



Basslink regulatory reset 2025 to 2030: Engagement Summary Report

Prepared for APA

September 2023



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Purpose of this report

This report outlines a summary of the stakeholder engagement activities that were undertaken by APA in the development of its regulatory proposal for the Basslink Interconnector for the 2025 - 2030 regulatory period.

This report includes:

- APA's engagement objectives and approach in developing its regulatory proposal for Basslink
- The engagement activities undertaken by APA
- A timeline of APA's engagement activities
- What was heard from stakeholders and consumers during the engagement activities and how APA has responded to this feedback in its regulatory proposal
- A summary of the evaluation results from APA's engagement activities
- An overview of how APA has sought to meet the Australian Energy Regulator's (AER's) expectations on consumer engagement during the development of the regulatory proposal
- Next steps for APA's stakeholder engagement on the Basslink regulatory proposal.

SEC Newgate has worked with APA as its engagement partner during the development of the Basslink regulatory proposal.

Further detail on APA's plans for Basslink are set out in its regulatory proposal, which is available on the AER's website [here](#).



APA's engagement approach

APA understands that every community has insights, knowledge and experiences that can add value to, or improve the outcomes of its projects or activities.

APA's approach to stakeholder engagement has been guided by the following objectives:

Early engagement: APA informs and engages community members and key stakeholders early in the process, to ensure they remain fully informed and engaged before they start any activity that may or will impact them or their environment.

Be inclusive: APA ensures the community has easy access to clear, concise, and transparent information about projects, ensuring all communications uses language appropriate for each audience (for example, non-technical and easily accessible).

Be honest and act with integrity: APA will always use facts and speak the truth. If the answer is not known then the question will be taken on notice, the appropriate parties will be spoken with and a response provided promptly.

Be responsive: APA will respond to all stakeholder contact in a timely manner and make every effort to resolve issues to the satisfaction of all involved.

Be community-minded: APA will use projects to contribute to stronger local communities and provide economic and social benefit.





APA's engagement objectives

APA's engagement approach

APA's objectives for engagement for the Basslink regulatory proposal were co-designed with the stakeholder Regulatory Reference Group (RRG) for Basslink.

APA's objectives for stakeholder engagement during the regulatory process are to deliver a regulatory proposal that:

- **'Brings the outside in'** by directly responding to the needs and preferences of its customers.
- **Provides sustainable returns.**
- **Delivers a reliable supply of electricity** to Tasmanian and Victorian consumers.
- **Directly contributes to the green energy transition** in Australia.



RRG co-creation workshop

APA's engagement approach

The Regulatory Reference Group

- APA established a Regulatory Reference Group (RRG) in November 2022 to support the development of its regulatory proposal.
- The RRG serves as an independent advisory group comprised of a cross-section of stakeholders representing residential, small business, and large energy users in Tasmania and Victoria.
- The RRG's objective is to work collaboratively with APA under a principle of co-design on the development and implementation of APA's regulatory engagement plan for Basslink, including the scope, timing, themes, and engagement methodology.
- The RRG's input has been instrumental in helping to improve APA's understanding of the needs and expectations of different consumer segments.
- The RRG's input has also been used to continually refine the engagement materials and methodology APA used in consulting with consumers, industry, and government stakeholders.
- The consultation with the RRG was a crucially important step in APA's engagement process. RRG input was used to ensure expectations of engagement were consistently being met and suggestions for any modifications to the materials or approach when consulting with consumers, industry, and government stakeholders, were being executed.

The functions of the RRG are to:

- Provide independent feedback and challenge APA on the degree to which its regulatory proposal addresses the needs and preferences of consumers.
- Co-design the engagement program, including scope, timing, themes and engagement methodology.
- Input into the development of the regulatory proposal and challenge key components including operating expenditure and capital expenditure.
- Assist in improving APA's understanding of the needs and expectations of different consumer segments, including vulnerable groups.
- Participate in specific engagement activities with consumer segments and provide advice on communication and engagement as APA's regulatory proposal is developed.
- Assist with the development of materials to ensure they are fit for purpose.
- Partner with APA in the formation of future business plans for Basslink that benefit all stakeholders.
- Provide briefings on the work undertaken by the RRG to the APA Stakeholder Advisory Panel.

The Basslink RRG members include:

- Gavin Dufty, St Vincent's de Paul Society Victoria
- Leigh Darcy, Tasmanian Minerals, Manufacturing and Energy Council
- Karina Dambergs/ Chris Griffin, Northern Tasmania Development Corporation*
- Robert Mallett, Tasmanian Small Business Council
- John Pauley, Council of the Ageing Tasmania

*Karina Dambergs left the Northern Tasmania Development Corporation in late June 2023. Chris Griffin attended the September 2023 RRG meeting.



APA's engagement activities

APA's engagement activities

APA used deep, broad and targeted engagement methods in the development of its regulatory proposal, with APA senior staff steering the engagement program and attending all engagement activities.



Deep engagement methods

- **RRG engagement and meetings**
- **Online focus groups**
- **Consumer workshops**



Broad engagement methods

- Online **quantitative survey**



Targeted engagement methods

- **Presentations and meetings with stakeholders** on key elements of the regulatory proposal
- **Newsletter article** for the Tasmanian Minerals, Manufacturing and Energy Council

APA's engagement activities: Deep engagement methods

RRG engagement and meetings

- APA held its 'co-creation' workshop with RRG members in December 2022 where core issues and priorities for engagement, including mapping of key stakeholders, were discussed. This meeting was integral to establishing the foundations for the engagement program.
- Following the co-creation workshop, APA held a further six meetings with the RRG from January to September 2023 to discuss and collaborate on key aspects of the regulatory proposal and APA's engagement approach.
- RRG members also attended other engagement activities, including attending the consumer workshops as observers.
- RRG provided an independent report for the AER in August 2023 outlining their views on how APA engaged with its customers and how it has met the requirements of the AER's Better Resets Handbook

Online focus groups

- Prior to holding the consumer workshops, two online pilot focus groups were held to test and refine the materials that would be used at the workshops.
- The pilots sought to ensure that the concepts and trade-off questions intended for the workshops would be understood by consumers.
- The pilot findings also provided APA with a preliminary gauge of reactions to the proposed regulation of Basslink.
- The pilots involved two 90-minute online focus groups which were held on:
 - Tuesday 7 March 2023 with 7 Melbourne-based participants; and
 - Thursday 9 March 2023 with 8 Tasmanian-based participants.
- Across the full sample, there was a representative mix of the general community, including age, gender, residential location, household dwelling and income, and other relevant traits such as cultural and linguistic diversity, Aboriginal and Torres Strait Islander heritage, and SME business owners.

