

**Australian Energy Regulator**

**Stakeholder Survey 2018**

**Report of findings**

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# I. Executive Summary

## Background

In 2018 the AER commissioned ORIMA to conduct a survey of its stakeholder base (including, but not limited to, businesses in the energy sector, consumer groups, and government agencies with which AER works). This is the fifth such survey since 2008.

The research took the form of a census of 230 stakeholders identified by the AER as having a higher level of involvement with the regulator. All 230 were invited to take part in an online survey. Of these stakeholders, 96 responded (a 42% response rate).

The online research was supplemented by in-depth telephone interviews of 16 key stakeholders (as identified by the AER).

## Overall satisfaction

The *average* level of overall stakeholder satisfaction has increased since 2016, with 79% of the AER's stakeholders satisfied overall with how effectively the **AER performs its functions as a regulator**. This is broadly in line with 2016, when 77% provided positive ratings. The overall low level of *dissatisfaction* with the AER has also changed little over this period (6% in 2016, 5% in 2018).

Other perceptions of the AER were generally favourable.

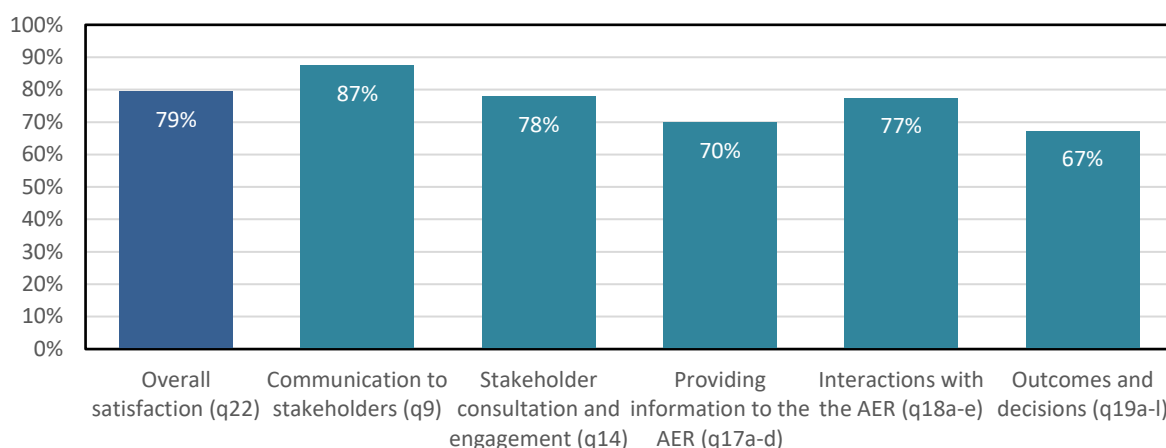
- ◆ 87% felt that the AER is trustworthy and were satisfied with the AER's communication with them as a stakeholder.
- ◆ 74% were satisfied or very satisfied with the AER's performance in fostering productive relationships with stakeholders (up from 58% in 2016).

Stakeholders were generally most favourable in rating the AER's information tools and communication materials, and there was also strong positive sentiment about the AER's stakeholder engagement and consultation, and interactions with the AER (see Figure 1 on the following page).

There was more subdued positive sentiment regarding the process of providing required information to the AER, and regarding the resulting outcomes and decisions (including such matters as the consistency and accuracy of decisions, and promoting energy investment, maintenance and use for the long-term interests of consumers).

**Figure 1: Summary of all ratings of the AER's performance**

Average % positive across relevant evaluative questions (where 10 or more stakeholders have responded)



Levels of favourable sentiments across different stakeholder groups varied systematically throughout this survey, reflecting the following patterns:

- ◆ Perceptions were generally most favourable among stakeholders who held a regulatory role or were the CEO / managing director of their organisation, and least favourable among policy officers.
- ◆ Government stakeholders and consumer groups were least likely to use the AER's communication tools or stakeholder engagement methods (but those that did use the AER's communication tools were more likely to find them useful).
- ◆ Consumer group stakeholders felt most positive regarding the AER's outcomes and decisions compared to the sentiment of energy producers or retailers, or energy distribution or transmissions stakeholders.

Across different broad stakeholder groups, **government agencies** and **energy producers or retailers** were generally most favourable in rating all aspects of the AER. Energy producers or retailers were much more positive than other stakeholders regarding AER stakeholder consultation and engagement methods, while government stakeholders were strongest in their approval of the AER overall, the AER's communications, interactions with the AER and providing information to the AER.

- ◆ All groups reported very high satisfaction with AER communication with them.
- ◆ Stakeholders in **energy distribution or transmission network** businesses were least positive in rating a range of different aspects of the AER's performance. Energy distribution/transmission stakeholders were broadly in line with other stakeholders in holding favourable views of the AER website, and the AER's information tools and communication materials more generally.

Stakeholders' perspectives on the performance of the AER according to the role they held within their own organisation were much more consistent in 2018 compared with the previous survey in 2016.

- ◆ This may be attributed to a decrease in the satisfaction of stakeholders describing themselves as **policy officers or advisors** (within community groups or government) who had been most positive in 2016. In 2018 this group remained positive in their overall impressions of the AER and in its communications but became less satisfied with providing information to the AER, their interactions with the AER, outcomes and decisions and, especially, stakeholder consultation and engagement.

- ◆ Another reason for this increased consistency was due to increased satisfaction from stakeholders describing themselves as **regulatory / compliance** officers. This group was the least positive in 2016 for most measures, but in 2018 eight out of ten of them were either satisfied or very satisfied with the AER overall.
- ◆ **The satisfaction of CEOs and managing directors** increased in 2018 and, along with executive directors and general managers, were generally positive across most measures.

## Other key results

Perceptions of the AER's **consultation procedures** were generally favourable among those who were involved in consultation or engagement with the AER in the past 12 months, and there was improvement on results from 2016.

- ◆ 88% felt that there had been good opportunity for stakeholder input where appropriate (87% in 2016).
- ◆ 78% were satisfied overall with the AER's stakeholder consultation and engagement (70% in 2016).
- ◆ 74% felt that the AER fostered productive relationships with stakeholders (58% in 2016).

However, an opportunity for improvement was identified in relation to providing feedback on the extent to which information from industry has been used in practice.

Stakeholders generally perceived their **interactions with the AER** favourably. The AER was perceived as demonstrating sound knowledge and understanding of energy markets, energy industry and businesses; however, it was less likely to be considered as providing guidance which makes it easier for stakeholders to fit in with AER processes.

Positive sentiments were recorded regarding stakeholder experiences in **providing information to the AER**. Stakeholders favourably perceived the amount of information requested by the AER, the type of information requested, and the timeframes allowed for their organisation to provide relevant information. All these criteria improved compared with 2016.

Not surprisingly, perceptions of the AER's **outcomes and decisions** were mixed. The majority agreed that the AER has a transparent decision-making process (one that is clear, open and predictable), that it makes decisions within the statutory timeframes, and that it is aware of, and understands the impacts of its decisions. However, confidence was weaker that the AER promotes efficient investment in, operation and use of energy services for the long-term interests of consumers, and that the AER supports and protects energy consumers, particularly those in vulnerable situations. For these two criteria, about six in ten agreed with the statements.

Most stakeholders who had used information **communication tools** provided by the AER held positive opinions about these overall, with 91% agreeing that the information disseminated was accessible. However, some frustration was expressed that communications were written for a technical audience rather than inexperienced consumers.

The majority of those who had visited the **AER website** found it useful overall (78% - at least useful, 98% - at least moderately useful). Although stakeholders tended to perceive the website favourably, opportunities for website improvement were identified, including increasing ease of navigation and comprehensiveness of website content in terms of breadth and detail.

## II. Background and methodology

### A. Background

The AER regulates electricity networks and covered gas pipelines, in all jurisdictions except Western Australia. It sets the amount of revenue that network businesses can recover from customers for using these networks, and it enforces the laws for the National Electricity Market and spot gas markets in southern and eastern Australia. Additionally, it monitors and reports on the conduct of market participants and the effectiveness of competition. The AER protects the interests of households and small business consumers by enforcing the Retail Law.

The scope of AER's work gives it a large and diverse stakeholder base.

In 2016 the AER commissioned ORIMA Research to conduct a survey of its stakeholders, to gain insight into their perceptions of the AER's performance in engaging with business stakeholders across their four core functional areas:

- ◆ reputation (including perceived technical capacity, independence, and trustworthiness);
- ◆ communication (e.g. clear provision of information to all relevant parties);
- ◆ nature and extent of the AER's consultation practices; and
- ◆ overall performance as a regulator.

This survey was again conducted in March 2018, with previous surveys in 2008, 2011, 2014 and 2016.

This report outlines the results from the 2018 survey and shows comparisons with these previous surveys where available.

### B. Methodology

Using a census approach, 230 stakeholders who were identified by the AER as having higher levels of engagement were invited to complete an online questionnaire. Of these, 96 stakeholders provided a response to the survey, representing a response rate of 42%.

- ◆ In comparison, response rates for recent cycles were 52% in 2016 (137 responses) and 60% in 2014 (173 responses).
- ◆ As with 2016, the online survey was designed to generate a considered response from stakeholders. This involved asking stakeholders more general questions to begin with, followed by specific questions around a topic and finally asking overall satisfaction within a typical area.

ORIMA Research also conducted in-depth interviews with 16 key stakeholders (also identified by the AER) to explore the nature of their relationship with the AER and possible areas for improvement in more detail. Executive interview participants were also provided the opportunity to respond to the online survey.

### C. Reporting

Percentages presented in this report are based on the total number of valid responses made to the question being reported on. In most cases, results reflect those respondents who expressed a view and for whom the questions were applicable. "Not applicable" and "don't know" responses have only

been presented where this significantly aids in the interpretation of the results. Percentage results throughout the report may not add up to 100% due to rounding or questions that allow respondents to give more than one answer.

Note that this report includes key results for some stakeholder groups that have a small number of respondents (i.e. less than 10 respondents). Caution should be taken when interpreting the results for these groups.

## D. Comparison of results across years

Where possible, this report compares results on evaluative questions from earlier surveys conducted in previous years (2016, 2014, 2011 and 2008).

As with the 2016 report, the key numbers reported for evaluative questions is largely in relation to the proportion indicating a positive response (i.e. the proportion of stakeholders who *agree* with a positive statement, or the proportion who rate an attribute as *good*). For this questionnaire, this equates to the proportion who selected one of the “top two” options in a five-point scale (e.g. “Strongly agree” or “Agree”; “Very useful” or “Useful”, etc.).

For some questions, comparable data was not available for some or all previous survey cycles, and in some cases past years’ results have been adjusted for comparability.

- ◆ For 2014, questions were asked in similar five-point scales, but *average* results were reported. These averages were in the form of numbers between 1 and 5, where 1 is least positive (e.g. 100% of stakeholders responding with “Strongly disagree” or “Very poor” or “Not at all useful”) and 5 is most positive (e.g. 100% of stakeholders responding with “Strongly agree” or “Very good” or “Very useful”).

Similar averages were calculated for the 2016 and 2018 results, and these averages were used to allow the results for these most recent cycles to be compared with previous years.

- ◆ For 2008 and 2011, questions were asked on four-point scales, and results again reported as averages.

To compare 2008/2011 results with *subsequent* years, these 1-4 scale averages have been adjusted, or “stretched”, into a 1-5 scale.<sup>1</sup>

These alterations are summarised in Table 1. Due to methodological differences described above, comparisons with previous years should be interpreted with caution.

**Table 1: Key reporting measures for comparative purposes**

Overall reporting	Comparative reporting			
2016	2018 and 2016	2014	2011	2008
% positive	Average result on 1-5 scale	Average result on 1-5 scale	Average result on 1-4 scale, converted into a 1-5 rating	Average result on 1-4 scale, converted into a 1-5 rating
	% positive where possible	% positive where possible		

<sup>1</sup> The formula for doing this is: new score = (((old score - 1) / 3) x 4) + 1.

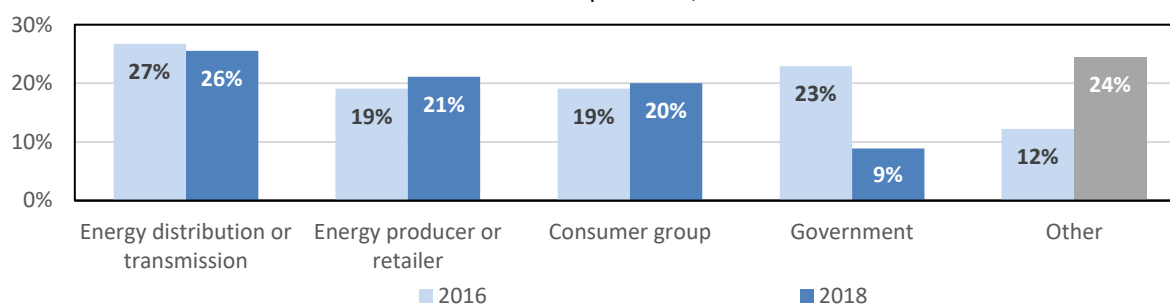
## Profile of respondents

Figure 2 to Figure 7 display the demographic profile of respondents to this survey. In most cases, the demographic profile of respondents for the 2018 surveys were similar to that received in 2016, apart from the frequency of dealings with the AER. Specifically, 2018 survey respondents were more likely to have more frequent dealings with the AER (33% being weekly or more often, compared to 23% in 2016 and 67% monthly or more often, compared to 55%).

- ◆ This report covers the perceptions of a wide range of stakeholders, and where possible we provide insight on how the perspectives of stakeholder groups vary. The questionnaire asked participants to identify whether they were most closely interested in the AER's role in retail, network or wholesale markets. Where relevant we provide data based on the answer to this question, although this is confined to stakeholders with an interest in retail and networks and only eight responses were received in relation to the wholesale market.
- ◆ Caution should also be taken when interpreting the results for other stakeholder groups with low response numbers (i.e. less than 10 respondents).

