

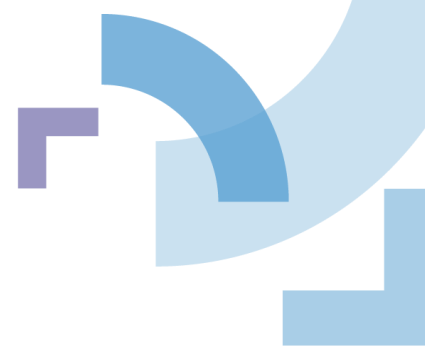


Stakeholder Engagement Extension Plan

29 May 2019



Bridging the gap



An extension has been announcement

Minister of Environment Land Water and Planning announced the department's intent to extend the current regulatory period.

The extension seeks to align with the Victorian Government Default Offer so network price changes occurring on 1 July 2021 will now change to 1 July 2021 to the 30 June 2026.

We have been in discussions with the Australian Energy Regulator (AER) to understand how it intends to proceed with the regulatory reset given the Victorian Government's intent to extend the current regulatory period.

Whilst no revised process has been provided at this stage, we have been advised they are largely supportive of the extension and our regulatory proposals will now be due on the 31st of January 2020 instead of the 31 July 2019.

Energised 2021-2025 announced in 2017

Approved Stakeholder Engagement Plan is current until 31 July 2019

Consumer Challenge Panel (CCP) preliminary report offered areas for improvement

Feedback suggests more engagement is required on discrete issues

We've made good headway



Energised 2021-2025

The Stakeholder Engagement Plan sought to take the journey from customer values to an energy future, with our proposals being the plan to achieving this longer-term vision.

The plan was to undertake an iterative engagement process by inviting feedback at regular intervals over two years. In doing so, we would achieve three key outcomes for the reset:

1. Insights into customer perspectives on everyday lifestyle changes implicated in different energy futures, both in terms of demand side and supply side changes.
2. Customers and stakeholders involved in the regulatory process in order to understand changing views and preferences and to improve long-term outcomes.
3. Key points of agreement and difference highlighted when it came to considerations and trade-offs in developing our energy future.

More than 6,500 touch points with customers and stakeholders since 2017

Diverse mix of engagement techniques and processes ensuring depth of consultation

Range of issues and topics covered that are mapped back to plans and decision making

Breadth of customer and stakeholder views sought, ensuring minority views are heard

Feedback has been positive



Key performance indicators

The effectiveness of engagement has been regularly reviewed at major milestones and at the completion of phases outlined in Energised 2021-2025.

Evaluation is based on the set engagement objectives and performed through a series of formal and informal reviews. These reviews have covered:

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

High level of satisfaction with our engagement processes meeting our KPIs of >90%

Positive feedback captured about the engagement process and the two-year journey

Draft proposals have a level of support from customers and stakeholders involved in the engagement process

EFCAP and CCC continue to be engaged in the process

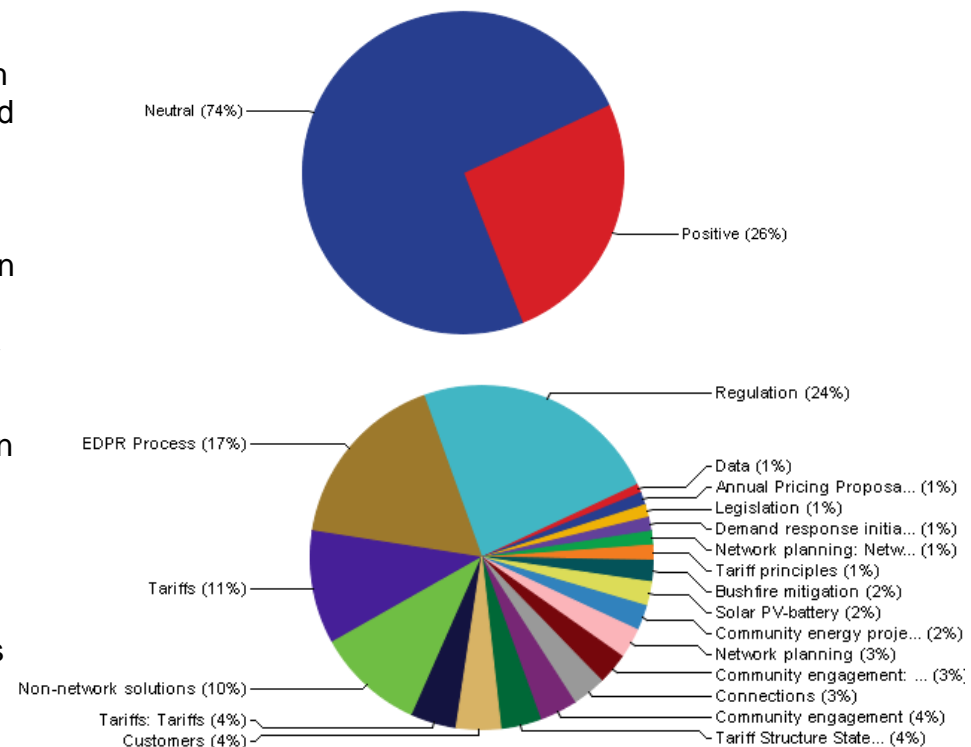
Stakeholder trends align with customer values

