

Better Regulation

Consumer Engagement Guideline for Network Service Providers

FINAL DECISION

November 2021

This publication sets out the Australian Energy Regulator's final decision to retire the *Consumer Engagement Guideline for Network Service Providers*.

Introduction

On 6 November 2013 the Australian Energy Regulator (AER) released its *Consumer Engagement Guideline for Network Service providers* (Guideline), which was published as part of the Better Regulation Reform Program. The Guideline applied to all electricity and gas transmission and distribution network service providers (service providers). The Guideline stated our expectations of how service providers engage with their consumers. It provided service providers with a high level framework to integrate consumer engagement into their business-as-usual operations.

The National Electricity Law and Rules and National Gas Law and Rules provide the regulatory framework governing electricity and gas network businesses. The National Electricity Objective (NEO) and National Gas Objective (NGO) aims to promote the long term interests of consumers with respect to the price, quality, safety, reliability and security of supply. When we review regulatory proposals, revenue proposals and access arrangements (expenditure proposals), we have regard, on a case by case basis, to how a service provider engaged with its consumers and accounted for the long term interests of those consumers.

Review of the Guideline

The making or amendment of the Guideline is relevant to the economic regulation of distribution and transmission services.¹ The National Electricity Rules provides that the AER may, from time to time and in accordance with the distribution or transmission consultation procedures, amend or replace a guideline.² We have conducted the review of the Guideline under these provisions.

¹ The AER may, in accordance with the distribution consultation procedures and/or the transmission consultation procedures, make and publish guidelines as to matters relevant to Chapter 6 and 6A of the National Electricity Rules – see rules 6.2.8(a)(2) and 6A.2.3(a)(2) of the National Electricity Rules.

² Rules 6.2.8(e) and 6A.2.3(e) of the National Electricity Rules.

The AER decided to review the Guideline given the timeframe since its implementation. A particular consideration related to a stated objective in our Strategic Plan for 2020-25 to deliver efficient network regulation, which incentivises networks to become platforms for energy services. To support this objective, we have developed the *Better Resets Handbook – Towards consumer-centric network proposals* (the Handbook). We stated our intention to retire the Guideline once the Handbook was finalised, subject to any views raised during consultation.

Consultation

On 21 September 2021 the AER announced its intention to retire the Guideline once the Handbook is finalised and invited submissions from the public.

The AER received one submission that addressed the issue of retirement of the Guideline, from Jemena Limited (Jemena) dated 20 October 2021. Jemena supported the retirement of the Guideline. No material issues or concerns were raised, and Jemena stated:

Since its initial release in 2013, the Guideline has served customers and NSPs well by developing a foundation on which the voice of the customer has contributed to the process that involves making decisions on their behalf. Over time, there has been a significant uplift in the NSPs customer engagement capabilities and broadening engagement activities. The Guideline, however, is quite dated and may no longer be fit for purpose. Further, the more recent developments of customer engagement are captured in the Handbook (specifically section 4) and other instruments that the AER manages, such as the Export tariff guidelines for distribution network export tariffs currently being consulted on.

With this modernised approach to customer engagement, we considered the AER's recommendation to retire the Guideline is appropriate, noting the principles and objectives of customer engagement permeate a broad range of the AER's consultation.

Reasons for decision

The AER has reviewed the Guideline, in particular considering its utility in the context of the introduction of the Handbook, and has considered the issues raised in submissions received.

The AER considers the Handbook effectively supersedes the information in the Guideline and goes further in two important aspects :

- it sets out expectations for engagement which exceed the expectations in the Guideline, and
- creates incentives for high-quality engagement with consumers.

The AER agrees with Jemena's views that the Guideline is dated and no longer fit for purpose. Consumer engagement by network businesses has evolved and progressed since the introduction of the Guideline.

On the basis of the AER's review, the consultation feedback received in submissions, as well as the introduction of the Handbook which will set out expectations for how network businesses engage with consumers, the AER considers it appropriate to retire the Guideline.