



Communication Link

FINAL

Evoenergy Community Forum

Gas Network 2026-2032 access arrangement
regulatory proposal

Midway report of feedback received from sessions 1 - 3

May 2024

Acknowledgement of Country

In the spirit of reconciliation, Communication Link acknowledges the Ngunnawal people, Traditional Custodians of the land on which our head office resides. We acknowledge and respect their continuing culture and the contribution they make to the life of our community in Canberra and the region. We also acknowledge all other Aboriginal and Torres Strait Islander peoples as the Traditional Custodians of all land on which our work and connections may reach, and pay our respect to their Elders, past and present.



Communication Link

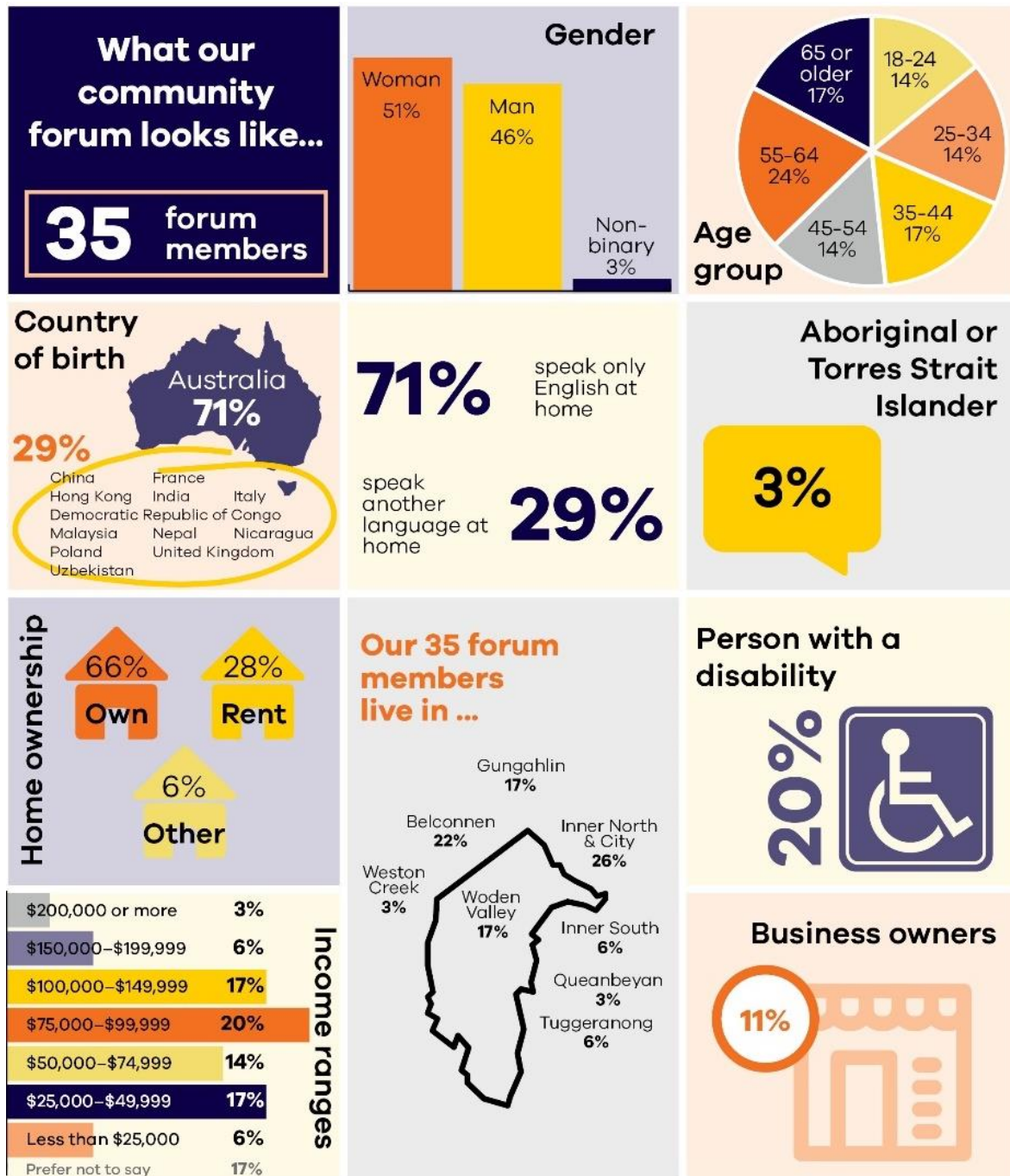
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1. Introduction

Figure 1 Demographic composition of the community forum



The Engagement Strategy for Evoenergy’s gas network 2026–2031 access arrangement regulatory proposal (GN26) includes the Evoenergy community forum as a key activity to undertake deep dives into issues (shown in Table 1) with representative members of Canberra and the associated region’s diverse community.

The Evoenergy community forum was established through an independent recruitment process that used blind demographic stratification to build a group that is diverse and representative. The community forum currently consists of 35 people. A summary of the community forum demographics is provided in Figure 1.



The community forum has met three times as outlined in the table below.

Table 1 Summary of community forum meetings

Session	Meeting details	Topics explored
Session 1	Saturday 4 May 9am - 2pm	<ul style="list-style-type: none"> • Forum get-to-know each other • Introduction to the gas network and site visit • Group developed customer values as they relate to the gas network
Session 2	Thursday 9 May 5pm - 8pm	<ul style="list-style-type: none"> • Explore the concept of demand uncertainty • Introduction to the regulatory process, network costs and how they are recovered • Consider and provide feedback on revenue recovery options
Session 3	Monday 20 May 5pm - 8pm	<ul style="list-style-type: none"> • Revisit revenue recovery options • Consider and provide feedback on hybrid revenue recovery options • Introduction to tariff structures • Consider and provide feedback on tariff principles • Provide feedback on different tariffs types as they relate to different customers.

The community forum meeting format is designed to balance knowledge building of participants, with providing time for reflection and feedback.

Feedback mechanisms include a mix of individual, small group work and large, whole-of-group, discussions; written and verbal feedback options; and digital polls for those that prefer to make an anonymous contribution. This variety of tools allows for all participants to contribute to discussions and reduces the risk of the louder, more confident, voices driving opinion.

This report provides a summary of the discussions and feedback heard from the first three meetings of this community forum.



2. Summary of feedback

In the first three sessions of the Evoenergy community forum, the following key pieces of feedback were received from participants.

- Values that are important to customers are:
 - Adaptability and empathy
 - Community and family
 - Communication and collaboration
 - Fairness and equity
 - Honest, transparent and genuine
 - Integrity and ethics
 - Kindness and compassion.
- Over a third of forum participants are not sure how quickly they will transition from the gas network. They are influenced by cost of the transition, remaining life of their existing appliances and the suitability of their homes to transition.
- The ability of different customer types to transition is influenced by a variety of factors including:
 - Lack of real incentives or penalties for landlords
 - While cost may not be a barrier for higher income households, being time-poor could impact the pace of transition
 - NSW customers may not move quickly due to lack of policy drivers by the NSW Government
 - Lack of information and poor understanding.
- The community forum prioritised the following customer values when considering revenue recovery options:
 - Adaptability and empathy
 - Communication and collaboration
 - Fairness and equity
 - Honest, transparent and genuine.
- When considering a revenue cap versus price cap views across the community forum were mixed. Discussions highlighted the importance of predictability and certainty of price, both within the regulatory period, as well as avoiding significant price jumps at the end of a five year period.
- There was some support for Evoenergy considering a hybrid approach to revenue recovery incorporating elements of both a revenue and price cap.
- When setting tariffs, the community forum believes Evoenergy should prioritise the following principles:
 - Equity across customers and over time;
 - Value of emission reductions; and
 - Communication with customers.
- Discussion in session 3 suggests that the community forum believes tariffs should be structured to encourage people to move off the gas network, while ensuring that those unable to transition easily, including vulnerable customers, are not disadvantaged.

