Combined Proposal 2024-2029

Attachment 1 Customer and stakeholder engagement summary



Outline: This attachment summarises the engagement program and subsequent results that have helped shape the development of TasNetworks' Combined Proposal for the regulatory control period commencing on 1 July 2024 and ending on 30 June 2029.



Note

This attachment forms part of TasNetworks' Combined Proposal for the 2024-2029 regulatory control period and should be read in conjunction with the other parts of the proposal. TasNetworks' Combined Proposal is made up of the documents and attachments listed below, as well as the supporting documents that are listed in Attachment 23.

Document	Description	
	Combined Proposal overview	
Attachment 1	Customer and stakeholder engagement summary	
Attachment 2	Annual revenue requirement	
Attachment 3	Regulatory asset base	
Attachment 4	Rate of return	
Attachment 5	Regulatory depreciation	
Attachment 6	Capital expenditure	
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1 Customer and stakeholder engagement summary

1 OVERVIEW

The engagement program and subsequent results outlined in this summary have helped inform the development of our Combined Proposal to the Australian Energy Regulator (**AER**) for the 2024-2029 regulatory control period. Our Combined Proposal details the funding we need to plan, build, maintain and operate our transmission and distribution networks to provide Tasmanians with safe, reliable and affordable electricity during the five year period.

1.1 Approach to engagement

As an organisation, we understand that placing our customers and stakeholders at the centre of our business planning – conducting genuine engagement with them on our plans and allowing them to shape them where possible – is key to ensuring those plans are in their long-term best interests.

This thinking builds on our previous reset engagement efforts, but is also being driven by the rapid transition occurring in Australia's energy industry and the National Electricity Market (**NEM**), which includes a conscious move towards more sustainable energy sources by customers, generators, retailers and network service providers (**NSPs**).

We developed an engagement program for the Combined Proposal that has sought to identify and understand what is important to our customers and stakeholders, and to build their knowledge and understanding of the energy sector and our business so they can participate in the program. We have used their subsequent insights to help shape a Proposal that is reflective of the feedback we have received. Read more about how we have sought to integrate their preferences in Section 1.3.

Capable of acceptance by the AER

In addition to developing a Combined Proposal that is reflective of the preferences of our customers and stakeholders, we have also endeavoured to create a proposal that is capable of acceptance by the AER, inline with their key **2020-2025 Strategic Plan** objective.

This work has been guided by the AER's Better Resets Handbook (Handbook). Published in December 2021, the Handbook sets out how the AER would like NSPs to complete their revenue proposals, placing greater emphasis on high quality engagement, as well as offering more clarity on what should be in a proposal to enable acceptance.

Although TasNetworks has not sought the early signal pathway outlined in the Handbook when developing our Proposal for the next regulatory control period, we have endeavoured to meet the guidelines and expectations outlined by the AER, recognising the broader benefits to our customers that may come as a result, including:

- Improved relationships and understanding between TasNetworks and our customers
- Greater faith from all parties in regulatory processes
- The generation of new ideas and regulatory approaches that benefit both customers and TasNetworks
- An increased probability that the regulatory proposal will be largely or wholly accepted at the draft decision stage, resulting in a more efficient reset process for all involved.

Specific details regarding how our Proposal seeks to meet the AER's expectations can be found in Appendix A.

1.2 Engagement summary

Spanning 18 months of concentrated effort between July 2021 and January 2023, the engagement program is the most comprehensive and diverse suite of engagement activities ever completed by TasNetworks. To date we have directly engaged with 567 individuals in 61 activities, covering 64 topics.

The program marks a distinct step-change in our engagement maturity as an organisation, built from the ground-up using direct input from our representative voices and key stakeholders during the early phases (see section 3.1 for details of the program's development). In addition to co-designing our engagement approach, we also released a Draft Plan for consultation, attracting submissions from multiple stakeholders.

Each of these steps has helped create a more accessible, customer-focused program, evidenced by the fact that participant trust in TasNetworks has to act in the best interests of customers has risen from a benchmark of 66 per cent in the early stages of the engagement program to 89 per cent in latter stages.

Engagement activities have been structured and delivered in five distinct phases, resulting in the following -

Figure 1. Engagement by numbers

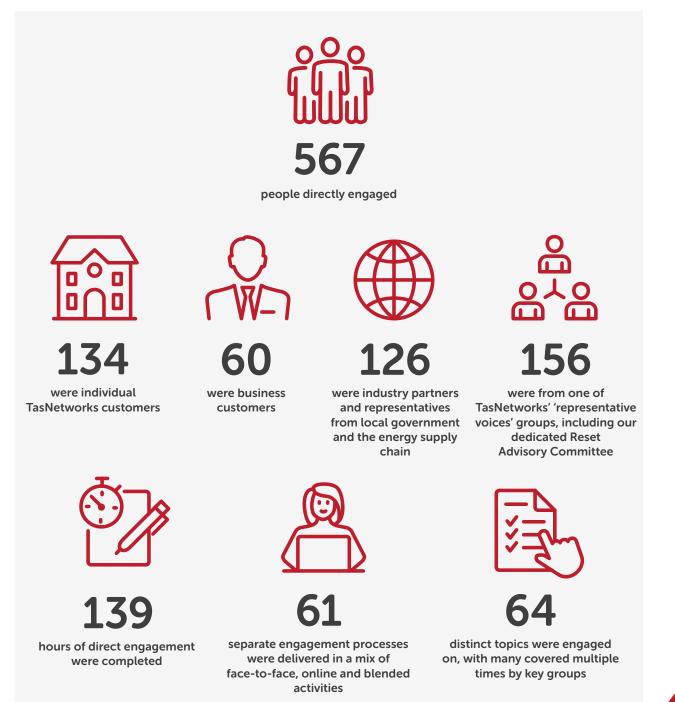
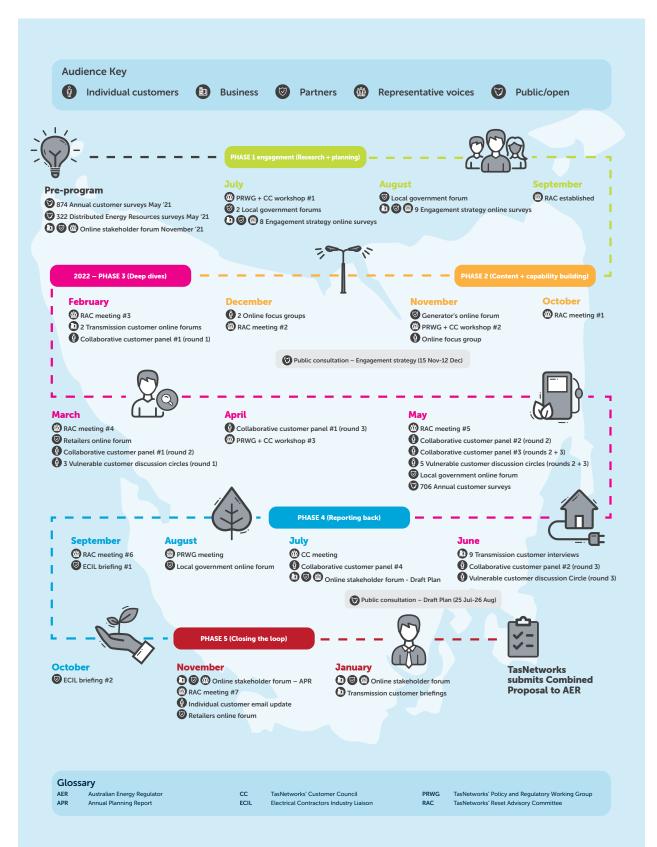


Figure 2 provides a visual glimpse of the engagement journey to date, inclusive of key audiences, activities, and the phases in which they occurred.

Figure 2. Engagement pathway



1.3 How engagement has shaped our proposal

During the delivery of our engagement program, four key themes clearly emerged as priorities for our customers and stakeholders. These themes remained largely consistent from Phase 1 research and planning in 2021, through to our last main feedback gathering period in Phase 3 deep dives, completed in July 2022. As shown in Figure 3, our customers and stakeholders were consistent in their advocacy for affordability, the need to cater for the renewable energy transition, network reliability, along with social responsibility and sustainability.

Figure 3. Key themes



Given the top concern for our customers was affordability, we have made trade-offs in our Combined Proposal that exert downward pressure on costs, without sacrificing reliability and safety or undermining the delivery of the other priorities of our customers and stakeholders.

Table 1 details changes made to our Combined Proposal as a result of customer and stakeholder feedback (see Appendix B for details of what topics we discussed with each of our key audiences, and where readers can find evidence of our response, either in our Proposal or other supporting documentation). Feedback that falls outside the four main themes but that helped shape our proposal is also outlined in Table 2 of this section.

Table 1. How engagement feedback has shaped our proposal

Key theme	What we've heard	How we've responded
Affordable for all	 Affordability is the most important factor for customers and stakeholders. Bill shock is a real concern for many due to rising cost-of-living pressures, unemployment levels and low incomes. 	• We are constraining our capital expenditure (capex), resulting in forecasts that are below the AER's approved allowances for the current regulatory control period.
	 TasNetworks could be more transparent about tariff and cost-saving options for individual customers. Providing incentives for large industrial customers to save energy and lower power prices for all is also regarded as important. 	 We have selected 2020-21 as our base year for opex. This base year has been deemed as efficient for a network service provider (NSP) by the AER's economic benchmarking standards. We are aiming to achieve opex productivity improvements of 3%
		in 2024-25, and 0.5% for each subsequent year.
		• We are developing initiatives that address cost of living pressures.
		• We are continuing to develop cost- reflective network tariffs to encourage less energy consumption during times of peak demand, placing long-term downward pressure on price for all customers while maintaining protections for vulnerable customers.
Reliable now, resilient for the future for the entire State	• Reliability of supply is considered very important to the wellbeing of Tasmanians, particularly beyond the greater Hobart area due to our climate and reliance on electric heating. Customers acknowledged there are barriers to achieving reliability in remote areas.	• We have rebalanced our reliability and resilience expenditure on our distribution network, resulting in an estimated cost reduction from \$121.8 million to \$115.3 million. This maximises value for our customers at the lowest sustainable cost, and mitigates, hardens and adapts our networks for the future.
Customers expect TasNetworks to maintain current levels of reliability and improve poor performing areas without increasing prices. We have rebalanced address reliability in communities instead	• We have rebalanced our forecasts to address reliability in ten poor-performing communities instead of the four	
	• Customers want the benefits offered by improved resilience but acknowledge the potential price increases to achieve these are challenging.	 previously proposed, increasing funds from \$7.37 million to \$10.8 million. We are taking specific actions via our Network Resilience Strategy to build a
	• TasNetworks needs to demonstrate how investments will improve reliability and resilience in the longer term and optimise for investments that deliver both.	more resilient network in a sustainable and affordable way for customers. Our climate change response can be found on our website .

