



# Summary of meeting

## Service Provider Consumer Engagement Guideline

### Consumer forums

### 11-13 & 18 March 2013

#### Held at AER's Sydney, Melbourne, Adelaide and Brisbane offices

On 11 to 13 and 18 March 2013, the AER, as part of its *Better Regulation* package, hosted four consumer forums on the development of the Service Provider Consumer Engagement Guideline. Moston Neck, Director, chaired the forums. We conducted a follow up forum by telephone on 22 March 2013. A range of groups participated. Appendix A lists attending groups.

This summary outlines the key topics and themes of the meeting.

#### 1. Introductions

The AER outlined that the purpose of the forums was to seek input from participants on:

- A. the AER's process and approach to developing the guideline
- B. the objective/nature of the guideline
- C. issues to address in the guideline.

Attendees agreed that the AER could note the issues raised at the forums and publish these notes on the AER's website. Issues raised were not to be attributed to individuals or the organisations they represent. The AER has also published its Consumer forums slide presentation on the AER's website, which readers should view in conjunction with this summary.

#### 2. Overview of Better Regulation Program

The Service Provider Consumer Engagement Guideline is one of several guidelines the AER is developing as part of its *Better Regulation* package. Once completed, the guidelines will provide clarity to businesses and consumers on how the AER intends to apply recent changes to the Electricity Rules.

Amongst other things, the Rule changes require improved engagement with consumers by network service providers. For example, electricity network service providers must address

issues raised by consumers in their regulatory proposal.<sup>1</sup> Given the Rule requirements to engage with consumers are non-specific, the AER considered it prudent to develop a guideline to provide more detail. Further, a guideline could facilitate consumer engagement beyond any specific requirements in the Rules. The guideline could also encompass both electricity and gas network service providers and for purposes beyond preparation of regulatory proposals or revised access arrangements.

### **3. Guideline features**

A number of consistent themes emerged from the forums. These have been broadly grouped and listed below under the three areas we sought input.

#### **A. The AER's process and approach to developing the guideline**

The AER outlined its intended approach to developing the guideline including:

- speaking with most electricity and gas businesses to conduct a high level survey of their current consumer engagement activities
- face to face meetings with consumer groups (rather than releasing an issues paper)
- meetings with service providers to report on consumer and AER views and gain input
- issue a draft guideline for comment and conduct further consultative meetings as required
- issue a final guideline.

Attendees generally supported this approach.

Some attendees were concerned the guideline would not be binding. They were concerned whether service providers will 'buy in' to meaningful consumer engagement without a mandatory guideline to support a broad Rule.

#### **B. The objective/nature of the guideline**

The Rule requirements for service provider consumer engagement are quite broad. The AER explained it was developing this guideline to provide clarity around its expectations of what consumer engagement service providers will undertake. The AER considers that both gas and electricity businesses (transmission and distribution) need to have relationships with consumers (energy end users).

Attendees agreed that a cultural shift by most service providers will be required. Attendees indicated a preference for a guideline that would encourage continuous improvement rather than a prescriptive regime where compliance was the principal focus. Given that it may take time for service providers to develop and improve their consumer engagement strategies, attendees generally agreed that expectations would need to be realistic in the short term.

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<sup>1</sup> NER, cl. 6.8.2(c1).

### C. Issues to be addressed in the guideline

Attendees raised a number of themes consistently at each forum. Attendees suggested that the AER's guideline would lead service providers to:

- develop a consumer engagement strategy that would be endorsed by management at the most senior level
- implement a strategy with subcomponents to ensure each cohort of consumers was identified specifically (e.g. residential, commercial, industrial, vulnerable, etc)
- periodically review and evaluate the strategy
- report progress and outcomes of consumer engagement in an honest (i.e. the good and the bad) and transparent manner.

In addition to the areas of input suggested by the AER,<sup>2</sup> attendees considered the guideline should recommend service providers adopt a number of core features or best practice principles in their consumer engagement strategies. An outline is below.

