



Better Regulation

Explanatory statement

Consumer Engagement Guideline for Network Service Providers

November 2013

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Shortened forms

Shortened form	Full title
AEMC	Australian Energy Market Commission
consumer	For this explanatory statement, we use the term 'consumer'. This term is consistent with the National Electricity and National Gas Objectives. It is also reflected in the National Electricity Rules, which refer to 'electricity consumers'. We acknowledge 'consumer' and 'customer' have distinct meanings, and it is valid to make the distinction in some cases. We also acknowledge these terms are used interchangeably.
expenditure proposal	regulatory proposal, revenue proposal or access arrangement
explanatory statement	Explanatory statement—Consumer Engagement Guideline for Network Service Providers
guideline	Consumer Engagement Guideline for Network Service Providers
NEO	National Electricity Objective
NER	National Electricity Rules
NGO	National Gas Objective
NGR	National Gas Rules
service providers	electricity distribution and transmission network service providers and gas distribution and transmission service providers

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Summary

This explanatory statement accompanies the Consumer Engagement Guideline for Network Service Providers, which aims to guide service providers in returning consumer interests to the centre of Australia's energy sector. It forms part of our Better Regulation program of work which delivers an improved regulatory framework focused on the long term interests of consumers.

The Australian Energy Regulator is Australia's independent national energy market regulator. We are guided in our role by the objectives set out in the National Electricity and Gas Laws which focus us on promoting the long term interests of consumers.

In 2012, the Australian Energy Market Commission (AEMC) changed the rules governing how we determine the total amount of revenue each electricity and gas network business can earn. The Council of Australian Governments also agreed to consumer focused reforms to energy markets in late 2012.

One key focus of the AEMC's rule changes and government reforms is improving service providers' engagement with their consumers. In support, we developed the Consumer Engagement Guideline for Network Service Providers (guideline) and the accompanying explanatory statement. These documents set out our expectations for electricity and gas transmission and distribution network service providers (service providers) to better engage with their consumers (end users). In doing so, we expect service providers can better align their services with consumers' long term interests.

Our consultation with consumer groups and service providers showed some consumer engagement occurs, but that consumers are often unaware whether their input has any impact on service providers' decision making. Consumer groups indicated the guideline should provide a framework for service providers to adopt when developing consumer engagement strategies and processes. We therefore developed a guideline that sets out four components that service providers can follow:

- **Priorities:** the need to identify issues and set priorities for engagement with consumers (that is, developing a process to analyse and understand consumers' needs as part of business planning) recognising that consumers may have diverse interests
- **Delivery:** the activities that we would expect service providers to undertake to engage effectively with consumers (set at a high level)
- **Results:** an articulation of the outputs and measures of success, focusing on explaining how consumer input affected the service providers' decision making
- **Evaluation and review:** a robust process to identify and make renewed commitment to addressing areas of improvement.

Overarching these components are best practice principles to guide engagement with consumers.

National electricity and gas objectives

The objective of the Electricity and Gas Laws is to promote efficient investment in, and efficient operation and use of, energy services for the long term interests of consumers of energy with respect to—

- (a) price, quality, safety, reliability and security of supply of energy; and
- (b) the reliability, safety and security of the national energy systems.

The explanatory statement, in addition to explaining our reasoning and approach in developing the guideline, contains examples of what we expect from service providers. Overall, we expect service providers to adopt the guideline to build a robust consumer engagement strategy and processes.

1 Introduction

The objective of the Consumer Engagement Guideline for Network Service Providers is for electricity and gas transmission and distribution network service providers (service providers) to better engage with their consumers. In doing so, we expect they can provide services that better align with consumers' long term interests. Specifically, the guideline sets out how we expect service providers to engage with their consumers. This explanatory statement complements the guideline with examples of good engagement, the views of interested parties, and our reasoning behind the guideline.

At present, most service providers undertake some form of consumer engagement. However, we are aware of significant variations in consumer engagement:

- between distribution and transmission service providers across the gas and electricity sector
- within each group of service providers (for example, between distribution electricity businesses)
- by a single service provider over time.

The National Electricity Objective (NEO) and National Gas Objective (NGO) require electricity and gas transmission and distribution network service providers to operate their networks in the long term

'The businesses should be accountable to their customers, and they owe their customers an explanation of the reason for expenditure and the reliability outcomes that they intend to achieve.'

AER Chairman, Andrew Reeves

interests of consumers. This theme was evident in the AEMC's rule changes, including the introduction of provisions in the National Electricity Rules (NER) for service providers to engage with their consumers. The NER now explicitly provides that electricity service providers must describe how they have engaged with electricity consumers and sought to address any relevant concerns identified by that engagement.¹ We expect that both electricity and gas network service providers will adopt the principles set out in the guideline.

Recognising this strong theme, our guideline provides a framework for service providers to establish a consumer engagement strategy and processes that best fits their business. The guideline reflects the broader policy position on consumer engagement expressed by the Council of Australian Governments and other government bodies.² We expect electricity and gas service providers to engage meaningfully with consumers as part of their usual way of doing business. We consider this engagement is necessary for service providers to work in the long term interests of electricity and gas consumers. Further, consumer engagement, as one of the relevant considerations in making our determinations, can help ensure a balanced regulatory process. It can help us test the regulatory proposals, revenue proposals and access arrangements (expenditure proposals) of service providers, and provide alternative views on matters such as service priorities, capital expenditure proposals and price structures.

¹ NER, cl. 6.8.2(c1)(2) and 6A.10.1(g)(2).

² On 7 December 2012, the Council of Australian Governments (COAG) endorsed a comprehensive package of national energy market reforms developed collaboratively with the Standing Council on Energy and Resources (SCER) to respond to the current challenges of rising electricity prices. SCER also released a paper titled *Putting consumers first*, December 2012. SCER agreed to significant reforms on 6 June 2013, including changes to the appeal framework that make it clear that appeals to regulatory decisions must be decided in the long term interests of consumers, and to establish, in principle, the National Energy Consumer Advocacy Body from 1 July 2014—see The Hon Gary Gray AO MP, Minister for Resources and Energy, Small Business and Tourism, *Reforms target electricity price rises*, Media release, 6 June 2013.

Implemented properly, the guideline may require most service providers to significantly change how they run their businesses. We expect service providers, helped by the guideline, to develop and implement strategies for consumer engagement to occur in a more systematic and strategic way. Service providers should seek to understand and address issues of significance to the business and its consumers. Over time, we expect service providers to embed consumer engagement in their businesses.

1.1 Structure of the explanatory statement

The explanatory statement discusses the guideline's framework and details our reasoning:

- Section 2 provides our rationale and approach to developing the guideline.
- Section 3 summarises the draft guideline and explanatory statement.
- Section 4 explains the framework behind the guideline.
- Section 5 discusses our expectations.

2 Our rationale and approach

2.1 Rationale

Consistent with the broad thrust of the AEMC's rule changes, the guideline seeks to enhance consumer engagement by building the link between consumer preferences and discretionary expenditure proposals by regulated businesses. This link is important for establishing the efficiency of proposed expenditure, which is an important consideration for an economic regulator. We also consider this link fundamental to identifying the long term interests of consumers, which is a component of the NEO and NGO. Consumers, therefore, need an opportunity to influence their service providers' proposals. The guideline and explanatory statement further suggest service providers adopt the proposed framework to engage with consumers outside reset periods. Service providers cannot undertake genuine engagement or serve the long term interests of consumers by consulting with them only to meet regulatory requirements every five years.³

'It is difficult for the regulator to be confident that a business's proposal will deliver the services that consumers want, if consumers don't have a real opportunity to affect that proposal.'

AER Chairman, Andrew Reeves

Successful consumer engagement, whether in the lead-up to a regulatory determination or in the period between determinations, can help consumers better understand how the network functions and what the associated costs are. It also conveys the level at which consumers can be involved in business operations and regulatory matters—for example, whether they have a say in determining future services and prices.