Key theme	What we've heard	How we've responded
A transparent, socially responsible approach that ensures a sustainable solution for Tasmania	 Long-term, sustainable solutions are critical. Transparency and openness in our approach is key to ensuring our plans and investments are aligned with future customer expectations and needs. Clearly communicating when, how and why investments are made will help customers have greater understanding and 	• As a signatory to the Energy Charter since November 2021, we are embedding the Charter's frameworks and principles into our business to ensure customers are at the centre of our planning and decision- making. See how we are tracking in our 2021-22 Energy Charter Disclosure Report.
	 trust in our business decisions. Environmental impacts, the interests of Tasmanian communities and the benefits to customers should always be taken into consideration regarding price rises. The need to invest in Tasmanian communities, increase training opportunities, invest in future skills, and 	 In November 2022, TasNetworks committed to analysis of a Net Zero target, including a high level emissions reductions plan and assessment. TasNetworks has adopted a Task Force on Climate-related Financial Disclosures (TCFD) recommendation to increase the transparency around our management of alignets related right and ease structure.
	 drive jobs growth were all important, particularly for young people. TasNetworks should consider innovative alternatives to network augmentation, such as community batteries to improve reliability in remote areas. 	 climate-related risk and opportunity. Our priority areas for action against the United Nations Sustainable Developme Goals are affordability, reliability, climat change and the transition to renewable energy. These were identified in 2021- 22 as the most important issues to communities and our business, and we have attempted to balance our investments to reflect these preference
		• We are planning to conduct community battery pilots with stakeholders in the 2024-2029 regulatory control period as part of our Future Distribution System Vision and Roadmap project, with the aim of identifying non-network solutions to

network challenges.

Key theme	What we've heard	How we've responded
Proactive, long-term investment in renewable energy that increases Tasmania's capability and unlocks associated community benefits	 It is critical to have government support to progress this priority due to the scope of the investment required. Customers and stakeholders want to be informed about revenue and price outcomes for proposed contingent projects, particularly those linked to Renewable Energy Zones. TasNetworks needs to clearly communicate the benefits of future investments (who will access them and when they will be realised). 	 We have revised our proposed investments to clearly state the anticipated customer benefits and associated timing, such as the Zeehan reliability improvement project. We are proposing nine transmission contingent projects, outlining major augmentation to the transmission network to build Tasmania's renewable energy capabilities (Attachment 7 Contingent projects).
	• Customers and stakeholders feel that being open to embracing new technologies as alternatives to network augmentation (such as community batteries) could help reduce costs for customers and the network.	• We have committed to continuing to engage on contingent projects in 2023, using the knowledge and capability of our representative voices to ensure customers' interests are represented.
	 Customers and stakeholders are keen to understand how renewable energy investments will be planned and coordinated, including the planning assumptions used in forecasts. 	• TasNetworks' Annual Planning Report outlines the planning assumptions and forecasted investments on the transmission and distribution network for the next decade.
	• System strength services are important, and customers want transparent information about the need, opportunities and costs of providing these services.	• We have proposed steady and modest investment in enabling consumer energy resources (CER) through initiatives such as community battery trials and improving our visibility of the low voltage network.

In addition to the feedback and responses outlined in Table 1, we also engaged with customers and stakeholders on targeted topics. Table 2 outlines these topics, what we heard, and how our plans have changed as a result.

Table 2. Targeted topic feedback and our response

Topic/issue	bic/issue What we've heard How we've responded	
Framework and approach Service classification	 Broad support for TasNetworks' proposed amendments to the framework and approach paper. Concern about TasNetworks providing Stand Alone Power Systems (SAPS) to customers, as it might negatively impact the competitive market. A lack of support for TasNetworks leasing the excess capacity from distributor owned community batteries. 	 We are proposing to utilise regulated SAPS (not private), to replace existing distribution network assets where this is the least cost solution. No potential sites have been identified for upcoming regulatory control period at this stage. We updated the proposed private asset service controls based on feedback received from stakeholders.
	• Electrical industry representatives broadly support TasNetworks to include new private asset services, Provider of Last Resort and Rectification of Minor Private Asset Defects in the Combined Proposal, with further engagement on the proposed controls to help limit potential impacts to the competitive market.	

Topic/issue	What we've heard	How we've responded
Draft Plan public consultation	 Seven submissions were received during the consultation process. There was broad support for key customer themes and priorities, but a request for TasNetworks to consider alternative approaches to affordability - such as working with customers to reduce energy costs through education and efficiency. 	 We continued to engage with stakeholders regarding Provider of Last Resort and SAPS for our full response, with additional information available in Attachment 18 Alternative control services. No potential SAPS sites have been identified for the upcoming regulatory control period at this stage and we are still considering option for community batteries.
	 Request for greater transparency and clarity regarding how it intends to implement being a Provider of Last Resort and SAPS during the 2024-2029 regulatory control period. Stakeholders identified an opportunity for greater innovation to be applied in the resolution network challenges. Stakeholders would like to understand what considerations have been made to ensure project delivery and the confirmation and realisation of customer benefits. Concern regarding the potential 	• We are committed to seeking and implementing innovative options and seeking alternatives to traditional network solutions that provide the best customer outcome for the most efficient cost. Our expenditure forecasting process requires the consideration of non-network solutions as part of our options assessment, with the most economically beneficial option selected for progression. Further, all investments are retested prior to implementation to ensure any new options and innovations are considered and that the best outcome for customers is progressed.
	for Tasmanians, with a request for greater detail on project cost, timings and customer benefits.	

Topic/issue	What we've heard	How we've responded	
Customer Service Incentive Schemes	• Broad support from customers for TasNetworks to propose a Customer Service Incentive Scheme (CSIS) framework for the 2024-2029 regulatory control period using their prioritised list of customer service measures, in addition to the network reliability measures contained in the Service Target Performance Incentive Scheme (STPIS).	 TasNetworks is proposing to adopt the CSIS for upcoming regulatory control period, inclusive of the following performance parameters: Customer satisfaction with complaints handling Customer satisfaction with outage management (planned and unplanned) Customer satisfaction with new connections. 	
	 TasNetworks' Customer Council (CC) demonstrated support for the intent of the CSIS, number of service parameters and the approach to target setting. There was insufficient feedback from CC members to confirm TasNetworks' final proposed CSIS before submission of the Combined Proposal. 	See Attachment 14 Customer service incentive scheme for detailed information on CSIS findings and the proposed approach.	
Network tariffs	 TasNetworks' Policy and Regulatory Working Group (PRWG), helped shape the development of guiding pricing principles used to underpin the refinement and ongoing progression of our pricing strategy. Cost reflectivity and tariff assignment Stakeholders acknowledged the benefits of cost reflective pricing are more clearly realised if accompanied by sufficient uptake of cost reflective network tariffs, but also recognised that electricity consumption is a low-involvement product for most customers, making differential pricing less impactful. Stakeholders strongly emphasised the need for TasNetworks pricing strategy to include protections for customers experiencing vulnerability. 	 developed with the PRWG, and has used them to guide the development of pricing strategy and network tariffs. Cost reflectivity and tariff assignment TasNetworks' existing default network 	
	Consumer energy resources	Consumer energy resources	
	 Stakeholders felt that the existing network tariff targeted towards customers with CER is not fit for purpose and required review to ensure the pricing offering was future-ready. 	• We are proposing to amend the existing residential CER network tariff from a time of use demand, to a time of use consumption network tariff, inclusive of a super off-peak charging period.	
	New network tariffs	New network tariffs	
	Stakeholders recognised the need for consideration of equity and pricing arrangements for ambedded networks	• For new connecting customers we are proposing new embedded network tariffs for the low voltage and high voltage networks.	

embedded networks.

Topic/issue What we've heard		How we've responded	
	Tariff trials	Tariff trials	
	• Request for transparency of future plans in relation to the introduction of two-way pricing measures. Recognition of benefit in considering a trial prior to introduction of such pricing arrangements.	• TasNetworks worked with our PRWG members on principles and considerations for potential future two-way pricing trials.	
	• Stakeholders co-designed principles that could be applied to tariff trails that may be undertaken in the future:		
	o being Tasmanian focused		
	o beneficial to customers		
	o clear in their intent and purpose		
	o rewarding to customers		
	o collaborative with industry partners.		
	Communicating network reform to	Communicating network reform to customers	
	customers	• We have developed a suite of fact sheets to	
	• Customers may benefit from more information regarding which tariff options best suit their needs, and this information should be provided in simple, easy to understand language.	 explain the differences between network tariffs and how different network tariffs may be better suited to different customers. TasNetworks continues to work with retailers to support consistency in messaging around pricing options for customers. 	
Rectification of	Stakeholders broadly supported	We collaborated with stakeholders on the	
Rectification of minor private asset faults (Standard Control Service)	 Stateholders broadly supported the introduction of a new rectification of minor private asset faults service for the 2024-2029 regulatory control period. 	 We contaborated with stakeholders on the development of the controls to ensure limited impacts to the competitive market We have also committed to continue engaging with industry to finalise the 	
	• Stakeholders provided feedback that there should be a list of private asset repairs TasNetworks will	approved private asset repair list, which will inform stakeholders of the private assets TasNetworks will repair.	
	complete, providing consistency state wide.	 Once implemented, we have committed to providing regular reporting to industry regarding the number of faults being rectified. 	
Provider of last resort (Alternative Control Service)	 Stakeholders broadly supported the introduction of a new provider of last resort service for 2024-2029 regulatory control period. Stakeholders wanted to ensure the service was only used in 	• We collaborated with stakeholders on the development of the controls to ensure limited impacts to the competitive market.	
		• TasNetworks has amended our external website to make it easier for customers to find power line contractors.	
	a last resort capacity and that TasNetworks provided assistance to customers in finding approved contractors.	 Once implemented, we have committed to providing regular reporting to industry regarding the number of services being completed. 	