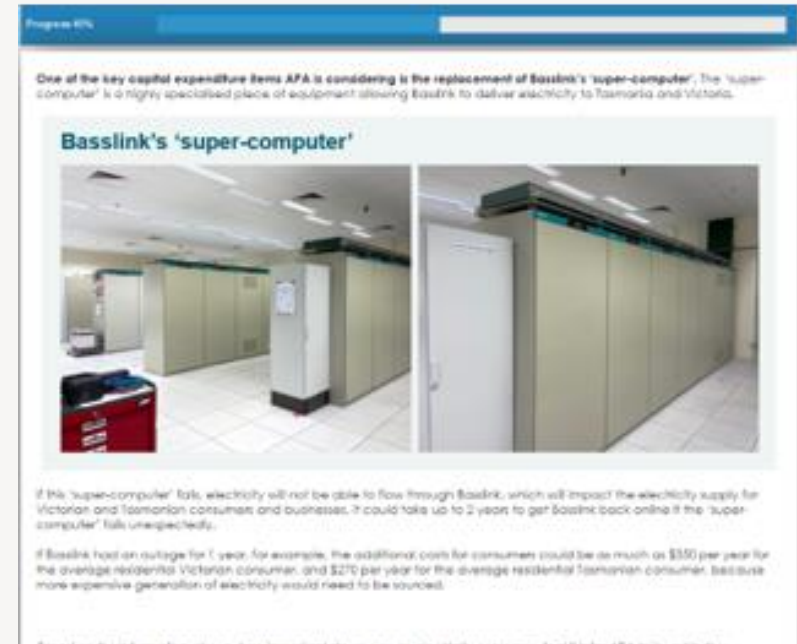
Consumer workshops

- APA held two consumer workshops to deep dive into preferences of residential and SME end-use consumers.
- These workshops involved an extensive program of informing, discussion, and reflection.
- APA held two 4-hour consumer workshops:
 - 28 March 2023 with 45 participants and 10 observers in Melbourne
 - 4 April 2023 with 48 participants and 12 observers in Launceston
- Each workshop covered three key focus areas of capital expenditure, insurance and cost-sharing.
- Each focus area was presented by the relevant APA staff member or consultant, followed by an open floor Q&A, facilitated table discussions, and then an online poll to seek their option preference. A final online poll on the three focus areas was also held at the end of each workshop.
- The feedback received from the consumer workshops was used to help shape APA's plans for Basslink and its regulatory proposal.
- The participant sample across the workshops comprised a representative mix of the general community and SME business owners, including the same breadth of demographic characteristics as in the online focus groups.

APA's engagement activities: Broad engagement methods

Online quantitative survey

- APA conducted a representative online quantitative survey of 1,240 electricity consumers from Tasmania and Victoria to test and validate the outcomes from the consumer workshops.
- The fieldwork for the survey was conducted between the 11th and 29th of May 2023.
- The survey aimed to build a breadth of understanding of general consumer preferences regarding key elements of the regulatory proposal and key trade-offs around issues like affordability, reliability, and risk.
- The survey objective was to build additional, complementary understanding on how consumers felt about the same three focus areas that were covered at the consumer workshops - capital expenditure, insurance and cost-sharing - it served as another pillar of evidence but at the total population level.
- 642 Victorians and 598 Tasmanians completed the survey. However, the total sample was weighted to enable equal voice to consumers from both states. Each State sample was weighted by age, gender and location in accordance with 2021 ABS Census population data for Victoria and Tasmania.



Progress: 21%

How concerned are you about the following energy-related issues as an energy consumer?

	Not at all concerned	A little concerned	Somewhat concerned	Very concerned	Extremely concerned	Don't know
The reliability of your electricity supply	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Transitioning to a sustainable energy future	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Not having the right infrastructure to support future consumer energy needs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The affordability of energy costs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Having transparency about what makes up your energy bills	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

10 - Extremely important

Don't know

APA's engagement activities:

Targeted engagement methods

Presentations and meetings with stakeholders

APA also engaged with a range of Victorian and Tasmanian stakeholders to seek their views on key areas of the regulatory proposal.

Stakeholders that were consulted throughout the engagement process included:

- Energy Users Association of Australia
- Australian Industry Group
- Victorian Economic Chamber of Commerce and Industry
- Bell Bay Advanced Manufacturing Zone in Tasmania
- Tasmanian Government - Renewables, Climate, and Future Industries Tasmania
- Victorian Government - Department of Energy, Environment and Climate Action

Newsletter article

- As part of targeted engagement, APA included an article in the Tasmanian Minerals, Manufacturing and Energy Council newsletter.
- This article gave an overview of who APA is and some further background on the Basslink Interconnector. The aim was to seek the views and feedback from large energy users and to inform them of APA's plans to convert Basslink into a regulated asset.
- In addition, APA included an invitation to engage with them ahead of submitting its regulatory proposal.



Presentation to Bell Bay Advanced Manufacturing Zone



APA's engagement timeline

Engagement timeline

— November 2022 — December 2022 — January 2023 — February 2023 —→

Activity	Establishment of the Regulatory Reference Group	RRG Co-creation workshop	RRG Meeting #1	RRG Meeting #2
Engagement objectives	<p>Confirm participants and Terms of Reference.</p>	<p>Seek feedback on:</p> <ul style="list-style-type: none"> • APA’s plans for Basslink • Overview of proposed engagement • Core issues and priorities for engagement, including mapping of key stakeholders and issues. 	<p>Seek feedback on:</p> <ul style="list-style-type: none"> • Regulatory conversion process • Overview of insurance issues • Opening Regulatory Asset Base • Engagement timeline • Overview of consumer workshops. 	<p>Seek feedback on:</p> <ul style="list-style-type: none"> • Insurance options for Basslink • Cost sharing between Tasmania and Victoria • Materials for consumer workshops.