2.2 Approach

In consulting on the guideline and explanatory statement, we:

- published a draft guideline and explanatory statement on 1 July 2013
- conducted eleven consultative forums, attended by 22 service providers and 28 consumer groups⁴
- sought input from our Consumer Reference Group⁵
- received 13 submissions from service providers
- received 16 submissions from consumer groups/consumers
- reviewed literature on consumer engagement.

We have had regard to all submissions in developing the guideline and explanatory statement.

³ This view is supported by the Stakeholder Engagement Standard (AA1000SES) – Institute of Social and Ethical Accountability (2011).

⁴ Appendix A sets out the dates of consultation and engagement with interested parties on the draft guideline and explanatory statement. It also includes key meetings with interested parties undertaken by us in developing the draft guideline and explanatory statement.

⁵ The AER established a Consumer Reference Group (CRG) to assist with the development of Better Regulation guidelines. CRG members distil key issues and information for constituents' consideration, then consult and report back to the AER. This mechanism provides us with coordinated and informed input from a cross-section of consumer groups.

3 The draft guideline and explanatory statement

In developing the draft guideline and explanatory statement, we received valuable input from consumer groups and service providers.⁶ Our starting point was to understand the consumer engagement that service providers already conduct. We spoke with most service providers to obtain the following overview of their current engagement activities:

- Most service providers already undertake consumer engagement.
- The level of consumer engagement varies both within each network business and across the energy sector.
- Most engagement is targeted at informing consumers (rather than engaging with consumers).
- The service providers undertake limited consumer engagement in preparing their expenditure proposals because they consider the technical material makes the engagement less effective.
- The service providers have a range of starting positions in developing and implementing their consumer engagement strategies or processes.
- Most service providers are positive about the emphasis on improved consumer engagement.

When presented with the above information, consumer representative groups agreed with our high level assessment. From our consumer forums, five themes emerged:

- Consumers want an opportunity to influence service provider decision making.
- Service providers should seek continuous improvement. Consumer groups seek a cultural shift in how service providers engage with consumers across their business operations.
- Consumers want their diverse interests to be recognised. Service providers should design engagement, so consumers can contribute meaningfully, for example by identifying the different consumer cohorts.
- The dialogue needs to be transparent. Consumers want to understand how their input affects service providers' business and expenditure proposals.
- Consumers are realistic that service providers need time to develop and implement robust engagement strategies and processes. However, service providers can take steps now to improve consumer engagement.

Consumer representative groups suggested service providers often engage with them after critical business decisions directly affecting consumers have been made. Additionally, it is often unclear to consumers how their input was considered in developing expenditure proposals.

Consumer representative groups submit the draft guideline should lead service providers to:

- develop consumer engagement strategies or processes that the most senior level management endorse and embed in the business over time

⁶ Meeting summaries, slide presentations and supporting materials provided to interested parties are available at www.aer.gov.au/node/18894.

'There is significant responsibility on consumer based organisations and consumer advocates...to be part of effective consumer engagement.'

Mark Henley, UnitingCare Australia

- implement an engagement strategy and processes to identify consumer cohorts and understand their issues
- periodically review and evaluate the engagement strategy and processes, and strive for continuous improvement
- report the progress and outcomes of consumer engagement in an honest (that is, the good and the bad) and transparent manner.

Consumer representative groups also suggested a set of best practice principles to underpin engagement strategies and processes would help service providers improve their consumer engagement.

We developed the draft guideline's framework around consumer input, which aligned with case studies and a range of literature we reviewed. In presenting the draft guideline's outline to a number of service providers, we received general support for the direction we were taking. We understand service providers face some challenges to step outside their compliance framework and develop an approach to consumer engagement. To help their transition, service providers sought examples of meaningful consumer engagement. We include examples in this explanatory statement.

Service providers raised the difference between community consultation for capital projects and consumer engagement for expenditure proposals. They noted that engagement in determinations, planning processes, the consideration of local non-network solutions etc. needs to differ in terms of who to engage and how to engage them. We accept this point. However, we consider that service providers should conduct both community and consumer engagement, and draw out any tensions in their reports. We discuss this matter further in section 4.4.

In developing the draft guideline, we considered it to be equally applicable to gas service providers, who must operate in the long terms interests of consumers as the National Gas Law requires. We understood that some gas service providers may not have considered the draft guideline relevant as the NGR does not reflect NER requirements for consumer engagement.

3.1 Submissions on draft guideline and explanatory statement

We published the draft guideline and explanatory statement on 1 July 2013 for consultation. We received 16 submissions from consumer groups and 13 submissions from service providers.⁷

There were five key themes from the submissions:

- the guideline should address the recovery of costs relating to consumer engagement
- we should review the guideline within a specified time
- we have an ongoing role in monitoring service providers' consumer engagement
- the guideline should highlight the differences between distribution and transmission businesses
- the scope of the guideline should be limited to matters/consumer concerns that align with the National Electricity and Gas Objective.

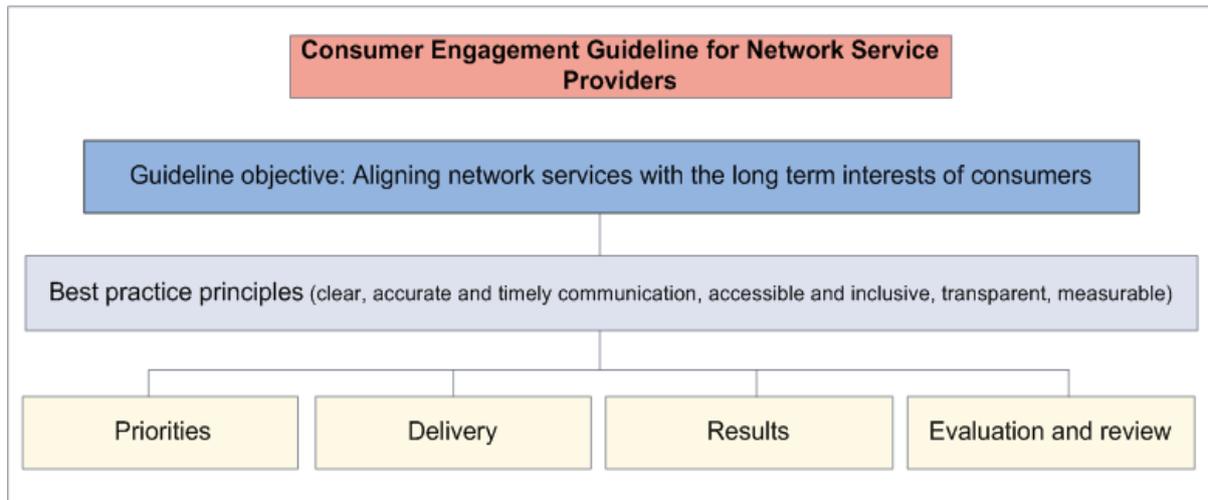
⁷ All submissions are available at www.aer.gov.au/node/18894. Appendix C contains a summary of submissions.

In some cases we have incorporated suggestions made in submissions into the guideline. In other cases we may not have agreed with the submissions made. In these cases, we have addressed the submission in the explanatory statement setting out our reasons. We have also made a number of minor wording changes in response to submissions. Appendix C contains a summary of all submissions to the draft guideline. Overall, the input from consumer representative groups, service providers and the Energy Networks Association was pivotal in helping us develop the draft and final guideline and explanatory statement.

4 The framework behind the guideline

The guideline consists of four best practice principles, which overarch four components (diagram 1). This framework arose from consumer views, which fell generally into four categories. That is, service providers should develop a robust engagement strategy and processes, implement them, report appropriately and perform this work with a focus on continuous improvement. We expect each service provider to develop consumer engagement strategies or approaches that encompass the best practice principles and the guideline's components.