Data analytics tell a story

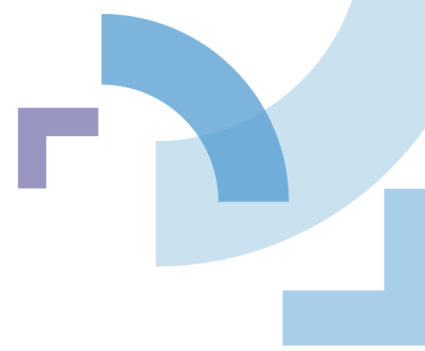
Our engagements with strategic stakeholders has aligned with the topics we have been discussing with customers and the areas they've indicated we should spend more time and invest more. These include topics such as:

- Pricing, including tariff structures, design, transition and supporting programs and incentives
- Non-network solutions, such as distributed energy and demand management
- Network planning, for example the long-term vision for how we'll manage the network through the transition

Across most engagements there has been a repetitive theme to extend our thinking beyond 2025 and scenario plan out to 2050 in order for customers and stakeholders to feel a sense of confidence our plans meet the long-term needs.



Customers want more from us



Some issues need addressing

Customers have asked to go back to the drawing board or do more work to address key questions that remain unanswered, such as:

- How we intend to address the rise of prosumers and manage the transformation of the network, particularly when it comes to solar, EV and battery
- Cost reflective pricing is seen to be supportive of a flexible network, but customers feel we should think more broadly about bill impacts and the way we manage bill shock through transitional programs or incentives
- Why there is such a step change with technology and how we propose to put more data (and power) into the customers' hands in a meaningful way
- Better understanding of when consumers will see the benefits of our investments, when it comes to IT expenditure or any of our major programs
- How the cost of the solutions should be paid for and who pays for them, especially solar and new technologies that some but not all customers can access to gain benefits

Extend consultation on solar options to consider a range of alternatives

Clearly articulate flexible grid and consult again on the proposal (taking out solar)

Further analysis on the 'impacted' customers under cost reflective pricing

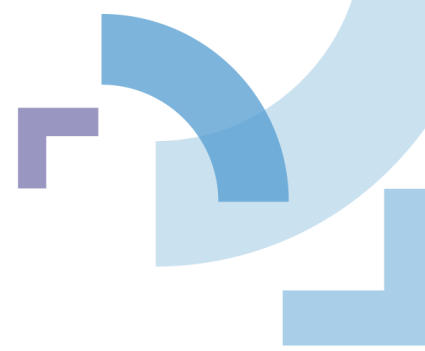
Understand our plans for C&I and how it interacts with residential

Thinking outside of the regulatory framework to demonstrate we have a long-term vision for the network

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Critical review of our engagement process

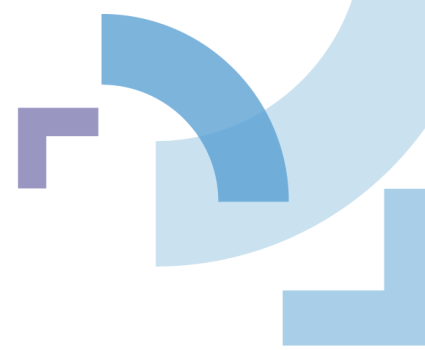
Checking our performance against key indicators



Engagement Goal		
Secure and maintain stakeholder understanding and a level of support for CitiPower, Powercor and United Energy's Regulatory Proposals for the 2021-2025 control period		
Awareness	Consultation	Involvement

Critical review of our progress

Awareness

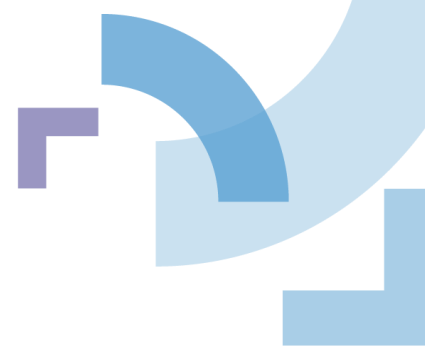


Awareness: Achieve a level of awareness for CitiPower, Powercor and United Energy, our role in the electricity market and the regulatory framework we operate within