Engagement timeline

March 2023 

Activity	Presentation to Bell Bay Advanced Manufacturing Zone	Online focus groups	RRG Meeting #3	Melbourne consumer workshop
Engagement objectives	<ul style="list-style-type: none"> • Introduce APA and Basslink • Explain plans for regulatory conversion • Discuss any further opportunities for engagement. 	<p>Seek feedback from Victorian and Tasmanian consumers on:</p> <ul style="list-style-type: none"> • Overall knowledge and sentiment towards Basslink • Regulatory conversion • Views on energy preferences, including issues relating to affordability, transparency, reliability and future energy needs • Preferences on options for capital expenditure, insurance, and cost sharing between Tasmania and Victoria. 	<p>Seek feedback on:</p> <ul style="list-style-type: none"> • Forecast capital expenditure • Forecast operating expenditure • Consumer workshop questions. 	<p>Seek feedback on:</p> <ul style="list-style-type: none"> • Overview of Basslink and the regulatory process • Capital expenditure options, focussing on reliability/affordability trade-offs • Insurance options, focussing on price/risk trade-offs • Options for sharing Basslink’s costs between Tasmania and Victoria, focussing on the costs, benefits and impacts of options.

Engagement timeline

April 2023

Activity	Launceston consumer workshop	Article in the Tasmanian Minerals, Manufacturing & Energy Council's fortnightly newsletter	RRG Meeting #4
Engagement objectives	<p>Seek feedback on:</p> <ul style="list-style-type: none"> • Overview of Basslink and the regulatory process • Capital expenditure options, focussing on reliability/affordability trade-offs • Insurance options, focussing on price/risk trade-offs • Options for sharing Basslink's costs between Tasmania and Victoria, focussing on the costs, benefits and impacts of options. 	<ul style="list-style-type: none"> • Introduction to APA and APA's plans for Basslink • Invitation to engage with APA in the development of the regulatory proposal. 	<p>Seek feedback on:</p> <ul style="list-style-type: none"> • Outcomes of the consumer workshops held in Melbourne and Launceston • Quantitative survey question line • Opportunities for further stakeholder engagement.

Engagement timeline

May

Activity	<p>Meetings with:</p> <ul style="list-style-type: none"> • Victorian Chamber of Commerce and Industry • Energy Users Association of Australia • Australian Industry Group 	<p>Meeting with Tasmanian Government - Renewables, Climate and Future Industries Tasmania</p>	<p>Quantitative survey of consumers</p>
Engagement objectives	<p>Seek feedback on:</p> <ul style="list-style-type: none"> • Regulatory conversion • Stakeholder engagement to date and the outcomes of the consumer workshops including the preferences for capital expenditure, insurance and cost sharing between Tasmania and Victoria • Initial forecasts of key elements of the regulatory proposal including: <ul style="list-style-type: none"> - Forecast Regulatory Asset Base - Forecast operating and capital expenditure - Forecast annual bill impacts for consumers. 	<p>Seek feedback on:</p> <ul style="list-style-type: none"> • Overview of stakeholder engagement, including consumer workshop and quantitative survey outcomes • Overview of the key elements of APA's regulatory proposal. 	<p>Seek feedback on:</p> <ul style="list-style-type: none"> • Level of energy literacy • Level of concern for overall energy issues. • Levels of support for future energy focus areas, including reliability, energy planning, and transparency. • Overall knowledge and sentiment towards Basslink • In-principle sentiment and support towards the trade-off concepts underpinning the approaches across the three focus areas, including affordability, reliability, and risk tolerance. • Preferences on options for capital expenditure, insurance and cost sharing between Tasmanian and Victoria.

Engagement timeline

		June		September	
Activity	RRG Meeting #5	Meeting with Victorian Government - Department of Energy, Environment and Climate Action	RRG review of APA's draft regulatory proposal	RRG Meeting #6	
Engagement objectives	Seek feedback on: <ul style="list-style-type: none"> • Outcomes from stakeholder meetings • Results from the quantitative survey • Overview of the key elements of APA's regulatory proposal. 	Seek feedback on: <ul style="list-style-type: none"> • Overview of stakeholder engagement, including consumer workshop and quantitative survey outcomes • Overview of the key elements of APA's regulatory proposal. 	Seek feedback on: <ul style="list-style-type: none"> • Draft version of the regulatory proposal ahead of submission to the AER. 	Seek feedback on: <ul style="list-style-type: none"> • Update on APA's regulatory proposal • Further stakeholder engagement on Basslink 	




What APA heard and how APA responded

What APA heard and how APA responded


APA focused its stakeholder engagement on five priority issues based on issues identified by the RRG as key for Basslink's stakeholders and consumers. APA also considered issues where stakeholders and consumers can have the greatest impact on the regulatory proposal, where their opinion would genuinely influence and guide its regulatory proposal.

Outlined below is what APA heard and how it has responded on the five priority issues for Basslink - reliability, affordability, capital expenditure, insurance, and cost sharing.


Further detail on the outcomes from the consumer workshops and the quantitative survey held by APA can be found in a research report, which is available on the AER website [here](#).

Priority issue	What APA heard	How APA responded
Reliability 	<ul style="list-style-type: none">Consumers and industry stakeholders both strongly supported a high level of reliability due to concerns about the potential for electricity outages if Basslink fails.84% of survey participants rated having greater reliability for the future as something they strongly support (rated 7+ out of 10). This was the top rated item among all energy focus areas for the future, with survey respondents with a disability significantly more likely to be very or extremely concerned about the reliability of their electricity supply.Consumers at the workshops wanted to ensure that there were timely repairs to Basslink's subsea cable should a failure occur in the future. Tasmanian consumers particularly referenced the need to avoid a repeat of Basslink's 2015 outage.	<ul style="list-style-type: none">APA has clearly heard customers' preference for a strong and reliable Basslink and is focussed on maintaining Basslink's high levels of reliability to ensure Basslink can continue to meet the energy needs of Tasmanian and Victorian consumers.In addition to the timely replacement of Basslink's control and protection system (discussed below), APA has proposed two key investments to further strengthen Basslink's reliability in response to stakeholder and consumer feedback:<ul style="list-style-type: none">\$7.0m in capital expenditure to enable Basslink to operate at higher temperatures when customer demand for electricity is high.\$7.65m in annual expenditure on emergency preparedness to reduce repair times and the time Basslink would be offline in the event of a major incident.