Diagram 1: Overview of guideline



A principles based approach

Prescribing particular engagement activities that service providers should undertake with specific consumer groups would provide the clearest statement on how we consider service providers should engage with consumers. We discussed with consumer groups whether such an approach would be desirable. Generally, they advised that a prescriptive approach could discourage service providers from undertaking innovative and meaningful engagement activities that maximise the effectiveness (and/or minimise the costs) of that engagement. Similarly, the Energy Networks Association suggested we should avoid a prescriptive approach.⁸ We agree. We do not want consumer engagement to become a compliance activity, because that would undermine the potential for engagement to be innovative and responsive to consumers. Instead, we seek a transformation to the way service providers do business. We seek cultural change that results in continual and self-perpetuating improvement to service providers' consumer engagement.

For this reason, we adopted the approach of highlighting certain high level activities or actions that we consider represent good examples of consumer engagement. Consumer groups and service providers generally supported this approach. Thus, while the guideline provides a high level framework for service providers, it also allows flexibility in how the service providers develop a better understanding of their consumer base and consumer issues. This explanatory statement provides examples (not an exhaustive list) to assist service providers.

⁸ Energy Networks Association, *Informal feedback on guideline development*, 4 June 2013.

4.1 Best practice principles

Overarching the four guideline components are the following best practice principles for consumer engagement:

- clear, accurate and timely communication
- accessible and inclusive
- transparent
- measurable.

The corresponding elements under each principle (appendix B) serve as general statements of best practice for service providers. Similarly, the principles do not prescribe how to engage specifically, but are intended to guide service providers to improve their engagement processes and outcomes. Both the principles and elements generally capture the improvements that consumer representative groups seek.⁹ We expect service providers to apply the principles when dealing with any aspect of consumer engagement.

We have refined the best practice principles from the draft guideline.¹⁰ The refined principles and corresponding elements implicitly require integrity by service providers in engaging with their consumers.¹¹

UnitingCare Australia and South Australian Council of Social Service¹² submitted that 'affordability' should be a best practice principle as it is a key concern for consumers. We have not included affordability as a best practice principle as it is a relative term. The term 'affordability' may also create expectations from consumers/consumer groups that it is a factor of the regulatory framework. While we seek to make decisions that are in the long term interests of consumers, the regulatory framework does not directly refer to affordability. Instead, we expect service providers should engage with consumers to clearly explain price changes that consumers might experience.

Case study: Port Macquarie–Hastings Council

In February 2013, Port Macquarie–Hastings Council finalised its *Towards 2030: Community Strategic Plan*. The plan aims to ascertain community concerns and drivers for development of the council area in the coming years. As part of the council's commitment to this program, all staff are trained on consumer engagement (both its importance and how to facilitate it). The council has committed to consumer engagement by investing in training and seeking to understand community concerns now and into the future. The training will help council staff provide good communication and engage in a transparent and inclusive manner.

Source: www.hastings.nsw.gov.au

⁹ AER, Meeting summary on Consumer Forums, March 2013, www.aer.gov.au/node/18894.

¹⁰ Australian Council of Social Service, *Better Regulation Draft Consumer Engagement Guideline for Network Service Providers*, August 2013, p. 2.

¹¹ Grid Australia, *Draft Consumer Engagement Guideline for Network Service Providers*, 15 August 2013, p. 3.

¹² UnitingCare Australia, *AER Draft Guideline re Consumer Engagement*, August 2013, p. 4; South Australian Council of Social Service, *AER's Draft Consumer Engagement Guideline for Service Providers*, 10 August 2013, p. 1.

Case study: Hunter Water Corporation

Hunter Water Corporation views regular and ongoing consumer input as a key business input. To get the most from this process, it:

- educates consumers about proposed projects and business issues in the initial stage of any engagement strategy
- seeks out the expectations and concerns of consumers
- provides tangible examples to consumers by providing scenarios and demonstrating the overall impact on customers' bills
- uses consumer views to inform business decisions and add evidence in support of its price submissions.

These points demonstrate Hunter Water's strong culture of consumer engagement across the business.

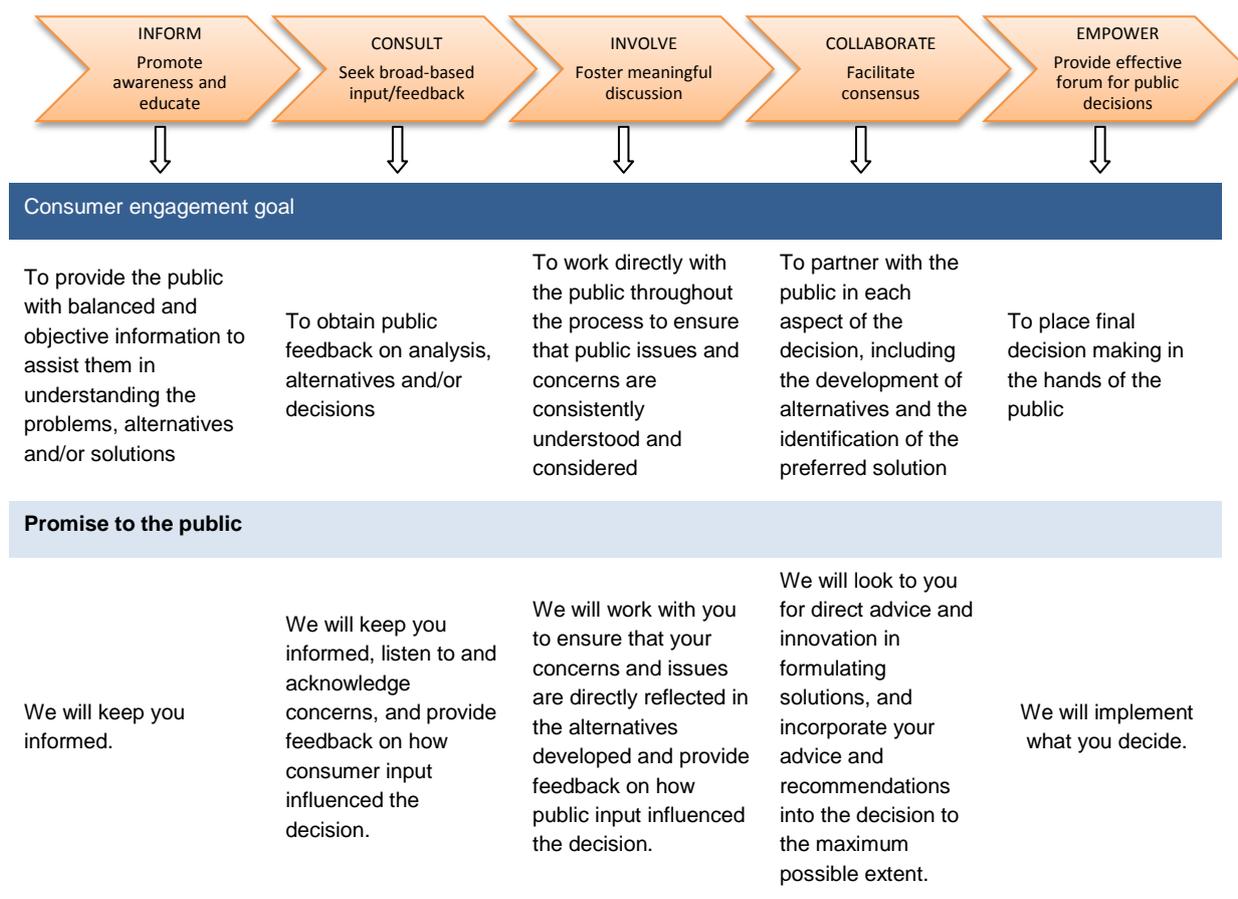
Source: www.hunterwater.com.au

4.2 Priorities

Different levels of consumer participation are appropriate depending on the outcomes, timeframes and resources for, and interest in, a matter or pending decision. Therefore, we suggest service providers adopt an engagement framework like the internationally recognised Public Participation (IA2) spectrum¹³ in developing their consumer engagement strategies and processes. The IAP2 spectrum provides a framework for service providers to target consumer engagement based on the influence that consumers should have over a decision or activity.

