

Assessment of Consumer Engagement Process



TransGrid Revenue Proposal 2014/15 -2018/19

Assessment of Consumer Engagement Process – Final 10/12/14

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1 Executive Summary

Changes to the National Electricity Rules now require network service providers to describe how they have engaged with electricity consumers and sought to address any relevant concerns identified as a result of that engagement.

In response, TransGrid has undergone significant cultural change to adapt from engaging with less than 20 directly connected generation, distribution and large load customers; and communities impacted by specific projects, to engaging with a broad consumer base of more than 3 million household, commercial and industrial users.

This report examines how TransGrid has responded to the changing regulatory environment and provides an assessment of engagement activities leading up to it submitting the TransGrid Revenue Proposal 2014/15 – 2018/19 to the Australian Energy Regulator (AER) in May 2014.

During this period TransGrid changed its organisational structure to include a dedicated stakeholder engagement team, and engaged with: domestic/ residential consumers; small and medium commercial business consumers; large energy users; and consumer advisory representatives. An online survey involving 650 consumers in NSW and ACT was also carried out.

Overall, TransGrid, was seen to respond positively to the external pressure for change. Reporting of initial engagement activities showed a state owned corporation, that was still coming to grips with its new role to engage with the broader community. With the publishing of the *Better Regulation Consumer Engagement Guideline for Network Service Providers November 2013* by the AER, TransGrid obtained a better understanding of what was expected of it and has been changing its practices to move in this direction.

Consultants engaged by TransGrid assisted in these activities and reported on engagement aims, procedures and outcomes. Information contained in these reports has been used as evidence and assessed against the following criteria: clarity of purpose; collaboration and commitment; information and evidence; communication and transparency; timeliness and resourcing; inclusiveness and accessibility; and measurable. The details of the assessment are provided in the report and observations reflected against stated AER principles.

Early engagement revolved around gaining an understanding of what participants were interested in knowing about TransGrid and demonstrated that many in the community have a poor understanding TransGrid's role. It was found that TransGrid needed to educate participants in order to engage effectively and a great deal of the work during the initial engagements involved informing participants. This created an environment where information had to be provided, however key messaging around certain topics may have ushered participants towards certain way of thinking on occasion. An example of this can be seen in conversations around reliability and price setting.

From the start, TransGrid was focused on meeting the AER's requirements. TransGrid explored what consumers wanted to be engaged on and the method of communication that was deemed preferable. Attention was given to providing clear, accurate and timely communication and often well received, but building trust in TransGrid's processes and information sources would be beneficial. In the TransGrid 2014/15 – 2018/19 Revenue Proposal, TransGrid acknowledged that it needs to help rebuild trust in the energy business and its business, which has attracted concerns such as rising bills and infrastructure disputes in recent years.

The assessment showed that TransGrid set clear objectives in its engagement and a range of methods and mediums were used to communicate with participants. Participants were advised

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what the goals and objectives of the engagements were, and what their feedback would be used for, but the participants' ability to influence in practice is somewhat unclear. It would appear in regard to Large Energy Users in particular, that more work needs to be done to convince stakeholders that their views will make a difference and that TransGrid intends to operate its network in the long term interests of end users and consumers as required by the National Electricity Objective.¹

TransGrid aimed to tailor engagement plans and presentations to the needs of those being engaged and recognised the importance of educating consumers by making it a regular part of its engagement process. This enabled participants with little prior knowledge to participate more fully in discussions related to subject matters that at times could be quite complex. Jargon was avoided and where industry terminology was used during presentations, effort was made to either define these words or use examples.

TransGrid sought to be inclusive by selecting participants who were broadly demographic as well as involving the Brotherhood of St Lawrence and the Ethnic Communities Council in its Consumer Advisory Workshops, however only on one occasion did it reach out to include participants belonging to vulnerable groups.

Transparency and accessibility was enhanced by TransGrid publishing the engagement reports on its *Have Your Say* webpage, enabling the participants and others who may have sought such information out, free and unencumbered access. This provides wide access however there are still some sections of the community for whom internet access or capability is limited or does not exist, and it is not clear how these people's views are being taken into account.

Engagement activities were measured and evaluated in order to provide feedback to TransGrid in regard to the success or otherwise of the activity in the eyes of the participants. The way in which this was done varied and a system to allow for a range of key performance indicators to be regularly measured is yet to be developed. Some engagement activities were more successful than others, but it must be noted that the *Better Regulation Consumer Engagement Guideline for Network Service Providers* came into effect in November 2013, and TransGrid has been undergoing a significant step change to adapt. Since this time TransGrid has concentrated its efforts in the areas that the AER has outlined devoting knowledgeable staff and resources to the process.

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¹ Better Regulation Consumer Engagement Guideline for Network Service Providers November 2013



2 Introduction

Background

In May 2014, TransGrid submitted its 2014/15 – 2018/19 Revenue Proposal to the Australian Energy Regulator (AER) for review and the AER's determination is expected before the end of the year.

The Australian Energy Regulator's *Better Regulation Consumer Engagement Guideline for Network Service Providers* (guideline) was introduced in November 2013 and provides TransGrid with a high level framework to facilitate the integration of improved consumer engagement into its operations. In addition to this, when regulatory proposals, revenue proposals and access arrangements (expenditure proposals) are reviewed by the AER they will have regard, on a case by case basis, to how a service provider engaged with consumers and accounted for the long term interests of those consumers. ²

This report seeks to examine how TransGrid is responding to its changing regulatory environment and provides an independent assessment of engagement goals and processes leading up to TransGrid's submission of its 2014/15 – 2018/2019 Revenue Proposal. The methodology is outlined below.

Methodology

Stage 1 - Context and criteria

To establish greater context and to inform the assessment process, a high level review of the AER Guidelines and existing prior research was undertaken. Following this a set of assessment criteria and elements against which evidence could be allocated were developed. The assessment criteria used in this process are: Clarity of purpose; Collaboration and commitment; Information and evidence; Communication and transparency; Timeliness and resourcing; Inclusiveness and accessibility; and Measurable. The criteria are based on well established standards and protocols in this area. They reflect industry best practice and are designed to speak to the AER best practice principles outlined in the Consumer Engagement Guideline for Network Providers. The assessment criteria are listed in full in Appendix A to this report.

