

Let's lock in a future conversation

Regulatory Reset
Stakeholder Engagement Plan
2021–2025



energised
2021-2025



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your say

Engagement is the starting point for our regulatory proposal.

Your feedback builds on our knowledge of the many factors in managing the network – the risks and influences we need to manage, the many options available to us and how we can make the best choices for all customers and stakeholders.

To help us build a plan that's right for all Victorians, we're inviting you to have your say.

Visit: talkingelectricity.com.au

The views and concerns of our stakeholders are vital to informing our future priorities and directions. This plan outlines our commitment to engaging with customers and stakeholders about how they see and think about their energy future, what is important to them and then what that means for how we build our plan for the next regulatory control period.

Your feedback and input will help us develop Regulatory Proposals for the next Electricity Determination Price Review (EDPR) as well as the Tariff Structure Statement (TSS).

We are sharing this plan from the onset so you can see the steps we are taking to seek and consider feedback.

Importantly, we've highlighted the key areas for discussion to prompt you into action and to join the conversation. This will continue as our engagement progresses and we listen to feedback and refine our thinking about the future of our network.

We encourage everyone to get involved and have their say.

Keep a lookout for this prompt

We want your input to help plan our shared energy future

Dear stakeholder,

We recognise that we have an important role in the community in which we operate, ensuring that we continue to deliver a safe, reliable and affordable supply of electricity.

At the same time, the way our customers manage, generate and store electricity is changing and this means that we have to continue to step up our conversations with customers to understand their current and future needs.

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. The recent focus on energy has got people talking about how much they pay for electricity, the changing energy mix, managing electricity demand in the heat of summer, as well as how data and digital platforms are helping people make more informed decisions.

We want to ensure that the way we engage with customers and stakeholders leads to better outcomes for everyone. As we start planning for the 2021 to 2025 regulatory control period, we are bringing together our stakeholders to better understand their diverse views so that together we can drive and embrace the changes underway in the energy market.

We look forward to your involvement in the development of our plans.