**Figure 2: Operation of business/organisation (stakeholder group)**

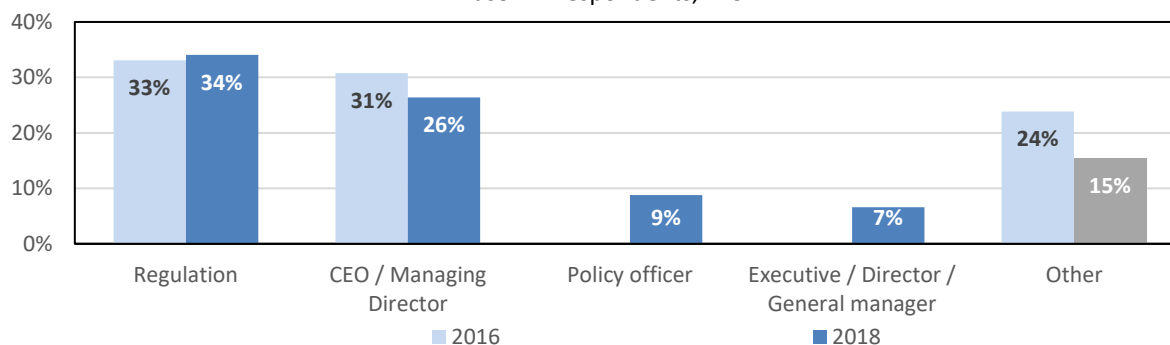
Base: All respondents, n=90



“Other” responses included: integrated energy producers and retailers (these were included in the combined energy producer/retailer group for analysis purposes), industry associations and chambers of commerce, and a variety of one-off or incompletely specified responses (such as “community group” and “association”).

**Figure 3: Role in organisation**

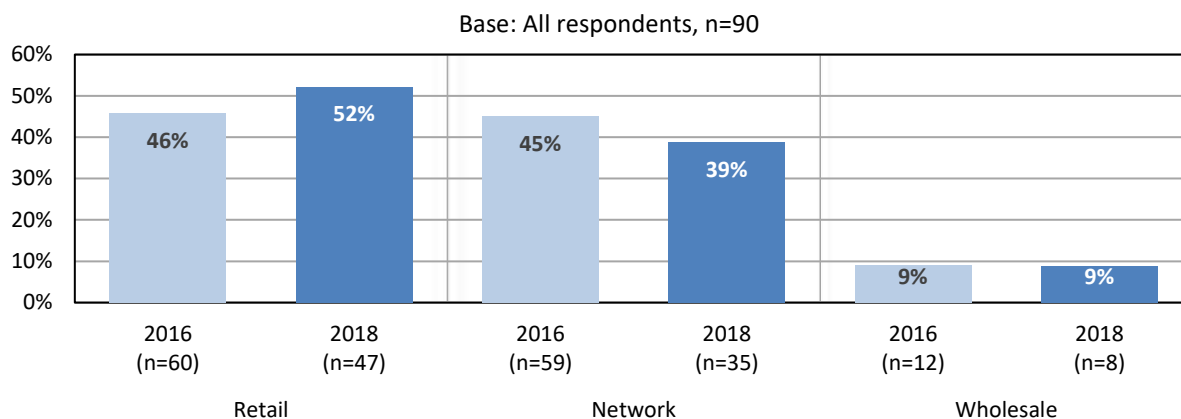
Base: All respondents, n=91



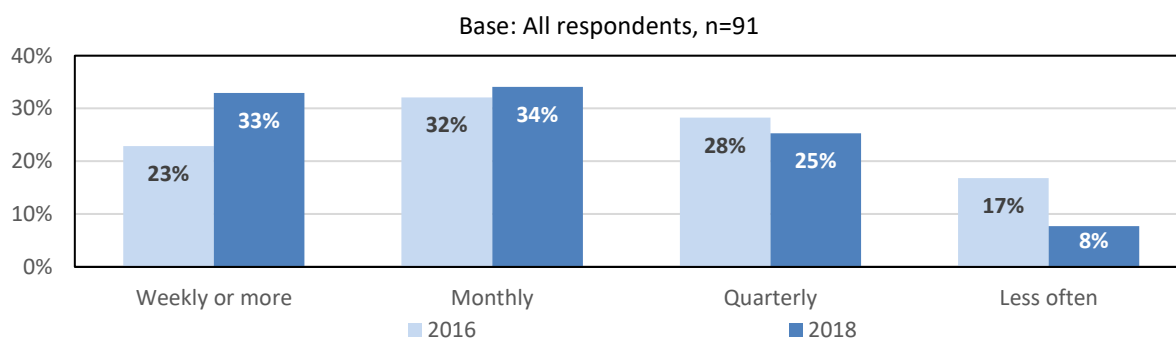
“Other” responses included: Deputy CEO and a variety of other high-level management roles apart from CEO (e.g. Executive General Manager), Analyst, customer service positions (Complaints Manager, Consumer Advocate) and a variety of other once-mentioned titles.



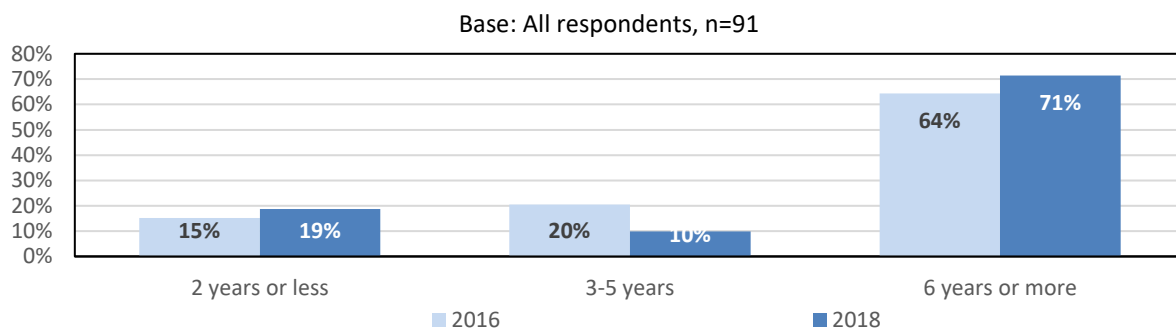
**Figure 4: AER role most relevant to stakeholders and their organisations**



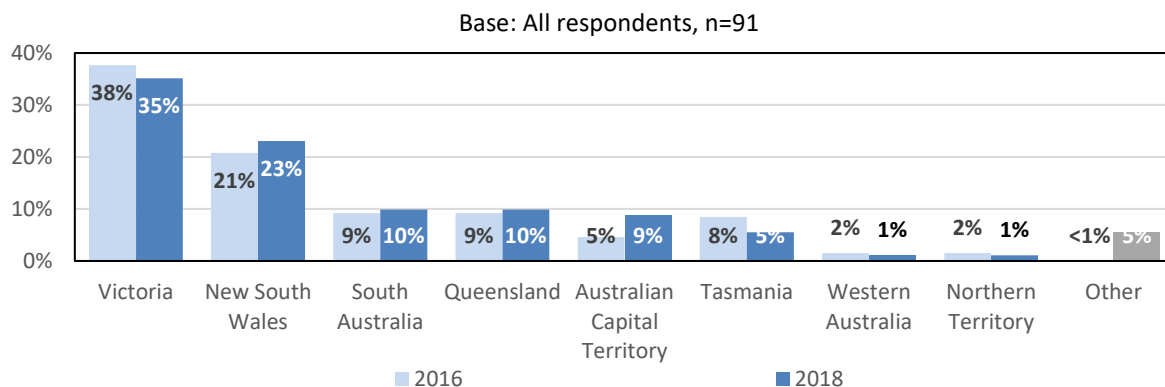
**Figure 5: Frequently of dealings with the AER in the past 12 months**



**Figure 6: How long dealt with the regulation/schemes currently administered by the AER**



**Figure 7: Office location**



### III. Overall perceptions of the AER

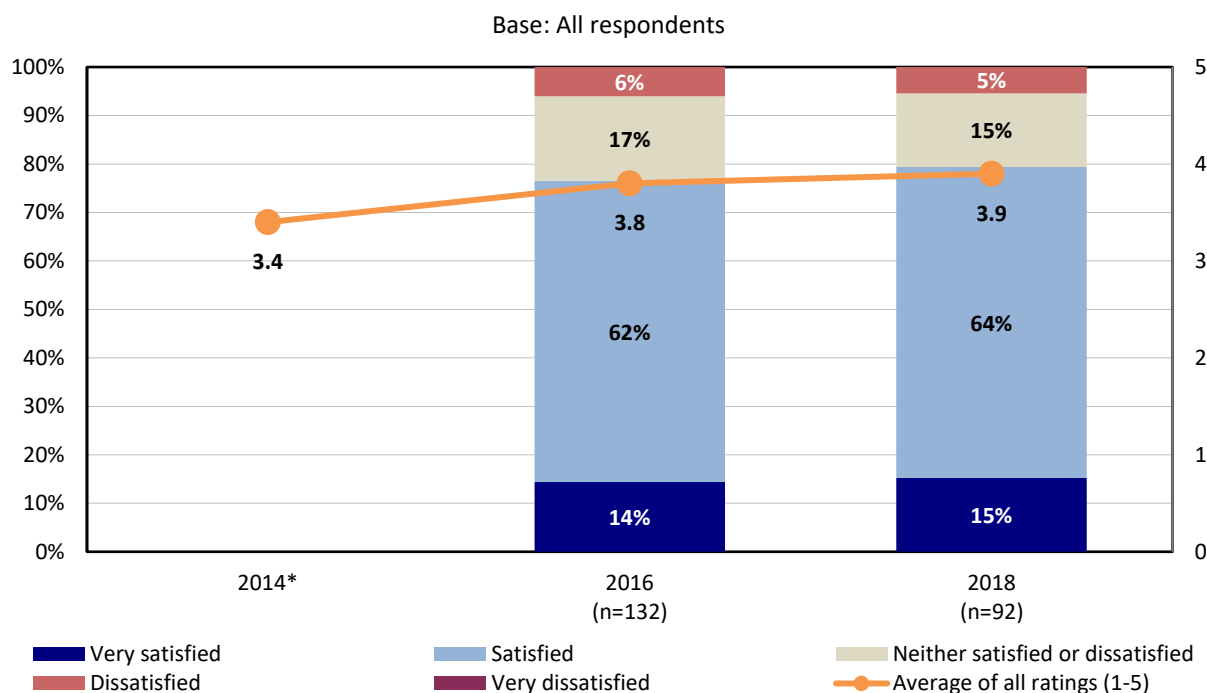
This section reports on stakeholder perceptions of their relationship with the AER, their sense of the AER's strategic direction and their perceptions of the AER's performance in terms of regulation and innovation.

#### A. Overall satisfaction with how the AER performs its functions as a regulator

The 2018 Stakeholder Survey findings indicate that a high proportion of respondents (79%) were satisfied overall with how the AER performs its functions as a regulator, showing a marginal increase on 77% in 2016. Only a small minority (5%) expressed dissatisfaction overall (similar to 6% in 2016, see Figure 8).

- ◆ The average level of stakeholder satisfaction has increased since 2016 (from 3.8 to 3.9 on a 1-5 scale, or effectively a 3% increase). It should be noted that this increase builds on the positive result from 2014 to 2016 (from 3.4 to 3.8, or effectively a 12% increase).

**Figure 8: Overall satisfaction with how the AER performs its functions as a regulator**



Stakeholders were asked to provide examples of where the AER was performing particularly well. The broad themes identified through these comments were:

- ◆ consultation and engagement;
- ◆ the AER's regulatory approach; and
- ◆ performance of AER officers.

Stakeholders were also asked to provide practical suggestions for improvement, with responses generally pertaining to:

- ◆ improving trust in the AER and its officers; and
- ◆ improving AER leadership on energy market issues;
- ◆ improving AER processes; and
- ◆ making AER engagement more accessible.

More detail on what is working well and the suggestions for improvement is provided on page 16.

Satisfaction amongst respondents interested in the retail market increased from 83% in 2016 to 87% in 2018, and satisfaction amongst those interested in networks increased from 66% to 74%.

There were also some notable differences across other stakeholder groups.

- ◆ All government agencies (100%) were satisfied with the AER's performance, and satisfaction was high amongst energy producers and retailers (79%), distribution and transmission networks (78%) and consumer groups (78%).
- ◆ The lowest overall satisfaction was recorded from stakeholders in Tasmania (60%) and New South Wales (67%), with the highest satisfaction overall from stakeholders in South Australia (100%).

## B. Executive interviews – overall impressions

ORIMA Research also conducted in-depth interviews with 16 key stakeholders (identified by the AER) to explore the nature of their relationship with the AER and possible areas for improvement in more detail. Executives were generally positive about the AER's performance as a regulator. However, several executives recognised the existence of heightened political pressure in the Australian energy sector and believed this pressure was impacting on the AER's performance.

The suggested areas for improvement as identified by executives were generally in relation to:

- ◆ **Stakeholder engagement:**
  - There was an acknowledgement that the AER's stakeholder engagement had improved and become more personal, flexible and proactive, but this improvement was predominantly at senior levels. To date, flexible engagement had not filtered down to junior levels, apart from engagement at the annual conference.
  - Several executives felt the AER's Energy Made Easy (EME) website was 'clunky' and the search function performed poorly. They acknowledged that the website was a good concept but that expectations had not yet translated into reality.
- ◆ **Technical capability:**
  - The AER was seen as having a strong technical capability and that the increased resourcing to AER has seemed to result in staff being better equipped.
  - Some executives that were interviewed wanted the AER to take on more of a leadership role in informing debate in the energy sector.
  - There was a feeling that the AER struggled at distilling complex concepts into simple language.

◆ **Outcomes/decisions:**

- Regulatory outcomes and decisions have been reasonable. Stakeholders have had sufficient opportunity to provide input before submissions are made, and this is much appreciated.
- Executives were generally happy with the decisions made to date, and there is a sense that the AER is not over-regulating the sector.
- A couple of executives mentioned that it was a good idea to remove the Limited Merit Review last year.

## C. Other overall perceptions of the AER

Immediately prior to being asked to provide a rating on overall satisfaction with the AER, respondents were asked a series of questions relating to four key areas:

- ◆ relationships;
- ◆ strategic direction;
- ◆ regulation and innovation; and
- ◆ regulatory stance.