Stage 2 - Review and assessment of engagement process documentation related to TransGrid's 2014/15 – 2018/19 Revenue Proposal

Evidence was sourced from a variety of reports that were written to summarise the goals, methodologies and outcomes of TransGrid's engagement activities leading up to submission of its 2014/15 – 2018/19 Revenue Proposal and include those listed in Appendix B to this report. The

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² Better Regulation Consumer Engagement Guideline for Network Service Providers November 2013

³ International Association for Public Participation Spectrum

⁴ Ideas for Community Consultation: A discussion on principles and procedures for making consultation work, NSW Department of Urban Affairs and Planning

⁵ Pratchett, L., Durose, C., and Lowndes, V. (2009) Empowering communities to influence local decision making, Evidence-based lessons for policy makers and practitioners

⁶ The International Conference on Engaging Communities 2005, The Brisbane Declaration

⁷ Ryan, R (2014) Innovative Community Participation to Create Public Value, University of Technology, Sydney

⁸ Ryan, R (2003) Community engagement in the NSW Planning System

http://www.communitybuilders.nsw.gov.au/community engagement handbook part 1.pdf

evidence compiled from engagement reports during this process is extensive but not exhaustive and can be found in the companion report, TransGrid's 2014/15 – 2018/19 Revenue Proposal Appendices. This evidence along with the contents of the engagement reports as a whole were used to assess TransGrid's engagement process leading up to the submission of the 2014/15 – 2018/19 Revenue Proposal.

Timeline of events assessed

The following table was developed as part of the assessment process to provide a timeline of the events:

Activity	Timing	Report	Purpose
Activity Two three hour pilot consumer roundtables with domestic consumers and small and medium commercial business consumers in Parramatta and Dubbo Four three hour community roundtables with domestic consumers and small and medium commercial business consumers in Parramatta, Dubbo, Wagga Wagga and Batemans Bay	Timing Late May/ early June 2013 September 2013	Report TransGrid Consumer Engagement Roundtable Report (KJA 30 July 2013) TransGrid Community engagement roundtable report (KJA 3 Dec 2013)	Purpose To develop a long-term consumer engagement program. To inform and educate attendees about TransGrid's role and its statutory and policy requirements, while testing a renewed approach to engagement and consultation.
One consumer operating expenditure forum (only two consumer representatives participated due to a recruitment issue)	September 2013	TransGrid Consumer engagement operating expenditure forum report (KJA 20 October 2013)	Second phase of activities to inform, educate and involve consumer representative groups and organisations on TransGrid's revenue reset activities.
One three hour consumer focus groups with residential and small business consumers in Sydney CBD	November 2013	TransGrid Qualitative Research Report (Newgate Research Final Version March 2014)*	To test the discussion guide, quantitative questions and TransGrid's presentation for the subsequent deliberative forums to ensure participants easily understood them.
Two four hour deliberative forums with residential and small business consumers in Wagga Wagga and Parramatta	November 2013	TransGrid Qualitative Research Report (Newgate Research Final Version March 2014)*	To explore the awareness, knowledge and perceptions of TransGrid; consult on key elements of TransGrid's Five Year Plan; and determine whether customers would like TransGrid to engage with them and assess the different information needs and communication preferences among various customer groups.



Activity	Timing	Report	Purpose
Two large energy user roundtables (one six hours and the other seven hours) Two consumer advisory workshops (one six hours and the other seven hours)	November 2013 and April 2014 November 2013 and April 2014	TransGrid Summary of Consultation on Five Year Plan (Newgate Final Version Updated 15 May 2014)	To consult on key elements of TransGrid's Five Year Plan
One n=650 online survey of consumers in NSW and ACT	March 2014	TransGrid's Five Year Plan Evaluation Quantitative Survey Report(Newgate Research 22 April 2014)*	To explore the awareness, knowledge and perceptions of TransGrid; consult on key elements of TransGrid's Five Year Plan; and determine whether consumers would like TransGrid to communicate and engage with them and if so, assess the different information needs and communication preferences among various consumer groups.

^{*}The TransGrid Summary of Consultation on Five Year Plan (Newgate Final Version Updated 15 May 2014) reports on this work also. It includes a summary of engagement work not reported in full previously in addition to older work. As such this report includes events such as the Consumer Advisory Workshops, Large Energy User Roundtables, Residential and SME Consumer Engagement.

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The following table outlines the assessment of TransGrid's engagement activities in the period leading up to the submission of its revenue proposal to the AER in May 2014. Evidence to support the assessment has been obtained by reviewing the reports that summarise the reasoning, methodology and outcomes of the various engagements. Relevant information extracted from these reports and used to assist in this exercise is contained in the TransGrid Revenue Proposal 2014/15 - 2018/19 Appendices Report. The Appendices Report contains a comprehensive but not exhaustive list and other relevant evidence on which the assessment has been made can be obtained from the reports themselves.

Criteria 1 - Clarit	Criteria 1 - Clarity of purpose				
How to measure	Assessment	Reasoning			
Has TransGrid articulated what information it needs to get out of the engagement process?	TransGrid has gone into each engagement with a clear idea of what they want to get out of it, the nature of information they require and a plan on how to conduct the engagement in a way that aims to usher participants towards achieving that goal.	Although not always articulated fully in the body of the report the questions being asked can be found clearly in the presentations that participants were given and these presentations generally appear as an appendix to the report. Early engagement had a large component of informing the participant. TransGrid consumer engagement roundtable report (KJA 30 July 2013), page 3 it says that: Roundtable participants were educated about the electricity industry and TransGrid's role, and asked how they would like to be involved in TransGrid's expenditure forecasting activities. Page 3 of this report also shows that TransGrid discussed engergy topics to guage consumer views and opinions including price versus reliability; and reliability standards, a valid topic but tended to lead participants' thinking on price setting. The TransGrid community engagement roundtable report (KJA 3 December 2013) on page 6 says that: the purpose of the community engagement roundtables was to inform and educate attendees about TransGrid's role and its statutory and policy requirements, while testing a renewed approach to engagement and consultation. Key messages led the thinking. On page 3 says: Key messages were sculpted around big picture issues while discussing the challenges TransGrid continues to face in meeting its statutory obligations, while noting the balance between cost, communicating the practical benefits and community tradeoffs. As part of this process, participants were educated about TransGrid's role and responsibilities and the impact of electricity prices from a consumer perspective.			