Links to further information on customer and stakeholder feedback are provided in Appendix B.

2 OUR ENGAGEMENT FRAMEWORK

This section sets out the principles, objectives, key audiences, and best practice guidelines used in the development of our engagement program.

2.1 Co-design

In a first for TasNetworks, our engagement framework was built from the ground-up using direct input from our representative voices, individual customers and key stakeholders during the early phases of the engagement program. This work ultimately culminated in the development and release of our **2024-2029 Customer and Stakeholder Engagement Strategy** in January 2022.

Development timeline

July to August 2021 (co-design)

Workshops, forums and surveys with 63 representatives from our PRWG, CC, transmission customer base, and Tasmanian councils to identify our engagement principles, objectives, methods, barriers and success measures.

September 2021 (drafting)

TasNetworks' engagement team worked with our engagement consultancy, RPS Group, to shape the insights from the co-design activities into a Draft Customer and Stakeholder Engagement Strategy.

October to December 2021 (consultation)

Meetings, workshops, focus groups and public consultation with 89 representatives from our PRWG and CC, newly-established RAC, individual customers, and the general public to seek feedback on the Draft Customer and Stakeholder Engagement Strategy.

January 2022 (release)

First official iteration of the Customer and Stakeholder Engagement Strategy was publicly released on TasNetworks' website, engagement platform, and social media channels.

March 2022 (update)

Strategy received minor refinements based on feedback received during the public consultation, including realignment of delivery program timelines.

December 2022 (update)

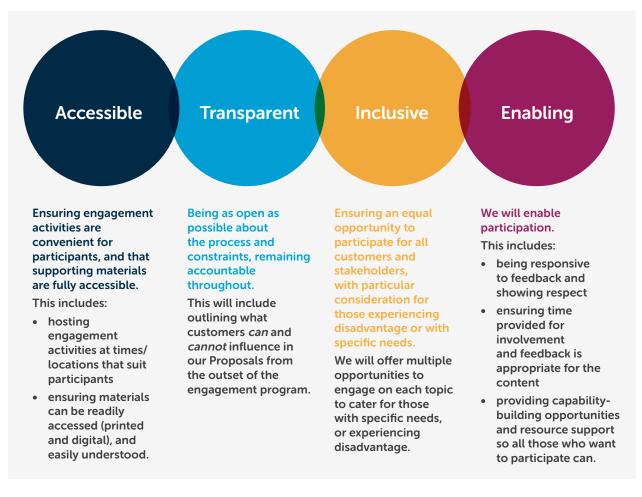
Strategy received minor refinements, including the addition of an overarching purpose, and small amendments to the delivery program timelines.

This process is further detailed in our **Customer and Stakeholder Engagement Strategy**, while information on our delivery program can be found in Section 4.

2.2 Principles

Our engagement principles were shaped directly from feedback received during the workshops and forums we hosted in the co-design stage in July 2021. The principles were subsequently endorsed for inclusion in the **Customer and Stakeholder Engagement Strategy** by those who participated in the consultation stage.

Figure 4. Engagement principles



2.3 Objectives

Our engagement objectives were also shaped by the feedback we received during the co-design stage, and endorsed for inclusion in the Customer and Stakeholder Engagement Strategy by those who participated in the consultation stage.

Table 3. Engagement objectives

Objective	Description	Principle
Understand what is important to our customers and stakeholders	• Ensure we are listening to what our customers and stakeholders are saying, aspiring to hear perspectives that expand our current thinking and processes.	Transparent
Build our customers' and stakeholders' understanding and knowledge of TasNetworks' operations, the energy sector and the Revenue Reset process	• All customers and stakeholders participating in the engagement program are exposed to a 'capability building' phase, where fundamental information regarding TasNetworks' operations, the broader energy sector and Revenue Reset process are introduced and explained in an accessible way.	EnablingAccessible
Identify those areas that customers and stakeholders can influence, and enable them to shape our Proposals	 The Engagement Strategy and our final Proposals to the Australian Energy Regulatory are reflective of what our customers and stakeholders told us. The engagement program has been designed to capture and respond to both the breadth (diversity of audience and variety of methods) and depth (detail) of customer and stakeholder views. 	TransparentInclusive
Deepen customer and stakeholder trust in our Proposals	 Enable open dialogue which challenges TasNetworks' existing practices. Customers and stakeholders have trust in the process and rationale behind decisions, even if positions are not always aligned. Customers and stakeholders have confidence that TasNetworks has genuinely listened, and that investment decisions are in the long-term interests of customers. 	TransparentInclusiveEnabling
Drive internal cultural change	 Engagement is understood and accepted as an essential component of TasNetworks' activities and projects. Maturing TasNetworks' engagement approach by embedding engagement into every-day functions. Building TasNetworks' comfort regarding incorporating customer and stakeholder views into its key planning processes. 	TransparentInclusiveEnabling

2.4 Key audiences

We have sought to engage with a diverse range of customers and stakeholders, to build our knowledge of their needs and perspectives and ensure we develop a Combined Proposal that is reflective of those needs wherever possible. Figure 5 outlines our high-level audiences, while Table 4 details the key sub-groups for each of these audiences.

Figure 5. Audiences by segment

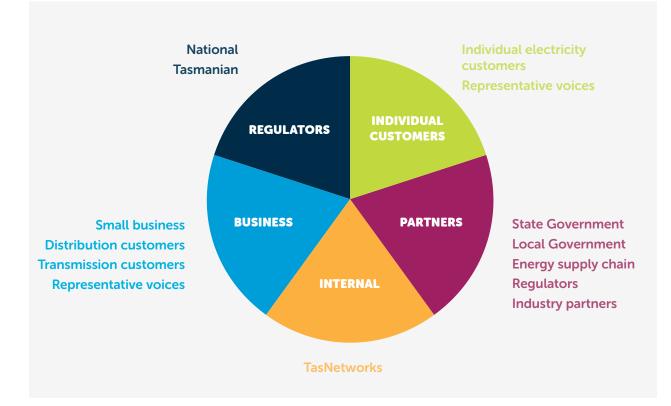


Table 4. Audience sub-groups

Segment	Group	Sub-group
ners	Individual grid	Residential Prosumers (smart devices, electric vehicles, solar, batteries)
Individual customers	consumers Representative voices	Customers experiencing vulnerability TasNetworks Reset Advisory Committee TasNetworks Customer Council TasNetworks Policy and Regulatory Working Group
Indi		Australian Energy Regulator Consumer Challenge Panel Members Community Voices Program
	Small business	Owner occupier Customers experiencing vulnerability Rural and regional High consumption
Business	Distribution customers	Commercial (government agencies, councils, property managers, developers) Large embedded generators (solar, wind) Large distribution customers (factories, hospitals) Energy service providers Energy aggregators
	Transmission customers	Major industrials (Bell Bay Aluminium, Norske Skog, Nyrstar, MMG) Generators
	Representative voices	TasNetworks Reset Advisory Committee TasNetworks Council Forum TasNetworks Generators Forum Australian Energy Regulator Consumer Challenge Panel Members
Regulators	National	Australian Energy Regulator Australian Energy Market Operator Australian Energy Market Commission
Reg	Tasmanian	Office of the Tasmanian Economic Regulator Energy Ombudsman Tasmania
	State Government	Tasmanian Minister for Energy Tasmanian Minister for Local Government Tasmanian Department of Treasury and Finance
	Local Government	Local Government Association of Tasmania
Partners	Energy supply chain	Generators Retailers Aggregators Solar installers Network service providers (distribution and transmission)
	Regulators	Australian Energy Regulator Australian Energy Market Operator Australian Energy Market Commission Office of the Tasmanian Economic Regulator Energy Ombudsman Tasmania
	Industry Partners	Electrical industry groups Electrical contractors Energy Networks Australia Property Developers Building industry groups (Master Builders Association)
Internal	TasNetworks	TasNetworks team members TasNetworks contractors

2.5 Ability to influence

We have used the IAP2 Public Participation Spectrum to guide the development of our engagement framework, and to ensure our delivery program is fit for purpose and in-line with industry best practice. Widely used in Australia and overseas, the spectrum enables organisations to identify the appropriate level of public involvement in any engagement process. Figure 6 is an approved adaptation of the official IAP2 model, representing TasNetworks' 2024-2029 revenue reset engagement program.

	Inform	Consult	Involve	Collaborate	Empower
Public participation goal	To provide our customers and stakeholders with balanced and objective information to assist them in understanding our business, the revenue reset process and associated alternatives, opportunities and/or solutions.	To obtain feedback from our customers and stakeholders on analysis, alternatives and/or decisions relating to our Proposals.	To work directly with our customers and stakeholders throughout the development of our Proposals to ensure their concerns and aspirations are consistently understood and considered.	To partner with our customers and stakeholders at every stage of the drafting of our Proposals, including the development of alternatives and the identification of their preferred solutions.	To place final decision making regarding our Proposals in the hands of our customers and stakeholders.
Promise to the public	We will keep you informed.	We will keep you informed, listen to and acknowledge your concerns and aspirations, and provide feedback on how public input influenced the decision.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how your input influenced our Proposals.	We will look to you for advice and innovation in formulating solutions and incorporate your advice and recommendations into our Proposals to the maximum extent possible.	We will implement what you decide regarding our Proposals.