Sections 3-5 of this report provide more detail on the engagement activities and association feedback provided in each session.



3. Session 1 – Introduction and values

The first session of the community forum was an important opportunity to allow forum participants to get to know each other and feel comfortable in sharing their opinions to the group and more directly to Evoenergy. Ice-breaker activities included a get-to-know each other bingo and a forum naming activity. The forum naming activity did not elicit any appropriate names, however did provide an opportunity for participants to get to know each other.

3.1 Community forum activities and behaviours

To further strengthen relationships within the forum and establish an environment that provided a safe place for frank and open discussion, the community forum members worked as a whole group to identify and agree on the following community forum principles of operation.

How you want to work together

Respect	Tolerance
Open mind	Sense of humour
Being ready to share	Anonymity
Listening	Transparency
Considering ideas	Focus
Honesty	Everyone has a voice

3.2 Customer values

An underpinning feature of Evoenergy's GN26 proposal is to ensure that Evoenergy is developing its plan in accordance with the expectations and values of its customers.

The community forum undertook a three stage process to identify customer values as they relate to the gas network.

1. Each member of the community forum identified what was important to them – what they valued.
2. Working in small groups and then as a large group, these values were bundled into like values. This generated eight broad values.
3. Participants then received an introductory briefing on Evoenergy and the gas network and visited a gas switching station. After this, participants were asked to consider how these values relate to gas. This exercise was undertaken by participants moving around the room to contribute to each of the eight broad values and then a whole group discussion to further refine.

The outcome of this values exercise is provided below in Figure 2.



Figure 2 customer values as defined by the community forum

Adaptability + empathy

Community + family

Communication + collaboration

Fairness + equity

Honest, transparent + genuine

Integrity + ethics

Kindness + compassion

The values as they relate to gas

- Ensure that no one is left behind, recognising that **one size does not fit all**.
- Remember that **not everyone can adapt to the transition at the same pace** and some people will need more help than others. Be flexible and empathetic.
- The transition needs to be **affordable for everyone** in our community and not contribute to 'haves and have-nots'.
- Everyone should be entitled to participate in the transition in a fair way. Consider how to achieve **equity and fairness across all customers** including home-owners, renters and businesses. Seek to be fair over time and consider future generations.
- Maintain **transparency** across all areas including the options available to customers; the costs at different stages in the transition; and safety implications for the network.
- Be adaptable, **adopt innovation and new technology** where appropriate.
- Keep the community informed** so they can make informed choices, through education campaigns and easy to understand information in multiple languages. Outline the journey and the final outcome. Seek to counter misinformation without being divisive.
- Consider the **implications of job losses** in the gas sector.
- Consider community-based activities such as community energy solutions and impacts on individual suburbs.



4. Session 2 – Uncertainty and impacts on revenue recovery options

The ACT Government’s commitment to transitioning away from gas presents several challenges for Evoenergy as it seeks to develop its GN26 proposal. One of the most significant of these challenges relates to the impact on traditional demand modelling. As part of helping customers meaningfully inform the development of the GN26 proposal, it is important to build their understanding of the role demand forecasts play in developing the access arrangement. This includes the current uncertainty associated with demand forecasts and the potential implications of getting these forecasts wrong in the future.

This capability development was a key priority across the first three sessions of the community forum, and a particular focus of Session 2.

4.1 Understanding demand uncertainty

To help participants understand demand uncertainty, two exercises were undertaken. First participants were asked to consider how quickly they are personally likely to transition away from gas and then asked to consider the transition through the eyes of various customer types.

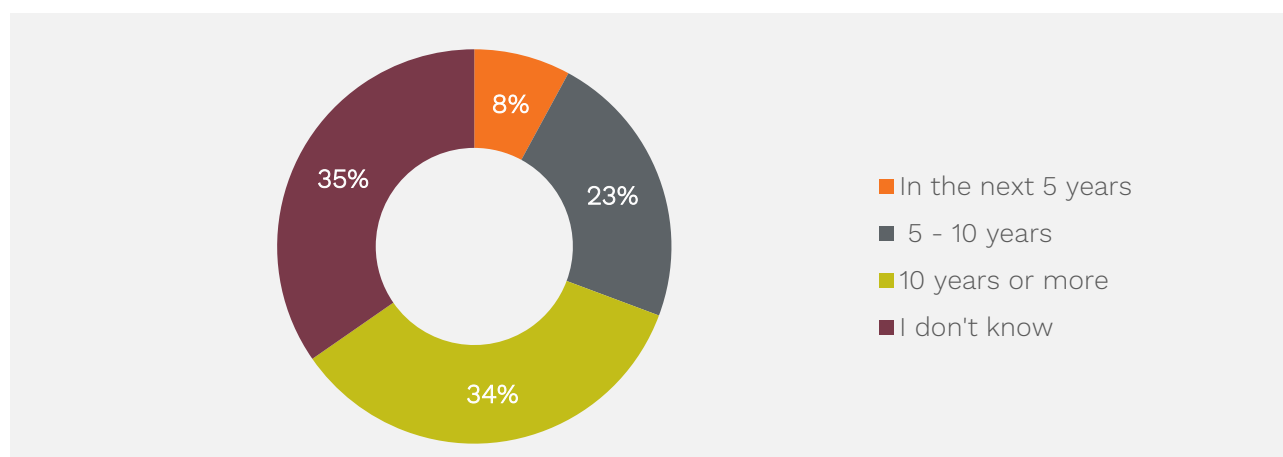
4.1.1 Personal transition journey

Through a presentation by Evoenergy, forum members were asked to consider the following:

- ACT Government’s transition timeline
- Three different demand scenarios – slow, moderate and fast energy transition
- Likely costs to customer to change from gas to electricity.

Using a digital polling tool, Slido, participants were asked how quickly they think they will transition from gas to electricity. Results are provided in Figure 3.

Figure 3 Question: How quickly do you think you will shift your energy use from gas to electricity? (26 responses)



Participants were asked what influenced their decision about timing of the transition away from gas. The following feedback was received (in order of frequency):

- The cost associated with disconnection and replacing appliances
- The condition of existing gas appliances
- They live in a rental property
- They live in an apartment
- They have questions about the ACT Government policy and if it will change in the future
- One person suggested they would wait as long as possible as they prefer to cook with gas.

What we heard

Over a third of participants in the community forum are not sure how quickly they will transition between gas and electricity.

Factors influencing their transition timeframe include:

- Cost
- Remaining life of existing appliances
- Type and ownership status of housing

4.1.2 Considering different customer types

The community forum was introduced to a series of different customer personas which will be used throughout the community forum program to encourage participants to consider perspectives of different types of energy customers.

When considering the different personas the forum members worked in small groups, both in-person and online. Each group was allocated a persona or two and was asked to consider:

- What factors will impact the persona's ability to transition more quickly or slowly, and
- What are the challenges and benefits to them moving to electricity?

The feedback from the forum is detailed in the table below.