How to measure	Assessment	Reasoning
		The <i>TransGrid Consumer engagement operating expenditure forum report (KJA 20 October 2013)</i> on page 5, Priorities says: TransGrid's consumer engagement priorities were to inform and engage consumer representatives. It also says: The forum also sought to: Seek representatives' advice about the approach to consumer engagement; Understand their priorities and interests; and Test the balance between meeting consumer needs and investment and maintenance in the network, while managing electricity prices. <i>TransGrid Summary of Consultation on Five Year Plan – Final version (Updated 15 May 2014 Newgate Research)</i> on page 4 says: The engagement program was designed to consult on key elements of TransGrid's Five Year Plan. This report provides a summary in regard to the two Large Energy User Roundtables and says in regard to the first Large Energy User Roundtable on page 5 it: sought opinions on key elements of the proposed Revenue Proposal. In regard to the second Large Energy User Roundtable on page 6 it says: It sought reactions to the updated proposal and included presentations from independenent experts on pricing and WACC. Similarly in regard to the first workshop: It sought feedback on key elements of the proposed Revenue Proposal. In regard to the second Consumer Advisory Workshops a summary on page 6 is provided that says in regard to the second Consumer Advisory Workshop it says it: sought reactions to the updated proposal and included presentation from independent experts on pricing and WACC. The <i>TransGrid Qualitative Research Report- Final Version (March 2014 Newgate Research)</i> and <i>TransGrid's Five Year Plan Evaluation Quantitative Survey Report (22 April 2014 Newgate Research)</i> show that TransGrid was interested in exploring the knowledge and perceptions of TransGrid, consulting on key elements of its Five Year Plan and determining information needs and communications preferences going forward.
Are agreed objectives defined – including stating what the capacit of participants' tinfluence	matters being engaged on is unclear	See the <i>TransGrid consumer engagement roundtable report (KJA 30 July 2013)</i> , page 4, 3.1 Objectives The <i>TransGrid community engagement roundtable report (KJA 3 December 2013)</i> on page 6 describes the purpose. In Appendix C, the presentation slide entitled: Roundtable objectives outlines what the participants were told. In <i>TransGrid's Five Year Plan Evaluation Quantitative Survey Report</i> (22 April 2014 Newgate Research) — Background and Objectives page 5, it was stated what the key research objectives were. It also said: The

Criteria 1 - Clarit	Criteria 1 - Clarity of purpose			
How to measure	Assessment	Reasoning		
outcomes for the matters being engaged on is?	be engaged, what they are interested in etc. In the later engagement when engaging on the Five Year Plan there is a sense that this is changing.	results are intended to be used by TransGrid to inform its Five Year Plan. The Qualitative Research Report- Final Version March 2014 states that: the results will feed into TransGrid's Five Year Plan (page 6). This was more qualified in the Summary report (TransGrid Summary of Consultation on Five Year Plan 15 May 2014 Newgate Research (page 4) where it stated that it was understood that the feedback will be considered in the way that TransGrid develops its Five Year Plan.		
Has TransGrid articulated how it alligns with the AER Consumer Engagement Guideline for Network Service Providers (November 2013)	Yes, this is most clear in the latter reports after November 2014 when the Guidelines were finalised. From the start however TransGrid's focus was on trying to meet the AER's requirements.	TransGrid Consumer engagement roundtable report (KJA 30 July 2013), page 3 refers to the new National Electricity Rules (NER) requirements to engage with consumers Revenue Proposals; and the recently released Draft Australian Energy Regulator's (AER) Consumer Engagement Guideline. TransGrid Community engagement roundtable report (KJA 3 Dec 2013), page 6 under 1.3 Benefits of community engagement says: With new enagement and participation standards under review and the recent changes to the National Electricity Rules where the AER has made it a requirement to engage with consumers, KJA assisted TransGrid with developing a roundtable approach to setting a best practice standard in engagement and consultation. In the TransGrid Consumer engagement operating expenditure forum report (KJA 20 October 2013), page 3 it refers to: the new National Electricity Rules (NER) requirements to engage with consumers on its Revenue Proposal; and the recently released Australian Energy Regulator's (AER) Draft Consumer Engagement Guidelines. In regard to the work, the TransGrid Qualitative Research Report (Final Version March 2014 Newgate Research), page 6 says: It was also designed to meet the requirements of the Australian Energy Regulator's (AER) Draft Consumer Engagement Guideline for Network Service Providers. In regard to the work, the TransGrid's Five Year Plan Evaluation Quantitative Survey Report (22 April 2014 Newgate Research), page 5, Background and Objectives, says: It was also designed to meet the requirements of the Australian Energy Regulator's (AER) Draft Consumer Engagement Guideline for Network Service Providers.		



Criteria 1 - Clarity of purpose				
How to measure	Assessment	Reasoning		
		TransGrid Summary of Consultation on Five Year Plan (Final Version updated 15 May 2014) shows an increased focus on the Guideline. On page 4 it says: The engagement program was designed to ensure it met the AER Guidelines and adhered to the specified best practice principles – clear, accurate and timely communication, accessible and inclusive, transparent and measureable. On pages 7 and 8 a detailed table is provided that gives: An overview of how TransGrid's approach sought to meet each of the AER's best practice principles.		

