framework demonstrates our commitment to engagement at all levels. It ensures stakeholder insights are considered by decision makers at the highest level and how we report back on how insights are used.

Figure 1 Our commitment to engagement as outlined in our Stakeholder Engagement Framework 2017



Source: Powercor

1.2 Engaging customers and stakeholders in our regulatory reset process

We are regulated by the Australian Energy Regulator (**AER**). We are required every five years to submit a Regulatory Proposal to the AER for how we will charge for electricity based on our expected costs and the needs of our customers. Our proposal must seek to understand consumer views along with projected demand, age of infrastructure, operating costs, network reliability and safety standards.

The regulatory reset process determines the revenue we can earn to run our business and invest in our network; therefore, it is important that we involve customers and stakeholders to ensure our investment proposals meet their needs. One of the focus areas of our Stakeholder Engagement Framework is engaging customers and stakeholders in our regulatory reset and tariff reform process. To achieve this, we designed and delivered a comprehensive and transparent engagement approach over an approximately two year period.

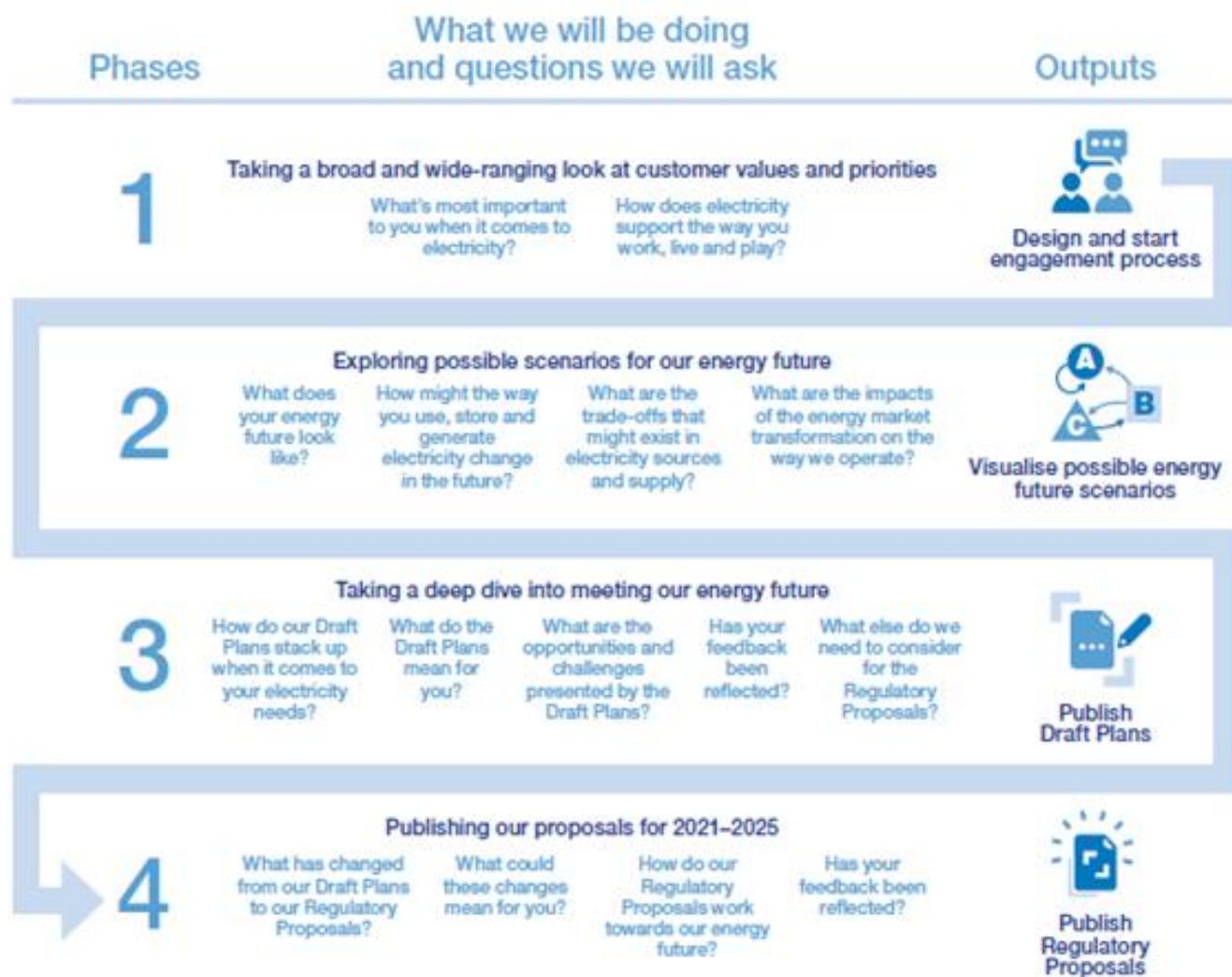
1.3 Our overarching approach to engagement

It is hard to predict unforeseeable events or changes in the market. In designing our engagement approach for the regulatory reset proposal, we started with understanding the values our customers and stakeholders place on energy. We then presented back a series of scenarios for our possible energy futures that sought to reflect these values and inform the development of a shared energy future.

The core component of preparing our regulatory reset proposal is establishing a shared energy future that meets the needs of our customers and the communities they live in. We co-designed these energy futures with customers, consumer advocates and stakeholders. This ensured we were designing possible and plausible energy futures that incorporated customer and stakeholder views and preferences, as well as hard data on consumption.

There were four key phases, plus design, that guided the design and delivery of the customer and stakeholder engagement for the regulatory reset process. This process, the questions we asked at each phase and the expected outcomes are illustrated in figure 2. The full engagement plan can be found in Attachment PAL ATT069 - Stakeholder engagement plan - Nov2017 - Public.

Figure 2 Overview of engagement phases and outputs

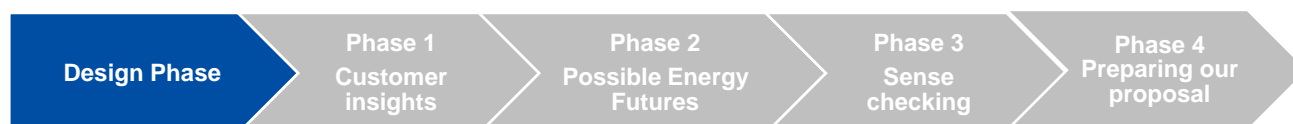




We sought innovative ways to encourage stakeholder and customer participants as part of Energised 2021–2026 program to demonstrate our commitment to improving our engagement process. Some of the innovative approaches we applied included:

- branding our engagement process to help customers and stakeholders know which process they were contributing to and to build awareness for our plans
 - publishing our Stakeholder Engagement Plan and reports from every consultation during the process to demonstrate transparency and to keep ourselves accountable
 - co-designing energy futures without stakeholders through the Network Energy Future Forums
 - setting up an advisory panel (EFCAP) dedicated to the rest
 - using deliberative engagement techniques to involve and work with our stakeholders
 - using digital engagement techniques such as Social Pinpoint to engage with a broader audience
 - engaging with vulnerable customers through a dedicated campaign in partnership with the Western Bulldogs Community Foundation
 - engaging with community opinion leaders to identify local and regional energy issues
 - using innovative communication tools including a 'Talking Electricity' website, a 'Reset Proposal' animation to explain the process and a 'Talking Electricity' Podcast channel
 - using 'mock bills' to support participants prioritising spend through a participatory budgeting process.
-

2 Design phase: Developing a tailored, effective engagement program



Before we started engaging with our customers and stakeholders across our networks, we needed to make sure we were asking the right questions to the right people and in the right way. This section outlines our learnings and how they influenced our strategic thinking around how we engage customers and stakeholders on the proposal; and details the key elements of our engagement process.

2.1 Our research and review process

In designing our engagement approach, we took the time to:

- review how we can improve from our current regulatory period
- learn from best practice
- consider the changes in the operating environment
- draw on industry engagement practices
- seek feedback from internal and external stakeholders
- have the approach reviewed by independent experts.

This section details an overview of these activities.

2.1.1 Learnings from the current regulatory period (2016–2020)

To understand what we could improve compare to the current regulatory period, we conducted a gap analysis of our stakeholder engagement activity undertaken as part of the 2016–2020 regulatory reset process. The analysis considered the Regulatory Reset Stakeholder Engagement Plan in 2017 (what we set out to achieve), the CitiPower and Powercor Stakeholder Engagement Framework (developed in 2017), and feedback from the AER's Victorian Customer Challenge Panel (CCP). Details of the gap analysis are provided in attachment PAL ATT070 - Stakeholder engagement extension plan - May2019 - Public.

For the 2021–2026 regulatory proposal we wanted to design a process that provided more opportunities for people to be involved in the decision-making process rather than just be informed about the final decisions. It meant stakeholders would be involved in a meaningful way and that we could provide a direct link between the values and views of our stakeholders and our final proposal.

2.1.2 Learnings from best practice

In 2017, we undertook a comprehensive literature review on regulatory and utility engagement processes. The literature review presented an overview of drivers of change in the energy industry, and the rising public expectations of engagement. It included a review of 'best practice' engagement, drawing upon Australia's regulatory requirements and industry-standard engagement models. It reflected on lessons from different engagement and helped establish a benchmark for our engagement and identify new or innovative opportunities for us to improve. The literature review identified the following key trends:

- Customers' needs are changing and there is a growing emphasis on empowering people to make more informed decisions about how they use, store and generate power.
- Stakeholder engagement is more than ever, playing a key role in regulatory process and measuring its effectiveness will be essential for networks to support proposals.
- New practice handbooks and guidelines have been published outlining expectations from the industry.
- A movement of engagement practitioners advocating for diverse stakeholder groups to work on problems while hearing evidence from experts, similar to a citizen's jury.
- A growing trend towards deliberative inclusive processes (like citizen juries), shifting away from traditional methods that are dominated by well-organised and hyper-engaged individuals.

The level of customer and stakeholder interest, education and awareness is relatively low. Research suggested that there is only a small proportion of the community that is interested and willing to be engaged at a deeper level.

2.1.3 Understanding the operating environment

The operating and regulatory environment shapes the context for the regulatory reset and ultimately the outcomes for our customers. This environment is changing and adapting to new technologies, consumer demands and expectations.

For engagement to be effective, it was important to understand these influences and design an approach that is reflective, responsive and adaptive to change. To support this approach a market scan was undertaken in order to better understand the operating environment.

The following key external influences that need to be considered in planning for engagement were identified:

- Customers are reducing their electricity usage to manage the cost of their bills and reduce their carbon footprint.
- Building standards are improving to reduce consumption of electricity through better insulation and energy-efficient design.
- Commercial and domestic electricity is reducing through energy-efficient appliances and high-efficiency lighting.
- The growth of digital channels and platforms is making it easier to choose, connect and swap between energy products and services.
- The adoption of solar is increasing the amount of electricity generation in our networks.
- Embedded generation solutions are more prevalent and large businesses and residential apartments are adopting this approach to help meet their own electricity needs.
- Renewable energy and targets may accelerate the uptake of renewable generation and technologies.

2.1.4 Drawing on industry practices

In developing the Stakeholder Engagement Framework, we acknowledged the prior work and depth of study into engagement practices by leading agencies and businesses. Some key documents that were used as a foundation for the development of the Framework included:

- Consumer Engagement Guideline for Network Service Providers, AER
- Customer Engagement Handbook, Energy Networks Australia (**ENA**)

- Better Practice Guide for Public Participation, Victorian Auditor-General's Office (**VAGO**)
- Public Participation Spectrum, International Association for Public Participation (**IAP2**)
- Proposed New Reg Trial, AER
- Engagement Triangle, Capire Consulting Group.

2.1.5 Consulted with our Customer Consultative Committee (CCC)

We have been working closely with our Customer Consultative Committee (**CCC**) since its establishment in 2000 to help create policy that shapes the direction of our business. The committee consists of customers from a broad section of the communities we serve within each of the three network areas.

We consulted the committee to seek their advice on the design of our engagement approach for the Stakeholder Engagement Framework and regulatory reset process. The committee also gave valuable advice on the set up of the dedicated reference group for the reset, the Energy Futures Customer Advisory Panel (**EFCAP**). The Committee has been crucial to the design of the engagement approach for the reset to help us maintain a strong relationship with our communities.