Table 2 Summary of small group work on personas and their timeframe to transition

Considering different types of customers	Factors impacting transition	Benefits	Challenges
Tony – renting a townhouse	<ul style="list-style-type: none"> • Out of his control, up to the landlord 	<ul style="list-style-type: none"> • One condensed bill 	<ul style="list-style-type: none"> • Gaining access to the property to do the works
Susan and Prav – double income, family of four, house already paid off	<ul style="list-style-type: none"> • Cost not an issue for this family • Motivation high • Time poor so organising it will be a challenge 	<ul style="list-style-type: none"> • Lower long-term cost • Ability to transition early will mean they can do so when there is not a shortage of resources such as appliances or tradespeople • Improved air quality 	<ul style="list-style-type: none"> • Organising the time • Secondary upgrade costs such as reinsulating
Eden and William – retired, empty nesters, own their home	<ul style="list-style-type: none"> • Already transitioned with the exception of battery and EV • Further incentives • Safety considerations such as battery in EV 	<ul style="list-style-type: none"> • Cheaper bills 	



Considering different types of customers	Factors impacting transition	Benefits	Challenges
outright – fully electric	<ul style="list-style-type: none"> If they relocate to new home/unit 		
Share house – renting students, low income	<ul style="list-style-type: none"> Landlord’s ability and willingness – influenced by costs and energy efficiency Incentives or punitive measures by the Government 	<ul style="list-style-type: none"> Lack of information and understanding by students 	<ul style="list-style-type: none"> Lack of information and understanding by students
Jerrabomberra Family – family of four medium income, paying off a mortgage	<ul style="list-style-type: none"> Policies of the NSW Government. Household income 		<ul style="list-style-type: none"> Electricity bill – may not be a solar offset in NSW Suitability of house for solar panels
Burley Griffin & Co – Medium sized legal firm, 55 staff	<ul style="list-style-type: none"> Doesn’t own the building, would need landlord and strata action Government incentive for landlords 	<ul style="list-style-type: none"> Reduced costs Simplified billing – only one source of energy 	<ul style="list-style-type: none"> No real incentive for landlords to change

What we heard

When considering the ability of different customer types to make the transition, the following themes were identified:

- Transitioning is up to the landlord for renters and commercial tenants. There is no real incentives or penalties for landlords
- While cost may not be a barrier for higher income households, being time-poor could impact the pace of transition
- NSW customers may not move quickly due to lack of policy drivers by the NSW Government
- Lack of information and poor understanding could be barriers for transition
- A single energy bill is a benefit for households and businesses.

4.2 Recovering network costs

The community forum was provided with a presentation and asked to consider the following concepts:

- How allowable revenue is calculated in five year periods
- How revenue is recovered from customers and how gas prices are set
- The difference between revenue cap and price cap as tools to recover revenue from customers.

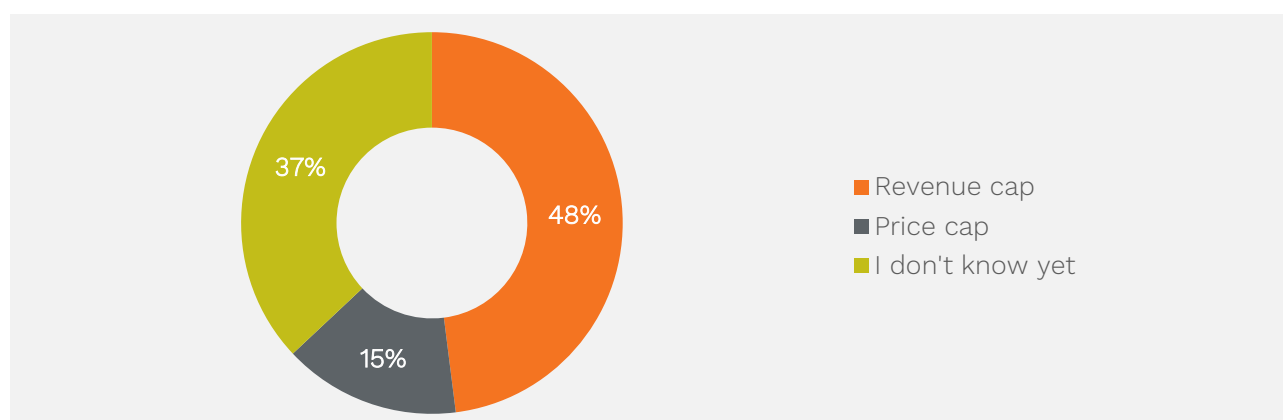


4.2.1 Considering the revenue recovery options

The calculation of gas prices based on actual demand (revenue cap) and forecast demand (price cap) were presented to the community forum.

To help the community forum understand this complex content, the presentation on different demand scenarios was interspersed with Slido questions slides, the opportunity to ask questions and whole-group discussions. The Slido questions provided a prompt for participants to reflect on the different scenarios and how they could impact price outcomes. The results of each of the Slido polls is provided below and reflects the shifting views of the group as the scenarios highlighted outcomes. It should be noted that the Slido polls were largely a tool to aid understanding, and as a result the outcomes of the polls provide only a superficial indication of participant preferences.

Figure 4 Question: At this stage, which option do you prefer between revenue cap and price cap? (27 responses)



Participants were invited to provide a reason for their choice. The following reasons were provided to the above choices.

Table 3 Reasons given for selecting options in Figure 4.

Option selected	Reason given – as provided by participant
Revenue cap	<ul style="list-style-type: none"> • It seems more immediate for household budgets • Paying for what I'm using • Evo may need to forecast high to make sure they cover costs. Increasing cost to users • Who will bear the risk for a price cap? It probably means that there is an incentive for Evoenergy to charge more (as a premium) to cover the risk to ensure they can make a profit • Would be more accurate? • I would rather it be more variable to better reflect actual demand that is occurring during the period. Especially given the uncertainty and this feels like a better outcome • Modelling does not sound accurate, consumer wants confidence.
Price cap	<ul style="list-style-type: none"> • Price cap smooths out the cost for the consumer each year. Though there could be a jump after 5 years so maybe I'll change my answer • Gives people certainty while they transition • Allows consumers to budget for costs and therefore work out if it is worth transitioning • Seems to me it will be better for customers. Anyway it is just modelling.
I don't know yet	<ul style="list-style-type: none"> • Not enough information to make an informed decision • Want to see figures / examples • Confused at the proportion that supply vs usage charges occupy with each option. Price cap maybe best due to fluctuating price of gas? • Which one is most consistent each year over the 5 years.



Figure 5 Question: Which option do you prefer when customers use more than predicted?