Criteria 2 – Collaboration and commitment				
How to measure	Assessment	Reasoning		
Did TransGrid work with participants to better understand participants' needs of the engagement process?	Yes, TransGrid initially sought participants views in regard to their engagement needs in order develop a strategy for future engagement. TransGrid however continued to seek information from participants in terms of how and on what they would like to be engaged on in latter consultations.	TransGrid worked at balancing the need to inform and engage. In the <i>TransGrid Consumer</i> engagement roundtable report (KJA 30 July 2013) on page 3 it says: The roundtable outcomes demonstrated that people become more interested in energy topics and TransGrid's role when they are educated about the direct impact to them as consumers. It was also apparent that TransGrid could not exclusively focus on its role as the owner and operator of the transmission network without discussing the bigger picture. TransGrid Summary of Consultation on Five Year Plan (Final Version updated 15 May 2014), page 29 - Future Consultation, says a key objective of this research was to understand what kinds of things stakeholders and the community are interested in knowing from TransGrid, the topics they would like to be informed about, and preferred methods of consultation. On page 30 it says: Residential and small business participant input was also sought on how TransGrid should engage with the broader community in the future. And that: For message delivery vechicles, participants called for a wide variety of channels.		
Was there an organisational commitment to modify the process 'on the fly' if the needs of TransGrid or participants' were not being met?	It is not evident if the process was modified 'on the fly' in a strict sense, however it is apparent that TransGrid did assess their processes and make modifications where they felt it was necessary to make future engagement more effective.	TransGrid Summary of Consultation on Five Year Plan (Final Version updated 15 May 2014), pages 28 and 29 - Areas for Improvement, says the key purpose for the initial Sydney CBD residential and small buisness focus group was to test the presentations and discussion guide to ensure they could easily be understood. As a result of feedback, TransGrid's presentation was cut into three shorter and simpler sections with time for questions and discussion in between. TransGrid presenters worked to frame discssions in terms of the types of issues that participants were most interested in, with a focus on affordability and impact of all initiatives on their own electricity bills. It also says: The complexity of the issues was also a barrier for some participants in the Large Energy User Roundtables and the Consumer Advisory Workshops. Some felt that it was difficult to digest so much information in one sessions but yet most admitted they were realistically unable to dedicate much extra time to it. In the first sessions some suggested providing pre reading and this was done for the second sessions. On page 29, Future Consultation - it says: At the end of the first Large Energy User Roundtable, a number of participants commented that they would like to see TransGrid do more work on transparency of pricing and signals		



Criteria 2 – Collaboration and commitment			
How to measure	Assessment	Reasoning	
		to promote better behaviour, ultimately leading to price reductions. As a result of this independent experts on pricing and rate of return were invited to present to the second sessions.	
What structures and processes for planning, delivery, monitoring and evaluation were established to guide the engagement, and who had carriage of these?	TransGrid engaged experienced consultants to deliver this aspect of the work. It is not clear whether there were project team meetings but it is assumed that there were.	Although not documented TransGrid has advised verbally that such meetings were held.	

Criteria 3 – Information and evidence			
How to measure	Assessment	Reasoning	
Did TransGrid seek to identify what information and evidence participants' needed to effectively contribute to the process?	TransGrid sought to work out what participants were interested in and wanted to be engaged on in the future. They grappled with how to give comfort that the summarised information being provided was unbiased by offering greater disclosure but in the instance examined this created more issues in relation to the volume and complexity of information as well as whether a stakeholder would be willing to devote that much time and effort to the process.	The <i>TransGrid Consumer engagement roundtable report (KJA 30 July 2013)</i> , page 11 Review and participation of TransGrid's business activities says: When asked if they would get inovlved or access TransGrid's public documents, the majority of participants at both roundtables said they would only get inovolved if TransGrid's activities impacted them or their local community directly. A summary of the feedback is received is provided under the heading: Stakeholder engagement and community consultation on the same page. <i>TransGrid Summary of Consultation on Five Year Plan (Final Version updated 15 May 2014)</i> , page 10 – Ability to Give Informed Comment on the Five Year Plan, says: Note that in the first Consumer Advisory Workshop and Large Energy Users Roundtable some participants commented that they felt their ability to comment on TransGrid's draft Five Year Plan was limited because they were relying on data that TransGrid itself was presenting about the work that has to be done. This related to the amount of money to be spent on replacement and maintenance work in particular. TransGrid sought to explore what it could do to increase transparency in this area and raised options including hiring an independent engineering contractor to provide a detailed evaluation of its plan or making more than 500 planning documents available for review. Pages 29 & 30 - Future Consultation, it says: A key objective of this research was to understand what kinds of things stakeholders and the community are interested in knowing from TransGrid, the topics they would like to be informed about, and preferred methods of consultation.	
Were participants offered education in the information and evidence being presented to them, and was this explained by experts in a clear and accessible way?	Yes, due to subject complexity and, in general a lack of knowledge of TransGrid, its role and responsibilities, educating participants is something that TransGrid recongnises as important. In fact it was found that in order to engage effectively, TransGrid needed to both educate the participant as well as discuss	TransGrid aims to demonstrate an evidence-based approach to consumer engagement, one based on educating consumers about wider energy issues. <i>TransGrid consumer engagement roundtable report (KJA 30 July 2013)</i> , page 5. In the <i>TransGrid Consumer engagement operating expenditure forum report (KJA 20 October 2013)</i> it was clear that education during the session did occur and one of the two participants provided a suggestion on page 11 of the report that lacking prior knowledge about TransGrid and its business activities may have dissuaded representatives from attending the forum. Education took the form of:	
	the bigger picture. TransGrid	 Briefing packs that were supplied to participants before the roundtables (KJA 30 July 2013); and 	



Criteria 3 – Information and evidence			
How to measure	Assessment	Reasoning	
	employed a number of strategies and resources to deal with this including having those with expert knowledge provide presentations.	 TransGrid Community engagement roundtable report (KJA 3 Dec 2013) Presentations in addition to flipchart exercises and a mix of facilitation tools and techniques to keep the audience engaged - TransGrid Consumer engagement roundtable report (KJA 30 July 2013) page 6; and TransGrid Community engagement roundtable report (KJA 3 Dec 2013) page 8 Background information in the survey. An online methodology was used for the survey so that respondents could be given appropriate background information before being asked their opinion In TransGrid's Five Year Plan Evaluation Quantitative Survey Report (22 April 2014 Newgate Research), page 47. 	