To support previous regulatory proposal processes, TasNetworks' engagement activities have tended towards the **'Inform'** to **'Consult'** end of the spectrum. However, for the development of the 2024-2029 Combined Proposal we have sought to mature our approach, developing a program with activities ranging from **'Inform'** through to **'Collaborate'**.

2.6 Topics and audiences

Table 5 details what topics were discussed with which groups, and during which phase these topics were introduced into the engagement program. Topics that have been engaged on across multiple phases are also noted.

Table 5. Topics and level of influence by audience

	-	Revenue reset overview (+ Phase 3)	AER engagement expectations	Engagement Strategy	TasNetworks / revenue reset overview (+ Phase 3)	AER Better Resets Handbook (+ Phase 3)	Draft Customer & Stakeholder Engagement Strategy	Topics for engagement	2019-24 overview and past performance	Expenditure forecasting, drivers of investment, rates of change	Regulated pricing overview	AEMO Integrated System Plan	Augmentation capital expenditure	Contingent projects / Marinus Link (+ Phase 5)	Preliminary expenditure forecasts / investment outlook (capex / opex / revenue for transmission & distribution)	Replacement capital expenditure	TasNetworks Transformation Program	Network reliability	Non-network capital expenditure (+ Phase 5)	Metering depreciation	Expenditure + revenue forecasting Process (+ Phase 5)
Individual Customers (inc. small business)							3	3		1	1			1	1						1
Individual Customers: Vulnerable		1			1			3										2			
Transmission Customers				3										1 1 1	1 1 1		1				1
RAC	VOICES				1	2 1 1	4		1 1	2	1	1	2	2 1 1	1 2	1	1	2	2 2 1	2	1
PRWG & CC	REPRESENTATIVE V	1	1	4			3	3	1	2				3	2 3						
PRWG	ESEN.																				
сс	REPR																				
Local Government		1		3							1										
Retailers		1													1						
Industry Partners																					
Generators		1						3													
Interested Stakeholders															1						
General Public							3														

		KEY												1	KEY: IAP2											
		Phase	1	Nov '2	0- S	ep '21		Phase 4		Jul-	Oct 'a	22			nform	1	Col	labora	te		4					
		Phase	2	Oct-D	ec '2	21		Phase 5		Nov	, '22 –	- Jan ''	23	(Consult	2	Emj	power			5					
		Phase	3	Jan-Jı	ul '22	2								_	nvolve	3										
Transmission pricing changes / considerations	2024-29 program update	Indicative price outcomes (+ Phase 4 and 5)	Transmission Network Strategy	Customer Service Incentive Scheme	Network resilience	Future networks / DER overview	Revenue recovery + regulated pricing overview	Alternative Control Servicers (Quoted Services, Public Lighting)	Distribution Connection Pricing Policy	Customer connection / consumption forecasts	Draft Plan	Draft Plan feedback / responses	Embedded Network / DER Tariffs	ACS / Connections Policy	Service Classification (Provider of Last Resort / controls, Rectification of Private Assets Under Fault, Regulated SAPS)	Network Developments	Demand / supply + forecast scenarios	Tasmanian Renewable Energy Target / REZs	Network security performance	System strength	Network asset retirement / replacement	Network service performance	Distribution network tariffs	Customer impacts (transmission & distribution)	Engagement outcomes	Combined Proposal highlights
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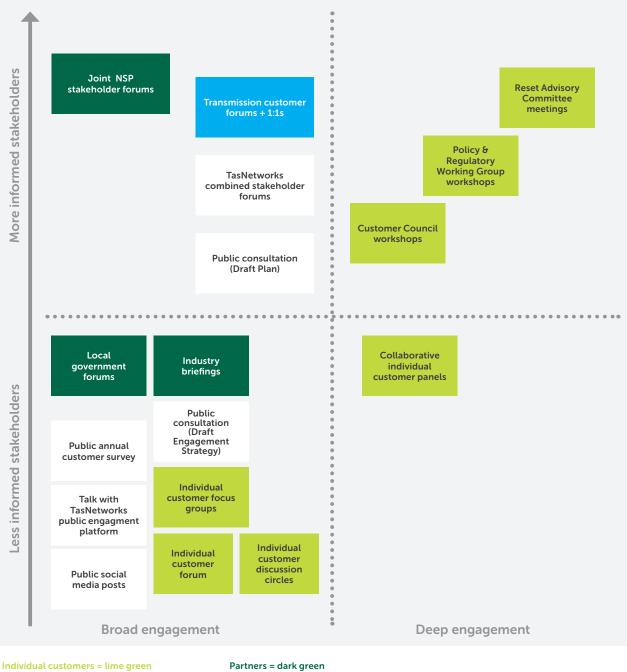
2.7 Breadth and depth

We greatly value all feedback received from our customers and stakeholders. However, in shaping the plans in our Combined Proposal, we have attributed more weight to the preferences and insights from stakeholders who have been able to contribute to our engagement activities in a more informed way through deliberative processes over a longer period.

This means that the often more detailed feedback gathered from deep and ongoing engagement with the RAC, PRWG, and CC has been prioritised in the development of our Combined Proposal.

Nonetheless, feedback from broader engagement methods, such as our annual customer survey, individual customer panels, discussion circles, focus groups and forums, has been used to confirm the direction provided by our more deliberative groups, to ensure their thinking is aligned with and representative of our broader customer base. Figure 7 illustrates the breadth and depth of our engagement activities with our key audiences.





Business = bright blue

3 OUR ENGAGEMENT PROGRAM

Our engagement program utilises a variety of methods and channels to ensure we achieve a breadth and depth of insight from a diverse and representative cross-section of our customers and stakeholders. Figure 8 illustrates the evolution of the program's development.

Figure 8. Engagement program development



3.1 Program design

We designed a phased engagement approach to ensure our customers and stakeholders could participate in the engagement program to the greatest extent possible. This included introducing fundamental topics early, paving the way for deeper engagement on topics of interest as we moved along the engagement pathway, and in response to customers' and other stakeholders' needs and preferences (see section 2.6 to see the evolution of topics and audiences).

There have been five phases of engagement (see Table 6), each with a distinct focus and deliverables. These have been informed by a significant period of research, analysis and internal engagement, subsequently built during the framework co-design stage using a combination of feedback gathered from our representative voices, customers and stakeholders.

Table 6. Engagement phases

Phase 1	Phase 2	Phase 3	Phase 4	Phase 5
Research + planning	Context + capability building	Deep dives	Reporting back	Closing the loop
Nov 2020-Sep 2021	Oct-Dec 2021	Jan-Jul 2022	Jul-Oct 2022	Nov 2022-Jan 2023
3 topics covered	10 topics covered	33 topics covered	13 topics covered	18 topics covered
Dedicated to uncovering customer and stakeholder needs and interests through research, and using these to directly shape our Draft Customer and Stakeholder Engagement Strategy.	Centred around activities that build the knowledge and understanding of our engagement participants, identifying topics for the following phases of engagement, and seeking feedback on the Draft Customer and Stakeholder Engagement Strategy.	Focused on conducting deep-dives into the topics and issues that customers and stakeholders have highlighted, gathering detailed feedback to help shape our Draft Plan and Combined Proposal.	Involved with seeking feedback on our Draft Plan with engaged stakeholders and customers, and using these insights to refine our Combined Proposal.	Concentrated on reporting back to our customers and stakeholders regarding how their feedback has helped shape our Proposal.

Adopting a phased approach has also allowed us to iteratively review our performance, enabling us to adapt activities, locations, methods and topics according to the changing needs of our customers and stakeholders as well as the external environment (e.g., COVID, rising inflation, rapid changes in the energy industry). In this way we have been able to make incremental improvements to our engagement approach, which has helped minimise barriers to participation.

Please refer to section 2.6 for a list of the topics covered in the program to date, along with details of the engagement phase in which each topic was introduced and with which audiences it was discussed. Section 3.2 provides detailed delivery programs for each of the completed phases, inclusive of audiences, topics and ability to influence.

3.1.1 Approach for individual customers



This audience includes individual energy customers and bill-payers

like private households. It also includes customers experiencing vulnerability, such as those on low incomes or living with a disability. Our representative voices have also heavily advocated for the interests of this group. 134 customers were engaged during the five phases of engagement, covering over 20 topics in 20 activities.

Activities have included a mix of the following, focused on breadth rather than depth of engagement:

- Face-to-face (F2F) and online focus groups
- Discussion circles
- Collaborative customer panels
- Online forums
- Online surveys
- Email updates.

Understanding what our customers value and their concerns is fundamental to the successful development of our Proposal. As an essential service provider, it is also our responsibility to identify and reach people who might be missed by other engagement approaches, to ensure their perspectives are reflected. This commitment to inclusivity can be seen in the introduction of discussion circles into Phase 3 of the program, which saw us engage with 30 individual customers from across the State who were either experiencing vulnerability or living with a disability. Appendix B provides links to the findings of this engagement.

3.1.2 Approach for business



The business audience for our engagement program has included small and medium-sized businesses connected

to our distribution network, as well as large commercial and industrial customers taking supply from the transmission network. The latter group consumes around 50 per cent of Tasmania's total energy production each year. The interests of this group are also represented by one or more of our representative voices groups.

Small/medium business customers

We have approximately 300,000 distribution customers, of which around 11.5 per cent are small to-medium businesses, encompassing everything from one-person operations through to farming ventures and government agencies. The interests of this audience are represented within our CC and PRWG by a number of peak bodies and their advocates, who are free to liaise with their respective member organisations and/or constituents. These groups generally operate at a deeper level of engagement, covering more complex subject matter than most other groups, due to their advanced knowledge of the energy industry. Refer to section 2.6 to see which topics have been covered with these audiences.