#	Indicators	Current status	Comments
1.1	SEP endorsed by EFCAP	Completed 2017	CCP regularly refer to plan and track our performance.
1.2	SEP implemented	Improvement required	<p>The phases outlined in the Plan have changed, as have the names of tactics we're using which has led to confusion by stakeholders about what has been done and what is yet to be completed.</p> <p>Currently we are behind on Phase 4 activities, with surveys, C&I interviews, pop-ups and further deep-dives to be undertaken.</p> <p>Iterative process of engagement requires mapping from customer feedback to the decision-makers and ultimately proposal.</p>
1.3	Communication materials developed and distributed	Urgent action required	Limited communications during Phases 2, 3 and 4. Broad communications required to advise of our consultation activities, to report on feedback we've received and for the outcomes of engagement.
1.4	Number and nature of enquiries	Monitoring	<p>Consultation Manager records indicate 100% of 159 strategic stakeholders had neutral or positive sentiment during 608 engagements.</p> <p>No negative enquiries received via Talking Electricity website.</p>
1.5	Balanced media	Monitoring	No negative media relating to the engagement process.

Critical review of our progress

Consultation

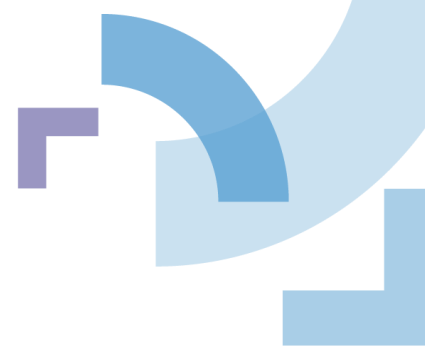


Inputs: Gather stakeholder inputs at appropriate times for them to meaningfully influence our Proposals for 2021-2025

#	Indicators	Current status	Comments
2.1	Satisfaction with the engagement process	On track	Surveys issued after every engagement forum. Satisfaction with engagement process is sitting at >90% as rated by 514 customers.
2.2	Participation in engagement activities	Improvement required	6,657 touch points with customers and stakeholders across the three networks, with 938 having been involved in more than 235 consultative forums 430 subscribers to Talking Electricity eNews 0 participants at displays and pop-ups Further customer and stakeholder segmentation to ensure all groups engaged. Early review suggests lacking in C&I customers, small business customers, local government and CALD advocates.

Critical review of our progress

Involvement



Involvement: Actively involve stakeholders in the regulatory process to understand their changing views and preferences and to improve long term outcomes