Tim Rourke
Chief Executive Officer



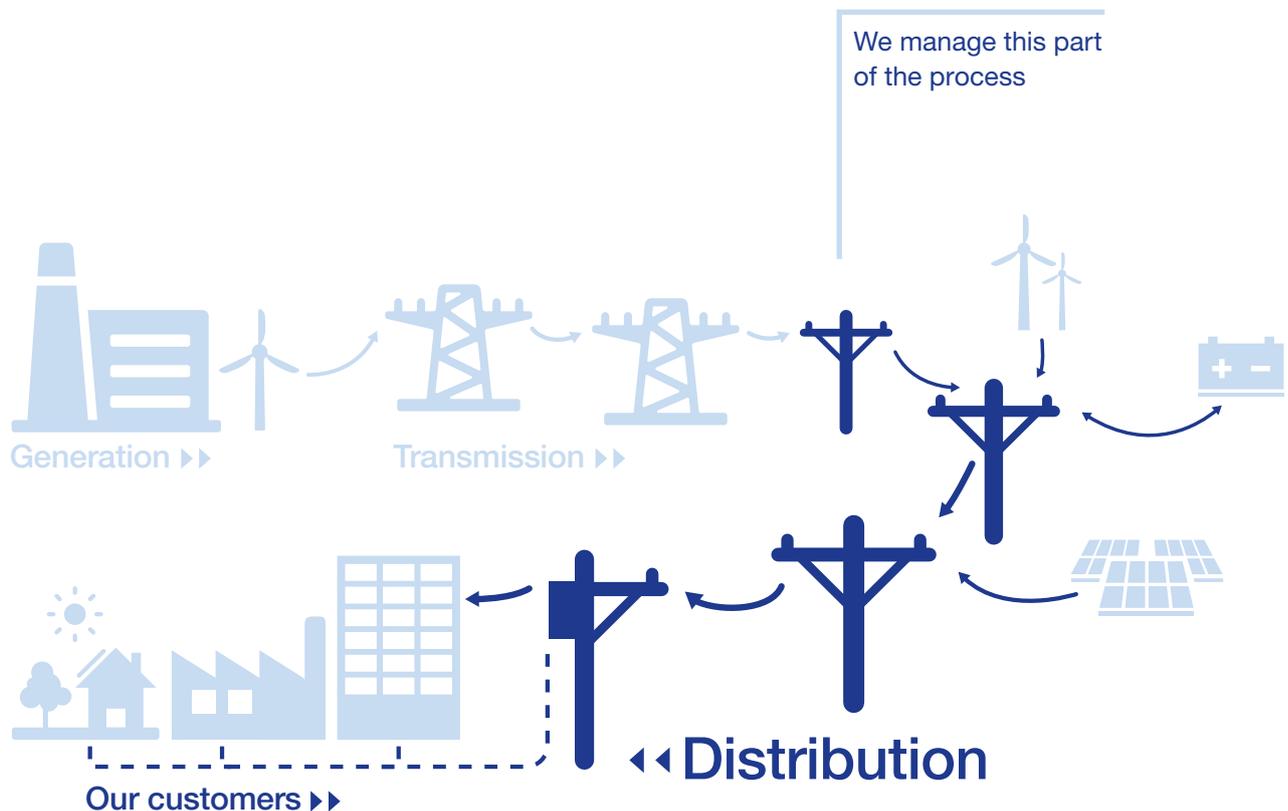
Our networks

The CitiPower, Powercor and United Energy networks are among the most reliable and efficient in Victoria. We own and manage the ‘poles and wires’ that deliver electricity to nearly 1.8 million homes and businesses in Victoria, with responsibility for the quality and reliability of electricity delivered to customers within these networks.



We supply power to 1,805,436 customers

Network statistics	Powercor	CitiPower	United Energy
Network route line length:	67,581km	3,227km	10,122km
Network area:	145,651sq km	157sq km	1,472sq km
Customer numbers:	799,540	336,070	669,826
Customer density:	11.8c/km	104.2c/km	66.0c/km
Zone substation transformers:	140	104	112
Distribution transformers:	84,378	4,797	13,500
Poles:	566,883	58,092	215,540
Underground lines:	13.1%	42.8%	27.1%
Network reliability:	99.97%	99.99%	99.99%
RAB (\$m as at Dec 2016):	3,776	1,935	2,359
Energy throughput (2011–2015 avg) (GWh):	10,657k	5,887k	8,068k
Average minutes of supply (SAIDI):	130	25	55
Total revenue (\$m):	728	324	449



Getting power to homes and business

As electricity distribution businesses, CitiPower, Powercor and United Energy are regulated according to five-year regulatory periods. This process is referred to as the Electricity Distribution Price Reset (EDPR), or regulatory reset, and is governed by the National Electricity Rules and administered by the Australian Energy Regulator (AER). The AER assesses our regulatory proposals and makes a decision on our revenues and network charges during the regulatory control period.

We are responsible for:

- Maintaining network safety and reliability to meet the electricity needs of our customers
- Planning and designing network extensions and upgrades to meet customers' current and future electricity needs
- Operating the network on a day-to-day basis
- Connecting new customers to the network
- Maintaining the public lighting system
- Processing the data from electricity meters
- Providing meter data to retailers.

Our networks are very different, most notably in customer density, the age of the networks, geographic characteristics, and the distance and technologies required to transport electricity.

Responsible management of our networks, including efficient maintenance of our existing assets and investment in emerging technologies, underpins our investment decisions and ensures that we, and our communities, can meet tomorrow's challenges.

This reflects the role we play and recognises the substantial contribution that we make to the state's economic development, powering existing businesses and growth across the community in which we operate.

An evolving energy market

In planning for our energy future we need to take into consideration how Victorian households and businesses are changing the way they use energy to reduce costs, lower their carbon footprint and take advantage of new energy efficient products.

Customers will continue to have more choice as new and better products and services come into the market to help them generate and store their own electricity, find the best energy prices and improve their energy efficiency.