Transmission customers

We have 15 transmission-connected customers across the State, operating in industries such as mining and manufacturing. Engagement activities with this cohort have included:

- Online forums (tailored for transmission customers)
- 1:1 meetings (both in-person and online)
- Mixed online stakeholder forums
- Online surveys
- Email updates.

When developing our Proposal we engaged with our transmission customers on nine topics across 13 engagement activities. Interactions with this group have generally been at a higher level of complexity, owing to their deep knowledge of the energy sector. With the exception of individual pricing information, the engagement has remained relatively broad in its scope. Refer to Appendix B for links to the engagement findings of these groups.

3.1.3 Approach for partners

This audience is broad, encompassing:

 those that shape the energy sector, such as federal, state and local government and regulators



- participants in the energy supply chain, such as generators and retailers
- industry partners, such as electrical contractors and building industry groups.

Given the diversity of these groups, various methods have been used to reach them, including:

- Online forums
- Industry briefings
- Online surveys
- Mixed online stakeholder forums
- Email updates.

Local government forums

Collectively, Tasmania's 29 local governments represent the largest component of the customer base for TasNetworks' public lighting services, and are also frequent users of TasNetworks' asset relocation services, to facilitate the widening or re-routing of roads. Commencing in 2021, the local government forums are designed to:

- provide an opportunity for TasNetworks and councils to better understand each other's needs
- provide information that enables councils to effectively plan their infrastructure and program of works
- offer an avenue to raise any issues or concerns as early as possible.

All local governments are invited to attend the forums, which have been held as both online and in-person activities across the State. To-date, eight topics have been covered in five forums.

Generators' forum

The Generators' forum enables TasNetworks to engage with existing and prospective Tasmanian generators as a group, and to consider appropriate strategies and plans in relation to the efficient development of the Tasmanian power system. This includes proposed transmission system planning considerations, strategic issues related to transmission system developments and related activities. While the forum is not a policy or decision-making body, feedback and outcomes from this group are used to help inform TasNetworks' decision-making. The forum last meet in November 2021, and discussed two topics.

Retailer's forum

Held on an as-needs basis, the retailers' forum is designed to:

- provide an opportunity for TasNetworks and retailers to better understand each other's needs
- provide information that enables retailers to plan their retail tariffs and services for customers
- offer an avenue to raise any issues or concerns as early as possible.

To date, this audience have met twice and discussed three topics.

3.1.4 Approach for representative voices

TasNetworks' representative voices include our:

- Customer Council
- Policy and Regulatory Working Group
- Reset Advisory Committee.

Activities completed with these groups have included:

- Workshops and meetings
- Online stakeholder forums and webinars
- Webinars
- Online surveys
- Email updates.

Customer Council

TasNetworks established the CC in 2015 to enable ongoing conversations about issues that matter to Tasmanian energy users. The key purpose of the Council is to:

- Evaluate current customer policies, procedures and services that are offered to customers
- Provide ongoing customer feedback on services, regulations, policies, and procedures
- Identify opportunities for new processes that would improve customer engagement.

CC membership includes a diverse range of stakeholder segments, including:

- Individual customers who are recipients of our services and connected to our electricity and/or communications network
- **Business** small, medium and large business customers who represent a group or individuals impacted by or with an interest in our operations. This also includes transmission customers
- **Regulators** those responsible for shaping and monitoring the energy sector, focused on achieving the best outcomes for customers
- Partners customers who we work with in a collaborative manner to meet our connected customers' needs and to achieve best possible outcomes for all involved.

The CC has met a total of four times during five phases of engagement in a series of online and F2F workshops to discuss 12 topics. The CC's topics of engagement can be found in section 2.6, while links to reports from their activities can be found in Appendix B.



Policy and Regulatory Working Group

Established in 2014, the PRWG provides guidance on customer needs and acts as an advisory group on the development of our Tariff Structure Statement (**TSS**).

The PRWG has broad representation from a variety of organisations with an interest in energy, including electricity retailers, energy advisors, customer advocates and representatives of the business community. This allows a diverse range of customer views to be represented, discussed and heard.

Since its inception, the group has focused on building capability by growing its understanding of the drivers that underpin network pricing. They have met a total of seven times during five phases of engagement and considered 12 topics in a series of online and F2F workshops. Their topics of engagement can be found in section 2.6, while links to reports from their activities can be found in Appendix B.

Reset Advisory Committee



TasNetworks formed the RAC in September 2021 with the purpose of helping shape our Combined Proposal for the 2024-2029 regulatory period.

The key objective of the RAC is to support TasNetworks' development of a Combined Proposal.that balances the needs of our customers, owners and the AER.

Members of the public were invited to register their interest for the RAC via a public expression of interest process and were selected by a TasNetworks panel. The RAC is co-chaired by a TasNetworks representative and one of the six independent professional members from across Tasmania. Members have a blend of knowledge and experience in energy, utilities, social research, future technologies, economics, governance and policy, sustainability, and corporate strategy.

The RAC has met a total of seven times and discussed 17 topics during five phases of engagement, involving a combination of F2F and online meetings. Sessions have included workshops and presentations from internal and external subject matter experts, with a focus on informed discussion and analysis as part of their consideration of key aspects of our Draft Plan and subsequent Combined Proposal.

Out-of-session activities have also been scheduled to further the group's knowledge and capability, including site tours and deep dives with subject matter experts on items such as TasNetworks' network resilience strategy, capex investment optimisation tool, and to address outstanding questions from meetings. RAC members have also held independent conversations with the AER and members of the AER's Consumer Challenge Panel (**CCP**) regarding the engagement process and outcomes.

An overview of the RAC and all meeting materials is available on their dedicated **Talk with TasNetworks** page. Their topics of engagement can be found in section 2.6.

3.2 Program delivery

This section details each phase of our engagement, including the specific activities, topics, audiences and their level of influence according to the IAP2 Public Participation Spectrum. Table 7 provides a summary of the key metrics for each phase.

Table 7. Engagement metrics snapshot

Activity metrics	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Totals
Individuals directly engaged	63	112	195	145	52	567
Total activities completed	7/7	8/8	33/33	10/10	3	61
Time spent directly engaging	6hrs	15hrs	96hrs	15hrs	7hr	139
Total topics engaged (*new topic for phase)	3 (*3)	10 (*9)	33 (*30)	12 (*8)	18 (*tbc)	76 (*64)
Regions engaged	State-wide	State-wide	State-wide	State-wide	State-wide	State-wide

3.2.1 Phase 1 (Research and Planning)

Taking place between July and September 2021, Phase 1 was dedicated to uncovering customer and stakeholder needs and interest through research and then using the emergent insights to directly shape our Draft Customer and Stakeholder Engagement Strategy. A total of 63 individuals were directly engaged, covering three topics in seven activities across six hours of engagement.

Table 8. Phase 1 engagement program

Activity	Audience	Region	Туре	Topics + IAP2 spectrum	Jul	Aug	Sep
PRWG & CC workshop #1	Members	State-wide	F2F	Revenue reset overview (<i>inform</i>), AER engagement expectations (<i>inform</i>), engagement strategy inputs (<i>collaborate</i>)	1		
Local government forum	Council representatives	State-wide	F2F	Revenue Reset overview (<i>inform</i>), engagement strategy inputs (<i>involve</i>)	20+29	19	
Online survey	Transmission customers, local government, PRWG & CC	State-wide	Online	Engagement strategy inputs (<i>involve</i>)	7 >	< 30	

3.2.2 Phase 2 (Context and capability building)

Phase 2 ran from October to December 2021. It focused on building the knowledge and understanding of participants, identifying topics for the following phases of engagement and seeking feedback on the Draft Customer and Stakeholder Engagement Strategy. Phase 2 included 10 topics covered in 15 hours of direct engagement across eight activities, attended by 112 individuals.

Table 9. Phase 2 engagement program

Activity	Audience	Region	Туре	Topics + IAP2 spectrum	Oct	Nov	Dec
RAC meeting #1	RAC members	State-wide	Online	TasNetworks overview (<i>inform</i>), AER Draft Better Resets Handbook (<i>consult</i>), Draft Customer and Stakeholder Engagement Strategy (<i>collaborate</i>)	20		
Generators' forum	Generators	State-wide	Online	Revenue reset overview (<i>inform</i>), topics for engagement (<i>involve</i>)		15	
PRWG & CC workshop #2	Members	State-wide	Blend	2019-24 revenue reset lessons (<i>inform</i>), expenditure forecasting (<i>consult</i>), topics for engagement (involve), Draft Customer and Stakeholder Engagement Strategy (<i>involve</i>)		16	
Focus groups	Individual customers	South, north-west, north-east	Online	Revenue reset overview (<i>inform</i>), topics for engagement (<i>involve</i>), Draft Customer and Stakeholder Engagement Strategy (<i>involve</i>)		30	9 + 13
Public consultation	General public	State-wide	Online	Draft Customer and Stakeholder Engagement Strategy (<i>involve</i>)		15 >	< 13
RAC meeting #2	RAC members	State-wide	F2F	2019-24 revenue reset overview (<i>inform</i>), benchmarking methodology (<i>inform</i>), pricing overview (<i>inform</i>), drivers of investment and rates of change (<i>consult</i>)			2

27

3.2.3 Phase 3 (Key topic deep dives)

Phase 3 ran from January to July 2022. It included deep dives into the topics and issues that customers and stakeholders had highlighted in the first two phases. We gathered significant feedback in this phase, before feeding it back into the business to help shape our Draft Plan and Combined Proposal. 195 individuals were directly engaged across 33 activities in over 96 hours of activity, covering 33 topics.