What APA heard and how APA responded

Priority issue	What APA heard	How APA responded
Affordability 	<ul style="list-style-type: none">• Consumers highlighted that energy costs and affordability of electricity are key concerns for both residential and small business consumers, with 73% of survey respondents indicating they were very or extremely concerned about energy affordability (the top concern among all energy issues).• Amongst survey participants, affordability was a particular concern for women and those more financially vulnerable.• Consumers at the workshops were also strongly focussed on the bill impact of the regulatory proposal, with several remarking that the whole conversation comes down to cost.• Some industry stakeholders indicated a preference for price stability, while others noted the importance of ensuring any cost savings following the regulation of Basslink are passed through to consumers.	<ul style="list-style-type: none">• APA is conscious of current consumer and stakeholder concerns around energy affordability and cost of living and is focussed on keeping Basslink's prices as low as possible while maintaining a high level of reliability to reduce wholesale electricity costs to consumers.• Consistent with consumer concerns around energy affordability, APA is proposing to adopt the lowest initial Regulatory Asset Base forecast, which is based on the Depreciated Actual Cost method.• APA's regulatory proposal, if approved by the AER, would result in a relatively low bill impact of \$11 a year for the average Victorian residential customer and \$8 a year for the average Tasmanian residential customer.• These bill impacts are based on the adoption of a market size approach to sharing the costs of Basslink between Victorian and Tasmanian energy consumers, which was the preference from the consumer workshops and survey as it was considered the fairest approach. This approach results in the most comparable bill impacts between Victorian and Tasmanian consumers out of the alternative cost sharing approaches APA considered and engaged on.• Basslink's cost are expected to have minor real cost declines year on year for the revenue period.• Ensuring that the capacity of Basslink is available to the market will help minimise electricity prices in Tasmania and Victoria.


What APA heard and how APA responded

Priority issue	What APA heard	How APA responded
Capital expenditure 	<ul style="list-style-type: none">• Engagement with consumers and stakeholders on capital expenditure focussed on the replacement of Basslink’s control and protection system due to the significant cost of the replacement system. In particular, views were sought on whether the system should be replaced in the upcoming 2025 to 2030 regulatory period or the following regulatory period post 2030.• There was strong support from consumers across the full consumer engagement program for replacing the control and protection system in the 2025 to 2030 regulatory period, with 73% of workshop participants and 70% of all survey participants supportive of not delaying investment.• The main reasons cited by consumers for their support for not delaying investment were based on an aversion to risk, with concerns around the risks of outages and the associated impacts on consumers. The potential for cost savings from not delaying investment was also noted by survey participants.• The Victorian Chamber of Commerce and Industry also indicated support for not delaying the replacement of the control and protection system to avoid the risk of an outage.	<ul style="list-style-type: none">• APA recognises the strong and consistent preference for not delaying the replacement of the control and protection system from consumers and stakeholders. APA also notes this preference is consistent with the high importance placed on reliability.• APA has adopted the preference of consumers and stakeholders and included the replacement of the control and protection system in the capital expenditure plans of its regulatory proposal for 2025 to 2030.

What APA heard and how APA responded

Priority issue	What APA heard	How APA responded
Insurance 	<ul style="list-style-type: none">• Engagement with consumers and stakeholders on insurance focussed on whether APA should adopt a low insurance premium with higher risks should an insurance event occur, or a high insurance premium with lower risks should an insurance event occur.• Consumers indicated mixed views on insurance, with 72% all of workshop participants preferring the low insurance premium option and 55% of all survey participants preferring the high insurance premium option.• The preferences of workshop participants towards the low insurance premium option were largely driven by Launceston participants, with 81% preferring this option (compared to 60% in Melbourne). Many Launceston participants preferred the low premium option as they thought the risk of damage was low and this option would be cheaper overall.• In contrast, survey participants preferred the high insurance premium option as they considered it would help to manage reliability risks as Basslink was a critical asset. Survey participants also preferred this option as they thought it would provide greater certainty about costs and avoid surprises at a later date if damage occurred.• Furthermore, at the principle level, 76% of all survey participants believed it is important for APA to have an adequate level of insurance for Basslink to help cover repair costs if it is damaged.• Industry stakeholders did not indicate an insurance preference.	<ul style="list-style-type: none">• APA notes there was not a clear and consistent view from consumers on their preferences and level of risk on insurance. This may reflect the complex choices involved in this issue and differences in how consumers considered the risk of damage to Basslink. Consumers are also likely to have differences in their tolerance for risk.• On balance after carefully considering this feedback, APA has decided to adopt insurance arrangements that preference a lower level of risk to consumers in the long term but includes a higher level of premium.• This approach will help to meet consumer preferences for a 'no surprises' approach because the alternative could lead to an unexpected increase in costs, should repairs be required.• APA understands there are also high levels of concern around energy affordability. However, APA notes the bill differences between the high and low premium approaches are relatively low and a high premium approach will also help to avoid bill shock for consumers should damage occur.