This section provides a summary of the findings for these key areas.

### Relationships

In comparison with the other key areas, stakeholders tended to be more positive in relation to the working relationships that they have with the AER. In particular, respondents were more positive on metrics relating to the AER's working relationship with their organisation:

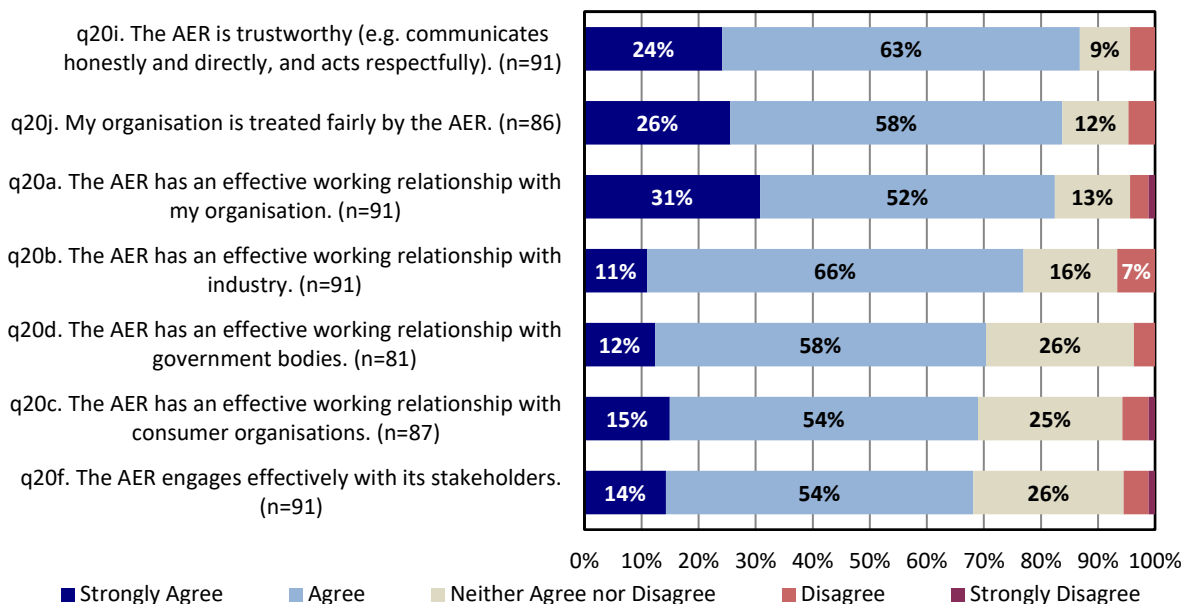
- ◆ the AER is trustworthy (87% agreed, up from 79% in 2016);
- ◆ my organisation is treated fairly by the AER (84%, not asked in 2016); and
- ◆ the AER has an effective working relationship with my organisation (82%, similar to 85% in 2016).
  - Respondents interested in retail were generally more positive in relation to the AER's working relationship with them compared to those interested in networks.

In comparison, levels of positivity were more subdued in relation to metrics about working relationships with industry as a whole and specific stakeholder groups (ranging from 68% agreement to 83%). However, as the proportion of respondents disagreeing with any of these statements was relatively small (7% or lower), it is likely that this lower positive sentiment is related to a lower level of direct experience in these areas.

Figure 9 (on the following page) illustrates the findings for the 2018 relationships metrics.

**Figure 9: Overall perceptions of the AER (in relation to stakeholder relationships)**

Base: All respondents



## Strategic direction

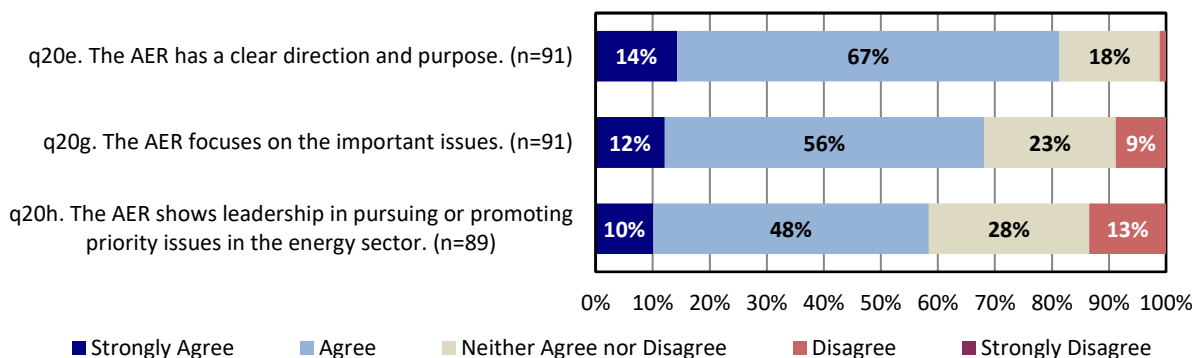
As with 2016, there was a noticeable difference in the sentiment provided about the AER’s strategic direction. While 81% agreed that the AER has a clear direction and purpose (similar to 78% in 2016), smaller majorities were favourable about the nature of that strategic direction: 68% agreed that the AER focuses on the important issues, while 58% agreed they show leadership in pursuing/promoting priority issues in the energy sector (however, this represents a strong improvement from 47% in 2016).

- ◆ Respondents interested in retail markets were more positive in relation to the AER focusing on the important issues (74%, compared to 63% of those interested in networks). Respondents interested in retail markets were also more positive in relation to the AER showing leadership in pursuing/promoting priority issues in the energy sector (67%). However, only 46% of those interested in networks provided a positive response.

Figure 10 illustrates the findings for the 2018 strategic direction metrics.

**Figure 10: Overall perceptions of the AER (in relation to strategic direction)**

Base: All respondents



## Regulation and innovation

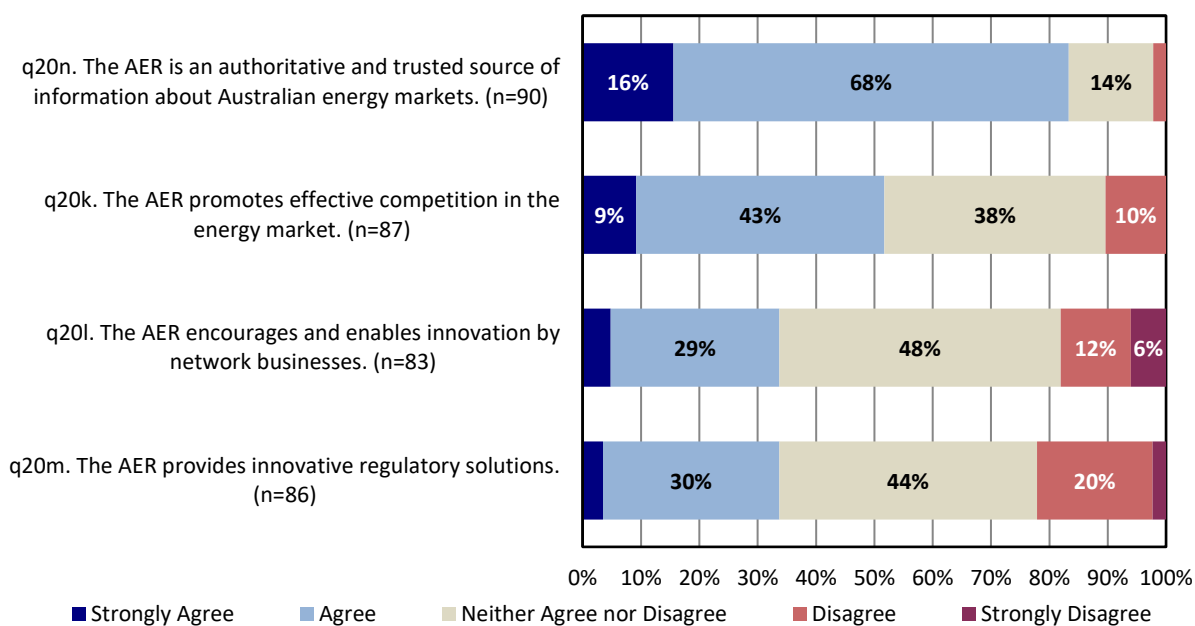
In terms of satisfaction with the AER’s regulation and innovation, eight in ten stakeholders regard the AER as an authoritative and trusted source of information about Australian energy markets (83%) with just over half of all stakeholders believing the AER promotes effective competition in the energy market (52%). The lowest results for overall perception were received when stakeholders were asked if the AER encourages and enables innovation by network businesses (18% disagreeing), and if the AER provides innovative regulatory solutions (22%).

- ◆ Low results for providing innovative regulatory solutions were given across all stakeholder groups, except for government stakeholders, with results varying from 14% to 39% agreement with the statement.
- ◆ While 78% of consumer group stakeholders were satisfied overall with the AER, only 39% were satisfied that the AER promoted effective competition in the energy market

Figure 11 illustrates the findings for the 2018 regulation and innovation metrics.

**Figure 11: Overall perceptions of the AER (in relation to regulation and innovation)**

Base: All respondents



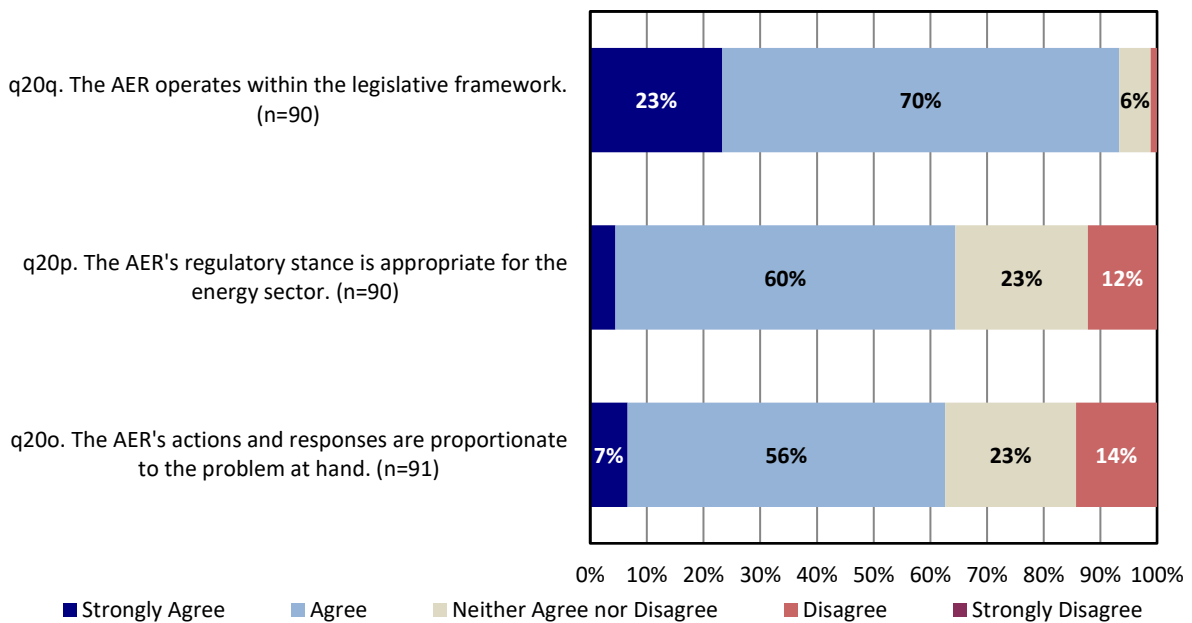
## Regulatory stance

Most stakeholders (93%) agreed that the AER operates within the legislative framework (see Figure 12). However, the level of positive sentiment was significantly lower in relation to the AER’s regulatory stance being appropriate for the energy sector (64%, with 12% disagreeing) and the AER’s actions and responses are proportionate to the problem at hand (63%, with 14% disagreeing).

- ◆ Stakeholders across retail and network groups were similar in their evaluation of the AER’s regulatory stance.
- ◆ Government stakeholders showed much lower satisfaction (38%) than their overall score (100%) when asked if the AER shows leadership in pursuing or promoting priority issues in the energy sector

**Figure 12: Overall perceptions of the AER (in relation to regulatory stance)**

Base: All respondents



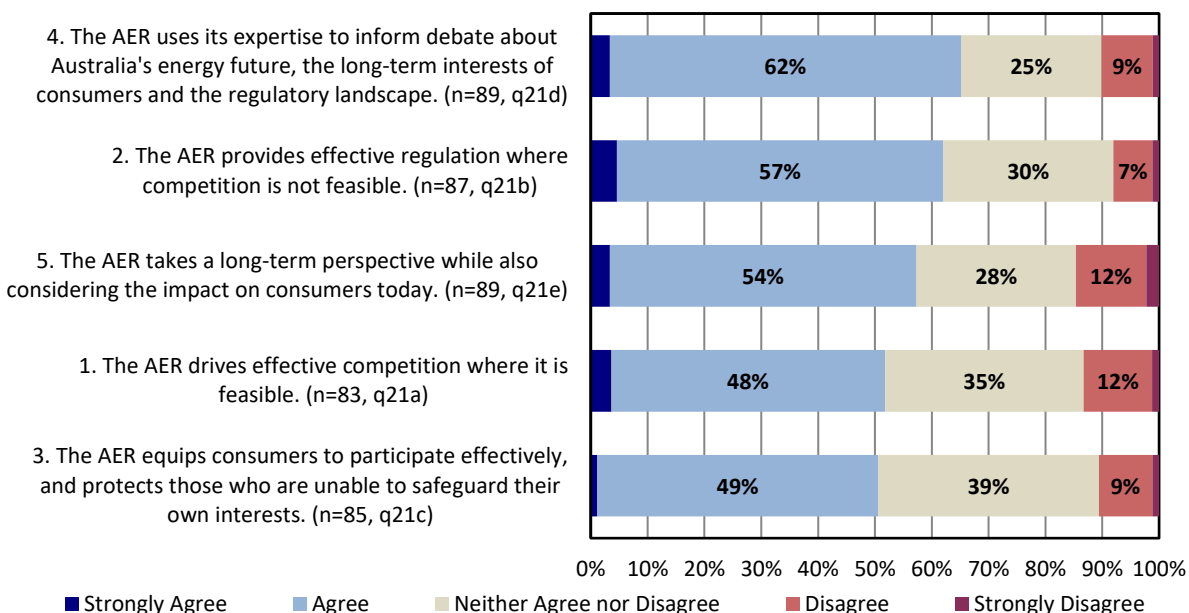
## D. Perceptions of the AER’s strategic objectives

Stakeholder satisfaction with the AER’s strategic objectives was more subdued, with positive ratings ranging from 51-65% (see Figure 13). Despite this, the proportion of stakeholders that did not agree with any of the statements relating to the strategic objectives was relatively small (8-15%).