Key changes include:

- Customers reducing their electricity usage to manage the cost of their bills and reduce their carbon footprint.
- Improvements in building standards which reduce consumption of electricity through better insulation and energy efficient design.
- Energy efficient appliances and high-efficiency lighting which are reducing commercial and domestic electricity use.
- The growth of digital channels and platforms making it easier to choose, connect and swap between energy products and services.
- The adoption of solar energy generation which increases the amount of electricity generation in our networks.
- Increased adoption by business of embedded generation solutions to help meet their own electricity needs.

In addition to these changes, there is increasing government and community support for renewable energy and targets that accelerate the uptake of new renewable generation and adoption of technologies, such as battery storage and the electrification of transport, including the uptake of electric vehicles.

Understanding these changes across the market helps us better plan and respond to the future; in particular preparing our networks for these changes. As it is not possible to predict exactly how the market will evolve or how customers' expectations and needs will change over time, it is important that our engagement is flexible.

These market changes must be considered in light of how we run our business, as well as our role in the communities in which we operate. Considerations for expenditure and how we roll out programs of work must be balanced with our responsibility to our customers, communities, regulators and our shareholders.

Understanding our customers and stakeholders

Understanding the needs, priorities and changing expectations of our customers and stakeholders is important. It underpins how we plan and manage our networks for today and well into the future to ensure we deliver services that are in the long-term interests of our customers.

We work with diverse customer and stakeholder groups as part of our role in powering communities and our commitment to engagement. These groups bring diverse views about the way we operate our network based on their experience with our business, their knowledge of the energy market and how people are consuming electricity.

Our customers are at the heart of everything we do and are central to our decision making. As customers' needs change so might their role, from consumer to prosumer.

We take care to understand our customers, from their consumption behaviour to preferences in supply and the way in which we engage with them.

Besides our daily interactions with individuals, our customers are also represented by a Customer Consultative Committee (CCC) that includes representatives from government, consumer advocacy groups, industry associations, community and local residents.

We have also established an Energy Futures Advisory Panel, specifically for the regulatory reset. This ensures we involve further stakeholder groups including our regulator, additional consumer advocacy groups, business associations and customer representatives.

Our customers and their needs are diverse, and range from residents to small businesses, commercial and industrial business and even other utilities.



We support the development of safe, healthy and vibrant communities through our partnerships program and services like public lighting and initiatives to reduce the risk of bushfires from our assets. We also support communities in achieving their energy goals.

We work with a diverse range of stakeholder groups to provide safe and reliable electricity to our customers and communities

We collaborate with a range of partners to deliver services and initiatives that meet the needs of our customers, from suppliers to registered electrical contractors and local service agents.



Our stakeholders are broad and wide-reaching, bringing diverse views to the way we deliver electricity. These stakeholders include government and their agencies, regulators, consumer advocacy groups, energy retailers, and industry associations and groups.

Let's talk about electricity

As we prepare our regulatory proposals we want to talk to our customers and stakeholders about energy, in particular electricity and the way we manage and invest in our networks.

We want to understand what value our customers and stakeholders place on energy, and more specifically electricity and the way it is delivered across our network.

Where possible we want to work with customers and stakeholders to understand possible scenarios and outcomes so that we can make better decisions about how to manage the network efficiently with the principle of delivering lower costs to customers while investing in the future.

your say

We want to know what you think will be important in terms of how your electricity is supplied now and in the future. This includes the way you use, store and generate power in your household, office or community facilities.

Your insights will help us shape an energy future that is right for Victorians.

Visit: talkingelectricity.com.au to have your say.

What makes an energy future?

There are many considerations when it comes to developing our energy future. What we input into the modelling to create possible scenarios are the building blocks of our economic and operational forecasts. These considerations have led to the development of key themes that will underpin our proposals.

These key themes include:

- **Affordable network costs** – recovery of prudent expenditure, rate of return, depreciation, real price growth, tariff reform, tariff principles, tariff structures and service-price options
- **Optimising the grid** – network performance, reliability, security, quality, connections and demand forecasting
- **Greener grid** – efficiency incentives, renewable energy and non-network solutions and incentives for demand management
- **Community safety** – bushfire mitigation, public lighting and community partnerships
- **Customer engagement** – customer values and priorities, customer satisfaction, willingness to adopt new technologies or energy-saving appliances, vulnerabilities and preferences for engagement.