Table 10. Phase 3 engagement program

Activity	Audience	Region	Туре	Topics + IAP2 spectrum	Feb	Mar	Apr	May	Jun
Joint DNSP forum	Stakeholders	Nat	Online	Network resilience (<i>consult</i>)	8				
RAC meeting #3		Tas	Online	AER Better Resets Handbook (<i>inform</i>), transmission augmentation expenditure (<i>consult</i>), AEMO Draft Integrated System Plan (<i>inform</i>), contingent projects (<i>consult</i>)	9				
RAC meeting #4	RAC members	Tas	F2F	Preliminary capex forecasts (<i>inform</i>), repex expenditure (<i>inform</i>)		23			
RAC meeting #5		Tas	F2F	TasNetworks Transformation Program (<i>inform</i>), preliminary capex forecasts (<i>consult</i>), reliability (<i>consult</i>), non-network capex (<i>consult</i>), metering depreciation (<i>consult</i>)				27	
Online forums		Tas	Online	Investment process (<i>inform</i>), contingent projects (<i>inform</i>), transmission pricing changes and considerations (<i>inform</i>)	16+17				
1:1 meetings (x10)	Transmission customers		F2F	2024-29 revenue reset update, preliminary capex forecast, transmission capex forecast, transmission revenue forecast, transmission opex forecast, indicative pricing, contingent projects, Transmission Network Strategy, TasNetworks Transformation Program (<i>All inform</i>)					27 >
Retailer's forum	Retailers	Nat	Online	Revenue Reset overview (<i>inform</i>), pricing strategy overview (standard control services and alternative control services) (<i>consult</i>)		3			
Customer panel #1		Tas	Online	STPIS + CSIS (<i>collaborate</i>)	21	7	4		
Customer panel #2	Individual	SE-Tas	F2F	Risk and performance (<i>inform</i>), investment process (<i>inform</i>),				7	4
Customer panel #3	customers	N-Tas	F2F	contingent projects (<i>inform</i>), network resilience (<i>consult</i>), network reliability (<i>consult</i>), pricing process (<i>inform</i>), future networks (<i>inform</i>)				1+29	
Discussion circle #1		NE-Tas	F2F	Revenue reset overview (<i>inform</i>), TasNetworks overview (<i>inform</i>),		28		2+30	
Discussion circle #2	Individual	NW-Tas	F2F	topics for engagement (<i>Involve</i>), network reliability (<i>consult</i>),		29		3+31	
Discussion circle #3	customers	S-Tas	F2F	network resilience (<i>consult</i>)		31		5	2
PRWG & CC workshop #3	Customer representatives	Tas	F2F	PRWG & CC: 2024-29 revenue reset update (<i>inform</i>), preliminary investment outlook (<i>consult</i>), contingent projects – future engagement (<i>involve</i>), future network forecast (<i>involve</i>). Customer Council: revenue recovery and pricing overview (<i>inform</i>), CSIS (<i>collaborate</i>)			7		
Local government forum	Council representatives	TAS	Online	2024-29 revenue reset update (<i>inform</i>), quoted services (<i>inform</i>), distribution connection policy (<i>consult</i>), public lighting services (<i>consult</i>), preliminary investment outlook (<i>inform</i>), pricing overview (<i>inform</i>), customer connection and consumption forecasts (<i>inform</i>)				19	

3.2.4 Phase 4 (Reporting back)

Occurring between July and September 2022, this phase was concerned with seeking feedback on our Draft Plan with stakeholders and customers. We have used these insights to refine our plans ahead of submitting our initial Combined Proposal in January 2023. Engagement was conducted with 145 individuals on 12 topics, completed in 10 activities in a total of seven hours.

Table 11. Phase 4 engagement program

Activity	Audience	Region	Туре	Topics + IAP2 spectrum	Jul	Aug	Sep	Oct
Customer Council meeting	Members	State-wide	Online	CSIS outcomes (<i>inform</i>)	13			
Individual customer forum	Individual customers	State-wide	Online	Draft Plan overview (<i>consult</i>), customer feedback and proposed responses (<i>inform</i>), price outcomes (<i>inform</i>)	21			
Draft Plan consultation period	Public	State-wide	Mixed	Draft Plan (<i>consult</i>)	25	26		
Joint stakeholder forum	Stakeholders	State-wide	Online	Draft Plan overview (<i>consult</i>), feedback/ proposed responses (<i>inform</i>)	27			
PRWG meeting	Members	State-wide	F2F	Embedded/CER tariffs, Alternative Control Services and connections policy (<i>all inform</i>)		16		
Local government forum	Council representatives	State-wide	Online	Draft Plan overview, Distribution Connections Policy, Quoted Services (<i>all inform</i>)		25		
RAC meeting #6	Members	State-wide	F2F	Draft Plan feedback/proposed responses (<i>inform</i>), Draft Plan support (<i>consult</i>), Capex program/customer feedback (<i>consult</i>), AER Better Resets Handbook (<i>inform</i>)			7	
Electrical Contractors Industry Liaison briefings	Contractors	State-wide	Online	Provider of last resort and controls (<i>consult</i>), rectification of private assets under fault and controls (<i>consult</i>), regulated SAPS (<i>inform</i>)			21	27

3.2.5 Phase 5 (Closing the loop)

The final engagement phase before submission of TasNetworks' Combined Proposal to the AER, Phase 5 took place between October 2022 and January 2023 and focussed on informing our customers and stakeholders about how their feedback had helped shape our Combined Proposal. At the time of publication a total of 52 individuals had been engaged on 24 topics in three activities.

Table 12. Phase 5 engagement program

Activity + audience	Region	Туре	Topics + IAP2 spectrum	Nov	Dec	Jan
Annual Planning Report	State-wide	Online	Network developments, demand/supply and forecast scenarios, Marinus Link and NWTD, TRET and REZs, network security performance, system strength, network asset retirement/ replacement, network service performance (all inform)	4 Nov		
Retailer's forum	State-wide	Online	Network tariff strategy, embedded networks update, time of use tariffs (small business, CER and residential) (<i>all inform</i>)	17 Nov		
RAC meeting #7	State-wide	F2F	Expenditure forecast and preliminary revenue , information and communications technology (ICT), contingent projects (costs), Marinus Link update (<i>all inform</i>)	30 Nov		
Stakeholder forum	State-wide	Online	Customer impacts (transmission and distribution), engagement outcomes, Combined Proposal highlights (<i>all inform</i>)			23 Jan
Transmission customer 1:1s	State-wide	Blended	Individual indicative pricing based on final forecasts, contingent project costs (<i>all inform</i>)			Mid- month

4 EVALUATION OUTCOMES

Evaluating our activities and outcomes as we've progressed through the engagement program has helped ensure our engagement has remained fit-for-purpose, and greatly supported the development of a Combined Proposal that is reflective of the preferences and interests of our customers and stakeholders, as well as capable of acceptance by the AER.

4.1 Evaluation approach

We have consciously adopted an iterative approach to evaluating and reporting on our engagement program from the outset, based on a process of *planning, doing, reflecting* and *evolving*. We have endeavoured to focus on what we have heard from our engagement participants, and how we are doing in terms of the quality of our engagement, as well as meeting our overall engagement objectives.

Figure 9. Evaluation approach



Planning

Success measures and targets informed by the co-design phase and bench marking against other NSPs.



Doing

Capturing feedback at the end of an engagement activity or series of activities.

Key tool: post engagement evaluation survey (see Appendix E)



Reflecting & evolving

Completing post-implementation reviews at the conclusion of each major engagement phase. Adjusting approach, methods, materials where necessary.

Key tool: independently compiled phase reports (see Appendix D for links)

4.2 Measuring success

During our co-design phase, participants told us successful engagement would have the following markers for them:

- Their voices were heard and considered, even when their feedback was not positive for TasNetworks
- Their knowledge and understanding had increased in areas such as revenue resets, the energy sector, and TasNetworks' operations
- They received post-engagement feedback in a transparent and timely way.

To measure the success and quality of our engagement, we paired our overall objectives with our measurement methods. These methods and markers were informed by our co-design phase in 2021, along with benchmarking against other similarly placed NSPs. A detailed overview of our metrics and methods is available in our **Customer and Stakeholder Engagement Strategy**.

Overall, we aimed to achieve a minimum satisfaction rating of 70 per cent across all activities, phases and audiences. Table 13 shows that since measurement commenced in Phase 2, we have met and exceeded this target for all but one of our key metrics (*ability to influence was clear*).

Although the ability to influence metric is currently slightly below our desired average 70 per cent, there is clear improvement since the baseline measurement of 50 per cent was captured in Phase 2, having achieved 78 per cent in the most recently completed Phase 4.

Table 13. Evaluation metrics by phase

Evaluation metrics	Target	Phase 1 (n/a)	Phase 2 (n=44)	Phase 3 (n=103)	Phase 4 (n=27)	Average (n=174)
Trust TasNetworks to act in customers' best interests*	66%	n/a	66%	84%	89%	80%
Improved knowledge (TasNetworks' operations)+	70%	n/a	93%	96%	93%	94%
Improved knowledge (energy sector)+	70%	n/a	80%	91%	85%	85%
Improved knowledge (revenue reset)+	70%	n/a	82%	91%	93%	89%
Engagement activity objectives were clear^	70%	n/a	84%	94%	89%	89%
Ability to influence was clear [#]	70%	n/a	50%	65%	78%	64%
Felt TasNetworks had listened to/heard perspectives®	70%	n/a	84%	91%	96%	90%

Percentage of respondent who...

* ...agreed/strongly agreed TasNetworks would act in best interests of its customers

+ ...agreed/strongly agreed the information provided improved their knowledge/understanding

^ ...agreed/strongly agreed the engagement session objectives were clear

....agreed/strongly agreed they were clearly informed to what extent they were able to shape TasNetworks' proposals for given topics

@ ...agreed/strongly agreed they felt TasNetworks had listened to/heard their perspectives.

4.3 External scrutiny

In addition to the above metrics and methods, we have also deliberately and consistently exposed our engagement activities and program to ongoing scrutiny from several independent bodies to ensure we are:

- honestly and accurately appraising our efforts
- conducting best-practice engagement
- refining our approach, activities and materials when necessary.

RAC

Established specifically to provide input into the revenue reset's engagement program, the RAC provided initial direction into the evaluation approach during the co-design phase, and has since had a key role in reviewing and critiquing engagement efforts.