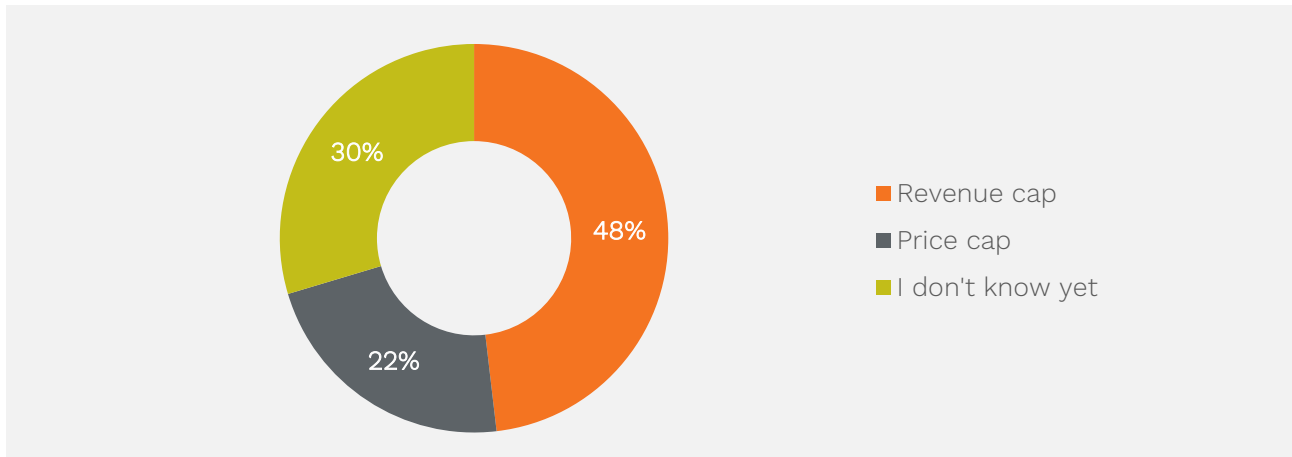


Table 4 Reasons given for selecting options in Figure 5

Option selected	Reason given – as provided by participant
Revenue cap	<ul style="list-style-type: none"> Revenue cost all the way It goes to my point of preferring actual usage (which would also go the other way in a low gas connection demand scenario) Still revenue cap Revenue cap means prices will not go up for customers
Price cap	<ul style="list-style-type: none"> Ideally I'd be paying the least amount possible but I can't know that until after I've decided Prices will be less (!) but revenue for Evoenergy will be a bit higher Better value for the customer I don't think gas demand will increase. I would prefer a price cap.
I don't know yet	<ul style="list-style-type: none"> Still would like to understand what this translates to for my gas bill. Are we talking another \$20 or \$200?

Figure 6 Question: Which option do you prefer when there are less customers using gas?

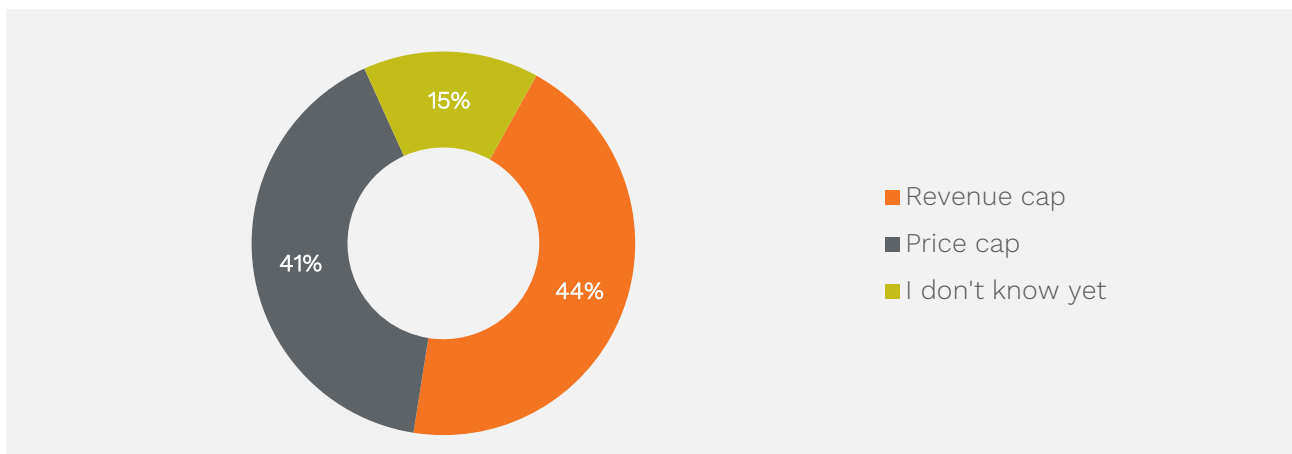


Table 5 Reasons given for selecting options in Figure 6

Option selected	Reason given – as provided by participant
Revenue cap	<ul style="list-style-type: none"> • It still should be charged on demand • I feel there's a risk that if the price cap model is used; should demand move more than expected (downwards) due to government policy etc (factors that could not have been foreseen) we could have an unsustainable business that is more disadvantageous to the community • I'm all for the revenue cap now. Seems there will be more advantages for all with this method
Price cap	<ul style="list-style-type: none"> • Under a price forecast why does the price to a consumer not change. Would the forecast for the energy transition (whether slow / medium / fast) not assume decreased gas usage will occur over the next 5 years and have to increase the cost to make up for this • I believe a price cap will be best for stability's sake. However, I do believe the five year bump will need to be communicated to consumers • During next 5 years we will have certainty with price cap
I don't know yet	<ul style="list-style-type: none"> • I need time to process all this information. • It's really hard to know what sort of scenario will complement the price of living.

What we heard

When considering the revenue cap versus price cap participants preferences shifted as understanding grew of the impacts of different demand scenarios and across the discussion participant views were mixed.

The importance of predictability and certainty of price was a constant theme across all discussions, including avoiding jumps in prices at the end of a five year regulatory period.

There remained a proportion of participants that did not have a formed opinion and participants expressed interest in receiving more information, such as understanding the magnitude of price variability under different scenarios.

4.2.2 Considering the revenue recovery options from the perspective of different customer types

The community forum was also asked to consider the different recovery options from the perspective of the customer personas used in earlier activities. Working in small groups participants were asked to answer the question 'what do you think the views of your persona would be on each of the options for how Evoenergy recovers revenue? Why?'. Table 6 captures the answers provided by these groups.



Table 6 Worksheet data from small group activity considering different personas.

Considering different types of customers	Views on revenue cap	Views on price cap
Tony – renting a townhouse		<ul style="list-style-type: none"> Consistency
Wei – single owns his apartment, low usage	<ul style="list-style-type: none"> He is a low usage Unsure of how the body corporate charges Group was indifferent 	
Susan and Prav – Double income, family of four, house already paid off	<ul style="list-style-type: none"> Doesn't really bother them 	<ul style="list-style-type: none"> Doesn't really bother them
Eden and William – Retired, empty nesters, own their home outright – fully electric	<ul style="list-style-type: none"> No view as no gas 	<ul style="list-style-type: none"> No view as no gas
Share house – renting students, low income	<ul style="list-style-type: none"> Preference for price cap, due to certainty of costs Indifferent, Why? 1. transient nature of sharehouse - only there for, generally, 12 months. 2. students will take what they can get - therefore, price/revenue cap makes no/little difference 	
Jerrabomberra Family – family of four medium income, paying off a mortgage.	<ul style="list-style-type: none"> Gambling with price High usage 	<ul style="list-style-type: none"> Certainty -> budget accurately stability with price
Burley Griffin & Co – Medium sized legal firm, 55 staff.	<ul style="list-style-type: none"> Will also depend on whether they feel they have been disadvantaged by circumstances outside of their control If demand turns out to be higher than expected & they benefit from lower prices, revenue cap would be viewed positively i.e. has demand dropped significantly because of a fast transition (that they can't make on their own), so they now pay more out of their control as far as capital costs to refurbish, unless building owner co-operates {discounts,} I think how they will feel will depend significantly on the nature of the communications they receive :) 	<ul style="list-style-type: none"> Will the costs need to be transferred to customers May value a price cap more as it gives them more stability in outgoing costs / easier to manage business finances May also value this option because it may 'buy them time' to encourage transition in their building while maintaining price stability. i.e. 5 year timeline
The Dragon Boat – Small, family run restaurant. 10 staff.	<ul style="list-style-type: none"> Would be keen if it meant lower prices than under price cap May be concerned about lack of certainty given cashflow issues - if demands shifts significantly which will raise bill 	<ul style="list-style-type: none"> Provide better gas price certainty Might appreciate clear deadline (<5yrs) Would be less concerned about paying slightly too much if it was set in advance



4.2.3 Considering the revenue recovery options more broadly

The community forum was asked to consider the revenue recovery options more broadly, to consider customer values and benefits beyond the individual. Working in small groups within the room and online, participants considered the following questions:

1. How should Evoenergy reflect the values you have identified as they consider the revenue recovery options?
2. On balance, what do you think is the best option – consider Evoenergy, the customer and the broader community.

