| **Stakeholder Engagement Framework Workshop** |
| **23 February 2017, 10am** |
| **Summary of workshop discussions** |

The AER held a stakeholder engagement workshop on 23 February 2017 to seek views on how we could improve the [Framework](#) which guides our engagement with stakeholders. This is a summary of the input and feedback we received in response to questions that we asked.

All materials from our workshop are available on the review page of our website: http://www.aer.gov.au/publications/reviews/aer-stakeholder-engagement-framework-review-2016.

A list of participants who attended our workshop is included at Appendix A. We also sought feedback from participants on the effectiveness of our workshop, this is summarised in Appendix B.

Stakeholder Engagement Framework

Q1. Is the principles-based approach effective? Are these principles being met? Are they still the right ones?
Q2. Are the levels of engagement clear and appropriate? Are the tools useful?

Most participants felt that a principles based approach was appropriate and this allowed the AER sufficient flexibility to use different approaches for different projects and processes, and that it supported effective engagement. Participants agreed the four principles (clear, accurate and timely communication; accessible and inclusive; transparent; and measurable) set out in the Framework were still appropriate and there were suggestions to expand these to include others such as 'no surprises', consistency, trust, honesty, respect and integrity. Some noted that the way in which the principles were implemented was also important. Further, it was suggested that the AER could do more to monitor whether these are met (for example, audits of transparency, setting up improved internal processes) as well as feedback on the outcomes of its engagement. While the principles needed to be consistently applied, participants agreed that the AER's engagement also needed to be appropriate and/or tailored for each of our regulatory functions or processes and to not have a 'one size fits all' approach.

There was discussion around the full range of stakeholders, noting that all interests are valid, and who should be engaging with 'end consumers' recognising that there is likely to be some limits to how interested or organised end consumers may be to participate. A transmission network business noted that engaging 'end consumers' can be difficult, for example. A question raised was how to make engagement more accessible to end consumers and whether opportunities to collaborate across more stakeholders and customer segmentation may help with this. Some felt that including definitions in the framework around consumers and consumer advocates might be useful. It was also suggested that some capacity building and education at the beginning of a process can aid later engagement.

Participants generally supported the use of the IAP2 spectrum to guide the AER's stakeholder engagement. It was felt that using a widely recognised, international approach was very helpful and that it is useful and important to outline the objectives for each engagement process. Some participants raised questions on the AER's approach to the 'collaborate' and 'empower' aspects of the IAP2 spectrum and the examples of engagement tools for each level, with suggestions for these to be clarified and potentially broadened. Others felt it was important to determine which levels of

participation from the IAP2 spectrum can apply, noting that the regulator often operates within a rigid regulatory framework.

We received considerable feedback about different types of engagement tools and approaches that could be trialled such as citizen's juries, open days, surgeries, 'hot tubbing' and convening joint industry/consumer groups to meet on strategic issues of interest, and/or having specific teams/contacts dedicated to specific proposals.

Engaging with the AER

Q3. What do you think the AER does well in relation to stakeholder engagement? Are there any specific examples where we got it right?
Q4. What do you find difficult about engaging with the AER? Can you provide some specific examples of where we could have made it easier?
Q5. Where would you like us to focus our efforts to further improve our engagement with you? Can you give us examples of where other organisations do this well?

In general, it was felt that engagement with the AER had improved over the past few years, as reflected in the recent stakeholder survey results. Examples of this shared at the workshop included the use of more informal conversations, monthly meetings in the lead up to the start of a determination process, and regular meetings with stakeholders such as consumer groups, special interest groups, network businesses, energy ombudsmen schemes etc. Stakeholders appreciated the openness of the AER to trial different engagement approaches such as in this process, and in developing the approach to ring fencing and network tariff structure statements.

Some felt that the appeals process had hampered engagement efforts in regulatory determination processes and that this can limit the opportunity or willingness to collaborate more.

Some participants noted a strong improvement in engagement with the Consumer Challenge Panel including its new governance framework and improved timeframes for input and suggested that this may provide some learnings for the AER's Customer Consultative Group.

Timeframes were still a concern for many, with some participants wanting more time to provide input. There were mixed views as to whether longer timeframes for providing submissions (say eight weeks rather than six) would improve this, given that many stakeholders juggle responding to multiple, competing requests for their time and input.