2.1.6 Reviewed by key external stakeholders

We sought feedback over a series of workshops and meetings with our key internal stakeholders including Energy Consumers Australia (**ECA**), ENA, our CCC and the AER on the Stakeholder Engagement Framework and the engagement approach for Energised 2021–2026.

The feedback from external stakeholders was fundamental to understanding where we need to improve from past regulatory processes. For instance, the depth of engagement needed to be improved to ensure everyone knew what they were having a say about. The type of engagements and the inclusion of all customer groups were also seen as a much needed improvement from external stakeholders.

Generally speaking, external stakeholders suggested our approach in the past was too heavily geared at targeted and in-depth engagement with stakeholders rather than allowing customers to be involved at that same level. It is for this reason we adopted deliberative inclusion processes, educating and continuing the dialogue with a group of customers, as well providing more opportunities for customer to get involved (such as shopping centre displays and online).

2.1.7 Peer reviewed by independent experts

We invited Stokes Strategy and Research to review our final Stakeholder Engagement Plan for the regulatory reset to ensure it meets industry standards and our objectives. The findings suggested the core principles and elements of 'best practice' stakeholder engagement were reflected. A range of recommendations were made as a result of the review, with the primary areas for action being:

- a refinement of stakeholder engagement objectives
- the introduction of progressive, evidence-based segmentation of stakeholder groups
- a refinement of the measurement and evaluation processes (linked to enhanced objectives).

Stokes Strategy and Research stated that Energised 2021–2026 stakeholder and community engagement approach had appropriately placed stakeholders and the customer at the heart of the business and had taken steps to signal further knowledge gathering and a deep and sustained engagement with consumers through the regulatory reset proposal process and the subsequent tariff structure statement process by the AER.

2.2 Stakeholder engagement approach

The following sections describe the engagement approach undertaken as part of Energised 2021–2026. It includes a description of our engagement principles and objectives; how we identified who we needed to talk to; how we delivered an inclusive and transparent process; and how we reviewed our progress.

2.2.1 Engagement principles and objectives

At each point in the process we made sure to acknowledge our engagement principles outlined in our Stakeholder Engagement Framework, which were to be accessible, inclusive, transparent and measurable in outcomes. Table 1 outlines how the engagement approach was designed to align with our engagement principles.

Table 1 How we aligned our engagement approach to our engagement principles

Engagement principle	Engagement approach
Accessible	<p>We will provide accessible information about the Regulatory Reset, our approach to developing the draft proposal and how feedback will inform our proposals.</p> <p>We will provide a range of ways for stakeholders to be engaged and provide input, always looking for innovative ways to encourage participation.</p> <p>We will respect the ways in which stakeholders prefer to be engaged and do our best to ensure our engagement is accessible and allows adequate time for involvement.</p>
Inclusive	<p>We will listen to a range of voices, including the hard to reach and not just the ‘usual suspects’. Where required, we will adjust our approach to remove barriers to participation and make sure those affected can participate in a meaningful way.</p> <p>We will also give people time to digest information, understand the process we are required to fulfil and plan around impacts (where required).</p>
Transparent	<p>We will share our knowledge, be honest about the rationale behind our approach and ensure the engagement process is open and clear.</p> <p>We will always ‘close the loop’ with our stakeholders, thanking them for their participation, replaying what we have heard, and explaining how their input has been used.</p>
Measurable	<p>We will agree outcomes upfront and evaluate the effectiveness during and after the engagement process.</p> <p>We will provide opportunities for ongoing two-way dialogue that allows for timely discussions and provides a continuous feedback loop.</p>

We set ourselves the following engagement objectives for Energised 2021–2026:

- to achieve a level of awareness of Powercor, our role in the electricity market and the regulatory framework we operate within
- to gather stakeholder inputs at appropriate times for them to meaningfully influence our proposal
- to actively involve stakeholders in the regulatory process to understand their changing views and preferences and to improve long term outcomes.

These engagement objectives were then used to measure our effectiveness. To guide the design of the engagement we clearly articulated our desired outcomes. Articulating the outcomes ensured we were asking the right questions and consulting the right people. The desired outcomes for the engagement were to:

- develop insight into customer perspectives on everyday lifestyle changes implicated in different energy futures, both in terms of demand side and supply side changes
- actively involve customers and stakeholders in the regulatory process to understand changing views and preferences and to improve long term outcomes
- highlight key points of agreement and contestation regarding considerations and trade-offs in developing our energy future.

Table 2 illustrates how the outcomes aligned with the engagement objectives.

Table 2 Engagement objectives and outcomes

	Awareness	Meaningful influence	Improve long-term outcomes
What we wanted to achieve	Achieve a level of awareness of our organisation, our role and the regulatory framework in which we operate.	Gather customer and stakeholder inputs at appropriate times and allow them to have meaningful influence on our proposal.	Actively involve customers and stakeholders in the process so we could understand changing views and preferences and improve long-term outcomes.
What this meant for our five-year plan	Deep insights into customer perspectives on everyday lifestyle changes implicated in different energy futures, both in terms of demand side and supply side changes.	Active involvement of customers and stakeholders to understand changing views and preferences and to improve long term outcomes.	Understanding of the key points of agreement and contestation regarding considerations and trade-offs in developing our energy future.

2.2.2 Identifying who we need to engage with

With almost 850,000 customers, it is important for us to note their diversity—not just between customer types, but also between customers, regions and communities. We recognised that stakeholders' interests and abilities to influence outcomes would vary. People, attitudes, ideas and perceptions are not static, and either are stakeholders—we knew they would emerge and evolve throughout the engagement process.

From the onset, we grouped stakeholders broadly and then looked for the outliers, meaning the groups within groups. Through the testing of our engagement plan with key internal stakeholders, the CCC and peer review it was clear that the breadth of stakeholders meant we needed a wide range of engagement activities to encourage meaningful participation and responds to diverse engagement needs. Figure 3 illustrates the analysis approach used to understand the varying levels of stakeholder interest and influence.

Figure 3 Stakeholder analysis matrix

		Interest		
		High	Medium	Low
Influence	High	High potential involvement	Medium potential involvement	Medium potential involvement
	Medium	High potential involvement	Medium potential involvement	Low potential involvement
	Low	Low potential involvement	Low potential involvement	No potential involvement

Source: Powercor

2.2.3 Framing the conversation for customers

Through any regulatory reset proposal process there are complex decisions that need to be made about how to balance the network efficiently and prudently to drive down costs for customers, along with investing in research and development into non-network solutions that could delay augmentations and support a greener future. The challenge of involving customers and some stakeholders in these conversations is that they tend to understand the work we do when it came to poles and wires, but are less clear on the link between our network infrastructure and Australia's changing energy future.

As we explored the best way to have this conversation with customers and stakeholders, we continually came back to the same question of:

How do we secure access to electricity at all times at the flip of a switch, for a reasonable price, and without negatively impacting people or the environment now and into the future?

To begin to be able to answer this question we needed to understand what value our customers and stakeholders place on energy, more specifically electricity, and the way it is delivered across our network. Then, where possible, work with customers and stakeholders to understand possible future energy scenarios and outcomes so that we can make better decisions about how to manage the network efficiently and invest in the future, with the principle of delivering lower costs to customers.

Ultimately, we want to manage the network efficiently to deliver low-cost energy while investing in the future.

To help drive the conversation and ensure we cover off all the important elements of the decision-making process the following conversation themes were developed:

- network performance
- pricing
- renewables
- connections
- community safety
- stakeholder engagement.

Over time, and after working with customers and stakeholders, these findings from each of the themes helped to arrive at the priorities underpinning our regulatory proposal—resilient, flexible and affordable.

We then asked a series of questions under each theme. These questions indicated the business' ability to take on feedback and inform our approach.

- What issues does this theme cover?
- What do we need to explore within this theme?
- What sections of the National Electricity Rules does this theme relate to?
- What are the marquee projects within this theme?
- How does this theme shape an energy future?
- What decisions do we need to make within this theme?
- What (if any) can people contribute to within this theme?
- Who are the different stakeholders' groups that need to be considered?

The themes and the questions led us to create a matrix that sets clear parameters around the engagement. It indicated what was or was not negotiable in the process, in other words what customers and stakeholders could or could not influence. It also guided us in determining the engagement techniques, target customers and stakeholders, and the breadth of engagement for each theme.

2.2.4 How we engaged

Understanding the diversity of our customers and stakeholders, we knew from the onset that there is no 'one-size-fits-all' approach in engaging with them. That is why we adopted a range of stakeholder engagement and communications approaches to engage with our stakeholders—fitting to their level of involvement and participation. The tools were selected to engage diverse groups and ensure we were communicating with our intended audiences as opposed to our audiences.

Across the stages, engagement approach and the stakeholders the level (or depth) of engagement varied. The IAP2 Public Participation Spectrum was used in tailoring the approach and the tools. Not all engagement tools allow for greater depth of engagement and some topics involve a lot of other technical inputs (like taxation or depreciation) and therefore the ability for customer and stakeholder to influence the decision is restricted.

Table 3 outlines how the tools that were used across the Energised 2021–2026 engagement program and the desired level of engagement and purpose of each tool.

Table 3 Key engagement activities, level of engagement and what feedback was sought

Engagement activities	Level of engagement	Purpose of engagement	Description	Powercor specific
Talking Electricity website	Inform-Consult	Provide a centralised online hub for important information, updates and news about our progress	An online engagement website with links to each network www.talkingelectricity.com.au	15,3300 page visits
Newsletters	Inform	Provide regular updates on our progress throughout the process	People could register via the website. Newsletters were sent out monthly	489 subscribers
Pop up displays	Inform-Consult	Provide information, subscribe new customers and seek high level insights about energy usage	Short session held in high traffic public areas across both metropolitan and regional hubs	Pop up display in Geelong with foot traffic of 166,152
Focus groups	Consult	Collect exploratory insights on values, customer priorities for the future, renewables, electricity bills and customer impacts	Small group discussions with customers in Richmond, South Melbourne, Sandringham, Bendigo, Geelong, Mildura, Werribee, Sandringham, Dandenong and Rosebud	Focus groups held in Richmond and South Melbourne
Interviews	Consult	Discuss energy futures, impacts to business, connections, tariffs, energy sources and future investment plans around energy	Major customers in finance, transport, tourism, food production and retail	25 interviews
Surveys	Consult	Understand values and preferences on key issues addressed in the proposal Understand scope, limits and level of support for some of our flagship programs in the draft proposal and proposal	Survey of residents and small to medium business customers across the three networks	2,709 surveys with residential and small to medium businesses with access to insights from 7,793 surveys across all three networks
Meetings	Consult-Involve	Detailed discussion about all elements of the draft proposal and our proposal	Over 700 meetings with local, state and national stakeholders and groups across the three networks	714 meetings with 2,353 interactions
Workshops	Consult-Involve	Discuss and decide on the approach to topics like pricing, data, renewables and connections	32 forums where technical teams and groups from across the network engaged 970 customers and stakeholders	579 participants over 30 forums or workshops

Engagement activities	Level of engagement	Purpose of engagement	Description	Powercor specific
Citizen led deliberative forums	Involve	Dynamic forums for the public to hear from experts about energy futures and provide feedback on their values, the trade-offs, customer impacts and priorities	A deliberative process involving the delivery of 9 forums using the same customers over the course of the two-year engagement program. One deliberative process was delivered for each network.	266 participants during 6 deliberative forums
Future Networks Forums	Consult-Involve	Co-design energy futures to test with customers and ensure we prepared possible and plausible options for discussion Discuss proposed options to enable solar exports and current and future demand response programs and incentives to encourage customers to shift their energy load to off-peak periods	Two held in Melbourne with informed stakeholder groups from state and local government, as well as consumer advocates, regulators and industry groups	78 participants in two joint network forums
Advisory Panel	Involve	Detailed discussion about all elements of the proposal, including approach, modelling, insights, market trends, regulation, pricing, connections, community safety, renewables, customer impacts, performance, the draft proposal and our proposal	Dedicated panel with representatives from the Australian Energy Regulator, Energy Consumers Australia, Department of Environment Land Water and Planning, National Electrical Contractors Association, Newstead 2021, St Vincent De Paul, United Dairyfarmers Victoria, the Victorian Chamber of Commerce and Industry and AiGroup	19 customer reference panel members 1,120 interactions with customer reference panel members 18 panel meetings with our customer reference members
Draft proposal, Proposal and Engagement Reports	Consult-Involve	Covers the insights we've collected along the process, how feedback has been considered and how we'll work towards the proposed energy future	Published online and in printed copies	Draft proposal published for Powercor and viewed 1,250 times
Podcast	Inform	Inform customers of the draft proposal; the purpose of the proposal and what it includes	Published online and available through Sound Cloud or www.talkingelectricity.com.au	319 podcast listens from across three networks
Open house	Consult	Provide an opportunity to local government and other community opinion leaders to learn more about the draft proposal and provide their input	All-day forums held in Melbourne and Ballarat	26 community opinion leaders and local government representatives met in Ballarat

Source: Powercor

2.2.5 Ensuring our process was inclusive and transparent

To ensure that our engagement process was inclusive, we listened to a range of voices, including the hard to reach and not just the 'usual suspects'. Where required, we adjusted our approach to remove barriers to participation to ensure everyone had the opportunity to participate in a meaningful way. Some of the ways we ensured our engagement was inclusive are described below.

