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# Report on Consumer Engagement in 2014

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## 1 Introduction

Over the last two years, TransGrid has introduced a focus on intentional and meaningful consultation with consumers about key elements of its direction and investment plans.

TransGrid has continued to seek to understand the advice, perspectives and value judgements of consumers and consumer representatives since the submission of its revenue proposal. This has involved a number of forums:

- discussions with those who made submissions to the AER on TransGrid's revenue proposal, to properly understand their concerns and consider how TransGrid could respond in this revised proposal;
- consultation on the issues facing the electricity supply for inner Sydney, and the timing and nature of the Powering Sydney's Future project;
- the 2014 NSW Transmission Annual Planning Report (TAPR) forum;
- the 2014 demand management innovation forum;
- regional engagement forums; and
- a workshop and webinar with consumer representatives and large energy users on the AER's draft decision, during the preparation of TransGrid's revised proposal.

A record of the discussions and feedback from the December 2014 workshop and webinar on the draft decision is provided in the report *TransGrid Consultation Report: Large Energy Users and Consumer, Business and Industry Groups* prepared by the independent facilitator, Newgate Research. This report is available on TransGrid's "Have Your Say" website, [www.yoursaytransgrid.com.au](http://www.yoursaytransgrid.com.au).

TransGrid engaged the University of Technology Sydney's (UTS) Australian Centre of Excellence for Local Government to review and assess the consumer engagement process that TransGrid has introduced over the past 18 months. UTS has provided a comprehensive review of the quality of TransGrid's process. TransGrid believes this provides an important and balanced perspective into the current debate in light of the evolving position on consumer engagement reflected in the AER's draft decision. TransGrid has included this report as Appendix A to the revised revenue proposal.

## 2 Discussions on Submissions on Revenue Proposal

As part of the AER's public consultation process on TransGrid's revenue proposal, eight submissions were received, from:

- ElectraNet
- Electricity Generators
- Energy Markets Reform Forum
- Energy Users Association of Australia
- EnerNOC
- Norkse Skog Paper Mills
- Origin Energy
- Powerlink Queensland

TransGrid has sought to discuss the matters in each submission further with those who made submissions, to properly understand their concerns and consider how TransGrid could respond in this revised proposal. In some cases this was through individual meetings with those who made submissions, and in other cases through existing industry bodies or events.

Some of the submissions on TransGrid's revenue proposal raised the question of the extent to which consumer engagement had influenced the proposal, and concerns that some of the consumer engagement to date had focused on informing participants of TransGrid's approach rather than actively seeking their views.

TransGrid is committed to seeking and understanding consumers' views in the development of its business plans and revenue proposal. A summary of how TransGrid incorporated the feedback it received is provided in Chapter 3 of the revised revenue proposal.

### **3 Transmission Annual Planning Report Forum**

On 5 August 2014, TransGrid held its Transmission Annual Planning Report Forum in the Sydney CBD. The forum was attended by over 80 consumers, market participants and other stakeholders.

Presentations covered key aspects of the Transmission Annual Planning Report including energy forecasts, non-network and demand management options, asset renewal, NSW transmission planning and consumer engagement. The presentations were followed by a question and answer session which highlighted areas where attendees felt that further consultation would be appreciated. In particular, forum attendees were looking for further clarification on AEMO's energy and demand forecasts and further information on some of TransGrid's proposed projects.

While TransGrid has hosted forums following the publication of the Transmission Annual Planning Report for a number of years, the 2014 forum attracted a broader cross section of stakeholders including some who had been involved in other TransGrid engagement activities such as the Powering Sydney's Future Forum, Consumer Advisory Workshops and Large Energy User Round Tables. In addition to the forum in the Sydney CBD, over 50 stakeholders attended a series of regional engagement forums held in Wagga Wagga, Cooma, Tamworth, Taree and Orange in October and November 2014. The regional forums included presentations followed by a question and answer session, and included discussion on projects in the respective areas.

In order to ensure consumer input into planning processes, TransGrid is continuing to consult on the Transmission Annual Planning Report. The consultation aims to ensure the document meets the ongoing needs of our stakeholders, while complying with the requirements of the National Electricity Rules. In November 2014, over 300 stakeholders were invited to share their views on the format and content of the 2014 TAPR by taking part in an online survey. The survey was a starting point for TransGrid to gain a better understanding of how the report is used, identify the most valuable areas of the report and the preferences for delivery and access to the information. The survey and the forums will help to inform the 2015 TAPR.