Criteria 4 – Communication and transparency		
How to measure	Assessment	Reasoning
Was it made clear to participants at all stages: • what information they could access and how this could be accessed	No	It is not known whether accessing information beyond what was provided was discussed other than perhaps directing participants to TransGrid's <i>Have Your Say</i> web page which is a good source of information in general. This was clearly articulated.
 what TransGrid is engaging on, and why 	Yes	What they could influence however has not been dealt with fully.
 what and why they were being asked to contribute, and what they could influence through this contribution how TransGrid would use participants' contributions at the end of the process 	What and why – yes It was made clear but not at all stages	This was mostly apparent at the end of presentations under the heading – next steps.
Has feedback been provided to participants and across the organisation on: • who has been involved in the process • the range of views expressed • the decisions that have been made • how enagement outcomes have been considered in making decsions, and why • the outcomes of any evaluation	Yes, the reports are publicly available on the <i>Have Your Say</i> website	This information is contained in reports that are available via the TransGrid <i>Have Your Say</i> web page. TransGrid also published a fact sheet entitled: Consumer consultation (May 2014) that endeavours to outline the consumer engagement program and approach. In addition, the TransGrid Summary of Consultation on Five Year Plan – Final version (Updated 15 May 2014 Newgate Research) pages 5 and 6, Approach shows that in regard to the first of the two Large Energy User Roundtables TransGrid: sought opinions on key elements of the proposed Revenue Proposal. In regard to the second Large Energy User Roundtable on page 6 it says: It explained how feedback from the first Roundtable had been taken into account. Similarly in regard to the two facilitated Consumer Advisory Workshops it says in regard to the first Consumer Advisory Workshop: It sought feedback on key elements of the proposed Revenue Proposal. In regard to the second Consumer Advisory Workshop it says: It explained



Criteria 4 – Communication and transparency		
How to measure	Assessment	Reasoning
		how feedback from the first workshop had been takent into account. Although there was some variation in participants between first and second occasions, most markedly in the Large Energy User Roundtables, TransGrid did seek to provide feedback on how they were taking participants views into account.

Criteria 5 – Timeliness and resourcing		
How to measure	Assessment	Reasoning
Was there enough time for participants to effectively contribute?	Yes, sufficient time was provided for the sessions and the duration varied according to the audience and the volume of material that was being imparted or discussed The opposite side of this coin may have been encountered however. In respect to one of the four hour sessions, a minority of participants felt that it was too long. Participants' abilities to remain engaged and contribute may also be impacted if they are not able to maintain concentration due to interest levels having dropped.	Pilot roundtables - three hours - TransGrid Consumer engagement roundtable report (KJA 30 July 2013); and TransGrid Community engagement roundtable report (KJA 3 Dec 2013). TransGrid Consumer engagement operating expenditure forum report (KJA 20 October 2013) - There were only two participants the duration of the consultation is not mentioned however the low numbers would have enabled effective contribution. TransGrid Qualitative Research Report (Final Version March 2014 Newgate Research) page 7 Methodology outlines: one three hour focus group; two four hour deliberative forums and on page 52 the point is made that a minority of participants felt that the session was a bit long for them to retain focus and they would have preferred something that ran for 3 or 3 and a half hours rather than four. The TransGrid Summary of Consultation on Five Year Plan (Final Version updated 15 May 2014) refered to two facilitated Large Energy User Roundtables one six hours long and the second roundtable lasted seven hours. Two facilitated Consumer Advisory Workshops were held with representatives of industry, community and business groups, local government, environmental groups and independent think tanks. The first workshop lasted six hours and the second workshop lasted for seven hours.
Were the right skills available to develop and deliver the engagement process? (i.e. planning, delivery, monitoring and evaluation)	Yes, TransGrid committed knowledgable staff and engaged experienced consultants to assist them with the engagement goals.	Consultants included KJA, Newgate Research and other firms assisted with random selection of participants that were also demographically representative or in one case reached out to a number of people in the community viewed as vulnerable. In the case of <i>TransGrid's Five Year Plan Evaluation Quantitative Survey Report (22 April 2014 Newgate Research)</i> the survey programming and hosting was managed by Survey Sampling International (SSI).
Were there adequate organisational resources to	TransGrid has a dedicated stakeholder engagement team as	In 2013 TransGrid reviewed and amended its organisational structure to incorporate a new unit with the specific purpose of dealing with stakeholder engagement led by a new General Manager



Criteria 5 – Timeliness and resourcing		
How to measure	Assessment	Reasoning
respond to an deliver any process modifications?	part of its organisational structure. Experienced consultants were engaged by TransGrid and piloting did lead to process modifications.	of Strategy and Stakeholder Engagement. The <i>TransGrid Qualitative Research Report (Final Version March 2014 Newgate Research)</i> page 50 shows how an initial focus group to test the approach to the discussion led to process change. <i>TransGrid Summary of Consultation on Five Year Plan (Final Version updated 15 May 2014)</i> page 29 shows a process modification due to Large Energy Users participant feedback. Independent experts on pricing and rate of return were invited to present at a subsequent session.

Criteria 6 – Inclusiveness and accessibility		
How to measure	Assessment	Reasoning
Was it made clear from the outset why and which participants were being engaged, and how?	Yes, there were a variety of engagements either with known stakeholders or randomly selected participants that were broadly demographic.	The stakeholder groups and demographics in relation to the participants that were involved and the methods by which they were engaged are clearly outlined in the reports reviewed.
Were the methods and formats appropriate to what TransGrid needed from the engagement process, and did they enable participants to contribute effectively?	Effort was put into piloting engagement formats prior to implementation. Participants on the whole were evaluated to be happy with the engagements and a satisfactory participant sense of contribution can possibly be construed with this. The main method failure was in regard to recruitment at one forum.	Despite a comprehensive recruitment process, TransGrid was only successful in getting two consumer representatives to take part in the Operating Expenditure Forum. The <i>TransGrid Consumer engagement operating expenditure forum report (KJA 20 October 2013)</i> 4.4 Review and Evlauation, page 11 - goes into some detail in regard to what went wrong. Otherwise in general methods seemed to work quite well. From the evaluations in the various reports it would appear that dissatisfaction ratings amongst participants were low.
of the engagement process, and was this appropriate to their needs and capacity to contribute?	Only one report details that individuals from non English speaking or vulnerable backgrounds were reached out to. It is unclear how their capacity to contribute was considered or if the engagement process was adapted to their needs. TransGrid did however include the Brotherhood of St Lawrence and	General demographic representative techniques were implemented. The <i>TransGrid Qualitative Research Report (Final Version March 2014 Newgate Research)</i> shows that TransGrid reached out to some individuals prior to the deliberative forums. On page 7 – Residential consumers, it says: A mix of general community segemented by household income with a mix of ages and life stages. All participants had to be the main or joint bill payer in the household. We deliberately included some individuals who were from a non English speaking background or vulnerable customers such as single parents, individuals who receive government support payments and those who are unemployed. <i>In theTransGrid Summary of Consultation on Five Year Plan (Final Version updated 15 May 2014)</i> page 31 lists Consultation Participants in the Consumer Advisory Workshops and includes the



Criteria 6 – Inclusiveness and accessibility		
How to measure	Assessment	Reasoning
	the Ethnic Communities Council as in its Consumer Advisory Workshops.	Brotherhood of St Lawrence and the Ethnic Communities Council.