Feedback from this group activity is presented in Table 7 with each row representing a different group.

Table 7 Content generated by small-group activity on revenue recovery options.

Question: How should Evoenergy reflect the values you have identified as they consider the revenue recovery options?	Question: On balance, what do you think is the best option – consider Evoenergy, the customer and the broader community?
<ul style="list-style-type: none"> • Fairness • Encouragement • Transparency - (re. info on pricing structure) 	<ul style="list-style-type: none"> • Revenue cap (Evo, community, consumer) + profit to Evo • Provides certainty of service • Yearly nudges through change of price - As opposed to the cap price which may shield from price rises ('5 year price trap) • Encourage less procrastination (people may wait till end of each 5 year period) • Evoenergy should be transparent on its prices and encourage information from retailer
<ul style="list-style-type: none"> • Consideration of last to change. Who would pay more under which model? • We may be underestimating cost of living. 	<ul style="list-style-type: none"> • Evoenergy – revenue cap • Customer – depend on circumstance • Community – price cap (5 year)
<ul style="list-style-type: none"> • Look at vulnerable groups - equity for people who cannot manage • Allow Evoenergy to even out - ability and empathy, communication and collaboration, family and community • Climate change effects ranking 1. communication and collaboration. 2. fairness and equity 3. Adaptability and empathy 	<ul style="list-style-type: none"> • If you do 5 year, there will probably be a spike it when the next revenue allowance is determined • Look at the role of AER in determining it
<ul style="list-style-type: none"> • What are the governments going to be providing to help people transition? • Now leaning towards potential of revenue cap - no shock in five years. • We have identified values. There is also climate change - an important issue. Reality that people who are enabled in timely manner (cost of living) - reality is different. We may be 	<ul style="list-style-type: none"> • What incentives to give to people? • Different views for Evo. Could lose a lot of money with the price cap, but revenue cap would allow them to do forward planning (over next 5 years).
<ul style="list-style-type: none"> • I think the majority of cases comes down to costs. Newer suburbs have gas appliances etc, and they may still have long life left in them. Decision to stop selling gas appliances should be prioritised • Government has a clear and crucial role to play here in ensuring their policy is practicable for all parties 	<ul style="list-style-type: none"> • Price certainty. Then everyone can budget towards the end goal • Given Evo is half government owned and the transition is government policy, should Evo not bear the risk, rather than the consumer? • I think the focus should be on the needs of the broader community. Financially



Question: How should Evoenergy reflect the values you have identified as they consider the revenue recovery options?

- I know this is about revenue- but should planning and legislation for investors of homes be considered and consider deadlines? Much like Food Safety, ensuring standards are
- Need large corporation such as Housing Department, and Defence homes Authority to be onboard early
- The fact gas may need to be in the mix still needs incentives to get customers to go electric and a price cap does meet the urgency better than revenue cap
- I think the case is urgent to change off fossil fuels but I hear that the target of doing so by 2050 may need gas for a while in the mix
- The revenue recovery for Evoenergy I hope will be picked up by changing to electricity. That they can make revenue from that more in the future

- Old houses that need to be electrified
- Pensioners, unemployed, single parents
- Equity
- Transparency and communication: prices will rise, big jump in 5 years (people need to know what to expect)
- Reconsider buying gas appliances (communicate this, in partnership with govt)
- Evoenergy - be honest about the difficulty in forecasting

Question: On balance, what do you think is the best option - consider Evoenergy, the customer and the broader community?

- supporting transition for those who need it.
- Climate change will affect all regardless of income bracket, but it will disproportionately affect low SES. > Transition addresses causes of Climate change & considers broader community
- Isn't the whole point of business risk vs reward? Why are the consumers having to carry the risk so business can have the reward
- Climate change is the demon and we must adjust or the world suffers. So a lot of financial prioritising needs doing

- Customers: it depends - if can transition in 25 years, price cap (locked in lower price)
- Businesses: revenue
- if you know you can't afford transition - revenue cap

What we heard

The top priorities that Evoenergy should keep in mind as it considers the revenue recovery options are:

- Adaptability and empathy
- Communication and collaboration
- Fairness and equity
- Honest, transparent and genuine.

When considering the options of revenue cap versus price cap, as appropriate for Evoenergy, the customer and the broader community, views were mixed.

Key areas of concern by customers were:

- Concern about price certainty and the impact of spikes in prices after a five year reset
- The role of government to support the transition
- Evoenergy's role as a business to accept great risks than customers
- The importance of recognising that climate change is the real driver behind the transition.

The outcome of the above activity was discussed in more detail during Session 3 of the community forum.



5. Session 3 – Review revenue recovery options and tariff structure

5.1 Review of revenue recovery options

Building on the discussion and outcomes from Session 2, community forum participants were invited to consider the following:

- How the revenue cap and price cap options could impact price over two 5-year periods under different demand predictions and outcome scenarios
- The potential for a hybrid version drawing on elements of both the revenue and price cap.

Using the Slido polling tool, participants were asked the following questions:

1. When you consider a longer term view of the price or revenue cap, does your view change on the benefits and risks of the different approaches. Why?
2. What are your thoughts on a hybrid approach?
3. What features/benefits of a price and revenue cap would you consider to be important if Evoenergy was to consider a hybrid approach?

5.1.1 Long term view of revenue recovery options

When asked to consider the benefits and risks of different revenue recovery options over a longer term the following themes were raised by participants:

- Concern about price volatility and significant spikes in price at the end of five years. Interest in understanding the potential magnitude of price changes
- Interested to ensure Evoenergy remains viable
- Suggestions that a hybrid option be considered
- The impact on vulnerable customers if they are left on the network for an extended time
- Suggestion that an allowance be made for additional revenue collection to allow for the decommissioning of the network
- Interest in the role of retailers to undertake customer engagement and communication.

5.1.2 Feedback on a hybrid approach to revenue recovery

In response to the question, 'What are your thoughts on a hybrid approach?', the following is a summary of the feedback provided by participants, captured into themes and presented in order of frequency from most frequent to least.

- Sounds like a better option
- It could be difficult to explain and confusing to customers
- Further information is needed to better understand the cost implications for customers
- It sounds like it might be fairer across all customers and Evoenergy.

Accompanying general discussion was supportive of considering a hybrid approach, particularly if this was able to help keep customer bills more stable and predictable.



Fourteen participants provided feedback to the question ‘What features/benefits of a price and revenue cap would you consider to be important if Evoenergy was to consider a hybrid approach.’ Their responses could generally be grouped into four themes listed below.

- Price certainty and stability
- Potential to balance benefits and risk across Evoenergy, customers and the community
- Better averaging over time may mean that price changes are shared more evenly over time rather than leaving it to those left on the network at the end
- Not sure at this stage what it would look like.

What we heard

There was some support within the group for Evoenergy considering a hybrid approach to revenue recovery incorporating elements of both a revenue and price cap.

5.2 Considering Evoenergy’s services and tariffs

In considering Evoenergy’s services and tariffs, the community forum was introduced to the following concepts:

- The types of services provided by Evoenergy to customers
- Network tariffs structures and how they relate to different types of customers, including fixed charges and consumption charges
- The principles that Evoenergy uses to guide its approach to setting tariffs.

5.2.1 Feedback on Evoenergy’s tariff principles

Working in small groups, the community forum considered which of Evoenergy’s tariff principles were particularly important and if any were missing. Feedback from the groups is identified in the Table 8 with each row representing feedback from a different group.