RAC members have been kept appraised of engagement activities and outcomes across the length of the engagement program via written updates during pre-reading for scheduled meetings, verbal updates received during scheduled meetings, and via push-notifications between meetings.

Additionally, RAC members have been surveyed after each of their seven meetings. On average, members indicated they were satisfied (*strongly agreed or agreed*) with the following measures:

- Meeting was at time that suited them (98 per cent)
- Meeting location suited them (95 per cent)
- Objectives were clear and easy to understand (100 per cent)
- Content was clear and easy to understand (100 per cent)
- Their knowledge and understanding of the following had improved as a result of the engagement:
 - o TasNetworks' operations (93 per cent)
 - o the energy sector (88 per cent)
 - o the revenue reset process (88 per cent)

- Felt TasNetworks had heard their concerns and listened to them (93 per cent)
- Trust in TasNetworks to act in the best interests of customers (95 per cent).

Conversely, just 63 per cent of RAC participants stated they strongly agreed or agreed with the statement that it was clear if engagement topics could be influenced or not, with 36 per cent saying they *neither agreed nor disagreed*. This feedback is consistent with that of other audiences (see Table 13).

Rounding out this work, RAC members have also chosen to publicly critique their experience of the engagement program, culminating in the publication of an independent report (see Appendix D for the report link).

Australian Energy Regulator Consumer Challenge Panel (CCP)

CCP members assist the AER to make better regulatory determinations by providing input on issues of importance to consumers. TasNetworks was appointed three expert CCP members in December 2021 to oversee the engagement program:

- Ms Helen Bartley
- Ms Robyn Robinson
- Mr Mike Swanston.

TasNetworks representatives met with CCP members eight times between December 2021 and January 2023, covering:

- latest engagement activities
- topics of interest to consumers
- lessons learned
- issues raised by consumers, or by TasNetworks with consumers
- updates on the development of TasNetworks' Combined Proposal topics and issues
- CCP member observations and reflections on engagement activities
- upcoming engagement activities (focus, topics, approach, audience)
- areas the CCP could assist TasNetworks.

Additionally, CCP members also attended a selection of TasNetworks' engagement activities, including:

- One collaborative customer panel
- Three Reset Advisory Committee meetings (F2F and online)
- One retailer forum (online)
- Two stakeholder forums (online).

Appendix A – AER engagement expectations

Table 14 outlines how TasNetworks has endeavoured to meet the AER's engagement expectations, as outlined in the Better Resets Handbook on the AER website.

Table 14. AER engagement principles and expectations

PrinciplesEngagement expectations + how our program seeks to satisfyNature of
engagement1. Sincerity of engagement with consumers.From the outset of the engagement program we have sought to foster an internal culture that is open to new ideas and accepting of change, and to
engage sincerely with our customers and stakeholders.Within the business we set the engagement objective to drive internal cultural change, inclusive of building comfort with incorporating customer and
stakeholder views into our key planning process. Another formative step included executive support to establish a dedicated, independent group to
appraise our plans and engagement, resulting in the formation of the RAC in October 2021. This group has proved instrumental in critiquing our plans and
activities (read more about them in sections 2.4, 3.1.4, and 4.3). Members of the executive have attended a number of RAC meetings and several of our

individual customer engagement activities. We are committed to continuing to improve our engagement maturity, which has been identified as a strategic priority for TasNetworks, and we are confident we are taking the right steps to see improvement.

For our customers and stakeholders, we developed an engagement program that focused first and foremost on identifying and understanding what was important to the various audiences, before progressing to deeper engagement on topics of interest. This approach has helped them set the engagement agenda, with the dual benefit of ensuring we are developing a proposal using their expressed needs and preferences, as well as improving their trust and confidence in TasNetworks. To date an average of 80% of participants have reported trusting TasNetworks to act in their best interests, while an average of 90% feel that we have listened to and heard their perspectives and concerns during their respective engagement activity (see evaluation metrics in section 4.2).

2. Consumers as partners in forming proposals

Section 1.3 provides a detailed overview of how feedback has helped shape our proposal. Historically, our reset engagement activities have tended towards the *Inform* to *Consult* end of the IAP2 Spectrum. However, for the 2024-2029 revenue reset we have endeavoured to build on our approach, developing a program with activities ranging from *Inform* through to *Collaborate*. Stand-out engagement processes include:

- Collaborating on the Customer and Stakeholder engagement strategy
- Collaborating on the choice between a CSIS and STPIS and associated performance indicators.

Recognising the benefits of iterative engagement, we have been conducting annual customer surveys since 2014, capturing feedback from 800+ customers and members of the public each year. These insights help inform aspects of our regular business planning, but also provide an invaluable information base for our revenue reset engagement, both in the previous regulatory control period, and now in 2024-2029. Additionally, our CC (established 2015) and PRWG (established 2014), have been providing ongoing advocacy for our customers and stakeholders both within and without reset processes. We are equally keen to see our RAC (established 2021) permanently added to this collection of representative voices, to add another layer of expertise and diversity when engaging on complex projects and issues beyond revenue resets.

Principles	Engagement expectations + how our program seeks to satisfy
Nature of	3. Equipping consumers so they can effectively engage
engagement	To ensure our customers and stakeholders can effectively engage and provide informed feedback into our reset process, we have consciously developed an engagement program that builds their knowledge and understanding of the energy sector, our business and revenue resets. We have achieved this by:
	• introducing fundamental topics early in the program, paving the way for deeper engagement on topics of interest as we moved along the engagement pathway, and in response to their needs and preferences
	• focusing on providing accurate and objective information at each and every engagement touchpoint, including a disciplined approach to providing follow-up information for questions/issues that couldn't be answered during an engagement activity
	 providing early access to materials ahead of scheduled activities where appropriate, enabling participants additional time to prepare and to keep sessions focused on informed discussion
	• providing access to third-party training and information, such as the dedicated reset webinars offered by Energy Consumers Australia (offered to all our representative voices groups)
	• offering dedicated sessions with and access to our internal subject matter experts for members of our RAC to build their knowledge and understanding outside scheduled meetings
	• use of subject matter experts in our activities that are capable of speaking knowledgeably and simply about all aspects of our business, the revenue reset process, the energy sector, and customer pricing.
	These steps have enabled our customers and stakeholders to effectively participate in the program, ensure we are engaging on issues that matter most to them, and build their trust in us. An average of 94% of participants have so far reported improved knowledge/understanding of TasNetworks' operations, 85% improved knowledge/understanding of the energy sector, and 89% improved knowledge/understanding of revenue resets.
	In terms of independence, members of our representative voices groups are regularly prompted to provide any conflicts of interest, the RAC in particular has a set agenda item covering this issue. Individual customers consulted for research were recruited by an independent professional, and thoroughly vetted as part of that recruitment process, with any individuals with conflicts excluded from participation. Individual customers and members of TasNetworks' representative voices groups are offered financial remuneration for their participation.
	4. Accountability, including transparency around reporting and the delivery of commitments.
	We are currently working to mature our business-as-usual engagement to meet these commitments and expectations.

Principles	Engagement expectations + how our program seeks to satisfy
Breadth	1. Accessible, clear and transparent engagement
and depth	Fundamental to the development of our engagement program was the initial co-design of our framework with customers, representative voices and stakeholders. These audiences directly shaped our engagement principles, objectives, methods and success measures. Our principles of <i>accessible</i> , <i>transparent</i> , <i>inclusive</i> and <i>enabling</i> have successfully guided us from the initial formulation of the framework through five phases of engagement. We have also openly shared all engagement materials via our engagement platform – Talk with TasNetworks , as well as via targeted emails to engagement participants.
	We have been committed to clearly communicating the level of influence participants have over given topics and issues (see section 2.6 for individual topics and their level of influence by audience). While our metrics show this remains a growth point for us, we have improved dramatically over the course of the program, exceeding our target by 8% in our last completed phase.
	We also focused on tailoring our engagement approach for different audiences. For example, we discussed future topics for engagement with multiple audiences using different methods:
	 Individual customers experiencing vulnerability (series of three F2F discussion circles in accessible locations) Individual customers (F2F focus group) PRWG & CC (F2F workshop and online survey) Generators' (online forum) Transmission customers (online survey)
	Our Draft Plan was also discussed with multiple audiences using different methods:
	 Individual customers (F2F collaborative panel) RAC (F2F meeting) Local government (online meeting) General public (online consultation process) and interested stakeholders (including our PRWG and CC members) Interested stakeholders (online forum).
	2. Consultation on desired outcomes and inputs
	Two of our engagement objectives directly address the expectation of consulting on desired outcomes and inputs with our customers and stakeholders:
	 To understand what is important to our customers and stakeholders To identify those areas that customers and stakeholders can influence, and enable them to shape our Proposal.
	As previously noted, we endeavoured to create an engagement program that focused first on identifying and understanding what was important to our various audiences before progressing to deeper engagement on topics of interest/individual components. So far we have engaged on 64 individual topics during the course of the program, which includes a mix of both short and long-term impacts and outcomes for customers.

