

11 November 2016

Australian Energy Regulator

GPO Box 520
MELBOURNE VIC 3001

Via email: SEFreview@aer.gov.au

To Whom It May Concern:

Australian Gas Networks Limited (AGN) welcomes the opportunity to make this short submission to the Australian Energy Regulator (AER) regarding its "*Stakeholder Engagement Framework*" (the Framework). AGN understands that the AER is seeking early feedback from stakeholders in order to inform their consultation and review of the Framework, with a particular focus on its scope, principles, operation and:

*"...how effectively [the AER has] demonstrated these in [their] engagement activities and where [they] can make future improvements."*¹

We consider that the AER has applied its Framework in our recent South Australian review process and current Victorian/Albury process. We consider that the AER undertook effective engagement with AGN and our stakeholders and reported these outcomes in a transparent manner. While we did not always agree, we felt that we were provided with sufficient opportunity to put our position forward to the AER.

This process informed our overarching strategy of placing primary importance on seeking to resolve issues with the AER (and stakeholders more generally) rather than through alternate means. This includes where we thought there were issues that did not go our way and/or were outstanding at the end of the review process, such as in relation to determining forecast inflation.

As the AER is aware, we place a high degree of emphasis on the role that effective stakeholder engagement has on improving regulatory outcomes. We note (and encourage) the views recently put forward by the AER at the recent Energy Networks Association (ENA) Regulatory seminar regarding the importance of working with industry:

¹ AER, "*Review of the Stakeholder Engagement Framework*", <http://www.aer.gov.au/communication/review-of-the-stakeholder-engagement-framework>, October 2016.

"... [the AER] must be able to engage openly and constructively with network businesses and [its] other stakeholders—both as part of regulatory determination processes and also across the wider range of issues and work in the network space."²

We encourage this approach by the AER, and industry more generally, and see this as a key opportunity for the AER and network businesses to show leadership in this important area. We see this as one of the key contributing factors to improving regulatory processes and outcomes for stakeholders.

Please feel free to contact either Ashley Muldrew (08 8418 1115) or myself (08 8418 1129) if you would like to discuss this letter further.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Craig de Laine".

Craig de Laine
General Manager - Regulation

² AER, "Engagement and energy regulation in a dynamic environment", <http://www.aer.gov.au/news/engagement-and-energy-regulation-in-a-dynamic-environment>, August 2016.