Criteria 7 – Measurable		
How to measure	Assessment	Reasoning
Has the engagement process been clearly and adequately documented to enable review of the process?	The engagement process in general has been adequately documented. Review of the process however was hampered by different reporting styles between documents, a summary document that included information that had not been reported on fully previously and no overarching strategy document to explain concisely what happened when.	As reporting formats have varied between documents there is no cohesive style. In addition, some reports provide overlapping information. In particular the <i>TransGrid Summary of Consultation on Five Year Plan (Final Version updated 15 May 2014)</i> provides a summary of past engagement activities conducted by Newgate Research mixed with the current reporting on the Large Energy User Roundtables and the Consumer Advisory Workshops. On page 3 of this report it eroneously states: Note that detailed research reports were prepared on each of the engagement initiatives and are available separately. This is only partially accurate and separate ful reports on the Large Energy User Roundtables and Consumer Advisory Workshops would have been helpful. A timeline document that maps the salient details of the consultations and how the full reports are able to be accessed would be a useful tool for anyone wishing to read and interpret what was carried out.
Was there an evaluation process, with clear objectives, and who was involved in carrying out and providing input to the evaluation (i.e. participants / organisation)	Various evaluation processes were used at the end of each engagement. Evaluations were mostly carried out by participants and in one case by KJA in regard to a participant recruitment process issue.	In the <i>TransGrid Consumer engagement roundtable report (KJA 30 July 2013)</i> , page 24, 3.5 Roundtable feedback forms it says: Participants were asked to complete a feedback form after the roundtable session. See page 24 for an example of relevant feedback questions. In the <i>TransGrid Community engagement roundtable report (KJA 3 Dec 2013)</i> – no evaluation by participants. See 4.4 Review and evaluation by KJA in regard to why TransGrid's recruitment of consumer representatives only yielded two participants. The <i>TransGrid Qualitative Research Report (Final Version March 2014 Newgate Research)</i> page 50 shows that evaluation at an initial focus group to test the approach led to useful process changes for two larger forums that were to follow . Page 50 – Forum Evaluation says: At the end of the sessions participants were asked to think about the evening in light of the objectives and to rate the overall quality out of 10. In addition to this, at the Paramatta forum only participants were asked for verbal feedback, pages 51 & 52.
		TransGrid Summary of Consultation on Five Year Plan (Final Version updated 15 May 2014) page 8 says: In the Consumer Advisory Workshops and Large Energy User Rountables participants were



Criteria 7 – Measurable		
How to measure	Assessment	Reasoning
		asked to fill out a double-sided paper based survey at the conclusion of the metings. Prepared by Newgate Research, this included a mix of open-ended and closed-ended rating questions.
Are there organisational processess and structures to feedback evaluation outcomes into subequent processes?	Evaluation outcomes did on occasion feed back and result in changes to processes but it is not obvious whether there were organisational processes and structures or if it was ad hoc.	Piloting formats did provide an example that when the approach to the discussion on TransGrid's presentations were tested in a three hour focus group in Sydney CBD a week before the two larger forums, participant feedback led to valuable feedback that the Five Year Plan presentation needed to be broken down and simplified. This was done with time for discussion in between. Refer to page 50 <i>TransGrid Qualitative Research Report (Final Version March 2014 Newgate Research)</i> .

How to measure	Assessment	Reasoning
How have engagement outcomes been	Overall TransGrid has reflected key elements of the engagement outcomes reasonably well. Some things to note are:	Refer to TransGrid's 2014/15 – 2018/19 Revenue Proposal - Appendix S
reflected and represented in TransGrid's Stakeholder Engagement Plan in Appendix S of TransGrid's 2014/15 – 2018/19 Revenue Proposal?	Appendix S of the TransGrid 2014/15 – 2018/19 Revenue proposal says "TransGrid has traditionally taken a low key approach to engaging with the general public and has instead focussed on communicating with impacted communities. Our research has shown that this model is no longer relevant to today's market and TransGrid needs to be held accountable for its share of the end users' bill, albeit small." This statement gives an accurate indication of TransGrid's thinking and reflects that it is a state owned corporation that is coming to grips with its new role in dealing with consumers' interests as part of a bigger picture. TransGrid outlines on page 4 that it engaged with bill payers and energy consumers in NSW to understand amongst other things, "their levels of interest in our business" and authentically shows a level of reactiveness and some questioning regarding the thought that consumers would actually be interested in its business.	Page 4 says: TransGrid acknowledged: Education of the industry and TransGrid's activities will form an integral part of TransGrid's engagement approach moving forward. forward. TransGrid has traditionally taken a low key approach to engaging with the general public and has instead focussed on communicating with impacted communities. Our research has shown that this model is no longer relevant to today's market and TransGrid needs to be held accountable for its share of the end users'
	Engagement activities showed that education in the industry and TransGrid's activities is a key factor in creating interest and understanding amongst consumers and TransGrid has	bill, albeit small. Page 4 says: While compiling its 2014/15 to

TransGrid also genuinely acknowledges the need to help rebuild trust, make a variety of improvements and do a better job at listening to the views of others as stated in the themes on page 4. Again in the themes on page 4, TransGrid states that: "By working together with energy end users, listening to their views and incorporating their feedback into its business activities, TransGrid can create an efficient, sustainable and holistic transmission network." This is an area

acknowledged this by reporting in its proposal on page 4 that this will be an integral part of

consumers on its business and its place in the energy supply chain in response to the low

understanding of what TransGrid is and what it does as identified during the consultations.