What APA heard and how APA responded

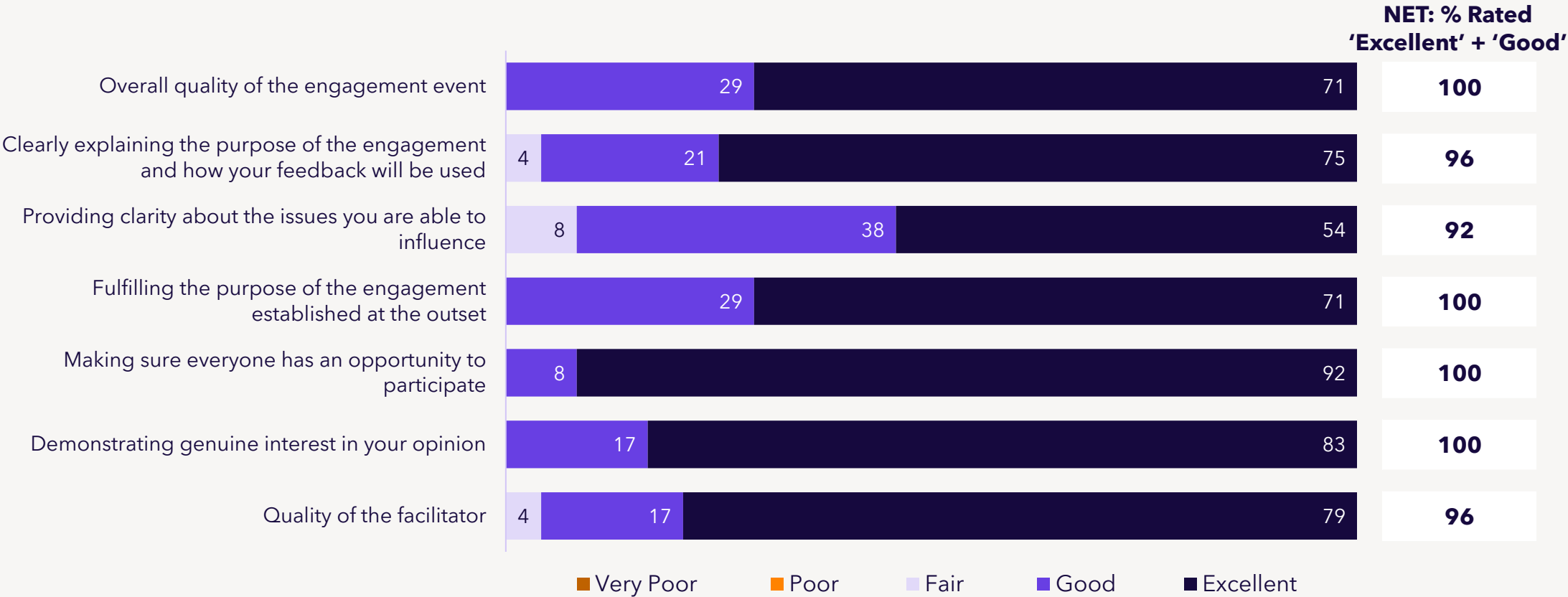
Priority issue	What APA heard	How APA responded
Cost sharing 	<ul style="list-style-type: none">Engagement with consumers and stakeholders on cost sharing focussed on how Basslink's costs should be shared between Tasmanian and Victorian consumers.Three cost sharing options that are allowed under the National Electricity Rules were discussed, including options based on the geographic split of Basslink's assets, energy flows between Tasmania and Victoria, and the market size of Tasmania and Victoria based on the number of electricity connections in each State.Consumers indicated a preference for the market size approach to cost sharing, with 75% of all workshop participants and 44% of all survey participants selecting this option. Levels of preferences for the other approaches noted from the survey were 32% for energy flows and 14% for geography, while 14% remained undecided.Participants across both the workshops and the survey selected the market size option as it was considered the fairest. Tasmanian participants were especially supportive of this option and also noted it was fairer as Tasmanians are more likely to have lower incomes than Victorians.Victorian survey participants demonstrated a very slight preference for the energy flows approach, with 36% supporting this option. However, this was very closely followed by a preference for the market size approach at 31%. Additionally, Victorian workshop participants displayed a preference for the market size approach at 53% - when considering these different pillars of evidence it is clear there is strong support for the market size approach across the Victorian population.An industry stakeholder noted a preference for either the market size or energy flow options, with another stakeholder noting costs should be allocated based on who benefits from Basslink.	<ul style="list-style-type: none">APA notes consumers expressed a consistent preference for the market size approach to sharing the costs of Basslink at overall population levels, largely as it was considered the fairest approach.APA notes this approach results in the most comparable bill impacts for Victorian and Tasmanian consumers.Although APA understands a market size approach to sharing the costs of an interconnector has not previously been applied by the AER, APA has adopted the market size approach in its regulatory proposal due to the clear preference expressed by consumers.APA intend to undertake further stakeholder consultation on the market size approach over the coming months as the AER assesses the proposal.



Stakeholder evaluation results

Evaluation results: Total results across all RRG meetings

Independent evaluation surveys were sent out to RRG attendees after each of the seven meetings held with the RRG. Across all of the meetings, RRG members rated the majority of performance aspects 'excellent' or 'good'



Feedback from RRG following RRG meetings



"Excellent facilitation, well-prepared materials, and an interesting mix of RRG members with diverse experiences and views." - December 2022



"Lots of time to be open and honest. The openness gives confidence that it (the ownership) will be well managed. Always willing to listen and not dismiss any given opinion" - February 2023



"I have been very satisfied with the engagement process and the transparency provided by APA to the RRG" - June 2023



"Made everyone feel (it was) a safe environment for everyone to ask questions and say what they wanted without fear. The way everyone got on from the outset. The positive outlook from APA about what the asset can deliver in the future" - December 2022



"The technical information updates were clear, concise, and valuable for discussing what to share in consumer sessions. The insurance update was also helpful for me in an economic development sense, so it was a value-add for my role" - January 2023



"Reinforced the commitment from the outset that our opinion matters. There doesn't appear to be any 'secret squirrel' attitude. The ease with which APA addresses our questions is refreshing" - March 2023



"I think APA needs to provide more information for consumers about the costs and benefits of moving Basslink to a regulated link. Comparisons with other links would be a good starting point" - January 2023