Participants reflected that statutory timeframes can make engaging in some processes more challenging (for example with network determinations, particularly as there is limited time between the revised proposal and final decision stages). Whilst the AER is often limited in what it can do to address some of these challenges, it was thought that more informal engagement may help, by both the network businesses and the AER, to flag potential issues or changes in approach. It was thought that further discussion here may help to resolve issues and avoid surprises at the final decision stage which can undermine trust in the regulator.

Participants also noted that challenges for engaging with the AER can also reflect the resources available within the AER and the nature of different projects.

Participants felt the AER could do more to explain why it may occasionally delay a decision and importantly, how the submissions it receives inform the final decision made. Some were interested to understand how the AER may 'weight' the different submissions it receives.

Some stakeholders had found it difficult to know who to talk to in the AER about a particular issue and recommended greater cohesion as a group in our approach to engagement. Some felt that it was difficult to engage with us in certain areas, for example on rate of return issues where views seem 'entrenched'.

Some network businesses suggested it would be helpful for the AER to set out in its draft decisions more on what it thought of businesses' customer engagement activities, as well as to consider whether the AER and CCP should be involved in these processes. They also thought there is an opportunity for better engagement around regulatory information notices to improve the quality of the information and help the AER understand the difficulties involved with collecting some of the information in the format requested. It was suggested that US regulators like FERC had a good approach to collecting data from regulated businesses which the AER could explore.

There were diverse views about where we could focus our efforts including:
- Better engagement upfront to allow for input into 'designing' the consultation process – "consulting on the consultation process". It was thought this could avoid duplication of effort (although some raised concerns that it might actually increase timeframes and the amount of consultation), improve the coordination of different consultations to minimise burden, help stakeholders to focus on the most important issues, and develop approaches that were appropriate and timeframes for responding that were more realistic.
- Better planning so stakeholders are aware of timing for consultations, particularly when timeframes are tight, and looking at ways to avoid overlapping engagement opportunities – for example by coordinating with the timetables of the AEMC and other stakeholders (noting the Advocates calendar recently developed by the ECA).
- More informal engagement was considered desirable, though many stakeholders also felt that any informal consultation must be balanced against transparency so that all stakeholders know what is happening and what has been discussed. Some stakeholders felt there are times when informal consultation would not be appropriate and times when it is important that all stakeholders are in the room.
- Making time to have a 'local' presence in each jurisdiction, including at the Board level.
- Being clearer on the objective of the engagement.
- Better communicating how stakeholder's views have been considered in our decision-making.
- Ongoing dialogue and conversation, monitoring, evaluation and learning (more than just the stakeholder survey every two years).

Tailoring consultation and engagement

Q6. What is the best way for the AER to understand and incorporate the views of customers?
Q7. How can we better tailor our engagement?
  – *What are the risks and benefits of using different approaches for different stakeholders?*
  – *Is there a role for informal as well as formal consultation? What could informal consultation look like?*

Participants observed that customers are engaging more and want to see their feedback incorporated in our decisions. Given the range of views among different customer groups, some noted that

incorporating the views of end-use customers can be a difficult task and had the potential to require more AER staff resources and would likely increase the size of AER reports.

Some participants felt the AER should make sure that it is talking to the 'right' stakeholders, particularly those in agricultural and regional areas.

It was suggested that it might be better to have a publicly funded agitator to represent consumers during Limited Merits Reviews of regulatory determinations, similar to the process used in the US. It was noted that PIAC was the first consumer organisation to participate in such a review and that this had been particularly challenging.

Participants agreed there was room for both formal and informal consultation. Some agreed that more formal engagement processes help to build trust and relationships and can be easier for time poor stakeholders. Some stakeholders also felt it would be useful for critical issues to be raised informally prior to the commencement of formal consultation processes. It was also noted that it is important to understand the context of each engagement or consultation, for example, jurisdiction or business or sector specific issues.

It was agreed that there were benefits to tailoring engagement such as increased trust and productivity, with a variety of views of how these could be achieved, including:
- In order to properly tailor engagement it is important for the AER to understand stakeholders' interests. At times it may be best to have all of the relevant people in the same room, but there may also be times where a more tailored approach is appropriate (with different approaches for different stakeholders)
- It is important for the AER to ensure clarity on its website, as well as to invest in communications like fact sheets, plain English overview papers and provide links to appropriate background material
- It would be useful for the AER to provide a greater sense of the importance of each issue to help stakeholders make an informed decision about whether to lodge a submission and how to best add value
- It could also be useful for the AER to indicate what is considered to be good practice and to refer to good practice guidelines and case studies to improve stakeholder engagement with their own customers.