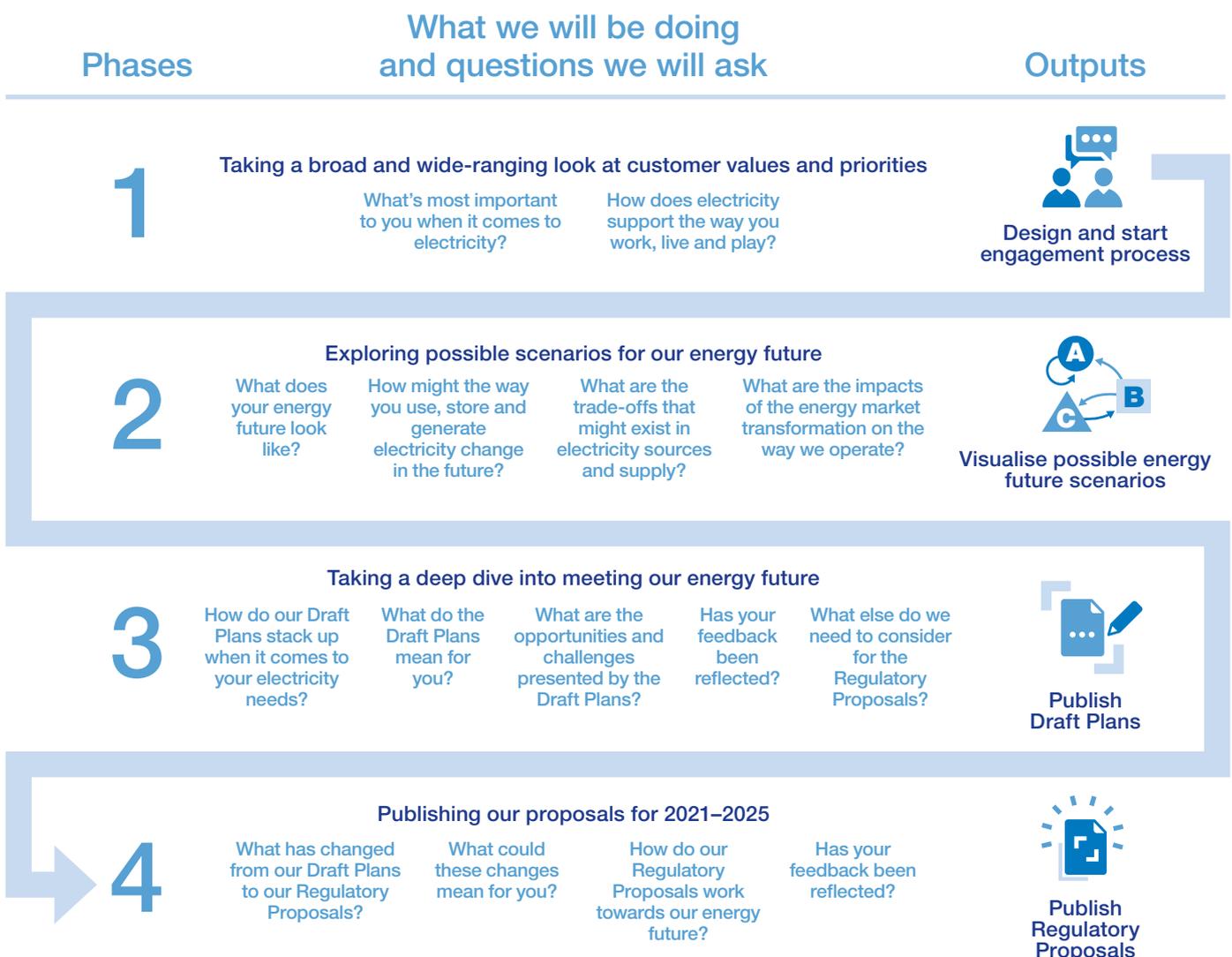
Some of these themes are more complex than others and we recognise that customers' ability to participate in these conversations will vary depending on their level of interest. Simple, easy-to-understand language about how the energy market operates and greater transparency about how we will make decisions in respect to these key themes ensure we make it easier for our customers to participate in the development of our proposals.