- ◆ 78% of respondents interested in retail markets agreed that the AER uses its expertise to inform debate about Australia’s energy future, the long-term interests of consumers and the regulatory landscape
- ◆ All stakeholders were least in agreement that the AER equips consumers to participate effectively and protects those who are unable to safeguard their own interests.
- ◆ Stakeholders whose roles in organisation was as a policy officer were the least satisfied with the AER’s performance, with only a quarter of them agreeing that the AER equips consumers to participate effectively, protects those who are unable to safeguard their own interests.

**Figure 13: AER Strategic Objectives**

Base: All respondents





Feedback from the executive interviews provided some additional insight into how stakeholders view the AER's strategic objectives. General feedback provided suggested that the strategic objectives were largely pointing to areas that are either not fully in the AER's control or that the AER should not have primary responsibility for (i.e. there are many other stakeholders providing input into the space). In relation to how the AER was performing against the strategic objectives, the executive interviews found the following:

**Strategic objective 1: Drive effective competition where it is feasible**

- ◆ In relation to Strategic objective 1 (Drive effective competition where it is feasible), there was a feeling that competition should only be driven when it leads to better outcomes, particularly for consumers, and that it is not possible to drive in some sectors and locations.

**Strategic objective 2: Provide effective regulation where competition is not feasible**

- ◆ Executives felt that consistent regulation and decisions had helped to guide energy businesses, but issues remained around who to complain to about energy-related issues, particularly in the retail space.

**Strategic objective 3: Equip consumers to participate effectively, and protect those who are unable to safeguard their own interests**

- ◆ Some executives felt that there are many inherent difficulties in achieving this objective. They felt that the AER's responsibility cannot extend to protection of vulnerable consumers as it is a social issue beyond the control of the agency. One identified problem was information that did not compare with other public sources (e.g. energy prices by location, rather than household size).

**Strategic objective 4: Use our expertise to inform debate about Australia's energy future, the long-term interests of consumers and the regulatory landscape**

- ◆ Informing debate difficult in highly political space while remaining impartial. While the AER is well-placed to inform debate in terms of expertise and available data, its impartiality would be compromised for political reasons.

**Strategic objective 5: Take a long-term perspective while also considering the impact on consumers today**

- ◆ The executives interviewed appeared to take a short-term to medium-term (5 years) perspective, rather than long-term impact on networks and consumers.

***Suggestions and best practice***

Stakeholders were asked to identify any areas where they believed the AER was performing well. A total of 21 comments were received, relating to:

- ◆ consultation and engagement;

*AER has increased its interaction with stakeholders and should be commended on this. AER is clearly more engaged.*

*AER is willing to meet with stakeholders about issues one and one - this is done well, and the AER always comes across as accessible*

*There has certainly been a noticeable (and welcome) recognition of consumer advocacy positions in AER responses to engagement and submissions.*

- ◆ the AER's regulatory approach; and

*The AER has a very focussed, practical and assertive approach to regulatory enforcement.*

*The AER fosters compliance cultures within businesses, improvements in engagement on regulatory resets, and improves capability build with consumer representatives*

*The AER has demonstrated its willingness to support a more open and collaborative approach to regulatory decision making*

- ◆ performance of AER officers.

*Staff are sensational: skilled, professional, dedicated. Board is scrupulously fair, very well informed and deliberative in their decision making.*

*We have had very positive experiences engaging with the AER at the officer level. We observe positive approaches to solving shared problems.*

Stakeholders were also asked to provide practical suggestions for improvement. Twenty-one comments were received (mostly from the same stakeholders that provided comments as to where the AER was performing well). These comments largely related to:

- ◆ improving trust in the AER and its officers; and

*Build relationships at the executive level.*

*Continuing to build trust with regulated network businesses is critical for positive long term outcomes for customers.*

- ◆ improving AER leadership on energy market issues;

*The AER's role administrating the rules gives it great insight to take a strong thought leadership role to better inform the future form of rules and guidelines, particularly for better outcomes for consumers.*

*Further develop leadership / action in the consumer protection space where competition is lacking / not effective i.e. pricing structure (discounts off what).*

- ◆ improving AER processes; and

*Ensure that the fault ride through non-compliance reporting process is being followed and that AEMO and TNSP's are actively reporting such issues to AER (to avoid wide ranging power system resilience impacts)*

*Ensuring cost and benefit analyses are always undertaken for any changes to guidelines which impact systems, processes and people so the cost impost, (borne by customers is understood).*

- ◆ making AER engagement more accessible.

*Engagement to particularly vulnerable consumers and responses to issues pertaining to this group could be strengthened with fact sheets that are easier to read and consumer consultations that include focus groups of vulnerable consumers.*

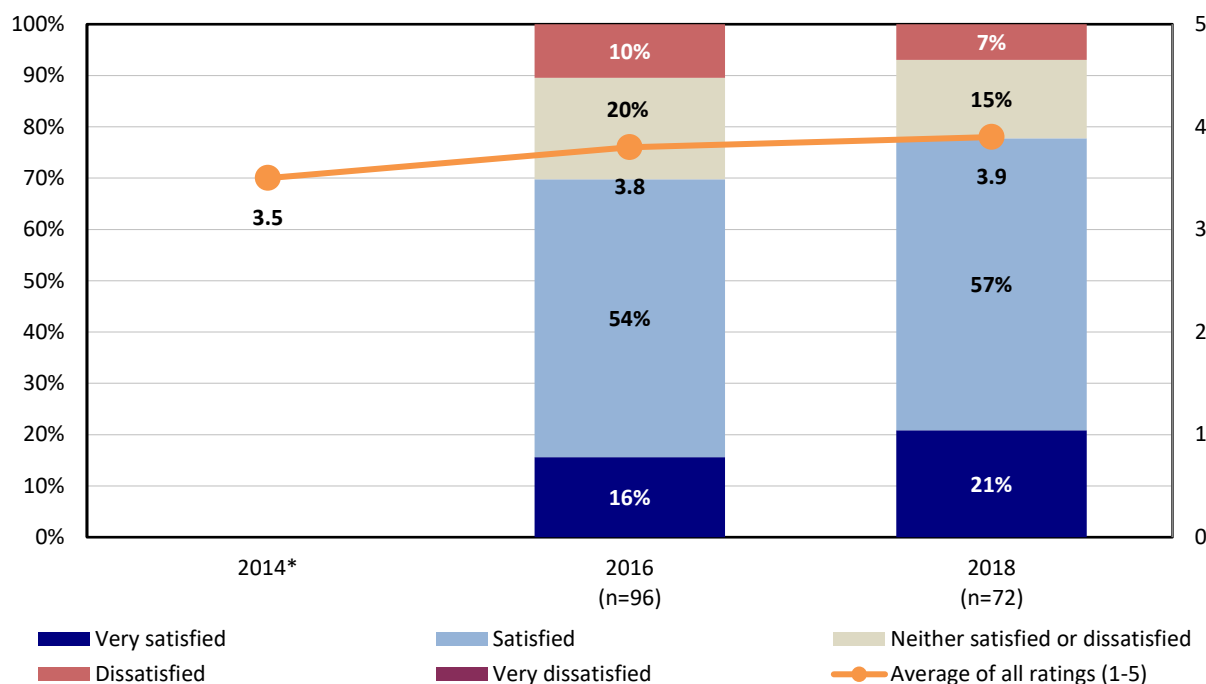
*Consumer challenge panel experts need to consult with community and other consumer groups. The idea of the CCP is excellent however they should be resourced up to consult directly with consumer and community orgs and to inform them and represent their views.*

## IV. Stakeholder consultation and engagement

Stakeholder satisfaction with the AER's consultation and engagement procedures was largely positive in the 2018 survey, and an improvement on results from 2016. Overall, there was an increase in satisfaction from 70% in 2016 to 78% in 2018 (Figure 14), and there was a significant increase (from 58% to 74%) in the number of stakeholders believing that the AER does a good or very good job in fostering productive relationships with them.

**Figure 14: Overall satisfaction with the AER's stakeholder consultation and engagement, 2014-18**

Base: Respondents who had been involved in consultation or engagement with the AER in the past 12 months



When we compare stakeholder satisfaction with the AER's consultation and engagement by relevant monitoring /regulatory role, some patterns emerge:

- ◆ Respondents interested in retail markets were more positive regarding the AER communicating the purpose for consultation and engagement (91%) but less so on the AER notifying relevant stakeholders of consultations (71%).
- ◆ Respondents interested in networks were more positive regarding the AER notifying relevant stakeholders of consultations (86%) but less so on the AER communicating the purpose for consultation and engagement (76%).

When stakeholders are sorted by organisation type, two observations can be made:

- ◆ Overall satisfaction increased for energy producers or retailers (81% in 2016 to 87% in 2018) and energy distribution or transmission stakeholders (48% in 2016 to 71% in 2018).
- ◆ Satisfaction of consumer group stakeholders fell from 80% in 2016 to 69%. However, only 6% were dissatisfied in 2018, compared to 5% in 2016.

There were also some other notable patterns in the results for consultation and engagement:

- ◆ Victorian stakeholders were the most satisfied overall with the AER's consultation and engagement, with 95% feeling satisfied or very satisfied with the regulator's performance. In contrast, stakeholders across Bass Strait were least satisfied, with only 40% of Tasmanians feeling satisfied or very satisfied.
- ◆ Satisfaction was highest among stakeholders who held a CEO or managing director role in their organisation (83%), and lowest among those who held a policy development or advisory role (33%, down from 91% in 2016).

Among stakeholders who had been involved in consultation or engagement with the AER in the past 12 months, perceptions of the AER's performance in relation to its **consultation procedures** were generally favourable and a modest improvement on 2016 results (see Figure 15 on the following page).

A comparison can be made between 2016 and 2018 for three of the criteria:

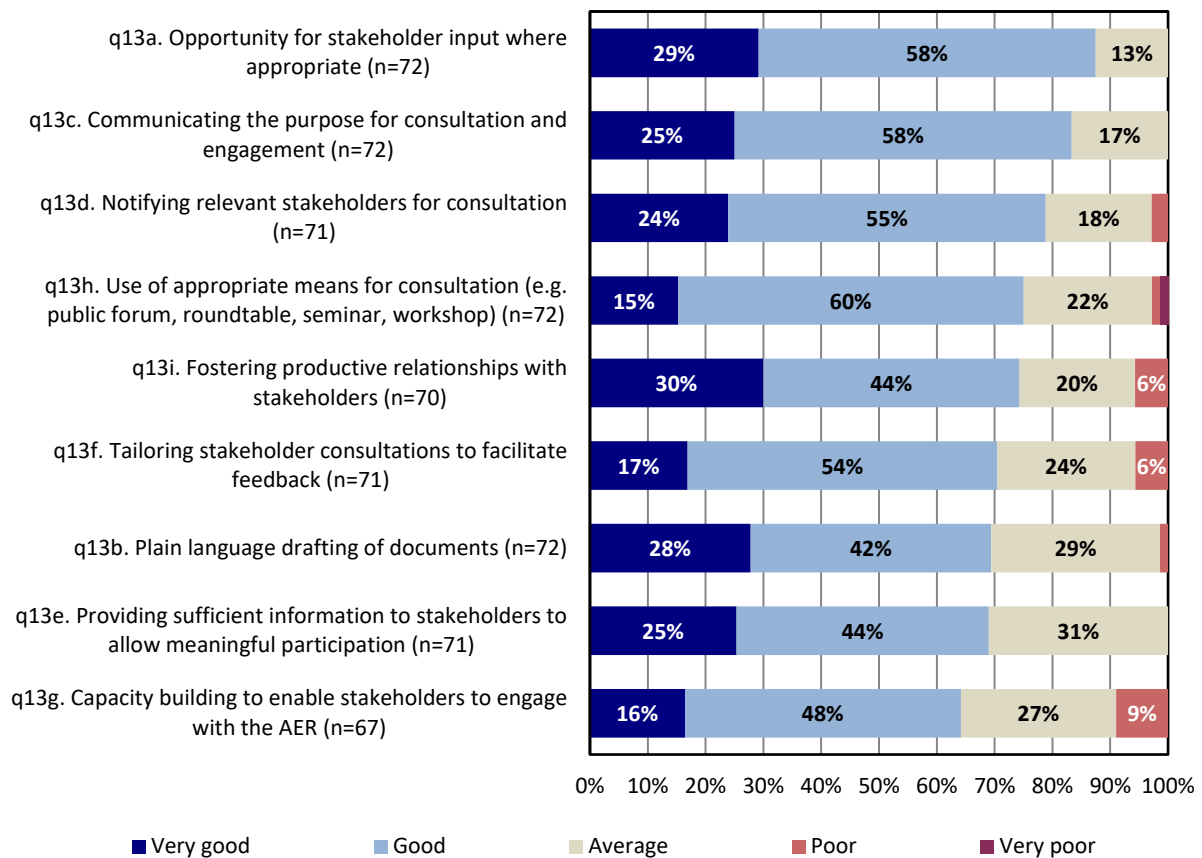
- ◆ Opportunity for stakeholder input where appropriate (88% were positive— 'good' or 'very good'— compared to 87% in 2016);
- ◆ Use of appropriate means for consultation (75% positive, compared with 73% in 2016); and
- ◆ Fostering productive relationships with stakeholders (74% positive, compared with 58% in 2016).

More than four fifths (88%) felt that there had been good opportunity for stakeholder input where appropriate, while three quarters of respondents perceived that there had been effective use of appropriate means for consultation (75%). However, a comparatively lower level of positive ratings was received in relation to capacity building to enable stakeholders to engage with the AER (64%).