TransGrid's engagement approach moving forward. TransGrid realises that it needs to educate

area been clear:

2018/19 Revenue Proposal, TransGrid

consumers in NSW to understand their levels

of interest in our business, the elements of our business that are most important to

them, and how to more effectively engage

with the average bill payer. The themes

emerging from these conversations have

engaged with bill payers and energy



How to measure Assessment	Reasoning
that requires further work, in part due to the complex technical nature on the areas being engaged and in part because levels of trust must be increased. A theme that requires inclusion is that the stakeholders expressed a need to understand when and how they can have input and on what. There is a distinct need to know that their feedback will make a difference, that it will be considered and as a minimum acknowledged. On page 6 it says: Initiated Engagement with consumer advocates to help advise TransGrid on how to improve its planning, project development and operational practices, which may be accurate however the reporting in the TransGrid Summary of Consultation on Five Year Plan (Final version updated 15 May 2014 Newgate Research) does not state this clearly as an objective. On page 8, 4 – Listening to our Stakeholders, it says: In piloting our new model for stakeholder engagement, TransGrid continually sought feedback from consulted parties to learn how the business could better its practices. The business has embraced this new approach and TransGrid's stakeholders have recognised the new practices as being inclusive, transparent and of a high standard. There is quite a bit of truth in this however it is overstated as displayed on page 32 Appendix B – Evaluation Sheets where participants were asked to: Rate TransGrid on its engagement process around five year plan based on what you saw at this meeting. These scores showed marked variability and ranged from 6, 6.9, 7.4 and 8.8. They were also asked to rate: Your understanding of the role of the Panel and how it will potentially influence TransGrid's five year plan. Participants scores were 5.3, 6.0, 6.7 and 7.0 This is also revelevant when considering information on page 10 - Consumer Advisory Panel workshops, where it says that these engagements: have proven so far to be an effective method to engage with industry and consumer advocates. Feedback from evaluation forms following these sessions has shown that participants rated the consultation highly a	 TransGrid needs to educate energy consumers about its business and its place in the energy supply chain; Messages need to be targeted to specific audiences (technical and non-technical) and a broad range of communications mediums utilised; TransGrid needs to help rebuild trust in the energy industry and its business, which has attracted concerns such as rising bills and infrastructure disputes in recent years; The business as a whole needs to do a much better job at listening to the views of the community about our industry and business impacts, as well as communicating what we do, how we manage our business and the challenges we face; and TransGrid must continue to improve its engagement practices to ensure that the community know the part they can play as the Company delivers an essential service to NSW and the ACT. The views of TransGrid's stakeholders are crucial as the business enters a period where it must meet the challenges of providing a secure, reliable and affordable

Criteria 8 – Overall process coherence and quality of the document as it relates to consumer engagement			
How to measure	Assessment	Reasoning	
	Summary report however it would appear to indicate that more work needs to be done to convince stakeholders that their views will make a difference. An inaccuracy, page 8, 4 – Listening to our Stakeholders: TransGrid uses a diagram of seven word bubbles to represent "a selection of stakeholder feedback", however one comment is repeated twice: "For a new concept the level of information and engagement was first rate". A further observation is that none of the seven comments are negative.	environment, energy prices and the impact this has on households. By working together with energy end users, listening to their views and incorporating their feedback into its business activities, TransGrid can create an efficient, sustainable and holistic transmission network.	
Did TransGrid meet AER's best practice principles?	See chapter 4 of this report in regard to how TransGrid met AER's best practice principles as outlined in AER's Consumer Engagement Guidelines for Network Service Providers (November 2013).		



4 AER Principles

The AER, in its *Better Regulation Consumer Engagement Guideline for Network Service Providers (November 2013)* stipulates four best practice principles that are considered to reflect the aims of the National Electricity Rules and should overarch all aspects of consumer engagement. A summary assessment of TransGrid 's performance against AER's best practice principles, during engagement activities leading up to submission of the TransGrid Revenue Proposal 2014/15 – 2018/19, is outlined in the table below:

AER Principle	Observations
Clear, accurate and timely communication	 A range of methods and mediums were used to communicate with participants whilst engaging. This included clear and concise presentation slides some of which had pictures and graphs and had the effect of both illustrating points and making it visually interesting. Jargon was avoided, but where industry terminology was used during presentations, effort was made to either define these words or use examples. Glossaries were provided to residential and small business customer in latter engagements. The information participants were interested in was investigated during the engagement sessions. Testing and piloting of some of the engagements were seen to occur and changes made to improve the participant experience based on practical feedback. This also occurred in relation to the online survey that and reported on in the quantitative report.
Accessible and inclusive	 TransGrid recognised the importance of educating consumers and made it a regular part of its engagement process. This enabled participants with little prior knowledge to participate more fully in discussions related to subject matters that at times could be quite complex. On some occasions, participants were also supplied with briefing packs in advance of the engagement to build capacity. Engagement occurred with a variety of different consumer groups and there were tailored engagement plans to meet the specific needs of each group. Sufficient time was allowed to enable participants to provide their input during engagement sessions as well as for questions and answers. It was not a one size fits all approach and the length of engagement sessions varied according to the stakeholder group involved. Domestic consumers for example, who were not expected to have a deep knowledge or interest in the subject matter, were invited to participate in the shorter sessions that tended to be three hours long.

AER Principles 25

AER Principle	Observations
	 TransGrid aimed to tailor presentations to the audience. The engagement sessions were well resourced with experienced stakeholder engagement consultants and those with expert knowledge on the matters being discussed from TransGrid. TransGrid has been assisted by a specialist stakeholder engagement consultancy to undertake a detailed mapping exercise that recognises relevant end users or consumer cohorts including representative groups, retailers and industry bodies. During the engagement sessions TransGrid explored what consumers wanted to be engaged on and the method of communication that was deemed preferable. TransGrid shared information regarding their engagement activities by publishing outcome reports on its <i>Have Your Say</i> web page.
Transparent	 TransGrid has published the engagement reports on its <i>Have Your Say</i> webpage, enabling the public free and unencumbered access. These reports outline and include: the goals and objectives of the exercise; the methodology; copies of the presentations; feedback; outcomes; and participant evaluations. TransGrid engaged external consultants to plan, carry out and report on the engagement activities in a transparent way. In engagements on TransGrid's 5 year plan by Newgate Research, participants were given confidential information about TransGrid's proposed approach, prior the TransGrid board, having seen it and were asked to suggest ways in which TransGrid could potentially open itself up to further scrutiny by consumers. Engagement reports include both positive and negative participant comments and can be found online. Participants were advised what the goals and objectives of the engagements were and what their feedback would be used for.
Measureable	 Engagements activities ended with evaluation processes to provide feedback to TransGrid in regard to the success or otherwise of the activity in the eyes of the participants.



