

# Engagement Summary Report

Endeavour Energy 2024-2029  
Regulatory Control Period

October 2022



## Reference Guide

Acronym	Meaning
AER	Australian Energy Regulator
AEMO	Australian Energy Market Operator
ASPs	Accredited Service Providers
BAU	Business as usual
CALD	Culturally and Linguistically Diverse
Capex	Capital Expenditure
CCP	Consumer Challenge Panel
CESS	Capital Expenditure Sharing Scheme
CSIS	Customer Service Incentive Scheme
DER	Distributed Energy Resources
DMIA	Demand Management Innovation Allowance
DMO	Default Market Offer
EVs	Electric Vehicles
FGRG	Future Grid Reference Group
IAP2	International Association of Public Participation
ICT	Information and Communication Technology
ISP	Integrated System Plan
LED	Light-Emitting Diode
NEM	National Electricity Market
Opex	Operating Expenditure
PCSC	Peak Customer and Stakeholder Committee
ReRG	Retailer Reference Group
REZs	Renewable Energy Zones
RoR	Rate of Return
RRG	Regulatory Reference Group
SAPS	Stand-Alone Power Systems
SME	Small to Medium Enterprises (Businesses)
Solar PV	Solar Photovoltaic (Rooftop Solar)
VaDER	Value of DER
VPP	Virtual Power Plant
WSROC	Western Sydney Regional Organisation of Councils

The report has been prepared by SEC Newgate Australia in collaboration with Endeavour Energy.

# Welcome to our Engagement Summary Report

At Endeavour Energy, our purpose is powering communities for a brighter future. It's in our name to endeavour and in our nature to care. We've been powering millions of people across Greater Western Sydney, the Blue Mountains, Southern Highlands and the Illawarra and South Coast for more than a century, steadfastly supplying power that's safe, reliable and affordable.

Our proud history of dependability, of 'keeping the lights on' for all and keeping our communities safe, remains fundamental to what we do. But we are also united in our vision to lead the way with smarter energy solutions. How we connect and consume energy is fundamentally changing. Today, our customers and communities can connect with power in ways they never have before. There's greater choice and more competition and we welcome it.



No longer a traditional 'poles and wires' network, new technologies enable us to find innovative ways to deliver the efficient, clean energy future that our diverse customers want, including smart meters, grid-scale and community batteries, electric vehicles (EV), virtual power plants, microgrids and rooftop solar. The investments we make in the transition to a clean energy future will enable customers to generate, store, share and sell back electricity into the grid if and when they want to.