It is worth noting that while three quarters (77%) of stakeholders had been involved in a consultation or similar engagement with the AER in the past 12 months, almost half (48%) had not read the AER's revised Stakeholder Engagement Framework released in September 2017. One in five stakeholders were not aware of the new Framework.

**Figure 15: Perceptions of the AER's performance in relation to consultation procedures**

Base: Respondents who had been involved in consultation or engagement with the AER in the past 12 months



Stakeholders were provided the opportunity to provide additional feedback as to any aspects of the AER's consultation processes and quality of engagement they believed were working well, as well as where improvement could be made. A total of 23 comments were received.

The comments relating to where improvements could be made were mostly in relation to:

- ◆ Relationships with AER officers; and

*The behaviours of individual AER staff and how they interact with us at officer level has made a difference over the last few years. A level of trust and respect that has been developed is very positive and assists in being outcome focused to achieve better compliance. AER's increased attendance / input into industry forums has been appreciated.*

- ◆ Consultation and engagement methods.

*It's good to see the AER trying new approaches to stakeholder engagement such as the Customer Reference Group established for the Rate of Return Review, and the Regulatory Innovation Project for network determinations.*

*The stakeholder consultation process is fundamentally flawed as it excludes the business owners. The selected stakeholders are typically unrepresentative of the market; have their own ingrained positions and lack the capacity to meaningfully contribute to many of the matters under consideration.*

In the in-depth interviews, key stakeholders mentioned the need for more tailored consultation and engagement processes, largely due to being busy and not having the time to be involved in all consultations. Comments frequently related to:

- ◆ Needing more time to respond to AER requests; and

*Ensure that any new rule implementation provides sufficient time between final decision and implementation.*

*I liked the consultation period for the AER Retail Pricing Guideline - it allowed time for market participants to directly meet with the AER team to discuss key concerns related specifically to our organisation.*

*Consider timeframes for submissions - there are lots of consultations often running concurrently across the AER, AEMC and others and tight timeframes make it difficult to provide a fulsome response*

*The unexpected release of the Amendments to AER Performance Reporting Guidelines on 20 December 2017 was not received well because the timing for response was over a time when many people take leave and judging by the manner in which the revised Guideline was written, seemed like a rush job to get out at the last minute prior to AER shutdown.*

- ◆ Quality of consultation support materials.

*AER documents can be dense and are not always easy to understand. For example, statements such as 'we are consulting on this guideline in accordance with 7.2 of the Rules' This requires the reader to go to 7.2 of The Rules. This could be better phrased as being AER consultation is being carried out about ..... (refer to 7.2 of the rules) to save time referencing The Rules.*

*There should be more plain language use in the documents. Some of them are very difficult to understand, even for someone working in the energy space.*

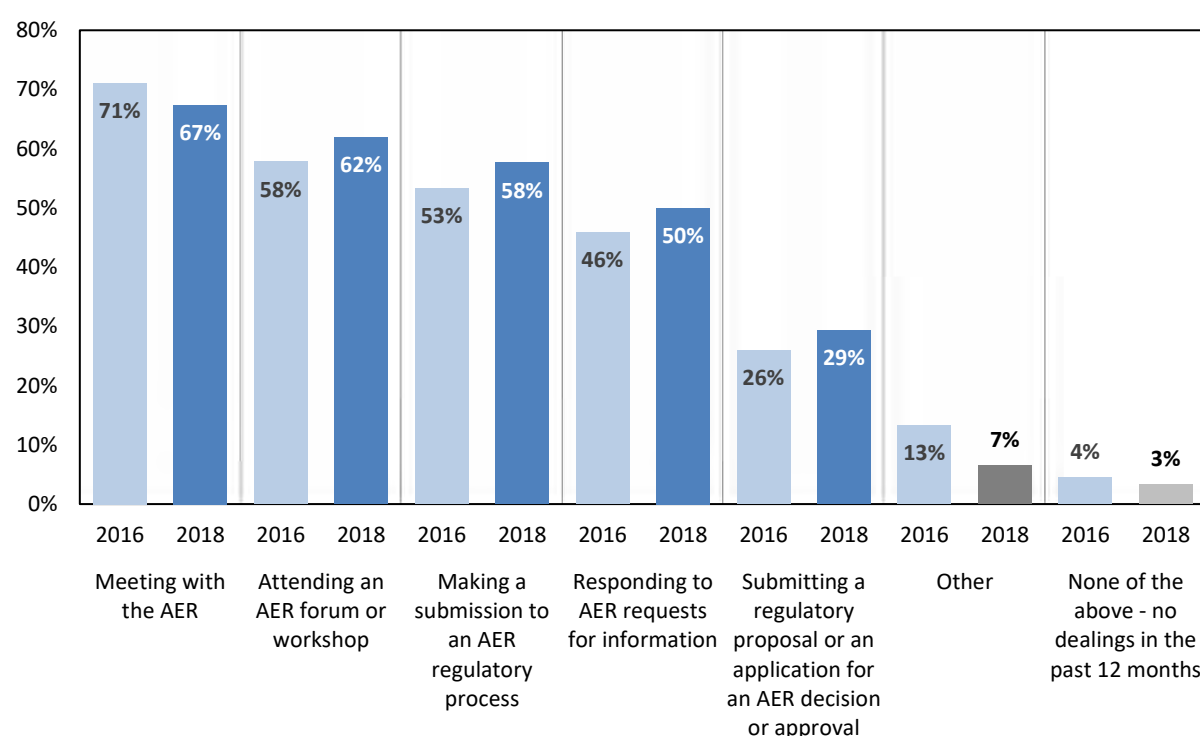
## V. Other interactions with the AER

In the last 12 months, two-thirds (67%) of stakeholders had attended a meeting with the AER, while six in ten stakeholders had attended an AER forum or workshop (62%) and/or made a submission to an AER regulatory process (58%). Half (50%) had responded to AER requests for information, and only three in ten stakeholders (29%) had submitted a regulatory proposal or an application for an AER decision or approval (see Figure 16).

Stakeholders from energy distribution or transmission network businesses and those who held a regulatory role in their organisations were more likely to have had such dealings with the AER within the last 12 months compared to other cohorts.

**Figure 16: Dealings with the AER in the last 12 months**

Base: All respondents, n=135 (multiple response allowed)



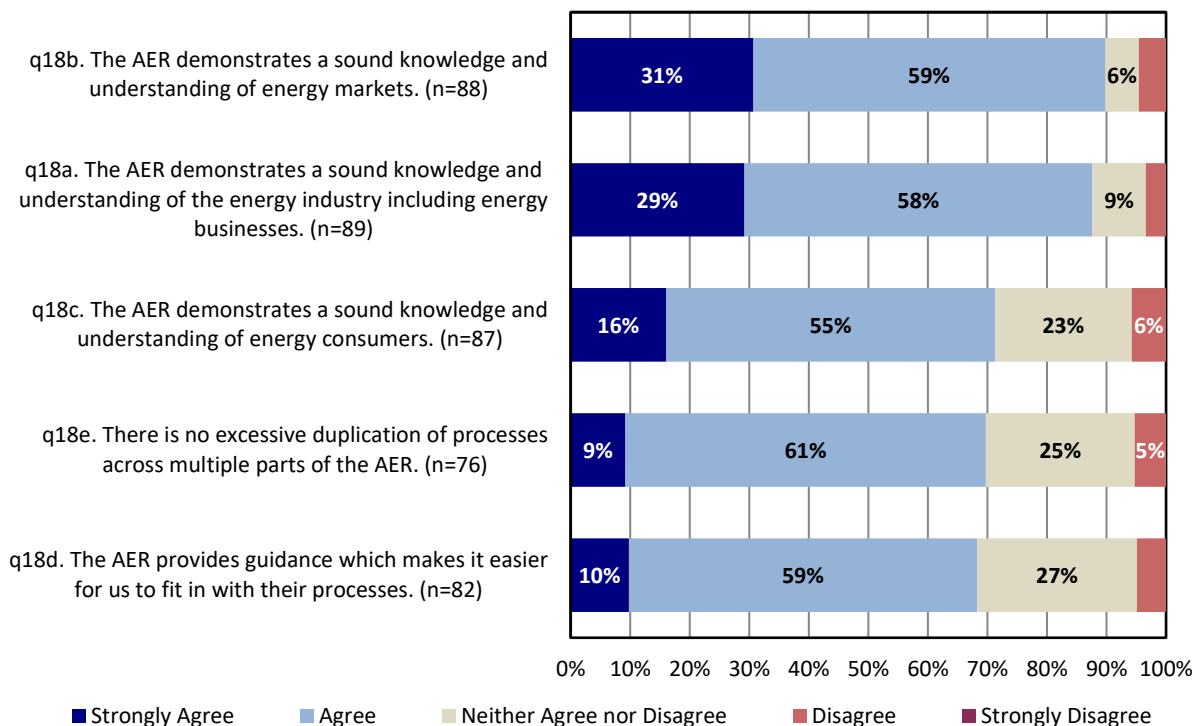
Stakeholders who had dealings with the AER in the last 12 months generally perceived their interactions with the AER favourably (see Figure 17 on the following page). Between seven and nine out of ten stakeholders provided positive ratings to each of the statements regarding the AER and the way they interacted with their stakeholders.

A comparison can be made between 2016 and 2018 for three of the criteria:

- ◆ the AER demonstrates sound knowledge and understanding of energy markets (90% agree compared with 75% in 2016);
- ◆ the AER demonstrated sound knowledge and understanding of the energy industry including energy businesses (88% agree compared with 68% in 2016); and
- ◆ that the AER demonstrates a sound knowledge and understanding of energy consumers (71% agree compared with 58% in 2016).

**Figure 17: Perceptions based on interactions with the AER**

Base: Respondents who had dealings with the AER in the last 12 months



Ratings of AER’s knowledge and understanding of energy markets, and their understanding of the energy industry, were relatively strong across all reportable organisation types (ranging from 74% to 100%).

- ◆ Energy distribution and transmission stakeholders were likely to hold least favourable perceptions regarding their interactions with the AER. They were less likely to agree than any other group that the AER demonstrated a sound knowledge and understanding of energy markets, industry and businesses.
- ◆ Different organisation types were more divided on the AER’s knowledge and understanding of energy consumers, where the lowest results were recorded (50% agreement from consumer group representatives and 52% agreement from energy distribution/transmission network).
- ◆ Government stakeholders were the most favourable about their dealings with the AER.

## Providing information to the AER

Stakeholders who had provided information to the AER in the last 12 months generally held positive views about the process of doing so, with some mixed sentiment about how well they were kept informed as to how this information was used (see Figure 18).

About three-quarters of these stakeholders favourably perceived the reasonableness of:

- ◆ the type of information requested by the AER (78% agreed while 9% disagreed);
- ◆ the timeframes allowed by the AER for their organisation to provide relevant information (74% agreed while 6% disagreed); and



- ◆ the amount of information requested by the AER (78% agreed, although 13% *disagreed*).

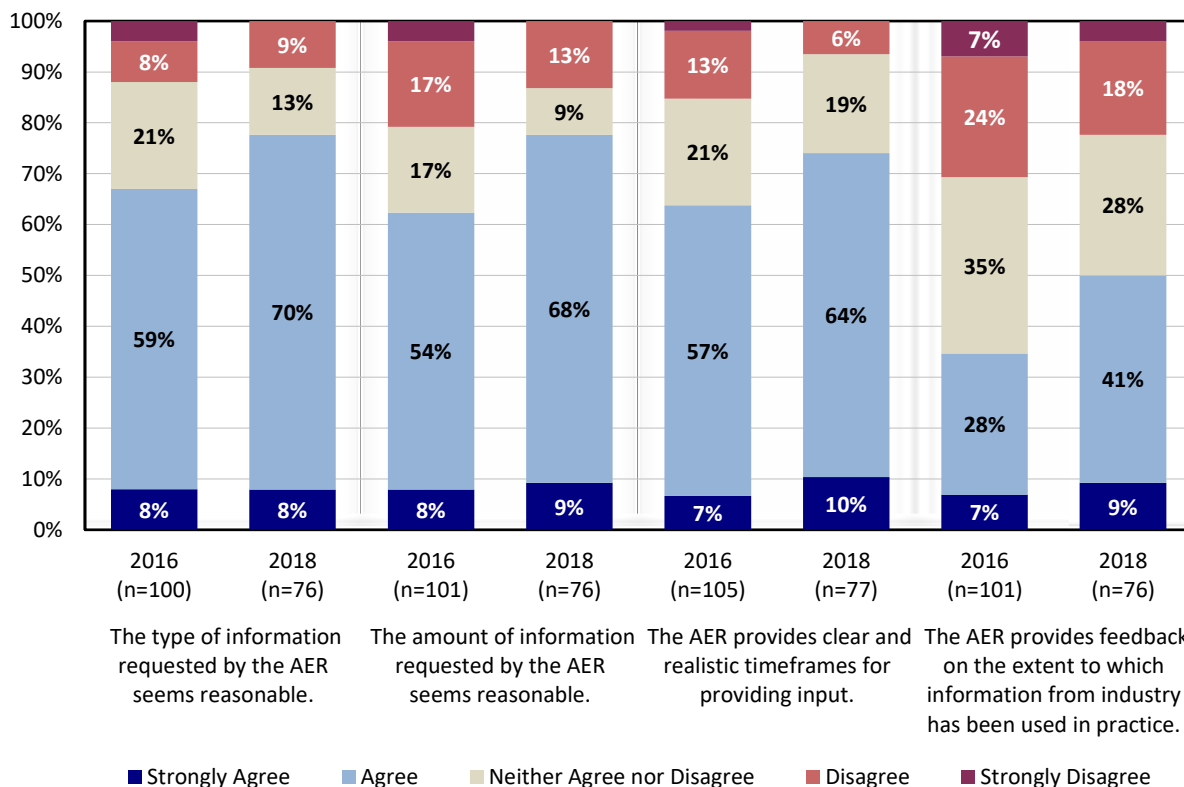
These results all showed significant improvements from the 2016 survey.