Building trust and improving engagement effectiveness

Q8. Is current AER engagement sufficiently clear in setting objectives?
Q9. Is the type of decision-making framework in the second case study more or less useful than the current AER Framework?
Q10. What is a realistic timeframe for input, and how can this be established? Does it vary depending on the process or project?

While participants generally found the AER willing to engage, they thought it was important to be clearer on how the organisation wants to work with stakeholders, particularly regulated businesses. They were looking for greater clarity on objectives or 'terms of reference' to ensure all parties were aware of the purpose of each engagement as well as the intended approach. They also suggested that a greater understanding of which AER staff they should be engaging with would be helpful and that all of those involved should be at relevant meetings.

Stakeholders thought the AER could also be clearer about what issues or areas could be influenced through consultation and engagement processes and what could not.

Some noted that deadlines for responses were often quite short which presented challenges when their time was already stretched across a number of consultations. It was suggested that this might be improved through informal engagement but care should be taken to ensure it did not lead to surprises for other stakeholders.

Clarifying how input informs decisions

Q11. What examples of two-way dialogue have you found to be effective?
Q12. How should we report on how your input has been considered and applied? Are there examples where it has been done well?

Participants agreed that it was important to ensure two-way conversations occur throughout a process. Some had found Board to Board activity between businesses and the AER particularly effective and suggested they would like more of this. There was also support for having more open discussions between stakeholders (for example, between businesses, consumer representatives and the regulator).

There was also acknowledgement that there had been improvement in the AER's reporting on stakeholder input over time with more feedback, recognition and documenting of responses in decision documents. Stakeholders affirmed the importance of demonstrating how their input had impacted the decision as this helped reaffirm they were part of the decision-making process and that their views had been heard and considered. This also needed to recognise the value of all forms of consultation input including, for example, verbal contributions at forums and not just written submissions. Stakeholders felt it was important to understand how input had been considered and any exploration of tradeoffs that may have occurred in reaching a decision.

Participants from network businesses suggested that timely responses from the AER would help them in their own operations. They also wanted confidence that the AER was giving due weight and consideration to their own engagement processes and outputs.

Most participants thought it was important for the AER to acknowledge all submissions received, even where it was not able to directly use the input, and to set out briefly the reasons for this. Some also suggested that there needs to be regular 'testing' that all contributions had been captured to ensure transparency.

Other feedback

Q13. Are there any other issues that you think we should consider to improve the usefulness of the Framework?
Q14. What is the one change you'd most like to see?

Several participants thought it would be useful to have further discussion on what a 'consumer' is and what 'the long term interests of consumers" really means. There was interest in the AER sharing its views on this. There was also interest in agreeing what are the 'important' issues that the AER and stakeholders should focus on.

Some participants felt that the AER's enforcement activities needed to strike a balance between consistency and the sensible need for discretion and flexibility within the spirit of the rules. There was also a suggestion that we make our guidelines less prescriptive.

Some felt that the issues of consumer protection and economic regulation were often in competition. There was also a suggestion that the market institutions should undertake their functions with a 'triple bottom line' approach, rather than using the current 'objectives' in the law and rules.

The AER's stakeholder engagement framework document

Q1. The Framework: Do we need it? It is relevant? What should be included in it?
Q2. Would a shorter document be more useful?
Q3. How effectively have we implemented the existing Framework?
Q4. Should we consider alternative approaches, like including overarching objectives? What would this add?
Q5. How should we monitor and report on our engagement activities? Who does it well?

Participants noted that although not prescriptive, the Framework was like a good practice checklist.

It was agreed that the Framework should retain simple, consistent information and its plain language approach. There were mixed views about whether the Framework itself should be shorter. Some supported the AER developing a shorter document (similar to AEMO's) with some suggesting this should be done in addition to keeping a more detailed framework document.

Some felt it went from high level principles to details of examples, but missed the steps between. It was suggested including further information on who we will engage with, what we will engage about, why we want to engage, when we need to engage by and how we will engage.

It was generally agreed that more could be done to measure success against clear objectives for each engagement process. Some suggested that checks, measures and changes needed to happen throughout, perhaps by inviting feedback after each meeting, with a more comprehensive assessment at the end of the process. It was also considered important to ensure that the assessment method suited the project and the respondents. In addition to surveys, stakeholders thought having a 'lessons learnt' and feedback session at the end of each major project would be valuable.