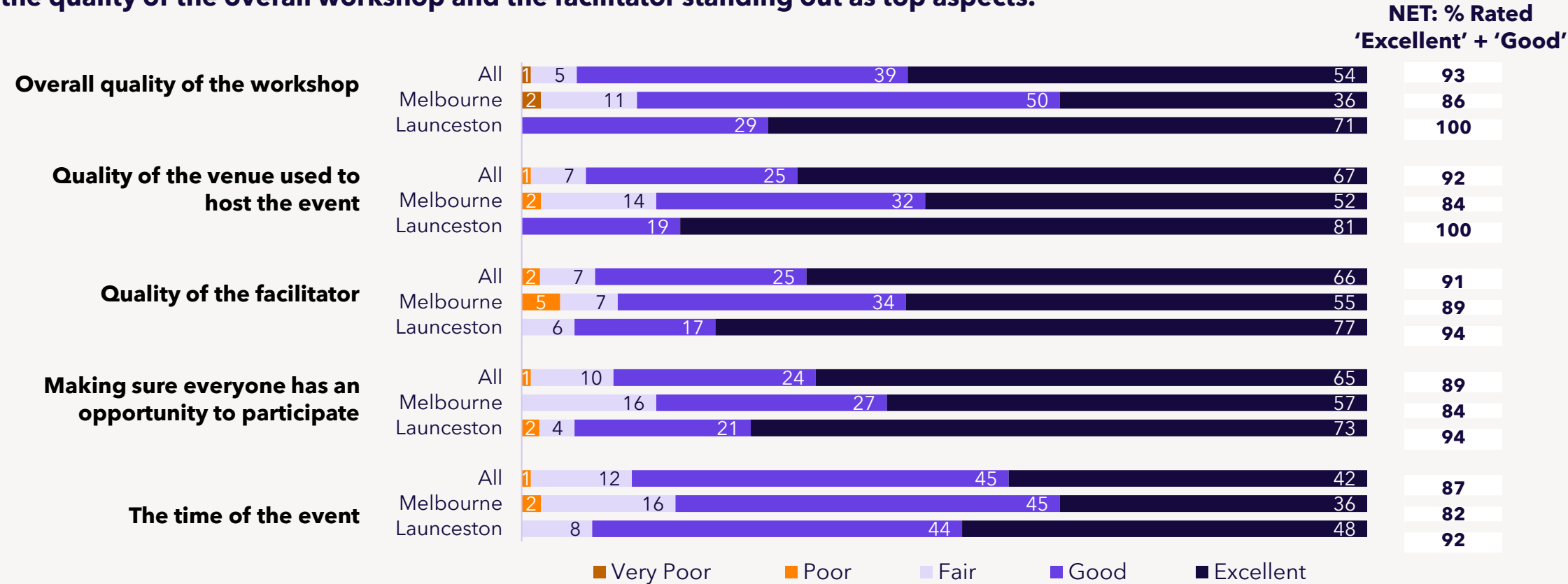
[In terms of what APA did well], "quality of assembled pre-read material...inviting conversation...effort put into explaining how the 15 -minute surveys have been prepared, how they will work and what they are attempting to achieve" - April 2023



"Critical issue is who pays and a ball park figure of how much. I don't think APA can isolate regulation from who pays and how payment is distributed among consumers. Somehow AER and governments will need to be fully engaged and able to fully explain the process." - February 2023

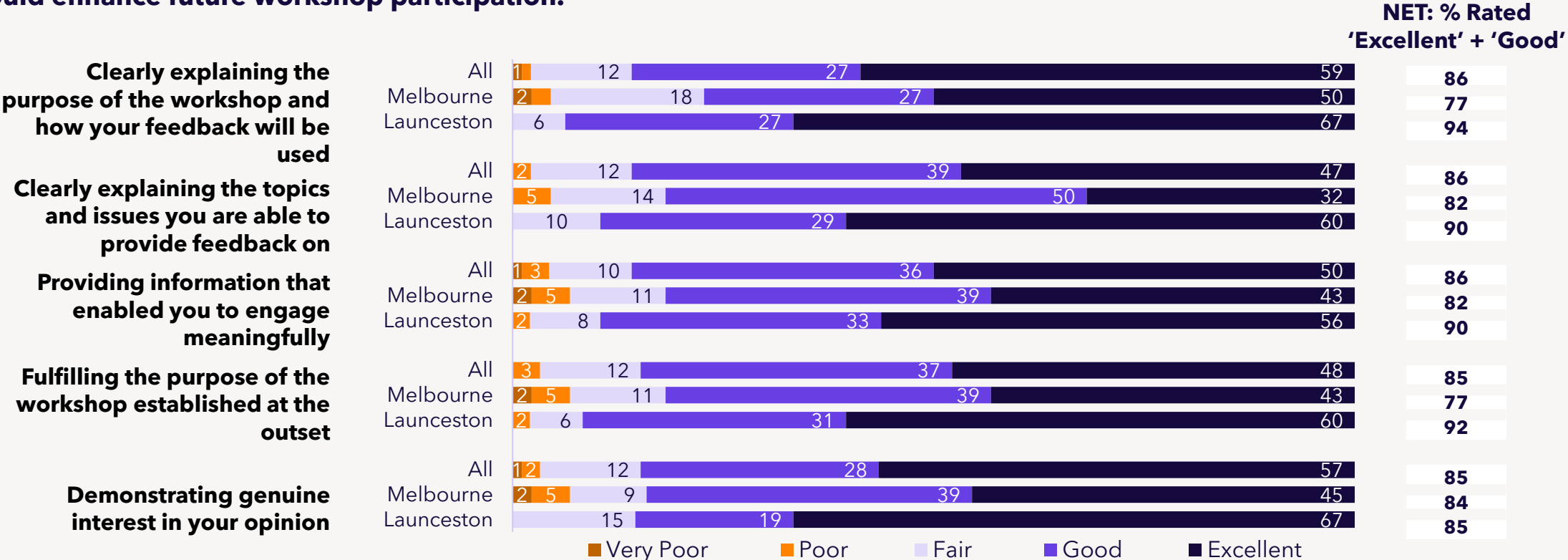
Consumer workshop evaluation results

Independent evaluation surveys were sent out to workshop participants following the Melbourne and Launceston consumer workshops. All performance aspects were rated 'excellent' or 'good' by at least 85% of all participants, with the quality of the overall workshop and the facilitator standing out as top aspects.



Consumer workshop evaluation results

Ratings from Launceston participants were higher than Melbourne participants, reflecting improvements made from the first workshop. Overall, participants appreciated the facilitated table discussions and having APA representatives and subject matter experts available to answer questions, while suggesting more background information and time for Q&A would enhance future workshop participation.



Feedback from workshop participants



"The session was professional and well run. It was good having APA people in the room."

- Melbourne workshop participant



"Great to have APA people and a moderator on each table, and that the CEO made the effort to speak."

- Melbourne workshop participant



"Considering I didn't have a lot of knowledge on the topic prior to the evening, I found all of the information easy to follow and interesting and the speakers engaging.."