Developing our regulatory proposals

Our customers and stakeholders know the work we do when it comes to poles and wires. For some, the link between our network infrastructure and our energy future is less clear. There is the complexity of decisions about how to manage the network efficiently and prudently to drive down costs for customers, as well as investing in research and development into non-network solutions that could delay augmentations and support a greener future.

The question we are all asking is: *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?*

We start with the future and work our way back. We know we can't predict unforeseeable events or changes in the market, but what we can do is start by understanding the values customers and stakeholders place on energy and presenting back possible outcomes that we can work together to achieve. These outcomes, or scenarios for our energy future, will highlight what needs to be done to 2025 and beyond and underpin our regulatory proposals.



Connecting with our customers and stakeholders

Getting to a final outcome takes time and requires effort and commitment. It requires inputs from customers and stakeholders as well as modelling by our planners and pricing teams in a way that drives balanced and considered decision making.

The journey from customer values to an energy future is part of a two-year consultative process where we invite feedback at regular intervals. This feedback is then reviewed and, where relevant, incorporated into our planning and modelling. This iterative process happens time and time again to ensure we listen, consider and revise our planning where it makes sense to do so.

During the consultative process, we hope 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 difference regarding considerations and trade-offs in developing our energy future.



your say

There are more ways than one to talk to people. We want to know the best to keep you updated and how you'd like to engage with us.

Your feedback will ensure we get you the information when you need it.

Visit talkingelectricity.com.au to have your say.

Bringing together diverse views and feedback

In designing our engagement, there are a few things we consider important to do:

- Getting **different groups to understand different perspectives**. The practice of engagement and public participation centres on bringing together diverse groups to discuss opposing views to come to a level of common support.
- Using **citizen-led deliberative processes** which seek to engage public perspectives, concerns and knowledge in relation to a wide range of present and emerging techno-scientific issues.
- Ensuring **'no surprises'** so customers and stakeholders are aware of the approach we are taking before proposals are submitted. This provides them with time to deliberate on the approach, as well as provide feedback so we are able to incorporate it into the final proposal.
- Acknowledge the **level of interest, education and awareness** of customer and stakeholder groups to ensure we ask the right questions of the right people at the right time.
- Provide **timely and accurate information** to ensure all customers and stakeholders are kept updated on our progress and, where possible, can participate in decision making.
- **Close the loop** on customer and stakeholder feedback, considering the diversity in opinions, views and ways in which we will receive comments and report back what we've heard.