Furthermore, almost seven in ten stakeholders overall (68%) felt positively about the guidance provided by the AER which made compliance with their processes easier.

Half of the stakeholders surveyed did not agree or strongly agree that there was provision of feedback from the AER on the extent to which information from industry had been used in practice.

**Figure 18: Perceptions of experience providing information to the AER**

Base: Respondents who had provided information to the AER in the last 12 months



Patterns of perceptions among different stakeholder organisation types also showed systematic variations. Almost all government stakeholders agreed strongly with all statements concerning the provision of information to the AER.

- ◆ In contrast, stakeholders from energy distribution or transmission network businesses were notably less likely to hold favourable perceptions about their experiences, particularly concerning the extent to which the AER provides feedback on the extent to which information from industry has been used in practice (35% satisfied).
- ◆ By individual role in an organisation, dissatisfaction on feedback to industry was principally felt by policy officers (only two in ten satisfied) and executives / directors / general managers (only four in ten satisfied).

## Outcomes and decisions

Among stakeholders who had dealings with the AER in the last 12 months, perceptions of the AER’s outcomes and decisions were more moderate (67% on average) when compared with the other results of the survey (70%-87%). Nevertheless, this is typical across stakeholders of other regulatory bodies, where a higher level of rigour is applied to such metrics considering that this is the area that tends to have the most significant influence and impact on them. Furthermore, the results show that the AER has improved in this area from 2016.

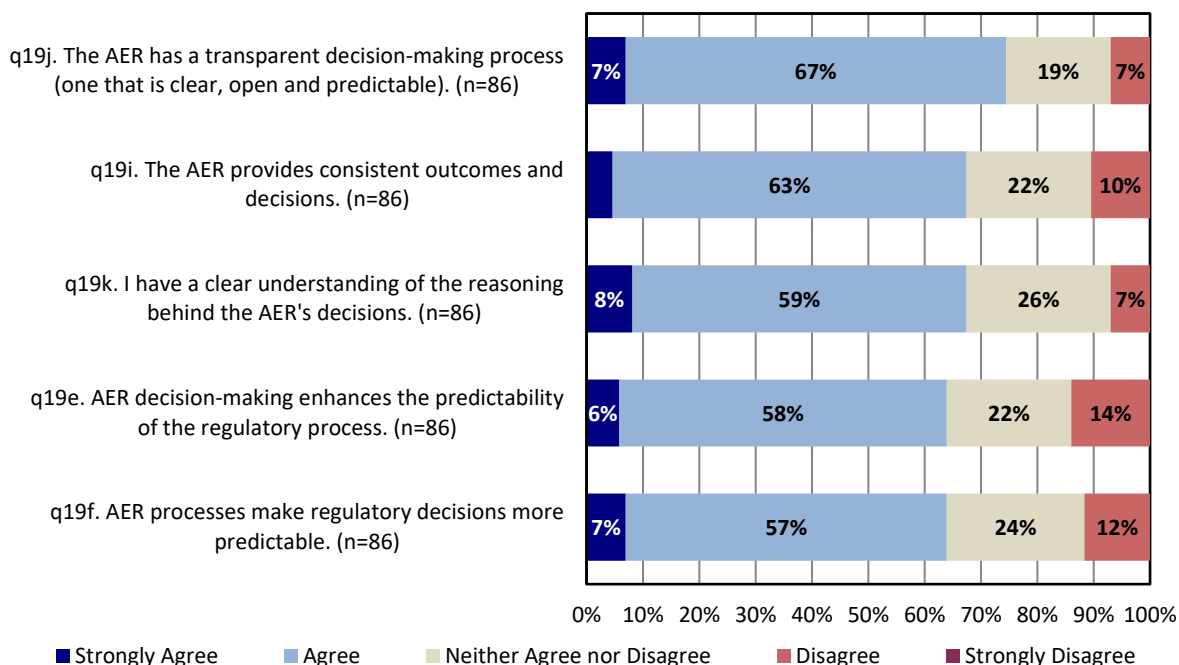
There were three general themes covered in this section in relation to outcomes and decisions, relating to:

- ◆ consistency and transparency;
- ◆ customer focus; and
- ◆ robustness of decisions.

In terms of **consistency and transparency**, three-quarters of stakeholders agreed that the AER and has a transparent decision-making process (74%, see Figure 19). and about two-thirds of stakeholders believed that the AER provides consistent outcomes and decisions (68%, up from 50% in 2016), and that they have a clear understanding of AER decisions (67%). 64% of stakeholders felt that the AER decision-making and processes enhance the predictability of the regulatory process (up from 51% in 2016).

**Figure 19: Perceptions of the AER’s outcomes and decisions in relation to consistency and transparency**

Base: Respondents who had dealings with the AER in the last 12 months



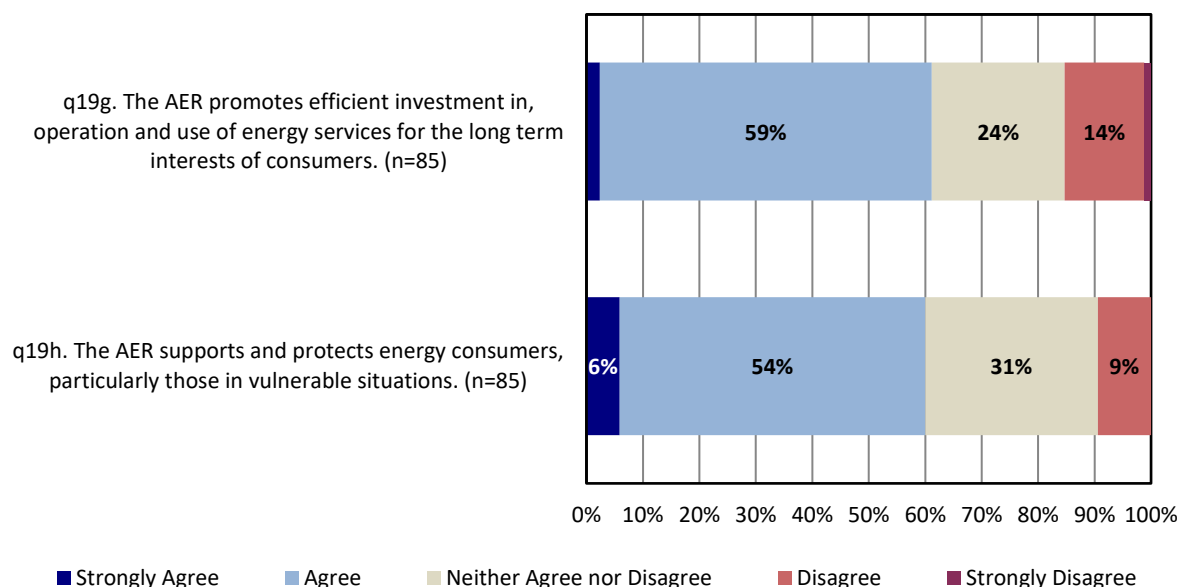
The following observations were made across stakeholder groups:

- ◆ Respondents interested in retail markets were almost always the most positive respondents, but much more likely to agree (compared to other groups) that the AER provides consistent outcomes and decisions (78%).
- ◆ Respondents interested in networks were the most likely to agree that they have a clear understanding of the reasoning behind the AER's decisions (73%).
- ◆ A high number of stakeholders from consumer groups (88%) agreed that the AER's decision-making enhances the predictability of the regulatory process, and that AER processes make regulatory decisions more predictable.

Respondents were asked if they agreed or disagreed with two statements that related to AER's **consumer focus**. Six in ten stakeholders (61%) agreed that the AER promotes efficient investment in, operation and use of energy services for the long-term interest of consumers (up from 46% in 2016, see Figure 20). A similar proportion (60%) also believed that the AER supports and protects energy consumers, particularly those in vulnerable situations.

**Figure 20: Perceptions of the AER's outcomes and decisions in relation to consumer focus**

Base: Respondents who had dealings with the AER in the last 12 months

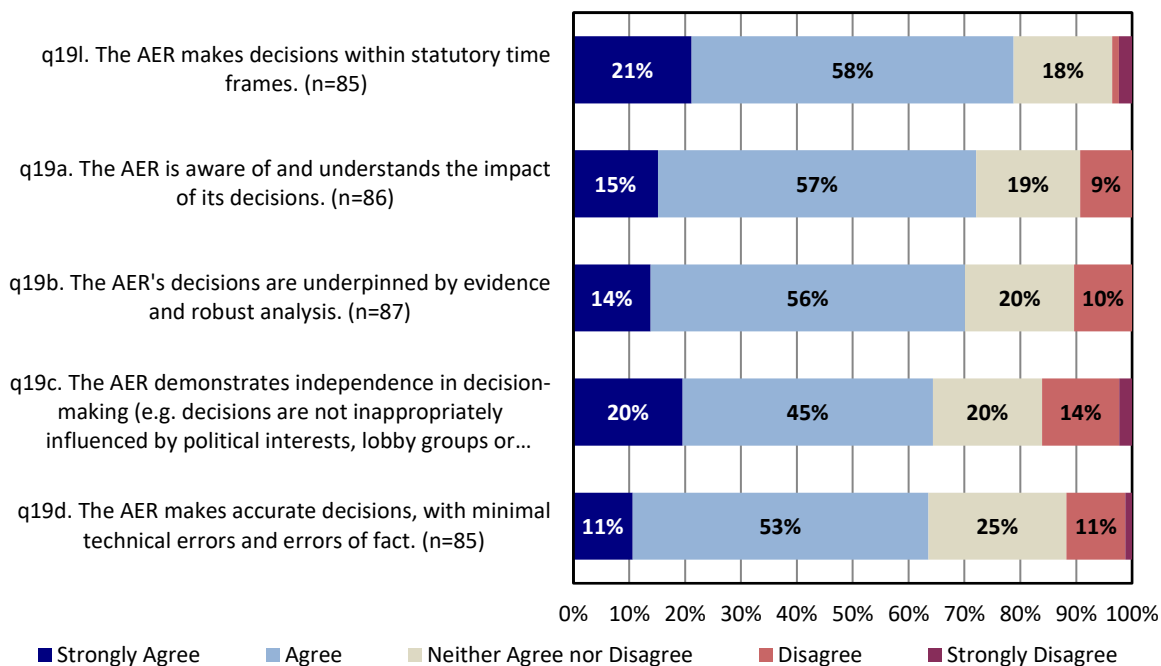


- ◆ In terms of consumer focus, respondents interested in retail markets were the most consistent across both measures (63%-64%).
- ◆ Respondents interested in networks were less likely to agree that the AER supports and protects energy consumers, particularly those in vulnerable situations (52%).
- ◆ When the data is examined by organisation type, there was a notable difference between stakeholder groups in relations to the AER supporting and protecting energy consumers, particularly those in vulnerable situations. There was a high level of agreement from government stakeholders (86%) and energy producers or retailers (82%) but less agreement from consumer groups (47%) and energy distribution or network stakeholders (41%).

In terms of **robustness of decisions**, more than three-quarters of stakeholders agreed that the AER made decisions within statutory time frames (79%, see Figure 21). Seven in ten respondents agreed that the AER’s decision are underpinned evidence and robust analysis (70%, up from 55% in 2016) and that it is aware of and understands the impacts of its decisions (72%, up from 62% in 2016). Two-thirds of stakeholders agreed that the AER makes accurate decisions with minimal technical errors and errors of fact (64%, up from 48% in 2016), and that it demonstrates independence in decision-making (64%, compared to 68% in 2016).

**Figure 21: Perceptions of the AER’s outcomes and decisions in relation to robustness of decisions**

Base: Respondents who had dealings with the AER in the last 12 months



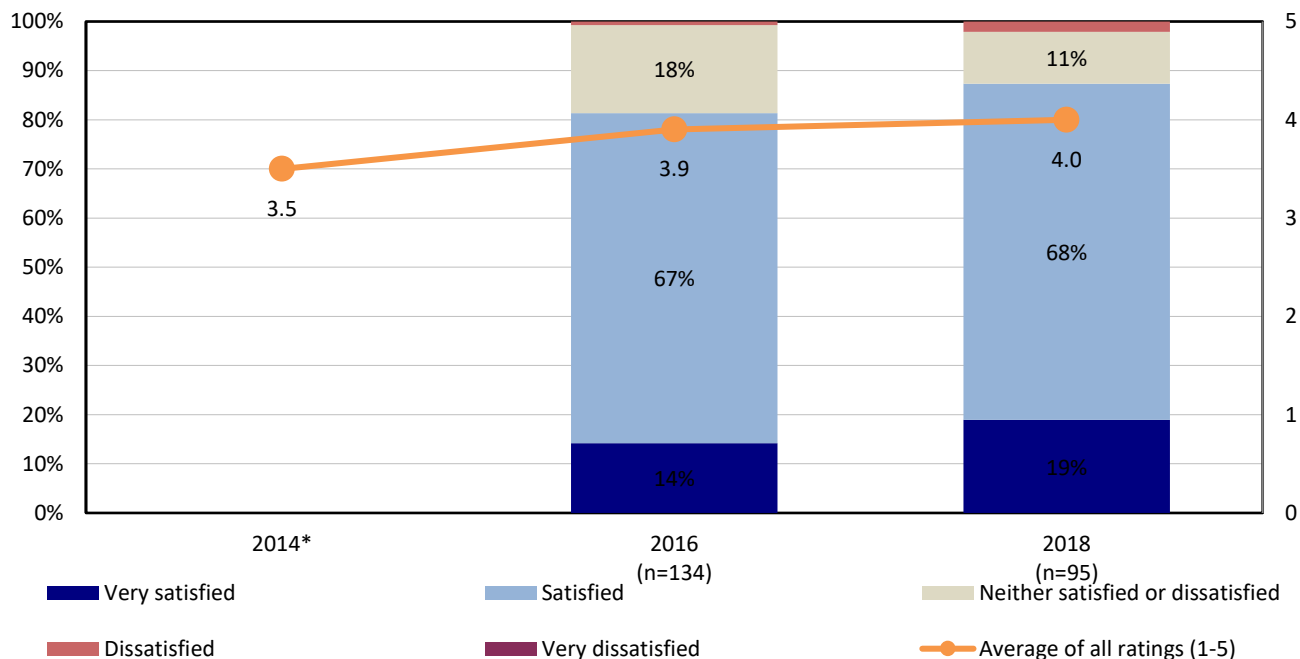
- ◆ When asked about a range of factors that relate to the robustness of the AER’s regulatory decisions, respondents interested in retail markets were more positive than other stakeholder groups, closely followed by network stakeholders.
- ◆ Consumer groups were the most likely to agree to robustness of the AER’s regulatory decisions (between 69% and 94%) while energy producers or retailers were the most unlikely to agree (between 50% and 78%).