¹³ International Association of Public Participation (IAP2), www.iap2.org.au. Other engagement frameworks include World Bank Ladder of Consumer Participation, see www.openknowledge.worldbank.org and Australian Government - STEP Framework: Science and Technology Engagement Pathways, see www.innovation.gov.au.

Diagram 2: IAP2 engagement spectrum



After gaining a better understanding of who their consumers are, and what issues are significant to them, service providers should ask questions such as:

- Are consumers best informed about the issue, or does it lie further along the spectrum?
- Do consumers want to be informed on the issue or involved at a deeper level, if suitable?
- Do consumers need information before they can contribute in more detail to the issue?
- Do the proposed engagement activities align with the targeted level of involvement for each consumer cohort?
- How much influence can consumers genuinely have over this issue? That is, state legislative restrictions, for example, may mean that informing consumer cohorts is the only viable option.

By asking such questions, service providers can develop targeted engagement strategies and processes as consumers become more informed about energy issues. The ENA¹⁴ submitted that the guideline should recognise that a range of matters like environmental, affordability and hardship matters, while valued by consumers do not align with the National Electricity and Gas objectives.

¹⁴ Energy Networks Association, *Consumer Engagement Guideline for Network Service Providers, Response to Draft Guideline*, 16 August 2013, p. 4.

Conversely, some consumer groups¹⁵ are seeking specific reference in the guideline to marginalized consumers, like disadvantaged consumers and small businesses. In keeping with our non-prescriptive approach, we will not be specific around the scope of the guideline. The guideline is clear that it is for service providers to identify consumer cohorts and the issues to consult on, preferably in consultation with interested consumers. As their knowledge increases, their expectations around consultation will rise. Therefore, involving consumers in this development is beneficial, and also helps them understand the time and resources needed to meaningfully participate. Consumer representative groups identified this understanding as important to their project planning and grant applications.

As an example, SA Power Networks provided the following information on its consumer engagement strategy. It is currently setting its priorities.

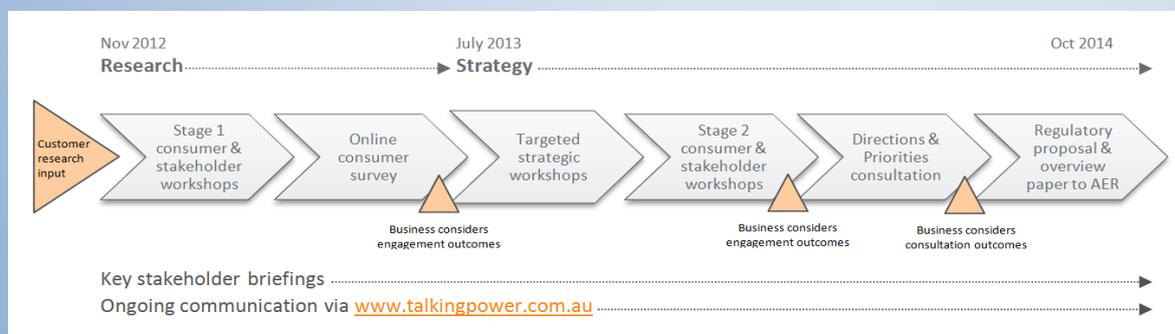
SA Power Networks' consumer engagement planning for the 2016–20 regulatory control period

SA Power Networks aims to build on its previous consultation approaches with a more comprehensive, inclusive consumer engagement process that:

- provides relevant information to stakeholders via an open and clear communication channel
- ensures the business is positioned to listen early to stakeholders' views and concerns
- drives the methodical assessment of those issues and the business' potential to address them
- provides prompt and clear feedback to stakeholders on conclusions reached and actions taken
- demonstrates the business followed an auditable evidence based process
- aligns with best practice principles and is viewed as best practice among Australian service providers
- provides a template for ongoing stakeholder engagement across the business outside of reset periods.

The approach

The diagram below outlines the business's overall approach to consumer engagement. The engagement program has two key stages—research and strategy—with a number of consultation activities falling within each stage.



¹⁵ Australian Council of Social Services, *Better regulation draft consumer engagement guideline for network service providers*, August 2013, p. 2; Council of Small Business Australia, *Draft consumer engagement guidelines for network service providers*, August 2013, pp. 5-6.

Key features of the program include:

- engagement of expert advisors for research and reporting services
- the development of a consultation 'brand' and collateral, including an online consultation channel
- integration of consumer insights into business planning and expenditure forecasting processes
- working with the Essential Services Commission of South Australia, jointly designing an online survey to provide input to the review of the SA Service Standards Framework, and to test ideas discussed at stage 1 consumer and stakeholder workshops.

The future

SA Power Networks is seeking to embed a strong consumer engagement focus and framework within its business.

4.3 Delivery

Once service providers set consumer engagement priorities, we expect they will implement targeted engagement strategies and activities. When determining how best to deliver those strategies and activities, service providers could:

- look at current consumer engagement approaches and activities, and question whether they exemplify best practice principles and align with the priorities and needs of consumer cohorts. Service providers may consider whether they can build on their current activities—for example, by updating existing surveys. We encourage service providers to be strategic and innovative in building on existing frameworks.
- monitor the delivery progress of each engagement activity, ensuring activities remain aligned with best practice principles. It is particularly important that service providers are communicative and transparent throughout their activity.
- use the IAP2 spectrum (or a similar approach) for each activity, so they deliver the activity at the right level. Service providers must allow consumer cohorts time to understand and provide an informed response to the issue. This time should be commensurate with the level of input expected.

Example 1: Yarra Valley Water

Following an independent review of its existing Consumer Consultative Committee, Yarra Valley Water created the Community Advisory Group. The Committee had a 15 year history, made up of 10 members. The review recommended changes to the scope, structure and style of deliberation would allow the Committee to be more effective, providing more value for Yarra Valley Water's business objectives and insights into consumer issues. The Committee needed to refocus on what it could provide the business, restructuring the committee and its agenda to shift from a passive role to a more collaborative, problem solving one. The newly formed Group now workshops a range of issues and helps develop Yarra Valley Water's policies, Water Plans, programs and communications, rather than being presented with reports and summarised data at meetings. In short, Yarra Valley Water redesigned a long established consumer engagement process to maximise its effectiveness and better align it with the priorities and needs of consumers.

Sources: www.yvw.com.au; Pax Populos, Review of Yarra Valley Water Customer Consultative Committee, August 2010.

During our consultation with consumer representative groups and service providers, we sought an indication of the topics of engagement. The expenditure proposals that we receive are prepared with consideration of the long term interests of consumers. However, these proposals generally lack consumer evidence to support what is proposed. We consider service providers could, when appropriate, obtain useful consumer input on the following example topics:

- making price and reliability trade-offs
- setting and designing tariffs (including time of use and critical peak tariffs)
- setting reliability targets and standards
- understanding demand hot spots and exploring associated impacts
- exploring alternatives to capital investment.

Yarra Valley Water, using the IAP2 spectrum, undertook comprehensive, dynamic and inclusive consumer engagement in developing its Water Plan 2013–18.

Example 2: Yarra Valley Water

In developing its 2013–18 Water Plan, Yarra Valley Water ran a six hour deliberative forum, a roundtable with over 100 business customers, focus group workshops, community forums ('citizen juries'), an online quantitative survey and an online portal. Consultation included exploring options for different pricing paths, tariff structure, proposed investments and so on. The extensive consultation led to a proposal to move from a price cap to a revenue cap, with consumer support. The Essential Services Commission approved the move to a revenue cap in its draft determination. Yarra Valley Water's understanding of its consumer cohorts and its targeted ongoing engagement are examples of committed and extensive priority setting and delivery processes.

Sources: www.esc.vic.gov.au; Yarra Valley Water and GA Research.

4.4 Results

Consumers highly value service providers reporting on the outcomes of engagement.¹⁶ After investing time and resources in consultative processes, consumers want transparent and timely reports on how service providers used information from consumers, and on the influence that consumers had on the business or expenditure proposals. While consumers are eager to have a real opportunity to influence areas that are of significance to them, CRG members noted consumers are not in favour of change for the sake of change.¹⁷ Notably, consumer representative groups have realistic expectations for results. They appreciate service providers need time to build and implement consumer engagement strategies across their businesses.