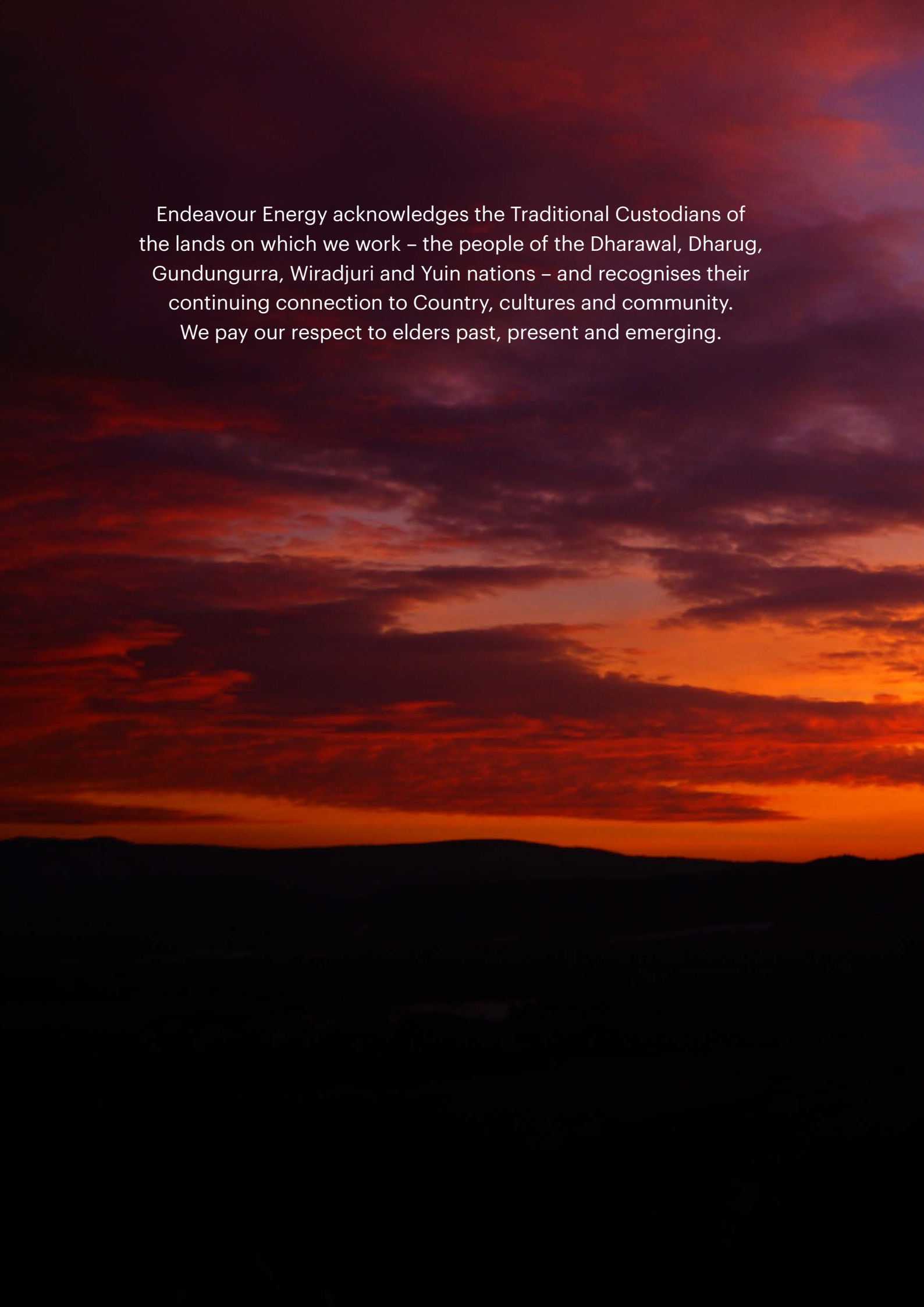
We are also responding to a changing climate and increasing major weather events so we can provide a more resilient network for the community against increasing external hazards.

We are delivering this transformation while facilitating extraordinary growth in our regions as Greater Western Sydney becomes a hub of industry and innovation surrounding the Western Sydney International (Nancy-Bird Walton) Airport.

We recognise that the services we deliver and the priorities we set for the next few years must meet the needs of our diverse customers, from data centres and manufacturing to residential households, from small businesses to vulnerable customers experiencing all kinds of hardship.

That's why we have been actively engaging and collaborating with large and small customers and stakeholders individually and collectively, to understand their priorities and preferences for their future energy needs.

This report explains that journey, collates the insights and feedback we have received and explains how we have acted on our customers' priorities to balance value for money, dependability and our shared vision for a smarter, cleaner energy future to ensure the long-term interests of customers.



Endeavour Energy acknowledges the Traditional Custodians of the lands on which we work – the people of the Dharawal, Dharug, Gundungurra, Wiradjuri and Yuin nations – and recognises their continuing connection to Country, cultures and community.

We pay our respect to elders past, present and emerging.





Featured artwork: 'Powering A Brighter Future Together' by Rhonda Sampson

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# Welcome from our CEO

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We are pleased to release this summary of the engagement program undertaken to inform the development of our Draft Proposal to the Australian Energy Regulator (AER).

The Draft Proposal details the funding needed to deliver a safe, reliable, sustainable and affordable electricity service from 2024 to 2029. It details what is planned and why for the consideration of the AER before it makes its draft decision on the fair revenue we can recover from our customers.

This report details how we have arrived at these proposals through the longest and most comprehensive engagement that Endeavour Energy has undertaken to support a regulatory reset.

The engagement program, detailed within, has clarified our thinking in an iterative way by continually asking the Independent Members Panel of our Regulatory Reference Group (RRG), an independent group of consumer advocates representing diverse customers' perspectives, our engagement partner SEC Newgate and a broad range of customers and stakeholders for their ideas, concerns, preferences and aspirations and regularly adjusting our approach or proposed direction in response to them as we moved through the engagement period.

We believe this approach – characterised by a large number of small but meaningful shifts in direction and design – has ensured that the Independent Members Panel of the RRG and broader stakeholders and customers, have consistently influenced the development of our Draft Proposal.