- We engaged with culturally and linguistically diverse (**CALD**) and vulnerable groups through a range of bespoke engagements and in some cases through existing partnerships.
- We reached out to the regional leaders to understand regional energy issues.
- We wanted to bring our customers along the journey, so we always invited past participants to next rounds of engagement activities.
- We made sure our information was easy to digest, and we always provided the most up-to-date reports through our website, Electronic Direct Mailouts (**EDM**) and newsletter to ensure transparency in our process.



Reaching the hard to reach

In 2019, we engaged with customers who participated in the Western Bulldogs Community Foundation programs. The purpose of this engagement was to help build our understanding of the challenges facing vulnerable customers to inform the development of our proposal. Through the program, we engaged with around 300 members of the, 'Daughters of the West' program targeted to women living in the Western Suburbs of Melbourne. Our conversations ranged from basic energy literacy, to more in-depth conversations around energy efficiency measures in the home. In one case, we were able to demonstrate how a household could save over \$1,200 per year. Seeing the initial success, we are going to expand geographic reach in 2020.

2.3 Dedicated EFCAP

We recognised the need for a dedicated advisory panel that was capable of representing the perspective of our customers. We wanted to bring this dedicated panel along the reset process to ensure our plans for 2021–2026 reset genuinely reflect the preferences and perspectives of our customers. Therefore, we established the EFCAP in 2017 as part of Energised 2021–2026.

EFCAP is a key engagement tool we used to provide a collaborative platform for our business to discuss current and future energy insights. The EFCAP was designed to ensure customer and stakeholder views are considered as part of our decisions and areas of influence within the regulatory reset process.

The Powercor EFCAP consisted of 11 members with a diverse representation of customer and stakeholders. Our members represented:

- energy market, policy, regulation or planning

- consumer advocacy
- residential, small business, commercial, industrial or vulnerable customers
- sustainability, renewables or distributed energy.

The EFCAP provided a forum for all relevant issues and concerns regarding the development of our draft proposal and subsequent proposal.

As a critical source for customer insights, the EFCAP would:

- advise us on whether customer and stakeholder views are being fully considered and reflect the long-term interests of customers
- advise us on the effectiveness of engagement activities and whether the feedback had been reflected in our draft proposal and proposal
- provide us with relevant and timely feedback to inform decision making for the engagement and futures as part of our draft proposal and proposal
- share information about our proposal with other interested customers, stakeholders and community members through members' networks.

The EFCAP met every three to four months over a two-year period to consider concepts, projects, issues and challenges relating to the development of our proposals. These included customer perceptions and views on topics of interest, such as:

- energy futures
- network performance, including reliability, quality and security
- tariffs, including principles, pricing and affordability
- non-network solutions, including renewable and distributed energy
- connections, including small scale, large scale and load generation
- community safety, including bushfire mitigation and public lighting
- engagement, including our process, partnerships and stakeholders.

We facilitated the engagement process through transparent sharing of information between the business and panel members by:

- circulating any relevant information that will be discussed with members prior to meetings
- reviewing feedback from the customers and members to inform discussions
- providing administrative support and facilitation
- responding within agreed timeframes to requests for further information
- promoting the panel's purpose, objectives and meeting outcomes to the business and external stakeholders.

Figure 4 details the road map that was developed to guide the EFCAP engagement process and ensure that they could provide timely feedback on the regulatory reset proposal.

Figure 4 Roadmap for the EFCAP sessions

		2017		2018			2019	
		September	November	March	June	September	February	June
Information we will provide the Panel	INFORM	Present an overview of the Regulatory Reset and Tariff Reform projects	Present findings from customer research	Present considerations for future energy scenarios	Present possible future energy scenarios	Present inputs into the Draft Plan	Present the Draft Plan and inputs into the Tariff Structure Statement	Present preliminary Regulatory Proposals and Tariff Structure Statements
	ENGAGE	Discuss regulatory reset, tariff reform and engagement	Discuss energy literacy and customer and stakeholder insights	Discuss considerations and trade-offs	Discuss customer feedback on possible future energy scenarios	Discuss considerations and the thinking behind the Draft Plan	Discuss early customer feedback on the Draft Plan	Discuss how customer feedback has been used
Proposed forward agenda to promote discussion and seek feedback from the Panel	CONSULT	Workshop: Key learnings and approach to stakeholder engagement	Workshop: Customer insights and impacts	Workshop: Future casting workshop	Workshop: Members' feedback on possible energy future scenarios	Workshop: Challenges and opportunities of the possible energy future and Draft Plan	Workshop: Members' detailed feedback on the Draft Plan	Workshop: Preliminary Regulatory Proposals and Tariff Structure Statements

Source: Powercor

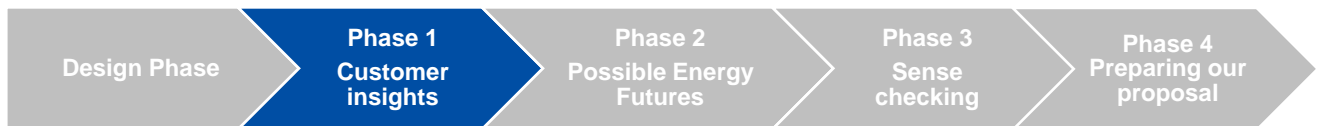
2.4 Reviewing our engagement progress

During the course of Energised 2021–2026, the start of the next regulatory period was moved from 1 January 2021 to 1 July 2021. We took the additional six months to stock-take and reviewed our stakeholder engagement progress (phases 1 and 2) to assess whether we were meeting our commitments.

Through the review we found that the topics identified continued to align with customers' needs but suggested more engagement was required prior to submission in January 2020. As a result, the following engagements were added to the engagement process and completed by November 2019:

- We undertook customer surveys in the final phase of engagement with residential and small and medium business customers included a sample bill calculator to demonstrate in real terms the priorities customers place on their electricity values.
- We undertook further consultation with community opinion leaders about topics that concern them, such as public lighting, vegetation management, upgrading regional supply, bushfire safety and community energy.
- We articulated steps taken to seek and use stakeholder inputs to progressively hone proposal (including options).
- We reinvigorated EFCAP to 'close-out' all issues and concerns, and ensure there are no-surprises prior to submission of Proposals.
- We boosted communications to build greater awareness for our process, the outcomes and further opportunities to participate in engagement. This included a new podcast, more frequent EDMs, increased social media and the development of easy-to-digest communications materials, like animations and videos.

3 Phase 1: Gaining customer insights and refining the future energy scenarios



The views and concerns of our stakeholders are vital to informing our future priorities and directions. In phase 1, we first wanted to understand our customers’ priorities and values to undertake meaningful and relevant engagement—now and into the future. We then took these insights to the Energy Network Future Forum to inform the development of possible energy future scenarios (see Box 1 for more detail).

Box 1 Energy Future Network Forum explained

Energy Network Future Forum

We are committed to engage with our customers at the ‘involve’ and ‘collaborate’ level of IAP2 spectrum and the Energy Network Future Forum is one way of achieving it.

We invited members from the CitiPower, Powercor and United Energy Customer Consultative Committee, EFCAP and other stakeholders who play an important role in the electricity industry to join the Forum. These stakeholders are highly knowledgeable about the industry and have diverse views about priorities and key issues. We sought their informed comments about future energy drivers and conditions that could underpin Victoria’s future energy scenarios.

In seeking their views, we used a deliberative approach in order to dive deeper than traditional consultation and elicit the depth of insight required for scenario planning. Deliberative forums are ideal for enabling meaningful dialogue between participants, exploring complex issues and going beyond initial reactions. This approach involves giving participants the time, information and tools required to arrive at informed recommendations.

Across phase 1 of the Energised 2021–2026 engagement program we engaged with a total of 2,583 customers and 400 stakeholders. Table 4 provides a snapshot of the phase 1 participation by engagement activity and network.

Table 4 Summary of phase 1 participation by engagement activity and network

Engagement activity	Powercor	CitiPower	United Energy
Survey of residential customers	600	640	603
Focus groups with residential customers	8 focus groups Total of 54 participants	4 focus groups Total of 30 participants	8 focus groups Total of 42 participants
Vulnerable customer engagement	1 focus group 13 participants	1 focus group 14 participants	1 focus group 13 participants
Survey of small business customers	200	200	201
Interviews with commercial and industrial customers	A total of 15 were undertaken. Some of these customers are interested in more than one network, while others are network specific. There were 7 customers specific to Powercor. ANZ, Coca-Cola, Crown, Department of Education and Training, Digital Reality, Epworth Hospitals, Flowserve, IXOM, Melbourne Cricket Ground, Metro Trains, Telstra and Woolworths.		
Stakeholder specific engagement	A total of 415 stakeholders were engaged through this phase through targeted engagement activities such as [include some examples].		
Energy Network Future Forum	A total of 33 participants with customer and stakeholder representatives from each of the three networks.		

Source: Powercor, CitiPower and United Energy

3.1 What we heard from phase 1 engagement

3.1.1 Overarching findings

From the surveys, interviews and focus groups conducted we identified some overarching findings relevant to how we do business and engage with our customers.

- Our customers need to learn more about who we are and what we do.
- Our customers have a low level of understanding of electricity bills, tariffs and pricing in general.
- Our customers will not trade off reliability for cost savings.
- Around two thirds of our residential customers perceived their electricity bills to be too expensive.
- Our customers and stakeholders want to see the control put back into people's hands, with access to real-time data and customer centricity.
- Our customers wanted to have flexibility to choose how they use electricity, a dependable and safe network, and at an affordable price.

3.1.2 Customer values and priorities

To understand customer value and priorities we asked through the surveys and focus groups:

- What's the most important to you when it comes to electricity?
- How does electricity support the way you work, live and play?