When reporting consultation results, service providers should draw out tensions in the range of consumer views, as well as consensus. The interests and views of an affected community, for example, may differ from (and possibly be opposite to) the interests and views of their consumers generally. Competing views—whether between consumer cohorts or between consumers and discrete communities—form part of the assessment that service providers should conduct if they are genuinely acting in the long term interests of consumers. Consumer groups expect service providers

¹⁶ This was a strong message from consumer representative groups throughout our consultative process.

¹⁷ AER, Consumer Reference Group—consumer views, Melbourne meeting, 23 May 2013.

to report on the range of competing views, as well as on the options presented to consumer cohorts. That is, they expect service providers to demonstrate transparency and accountability. Consumer groups do not want service providers to take the path of least resistance by targeting consumer cohorts most likely to accept their positions.¹⁸

Case study: AA1000 Stakeholder Engagement Standard and UK Power Networks

In the United Kingdom, Ofgem adopted the AA1000 Stakeholder Engagement Standard, recognising it as a leading international standard for stakeholder engagement. A review of UK Power Networks' Business Plan (similar to an expenditure proposal) demonstrated:

- a clear adoption of the AA1000 Stakeholder Engagement Standard
- integration of an engagement program across all aspects of the business
- ongoing reporting to the UK Power Networks Board through its CEO
- a genuine call for feedback on both the engagement process and business plan content, including how the plan compares with that of other businesses.

UK Power Networks' website also presents a clear commitment to ongoing, transparent and accountable consumer engagement by:

- providing surveys
- seeking comments on plans
- explaining how consumer feedback is used
- providing information on upcoming engagement events
- publishing reports and presentations on a range of issues, including willingness to pay, planning scenarios, outputs and priority issue events.

Source: www.ukpowernetworks.co.uk.

4.5 Review and evaluation

Ongoing and periodic evaluation and review provide an opportunity for service providers to consider whether their priority setting, delivery mechanisms and reporting are suitable. They also encourage a culture of continual improvement and openness. A service provider should develop its review and evaluation process and method in the 'priorities' and 'delivery' phases. At their simplest, evaluation and review are about finding out whether the consumer engagement strategy or activity was useful, what it achieved and what could be done to improve it. We expect service providers will develop a set of key performance indicators that are meaningful to them, causing them to reflect on how consumer input influenced decisions across their business.¹⁹ An evaluation could include, for example:

- whether the objectives of the engagement were achieved
- which engagement techniques drew the highest response rate and also the highest level of satisfaction from participants

¹⁸ AER, Consumer Reference Group—consumer views, Melbourne meeting, 23 May 2013.

¹⁹ AER, Consumer Reference Group—consumer views, Melbourne meeting, 23 May 2013.

- to what extent consumer cohorts expressed their views
- how useful the information obtained was
- the impact of consumer engagement on decision making across the business
- the adequacy of timing, funding and other resources
- the cost effectiveness of the engagement
- whether participation represented a diversity of consumer cohorts. If not, why not and what can be done about it
- whether all consumer cohorts felt they were listened to and their views were adequately recorded.

Service providers could adopt numerous mechanisms and techniques to evaluate their consumer engagement strategy and activities.²⁰ Melbourne Water provides a good example of reviewing and evaluating a consumer engagement strategy.

Case study: Melbourne Water

Melbourne Water's *Waterways Communication and Engagement Strategy 2013–2018* demonstrates a commitment to openness and continual improvement by reviewing the objectives, targets and appropriateness of measures based on consumer feedback. Melbourne Water developed a strategy that deliberately focuses on direct engagement tools, strategic partnerships and collaborations, and education and capacity building. The strategy articulates Melbourne Water's objectives, targets, measures and engagement activities. And it demonstrates Melbourne Water adopted a range of principles and developed and implemented a consumer engagement strategy. The business gathered consumer feedback and considered it in reviewing and evaluating its consumer engagement performance. It then adapted its strategy when necessary and made renewed commitments publicly.

Source: www.melbournewater.com.au.

²⁰ For example, Department of Planning NSW, *Community Engagement in the NSW Planning System*, 2003, www.iplan.nsw.gov.au/engagement.

5 Our expectations

We expect all network service providers—gas and electricity, transmission and distribution—to use the guideline to enhance their consumer engagement activities. While the guideline is not prescriptive, we anticipate all service providers will make an effort to adopt the guideline. This effort would form part of a genuine and fundamental reconsideration of how service providers could better engage with consumers.

While submissions were received seeking a clear delineation in the guideline between consumer engagement requirements for gas and electricity transmission businesses and electricity distribution businesses,²¹ we have decided not to adopt this approach. We consider the guideline provides sufficient flexibility for service providers to develop consumer engagement strategies that will suit their needs, whether they are a transmission or distribution business.

The guideline cannot compel any particular form of consumer engagement by service providers. However, it has links to how we assess service providers' expenditure proposals. For electricity, this link is explicit: the NER requires us to consider the extent to which the proposed expenditure addresses consumers' relevant concerns identified during the service provider's engagement with consumers.²² Similarly, we will assess gas service providers' expenditure proposals against the NGO to provide services in the long term interests of consumers. In our view, this makes the guideline as relevant for gas service providers.

'...understanding consumer preferences is an important factor in shaping and informing service providers' expenditure proposals and these can only be properly understood if service providers establish effective consumer engagement strategies.'

Grid Australia

Consequently, the quality of a service provider's consumer engagement will be a factor in how we assess expenditure proposals.²³ We will consider whether and how well a service provider considered and responded to consumer views, equipped consumers to participate in consultation, made issues tangible to consumers, and obtained a cross-section of consumer views. We will make our assessment on a case by case basis, considering whether it would have been reasonable to engage on a particular issue.

APIA suggested in its submission that we should recognise agreements reached between consumers and service providers.²⁴ We will give such agreements or proposals due consideration on a case by case basis. As with any expenditure proposal we would consider it within the regulatory framework.

A number of submissions suggested that we should maintain an active or ongoing role in monitoring the effectiveness of each service providers' consumer engagement.²⁵ We disagree with this

²¹ Energy Networks Association, *Response to draft guideline*, 16 August 2013, p. 7; Grid Australia, *Draft consumer engagement guideline for network service providers*, 15 August 2013, p. 2; Australian Pipeline Industry Association Ltd, *Draft consumer engagement guideline for network service providers*, 16 August 2013, p. 2.

²² NER, cl. 6.5.7(5A).

²³ The AER's Consumer Challenge Panel will also have a role in advising the AER on the effectiveness of service providers' engagement activities with their consumers and how this engagement has informed, and been reflected in, the development of their expenditure proposals.

²⁴ Australian Pipeline Industry Association Ltd, *Draft consumer engagement guideline for network service providers*, 16 August 2013, p. 4; *Council of Small Business Australia*, *Draft consumer engagement guideline for network service providers*, August 2013, p. 11.

²⁵ EnergyAustralia, *Draft consumer engagement guideline for network service providers*, 16 August 2013, p. 2, Ethnic Communities Council of NSW, *Draft consumer engagement guideline for network service providers*, 19 August 2013, p. 1; Australian Council of Social Service, *Draft consumer engagement guideline for network service providers*, August

suggestion. We do not wish to be prescriptive nor do we see ourselves as being the arbiter of what is or is not effective consumer engagement. However, we will be open to feedback on the adequacy of service providers' consumer engagement.

We will monitor consumer engagement activities through the AER's Consumer Challenge Panel and our ongoing engagement with stakeholders and expect service providers to improve reasonably quickly if current engagement activities are minimal. In addition, we may publicly comment on any shortcomings that we identify from an expenditure proposal that reflect weaknesses in consumer engagement in our determination.