In the past, reset engagements may have been typified by large 'about face' decisions made towards the end of a program. Endeavour Energy's co-design approach has been forthright and transparent, as illustrated by the industry-first publication of an early Preliminary Proposal.

We committed to a 'no surprises' approach to the Independent Members Panel of the RRG at the outset of the engagement program and have faithfully adhered to that commitment.

Our engagement design has deliberately embraced a collaborative dynamic and scrupulously avoided making ambit claims. In doing so, the evidence of customer and stakeholder influence becomes less stark, but rather it is woven as many threads into the fabric of our Draft Proposal.

Therefore many outcomes of our Draft Proposal are more examples of the Independent Members Panel of the RRG 'steering the wheel' than they are of them 'hitting the brakes'.

We consider this to be the hallmark of a successful co-design process. Another hallmark of successful co-design is to achieve collaboration without capture.

We believe the key to achieving this is to faithfully maintain accountability to and transparency with customer advocates and to prize their independence of thought as much as you would your own.

This Engagement Summary outlines how we have implemented co-design and how it has resulted in a distinctly different Draft Proposal from previous resets.

It's important that we also recognise also that this reset is taking place at a time of significant change in the energy sector and significant challenges across the economy. Rising cost of living pressures, including rising energy prices, are impacting all of our customers, with those in business also dealing with increased costs of doing business and supply chain constraints.

This challenging environment makes it more important than ever that we deliver a Draft Proposal that responds to our customers' preferences while holding to the promise of our Preliminary Proposal: to strike the best possible balance between dependability, value for money and implementing innovation that enables our customers' long-term choices and interests.

We now have an opportunity to pause, communicate the outcomes of this engagement process and invite further feedback from our customers and stakeholders in response to the Draft Proposal and this Engagement Summary to guide any further discussions and clarifications as we continue to progress through the AER's regulatory reset process.

But perhaps most importantly, we are interested in your views as we embed these engagement practices as a feature of the way we do everyday business going forward.

Please provide written submissions via email to [yoursay@endeavourenergy.com.au](mailto:yoursay@endeavourenergy.com.au), or, if you would prefer to discuss your feedback, please email [yoursay@endeavourenergy.com.au](mailto:yoursay@endeavourenergy.com.au) to make a time for you to talk to us.

All feedback is requested by 30 November 2022.

In order for us to engage in the most meaningful way, we need to do so in a way that works for you. Your feedback now can help ensure we get that right.

**Guy Chalkley**  
Chief Executive Officer

# In the Regulatory Reference Group's voice

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The Independent Members Panel of the RRG congratulate Endeavour Energy on the execution of its ambitious engagement strategy. The Independent Members Panel has played an important role in co-designing the engagement process, as well as providing critical feedback as Endeavour Energy's Regulatory Proposal has evolved.

Our role has been to provide an ongoing challenge to Endeavour Energy in all aspects of its proposal as it has developed over time. We have brought the lens of an independent panel representing all consumers – households, small business consumers, councils and large energy users. To ensure that all voices are heard—to ensure that all voices are heard and that their feedback is reflected in the proposal or, where it is not, that a clear explanation is provided.

Overall, we consider Endeavour Energy has met the requirements of the AER's Better Resets Handbook in the development and execution of its engagement.

Endeavour Engagement has sincerely engaged with a broad range of its customers and stakeholders. This is evidenced by many factors (e.g., extensive Board, CEO and senior management attendance at a wide range of engagement sessions; genuine co-design of a live engagement plan that was adapted over time; a genuine interest in consumer feedback; and an openness to challenges).

Endeavour Energy has provided the Independent Members Panel with the necessary support for us to engage critically and has consistently provided us with the information and materials that we need to challenge them to come up with a proposal that strikes an appropriate balance for all their

customers between the range of views expressed over the engagement timetable.

The breadth and depth of engagement have been strong. As noted in this Engagement Summary, Endeavour Energy has sought to engage with multiple customers and stakeholders across multiple channels and we are pleased to see the diversity of opinions represented.

Finding the appropriate level of engagement with different customer and stakeholder groups is always a challenge and Endeavour Energy has responded to our feedback provided along the way as the proposal matured. This will also provide a basis for enhanced Endeavour Energy business-as-usual (BAU) engagement in the future.