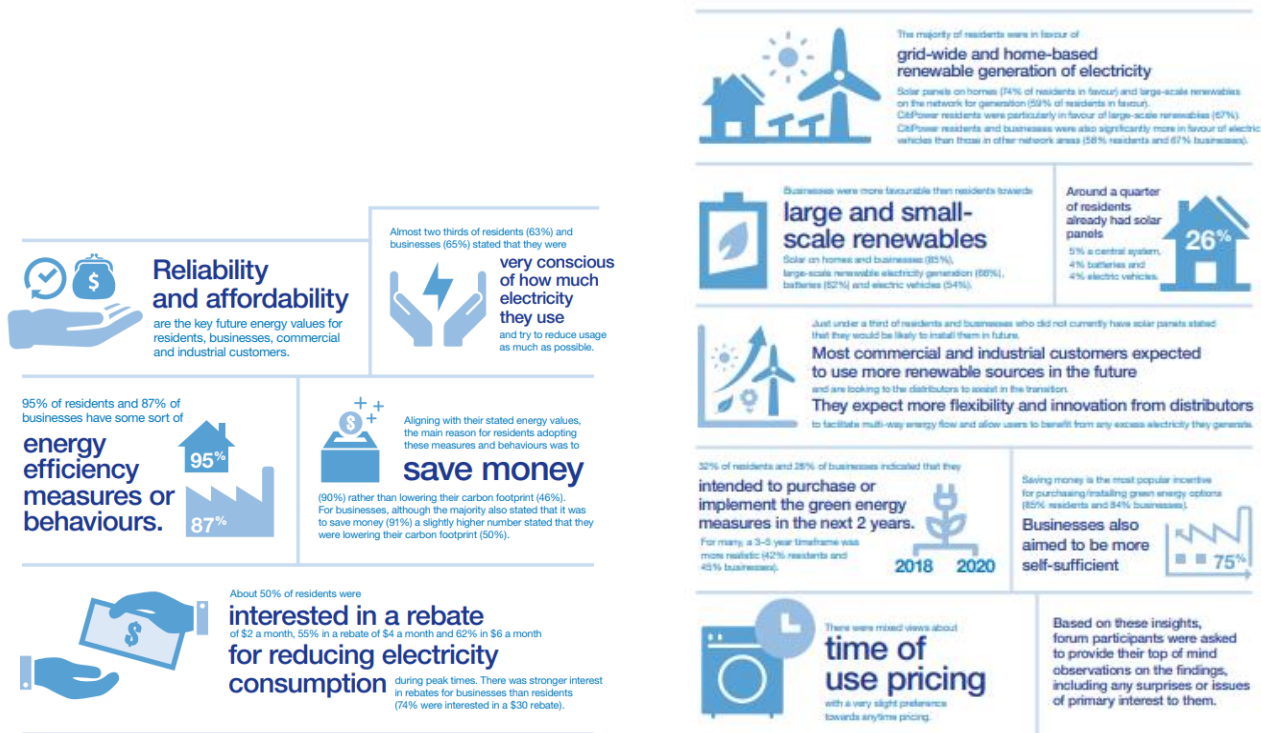
Across the engagement a long list series of customer values emerged are detailed in figure 5. These values were the same across all three networks. In consolidating the customer values, we took the most recited and interrelated values from across all customer types (residential, small and medium business, and commercial and industrial customers).

- Reliable supply in all conditions and at all times – no customers suggested that they’d trade-off reliability for price
- An affordable supply of electricity that lowers bills and is fair for everyone
- Customer service that provides choice for customers and up to the minute information and communications about supply
- Safety for workers and the community
- Quick response to supply issues, faults and outages
- Sustainable network that support a greener future
- Good maintenance to ensure the network stands up in all conditions
- Power quality that limits spikes and surges (i.e. brown and black outs)
- Discounts, incentives and programs to support people reducing their bills.

See attachment PAL ATT068 - Customer insights - Nov2017 - Public for the full analysis of customer insights. Details of each survey results are available under Attachments:

- PAL ATT080 - Woolcott - Exploration of issues - Oct2017 - Public
- PAL ATT081 - Woolcott - Exploration of issues qualitative findings - Sep2017 - Public
- PAL ATT086 - Woolcott - Business survey results - Dec2017 - Public
- PAL ATT087 - Woolcott - Residential survey results - Nov2017 - Public.

Figure 5 Summary of customer values






Source: Powercor

3.1.3 Initial development of the energy future scenarios

The unprompted priorities from customers were the starting point for the values we carried forward in Phase 2 to continue testing them and using them to refine the possible energy future scenarios as part of the Energy Network Future Forum. The full report from the Forum can be found in attachment PAL ATT074 - Woolcott - Future networks forum - Apr2019 - Public.

At the Forum, three possible scenarios were presented to the participants. The participants reviewed the scenarios, suggested new scenarios, and selected their preferred and most likely scenarios to help us refine our modelling and inform the scenarios that we would take forward into phase 2 for further testing. Figure 6 details the assumptions developed from the feedback received in the Forum, which informed the modelling for the final scenarios.

Figure 6 Assumptions developed for each of the energy future scenarios

Assumptions			
	Steady State	Consumer Power	Green Power
1. Level of electrical energy efficiency	Low	High	Medium
2. Uptake of demand management by residents	Low	Medium to High	Medium
3. Demand side response by businesses	Medium	High	High
4. Uptake of electric vehicles	Low to Medium	High	High
5. Electric vehicle subsidies	Low	Medium	Medium
6. Support for renewable generation	Medium	Medium	High
7. Support for local renewable energy production	Medium	High	High
8. Support for large-scale renewable energy	Medium	Medium	High
9. Commercial and industrial investment in renewables	Medium	High	High
10. Progress towards Victorian Government Renewable Energy Targets	High	High	Exceeding
11. Participation in new network pricing options	Low	High	Medium

Source: Powercor

Beyond the assumptions, participants also highlighted other possible scenarios for consideration, including:

- Green Power and Consumer Power hybrid scenario—some believed that the Green Power and Consumer Power scenarios should be merged into a hybrid scenario, as it was believed that a combination of these two scenarios was most likely to occur in the future.
- Low-Cost scenario—it was noted by several tables that all three scenarios assume a certain level of ongoing prosperity. Some suggested that a low prosperity option should be considered, where in order to reduce prices, investment into the networks would be at a lower level than in the Steady State scenario, leading to lower reliability, low innovation and low sustainability.
- Demand Destruction scenario—similar to the low-cost scenario, another table put forward a ‘Demand Destruction’ scenario. The main concern assumption in this scenario was around worsening wealth inequality, unaffordable housing and a high cost of living.
- Go Backwards scenario—there was also a ‘Go Backwards’ scenario put forward by some, in which there could be a radical change in government policy leading to greater support for fossil fuels, less investment in renewable energy and change to the network status quo.
- Grid-wide Large-scale Technology scenario—it was suggested that there could be a scenario whereby new technology is used for large-scale generation (i.e. different to Consumer Power as it is not at the consumer level, but instead the adoption of large-scale technology at the grid level). This could involve more efficient coal power stations, nuclear power and carbon capture.

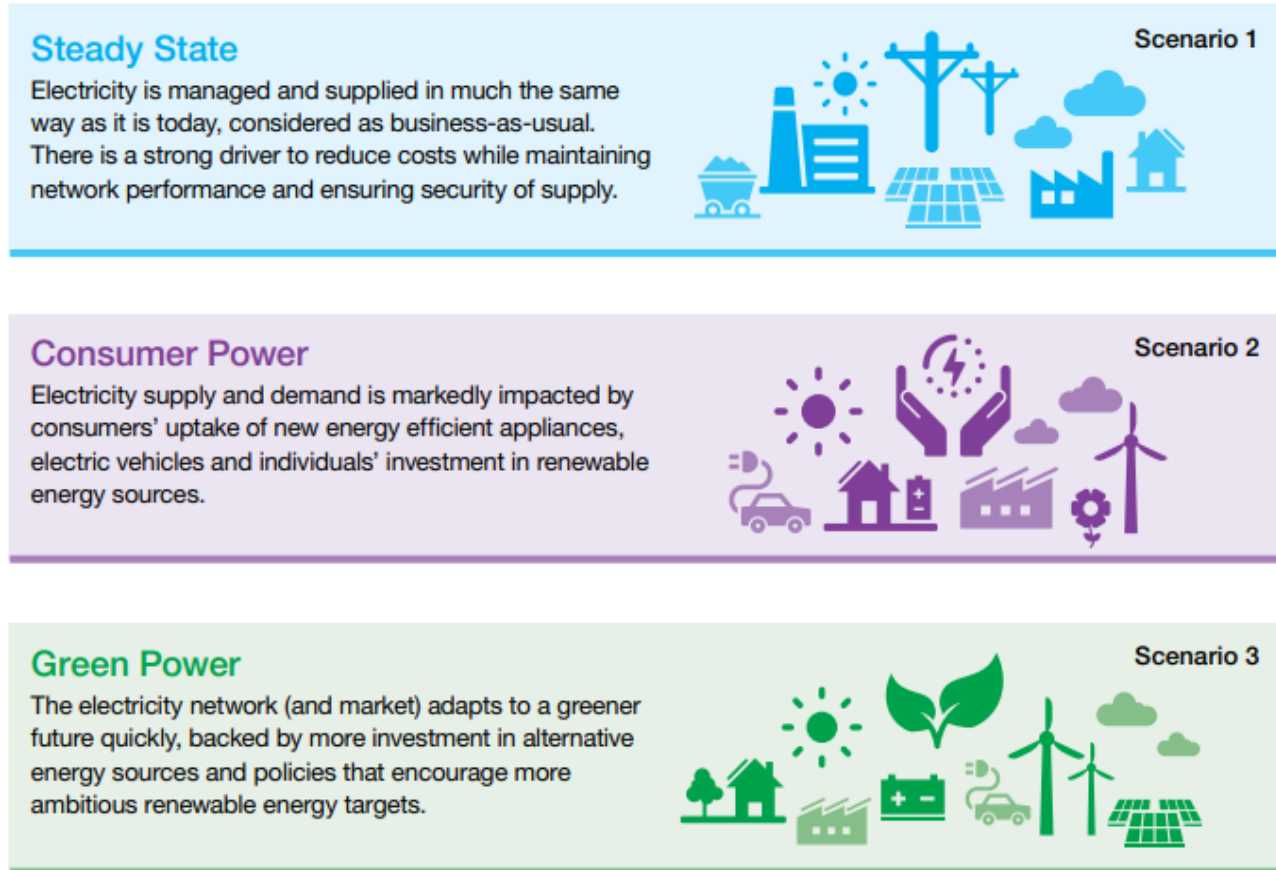
3.2 Our response in preparation for phase 2

Following the collation of the engagement outcomes from phase 2, we prepared a series of responses that we would be taking forward into developing the possible future scenarios and the social indicators. These responses are detailed below.

- We committed to working on our communications to build awareness and a level of trust through eNewsletters, the Talking Electricity website, an advertising campaign and podcast channel.
- The following top three customer priorities will form the basis for further development of the scenarios and continue to be tested and refined through the engagement to inform the development of the draft regulatory reset proposal:
 - Reliability and consistent supply
 - Price
 - Customer service.
- The values and priorities were also used to develop a series of value propositions:
 - Providing a reliable supply of electricity
 - Maintaining affordability
 - Committed to providing a safe environment for customers and workers
 - Use electricity when you want or receive savings for reducing use
 - Committed to providing a safe network that mitigates bushfire risks
 - Keeping your data and our network secure
 - Making it easier for you to export solar and charge your battery
 - Making it easier for you to connect
- Making it easier for you to use your data to make informed choices. Together with the Network Energy Future Forum, we discussed and revised three possible future energy scenarios—Steady State, Consumer Power and Green Power—and eleven factors affecting the scenarios that were considered to be uncertain or difficult to forecast. See figure 7 for more detail on the scenarios. The same scenarios were used across all networks.
- The customer values will inform the development of our framework tool to assist us in analysing the impacts of each scenario, particularly the social indicators. The framework is described in more detail in section 4.
- We will maintain the reliability of our network with customers to ensure available electricity supply for over 99.9% of the year, equivalent to 20-minutes of supply outages per annum on average for customers.
- We will ensure the efficiency of our network in the NEM.
- We will commit to delivering a Customer Service Strategy and improving our customer-facing applications for outages, faults and consumption data.

All findings from engagement were reported back to customers and stakeholders through reports, minutes and content published on the Talking Electricity website or direct correspondence.

Figure 7 Possible energy future scenarios developed to guide phase 2 engagement



Source: Powercor



Bringing together our EFCAP

Our EFCAP encouraged us to explore energy futures and the implications for investment on the network. This included an early scenario of 'low cost' and how that translated to operational expenditure and maintaining reliability. It also tested our thinking on renewables and how vulnerable customers would participate in this market (and/or conversation).

The EFCAP provided a much-needed sounding board for next phase of engagement and ensuring our forecasts for demand, as well as the assumptions we intended to model the energy futures. Understanding the differences or similarities in our customers' values to that of our stakeholders was important to consider at this stage.



Co-designing energy futures

We took a longer view of what our network could look like out to 2035 and asked stakeholders to co-design possible and plausible energy futures that we could test with our customers, and help us to build a plan that met their vision.

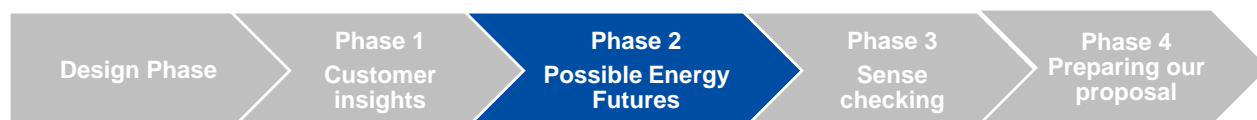
In co-designing energy future we thought of the many considerations, impacts and influences on our network in order to effectively model possible scenarios. These scenarios reflected the possible sources of, and demands for electricity in the future, and the implications of this for our network.