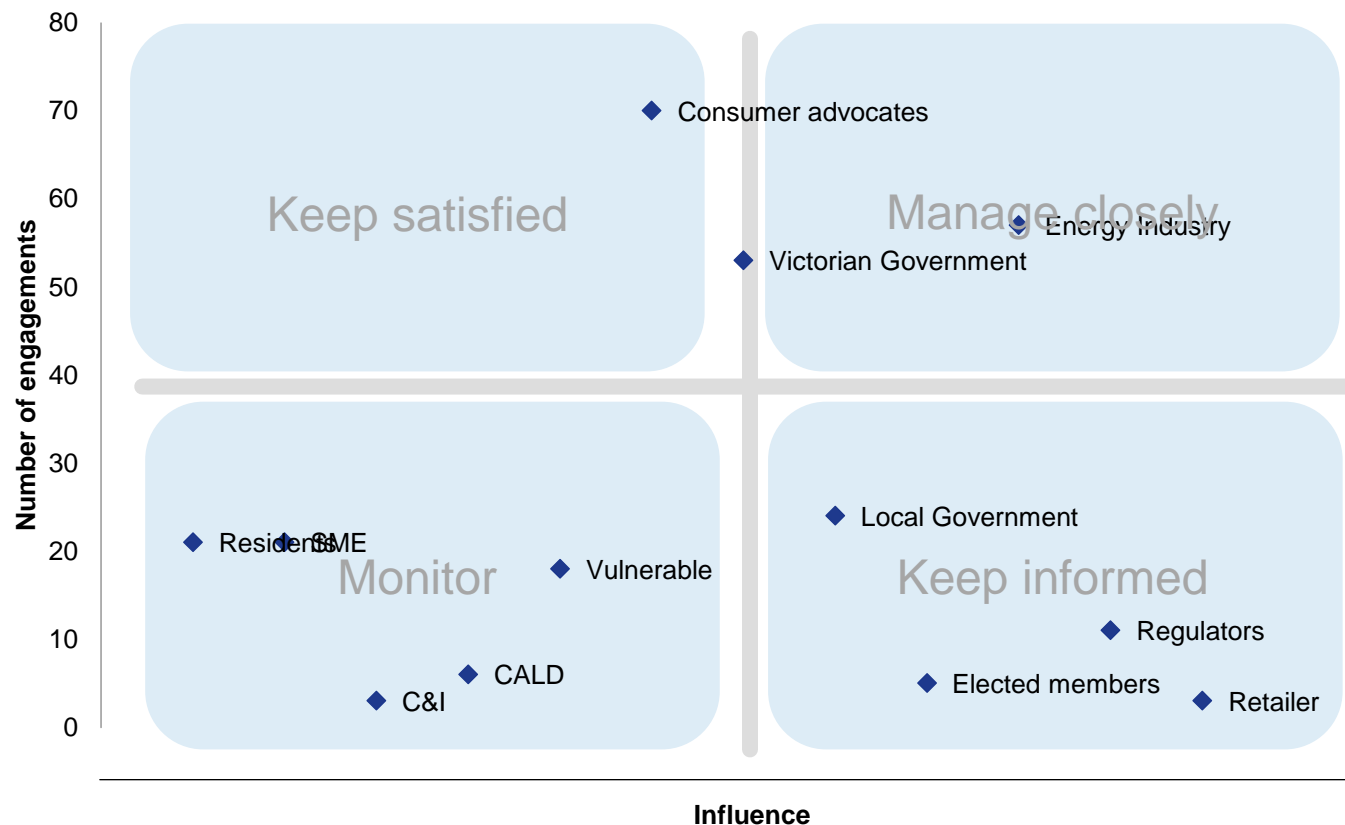
#	Indicators	Current status	Comments
3.1	Satisfaction with the engagement process	On track	See 2.1
3.2	Participation in engagement activities	Improvement required	See 2.2
3.3	Public disclosure of all consultative outcomes and our responses	Improvement required	All consultation reports uploaded onto Talking Electricity and/or emailed to consultation participants. Demonstration of how feedback has been treated and where it has changed decisions not fully disclosed.
3.4	Engagement acknowledged by AER	Improvement required	AER unable to comment directly on engagement. However preliminary report by the CCP suggested that engagement requires further work in order to be capable of acceptance.
3.5	Proposal endorsed by EFCAP	Improvement required	EFCAP dissolution in 2017 has resulted in some negative sentiment from members (and associated stakeholders). Members do not feel part of the process and may lead to an unsupportive outcome.

Critical review of our progress

Stakeholder analysis

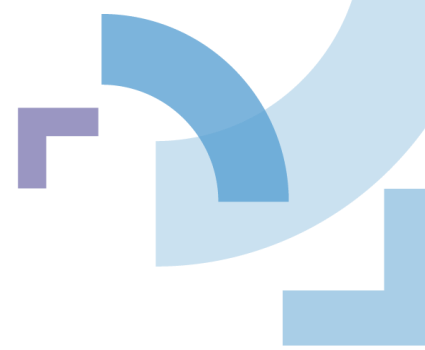


Current engagement activities suggest we need to undertake more consultation with specific groups to shift the balance of power and match the influence of stakeholder groups.



Critical review of our progress

Stakeholder feedback



More work needs to be done

A preliminary report was prepared by the regulator's Consumer Challenge Panel in March 2019 and highlighted areas for improvement in engagement.

This report reflected feedback received from strategic stakeholders about the engagement. The areas for improvement outlined:

- Engagements outlined in the Energised 2021-2025 plan are incomplete and need to be addressed
- Unclear and diminishing role of the Energy Futures Customer Advisory Panel (EFCAP)
- Over simplification of topics, such as pricing, suggesting not engaging in 'meaningful' discussions with customers
- Terminology and phases for engagements changed during the process leading to a sense of confusion about what had/had not been undertaken

ACTIONS:

Clearly demonstrate how feedback has been considered (1.2, 1.3, 3.3)

Map stakeholder and customer recommendations through our decision making processes (1.2, 1.3, 3.3)

Provide evidence or how and where customer feedback was considered at the highest level of decision makers (1.2, 1.3, 3.3, 3.4, 3.5)

Articulate customer benefits in all business cases (3.4)