The benefits of strong engagement have flowed through to Endeavour Energy's Draft Proposal. While in practice, there is a limit to the elements of the proposal that consumers and stakeholders can influence, the link between customer and stakeholder and feedback and adjustments to the revenue proposal is clear.

We are particularly pleased to see a renewed emphasis on affordability and value for money following the increasing financial pressures on all consumers over the last few months.

Endeavour Energy has taken a strong step forward in improving its engagement processes from the last regulatory reset. We have confidence that Endeavour Energy will continue to learn from and build on these processes as part of its BAU engagement, as well as its next regulatory reset.

The Independent Members Panel of the RRG is shown below.



**Simon Moore**  
Business NSW



**Bruce McClelland**  
Business Western  
Sydney



**Iain Maitland**  
Ethnic Communities'  
Council of NSW



**Mark Grenning**  
Energy Users'  
Association of Australia



**Lis Ross**  
Elisabeth Ross  
Consulting



**Jan Kucic-Riker**  
Public Interest  
Advocacy Centre



**Mike Swanston**  
The Customer Advocate  
(Independent Members  
Panel Coordinator)



**Nic Pasternatsky**  
Western Sydney Regional  
Organisation of Councils



## In the customer's voice

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*'Great to start the conversation. It felt like genuine consultation and interest in our views. Thank you'.*

**Illawarra, South Coast and Southern Highlands local government workshop, May 2022**

*'I felt that our voices were heard and our opinions valued. It was good to see that some of EE's positions changed in response and where they didn't, the reasons why were explained'.*

**Customer Panel, September 2022**

*'What I enjoyed most about the session was hearing from other high-end customers about their experiences with Endeavour Energy'.*

**High-energy users' forum, February 2022**

*'Had a good feeling and appreciated that our voices are listened to'.*

**In-language exploratory research (Vietnamese), September 2021**

*'From what I saw, the proposal incorporates most of what I heard during this process. EE clearly listened to the consensus'.*

**Customer Panel, September 2022**

*'The overall idea of Endeavour Energy wanting to hear from us gave me hope for the future'.*

**Residential exploratory focus group research, August 2021**

*'I think the overall experience was great. The questions asked and topics discussed were engaging and relevant'.*

**Small-to-medium business exploratory focus group research, August 2021**

*'I think that having senior executive members of the company involved with the customers and available to directly answer questions and listen to opinions shows a genuine desire to listen to the community. This is refreshing'.*

**Customer Panel, June 2022**

# 1. Executive summary



*Stakeholder Deep Dive,  
August 2022*

# A new approach to engagement

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In 2020, Endeavour Energy set out to develop and implement an authentic and transparent program of engagement based on best-practice principles and learnings from other networks and industries. This was to inform its 2024-2029 regulatory reset proposal and provide the foundation for an uplift in the way stakeholders and customers influence the business's strategy and operations.

Led from the top, Endeavour Energy started with a rigorous self-evaluation as well as an assessment against critical external measures, including the International Association for Public Participation (IAP2) Public Participation Spectrum and subsequently, the AER's Better Resets Handbook, before initiating a comprehensive co-design process. An engagement partner to enhance existing skills and resources was appointed and the membership of the existing Peak Customer and Stakeholder Committee (PCSC) was expanded to ensure a range of voices were being heard.

Two years later, the result is an engagement program that has been highly collaborative, inclusive, broad and deep across different types of stakeholders and customers. A specially established RRG was set up to co-design, review and refine the way engagement has been undertaken, the topics explored with different customers and stakeholders and the materials developed to enhance customer and stakeholder capabilities. Feedback from each part of the process has fed into others and the direction, details and approach have changed throughout as and when required.

**The preferences and insights gathered from each initiative form an individual pillar of evidence, with each pillar weighted, considered and reviewed by the RRG to ensure there is a clear line of sight between what was heard from customers and stakeholders and the decision-making processes that sit behind the Draft Proposal to the AER. These pillars are summarised in this report and the reports, from each initiative have been published in full on Endeavour Energy's public Your Say engagement platform.**

In some cases, the feedback we have received has been consistent with what our customers and stakeholders have told us in the past. Affordability remains top-of-mind when it comes to electricity supply, closely followed by the ability to access energy when and where it's needed. Safety is expected as a core, unquestioned part of what we do.