Stakeholders involved in the co-design process were chosen because they were highly knowledgeable about the industry and the businesses, and held diverse views about the priorities and key issues. We sought their informed comments about future energy drivers and conditions that could impact our plan.

In seeking their views we used a deliberative approach in order to dive deeper than traditional consultation and elicit the depth of insight required for scenario planning. In scoping the potential impacts of each scenario, we reviewed: national and international work, like that of CSIRO for the Electricity Networks Transformation Roadmap; AEMO planning and forecasting reports; and the UK National Grid's future energy scenarios.

We then developed three scenarios for stakeholders to consider, each of which would impact investment in different ways during the next five years.

4 Phase 2: Exploring possible energy scenarios



Through phase 2 engagement we tested, with our customers, the energy scenarios and value propositions developed using insights and feedback collected through phase 1. These scenarios served as a mechanism to elicit feedback to directly inform our regulatory reset proposal. We wanted to know if the scenarios and value propositions reflected their views and to assist unpacking the potential social impacts of the different scenarios.

Across phase 2 of the Energised 2021–2026 engagement program we engaged with a total of 2,426 customers and 592 stakeholders. Table 5 provides a snapshot of the phase 2 participation by engagement activity and network.

Table 5 Summary of phase 2 participation by engagement activity and network

Engagement activity	Powercor	CitiPower	United Energy
Residential customer survey	605 surveys completed	625 surveys completed	601 surveys completed
Small to medium business customer survey	202 surveys completed	200 surveys completed	204 surveys completed
Deliberative forums	1 forum hosted in Ballarat with 70 participants	1 forum held in Melbourne with 63 participants	1 forum held in Mt Waverley with 77 participants
Interviews with commercial and industrial customers	8 interviews undertaken	4 interviews undertaken	6 interviews undertaken
Community opinion leader forums	2 forums delivered (Geelong and Mildura) with a total 17 participants	1 forum delivered with a total of 8 participants	1 forum delivered with a total of 17 participants
Investment Options Forum	37 participants with a mix of residents, small and medium businesses and opinion leaders	32 participants with a mix of residents, small and medium businesses and opinion leaders	38 participants with a mix of residents, small and medium businesses and opinion leaders
Stakeholder specific engagement	A total of 592 stakeholders were engaged through this phase through 243 targeted engagement activities.		

Source: Powercor, CitiPower and United Energy

We took the energy futures scenarios to our customers in a deliberative process, as well as surveys, asking them to consider the future that would best support their lifestyles in the future. We wanted to know how people saw electricity supporting their lifestyles and choices in the future so we could make investment decisions that supported a transformation. We also engaged with community opinion leaders and undertook interviews with commercial and industrial customers.

Individual reports of the engagement activities can be found in attachments:

- PAL ATT083 - Woolcott - Residential and SME forum - Jun2018 - Public

- PAL ATT125 - Woolcott - Residential survey results - Jul2018 - Public
- PAL ATT075 - Business survey results - Jul2018 - Public
- PAL ATT077 - Woolcott - Community opinion leader forum - Jun2018 - Public
- PAL ATT079 - Woolcott - Commercial and industrial customer interviews - Jul2018 -Public.

The deliberative forum was the critical engagement activity used to explore the possible scenarios and to assess the potential social impacts of those scenarios. The Framework tool we used to assist us in analysing the impacts of each of the scenarios was based on the PESTLE analysis approach. The PESTLE analysis prompts us to think about all the different types of influences and impacts.

- P = Political impacts
- E = Economic impacts
- S = Social impacts
- T = Technology impacts
- L = Legal impacts
- E = Environment impacts.

The social impacts were the particular focus for the deliberative forums. Under the social impact theme, a series of indicators were developed using the customer values identified in phase 1. The indicators were framed around:

- resilience
- affordability
- flexibility.

4.1 What we heard from phase 2 engagement

This phase brought together feedback from customers about what is most important to them now, as well as what they wanted to see as part of the energy transformation—or energy their energy future. We needed to engage on the here and now to test whether values were consistent or changing, and whether they would impact our investment decisions.

4.1.1 Confirmation of customer values

Reliability and affordability continuously emerged as the key priority energy values for Powercor to focus on. Customers want a reliable network at the most affordable price possible. The values ranked third and fourth for Powercor customers both related to safety—including providing a safe environment for customers and workers and providing a safe network that mitigates bushfire risks. However, participants also felt safety was a ‘given’ and should be considered business-as-usual.

4.1.2 Preferred energy future

Our customers and stakeholder demonstrate a preference for the Green Power scenario as it provided the energy future that was most clearly aligned to their own vision. However, stakeholders also noted that the Green Power Scenario would likely unfold over a long period of time. The Customer Power scenario was the next preferred option and was identified as a more likely scenario to emerge in the short term and as a stepping stone towards a Green Power Scenario.

Larger CitiPower customers interviewed preferred the Steady State Scenario with integration of renewable energy with a measured reduction in tariffs and improved power quality (fewer power fluctuations). Leading businesses and industry bodies want networks to look at the return and consider what types of investment will deliver a return in a more flexible grid.

Some of the key points that emerged during the discussion around energy futures including the current low uptake of renewable energy across customers while there are commercial and industrial customers with new solar projects, hydro assets and other elements set to come on stream alongside metered electricity.

Large customers are seeking essential capital investment to maintain reliability and facilitate the transition to a flexible grid without 'gold plating' the network. While leading business and industry bodies want networks to look at the return on investment for their customers, not just their own internal rate of return. This includes what types of investment will deliver a return in a more flexible grid.

Ultimately, stakeholders acknowledged Steady State as the immediate priority to reduce costs while maintaining network performance and security of supply. Over time however, increasing consumer power and interests in environmental factors were considered likely to lead to greater investment in alternative energy sources and policies that encourage more ambitious renewable energy targets.

4.1.3 Exploring the social impacts of each scenario

Using the social indicators developed as part of the PESTLE analysis, participants at the deliberative forum explored each of the scenarios considering the impacts on achieving a:

- resilient network
- affordable network
- flexible network.

Resilient network

When it comes to a reliable and safe supply, customers view the two concepts as one and the same. They also indicated that a reliable supply and one that protects the safety of communities promotes resilience.

Specifically, when asked about our network participants shared the following.

- Residents and small and medium businesses are satisfied with reliability and power quality and want levels maintained, commercial and industrial customers would like power quality improved.
- Customers are not willing to trade off current reliability for cost savings, however, they are willing to pay to improve reliability in areas with poorer service.
- Safety is seen as a given, and most trust that we are making the right decisions in this area. Customers want safety to be maintained and improved where possible across the network but balanced with costs.
- There is support for safety initiatives to reduce the risk of bushfires such as using new technology, undergrounding and optimal pole inspections, however in the Warrnambool area there are questions as to whether the current proposals are 'enough' to ensure a safe network that mitigates bushfire risk.

Affordable network

Affordability permeates every discussion we have about electricity. Specifically, when asked about our network participants shared the following:

- Affordability is highly-valued and many see current electricity prices as too expensive.
- There is low understanding of pricing structures and how to influence bills.

- Customers expect a choice of tariff options and assistance in choosing which is the most suitable for them. Time of Use tariffs are generally supported, however only if they come with a slower transition path, and education or incentive and efficiency programs for customers.
- Customers are interested in receiving rewards and incentives for participating in demand management schemes and programs, and some C&I customers would like further dialogue with us about options.

Flexible network

Flexibility revolves around choice and enablement. It means giving customers options to participate with the energy market in a way that suits them most. Specifically, when asked about our network participants shared the following.

- Customers have a vision for a greener future, and they expect an increase in the use of renewables (solar and batteries)—both large and small scale.
- Customers want the network to facilitate and cater for this increased renewable uptake—both ensuring consistent quality of supply for all customers and enabling export for solar customers. They would like to see Powercor being proactive rather than reactive and implementing plans for an increase in renewables now.
- Customers raised concerns when Powercor stated that 'it will continue to operate at capacity'—it seems to indicate that there is no 'slack' in the network, hence a lack of forward planning and little capacity for growth.
- Customers felt that if everyone benefits from investment then they are willing to pay (solar and non-solar); whereas if just solar customers benefit (for example being able to export energy) then there is a feeling they should pay.
- Most customers liked the idea of access to real time energy usage data but were not willing to pay more for this. There was some concern raised around data security and not wanting Powercor to be able to control appliances remotely.

4.1.4 Preferred investment options

In light of the findings, we identified six value propositions. We then invited participants from the forums back to consider several investment options for delivering the value propositions and tell us what they value the most. In August 2018, a total of 37 participants returned to the Investment Option Forum. For each value proposition, participants were briefed on what we had heard from customers previously, what is considered the key challenge in delivering the value proposition and three to four options for investment going forward.

The six value propositions are:

- Making it easier to connect
- Making it easier for customers to export solar and charge batteries
- Making it easier for customers to use their energy data to make informed choices
- Providing a safe environment for customers and workers
- Providing a reliable supply of electricity
- Maintaining energy affordability.

Participants deliberated on their opinions and preferences extensively and voted for their preferred investment options. Full deliberation and voting results are documented in the Investment Options Forum Report (see attachment PAL ATT082 - Woolcott - Investment options forum - Sep2018 - Public).



Deliberative Forums

Community Opinion Leaders Forum

Two Community Opinion Leader forums were conducted in the Powercor area. Opinion leaders residing in the Barwon, Great South Coast and Central Highlands regions met in Geelong and a small group of Mallee-based opinion leaders participated in a forum discussion hosted in Mildura.

Wide-ranging feedback was sought and obtained on the following themes:

- Regional changes and trends impacting energy needs
- Current, planned and desired energy projects
- Customer benefits that the distributors propose to deliver (value propositions)
- Energy scenarios for 2026 and their fit with opinion leaders' energy vision
- The future role(s) of energy distributors.

Customer Deliberative Forums

We also conducted deliberative forums to engage with Residential and SME customers. A key advantage is the ability to share information and educate energy consumers about pivotal issues and questions before they engage in facilitated discussions, feedback from tables and deliberative polling. A total of 70 participants attended a four-hour forum. The content included a discussion to validate the customer energy values that resulted from the Phase 1 and 2 research, testing of the value propositions developed by Powercor based on Phase 1 and 2 research outcomes, followed by discussions and voting relating to each of these value propositions.

4.2 Our response in preparation for phase 3

The findings from the Investment Option Forum gave us valuable insights on customers' priorities and the trade-offs they would accept. We discussed what customers told us with our decision-making team and considered customers' opinions and preferences in drafting our proposal. After considering multiple factors, we did not adopt every single result from the Forum, but we have adjusted our proposals or conducted further research to ensure that the feedback from our customers are incorporated into our energy future. Below is a high-level summary of our response.

We developed the draft proposal based on the three focus areas distilled from earlier discussions—resilient network, flexible network and affordable network. Under each focus area a series of statements were prepared that to test the parameters of customers' support on particular programs we were considering for our draft proposal.

4.2.1 Resilient network

- We would maintain reliability of our energy supply and meet predictive growth trends.
- We would host community forums where resilience and reliability were seen to need improvement.
- We would review and update our pole inspection policy in response to community concerns.
- We implemented a risk monetisation framework for our asset replacement projects.

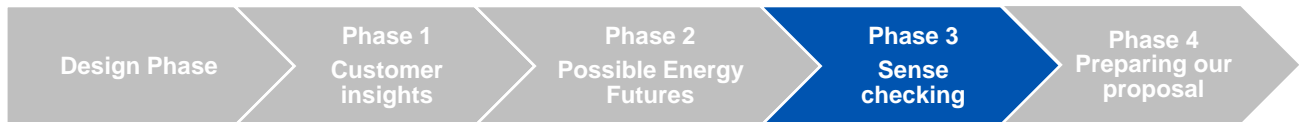
4.2.2 Flexible network

- We would increase the network's ability to accommodate renewables.
- We would continue to provide services that align with the needs and expectations of our customers through our Customer Enablement project.
- We will continue to make the network flexible to future technologies at the network and community level that are likely to be integrated onto the network.