Several submissions stated that the AER should review the guideline within a specified time.²⁶ This suggestion has merit however we have decided not to commit to a specific review period. We intend to review the guideline once we have had an opportunity to observe its initial implementation. This approach provides us with flexibility around when we conduct any review. In doing so, we will consult with interested parties on how best to evaluate the effectiveness of the guideline and gather input from service providers and consumers at the time of the review.

However, service providers will hopefully develop and implement consumer engagement strategies that go beyond our guideline.²⁷ Consumer engagement provides them with important information on and insight into the service levels (above those mandated) and service offerings (such as price structure) that consumers prefer. Service providers might not otherwise obtain this information, due to the absence of competitive pressure further emphasising why engaging with consumers is worthwhile. For this reason, it is good practice to use consumer engagement to inform business-as-usual operations. That information or evidence then feeds into expenditure proposals. Therefore, ongoing consumer engagement and evidence gathering will contribute to better regulatory outcomes. Such outcomes may include improved consumer satisfaction, higher consumer willingness to pay for services and greater ease in obtaining regulatory approval of expenditure proposals.

We received numerous submissions that the guideline should address the recovery of costs relating to consumer engagement.²⁸ Specifically, the parties are interested in how we will scrutinize and assess expenditure that service providers seek to recover for consumer engagement activities. Firstly, the guideline is about consumer engagement and not about cost recovery. Hence, we consider the explanatory statement a more appropriate place to discuss this issue. We consider there are ongoing benefits to service providers who enhance their engagement with consumers. We will scrutinise any additional costs service providers include in their expenditure proposal relating to consumer engagement in the same manner that we would review any costs a service provider seeks to recover.

2013, p. 3; *Major Energy Users, Consumer engagement guideline – comments on the draft guideline*, August 2013, pp. 4-5.

²⁶ Public Interest Advocacy Centre, *Draft consumer engagement guideline for network service providers*, 16 August 2013, p. 3; South Australian Council of Social Service, *AER's Draft consumer engagement guideline for network service providers*, 10 August 2013, p. 1; Northern Alliance for Greenhouse Action, *Draft consumer engagement guideline for network service providers*, 16 August 2013, p. 1; Consumer Advocacy Utilities Centre, *Draft consumer engagement guideline for network service providers*, 16 August 2013, p. 1; Major Energy Users, *Consumer engagement guideline – comments on draft guideline*, August 2013, p. 12; Council of Small Business Australia, *Draft consumer engagement guideline for network service providers*, August 2013, p. 8.

²⁷ The guideline and explanatory statement are the first step in a range of policy related developments, including the commencement of the AER's Consumer Challenge Panel and the creation of the National Energy Consumer Advocacy Body. We are conscious of ensuring the guideline remains current with any policy developments.

²⁸ Energy Networks Association, *Response to draft guideline*, 16 August 2013, p. 6; EnergyAustralia, *Draft consumer engagement guideline for network service providers*, 16 August 2013, p. 2; ActewAGL, *Response to AER's draft consumer engagement guideline*, 16 August 2013, p. 2; Tasmanian Council of Social Service, *Draft AER consumer engagement guideline for network service providers*, 12 August 2013, p. 2; Major Energy Users, *Consumer engagement guideline – comments on draft guideline*, August 2013, p. 10; Council of Small Business Australia, *Draft consumer engagement guideline for network service providers*, August 2013, p. 4.

In our view, the improvement of consumer engagement will be a continuous process whereby service providers need to seek (on an ongoing basis) to better understand and reflect the views of consumers across business operations.

Appendix A: Guideline consultation

We set out key meetings with interested parties undertaken by us to consult on the draft guideline and explanatory statement and in developing those documents.

Table A.1 Consultation and engagement meetings

Date	Parties	Purpose of discussion
6 August 2013	AER staff, CRG sub-group	Feedback on draft guideline
5 August 2013	ARE staff, consumer representative groups	Brisbane forum - Feedback on draft guideline
1 August 2013	AER staff, service providers	Adelaide forum - feedback on draft guideline
1 August 2013	AER staff, consumer representative groups	Adelaide forum - feedback on draft guideline
31 July 2013	AER staff, service providers	Melbourne forum (and national video conference) - feedback on draft guideline
31 July 2013	AER staff, consumer representative groups	Melbourne forum - feedback on draft guideline
30 July 2013	AER staff, service providers	Sydney forum - feedback on draft guideline
30 July 2013	AER staff, consumer representative groups	Sydney forum - feedback on draft guideline
24 July 2013	AER staff, service providers	Brisbane forum - feedback on draft guideline
24 July 2013	AER staff, gas service providers	Brisbane forum - feedback on draft guideline
15 July 2013	AER staff, transmission service providers	Teleconference - feedback on draft guideline
24 May 2013	AER staff, SA Power Networks	Update on consumer views, guideline outline and input on development of guideline
23 May 2013	AER staff, CRG meeting	Presentation and workshop outline of guideline
14 May 2013	AER staff, Networks NSW, Ausgrid, Endeavour Energy, Essential Energy and ActewAGL	Update on consumer views, guideline outline and input on development guideline
30 April 2013	AER staff, Energy Networks Association and group of service providers	Update on consumer views, guideline outline and input on development of guideline
22 March 2013	AER staff, consumer representative groups	Teleconference forum - input on development of guideline
18 March 2013	AER staff, consumer representative groups	Brisbane forum - input on development of guideline
14 March 2013	AER staff, CRG Meeting	Update on consumer forums and input on development of guideline
13 March 2013	AER staff, consumer representative groups	Adelaide forum - input on development of guideline
12 March 2013	AER staff, consumer representative groups	Melbourne forum - input on development of guideline
11 March 2013	AER staff, consumer representative groups	Sydney forum - input on development of guideline
January-February 2013	AER staff, most service providers	Overview of consumer engagement activities.

We also sent periodic email updates to our Consumer Reference Group sub-group on the Consumer Engagement Guideline for Network Service Providers.

Appendix B: Best practice principles for consumer engagement

Clear, accurate and timely communication

We expect service providers to provide information to consumers that is clear, accurate, relevant and timely, recognising the different communication needs and wants of consumer cohorts. This work includes ensuring two-way communication is possible.

Elements

We expect service providers to:

- establish clear and realistic timeframes for consumer input
- use plain English in all communication with consumers, including providing plain English summaries of key issues and impacts when complexity is hindering engagement
- investigate and use a range of methods and mediums to communicate with consumer cohorts, having regard to their engagement preferences.

For consumer engagement to be effective, consumers must also commit to the process.

Accessible and inclusive

We expect service providers to recognise, understand and involve consumers on an ongoing basis, not just at the time an expenditure proposal is being prepared. This work includes providing consumers with the information that they need to participate in a meaningful way to seek outcomes that are in the consumers' interests.

Elements

We expect service providers to:

- identify relevant 'end user' or consumer cohorts, recognising they can change over time. Service providers may also engage with consumer representative groups, retailers and industry bodies, or work with other service providers to support their interaction with identified groups of consumers.
- acknowledge that consumers are not homogenous. There will be a range of consumer views and issues of concern within each group.
- prepare consultation plans and tailor engagement strategies to meet the needs of differing consumer groups
- when a matter's complexity is hindering engagement, proactively build consumers' capacity to understand the issues, processes and potential impacts and outcomes of a decision
- ensure that consumer cohorts can access sufficient information to understand and assess the substance of all issues relevant to the proposal. This may include the conditional release of confidential information.
- recognise adequate time and resources are necessary for all consumers to engage effectively

- create opportunities to share expertise and information. Raw data and independent research commissioned by the service provider should be sufficiently open to scrutiny by consumer cohorts. An example is the publication of terms of reference, survey questions and final reports.
- give consumers choice when it is reasonable or sensible to do so, both in how the business engages with consumers and in what outcomes are available.

Transparent

We expect service providers to clearly identify and explain the role of consumers in the engagement process, and to consult with consumers on information and feedback processes. This work includes communicating how consumer input affects business operations or expenditure proposals.

