

7th August 2020

Mr Eric Groom
AGNSA2021@aer.gov.au

Dear Mr Groom

RE: SAFCA submission re Australian Gas Networks South Australia (AGN(SA)) gas access arrangement proposal for the period 1 July 2021 to 30 June 2026

Introduction

The South Australian Financial Counsellors' Association (SAFCA) represents and supports 220 financial counsellors and support workers in South Australia and the Northern Territory. Financial counsellors provide guidance and advocacy to their clients and their services are free, independent and non-judgemental. Financial counsellors work for some 26 not for profit agencies in South Australia.

We are pleased to make comment on the AGN SA Gas Access Arrangement Proposal.

SAFCA's Involvement in the AA Determination

SAFCA has been active in the energy sector for 6 years, representing the views of residential consumers and in particular, vulnerable consumers in South Australia. SAFCA has worked with the AGN SA Reference Group since 2018.

In addition to the 2021 – 2026 Gas Access Arrangement proposal, the SA Reference Group has been pleased to be engaged in a number of areas of AGN's business including:

- COVID 19
- Vulnerable Customer Assistance Strategy
- Renewable Gas Blend for UAFG
- The Innovation Scheme

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Comments on the Draft Plan

SAFCA was pleased to see that AGN recognises that price and affordability are the most important issues for their customers. AGN in its Plan commits to a 9% real price cut from July 1 2021 followed by 1.3% real price increases in the following years. This will be welcomed by South Australian consumers.

We do consider a possible further saving that can be made from the proposed annual real labour costs escalation. The Plan (as did the draft plan) proposes an average figure of the two forecasts provided by BIS Oxford (1.09%) and Deloitte Access Economics (.37%), that average being .73%.

We would prefer to see that figure be towards the lower figure of the two, given the very low wage growth over the past year and the current high unemployment in South Australia.

SAFCA supports the three proposed Step Changes put forward by AGN. The first two, those of the “Vulnerable Customer Assistance Program” and the “Digital Customer Experience Project” were new activities developed from feedback through the customer and stakeholder engagement program, and we are very pleased to see these in the Plan.

SAFCA is also pleased to see that AGN will replace 860kms of old cast iron and other unreliable mains, and we support this aspect of CAPEX. We also support the other aspects of CAPEX as we believe it is a responsible plan that will improve safety and reliability for the SA Community.

We support an Innovation Allowance that will fund, amongst other things, renewable gas projects.

AGN Vulnerability Customer Assistance Program

As we state above, SAFCA is very supportive of the proposed Step Change around the Vulnerability Customer Assistance Program (VCAP). SAFCA along with some of its members, attended the workshops at which the Program was developed.

Customers told AGN that it has a social responsibility to support people in the community who are experiencing vulnerability including pensioners, low income earners and health issues.

AGN found 76% customer support for the Draft Plan proposal for a VCAP. Customers and stakeholders noted that AGN could work in partnership with social service and not-for-profit organisations to deliver the VCAP over the next AA period.

We are pleased to see that AGN seeks an amount of \$8.1 million over the next AA period to support:

- A dedicated resource to run the program;
- Assistance for appliance rebates and audits for vulnerable customers;
- Rebates for new connections;
- Rebates for switching to more efficient gas appliances;
- Gas efficiency audits; and
- CRM enhancements for improved/ targeted services.

Stakeholder Engagement

AGN states in its Plan that “customers are at the centre of our planning”, and that its Final Plan is “underpinned by effective customer and stakeholder engagement”.

SAFCA would support these statements. We along with other community organisations attended workshops which provided input into the Vulnerable Customer Assistance Program, and we and our members attended forums around the state designed to seek input into the development of the Final Plan.

We can confirm the high level of interest shown by participants in the areas of prices, safety and reliability, customer service, efficiency, decarbonisation and the social and economic impacts of COVID 19.

Customer engagement workshops were run in three phases with the same groups of customers, allowing iterative engagement as plans were developed. AGN held dedicated workshops for residential, business, metropolitan, regional and culturally and linguistically diverse (CALD) customers.

SAFCA considers this process has been highly successful. AGN is to be congratulated both on its high levels of customer satisfaction in the current AA period on its endeavour in undertaking a wide and in depth approach to seeking customer input.

We believe that these high levels of satisfaction can be maintained given the strong commitment to good communication and seeking feedback that has been evidenced in the past two years that SAFCA has been involved.

Statement of Support

SAFCA is pleased to have the opportunity to comment on AGN’s Plan and we consider this Plan to be capable of acceptance by the AER.

Yours sincerely

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Wendy Shirley
Executive Officer