4.2.3 Affordable network

- We are committed to network price reductions.
- We commenced consultation on Time of Use pricing structures that would support and encourage the integration of new technologies on the network.
- We developed a vulnerable customer campaign to improve energy and bill literacy.
- We developed pricing principles to guide our decision making for tariffs.

5 Phase 3: Sense checking our draft proposal



We heard our customer’s preferences and considerations in future energy scenarios in the last two phases. We then formulated our draft proposal to capture what we had heard. In our Draft proposal, we included programs that work towards ensuring a provision of a safe network and a reliable supply. They also included programs that will make it easier for our customers to export solar and use batteries, make new connections and use data to make more informed energy choices.

A key priority of our draft proposal was to keep prices low for our customers and design price structures that are fair and easily understood.

In this phase, we wanted to find out from our customers:

- How does our draft proposal stack up when it come to your electricity needs?
- What are the trade-offs that might exist in electricity sources and supply?
- What does the draft proposal mean for you?
- What are the opportunities and challenges presented by the draft proposal?
- Has your feedback been reflected?
- What else do we need to consider for the regulatory proposals?

Across phase 3 of the Energised 2021–2026 engagement program we engaged with a total of 2,918 and 290 stakeholders.

Table 6 provides a snapshot of the phase 2 participation by engagement activity and network.

Table 6 Summary of phase 3 participation by engagement activity and network

Engagement activity	Powercor	CitiPower	United Energy
Residential customer survey	600 surveys completed	601 surveys completed	600 surveys completed
Small to medium business customer survey	200 surveys completed	201 surveys completed	203 surveys completed
Deliberative forums	2 forums in Ballarat and Warrnambool with 36 participants	1 forum in Melbourne with 33 participants	1 forum in Glen Waverley with 36 participants
Interviews with commercial and industrial customers	10 interviews undertaken	7 interviews undertaken	10 interviews undertaken
Community opinion leader forums	1 forums delivered with 45 participants		-
Community pop ups	1 pop up held in Geelong with reported foot traffic of 166,192	1 pop up held in Melbourne with reported foot traffic of 220,000	1 pop up held in Rosebud with reported foot traffic of 24,500 1 pop up held in Queenscliff, reported foot traffic of 3,000
Open house forums	26 local government representatives and alliances engaged in 1 forum	5 local government representatives and alliances engaged in 1 forum	16 local government representatives and alliances engaged in 1 forum
Vulnerable customer campaign	292 vulnerable customers engaged during 18 events		
Vulnerable customer focus groups	14 participants in 1 forum	13 participants in 1 forum	13 participants in 1 forum
Quiz	113 quiz completed	81 quiz completed	58 quiz completed
Stakeholder specific engagement	A total of 592 stakeholders were engaged through this phase through 243 targeted engagement activities.		

Source: Powercor, CitiPower and United Energy

5.1 Ensuring our most vulnerable had a voice

Dedicated engagements on our draft proposal were held with CALD and financially vulnerable customers. Customers were selected as being both high on the Socio-Economic Indexes for Areas (SEIFA) index and having large populations of people from a CALD background.

The SEIFA index is an Australian Bureau of Statistics product that ranks areas in Australia according to relative socio-economic advantage and disadvantage. The SEIFA score of an area is based on information from the five-yearly Census of Population and Housing. This score is standardised against a mean of 1,000 with a standard deviation of 100. This means that the average SEIFA score will be 1,000 and the middle two-thirds of SEIFA scores will fall between 900 and 1,100 (approximately). A high score suggests that an area is thought to be disadvantaged compared to other areas.

A recruitment screener was used by a recruiter to select participants for all groups and quotas were set on age and gender. CALD participants were recruited as those who speak a language other than English at home.

Vulnerable groups involved those who had a household income before tax of under \$50,000 and had had difficulty paying their electricity bills in the last 12 months such as having to borrow money, ask for an extension or paid late, been on a special payment plan or been disconnected.

Table 7 summarises the participation of vulnerable and CALD customers that were engaged across the three networks.

Table 7 Summary of participation from CALD and vulnerable customers

	CALD	Vulnerable	Total
Powercor	6	8	14
CitiPower	5	8	13
United Energy	5	8	13
Total	19	21	40

Source: Powercor, CitiPower and United Energy

The insights from across the three networks were consistent. When those insights were compared against the broader engagement findings, we found mostly consistency. Some key differences outlined below.

- Participation was a key consideration when it came to distributed energy. Most were supportive of integrating solar, however home ownership was the limiting factor. Their interest therefore was limited to not being part of the discussion.
- Energy literacy was a limiting factor into their level of involvement when it came to solar, with some suggesting they didn't fully comprehend the technology associated with solar and felt they couldn't adequately provide feedback.
- Predominantly we received most feedback about lobbying landlords or public housing to invest on their behalf so that they could participate.
- Nearly all participants asked to know exactly what the bill change would be before they could fully understand or support a change in pricing structures
- Some suggested choice was a better option than simplicity so they could choose the right pricing structure. This has to be further analysed and discussed given we are acutely aware of the complexity in explaining and engaging directly with all of our customers about different pricing structures. This was further exacerbated by the supply chain and building trust with vulnerable customers in order to have the conversation
- Furthermore, the mechanisms to support choice are presently considered limited for vulnerable customers who require intuitive real-time data at the appliance level to make more informed decisions about their consumption
- And lastly, the group we call hidden vulnerable, who may currently be making decisions to curtail their usage by instead not using appliances.

5.2 Hearing from those in bushfire risk areas

Across our three networks, the Powercor network has a particularly unique challenge of needing to plan for high bushfire risk areas. This is of keen interest to us, especially when it came to our safe and dependable theme projects. This included pole replacements, undergrounding, serving those in worst served areas and investment in rapid earth fault current limiter (**REFCL**) technology. As major capital expenditure items, we needed to ensure that we knew where people stood on the level of investment we were proposing. As such, we dedicated two deliberative forums to customers living in and around high bushfire risk areas of Warrnambool and Ballarat.

Table 8 summarises the participants at the forums:

Table 8 Participant numbers in the Ballarat and Warrnambool forums

	Residents	SMEs/opinion leaders	Total
Ballarat	29	7	36
Warrnambool	26	4	30

Source: Powercor

After these engagements were held, we analysed the findings from our high bushfire risk area customers with the rest of the customer base. What we found was the majority of insights were the same, with some key differences outlined below.

- Customers felt an additional 5,000 poles and \$50m investment in the South West did not seem like a high amount relative to other amounts of money they were spending, and requested that more investment be made into this issue.
- There was strong feeling in the community that priority must be given to ensuring that bushfires are not started in the future by faulty poles.
- There was a slight disappointment to see that extensive undergrounding was not being proposed. Customers felt that the long term benefits of undergrounding outweighed the significant upfront cost.
- Specific requests regarding costs around undergrounding SWER lines in bushfire areas were prevalent, along with upgrades for regional towns.

5.3 Getting feedback on our draft proposal

Deliberative forums were held in February 2019 so that customers and stakeholders could respond to our draft proposal and provide feedback on what we were proposing. Participants included 135 residents and small to medium businesses from across Ballarat and Warrnambool. Participating customers had diverse demographic backgrounds and insights to energy.

We started the forums with an overview of the draft proposal and customers were encouraged, following the introductory presentations, to walk around and view the boards. On reading the overview display boards, participants were directed to write down any questions they had on stick post-it notes.

These questions were collected, and a few were selected to be asked of an expert panel. The expert panel was at the front of the room and consisted of subject matter experts from Powercor. The session continued into a deliberative forum whereby presentations and questions were asked of customers in order to understand levels of support for the programs we had outlined under their priority areas of:

- Safe and dependable network
- Affordable network

- Flexible network.

The outcomes of the deliberative forums on the draft proposals is summarised below and can be found in PAL ATT073 - Woolcott - Draft proposal customer engagement - May2019 - Public.

5.3.1 Feedback on safe and dependable network elements

Table 9 summarises the level of support for a safe and dependable network across the two forums, indicating a high level of support.

Table 9 Voting results for safe and dependable network elements of the draft proposal

Safe and Dependable	Ballarat N=36	Warrnambool N=30	CALD & vulnerable N=14
Support strongly	28	21	10
Support slightly	8	7	4
Don't really support	-	2	-
Do not support at all	-	-	-
Don't know	-	-	-

Source: Powercor

5.3.2 Feedback on the affordable network elements

Table 10 indicates that there was a good level of support for the affordable network proposal.

Table 10 Voting results for affordable network elements of the draft proposal

Affordable	Ballarat N=36	Warrnambool N=30	CALD & vulnerable N=14
Support strongly	15	15	8
Support slightly	15	10	5
Don't really support	2	5	-
Do not support at all	-	-	-
Don't know	4	-	1

Source: Powercor

5.3.3 Feedback on the flexible network elements

Participants were also given a feedback sheet and asked to provide their level of support for the proposals within this theme and the reasons for their support. Table 11 indicates that there was a high level of support.

Table 11 Voting results for flexible network elements of the draft proposal

Flexible and Supportive	Ballarat N=36	Warrnambool N=30	CALD & vulnerable N=14
Support strongly	18	17	6
Support slightly	18	13	6
Don't really support	-	-	-
Do not support at all	-	-	-
Don't know	-	-	2

Source: Powercor

5.4 Customers' preferences considering billing impacts

Through the phase 3 engagements we wanted to understand customers' prioritisation of preferences on improvements and trade-offs. One way to find out was through a mock bill calculator we used in our surveys. We asked survey respondents about their preferences on key features within our regulatory reset proposal. The full survey reports can be found in PAL ATT084 - Residential survey results - Sep2019 - Public and PAL ATT078 - Business survey results - Sep2019 - Public.

A mock bill was presented to the respondents reflecting their selections. Respondents were then able to revisit their selections to toggle bills up or down to reflect their preferred trade-offs. Figure 8 illustrates the preferences tested through the survey.

Figure 8 Key features of our draft proposal

Undergrounding poles	Improving REFCL outages	Enabling solar export	Improving worst served areas
Investing in technology	Access to data	Pole replacements	Speed to answer calls

Source: Powercor

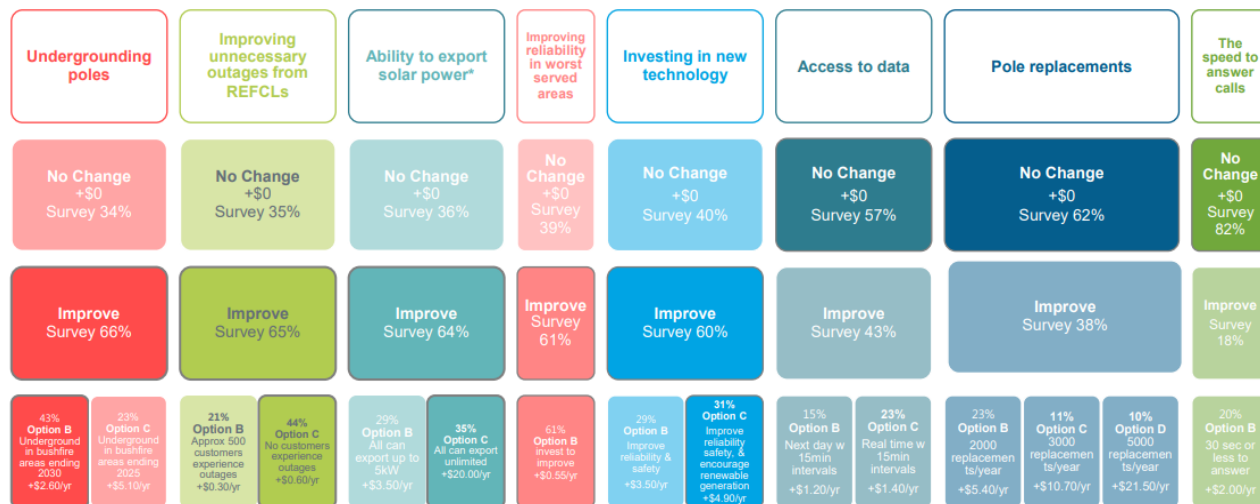
Analysis of the engagement results showed that Powercor customers were most seeking improvements in:

- undergrounding poles
- enabling solar export
- investing in technology.