Core features/considerations	Comment
<b>Key performance indicators/measures</b>	Service providers could adopt consistent KPI's or measures. This would provide the AER with a metric to compare consumer engagement conducted by each service provider.
<b>High level of commitment</b>	Commitment from the CEO, seeking a cultural shift to embed consumer engagement as a normal business practice.
<b>Evaluation process and methodology</b>	A robust evaluation process and methodology to assess critically the effectiveness of consumer engagement. This will provide a basis for continuous improvement.
<b>Transparency</b>	Transparency in full consumer engagement processes, including strategy development, engagement activities and reporting on outcomes.
<b>Realistic goals over time</b>	Consumer groups are realistic that service providers will require time to develop and implement effective consumer engagement strategies. However, service providers should not adopt a 'minimum compliance'

<sup>2</sup> The AER is seeking greater consumer input when making regulatory determinations on price versus reliability tradeoffs, tariff setting and design, setting reliability standards and targets, network renewal/upgrade, demand hot spots and alternatives to capital investments.

<b>Core features/considerations</b>	<b>Comment</b>
	approach in the interim.
<b>Long term focus/ongoing engagement</b>	Engagement should be on issues broader than what is required for regulatory proposals. Engagement should be ongoing and include a focus on building capacity of consumers to participate meaningfully and effectively.
<b>Encourage consistency</b>	A more consistent approach by service providers in how they conduct consumer engagement and limit ad hoc or reactive consultation or information sharing.
<b>Identify relevant consumer cohorts and understand respective issues/concerns</b>	Identify and gain a comprehensive understanding of relevant consumer groups. This may involve significant research.
<b>Cross section of consumer cohorts represented</b>	Ensure service providers consult a cross section of consumer cohorts. There is no 'one consumer voice' and likely to be dissenting views from some consumer cohorts on most issues.
<b>Sub-strategies to engage effectively with each cohort</b>	One size does not fit all. Service providers need to research and understand how to engage effectively with each consumer cohort.
<b>Consideration to resourcing consumers/consumer representative groups</b>	Consumer groups and consumers have limited resources to participate effectively in all engagement activities. Service providers may consider a range of methods or funding to assist.
<b>Research is robust</b>	Research must be robust and transparent. Information on consultants and terms of reference should be able to withstand scrutiny.
<b>Credible reporting</b>	Report both good and bad on research and outcomes of consumer engagement.
<b>Data sharing</b>	Notwithstanding commercial in confidence information, where service providers rely on data in reports or research, make it available for analysis by interested parties.
<b>Develop partnerships/forgo relationships with communities/consumer cohorts</b>	Build and maintain relationships to build trust and consumer buy-in to the process. Create a captive audience willing to participate when input is necessary.
<b>Early engagement</b>	Engage early with consumers to build understanding,

Core features/considerations	Comment
	form an agreed agenda of issues and consult.
<b>Level of influence that consumer engagement will have on outcomes</b>	Manage expectations and provide information to consumers upfront about the level of influence their views/concerns will have on outcomes and business decisions
<b>Provision of feedback to consumers about how their contribution influenced end results</b>	This should extend beyond consumer engagement around regulatory proposals
<b>Engagement needs to be timely</b>	Engagement needs to meet consumer needs. For example, provide annual prices to consumers as early as possible.
<b>Engage with consumers even when it is difficult</b>	There is a view that when engaging with consumers and issues become difficult, the networks tend to close up and stop engaging
<b>Giving consumers choice</b>	Consumers want to be given choices, where it is feasible to do so, rather than a single option that is preferred by the service provider

## APPENDIX A– Attending organisations

Organisation	State
Public Interest Advocacy Centre	NSW
Ethnic Communities Council	NSW
One People HR	NSW
Next Energy	NSW
Office of NSW Small Business Commission	NSW
Total Environment Centre	NSW
Australian Council of Social Services (ACOSS)	NSW
Broadcast Australia	NSW
Australian Chamber of Commerce and Industry (ACCI)	ACT
Consumer Utilities Advocacy Centre (CUAC)	VIC
Trans Tasman Energy Group	VIC
St Vincent de Paul	VIC
Financial and Consumer Rights Council	VIC
Major Energy Users	VIC
Australian Industry Group	VIC
Northern Alliance for Greenhouse Action (NAGA)	VIC
South Australian Council of Social Service (SACOSS)	SA
South Australian Farmers Federation (SAFF)	SA
Energy Consumer's Council	SA
Energy Metering Services Pty Ltd	SA
Uniting Care Australia	SA
Uniting Care Community	QLD
St Vincent de Paul Social Justice Committee	QLD
Council of the Ageing (COTA Qld)	QLD