### **4 Electricity Supply for Inner Sydney**

In opening up planning processes, TransGrid has transformed the way it engages with the communities it serves. Conversations with the community are now started in the early planning stages, when a need to address an energy supply constraint is identified. Further, TransGrid is keen to involve the community in the investment decision making process, gain input and ideas and work collaboratively to develop effective, innovative, sustainable and holistic energy solutions.

The Powering Sydney's Future project provides an example of the measures TransGrid has taken to improve its community engagement process. Sydney is the largest city in Australia, and the CBD and inner metropolitan area comprises over 500,000 households and businesses which in total consume around 7,000GWh of electrical energy each year. TransGrid and Ausgrid are responsible for the supply of electricity to the CBD and inner metropolitan area and management of the interconnected network of underground cables and overhead lines throughout the city. As the city grows and changes, the electricity network that was predominantly built in the 1950s faces increased challenges to maintain a safe, reliable and efficient supply of electricity while meeting the needs of the changing market and consumers.

Between April and October 2014, a range of engagement activities were held including workshops, information sessions, surveys and briefings. As a result, TransGrid received feedback from more than 360 people through ten different engagement activities.

TransGrid adapted its engagement activities and responded to feedback throughout the process to ensure stakeholders and the community were well informed, allowing them to effectively participate and contribute. TransGrid has undertaken a number of actions as a result of the feedback received on the Powering Sydney's Future Project to date:

- The project website has been progressively updated since its inception in June 2014 to incorporate new project information and provide access to workshop presentations and the feedback received. Between June and October 2014 the website received almost 2,000 unique page views. The site has been a successful portal for information and updates on the project and will continue to be a central tool for future consultations.
- Stakeholders advised early in the consultation that they wanted the opportunity to focus on each of the initiatives including network planning, energy efficiency, local generation and demand response. In response, separate workshops were held to provide further information about each initiative, to answer questions and better understand stakeholder perceptions.
- A key message from stakeholders was their preference to maintain the flow of information and the level of engagement. To respond to this, an end of year briefing provided an update on the project and outlined the next steps.
- Regulatory organisations and relevant Federal, state and local government representatives were invited to attend the introductory forum and initiative workshops. TransGrid will continue to engage with regulatory bodies and government for this project, a step welcomed by stakeholders.
- Stakeholders expressed concern that there is a need to strengthen the incentives for network businesses to undertake demand response and other non-network initiatives. TransGrid has committed to identifying ways to improve the policy and regulatory environment through industry associations Grid Australia and the Energy Networks Association.
- Feedback and suggestions from local councils on how to best engage with their communities informed a broader awareness campaign for the project. This involved advertising in local newspapers, council newsletters and information sessions.

## **5 Demand Management Innovation Forum**

TransGrid has held an annual demand management forum for several years, however attendance has traditionally been limited to network businesses and academics that TransGrid had partnered with on demand management research projects. Building on the existing audience, the 2014 forum on 24 September in Sydney was opened up to provide an opportunity for a wide variety of demand management experts and stakeholders, including network businesses, demand response

aggregators, consultants, large energy consumers, local council representatives and academics, to participate.

The forum was centred on TransGrid's demand management innovation strategy for 2014/15 to 2018/19 which was submitted as part of its revenue proposal. The day commenced with an overview of the vision for demand management and TransGrid's commitment to undertake ongoing research and development in grid innovation. Complementing TransGrid's engagement strategy, the forum was designed to include keynote speakers and break out into workshops which were topic driven and allowed for meaningful conversation and the sharing of in-depth information. Topics included market development and understanding, technology trialling and collaboration.

The feedback received from the forum on innovation and collaboration has helped to inform TransGrid's next steps for its demand management innovation strategy. Stakeholders have expressed a desire for TransGrid to "just do it", that is, to start implementing its strategy and to design demand management innovation activities to deliver solid, demonstrable outcomes for network planning.

Stakeholders also pointed out that there is a need to share information online and help create a database of interested parties with whom to build and grow relationships. These preferences have been considered and will help shape the engagement program in 2015. TransGrid rated quite highly on the overall success of the forum and has committed to the following steps as a result of direct feedback received: In 2015, TransGrid will issue a summary of what we heard at the forum and will consult on its detailed works program for demand management innovation.