However, beyond this, there have been unexpected findings and notable differences of opinion. One example has been a stronger focus on reliability as more people worked from home during the COVID-19 pandemic. Another is an increased focus on community, especially in the context of people losing power as a result of major weather events such as bushfires and floods and the importance of minimising the impacts of these incidents and restoring power to critical infrastructures, such as water and mobile phone towers, as quickly as possible.

While affordability has become even more critical with the rise of cost of living pressures over recent months, the feedback we've received shows that not only do customers and stakeholders want us to keep our prices as low as possible, but they want to be able to access new technologies to save themselves money through the generation, use and potential export of their energy.

All of these views are summarised in this report. Below we detail what we heard and how we are responding to what our customers and stakeholders have told us in the Draft Proposal we are putting forward for the AER's consideration.

But this is not the end. In response to the advice we've received from the RRG and others, we will continue to engage as part of this regulatory reset process to continually check on how the external environment might influence customer priorities over the months ahead.

More importantly, through this process, the value of putting our customers at the centre of what we do every day has been clearly demonstrated and that will be part of a newly strengthened approach to BAU engagement at Endeavour Energy for years to come.





RRG meeting,  
April 2022



Customer Panel online  
deliberative forum, ,  
May 2022



Stakeholder  
Deep Dive,  
August 2022



Stakeholder Deep  
Dive, July 2022



Customer Panel  
online deliberative  
forum, May 2022



# Purpose of this document

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This Engagement Summary provides an overview of the engagement approach undertaken in relation to this regulatory reset and has been prepared by Endeavour Energy's engagement partner, SEC Newgate Australia, in collaboration with Endeavour Energy. It details the processes involved, what was heard during that engagement and how customer insights and feedback have shaped Endeavour Energy's decision-making.

While this report covers all engagement phases, it focuses largely on the Prioritise Phase, where the majority of customer and stakeholder engagement took place.

It builds on other documents Endeavour Energy has already published, in particular, the Regulatory Engagement Plan and the Preliminary Proposal. It should be read alongside the Draft Proposal to the AER, which includes a number of questions for feedback that we urge readers to consider and respond to.

## Engagement Summary



# 90%

of Customer Panel members **agreed** that Endeavour Energy's Draft Proposal reflects customers' priorities and preferred outcomes and is in the long-term interest of customers