Recommendations

Awareness and Consultation



#	Improvements required	Recommendation
1.1	No improvements required.	N/A
1.2	Phase 4 activities outstanding. Iterative process of engagement mapped and results communicated.	<ol style="list-style-type: none"> 1. Complete Phase 4 activities as outlined in the SEP, including survey, C&I interviews, pop-ups and deep dives. 2. Map key issues and influences against engagement outputs in final decision-making. 3. Further engagement on active or 'open issues' that haven't been closed out with EFCAP or stakeholders 4. Issues or comments raised outside of Reset guidelines are treated with Energy Transition Group 5. Map stakeholders by related choice of methodologies and key issues raised that are still outstanding. 6. Articulate steps taken to seek and use stakeholder inputs to progressively hone proposal (including options).
1.3	Limited communications during Phases 2, 3 and 4	<ol style="list-style-type: none"> 1. Develop integrated communications plan and budget for Phase 4. 2. Refresh Talking Electricity and recommence eDMs in line with communications and remaining engagements in Phase 4.
2.2	Further engagement with under-engaged customer groups	<ol style="list-style-type: none"> 1. Undertake planned interviews with C&I customers and host AiG forum to seek input into key areas like large scale renewables, distributed energy and pricing. 2. Undertake one-on-one engagement with small business customer advocate and invite to future EFCAP meetings. 3. Plan innovation and ideation workshop with local government representatives about distributed energy and smart cities. 4. Undertake one-on-one engagement with CALD advocates.

Critical review of our progress

Involvement

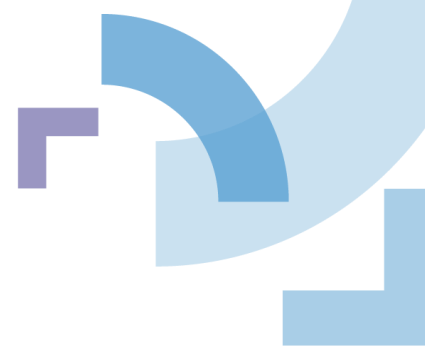


#	Improvements required	Recommendation
3.2	As 2.2	As 2.2
3.3	Public disclosure of all consultative outcomes	<ol style="list-style-type: none"> 1. Map key issues and influences against engagement outputs in final decision-making. 2. Map stakeholders by related choice of methodologies and key issues raised that are still outstanding.
3.4	Engagement acknowledged by AER	<ol style="list-style-type: none"> 1. Increased engagement with CCP about Energised 2021-2025. 2. All reporting from Energised 2021-2025 emailed to CCP. 3. Engage AER Reset Project Manager and GM Policy about Energised 2021-2025 and update on progress.
3.5	Proposal endorsed by EFCAP	<ol style="list-style-type: none"> 1. Host two further EFCAP meetings in 2019 to demonstrate how feedback has been used in solar options paper, pricing and flexible grid. 2. Involve EFCAP members in further engagements that require attention (see section 2.2 and 3.2). 3. Report back to EFCAP on all consultation outcomes using the same CCP comms (see 3.4). 4. Use EFCAP members in Energised 2021-2025 communications.

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**Putting
recommendations
into action**

Let's talk tactics



Existing Phase 4 tactics

Tactics	Execution and improvements	Recommendation
Survey	<p>Recommendation is to develop survey after mapping issues, stakeholders, engagement methods and decision making process. This will ensure all active topics are covered and we avoid repetition.</p> <p>Consideration needs to be made to reset questions, and those being proposed for other purposes (i.e. ESC review). At present the survey is too long and requires thought on cutting down in length or separating based on themes. If it is the case of the latter, it is suggested that different panels/ more innovative collection methods be used.</p>	1.2.1
C&I interviews	<p>Recommendation to prepare materials prior to interviews that cover what we propose in the C&I space. Currently interviews are largely seen as information gathering rather than consultative.</p> <p>This information suggested to cover includes; any changes to pricing structures and the impact on the individual businesses, integration of large and small scale renewables and what that means for business (i.e. solar enablement should improve voltage issues), and the connections process (or like for alterations to their connections).</p> <p>A second engagement platform – forum hosted with AiG is being suggested as a new tactic in Phase 4.</p>	1.2.1, 2.2.1
Pop-ups	Build broad awareness for the networks, our draft proposals and engagement process	1.3.1, 1.3.6, 2.1.1, 2.1.2, 3.3.1, 3.1.2
Deep dives	Complete deep-dive series on public lighting (CitiPower and United Energy)	1.2.1

Let's talk tactics



Existing Phase 4 tactics cont'd

Tactics	Execution and improvements	Recommendation
EFCAP meetings	<p>Two additional meetings are recommended to ensure our EFCAP feel they are part of the process. The next meeting will cover off our solar option and flexible grid proposals, as well as an indication of any changes we're proposing from the draft proposals.</p> <p>The second meeting will to give an advance preview of the final proposal and seek any further comments prior to submission. This session should also seek a level of support/acknowledge the points of contest from each member in the group.</p>	3.5.1, 3.5.2, 3.5.3, 3.5.4
Bilateral engagement	Continue meetings and bilateral engagements with all stakeholder groups in a planned and purposeful way. Ensure all meetings are recorded in stakeholder database.	2.2.2, 2.2.4, 3.4.1, 3.4.2, 3.4.3, 3.5.2, 3.5.3

Let's talk tactics

New consultative techniques

The critical review of our process and stakeholder analysis suggests more work is required to close our active issues and ensure our proposals reflect what our customers want.