Principles	Engagement expectations + how our program seeks to satisfy
Breadth	3. Multiple channels of engagement
and depth	As noted, we have deliberately employed a broad range of engagement methods to meet our audience's needs. Many of these methods were proposed by our customers and stakeholders during our co-design phase. Point 1 on page 36 provides examples when the same topic has been discussed with multiple audiences using a variety of methods. The detailed approach taken for each audience can be found in sections 3.1.1 to 3.1.4, while the detailed delivery programs are available in section 3.2.
	Where appropriate, engagement activities were also structured to identify divergent interests among the various audience segments. The most common example of this was splitting activities with individual customers by region (south, north-east, north-west Tasmania) in our collaborative panels. While we found several mild differences in feedback on topics such as reliability (those outside greater Hobart placed higher importance on reliability), feedback was generally otherwise consistent across the state for individual customers. Another example can be seen in our discussion circles, which focused on gaining insights from those experiencing vulnerability – including living with a disability and financial hardship. This cohort were also broken up by region, but their feedback subsequently cross-referenced with those from our collaborative panels. Again, feedback from the discussion circle participants largely aligned with that of other customer groups.
	4. Consumers' influence on the proposal
	As noted above under Nature of engagement , our reset engagement has historically tended towards the <i>Inform</i> to <i>Consult</i> end of the IAP2 Spectrum. For the 2024-2029 revenue reset we have endeavoured to build on our approach, developing a program with activities ranging from <i>Inform</i> through to <i>Collaborate</i> . Detailed information on topics and their level of influence by audience is available in section 2.6.
	Recognising the importance of having customers feel informed enough to challenge the assumptions and information they've been presented with throughout the engagement program, we've prioritised opportunities to build their knowledge and understanding – which has also been covered under Nature of engagement . An additional step in this space includes facilitating access to third-party resources to help fund independent analysis, such as the Consumer Empowerment Funding Program offered by Energy Consumers Australia for our RAC.
Clearly	1. Proposals linked to consumer preferences
evidenced impact	Tables 1 and 2 in section 1.3 outline what key feedback we received and how it has shaped our proposal, inclusive of how we have responded to submissions received on our Draft Plan. Additionally, links to reports covering individual topics can be found in Appendix B.
	2. Independent consumer support for the proposal
	Although TasNetworks has not pursued an early signal pathway for our 2024- 2029 revenue reset, our RAC has prepared an independent report for the AER's consideration (see Appendix D for the report link).

Appendix B – key evidence links

Table 15 provides a quick reference to information on specific topics in engagement reports, publicly available on Talk with TasNetworks.

Table 15. Key evidence links

Topics	AER Engagement Expectations	Engagement strategy	AER Better Reset Handbook (3)	Draft Customer + Stakeholder Engagement Strategy	Expenditure forecasting, drivers of investment and rates of change (+ Phase 5)	Augmentation capital expenditure	Contingent projects)+ Phase 5)	Replacement capital expenditure	Benchmarking methodology	Preliminary investment outlook	Network reliability	Non-network capital expenditure (+ Phase 5)	Metering depreciation	Expenditure forecasting (+ Phase 5)	Transmission pricing changes/ considerations	Indicative price outcomes (+ Phase 4)	Customer service incentive scheme	Network resilience	Future networks/DER overview (+ Phase 5)
Combined Proposal and Attachments	1	1	1	1	6	6	7	6	6 8	-	6	6	OV 18	6	23	OV 21 22	14	6	6
Engagement Phase Reports	Pha	se 1		Phase 2											Phase 3				
Engagement Summary Reports (by date)	01.07.21 16.08.22	01.07.21 19.08.21 30.08.21 15.11.21 16.11.21 13.12.21	20.10.21 09.02.22 07.09.22	30.08.21 20.10.21 16.11.21 13.12.21 21.07.22 27.07.22 07.09.22	02.12.21 07.04.22 30.11.22	09.02.22	09.02.22 17.02.22 07.04.22 04.06.22	23.03.22 30.11.22	02.12.21	07.04.22 19.05.22	01.07.21 27.05.22 04.06.22	27.05.22 30.11.22		16.11.21 23.03.22 30.11.22	17.02.22	01.07.21	07.04.22 13.07.22	02.06.22 04.06.22	07.04.22 17.11.22

Revenue recovery and regulated pricing overview	Alternative control servicers (quoted services, public lighting) (+ Phase 5)	Distribution connection pricing policy	Customer connection/consumption forecasts (+ Phase 4)	Embedded Network / DER tariffs (+ Phase 5)	Service classification (provider of last resort/controls, rectification of private assets under fault, regulated stand- alone power systems)	Network developments	Demand / supply + forecast scenarios	Tasmanian Renewable Energy Target / Renewable Energy Zones	Network security performance	System strength	Network asset retirement / replacement	Network service performance	Distribution network tariffs	Customer impacts (transmission & distribution)	Engagement outcomes	Combined Proposal Highlights
OV 2	18	20	20	22	15	6	6	OV 7	-	7	6	6	OV 21 22	OV 21 22	OV 1	OV
				Pha	se 4						Phase 5					
07.04.22	07.04.22 19.05.22 16.08.22 25.08.22 27.10.22	03.03.22 19.05.22 25.08.22 21.09.22	19.05.22 02.06.22 04.06.22	03.03.22 07.04.22 16.08.22 17.11.22	21.09.22 27.10.22	04.11.22	04.11.22	04.11.22	04.11.22	04.11.22	04.11.22	04.11.22	04.11.22 17.11.22	23.01.23	23.01.23	23.01.23

Appendix C – key engagement methods



Talk with TasNetworks (talkwithtasnetworks.com.au)

Type: digital Access: open

Suits audiences: all those with an internet connection/ proficient with technology

Launched in 2020, Talk with TasNetworks is a dedicated engagement platform, designed to give our customers and stakeholders a central online space to their share thoughts and feedback and gain access to key information. As a digital resource, it is possible to view or participate via the platform at the participant's convenience. Examples of activities and content on Talk with TasNetworks includes surveys, polls, discussion papers, FAQs, news articles, Q&As, and event notices.



Collaborative customer panels

Type: F2F (or online if required) Access: by invitation Suits audiences: individual customers

Collaborative customer panels consist of approximately 15 statistically representative individuals, recruited randomly to provide qualitative feedback on chosen topics. Panels might meet multiple times for approximately 2.5 hours at a time, and can be used to understand customer perspectives based on their location, particular issues, or different customer cohort needs.



Discussion circles

Type: F2F Access: by invitation Suits audiences: individual customers, vulnerable customers

Study circles are designed to allow organisations to hear directly from customers experiencing disadvantage. The circle will usually consist of a small group of recruited individuals who meet in a familiar, safe place to have an informal conversation about energy issues relevant and important to them. A session may run from 1.5 to 2.5 hours, and the circle may meet up to three times to explore the nominated range of issues.



Focus groups

Type: F2F (or online if required) **Access:** by invitation **Suits audiences:** individual customers, partners, business, regulators, internal

Focus groups allow organisations to 'drill into' and understand specific customer interests or needs. Individuals are randomly recruited to reflect a specific community or demographic groups (such as people living with disabilities, or young people). The focus group may run for two hours and usually include a maximum of 12 participants who focus on one specific issue or option being considered.



Representative voices meetings

Type: F2F (or online if required) Access: by invitation Suits audiences: partners, business, regulators

TasNetworks hosts a number of reference group meetings on a regular basis for our CC and PRWG. A newly created group, the RAC, joined this category from October 2020. Sessions are typically hosted by subject matter experts from within TasNetworks, with set agendas. Individuals are appointed either as representatives of a particular demographic or organisation, or in the case of RAC members, based on their knowledge and experience.

Appendix D - source document links

The following documents detail both the framework for our engagement program and the subsequent sources from which our Combined Proposal has been shaped. Each of these documents, and more, are available on our dedicated engagement platform, Talk with TasNetworks.

- Customer and Stakeholder Engagement Strategy
- Phase 1 Engagement Report
- Phase 2 Engagement Report
- Phase 3 Engagement Report
- Phase 4 Engagement Report
- Phase 5 Engagement Report
- Reset Advisory Committee Independent Report
- 2024-2029 revenue reset project on Talk with TasNetworks
- Individual engagement activity reports and materials
- Link to Draft Plan submissions

Appendix E – engagement evaluation survey

The following survey has been used throughout the engagement program to iteratively measure customer and stakeholder satisfaction and trust levels for engagement activities.

Figure 10. Engagement evaluation survey

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All fi	ields marked with an asterisk (*) are required.					
1.	Please indicate to what extent you agree or disagree with each of the following statements in	egarding the	e R24 engag	gement activity you re	ecently partici	pated in *
		Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
	The activity was at a time that suited me	0	0	0	0	0
	The activity was held in a location that suited me	0	0	0	0	0
	The objectives of the activity were clear and easy to understand	0	0	0	0	0
	The activity content was clear and easy to understand	0	0	0	0	0
	It was clear if the topics we discussed could be influenced or not	0	0	0	0	0
	The information provided improved my knowledge and/or understanding of TasNetworks' operations	0	0	0	0	0
	The information provided improved my knowledge and/or understanding of the energy sector	0	0	0	0	0
	The information provided improved my knowledge and/or understanding of the revenue reset process	0	0	0	0	0
	I feel that TasNetworks listened to and heard my perspectives/concerns during this activity	0	0	0	0	0
	I trust TasNetworks to act in the best interests of its customers	0	0	0	0	0
7	What did you value most about the engagement activity? *					
3.	can't be blank					
	Please add your comment here					
4.	Do you have any other comments about the engagement activity you recently participated	in for TasNet	works' R24	project? *		
	Please add your comment here					
ABC	DUT YOU					

	Online customer forum (21 July)	
	Reset Advisory Committee meeting	
	 Policy and Regulatory Working group meeting 	
	O Customer Council meeting	
	O Discussion circle (Launceston, Hobart or Ulverstone)	
	O Customer panel (Launceston or Hobart)	
	O Focus group	
	○ 1.1 meeting/interview	
	O Council forum	
	O Other (please specify)	
7.	Please select the option that best describes you *	
7.	Please select the option that best describes you *	
7.		
7.	O I am a stakeholder of TasNetworks	
7.	I am a stakeholder of TasNetworks I am a TasNetworks transmission customer	
7.	 I am a stakeholder of TasNetworks I am a TasNetworks transmission customer I am a residential TasNetworks customer 	
7.	 I am a stakeholder of TasNetworks I am a TasNetworks transmission customer I am a residential TasNetworks customer I am a small-medium business TasNetworks customer 	
8.	 I am a stakeholder of TasNetworks I am a TasNetworks transmission customer I am a residential TasNetworks customer I am a small-medium business TasNetworks customer I am a member of one of TasNetworks' advisory groups (RAC, PRWG, CC) 	