Engagement also showed that Powercor customers place a higher focus on improving reliability in worst served areas, even if it meant them paying more to fund improvements for others in their community. On average, Powercor customers indicated they are willing to pay an extra \$9.86 per annum on their bill for features important to them. While on average across our networks, 60% of customers would be willing to pay up to \$15 more per year for improvements.

Figure 9 illustrates the overall preferences expressed by residential customers during the engagement.

Figure 9 Overall preferences of Powercor residential customers



Source: Powercor

5.5 Popping up in local communities

We took our engagement into local communities and where people regularly meet to inform as many people as possible about the project and to encourage participation.

In previous engagement for Energised 2021–2026 it had been difficult to capture feedback from young people. This was because they are less likely to participate in formal engagement activities, such as deliberative forums, and they are often time poor.

The community pop-ups sought to provide an opportunity for young people to engage in the project through a short conversation in a location and time convenient for them. A QR code for smart devices was also handed out to allow people to complete the survey on their phone and is recognised as a preferred mechanism for engagement with this age group.

Key outcomes of the pop ups are outlined below and a full report can be found in Attachment PAL ATT072 - Community survey - Oct2019 - Public.

- The most important thing to Powercor customers was 'ensuring electricity is affordable'.
- Ensuring a safe network was more important to Powercor customers than it was to CitiPower and United Energy customers; however it was ranked third for all three networks.
- We were interested to understand from participants what their preference is in terms of frequency and duration of outages was. In total, more participants said they would prefer it to stay the same as now, followed by more frequent outages but for shorter periods.
- Customers told us that they would prefer that the charges stay the same throughout the day because they were confused about the structure of their bills and how the cost would pass through the network tariff.
- The importance in choice and affordability were key customer priorities. Customers wanted access to their usage data and other information to help them make decisions that could reduce the cost of electricity.
- Customers felt that they didn't have enough control over when they can use electricity, stating they don't have energy efficient or smart appliances, and therefore wouldn't have the capacity to respond.
- A greater percentage of customers suggested the network should upgrade faster to enable more solar.

5.6 Opening the doors for local government and community opinion leaders

To ensure we captured the views of local government and other community opinion leaders we held the Powercor Energised 2021–2026 Open House in September 2019.

The session held in Ballarat was for community opinion leaders. Local government, Members of Parliament, Green House Alliances, the Public Lighting Group, Municipal of Victoria (**MAV**) and Community Energy groups.

We wanted to provide delegates with information that is relevant to their local communities and could impact the way they receive essential services, and to:

- answer delegates questions about community safety, public lighting and renewable energy
- seek feedback on our 2021–2026 draft proposals and identify any areas where further work is required before submitted out proposals in January 2020
- gain a level of support and awareness for our 2021–2026 draft proposals.

Key outcomes of the Open House are outlined below. The full findings and outcomes of the Open House forum can be found in attachment PAL ATT071 - Open house - Oct2019 - Public.

5.6.1 Regional supply

For some participants, their questions regarding why certain locations had been chosen over other locations raised the issue of equity. According to participants there are a lot of communities dealing with issues relating to regional supply. Therefore, it is important that the proposal clearly shows why these locations were chosen. In addition, a suggestion was made to for the proposal to include criteria for selecting future communities.

Participants suggested that SWER in the North West might be better addressed by going off-grid and being supported by renewable energy, such as solar. Participants also questioned if a comparison has been done between upgrading existing infrastructure and different types of energy. They referenced the perception that Powercor has an incentive to build more infrastructure, and felt it would be important to include the customer benefits in the proposal.

5.6.2 Public lighting

The main questions and concerns raised during the public lighting session of the Open House related to luminaires and forecasting.

Luminaries

Participants generally agreed that having two regulatory asset bases (**RAB**), one for efficient luminaires and one for inefficient luminaries, was reasonable and was likely to encourage councils to change lights to more efficient luminaires to lower costs. As participants felt that having two RABs would incentivise councils to change their lights, they agreed that the remaining inefficient lights should recover the inefficient light RAB, therefore not combining the RABs. Several participants suggested that at a certain time we should combine the RABs, otherwise there will be few councils 'footing the bill' and this may worsen the council's financial situation, further inhibiting them from changing over their lights.

Forecasting

During the presentation several participants asked about forecasting and the impacts that incorrect forecasting would have on the modelling. As forecasting is an important element of determining costs in the public lighting proposal, we were interested to understand from councils the best way to collect forecast volumes for the 2021–2026 regulatory period.

The majority of participants said they could email through their forecasts. One participant said they would not be able to provide forecasts for their council, but that if the council decided to go ahead with bulk replacement it would be towards the end of the period.

5.7 What we heard from phase 3 engagement

Findings from the phase 3 engagement showed us that our customers generally supported the draft proposal but they expressed preferences for specific programs as listed below.

- Underground cables in bushfire areas ending 2030
- Increase in pole inspections, especially in the South West region near Warrnambool
- No customers experience outages when it comes to REFCLs
- Allow for unlimited exports for solar customers
- Invest to improve reliability in worst served areas
- Invest in new technology to improve reliability safety, and encourage renewable generation
- Provide access to data that tells people how much energy they use at different times of the day and how much each of their appliances cost to run
- Multi-modal communications about outages, faults, programs and our services.

5.8 Our response in preparation for phase 4

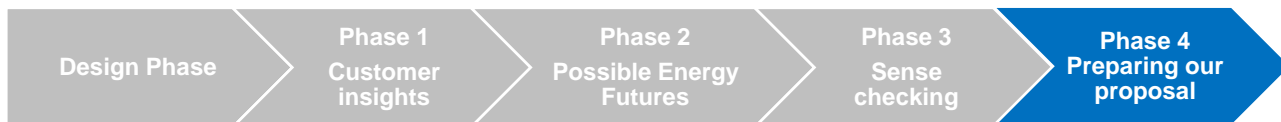
To support the development of the final proposal and respond to engagement feedback, a series of flagship projects were developed. The flagship business cases include:

- regional supply upgrading
- solar enablement
- digital network
- pole replacement
- customer enablement.

These flagship projects were consulted on with customers in the draft proposal deliberative forums, as well as stakeholders in meetings. Stakeholders such as the State Government Department DELWP, elected representatives, consumer advocates and industry groups were consulted at length and over multiple meetings for some projects.

For more details on the final proposal for each project refer to the Augmentation chapter for regional supply upgrades and solar enablement, the ICT chapter for digital network and customer enablement and the Replacement chapter for pole replacements.

6 Phase 4: Preparing our proposal



6.1 Key engagement outcomes and our responses

The engagement outcomes from all phases of the engagement have been incorporated into our decision making and form the basis of our proposal. The proposal also illustrates where engagement has led to changes from the draft proposal. Attachment PAL ATT088 - Woolcott - Integrated summary report - Aug2019 - Public provides a summary of the key findings from all phases of the engagement program.

Table 12 highlights some key decision making points from the feedback received.

Table 12 How feedback was used in our final proposal

Phases	Approach	Outcomes	Our response
Explore customer values and priorities	<ul style="list-style-type: none"> • Surveys • Focus groups • Interviews • Online tools 	<p>Our customers needed to learn more about who we are and what we do.</p> <p>Our customers won't trade off reliability for cost savings.</p> <p>Around two-thirds of residential customers perceived their electricity bills as too high.</p> <p>Customers and stakeholders want to see the power put back into people's hands, with access to real-time data and a customer-centric focus.</p>	<p>Strengthened our communications to build awareness and a level of trust—eNews, Talking Electricity, advertising and podcast</p> <p>Maintaining our position as the most reliable rural network in Australia with customers available for over 99.97% of the year</p> <p>Ensuring we maintaining our position as the most efficient network in the NEM</p> <p>Commitment to deliver a Customer Service Strategy and improving our customer-facing applications for outages, faults and consumption data</p>
Explore scenarios for our energy future	<ul style="list-style-type: none"> • EFCAP • CCC • Citizen-led deliberative forums • Workshops, surveys and meetings 	<p>Customers have a vision for a greener future, and 75% of them thought the network should be upgraded faster than is planned, to allow for renewable energy.</p> <p>The preferred energy future was a steady and progressive integration of renewable energy with a measured reduction in tariffs, by 2026, and improved power quality (fewer power fluctuations)</p>	<p>Began developing a vision for our network that reflects our customers and stakeholders' expectations, including a progressive integration of renewables</p> <p>Identified future technologies at the network and community level that are likely to be integrated onto the network</p> <p>Identified how customer choices can be improved, including through enabling their access to more useful data</p> <p>Developed pricing principles to guide our decision making for tariffs</p>

Phases	Approach	Outcomes	Our response
Sense checking our draft proposal	<ul style="list-style-type: none"> EFCAP CCC Second round of citizen-led deliberative forums assess investment options Deep-dives with stakeholders Workshops, surveys and meetings 	<p>Customers agreed on the ranking of their values for electricity:</p> <ul style="list-style-type: none"> Providing a reliable supply of electricity Maintaining affordability Committed to providing a safe environment for customers and workers Use electricity when you want or receive savings for reducing use Committed to providing a safe network that mitigates bushfire risks Keeping your data and our network secure Making it easier for you to export solar and charge your battery Making it easier for you to connect Making it easier for you to use your data to make informed choices 	<p>Combined reliability and safety into resilience to demonstrate their interrelatedness</p> <p>Reviewed and updated our pole-inspection policy in response to community concerns</p> <p>Committed to network price reductions</p> <p>Commenced consultation on Time-of-Use pricing structures that will support and encourage the integration of new technologies on the network</p> <p>Developed a vulnerable-customer campaign to improve energy and bill literacy</p> <p>Developed initiatives to increase the network's ability to accommodate renewables and customer-driven technologies</p> <p>Developed initiatives to deliver customer benefits through improved digitalisation and visibility of the low voltage network</p> <p>Developed initiatives to better enable customers to have easier access to their data and to make more informed choices</p> <p>Tested various options with customers on how we can address their needs, including presenting options and bill impact of each option</p>

Phases	Approach	Outcomes	Our response
Preparing our proposal	<ul style="list-style-type: none"> • Release of the draft proposal • EFCAP • CCC • Third round of citizen-led deliberative forums on the draft proposal • Deep-dives with stakeholders • Workshops, surveys, meetings • Open-house • Community displays • Podcasts 	<p>Draft proposals were generally supported, particularly:</p> <ul style="list-style-type: none"> • Undergrounding of infrastructure in bushfire areas ending 2030 • Increase in pole inspections, especially in the South West region • No customers experience outages when it comes to REFCLs • Unlimited exports for solar customers • Improving reliability in worst-served areas • Investing in regional communities • Investing in new technology to improve reliability safety, and encourage renewable generation • Provide access to data that tells people how much energy they use at different times of the day and how much each of their appliances cost to run • Multi-modal communications about outages, faults, programs and our services 	<p>Finalised our vision for our network that reflects our customers and stakeholders' expectations, including a progressive integration of renewables and maintaining or improving existing services at least cost</p> <p>Amended our pole replacement program in close collaboration with ESV, to address community concerns around the long-term sustainability of our poles</p> <p>Understood our regional community's challenges and co-designed a business case to meet their needs, with support from our wider customer base</p> <p>Redesigned our solar approach and finalised the business case through extensive consultation with wide variety of key stakeholders on options analysis and analysing customer benefit streams</p> <p>Strategically aligned solutions to mandated REFCL installation and future growth areas to ensure a smart integration of new growth and growing obligations at least cost to customers</p> <p>Finalised the business case for improved digitalisation and visibility of the low voltage network, ensuring we continue to deliver a reliable network at least cost and through deferred augmentation</p> <p>Finalised our business case for customer enablement using extensive feedback on customer preferences regarding access to their data</p> <p>Finalised our proposal for Time-of-Use pricing with a slower transition path to ensure all customers are supported through tariff reform</p>

Source: Powercor

More details on these initiatives, and other ways we have incorporated customer feedback, are in the relevant sections of our proposal.

6.2 How our operations will address risks for our customers and stakeholders

We are confident that our proposal strikes the right balance between both the short- and long-term needs of customers. Some of the ways we provided this balance and responded to customer and stakeholder concerns about risks are detailed in table 13.