Table 8 Worksheet feedback on Evoenergy's tariff principles

Question: What tariff principles do you think are particularly important? Why?	Question: Is there anything missing from the principles?
<ul style="list-style-type: none"> • Equity • As someone who uses very minimal gas and has no interest in using more (for environmental and cost reasons), it bothers me that I would be incentivised for using more gas X2 supply charges make up a big part of my bill. If I use more gas (unit price) I would pay less for it • Like water we are trying to discourage consumers from using lots of gas just like water • One interesting thing is if we increase the unit price (Block 4-5 goes up, while Block 1 goes down) it might be better for consumers, however, for businesses, particularly small owners, that might have their bill doubled if the current system was removed. That means that next time we get a coffee or eat 	<ul style="list-style-type: none"> • Consultation and communication • Consult with people left behind. Consult with community why it is priced like that • Those left behind may be poorer. Incredibly hard if they are paying so much when there is so few people. Block 1 • People left to pay for all removal • Thing that was missing was communication with the community. To do community forums like this and other forms of active community consultation • Water has fixed costs. Couldn't Evoenergy use the water model?



Question: What tariff principles do you think are particularly important? Why?

out, we will pay more (as businesses will charge more)! X2

- Emissions reduction - reason for government policy pushing people to electrify
- Equity across customers - impacts of cost of living and sense of fairness
- Cost reflectivity -> tariff should pay more the more we use

- Equity across customers and over time -> it needs to be fair for those who cannot transition as quickly
- Value of emissions reduction - for the environment and for the sake of aligning with govt policy
- Long term stability of network important so vulnerable consumers aren't penalised for not being able to transition

Question: Is there anything missing from the principles?

- Views of principle have changed - consideration of block pricing
- Concessions?
- Printed info - education, communication

- Pricing structure rewarding higher consumption
- how do we incentivise people transitioning away from gas
- govt coming in over the top and adversely affecting tariffs
- % value of principles compared to one another
- encouraging decommissioning / disconnections -> means testing

- Transparency - not just Evoenergy charges, but total charges for customer
- Preparation for 5-10 year transition - what's the future narrative for customers / the community

- Equity across customers and over time -> it needs to be fair for those who cannot transition as quickly
- Big gas users may move business interstate to place keeping gas longer
- Emission reduction is tariffs per GJ increase instead of decrease - may lose big customers who can move

- Is age of equipment under equity section
- Climate change affecting demand - is this considered under emissions reduction and price stability
- Limitations on transition from gas to electricity (our network won't cope if we are to have transition happen all at once)

When reviewing the answers above against the Evoenergy tariff principles presented to the group. The following tariff principles were most frequently supported by the community forum:

- Equity across customers and over time
- Value of emissions reduction.

The data above, also suggests that the community forum felt a principle about communication and consultation with customers would be a useful addition to Evoenergy's tariff principles. This was reiterated during general discussion in the session.

What we heard

The community forum identified the following tariff principles as particularly important:

- Equity across customers and over time
- Value of emission reductions

The community forum would like Evoenergy to consider communication with customers as an additional principle when determining tariffs.



Large group discussion built on the written feedback of the above exercise and highlighted the following views of the community forum:

- The long term stability of the network is important to ensure equity and that vulnerable customers are not penalised for being unable to transition
- It was suggested by some participants that if businesses were penalised they may relocate out of Canberra
- The possible role of tariffs in changing behaviour and incentivising customers to use less gas
- Customer communication and transparency of pricing is important
- The different ways utility providers recover costs was raised and comparisons were drawn with water tariffs which incentivise customers to use less water.

5.2.2 Feedback on Evoenergy's tariff structure

The community forum worked in small groups to answer the following questions:

- What are your thoughts on the tariff structure?
 - The balance between fixed charges and consumption charges
 - Having a flatter consumption block charge?
- How should network costs be shared across different customer types?
 - Consider the implications for different personas – business and residential.

The outcomes of the small group discussions are documented in the table below. The small group discussions were then followed by a whole of group discussion which highlighted the following key point that appeared to be supported by the group:

A general desire for tariffs to be structured to encourage people to move off the gas network, while ensuring that those unable to transition easily, including vulnerable customers, were not disadvantaged.

Table 9 provides the feedback from each group, with each row representing a different group.

Table 9 Feedback on tariff structures from group worksheets

Question: What are your thoughts on the tariff structure?	Question: How should network costs be shared across different customer types?
<ul style="list-style-type: none"> • I like lower fixed charges • We don't know what retailers are going to do. Difficult to say. Incentive to drop the price? • I agree, we need to incentivise consumers to reduce gas usage so have a flatter consumption charges • Evoenergy supply charge. Retailer charges me 70cents (evo 20cents) if Evo reduces that, the retail supplier going to pass it on or keep it themselves as the profit? • What's in it for them? My supply charge is twice as much as my usage charge • Supply charge is high • lower fixed charges and lower block one - who will pay? Someone needs to pay either way. We pay more at the bill • I would support a lower fixed charge but the existing consumption tariffs as a "compromise" • I thought it was clever that the lower fixed charge might also keep people on the network a little longer 	<ul style="list-style-type: none"> • Lower for residential. Aim for commercial consumers to change (due to higher emissions) • Less options for residential - no other option than bearing the cost (e.g., save money) (Apartments need to wait to catch up) Business - tax strategies, offset costs, different revenue • Incentivise commercial vs residential. • Technologies - availability
<ul style="list-style-type: none"> • Don't think it's fair to 'hide' part of fixed cost in block and tariff 	<ul style="list-style-type: none"> • Access to energy is a human right. Do businesses have human rights?



Question: What are your thoughts on the tariff structure?	Question: How should network costs be shared across different customer types?
<ul style="list-style-type: none"> • Fixed low encourages consumers to stay with gas. (it is fair to replace for low consumption appliances ie. Oven, cooktop and GWS) • Fixed high and low consumer charges benefit people with high cost appliance to connect to electricity • Having a flatter consumption block charge - Yes but higher charges for large users (increase 3&4 block prices) Therefore decrease slightly block 1 prices • Consider even punishing residential users who go into block 2 	<ul style="list-style-type: none"> • Residential customers should pay less than business customers • Helping a little to a lot of people? Or helping a lot to few business?
<ul style="list-style-type: none"> • If the overall cost is still the same why would people change to electric options 	<ul style="list-style-type: none"> • Should be equitably charged across all users
<ul style="list-style-type: none"> • Block 1 and 2 need to better reflect residential and commercial usage - the 44GJ ceiling is too high • Keeping up with other market forces (workforce etc.) 	<ul style="list-style-type: none"> • Should be flatter • Need to incentivise the transition for small businesses (nothing there's already a ton of green energy initiatives) • Means testing
<ul style="list-style-type: none"> • It doesn't matter - don't really understand the fixed charge • Put in a new block for small users - to incentivise 	<ul style="list-style-type: none"> • Do we still need blocks 3 and 4 - or merge into 1 block
<ul style="list-style-type: none"> • For low residential users - will prefer lower fixed rates • If rates are higher it may encourage people to transition (if they can) • For high residential user/commercial - fixed rate charges will have less impact • Table feedback - would prefer higher fixed charge and lower consumption component • We want the larger customer on the network (15% of revenue) • Incentives for emission reduction 	<ul style="list-style-type: none"> • Low use residential vs high use residential • Business / commercial use (small business vs larger business) • We like the current ranges in terms of targeting different customers - higher fixed and lower band 1 and 2 residential customers • Look after bigger customers to help transition costs

Review of the above feedback suggests that in addition to a desire for tariffs to be structured to encourage reduced use of gas, the community forum also had a range of ideas about how the tariffs could be restructured and had mixed views on the split between residential and business customers. The role of tariffs to support emissions reduction also continued to be a common theme.