While we are currently underway with the mapping of issues, feedback, engagement and decision making; early analysis suggests that new consultative tactics are required to fill gaps in our engagement about particular topics and with certain stakeholder groups.

Some of these gaps exist because changes in the political environment and our market conditions. Others exist due to a change in tact on our plans, for example our solar options and flexible grid.

There is room to move on the proposed tactics, including those relating to the future network, specifically the establishment of a new reference group.

It is recommended that a cross-functional teams be established when preparing for future engagements about particular topics to ensure.

Solar enablement

Energy Symposium

Innovation forum

C&I forum

Retailer forum

Energy Transition Group

Consumer behaviour trial

Hidden vulnerability research

Let's talk tactics



New consultative tactics (or extensions on existing work)

Tactics	Execution and improvements	Recommendation
Solar consultation	<p>A standalone consultation on our solar options that seeks to co-design the final proposal for our regulatory submission. The consultation would start with an online exploration of the solar options paper that builds on existing feedback sought from EFCAP, the CCC and vulnerable customers.</p> <p>Feedback collated would then be taken into a design workshop to co-design the preferred option. This group would meet 1-2 times between June and August and comprise of the CEC, Solar Victoria, DELWP (Solar Home/Pricing), WAGA and AEMO (as an observer).</p>	1.2.3
Innovation forum	<p>The innovation forum would bring together local and state government, particularly those involved in sustainability, to discuss demand management and distributed energy. The forum would seek to discuss some of the changes we expect on the network at the local level, including residential and large scale renewables.</p> <p>The consultative forum would underpin our proposals on solar, flexible grid, pricing and also seek to support our proposals for demand manage and customer centric technology. The forum present an opportunity to rad-test the proposal prior to submission and close out any remaining or active issues.</p> <p>This group is considered under-engaged and highly motivated, with local governments already seeking avenues to make submissions on our proposals.</p> <p>It should be noted that an internal cross-functional team is highly recommended for this tactic to be successful. Discussions will commence with SP&C immediately in order to shore up support and commence planning.</p>	1.2, 3.2, 3.2, 2.2.3
Retailer forum	<p>A specific retailer forum on the draft proposals in concert with the proposed pricing structures is proposed to close the loop with retailers and ensure they've been part of our engagement process.</p>	2.2