## VI. Communications

As shown in Figure 22, the majority comprising over four fifths (87%) of stakeholders were satisfied overall with the AER’s communication with them, with only 2% indicating *dissatisfaction*. This represents an improved average level of positive sentiment since 2014, where only 58% of stakeholders indicated they were satisfied.

**Figure 22: Overall satisfaction with the AER’s communication**

Base: All respondents



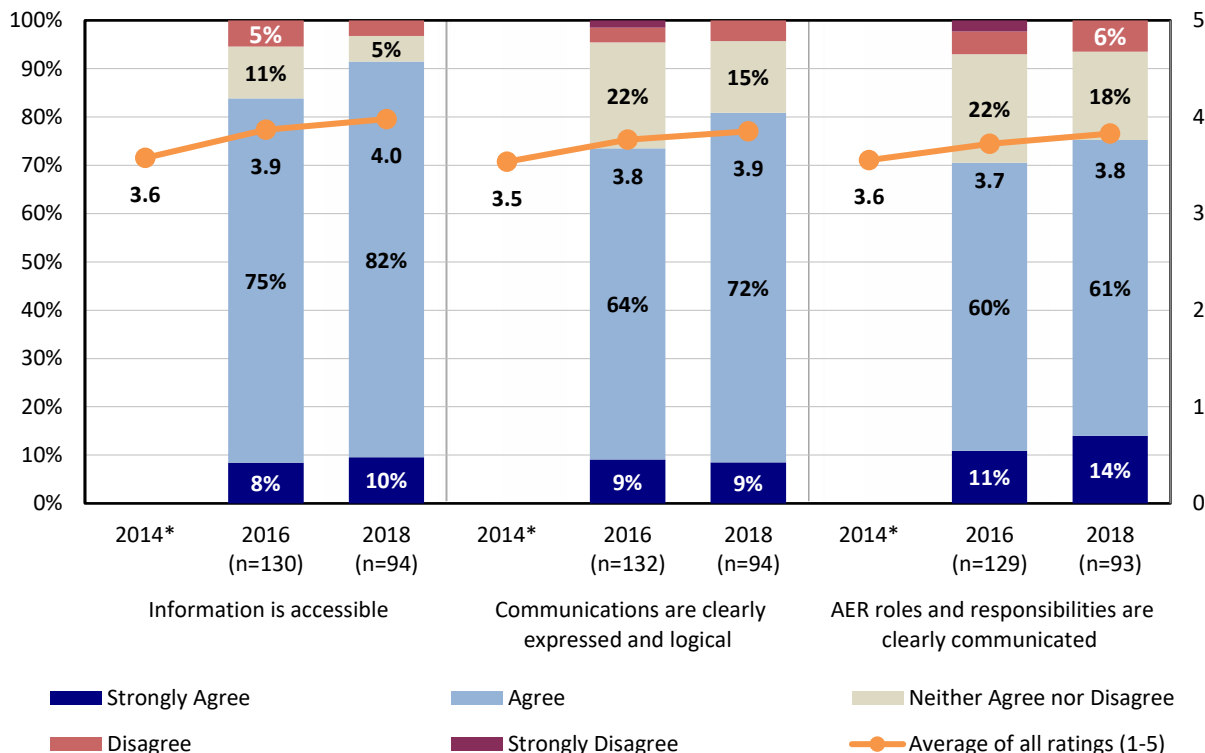
- ◆ Almost all stakeholders for whom AER’s network oversight was most relevant (94%) were satisfied with the AER’s communication. Among those more concerned with retail oversight, satisfaction was still strong (85% satisfied) and both the retail and network stakeholder groups have seen improvements since 2014.
- ◆ All government stakeholders were satisfied (100%) followed by energy distribution or transmission network businesses (87%)
- ◆ Satisfaction was also highest among stakeholders who held a policy development or advisory role in their organisation (88%), those who held a regulatory role (87%) and CEOs and managing directors (92%).

On the whole, most stakeholders who had used the information communication tools provided by the AER held positive opinions about these tools (see Figure 23). More than nine in ten of these stakeholders agreed that the information disseminated was accessible (91%, up from 84% in 2016), and over eight in ten agreed that the communications were clearly expressed and logical (81%, up from 73%). Three quarters agreed that AER roles and responsibilities were clearly communicated (75%, compared to 71% in 2016), with less than one tenth *disagreeing* with each of these (3%-6%).

- ◆ Stakeholders who held a regulation role within their organisations were generally more likely to hold favourable opinions.

**Figure 23: Overall ratings of the AER’s communication materials**

Base: Respondents who had used AER communication tools in the past 12 months



Stakeholders were invited to provide additional feedback on the AER’s communication with stakeholders. Half as many comments were received (15) compared with 2016 results, and many were positive:

*I find the AER to be responsible, responsive, consultative and consistent in their communication with stakeholders and a role model for other energy regulators.*

*AER do communicate very clearly, congratulations on excellent work in this area.*

Other comments pointed to areas for improvement, particularly in relation to:

- ◆ the need for tailoring communications to specific audiences:

*There is significant amount of reform going on in energy markets currently and it is extremely challenging for the community sector to engage to ensure that the interests of consumers, especially low-income and disadvantaged households, are being adequately considered.*

*I personally have no issue with the accessibility of information through AER communications channels but culturally and linguistically diverse consumers will and do have considerable access challenges.*

- ◆ improving the timing of some communications; and

*While it can take time to develop a report and communication, some communications appear to occur well after an event and this can limit their value.*

*Compliance related communication can at times be aloof and delayed requiring industry participants to seek out status rather than be kept informed*

*Perhaps a communication that flags what is coming up (as opposed to what's just been released or done), who its relevant to and why could help?*

- ◆ reducing the length and complexity of communications.

*Would be good to improve communications with more consumer-friendly fact sheets, less technical detail. Might be a simple version, an overview (as they are now) and the more complex and comprehensive documents*

*Still comes across as economists trying to write in Plain English, often unsuccessfully.*

There were two suggestions outside of the above categories:

*Communication is generally good at officer level and improved relationships over the last few years have assisted. An opportunity for improvement would be to initiate some regular interactions at the executive level as currently these are lacking.*

*In undertaking reviews...information is not well updated to include forums that are subsequently scheduled. Rather, the scheduling of participation and information of those forums or workshops relies upon direct email communications that may be missed.*

## Communication tools and products

### *Awareness and usage*

Stakeholders reported very high levels of awareness (between 81% and 98%) of the AER's various communications (as shown in Figure 24), except for the (relatively new) Energy Dispatch newsletter.

Beyond awareness, when stakeholders were asked if they had read, used or attended the AER's various communications tools, results remained strong, though less than awareness.

- ◆ Consultation / issues papers and State of the Energy Market reports are the most widely read publications, attracting between 84% and 88% of stakeholders. The least read publications are compliance checks (46%), annual reports (44%), the Strategic Statement (41%), Statements of Intent (35%) and the Energy Dispatch newsletter (27%).

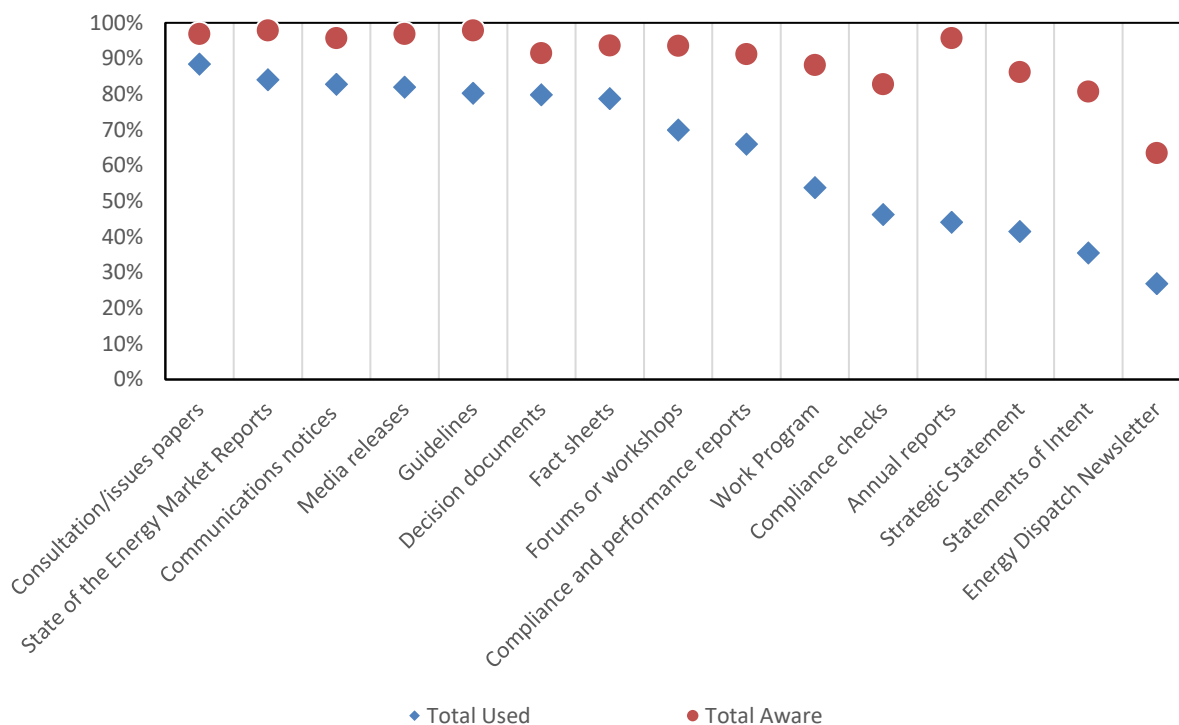
Awareness and usage of these tools was generally higher among energy distribution or transmission network business, energy producer and retailer stakeholders, as well as consumer groups, and slightly lower among government stakeholders. Some anomalies were noticed, particularly:

- ◆ Government stakeholders tended to use State of the Energy Market reports (100%) while usage amongst energy distribution or transmission network business stakeholders tended to be lower (70%).
- ◆ A greater percentage (57%) of energy distribution or transmission network business stakeholders read the AER Strategic Statement compared with other groups (between 32% and 44%).
- ◆ Readership of the Energy Dispatch newsletter was led by energy producers or retailers, of whom just over half read the publication. In contrast, only 6% of consumer group stakeholders and no government stakeholders claimed to have read the newsletter.

Figure 24 shows the awareness and usage of the AER’s communication tools. It is clear from the chart that while awareness is relatively high for all but the newest channels (Energy Dispatch newsletter), active use of those channels is much higher for the practical consultation / issues paper, State of the Energy Market reports, communications notices, media releases and guidelines.

**Figure 24: Awareness and usage of information tools provided by the AER (% aware, % used)**

Base: All respondents, n=91-95





## Usefulness

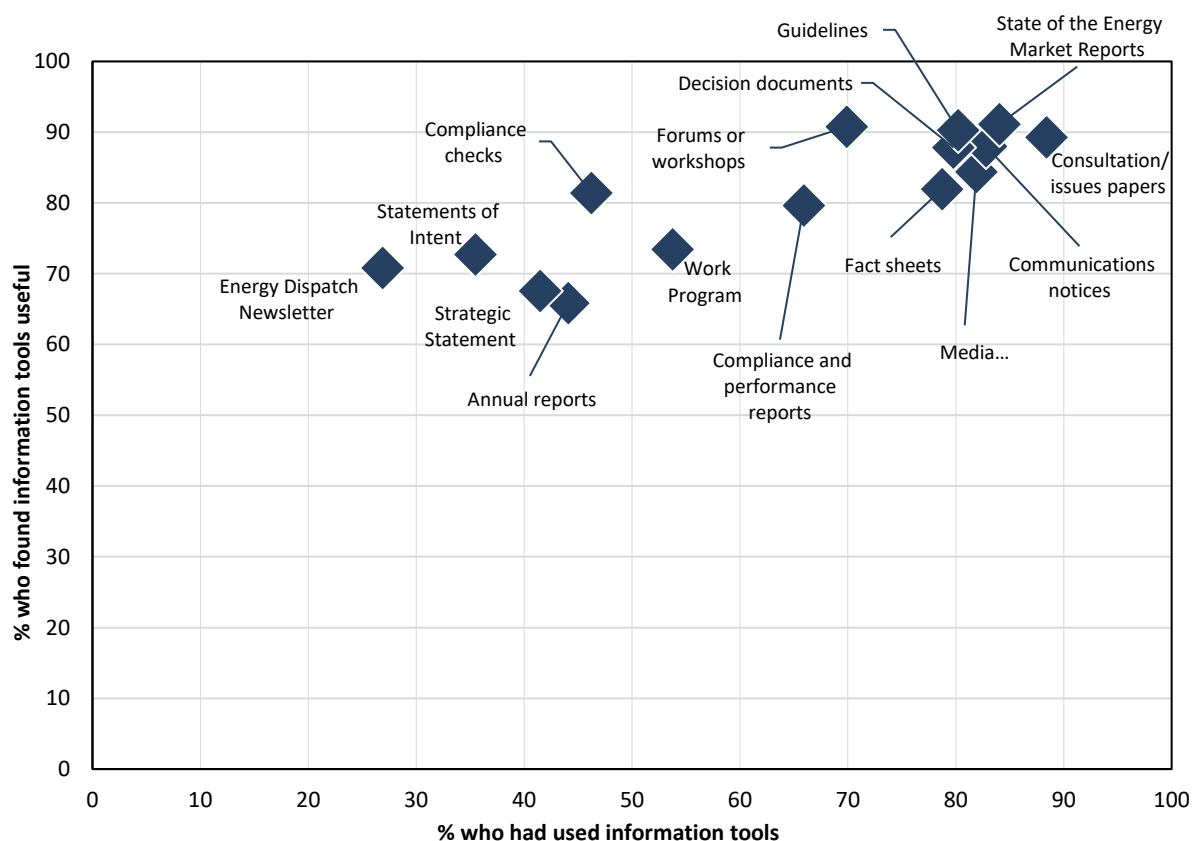
While stakeholder awareness and use of the AER’s communications were relatively unchanged from the results of the 2016 survey, stakeholders felt that almost all the AERs communications were more useful in 2018 than in 2016. The most improved channels (in terms of usefulness) were forums and workshops (91%), media releases (84%) and compliance and performance reports (80%). Overall, no communications were regarded as less useful than in 2016. As displayed in Figure 25, there was a positive correlation between the level of *usage* and perceptions of *usefulness*, of the AER information tools.