- Melbourne workshop participant



"This was informative as well as enabling. I learned a lot about a subject about which I had only a smattering of previous information. The group sessions were friendly, and participants shared their thoughts and knowledge articulating with confidence."

- Launceston workshop participant



"I thought it was done well but some people were stuck on the topic of consumer costs, so maybe some of this could be explained more clearly at the beginning of the session."

- Melbourne workshop participant



"Both companies had friendly, respectful representatives who made an effort to engage with normal, everyday community members to better understand their knowledge or lack of and feelings about the different issues."

- Launceston workshop participant



"An enjoyable, informative evening spent with genuine, concerned, local people who put forth many thoughtful, interesting comments and questions for consideration."

- Launceston workshop participant



"The SEC Newgate and APA representatives we had on our table were very informative and I felt gave each of us a rather fair chance to converse the topics."

- Launceston workshop participant



"There was a lot of information to take in, and when people were talking it was hard to capture all that was being presented."

- Melbourne workshop participant



Alignment of consumer engagement against the AER Better Resets Handbook expectations

Alignment against the AER's Better Resets Handbook

The AER released its Better Resets Handbook in December 2021. It seeks to encourage energy network businesses to “better engage and have consumer preferences drive the development of regulatory proposals”.

- The Handbook sets out the AER's expectations on consumer engagement, which focus on the:
 - nature of engagement
 - breadth and depth of engagement
 - clearly evidenced impact of this engagement.
- For each of these three expectations, there are a number of components setting out further detail on how the AER considers these expectations could be demonstrated.
- APA's engagement on the Basslink regulatory proposal has been guided by the AER's expectations.
- We have set out how APA has sought to meet each of the AER's expectations on consumer engagement during the development of its regulatory proposal.



Launceston consumer workshop

Alignment against the AER's Better Resets Handbook

AER Expectation: Nature of engagement

How APA's engagement approach meets this expectation

Sincerity of engagement

- APA senior staff attended all RRG meetings and both consumer workshops, with APA's CEO also presenting at both consumer workshops and RRG's co-design workshop.
- APA worked closely with the RRG on the materials for the consumer workshops and also undertook online focus groups to test and refine the workshop materials. Changes were made to the workshop materials and approach following the first consumer workshop in Melbourne in response to feedback from workshop participants and the RRG to improve the clarity of materials and strengthen participant engagement.
- **On the evaluation measure of "displaying genuine interest in your opinion", 100% of RRG members and 85% of all consumer workshop participants rated APA as 'good' or 'excellent'.**

Consumers as partners

- APA set up the RRG in November 2022 shortly after finalising its purchase of Basslink, with the objective of working with the RRG to collaboratively co-design the development and implementation of APA's regulatory engagement plan for Basslink.
- APA and the RRG mapped the core issues and priorities for engagement in December 2022, which set the foundations for APA's engagement program. The RRG also collaborated with APA on the development of key aspects of the regulatory proposal and APA's engagement approach.
- Feedback from the RRG, consumer workshops and quantitative survey have directly guided APA's position in its regulatory proposal and can be considered as on the 'collaborate' level of public participation on the IAP2 spectrum in relation to affordability, reliability and insurance issues. In the case of decisions on the timing of the replacement of the control and protection system and how costs should be shared between Victorian and Tasmanian consumers, these decisions were determined on the 'empower' level of public participation on the IAP2 spectrum as APA implemented what the majority of consumers preferred.

Alignment against the AER's Better Resets Handbook

AER Expectation: Nature of engagement

How APA's engagement approach meets this expectation

Equipping consumers

- Consumer workshop participants were provided with pre-reading a week ahead of the workshops to facilitate their engagement at the workshops. Workshop materials were also tested with the RRG and in online focus groups to test and refine the workshop materials and ensure they were appropriately targeted.
- Senior APA staff and expert consultants presented to the workshop participants and answered questions at open Q&A sessions as well as during facilitated table discussions to further support consumer understanding and engagement.
- The RRG provided feedback on the question line for the quantitative survey and the survey questions went through cognitive testing and pilot testing ahead of being put into field to ensure questions were clear and information about the focus areas was easily understood.
- The RRG and consumer workshop participants were remunerated for their time. The RRG also were reimbursed for travel expenses associated with engagement events.
- **On the evaluation measures of:**
 - **"Providing information that enabled you to engage meaningfully", 86% of all consumer workshop participants rated APA as 'good' or 'excellent'.**
 - **"Making sure everyone has an opportunity to participate", 100% of RRG members and 89% of all consumer workshop participants rated APA as 'good' or 'excellent'.**

Alignment against the AER's Better Resets Handbook

AER Expectation: Nature of engagement

How APA's engagement approach meets this expectation

Accountability

- After each RRG meeting, RRG members were asked to complete an independent evaluation survey. The outcomes from each these surveys were shared at the next RRG meeting and APA provided a response on how the feedback would be adopted.
- Independent evaluation surveys were also completed by participants at the two consumer workshops held. In particular, feedback from the first consumer workshop in Melbourne was used to change how the second consumer workshop in Launceston was run, with changes made to both the workshop materials and the workshop design. Feedback sessions with the RRG were also held following both workshops to obtain RRG views on how the workshops could be improved.
- RRG also provided input on the question line for the quantitative survey before it went into field and were briefed on the results following its completion.
- Evaluation results from the RRG meetings and the consumer workshops are detailed in this report.
- **On the evaluation measure of "fulfilling the purpose of the engagement established at the outset", 100% of all RRG members and 85% of all consumer workshop participants rated APA as 'good' or 'excellent'.**

Alignment against the AER's Better Resets Handbook

AER Expectation: Breadth and depth of engagement

How APA's engagement approach meets this expectation

Accessible, clear and transparent engagement

- Regular meetings were held with the RRG to test and refine thinking on issues, particularly the three focus areas for the consumer workshops and quantitative survey and how these should be presented to facilitate engagement and understanding.
- At each RRG meeting, the online focus groups, consumer workshops and in the quantitative survey, the objectives for engagement and details on how feedback would be used by APA were set out.
- APA ensured that consumers from both Tasmania and Victoria were able to participate in the consultation process through holding a consumer workshop in each State.
- Engagement materials were tailored to each engagement activity to reflect the audience and their needs. For example, while both the quantitative survey and consumer workshops focused on the same three focus areas for the regulatory proposal, less detail and more visual elements were incorporated into the survey compared to the customer workshops to reflect the constraints of the survey and facilitate understanding.
- **On the evaluation measures of:**
 - **"Clearly explaining the purpose of engagement and how your feedback would be used", 96% of RRG members and 86% of all consumer workshop participants rated APA as 'good' or 'excellent'.**
 - **"Providing clarity on the issues you are able to influence", 92% of RRG members rated APA as 'good' or 'excellent'.**
 - **"Clearly explaining the topics and issues you are able to provide feedback on", 86% of all consumer workshop participants rated APA as 'good' or 'excellent'.**