Appendix A: List of workshop participants

BRISBANE	Erin Bledsoe	QGC Pty Ltd
	Rachel Collins	Ergon Energy
	Sara Collins	Ergon Energy
	Mark Grenning	AER CCP member
	Gerard Riley	Powerlink Queensland
	Martin Robson	METER2CASH Solutions
	Mike Swanston	AER CCP member
SYDNEY	Rory Campbell	Energy & Water Ombudsman
	Katie Casson	TransGrid
	Leigh Creswell	Snowy Hydro
	Helen Ford	Energy & Water Ombudsman
	Nefley Hetherington	Energy Consumers Australia
	Belinda Kallmier	Essential Energy
	Praveena Karunaharan	Snowy Hydro
	Iain Maitland	Ethnic Communities Council of NSW
	Roger Marshall	Essential Energy
	Kate McCue	Endeavour Energy
	Sally McMahon	Spark Infrastructure
	Jim Tatsis	Stockland
	James Tydd	Endeavour Energy
	Paul Vittles	Ausgrid
CANBERRA	Conrad Asmus	Economic and Policy Regulation Unit, ACT Government
	Emily Brown	ActewAGL
	Peter Cunningham	ActewAGL Distribution
MELBOURNE	Dr Jill Cainey	S&C Electric Company
	Jana Dore	CitiPower / Powercor
	Gabrielle Henry	Essential Services Commission (Victoria)
	Bev Hughson	AER CCP member
	Sonja Lekovic	CitiPower / Powercor
	Luke Scott	Essential Services Commission (Victoria)
	Matthew Serpell	Jemena
ADELAIDE	Bruno Coelho	SA Power Networks
	Mark Henley	Uniting Communities
	Kathryn Heywood	Electrag
	Vicky Knighton	Australian Gas Networks
	Ann Shaw Rungie	Ann Shaw Rungie Consulting
	Jonathan Teubner	Australian Rail Track Corporation
	Jess Vonthethoff	SA Power Networks
HOBART	Allison Winter	TasNetworks
PERTH	Courtney Fitzsimmons	Atco Gas
	Nick Wills-Johnson	DBP
	Trent Leach	DBP

Appendix B: Feedback from participants on the workshop

The AER requested participants provide feedback on the workshop, through a brief anonymous survey.

70 participants indicated they would attend the workshop, with around 40 participating on the day. All who participated were invited to complete the survey. We allowed a week for responses and 20 participants (~50%) completed the survey.

Overall, responses were very positive with respondents indicating that they found the workshop interesting and valuable. Participants noted that the goodwill and genuineness of the AER staff was clear and helped move the forum along. Many found the workshop engaging and a good opportunity to voice their opinions.

	Questions	Avg Score
1	The purpose and objective of the workshop was clear and was met.	8
2	The format of the workshop was interesting and appropriate.	8
3	The length of the workshop was suitable.	8
4	Overall, I found the workshop valuable.	8
5	The pre-reading was useful and helped me to participate in discussions on the day.	7
6	The presentations provided good context to frame discussions.	7
7	There was enough time in the breakout sessions for me to provide input.	8
8	The questions asked were the right ones.	8
9	The workshop was a meaningful opportunity to provide input to the review.	8
10	What suggestions do you have for us to improve future events? *(free text response)*	N/A

Responses were provided on a scale of 1 to 10 (10=strongly agree; 5=neither agree or disagree; 1=strongly disagree).

The survey also showed some mixed views among participants, with one or two respondents feeling the purpose of the workshop was unclear (some thinking it was focussed on network businesses' engagement rather than the AER's), who did not find the pre-reading helpful and felt that the format could be improved.

There was strong interest in seeing what edits will be made to the framework as a result of the consultation and how the information and input from the workshop will be collated, interpreted and acted on.

Other feedback we received included:
- providing a list of participants and doing further introductions in the beginning, even though this would take some time for large groups
- clearly seeing the faces of participants in other locations and being able to view their notes
- being more targeted in the questions asked so that those most important are focussed on and perhaps allowing more time
- tailor the feedback to particular processes (e.g. price reviews, guidelines, benchmarking) so the context is better understood
- including an AER staff member in each group to ensuring that all the good ideas discussed are heard (in case they are not captured by the scribe or mentioned in the report-back).