Elements

We expect service providers to:

- clearly identify and explain the role of consumers in the engagement process, and the objective of that process
- reinforce and manage expectations of the outcomes of consumer input, particularly how that input will influence service providers' decisions. That is, clearly communicate how consumer input will be used.
- credibly and openly report the input of all consumer cohorts, including positive and negative experiences and outcomes.

Measurable

We expect service providers to measure the success, or otherwise, of their engagement activities. Measuring outcomes is a critical element of good engagement because it allows service providers to understand what is effective and to improve the quality of consumer engagement over time.

Elements

We expect service providers to:

- develop a range of key performance indicators (both qualitative and quantitative) to measure engagement strategies and activities
- ensure systems are in place to allow for regular measurement of key performance indicators
- publish the results of measurement activity in a timely manner.

Appendix C: Summary of submissions

There was unanimous support for our principles based approach to the guideline. The table summarises other issues raised in submissions.

Table C.1 Summary of submissions on draft consumer engagement guideline for network service providers

Stakeholder	Summary
<p>Energy Networks Association</p>	<p>The guideline should recognise that a range of other matters that go beyond the NEO and NGO valued by consumers that involve environmental, social and distributional considerations are best addressed through other existing processes.</p> <p>The guideline should recognise additional resourcing requirements and cost impacts for service providers of meeting increased levels of consumer engagement.</p> <p>Service providers with different sets of consumers and key stakeholders will require tailored programs.</p> <p>Care should be taken to ensure that the AER is not creating an expectation under the guideline that service providers will engage on an ongoing basis with consumers on a range of issues outside the scope of the NEL and NER.</p> <p>Oppose the term 'socially conscious' – in the context of setting priorities the draft guideline states: <i>'To target engagement activities appropriately, service providers need to understand whether these consumers are for example, socially conscious, feel disempowered or are indifferent to energy issues.'</i></p> <p>Want to remove the reference to environmental groups – in the context of setting priorities the guideline states: <i>'This work should include identifying and understanding consumer cohorts—that is, who they are, and how the service provider can best engage them. Examples include families, vulnerable consumers, commercial and large industry, small to medium businesses, essential community services groups and environmental groups—in metro, regional and rural areas.'</i></p> <p>NEO chose not to include an environmental element. Thus, the guideline should not extend to environmental or 'socially conscious' consumers.</p> <p>The guideline should be 'fit for purpose' – it should reflect differences in the scope of its application between electricity and gas sectors – i.e. the relevant regulatory rules and market position of the networks.</p> <p>Effective co-ordination of a range of consumer focused policy and regulatory initiatives. There should be a shared vision of the scope of issues to be considered by the likes of the AER's Consumer Challenge Panel, National Consumer Energy Advocacy Body etc.</p> <p>The guideline should more explicitly recognise the differences for transmission businesses as it is not in long term interests of consumers to fund inefficiently scaled consumer engagement activities covering networks which do not directly have a direct relationship with household/commercial users.</p>
<p>Citipower Powercor</p>	<p>Endorse ENA's submission</p>

Stakeholder	Summary
SA Power Network	Endorse ENA's submission
APA Group	<p>The guideline should not extend beyond the scope of legislative frameworks from which it derives. APA considers the link drawn between consumer engagement and assessment of gas businesses' expenditure proposals for compliance against the NGL and NGR may be beyond current scope of NGL and NGR.</p>
	Further detail on IAP2 spectrum in explanatory statement included to aid clarity would be helpful.
	<p>The AER should be mindful of specifics of gas sector – limits ability of service providers to make credible commitment to a particular consumer over outcomes of consultation.</p>
	Relevance of guideline to gas businesses would be improved by recognising that in many cases interests of end use customers can be appropriately represented by retailers or aggregators.
	Effective consumer engagement requires commitment from both sides.
Grid Australia	<p>The guideline should explicitly recognise differences between transmission and distribution including:</p> <ul style="list-style-type: none"> ▪ different customer bases, capex profiles, pricing and reliability standards ▪ scope and content of consumer engagement will differ markedly ▪ transmission businesses may consult with end consumers on some matters; this consumer engagement may be conducted with assistance of distribution businesses ▪ priorities and topics for consumer engagement will change over time and vary across service providers
	<p>The guideline should clarify that it relates specifically to consumer engagement in the economic regulation of electricity and not community engagement with respect to a particular network consultation or community-specific issue.</p>
	Amend best practice principles – 'inclusive' to 'collaborative approach'.
	Include 'integrity' as a principle – was noted during March consumer workshops but not reflected in guideline.
	Consumer representatives and service providers should work together in good faith. The guideline has many expectations on service providers with comparatively fewer on consumer representatives.
	<p>The guideline should acknowledge that consumer representatives have a shared responsibility for achieving improvements in consumer engagement processes and outcomes and is a two-way process relying on collaborative work.</p>
	<p>Elements of integrity (as a best practice principle) – require service providers and consumer representatives to work together to ensure:</p> <ul style="list-style-type: none"> ▪ consumer engagement is timely

Stakeholder	Summary
	<ul style="list-style-type: none"> ▪ scope and purpose of consumer engagement is appropriate ▪ feedback is provided during consumer engagement in accordance with agreed scope and purpose ▪ feedback is provided on consumer engagement process itself as well as subject of engagement
APIA	<p>Unlikely gas transmission industry can make credible commitments to consumers but APIA open to considering new ways.</p> <p>There needs to be well understood process by which regulators will consider and account for increased consumer engagement expenses in expenditure proposals.</p>
	<p>Agreements reached between a service provider and consumers through increased engagement activities will be recognised by regulator.</p> <p>Concerns with increase in consumer groups representing disadvantaged consumers in regulatory processes. Role of energy access regime is not to account for specific needs of any set of consumers and is not a place to address policy issues better dealt with elsewhere.</p>
Energex	<p>Energex provided information on engagement spectrums similar to IAP2 that the AER can reference in the guideline and explanatory statement.</p>
EnergyAustralia	<p>Where roles of parties overlap (e.g. distributors and retailers) need coordination and cooperation so do not overload consumers with information.</p>
	<p>The AER should maintain an active role in ensuring service providers deliver real outcomes and track effectiveness of consumer engagement.</p>
	<p>The AER should scrutinise consumer engagement expenditure to ensure it represents value for money.</p>
Jemena	<p>Supports guideline – it gives flexibility to undertake innovative, meaningful and cost-effective consumer engagement.</p>
Ergon Energy	<p>Seek confirmation from the AER that flexibility of approach it is seeking to include in its guideline also extends to the means by which service providers are measured and assessed.</p>
	<p>Would not support an increase in reporting obligations to the AER that would not represent an additional benefit to consumers, and would potentially increase resource implications.</p>
Envestra	<p>The guideline should recognise more overtly that the type/scope of consumer engagement would differ depending on specific circumstances of asset/service provider. Flexibility is implied in guideline, it could be made clearer.</p>
	<p>Consumer engagement requires active participation of service providers and consumers.</p>
	<p>Expenditure incurred on consumer engagement will be required to satisfy NRG – especially Rule 91.</p>
	<p>Want guidance on key consumer cohorts in each jurisdiction based on the AER's own experience.</p>