Most stakeholders who had read at least one information tool (or attended a forum or workshop) provided by the AER found the information tool, forum or workshop useful. The tools which were most likely to be considered useful (with positive ratings from more than nine in ten of these stakeholders) included State of the Energy Market reports (91%), forums or workshops (91%) and guidelines (90%). Conversely, annual reports (66%) and the Strategic Statement (68%) were least likely to be considered useful, which may partially explain their lower levels of use. The Energy Dispatch newsletter (71%) was also considered useful by a comparatively limited proportion of these stakeholders.

- ◆ As expected, the low levels of usage by government stakeholders also resulted in lower scores for usefulness in nine of the 14 communication tools listed.

**Figure 25: Usage and perceived usefulness of information tools (% used, % useful)**

Base: All respondents/ respondents who had read or attended to each information tool

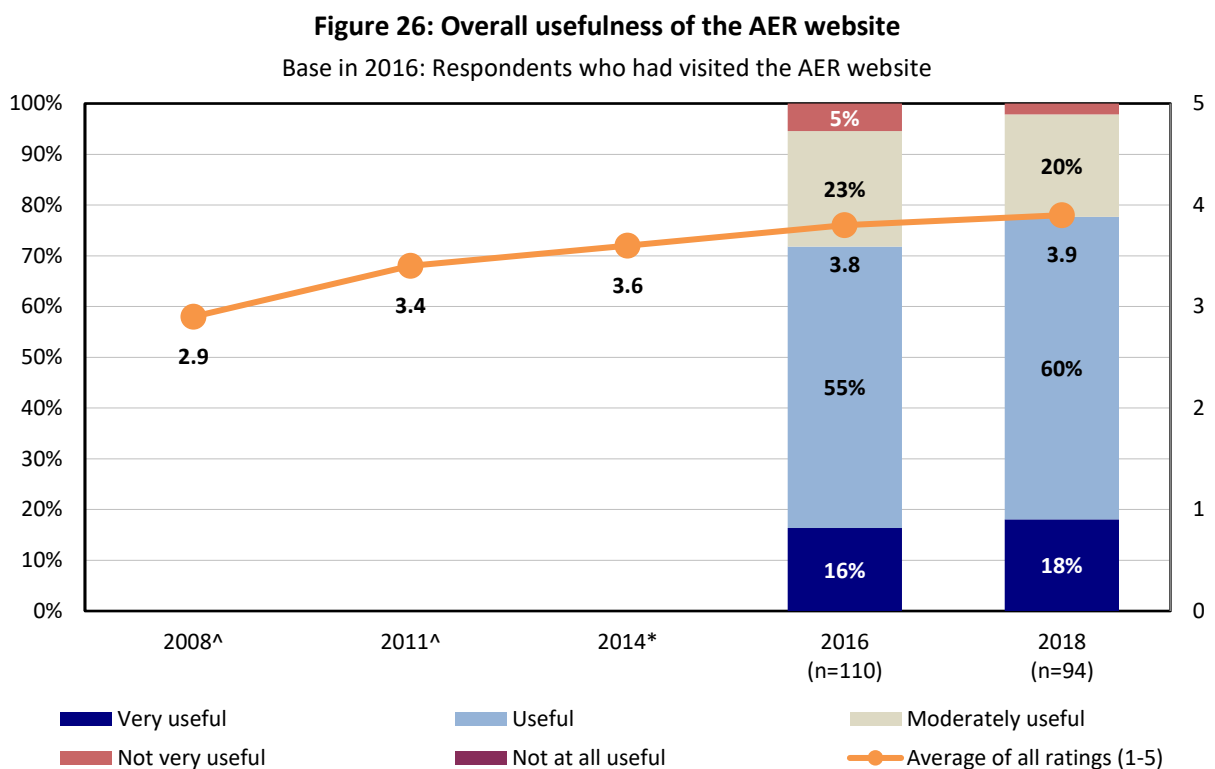


## The AER website

Stakeholder use of the website appears to be relatively frequent. Overall, a small majority of them reported they had visited the AER website in the week prior to be surveyed, with just over a third visiting in the previous month.

Overall stakeholder satisfaction with the AER's website and other communication improved across all areas from 2016 to 2018. The majority of stakeholders who had visited the AER website, found the website useful overall. Over seven in ten (78%, up from 72% in 2016) of these stakeholders found the website at least useful, and the vast majority (98%, compared to 95% in 2016) found this website at least moderately useful.

As shown in Figure 26, stakeholders have on average felt steadily more favourable toward the AER's website since 2008.

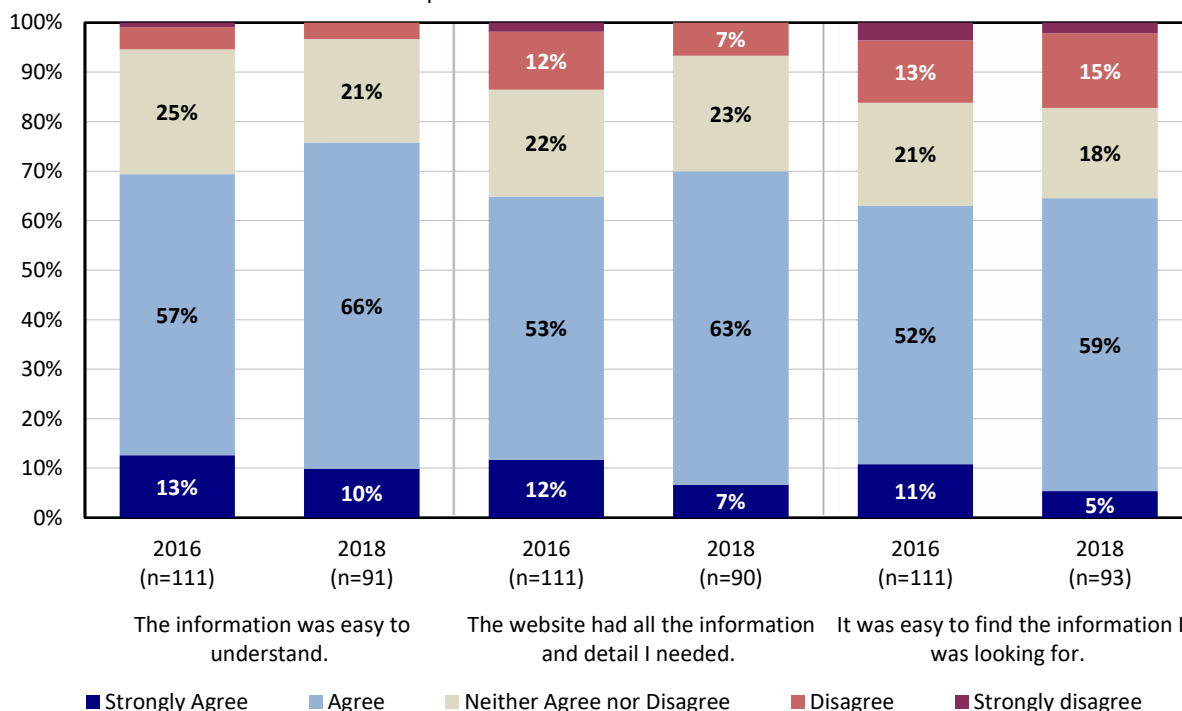


Stakeholders who had visited the AER website tended to hold favourable perceptions of this website in relation to the information it disseminated (see Figure 27). Between six and eight out of ten respondents felt that the information was easy to understand (76%, up from 69% in 2016), the website had all the information and detail they needed (70%, up from 65%), and that it was easy to find the information they were looking for (65%, similar to 63% in 2016).

The findings identified some opportunities for improving the AER website. In particular, 17% of respondents did not consider that information they were looking for was easy to find. On a positive note, stakeholders were less inclined to *disagree* that the website had all the information and detail they needed (14% in 2016 to 7% in 2018), and the proportion who *disagreed* that the information was easy to understand remained low (5% in 2016, 3% in 2018).

**Figure 27: Perceptions of the AER website**

Base: Respondents who had visited the AER website



Stakeholders were provided the opportunity to offer suggestions for improving the AER website and a total of 24 comments were received. More than a quarter of comments specifically mentioned difficulty in locating guideline documents.

As in the last survey most comments (13) related to improving the **navigability** of the website:

*The reviews section is a little hidden (under publications)*

*It can be difficult to locate documents - the only way I can ever find the Performance Reporting Procedures and Guidelines is to conduct a search and that only works because I know the title of what I am looking for.*

While some improvement in website **search** was noted by stakeholders, some raised ongoing problems:

*The search function has improved but could make clearer. The 'key documents' - for instance. I was trying to find a particular Guideline document (latest version) and it was buried between various submissions from various sources on various versions of the Guideline. Why not a separate box that highlights the main source document (i.e. the latest Guideline, or the latest review - for that section?)*

*As media releases are often the top returned items when using a text search on the web page it would be more useful if media releases or the page for the media release had a direct link to the documentation to which it relates.*

Some comments on website **content** were made:

*Our staff find it useful that the AER website contact details include full contact details for the AER executives. A further improvement could be to include an additional representative (2IC [second in charge])*

*(Our) interest is in residential consumers, especially those who are disadvantaged. We would like to be able to access fact sheets that are less text heavy and illustrated. this would benefit a wider population who lack technical knowledge of the energy market.*

*The performance data could be better displayed and organised, to be used directly on screen rather than downloaded. Showing trends over time across jurisdictions for key indicators. It would also be good if the AER and ESC could have an information sharing MOU so that all states performance could be displayed on both.*

*Sort guidelines / view to compliance documents better*

*Extremely difficult for non-native English speakers. There needs to be recognition that there are considerable impediments to use of the website and (its information) for people who speak a language other than English. Translations of information about how to access an English language website are not adequate or effective.*

### Reasons for visiting the website

As shown in Figure 28, the reasons for visiting the AER website were consistent with 2016 results. The primary reason given by respondents is to download a copy of an AER publication (77%), followed by finding information on energy industry regulation (51%).

**Figure 28: Purpose of visit(s) to the AER website**

Base: Respondents who had visited the AER website

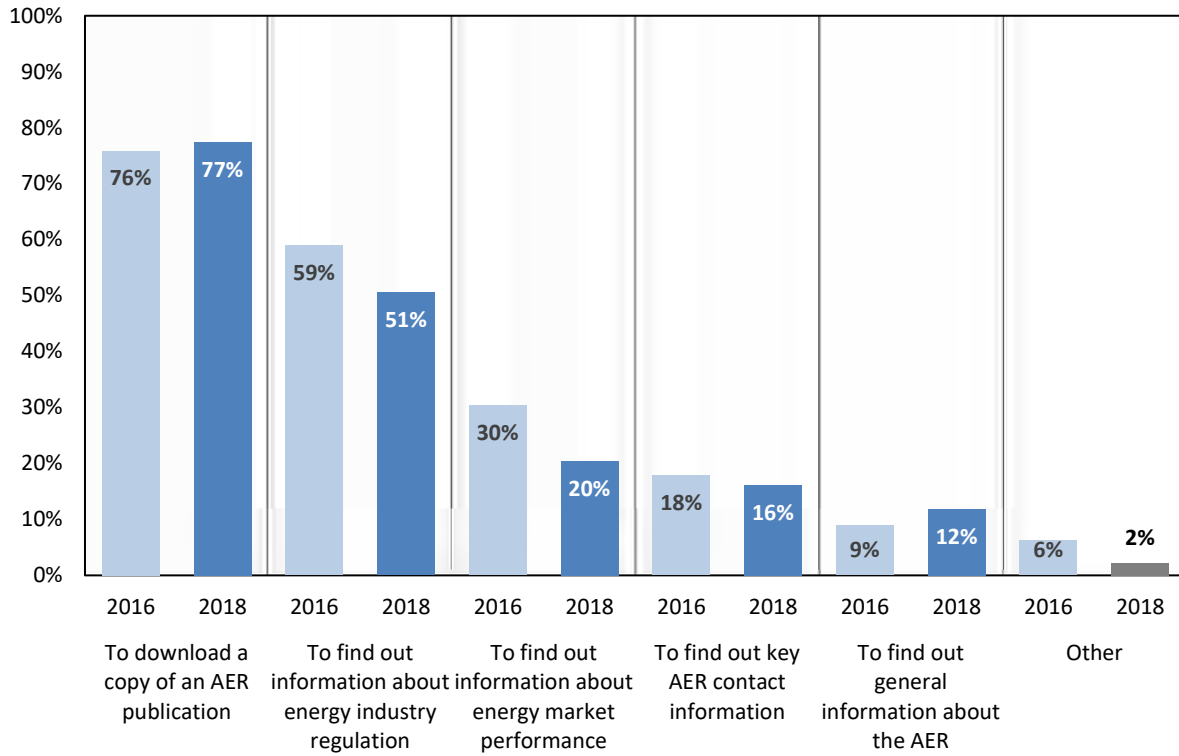


Figure 29 shows that ratings of the AER website varied only a little depending on the reason stakeholders had for visiting the site. Those accessing the website to find information about energy market performance were most likely to find it easy to understand information on the website and to find the information needed.

Those who visited the AER website to find general information about the AER were least likely to feel that the information was easy to understand (only 60% agreed).

**Figure 29: Perceptions of the AER website by purpose of visit**

Base: Respondents who had visited the AER website