Appendix A Criteria

Criteria 27

Criteria	How to measure		
Clarity of purpose	Has TransGrid articulated what information it needs to get out of the engagement process, and how it aligns with the AER Consumer Engagement Guidline for Network Service Providers (November 2013)? Are agreed objectives defined – including stating what the capacity of participants' to influence outcomes for the matters being engaged on is? Has TransGrid articulated how it allignes with the AER Consumer Engagement Guideline for Network Service Providers (November 2014)		
Collaboration and commitment	Did TransGrid work with participants to better understand participants' needs of the engagement process? Was there an organisational commitment to modify the process 'on the fly' if the needs of TransGrid or participants' were not being met? What structures and processes for planning, delivery, monitoring and evaluation were established to guide the engagement, and who had carriage of these?		
Information and Evidence	Did TransGrid seek to identify what information and evidence participants' needed to effectively contribute to the process? Were participants offered education in the information and evidence being presented to them, and was this explained by experts in a clear and accessible way?		
Communication and transparency	Was it made clear to participants at all stages: what information they could access and how this could be accessed what TransGrid is engaging on, and why what and why they were being asked to contribute, and what they could influence through this contribution how TransGrid would use participants' contributions at the end of the process Has feedback been provided to participants and across the organisation on: who has been involved in the process the range of views expressed the decisions that have been made how enagement outcomes have been considered in making decsions, and why the outcomes of any evaluation		
Timeliness and resourcing	Was there enough time for participants to effectively contribute? Were the right skills available to develop and deliver the engagement process? (i.e. planning, delivery, monitoring and evaluation) Were there adequate organisational resources to respond to an deliver any process modifications?		
Inclusiveness and accessibility	Was it made clear from the outset why and which participants were being engaged, and how? Were the methods and formats appropriate to what TransGrid needed from the engagement process, and did they enable participants to contribute effectively? Which participants were specifically reached out to as part of the engagement process, and was this appropriate to their needs and capacity to contribute?		
Measureable	Has the engagement process been clearly and adequately documented to enable review of the process? Was there an evaluation process, with clear objectives, and who was involved in carrying out and providing input to the evaluation (i.e. participants / organisation) Are there organisational processess and structures to feedback evaluation outcomes into subequent processes?		
Overall process coherence and quality of the document as it relates to consumer engagement	How have engagement outcomes being reflected and represented in TransGrid's Stakeholder Engagement Plan in Appendix S of TransGrid's Revenue Proposal 2014/15 – 2018/19 document?		

28 TransGrid I



Appendix B Reports

Reports 29

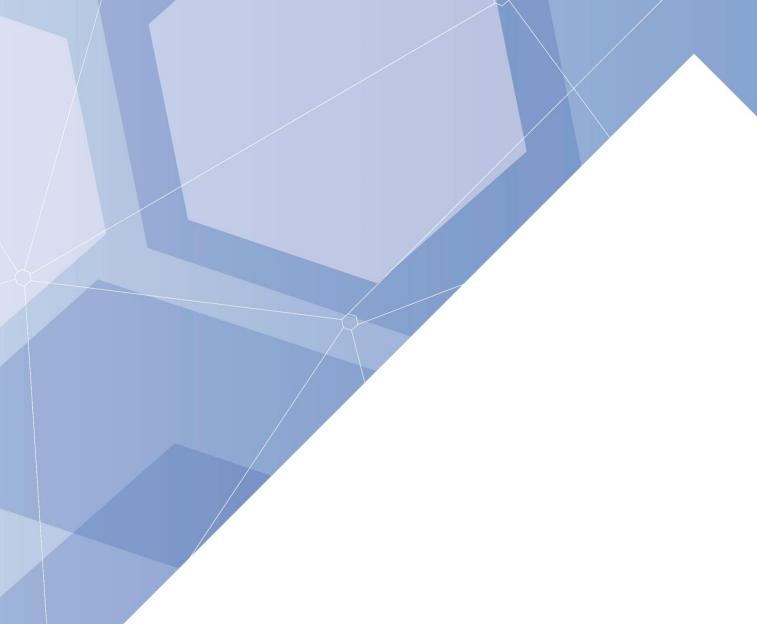
A number of reports informed the assessment process including the following:

Report	Location of document
TransGrid Consumer engagement roundtable report 30 July 2013 (KJA)	TransGrid's Have Your Say web page
TransGrid Consumer engagement stategy 30 July 2013 (KJA) — contains information about the previous engagement outlined in the report above	TransGrid's Have Your Say web page
TransGrid community engagement roundtable report 3 Dec 2013 (KJA)	TransGrid's Have Your Say web page
TransGrid Consumer engagement operating expenditure forum report 20 October 2013 (KJA)	TransGrid's Have Your Say web page
TransGrid Qualitative Research Report (Final Version March 2014 (Newgate Research)	TransGrid's <i>Have Your Say</i> web page Appendix G - TransGrid Revenue Proposal 2014/15 – 2018/19
TransGrid's Five Year Plan Evaluation Quantitative Survey Report 22 April 2014 (Newgate Research)	TransGrid's Have Your Say web page
TransGrid Summary of Consultation on Five Year Plan Consumer Advisory Workshops, Large Energy User Roundtables, Residential and SME Consumer Engagement Final Version Updated 15 May 2014 (Newgate)	TransGrid's <i>Have Your Say</i> web page Appendix F - TransGrid Revenue Proposal 2014/15 – 2018/19

 $\label{thm:continuous} TransGrid\ Revenue\ Proposal\ 2014/15-2018/19\ including\ Appendix\ S\ Stakeholder\ Engagement\ Plan\ can\ be\ located\ via\ the\ TransGrid\ \textit{Have\ your\ Say}\ website$

http://yoursaytransgrid.com.au/transgrids-full-revenue-proposal-for-201415-to-201819

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