Stakeholder	Summary
Networks NSW	<p>Want confirmation in the guideline that revenue will not be at risk for 2014 building block proposals.</p> <p>Confirmation in the guideline that that AER will not measure Network NSW's consumer engagement strongly against the guideline given timing of expenditure proposals and final guideline.</p>
ActewAGL	<p>The guideline does not address the cost of consumer engagement.</p> <p>The guideline does not address how the AER will assess expenditure proposals relating to consumer engagement activities – AER will need to assess these on case by case basis.</p> <p>Challenging is predation of expenditure proposal before guideline finalised.</p> <p>Links to AER stakeholder engagement strategy – AER has a role in educating consumers on issues as well rather than each service provider doing it.</p> <p>The guideline is relevant to gas – but do not agree guideline should apply equally. AER should recognise fundamental differences.</p>
Ethnic Communities Council of NSW	<p>The AER should monitor service providers' implementation and delivery of consumer engagement activities.</p> <p>Review and Evaluation – link to process of priorities setting to create a clear feedback loop from service providers to consumers.</p> <p>Information and data – simple and understandable format and language.</p>
Australian Council of Social Service	<p>Emphasise upfront that the guideline applies to the regulatory period as well as ongoing business activities.</p> <p>Same best practice principles in guideline and AER stakeholder engagement strategy.</p> <p>Communication and transparency – provision of regular, accurate and understandable data is starting point.</p> <p>Priorities – should include a specific reference to the need to ensure that marginalised consumer voices are at the table as a specific priority for service providers.</p> <p>Priorities – service providers coordinate engagement activities where possible to avoid duplication – this will assist with resourcing for service providers and interested parties.</p> <p>AER has a role to ensure service providers' response to the guideline is not 'window dressing'.</p>
Kean, R Mr	<p>Supports guideline – great starting point to drive consumer engagement.</p>
Handle My Complaint	<p>Support the guideline. Suggest that accountability should rest with the Chief Executive Officer of a service provider.</p>

Stakeholder	Summary
Energy and Water Ombudsman Victoria	Support the guideline and believe it will drive best practice.
Public Interest Advocacy Centre	<p>Service providers need to actively support the spirit in which the guideline is being developed.</p> <p>Results of consumer engagement must be presented to the AER by service providers in a way that the AER can properly scrutinise it.</p> <p>The guideline should encourage service providers to make underlying data and consultant's reports related to consumer engagement publicly available.</p> <p>Review guideline within set period – say 3 years from date of effect.</p>
Queensland Council of Social Services (QCOSS)	<p>Meeting accessibility – service providers should provide a forward schedule of consultation processes expect to hold.</p> <p>Service providers should help with knowledge gap by creating opportunities to share expertise with consumers/consumer groups.</p> <p>Data needs to be free from bias and framed at a level people can understand and link to broader implications.</p> <p>Evaluation and review – service providers should regularly ask consumer representatives for feedback on consultation processes.</p> <p>AER could build an evaluation and review mechanism into the guideline itself to assess whether it has been effective in achieving its purpose over time.</p>
Qld Consumers Association	Endorses QCOSS' submission.
South Australian Council of Social Services	<p>The guideline should include a specific reference to affordability which is a priority for consumers.</p> <p>Affordability should be a best practice principle.</p> <p>Review the guideline after 1 year.</p>
Northern Alliance for Greenhouse Action	Review the guideline within 2 years – involve service providers and consumers. Report on sound practices and identify areas that consumers see as requiring further attention.
Consumer Utilities Advocacy Centre	<p>Review the guideline to ensure it provides a relevant and robust framework for genuine and meaningful consumer engagement.</p> <p>Current structure of guideline confusing – find AER's draft stakeholder engagement framework</p>

Stakeholder	Summary
	clearer and easier to follow.
	Understand not meant to be prescriptive but guideline should provide service providers with clear and concrete guidance on developing a consumer engagement strategy.
	Resourcing not identified as an issue in the guideline and should be – could mean reimbursing participants, information presented in a way people can understand and also flexibility in taking submissions (verbal submissions) and ensure meetings held at convenient times and locations.
	Service providers need to report to consumers on the outcome of evaluation processes so it is an open and transparent process.
Tasmanian Council of Social Services	Consider two additional principles – genuine and reciprocal
	Genuine – offer genuine opportunities for consumers to engage and for their concerns to be noted, action upon and responded to. Acknowledge these aspects are implied but should be made explicit as an over-arching principle. Reciprocity – engagement is not one-way. If do not add as stand-alone principles, make clear in description of existing principles
	Identifying consumer cohorts will be an ongoing process as interests continue to emerge, diverge and evolve.
	Service providers must provide reliable, accessible and complete information.
	Issue of costs of consumer engagement not addressed – should be addressed in guideline.
	Results – service providers must report back to the AER and consumers. Consumers should be more closely involved in review and evaluation processes than guideline suggests.
	The guideline has two shortcomings:
Major Energy Users	<ul style="list-style-type: none"> ▪ lack of any identified sanction that will result from service providers not embracing the concept ▪ indication as to how service providers will recover costs from increased consumer engagement
	AER must monitor and report on actions taken by service providers to develop and implement internal changes needed to fully achieve required outcome.
	Homogeneity of consumers – not all consumers are alike – guideline needs to reflect that consumer base is not homogenous and service providers have to consider this in developing their consumer engagement strategies.
	The guideline should highlight that the AER will access information from a range of sources to test the extent of the service provider's consumer engagement including experiences gathered by energy ombudsman services.
	Consumers have to commit to the process.
	Service providers need to provide consumer representatives with sufficient training and

Stakeholder	Summary
	consideration for their time commitment so they can adequately engage in the process.
	AER must provide an incentive to service providers to engage. In a reset, the AER must assess the proposal on its merits, and this must apply regardless of whether there has been effective consumer engagement.
	AER must develop internal processes on how sanctions might be implemented.
	The guideline should include how service providers address costs, how costs of those consumers active in the engagement process will be reimbursed and how to ensure their transparency.
	The guideline should include a section on AER monitoring and reporting on outcomes.
	Term 'consumer' should be defined in guideline and glossary.
	Set a time when to the guideline is to be reviewed.
Council of Small Business Australia	<p>Costs of consumer engagement – need to be recognised and accepted as part of consumer engagement.</p> <p>The guideline does not strike right balance between ensuring consumer engagement is 'kick started' immediately and that it is not overly prescriptive. Too much of a 'hands off' approach. Service providers respond best to incentives. Lack of incentives in current AER approach. Lack of mandatory guideline could need addressing.</p> <p>Consumer engagement with small business customers ought to be one of the aims of guideline.</p> <p>The guideline should recognise issues of small businesses and urge AER to provide greater recognition in final guideline.</p> <p>Service providers must realise that the resources of representative groups and small businesses are limited.</p> <p>Concerned AER has 'few teeth' – preferable approach may be to reward/penalise service providers in terms of their commitment to consumer engagement – revenue at risk – but accept may not be possible under existing NER/NGR.</p> <p>AER should show preparedness to seek additional powers if service providers do not show sufficient commitment to consumer engagement.</p> <p>Review guideline after 3 years of operation. To inform any review, the AER should also collect information from service providers and consumers about engagement approaches, experiences and suggested improvements.</p> <p>Further best practice principle – honesty and/or accuracy.</p> <p>Support conditional release of confidential information to consumers.</p>

Stakeholder	Summary
	<p>Inclusive – particular regard to small businesses and sharing of expertise and information should be wide ranging.</p>
	<p>Service providers need to include and develop an understanding of small businesses when setting priorities. Small business consumers will not respond well to burdensome surveys and market research as small businesses are time and resource poor.</p>
	<p>Service providers' results should include how tensions/conflicts in consumer input are dealt with and service providers should not be targeting groups likely to be favourable to service provider's position.</p>
	<p>Review and evaluation – service providers do this in consultation with consumers and that the AER will consider the results of such reviews in reviewing its guideline.</p>
	<p>To strike the right balance the AER should develop a User Guide or Compendium that could contain more detailed guidance and examples. Develop the document further as service providers gain more direct experience with consumer engagement.</p>
	<p>If service providers and consumers reach agreement after robust and broad-ranging engagement, AER should place significant weight on this in its determination – this would be consistent with NEO and NGO.</p>
<p>UnitingCare, Australia</p>	<p>Propose that 'affordability' be included as a best practice principle.</p>
	<p>Consumers are not homogeneous – different needs and diversity of answers needs to be clearly reflected in guideline.</p>
<p>Australian Chamber of Commerce and Industry</p>	<p>Emphasis should be given on empowering consumers in the engagement process. Thus, engagement should be targeted, agile and adaptive to changes in circumstances.</p>
	<p>Service providers should be encouraged to learn from past experience and to recognise that a robust and effective two-way communication between service providers and consumers will mature over time.</p>