Alignment against the AER's Better Resets Handbook

AER Expectation: Breadth and depth of engagement

How APA's engagement approach meets this expectation

Consultation on desired outcomes, then inputs

- APA's engagement program commenced with a co-design workshop with the RRG which mapped issues for the regulatory proposal based on stakeholders' ability to influence under the IAP2 spectrum and the impact on maximum allowed revenue and customer risk outcomes. This issues map helped to guide APA's engagement program and which issues to focus on with stakeholders and consumers.
- The consumer workshops and quantitative survey provided opportunities for consumers to provide their views on their broader energy preferences and concerns as well as APA's long term plans for Basslink, before providing their views on specific issues for the regulatory proposal.
- APA will continue to engage with the RRG following the submission of the regulatory proposal and seek their views as the proposal is assessed.

Multiple channels of engagement

- APA has undertaken broad, deep and targeted engagement with a range of stakeholders and consumers. This engagement has included regular meetings with the RRG, two online focus groups, two in-depth consumer workshops, a State population representative quantitative survey with 1,240 participants, newsletter articles for Tasmanian business groups, and a range of targeted stakeholder meetings.
- Participants at the workshops and online focus groups were selected to ensure there was a representative mix of the general community, including age, gender, residential location, household dwelling and income, and other relevant traits such as cultural and linguistic diverse, Aboriginal and Torres Strait Islander heritage, and SME business owners.
- These engagement methods were developed in collaboration with the RRG who guided how engagement was undertaken and provided advice on content.

Alignment against the AER's Better Resets Handbook

AER Expectation: Breadth and depth of engagement

How APA's engagement approach meets this expectation

Consumers' influence on the proposal

- APA's engagement program commenced with a co-design workshop with the RRG which mapped issues for the regulatory proposal based on stakeholders' ability to influence under the IAP2 spectrum and the impact on maximum allowed revenue and customer risk outcomes. This issues map helped to guide APA's engagement program and which issues to focus on with stakeholders and customers
- The three key focus areas selected for the consumer workshops and quantitative survey were based on the issues where consumer feedback would have genuine influence over APA's decision making and position in the regulatory proposal. These three focus areas were selected in consultation with the RRG and were reflective of the issues identified by the RRG and APA at their initial co-design workshop.
- Feedback from the RRG, consumer workshops and quantitative survey have directly guided APA's position in its regulatory proposal and can be considered as on the 'collaborate' level of public participation on the IAP2 spectrum in relation to affordability, reliability and insurance issues. In the case of decisions on the timing of the replacement of the control and protection system and how costs should be shared between Victorian and Tasmanian consumers, these decisions were determined on the 'empower' level of public participation on the IAP2 spectrum as APA implemented what the majority of consumers preferred.
- APA had regard to the level of information stakeholders and consumers would require to support their engagement. For example, complex issues such as insurance, were considered by the RRG over a series of meetings.
- In addition, for the consumer workshops, participants were provided with pre-reading ahead of the workshops to build their knowledge base so they were able to fully participate in the workshops. The workshops also included a series of open floor Q&A sessions and facilitated table discussions where participants could raise questions and explore issues in further depth.

Alignment against the AER's Better Resets Handbook

AER Expectation: Clearly evidenced impact of this engagement

How APA's engagement approach meets this expectation

Proposals linked to consumer preferences

- This report sets out how APA has responded to consumer preferences in its proposal, with a summary of this response also included in APA's overview of the regulatory proposal.
- In particular, in response to clear and consistent consumer preferences, APA has adopted the position supported by consumers on the timing of capital expenditure for its control and protection system and on how Basslink's costs should be shared between Victorian and Tasmanian consumers in its regulatory proposal. Consumer preferences and views on affordability, reliability and insurance have also been reflected in the regulatory proposal.

Independent consumer support for the proposal

- APA has worked closely with the RRG to co-design the engagement process and the development of its regulatory proposal to improve the likelihood of the proposal reflecting consumer preferences and the RRG being able to provide independent support for the proposal.
- The RRG were also provided a draft of the regulatory proposal for review and feedback ahead of its submission to the AER.
- The RRG provided an independent report for the AER in August 2023 outlining their views on how APA engaged with its customers and how it has met the requirements of the AER's Better Resets Handbook. The RRG considered that overall APA has met the Better Resets Handbook requirements and that APA has engaged openly and collegially across all levels of the organisation. In particular, the RRG has said "APA have adopted positions that clearly take into account consumer views and preferences obtained via direct engagement... the proposal reflects consumer views of the issues they were consulted on." The RRG also provided suggestions on how engagement can be broadened and deepened for the 2025-30 revenue proposal and beyond.
- APA will continue to engage with the RRG as the AER assesses the Basslink regulatory proposal.



Next steps for stakeholder engagement

Next steps for stakeholder engagement

- APA will submit its regulatory proposal for Basslink to the AER for consideration and assessment on 15 September 2023.
- As part of the AER's assessment process, the AER will publish an issues paper, hold a public forum and invite submissions on APA's regulatory proposal from consumers and stakeholders in November 2023.
- APA welcomes consumer and stakeholder feedback on its regulatory proposal.
- APA will continue to engage with stakeholders, including the RRG, throughout the AER's assessment process, to understand their views and feedback on the regulatory proposal.
- Submissions on APA's regulatory proposal will be considered by the AER before it publishes a draft decision on the regulatory proposal in June 2024.
- A final decision by the AER on the regulatory proposal is expected in December 2024. If the AER determines to convert Basslink to a regulated transmission network service provider, regulated prices would commence from 1 July 2025.