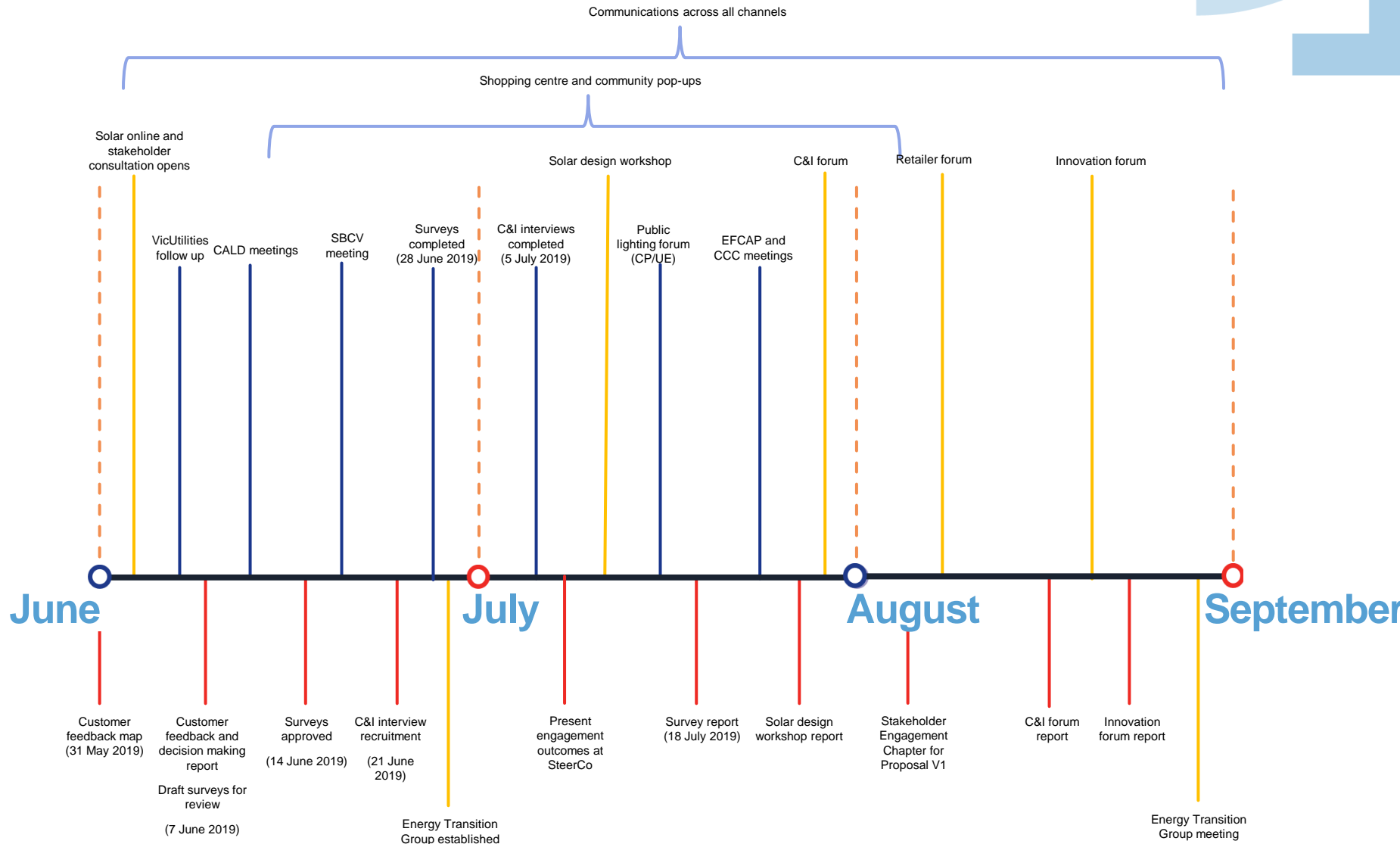
Let's talk tactics



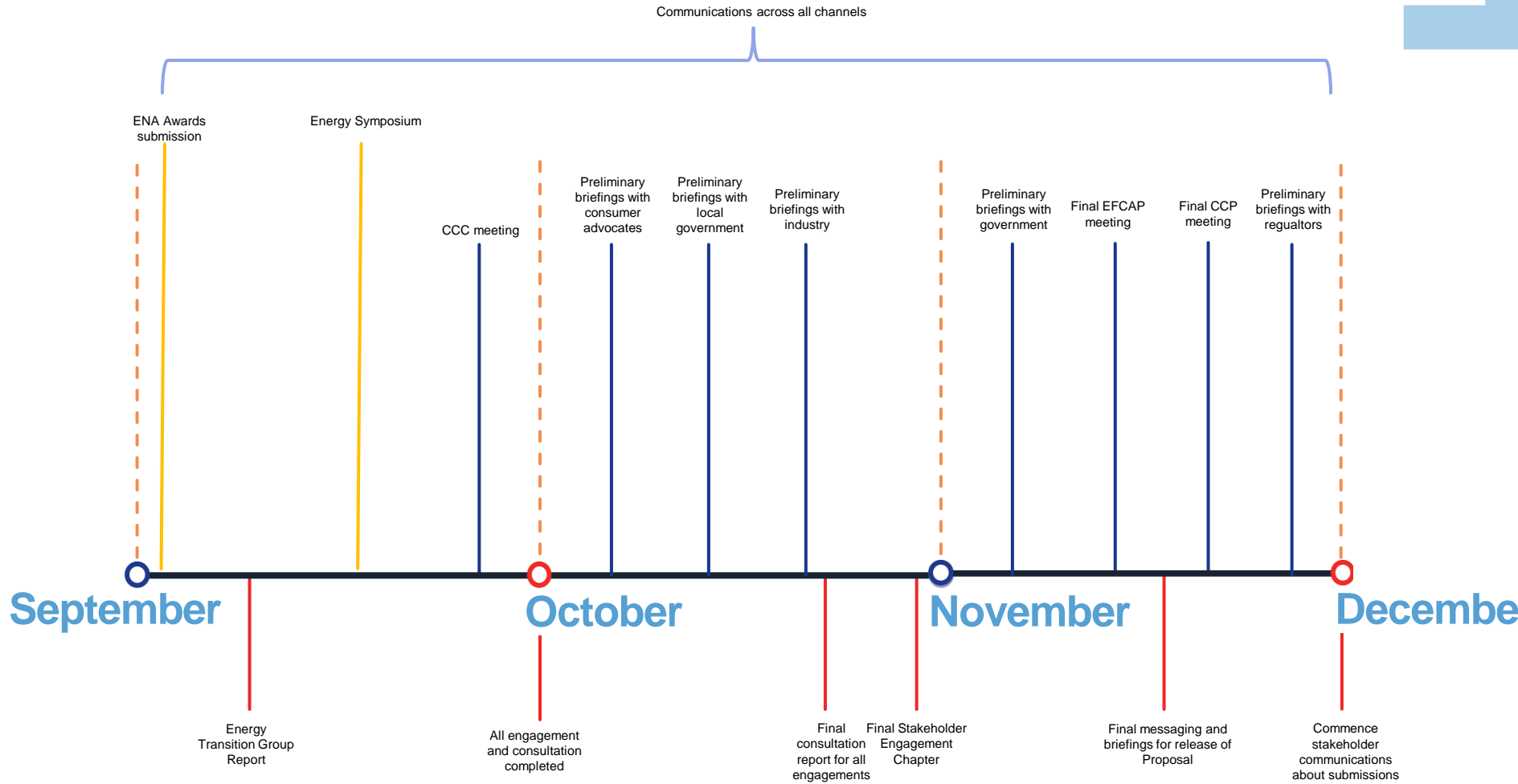
New consultative tactics (or extensions on existing work)