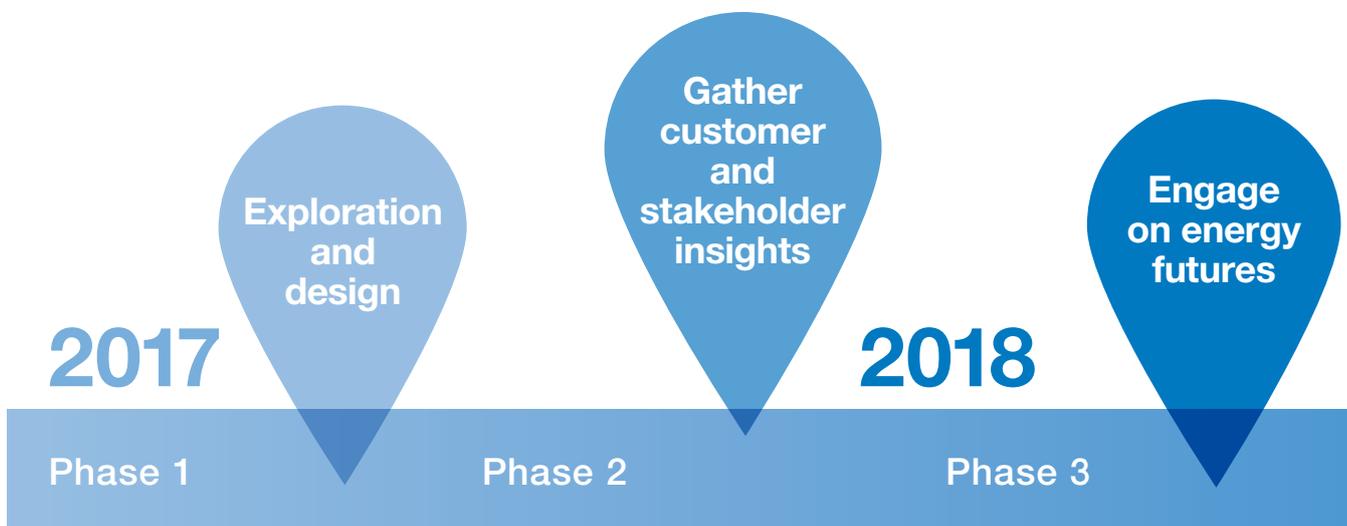
Engagement platforms

To achieve the desired outcomes and meet our engagement objectives, we're using different platforms to reach customers and stakeholders. Each engagement platform meets the needs of different customer and stakeholder groups, and ensures varying levels of opportunities to get involved – from those who are highly engaged and want more in-depth consultation to those who just want to know what is going on.

A snapshot of our engagement activities

How we'll engage	How people can engage with us	Feedback we're seeking
 Newsletters	Online at www.talkingelectricity.com.au	Regular updates on our progress throughout the process
 Talking Electricity	Online at www.talkingelectricity.com.au	Online hub for important information, updates and news about our progress
 Pop up displays	City and regional hubs	Provide information, subscribe new customers and seek high-level insights about energy usage
 Focus groups	Groups in Richmond, South Melbourne, Collingwood, Bendigo, Geelong, Mildura, Werribee, Sandringham, Dandenong and Rosebud	Collect exploratory insights on values, customer priorities for the future, renewables, electricity bills and customer impacts
 Interviews	Major customers in finance, transport, tourism, food production and retail	Discuss energy futures, impacts to business, connections, tariffs, energy sources and future investment plans around energy
 Surveys	2,400 people and businesses from across Melbourne	Look into energy literacy, values, electricity bills, community safety, network performance and connections
 Meetings	Local, state and national stakeholders and groups	Detailed discussion about all elements of the Draft Plan, our proposals and the TSS
 Workshops	Technical teams and groups from across the network	Technical workshops to discuss and decide on the approach to topics like pricing, data, renewables and connections
 Citizen-led forums	Interested customers from Carlton to Docklands, Altona, Mildura, Mornington and Cremorne	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
 Advisory Panel	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, Dairy Australia, and the Victorian Chamber of Commerce and Industry	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 Plan and our proposals
 Draft Plan, Proposals and TSS	Online and print	Covers the insights we've collected along the process, how feedback has been considered and how we'll work towards the proposed energy future

A clear and thought out process for seeking feedback



Jan 2017 – Sep 2017

- Design a process that seeks meaningful input and acknowledges past
- Develop a set of principles that underpin our decision making
- Establish Customer Advisory Panel
- Explore customer insights through focus groups and surveys
- Interview customers to understand values now and into the future

Nov 2017 – Apr 2018

- Release customer insights to generate feedback
- Host deliberative engagement workshop with customer and stakeholder groups about customer insights
- Publish outcomes of consultation relating to values, energy preferences and pricing

May 2018 – Sep 2018

- Model energy futures based on customer values, energy preference and demand forecasts
- Release consultation paper on future scenarios and their possible trade-offs
- Present possible energy scenarios for consideration and deliberation by customers and stakeholders
- Publish outcomes of consultation in relation to energy futures

Business-as-usual engagement

Customer Consultative Committee engagement and advice from the Energy Futures Customer Advisory Panel

Taking our customers and stakeholders on the journey means sharing our plans for the path ahead.