Table 13 **How our proposal seeks to address risks**

Risks identified	How our proposal seeks to address this
Level of service or reliability not meeting customer expectations	Our Regulatory Proposal is focused on delivering a safe, reliable electricity supply at an affordable price, reflecting AEMO's VCR study.
Under or overinvestment in our network leading to reduced reliability or higher prices	Our Regulatory Proposal sets out to strike balance between both the short and long term needs of customers. We will continue to prudently and efficiently manage the network over the upcoming regulatory control period whilst recognising the importance of affordability
Less than optimal maintenance of the network, impacting the reliability and longevity of assets	We will continue to maintain our network in accordance with good electricity industry practice and applicable regulatory instruments.
Not adequately addressing increases in capacity in some areas	We have taken a targeted approach to investment in areas where we can see clear drivers for growth or where local capacity has reached its limit. Our assessment is based on granular forecasts and local knowledge of our network and our customers
Customers suffering poor supply issues or not being able to connect roof top solar or embedded generation	We propose to improve the monitoring of the low voltage network to enable increased penetration of customer energy technologies whilst creating the capacity to allow customers to operate their roof top solar installations as they wish.
Customers not getting accessible and timely information about their electricity use	Our proposed investments through our customer enablement strategy are designed to progressively deliver more targeted usage information to our customers.
Underinvestment may occur if the business does not obtain a reasonable rate of return	We have proposed a rate of return in line with the AER's rate of return guideline.
Unexpected compliance or regulatory requirements may increase our costs	Wherever practical, we have tried to anticipate regulatory changes and allow for them in our Regulatory Proposal. However, in certain circumstances, it may be necessary for us to seek the pass-through of certain costs if they are not included in the approved revenue allowance

7 Evaluating and monitoring our engagement

The following section details our approach for monitoring the evaluating the engagement process. It includes the outcomes of our evaluation and how we responded.

7.1 Evaluation framework

The effectiveness of our engagement activities was regularly reviewed at major milestones. These milestones were based on the engagement phases, as well as the project plan for developing our Regulatory Proposal. We identified three pillars for measuring our effectiveness on delivering against our engagement objectives.

1. Awareness: Achieve a level of awareness for our role in the electricity market and the regulatory framework we operate within
2. Consultation: Gather inputs at appropriate times for them to meaningfully influence our 2021–2026 regulatory proposal
3. Involvement: Actively involve stakeholders in the regulatory process to understand their changing views and preferences and to improve long term outcomes.

For each pillar there was a series of indicators, as detailed in table 14. It is important to note that some indicators cross over pillars. For the purposes of reporting against our evaluation framework the indicators have been placed against their most relevant pillar.

Apart from reach, and number of engagements activities delivered, we also tracked our performance as a way of tracking how effective our engagement was. We wanted to know more about our customers and what they think about the process. For us, these indicators are more important than participation numbers, as it demonstrates our commitment to listening to our customers and using their feedback. We also recognise that high satisfaction with process is related to high participation as customers and stakeholders returned time and time again for further consultation.

Table 14 Engagement evaluation indicators

Engagement pillar	Indicators
Awareness Achieve a level of awareness for our role in the electricity market and the regulatory framework we operate within	<ul style="list-style-type: none"> • Stakeholder Engagement Plan endorsed by EFCAP • Stakeholder Engagement Plan implemented • Communication materials developed and distributed • Number and nature of enquiries via feedback mechanisms • Balanced media reports
Consultation Gather inputs at appropriate times for them to meaningfully influence our 2021–2026 regulatory proposal	<ul style="list-style-type: none"> • Degree of satisfaction rating with the engagement process by way of survey • Participation numbers in engagement activities • Recruitment and attendance at forums • Number of subscribers to Talking Electricity and eNews • Number of participants at displays and pop-ups
Involvement Actively involve stakeholders in the regulatory process to understand their changing views and preferences and to improve long term outcomes	<ul style="list-style-type: none"> • Degree of satisfaction rating with the engagement process by way of survey • Participation numbers in engagement activities • Recruitment and attendance at forums • Number of subscribers to Talking Electricity and eNews • Number of participants at displays and pop-ups • Public disclosure of all consultative outcomes and our responses • Engagement acknowledged by AER • Proposal endorsed by EFCAP

Source: Powercor

7.2 Evaluation process

The following activities were undertaken as part of the evaluation process.

- Surveys were undertaken with customers and stakeholders who participated in the engagement activities.
- Feedback was sought from our CCC and EFCAP.
- A review of our interactions with customers and stakeholders through dedicated engagement platforms, like emails, website forms and phone calls.
- Touched base with customers and stakeholders that raised questions or sought further information through conversations with our project team.
- Conducted formal research initiatives and reviewed of industry-led data that sought to identify any changes in customer trends.

7.3 Evaluation outcomes

Monitoring the effectiveness of the engagement process was undertaken throughout deliver. One key process for monitoring our engagement as we went was the CCP. Feedback we heard from the Panel in March 2019 included:

- being able to clarify how engagement outcomes were being considered in the decision-making processes
- oversimplification of topics, such as pricing may be limiting the depth of conversation and meaningfulness of the engagement outcomes on those topics
- need to increase communication with customers and stakeholders including how engagement is being used in the decision-making process
- further engagement needed with under-engaged customer groups.

This feedback was used to adapt our engagement process, particularly for the subsequent phase of engagement (phase 4). Changes to the program were reported back to our customers and stakeholders as part of our commitment to transparency. Report backs happened as either part of our consultation reports or were presented back to participants directly.

At the completion of the engagement process we reviewed our process against our evaluation indicators. The following table summarises this review including network specific indicators collected and whole of Energise 2021–2026 program indicators.

A summary of the engagement performance metrics can be found below in figure 10. Table 15 summarises the engagement process evaluation outcomes.

Figure 10 Key engagement performance outcomes



Source: Powercor

Table 15 Engagement process evaluation outcomes

Engagement pillar	Indicators	Powercor	CitiPower	United Energy
Awareness Achieve a level of awareness for Powercor, our role in the electricity market and the regulatory framework we operate within	Stakeholder Engagement Plan endorsed by EFCAP	Achieved	Achieved	Achieved
	Stakeholder Engagement Plan implemented	Achieved	Achieved	Achieved
	Communication materials developed and distributed on Talking Electricity	Achieved	Achieved	Achieved
	Number and nature of enquiries via feedback mechanisms	Neutral-positive feedback with 194 enquiries from 124 customers and stakeholders		
	Balanced media reports	Neutral-positive	Neutral-positive	Neutral-positive
Consultation Gather stakeholder inputs at appropriate times for them to meaningfully influence our regulatory proposals for 2021-2026	Degree of satisfaction rating with the engagement process by way of survey	Across all forums: 96% satisfaction, 97% had opportunity to express concerns and opinions and 96% felt they were heard	Across all forums: 97% satisfaction, 95% felt had opportunity to express concerns and opinions and 95% felt they were heard	Across all forums: 98% satisfaction, 93% felt had opportunity to express concerns and opinions and 91% felt they were heard
	Participation numbers in online engagement activities	13,151 on social media, 13% engagement reach and 15,330 page views on Talking Electricity	2,883 on social media, 11% engagement reach and 15,330 page views on Talking Electricity	
	Number of subscribers to Talking Electricity and eNews	489 subscribers		
	Number of participants at displays and pop-ups	166,152 reported foot traffic and 300 completed surveys	220,000 reported foot traffic and 300 completed surveys	24,500 reported foot traffic and 300 completed surveys
Involvement Actively involve stakeholders in the regulatory process to understand their changing views and preferences and to improve long term outcomes	Degree of satisfaction rating with the engagement process by way of survey	Across all forums: 96% satisfaction, 97% felt had opportunity to express concerns and opinions and 96% felt they were heard	Across all forums: 97% satisfaction, 95% felt had opportunity to express concerns and opinions and 95% felt they were heard	Across all forums: 98% satisfaction, 93% felt had opportunity to express concerns and opinions and 91% felt they were heard
	Participation numbers in engagement activities	5207 customers and stakeholders engaged	5272 customers and stakeholders engaged	1977 customers and stakeholders engaged
	Recruitment and attendance at forums	308 forum participants	234 forum participants	266 forum participants
	Public disclosure of all consultative outcomes and our responses	Reports published for all engagements (20)	Reports published for all engagements (18)	Reports published for all engagements (18)

	Engagement acknowledged by AER	To report once determination received	To report once determination received	To report once determination received
	Proposal endorsed by EFCAP	To report once published	To report once published	To report once published

Source: Powercor, CitiPower and United Energy

8 Continuing the conversation

We are committed to ongoing engagement with our customers and stakeholders. Engagement does not stop after the regulatory reset process. We are committed to improve our engagement process with customers and stakeholders now and into the future. This section highlights our lessons learnt about engaging stakeholders and customers the regulatory reset process. We believe that these learnings will not only be beneficial to our business, but also be insightful for the industry.

8.1 We need to be flexible

We took a flexible approach in our engagement process and we plan to continue this. We need to always be ready to listen to our customers to understand their feedback on our engagement and be ready to change our plans accordingly. For example, during the extension period where we undertook a review of our engagement to date we were able to reflect with our customers on our approach and adapt where needed. Some of the changes we took on included:

- shortening the length of surveys and include more innovative data collection
- incorporating a mock bill calculator in customers survey
- providing information to C&I customers prior to interview
- using pop-up engagement to build broad awareness
- setting up additional EFCAP meetings to consult on draft programs
- continuing meetings and bilateral engagements with all stakeholder groups in a planned and purposeful way
- conducting standalone consultation on solar enablement
- conducting the Future Networks Forum.

By maintaining a flexible approach we were well placed to adapt to the feedback and demonstrate our commitment to working with our customers and stakeholders.

8.2 Importance of reporting back

Our business is committed to incorporate engagement feedback into our final proposal. We ensure that customers' feedback is reported back to the team monthly and incorporated into the draft proposal and final proposal.

We made sure that all engagement results are documented in reports available to the public through Talking Electricity website. We also share these results through newsletters. Before we engage in a new discussion, we always recap what we heard from previous engagement activities.

8.3 Learning from our customers

It is important to us that our team are involved in engagement with the community and that we reflect on what they heard. Throughout the engagement process we asked our employees to document their observations. Our team reflected the following observations about customer views and values:

- Customers were often confused about the network's role, with a small minority of customers demonstrating knowledge of the difference between the retailer and distributor. Many people thought the team at the pop-up stand were electricity retailers and thought we were trying to sell them something. They were more likely to talk to us after we explained that we were from distribution networks.
- Some customers reflected concerns about power outages which were fuelled by recent reports that there is going to be a shortage of power this summer.

- Some of the elderly customers reflected on the days of State Electricity Commission Victoria (SECV) and the hike in prices that followed privatisation.
- Younger customers generally reported that they were accepting of current costs but were keen to have cheaper power.
- Customers generally reported their experience with the networks as good from a reliability perspective, reporting that they only lost power 'once in a blue moon'.
- Some customers struggled to see where our costs are reflected in their bill.
- Some customers raised the feed-in tariff for solar exports. They wanted to know why the feed-in tariff had changed recently and had been set so low.

8.4 Recommendations for the next reset

As a responsible energy provider, we believe we can always do better when it comes to engagement. We asked ourselves how we can do better in the next reset exercise, and here are some recommendations for our business and also for the energy sector:

- General public has low energy literacy. We will continue to raise awareness on our work, our impact and how customers can participate in the energy market
- Energy can be complex, as can the regulations that support it. We will continue to discuss all topics in plain language and ensure our customers know how they can contribute to our plans
- Customer service is critical. All insights from stakeholder engagement and our work with customers will inform new products, services and programs that make electricity easier for customers to access
- Our value is more than price. We will continue to share how our network supports the lifestyles of our customers—from home, work and play—so that they can build their knowledge and seek the information that is right for them
- Customers and needs will change. We understand change is constant and will continue to engage so that we can monitor trends and change our products, services and programs accordingly.



Awareness raising campaign

Good people in power

We launched a 12-week campaign in August 2018 to increase the community's understanding of the role we play in delivering safe, reliable and affordable electricity to homes and businesses. A mix of TV, print, billboard and online advertising were delivered in metropolitan and regional Victoria.