## **6 Regional Engagement Forums**

As part of TransGrid's commitment to community engagement, it held a series of forums across NSW in October and November 2014 to inform key stakeholders about its business and network planning within their regions. The forums aimed to bring together a range of stakeholders to raise awareness of TransGrid's roles and responsibilities, as well as its committed and planned investments across NSW during the next five years.

Following on from the Transmission Annual Planning Report forum in the Sydney CBD in August 2014, the regional forums held in Wagga Wagga, Cooma, Tamworth, Taree and Orange enabled TransGrid to extend the level of engagement across regional NSW. Information to stakeholders in these areas has traditionally been delivered through TransGrid's website, media releases and public notifications. Enhancing the level of engagement in these areas will subsequently raise awareness of TransGrid's profile and plans over the next five year period, which will help facilitate consumer and stakeholder input into the planning and delivery processes.

A series of further regional engagement forums is proposed to educate primary stakeholders about TransGrid's business and future investment plans. The engagement forums will also provide an opportunity for primary stakeholders to engage in a two-way discussion with TransGrid and will be supported by a suite of communication tools to raise further awareness within the community.

## 7 Workshop & Webinar on Draft Decision

### Workshop on Draft Decision

On 9 December 2014, TransGrid brought together consumer representatives, large energy users and business groups for a workshop in the third round of engagement on its Five Year Business Plan. At this workshop, presentations were kept to a minimum and significant time was allocated to:

- seeking participants' feedback in their own words, through anonymous comments on large post-it notes placed in topic groupings around the wall;
- group activities to provide feedback to TransGrid on its processes and plans, particularly relating to the risk assessment process and prioritisation of its portfolio; and
- seeking feedback on current and future developments in TransGrid's consumer engagement processes.

The full day of discussion covered both the AER's Draft Determination and our engagement program moving forward. Attendees were provided with a quick run through of the AER's draft determination and the impacts it could have on TransGrid's business.

To enhance discussion about the replacement program, TransGrid presented its current Risk Management Framework, which is how it currently prioritises capital works. Discussions were held on the way TransGrid prioritises the importance of Safety, Environment, Cost, Reliability and Operational implications and how these could be prioritised to ensure efficient outcomes. TransGrid asked participants to make suggestions based on their knowledge of risk assessments within their own organisation.

Participants were given details of TransGrid's replacement program projects and provided with an opportunity to assess and prioritise projects based on the Risk Management Framework. While most groups ran out of time, the insight provided by the exercise into the battle TransGrid's planners face in containing costs while ensuring a safe and reliable supply of electricity was appreciated.

- The group raised a variety of topics throughout the day. Some of these included:
- TransGrid plans should be further sense checked based on standard business operating pressures;
- the importance of investigating non-network options to reduce capital expenditure;
- rising prices continue to place pressure on businesses and households in NSW; and
- TransGrid should continue the change transformation.

In the afternoon TransGrid asked both the consumer and business representatives and the large energy users how they would like to be engaged into the future. Attendees provided feedback about the topics they were interested in including demand management, tariff reform and project specific sessions.

To ensure as much feedback was captured as possible, sheets of butchers paper were put up on the walls and attendees were given post-it notes to record their opinions. A report summarising the outcomes of the day and capturing feedback received was published in December 2014 on TransGrid's "Have Your Say" website, [www.yoursaytransgrid.com.au](http://www.yoursaytransgrid.com.au).



## Webinar on Draft Decision

Following from the December Engagement Workshop, TransGrid hosted a webinar on Thursday 18 December to provide an opportunity for those who were unable to attend to participate in an information session on the AER Draft Determination. Webinar participants were also provided with an update on TransGrid's Pricing Methodology.

TransGrid staff walked participants through a shortened version of the slides that were presented at the engagement workshop. The presentations were followed by a 15 minute Q&A session enabling participants to put forward any areas where they would like further clarification, voice their views and obtain further information.

One of the outcomes from the discussion was support for cost-reflective pricing. Slides from the webinar and a full version of the question and answer session were published on the "Have Your Say" website and stakeholders were encouraged to continue to ask questions. The December Engagement Workshop and subsequent webinar proved useful avenues to communicate with our stakeholders. As a result of the feedback received at the two sessions, TransGrid updated its Pricing Methodology and published it on the Have Your Say website in order to enable stakeholders to view the document and provide further comments ahead of the submission of this revised revenue proposal.