Tactics	Execution and improvements	Recommendation
C&I forum	<p>Based on the research we pull from the C&I interviews it is recommended that a visioning workshop be held with C&I customers via AiG. The workshop would seek to map future needs from a business perspective, like investments in DER and demand management, against our proposals.</p> <p>A key focus of this would be presenting specific areas from our proposals that relate to C&I customers. This includes pricing, connections, DER and any augex/capex projects relevant to C&I customers.</p>	1.2.1, 2.2.1
Below the line tactics		Recommendation
Energy Transition Group	<p>This group is proposed at a business level to bridge a gap in the vision for the future of networks beyond the DNSP-DELWP working group and our bilateral engagements with strategic stakeholders. Members would be executive level from our network, regulators, state government, market operators and elected representatives.</p> <p>The group would discuss distributed energy at a high level in order to come to a level of alignment. The group would discuss forecasts, pricing, connections and related topics.</p> <p>This group would be managed by the Stakeholder Engagement Manager, with budget and planning coming out of Corporate Affairs from a Government Relations perspective.</p>	1.2.4
Hidden vulnerability	<p>There is a trial being driven from Corporate Affairs based on the findings of the pricing consultative process that will identify pockets of hidden vulnerability in our networks.</p> <p>Early feedback from consumer and vulnerable customer advocates is hugely supportive.</p>	1.2, 3.2, 3.4, 3.5
Consumer behaviour trial	<p>Vulnerable customer and consumer advocates have suggested that pilots to test the capacity of vulnerable customers to change behaviours will underpin our thinking on transitional approach for pricing (and customer centric technology investments).</p> <p>Partners have been recommended by ECA and MEFL have been engaged however broader buy-in and funding is lacking.</p>	1.2, 3.2, 3.4, 3.5

Timelines (Q3)

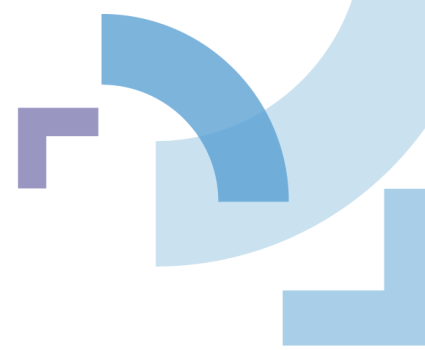


Timelines (Q4)



Decision points

Resourcing



The proposed plan requires resourcing by engagement, communication, regulation and business units across the business in order to be successful. In particular, the preparation and implementation of consultative forums will incur the most time by cross-functional team members.

It is also recognised that these forums will put strain on teams to have thoroughly thought through options prior to consultation being undertaken. This is particularly relevant for C&I customers, solar and flexible grid.

Therefore resourcing the plan needs to be considered from three perspectives:

1. Engagement practitioner(s) driving plan implementation part-time with a full-time agency resource until 31 December 2019
2. Consultants to support engagement activities for strategy and research as per Phases 1-3
3. Commitment of Regulation team and business units to support all engagement activities.

Cross-functional project teams to deliver on final engagement

Support from business functions to provide input and materials for consultation

Additional engagement and communications resources



Contact

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