What we heard

The community forum expressed an opinion that tariffs should be structured to encourage people to move off the gas network, while ensuring that those unable to transition easily, including vulnerable customers, were not disadvantaged. There was also a growing recognition that if customers move too quickly off the network, there will be negative impacts on revenue to operate the network.



6. Reporting by the community forum

As part of the delivery of each community forum session, the facilitators draft a 'Snapshot Summary' of discussion as the session progresses. This is presented to the group at the end of the session for revision and modification. After the session the draft Snapshot is provided to all participants via email and through the communication platform Slack. Participants are invited to edit or amend the Snapshot as required. At the subsequent session of the community forum, the amended Snapshot is shared with the group for final consideration.

Copies of the snapshots for sessions 1 – 3 are included at Appendix A.

7. Effectiveness of the community forum

The community forum is being delivered in a manner that supports the building of understanding of the energy sector and the associated capability and capacity of members to contribute effectively to discussion. To achieve this a wide range of engagement tools and activities are used throughout the sessions. These include:

- In-person and online options for all sessions to maximise accessibility for all
- Context setting presentations
- Videos
- A site visit
- Question and answer sessions
- Story-wall– a place at each meeting where people can leave their questions or feedback. Written responses, including links to further information, is provided to all questions and shared with participants.
- Digital polling for people in the room and online using Slido
- Small group discussions and worksheets to capture feedback
- Whole of group discussion and reflection.

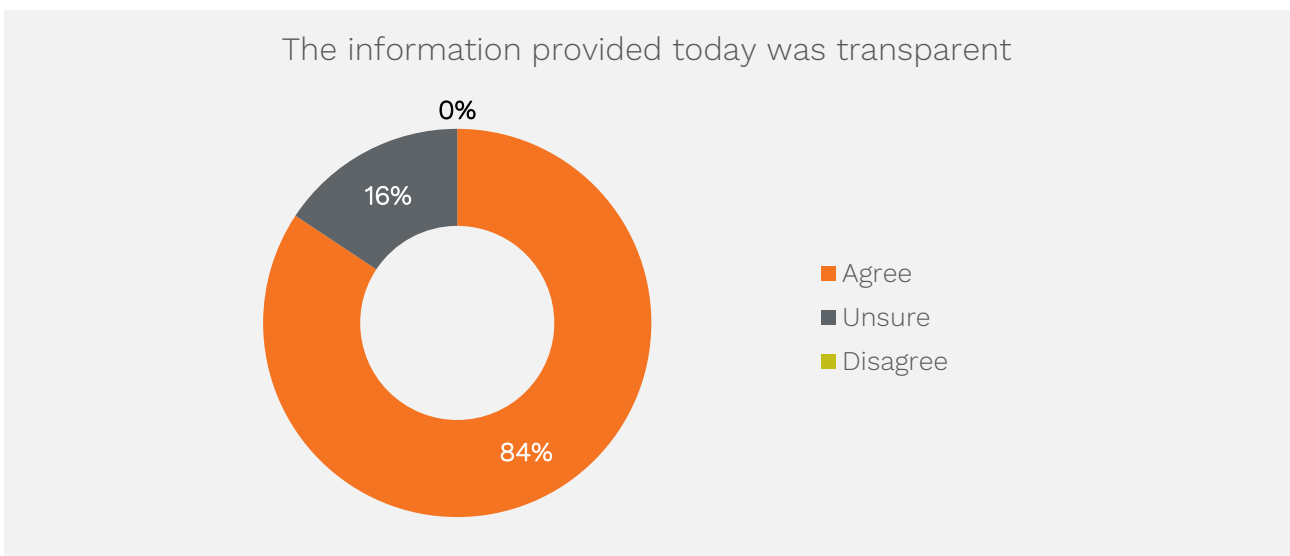
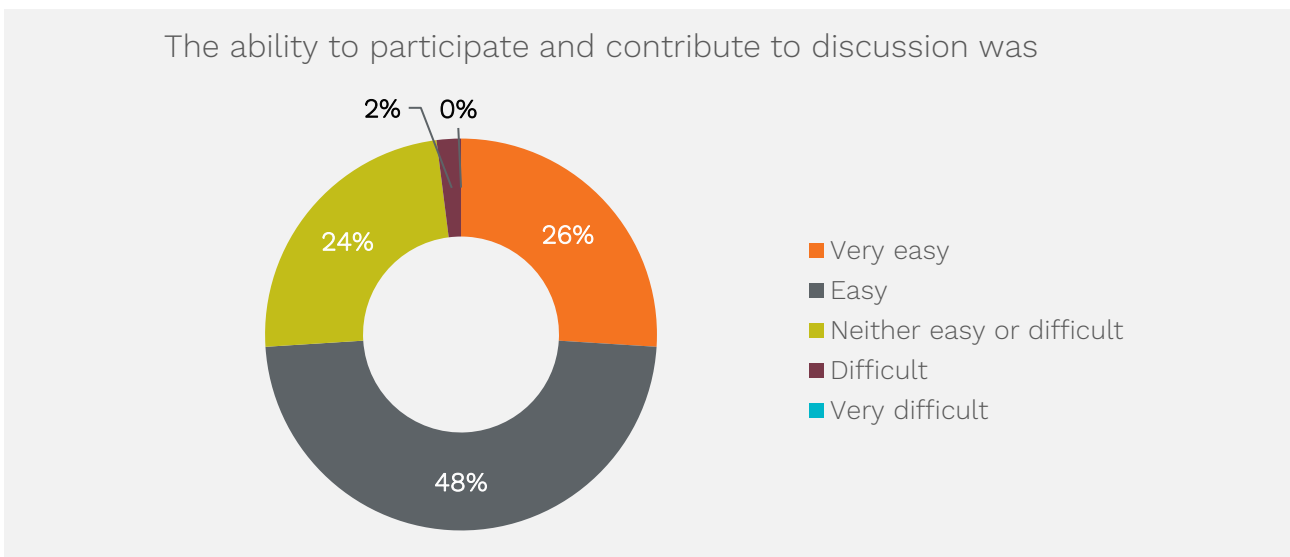
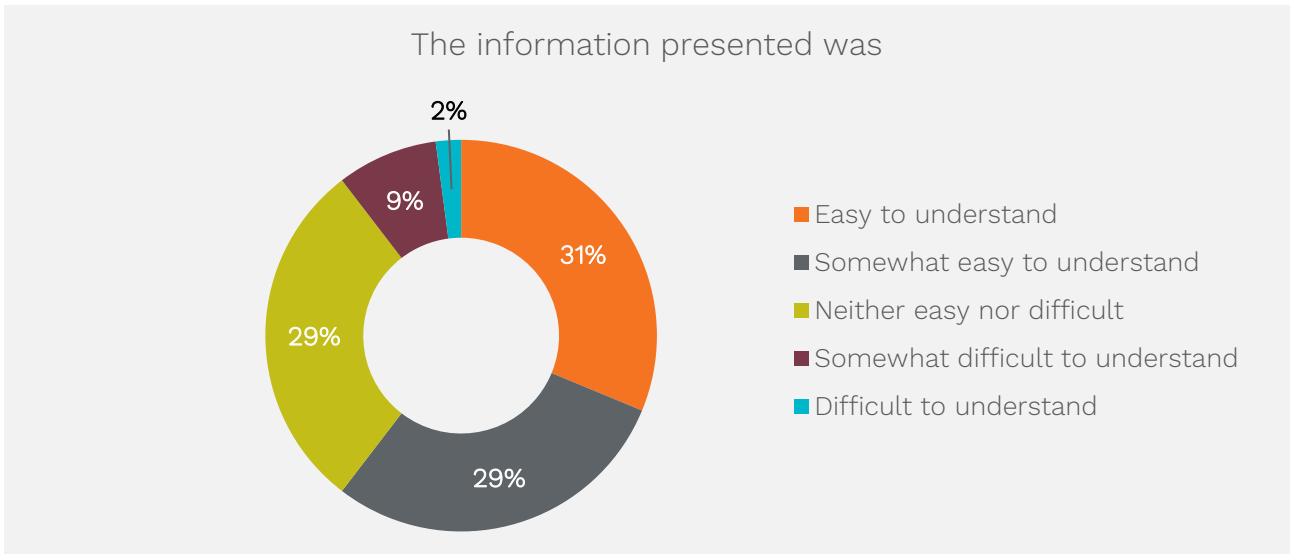
Evoenergy has a commitment to evaluating effectiveness of its customer engagement and ensure continuous improvement in its engagement work. To evaluate the effectiveness of the engagement tools and activities, a post-session survey is undertaken at the conclusion of each session.