We've considered the different types of customer and stakeholder groups, and the time that's needed to hear and process information, as well as the complexity of topics we're covering.

We know that some stakeholder groups will pick up concepts quicker than others, which is why we've designed technical streams to deal with big, complex topics.

There are milestones throughout the process that we'll use as checkpoints to ensure that we're listening, and that our customers and stakeholders can have meaningful input at the right time.



A principle based approach

Drawing on our values and recognised industry best practice, we have developed principles to guide engagement approach and ensure we seek diverse and representative feedback from our customers and stakeholders.

Accessible

We will provide accessible information about the reset, our approach to developing the Draft Plan and how feedback has informed our proposals.

We will provide a range of ways for customers and stakeholders to be engaged and provide input, and will always look for innovative ways to encourage participation.

We will respect the ways in which customers and stakeholders prefer to be engaged and do our best to ensure our engagement is accessible and allows adequate time for involvement.

Measurable

We will agree outcomes upfront and evaluate the effectiveness during and after the engagement process.

We will provide opportunities for ongoing two-way dialogue that allows for timely discussions and provides a continuous feedback loop.

Inclusive

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.

We will also give people time to digest information, understand the process we are required to fulfil and, where required, plan around impacts.

Transparent

We will share our knowledge, be honest about the rationale behind our approach and ensure the engagement process is open and clear.

We will always close the loop with our customers and stakeholders, thanking them for their participation, replaying what we have heard, and explaining how their input has been used.

Measuring our effectiveness

The effectiveness of our engagement activities will be regularly reviewed at major milestones. These milestones are based on the phases for engagement outlined earlier, as well as the project plan for developing our Regulatory Proposals.

Effectiveness will be based on the engagement objectives we have set and will be evaluated through a series of formal and informal reviews by:

- Surveying customers and stakeholders who have participated in our engagement activities
- Seeking feedback from our Customer Consultative Committee and Energy Futures Customer Advisory Panel
- Reviewing our interactions with customers and stakeholders through dedicated engagement platforms, like emails, website forms and phone calls
- Touching base with customers and stakeholders that have raised questions or sought further information through conversations with our project team
- Conducting formal research initiatives or reviewing of industry-led data that seek to identify any changes in customer trends.

If we find during these reviews that our customers and stakeholders are asking for more, we will seek to adapt our engagement approach to meet their needs. This could mean more or less engagement or communications with customers or stakeholders, depending on the balance of feedback from all groups.

Any changes to the program will be reported back to our customers and stakeholders as part of our commitment to transparency. This will either form part of our consultation reports or be presented as special information once a review has been performed.

We have had this plan peer reviewed

CitiPower, Powercor and United Energy invited Stokes Strategy and Research to review its Stakeholder Engagement Plan, to provide feedback and ensure that it meets industry standards.

In undertaking the review, I liaised with the business to understand the process undertaken in developing the document and the proposed directions and approach to implementation. Subsequently, the Plan was comprehensively reviewed leading to key observations and recommendations.

The core principles and elements of ‘best practice’ stakeholder engagement are reflected in the Stakeholder Engagement Plan. A range of recommendations were made as a result of the Peer Review, with the primary areas for action being: a refinement of stakeholder engagement objectives, the introduction of progressive, evidence-based segmentation of stakeholder groups and refined measurement and evaluation processes (linked to enhanced objectives).

Implementation of these recommendations is progressive and iterative, with upfront enhancements to objectives and stakeholder segmentation to be supplemented with further improvements and an informal review at the end of the Phase 1 roll-out.

CitiPower Powercor and United Energy have appropriately placed stakeholders and the customer at the heart of the business and have taken steps to signal further knowledge gathering and a deep and sustained engagement with consumers to inform the 2021–2025 regulatory submissions to the Australian Energy Regulator.

Stokes Strategy and Research endorses the current and intended enhancements to the Stakeholder Engagement Plan.

Dr Robyn Stokes

Principal,
Stokes Strategy and Research



Contact us

Feedback on our Stakeholder Engagement Plan is encouraged and we welcome input to:

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