The outcomes of each individual session evaluation exist as separate reports. The amalgamation of the data across all three sessions is outlined in the following charts.

Feedback obtained in the post-session evaluation is used to continue to refine the design and delivery of the community forum to ensure clear understanding of the complex tasks and that all participants have an equal opportunity to contribute to the discussion and associated feedback to Evoenergy.



Figure 7 Survey results for community forum sessions 1-3 inclusive



Appendices



Appendix A Snapshot Summary



Session 1: Community forum summary

<p>Session 1, 4 May 2024</p> <ul style="list-style-type: none"> • Introductions, values and principles • Gas network and Evoenergy • Uncertainty and the energy transition • Site tour <p>Attendees</p> <ul style="list-style-type: none"> • #32 Forum members • #2 Observers from the Energy Regulatory Advisory Panel • #8 Evoenergy staff <p>Presenters</p> <ul style="list-style-type: none"> • John Knox, CEO • Peter Billing, General Manager Evoenergy • Bruce Hansen Group Manager Gas Networks (site tour) <p>Facilitator Helen Leayr, Communication Link</p>	<p>Outcomes</p> <p>Values Community and family, Communication and collaboration, honesty, transparency and genuine, fairness and equity, kindness and compassion and adaptability and empathy.</p> <p>Values as they relate to gas Equity and ability to transition, transparency and fairness of fees, costs, timelines and information, we all contribute and are in it together and effective communication.</p> <p>Operating principles <i>Participants considered how they wanted to work together:</i> Respect, open mind, being ready to share, listening, considering ideas, listening, honesty, tolerance, sense of humour, anonymity, transparency, focus and everyone has a voice.</p>	<p>Next steps</p> <ul style="list-style-type: none"> • Join Slack • Values and principles shared (via Slack) • Session 2, 9 May 5-8pm, Rex Hotel
<p>Reflections and learnings</p> <ul style="list-style-type: none"> • Introduction to Evoenergy and its network, including a site tour • Getting to know each other • Storywall questions 		



Session 2: Community forum summary

<p>Session 2, 9 May 2024</p> <ul style="list-style-type: none"> • Learn about revenue recovery options • Consider options, including managing uncertainty and risk • Provide feedback <p>Attendees</p> <ul style="list-style-type: none"> • #34 forum members • #3 observers: #2 Energy Regulatory Advisory Panel; #1 Australian Energy Regulator • #9 Evoenergy staff <p>Presenters</p> <ul style="list-style-type: none"> • Megan Willcox, General Manager Economic Regulation • Gillian Symmans, Group Manager Regulatory Reviews and Policy • Ashlyn Napier, Principal Regulatory Economist <p>Facilitator Helen Leayr, Communication Link</p>	<p>Revenue recovery options Following presentations to explain the options between a revenue cap and price cap and the potential impact on customers, small groups considered a range of impacts for different customers using personas. In the Slido poll generally, about half the room thought a revenue cap was most appropriate, a third preferred a price cap and the remaining didn't know yet. The group then considered different scenarios and the potential views of different customer types, and generally felt the price cap was most appropriate for individual customers particularly over a 5-year period.</p> <p>Managing risk while considering customer values The group completed worksheets. The groups were asked to consider how to best manage risk while considering customer values. The groups were asked; How should Evoenergy reflect the values you have identified as they consider the revenue recovery options? On balance, what do you think is the best option – consider Evoenergy, the customer and the broader community? The group highlighted the values of fairness and considering the cost impacts on customers, particularly those more vulnerable. There were mixed views on which is most appropriate between the revenue cap or the price cap. This will be discussed further in session 3.</p>	<p>Next steps</p> <ul style="list-style-type: none"> • Session 3, 20 May 2024 • Keep in touch via Slack • In session 3 revisit tariff variation mechanisms and responses from the last activity
<p>Making the transition The group considered how quickly you would shift your energy use from gas to electricity with consideration of a slow transition (10 years or more), medium transition (5-10 years) and fast transition (in the next 5 years). A slower transition was the most likely option, followed by a medium transition and a faster transition being the least likely option. Roughly a third of votes were not sure. More than 50% said their view does not change, when asked if there are less customers using gas.</p>		



<p>Session 3, 20 May 2024</p> <ul style="list-style-type: none"> Recap revenue recovery: longer term perspective and a hybrid approach Revisit activity 3 from session 2 Learn about tariffs Consider tariff options <p>Attendees</p> <ul style="list-style-type: none"> 33 forum members #3 observers: Energy Regulatory Advisory Committee; Australian Energy Regulator 8 Evoenergy staff <p>Presenters</p> <ul style="list-style-type: none"> Megan Willcox, General Manager Economic Regulation Lev Yulin, Group Manager, Regulatory Pricing Ashlyn Napier, Principal Regulatory Economist <p>Facilitator</p> <p>Helen Leayr, Communication Link</p>	<p>Activity 01: Feedback on tariff principles: Groups were asked to provide feedback on Evoenergy's tariff principles including what's important and was anything missing. The group highlighted the need for a focus on equity and the long-term view (beyond 5 years) to consider those left behind. There was a suggestion to include consultation with the community as a principle and consider the relationship with the principles and emissions reduction.</p> <p>Activity 02: Feedback on tariffs: Groups were asked to provide feedback on tariff structures and how network costs could be shared across different customer types. Lower network costs for residential options were suggested and incentivise costs for commercial. Groups explored block charges including the exploration of other potential block options and the impact changes have on existing users with consideration of those on a lower income. Lower fixed charges were considered, however, acknowledgement of lower fixed charges may also keep people on the network longer.</p>
<p>Revisiting the price and revenue cap discussion: Participants spent time revisiting revenue recovery options and the feedback captured during the last activity in session 2. The group considered a longer-term view of the price or revenue cap. Most participants said their view on the preferred option did not change when considering long-term. Evoenergy presented a possibility of a hybrid option. Feedback included it being an option worth considering, could balance risk, and a preferred option for some. There was also feedback on it possibly being confusing, complicated or difficult to explain, and could benefit Evoenergy over customers. Participants also said they were interested in more information on hybrid and forecasting.</p>	<p>Next steps</p> <ul style="list-style-type: none"> Session 4, 27 July 2024 Update session 2 dashboard summary based on today's feedback Keep in touch via Slack