## 334

**stakeholders from 123 organisations** were engaged from April 2021 to September 2022



## 1,459

**customers** were engaged from August 2021 to September 2022



## 1,793

**individuals** have actively participated in the engagement program



## 2,262

**hours** of face-to-face engagement were undertaken by the Endeavour Energy team, including



## 616

**hours** by the Endeavour Energy Executive and Members of the Board

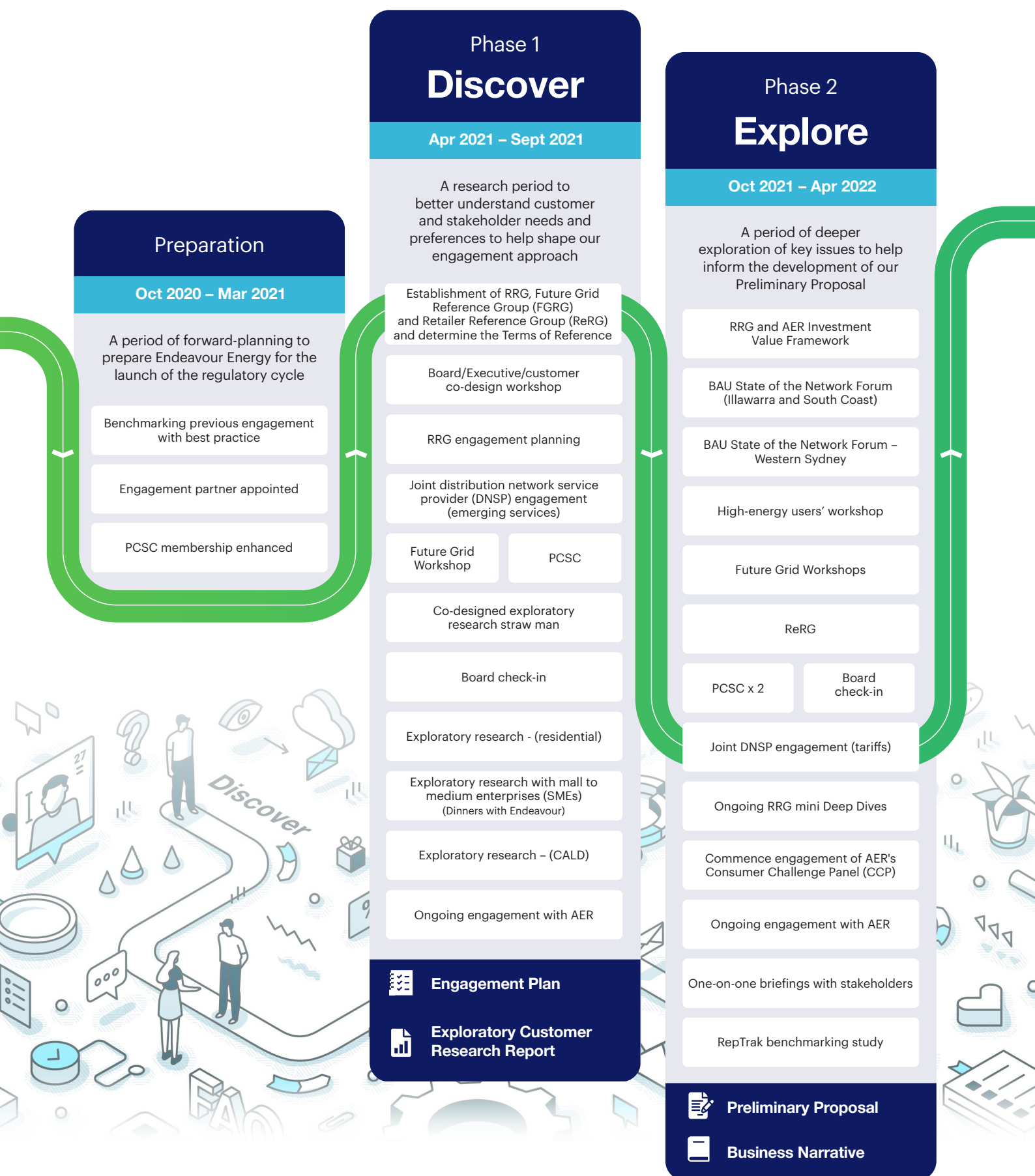
The Endeavour Energy Regulatory Reset Customer Panel involved a representative sample of

**89** customers  
all of whom completed the five-month Customer Panel process

**1,513** hours of deliberation

**10,633** unique responses

# Summary of engagement tools and approach



## Prioritise

May 2022 – Oct 2022

Broad and deep engagement  
on our Preliminary Proposal,  
identifying aspects of greatest  
importance to customers

Local Council Workshop  
(Illawarra and South Coast)

Local Council Workshop –  
(Western Sydney)

Customer Panel Wave 1

## Customer Panel Wave 2

## Deep Dive 1

## Deep Dive 2

### One-on-one briefings with stakeholders

## Quantitative survey

ReRG webinars x 3

PCSC x 3

### Ongoing RRG mini Deep Dives

### In-language direct engagement with CALD communities

Customer Panel Wave 3

### Ongoing engagement with AER

 **Draft Proposal**



## Engagement Summary Report

## Phase 4

# Refine

Nov 2022 – Jan 2023

Developing and refining our Final Proposal using insights from the previous stage

## Stakeholder check-ins

### Individual retailer engagements

Local Council Workshop  
(street lighting tariffs check-in)

RRG bi monthly meetings

RepTrak benchmarking study

 **Final Proposal**
**Final Proposal  
Customer Overview**

Phase 5

**Confirm**

Feb 2023 – Jul 2023

Confirming our customers' priorities  
in the context of a changing  
economic environment

Customer Panel check-in

Stakeholder check-in

RRG bi monthly meetings

AER public hearing

# What we heard and how we will respond

Priority area	What we heard	How we will respond
<b>Affordability and value for money</b> <a href="#">Page 47</a>	<p>Customers want a safe and reliable supply of electricity at an affordable price. They were also interested in understanding what they could do to manage and reduce their bills.</p> <p>Affordability became an increasingly important issue for customers over the course of our engagement activities as the economic environment changed, with customers wary of increasing cost of living and cost of doing business pressures, and stakeholders expressing particular concerns about the cumulative impact of energy costs outside of Endeavour Energy's control, including inflationary pressures on the AER's Rate of Return (RoR) framework, wholesale market volatility and costs associated with the NSW Renewable Energy Zones (REZs).</p> <p>Despite this focus on affordability, customer preferences still suggested support for a small increase in costs that targeted the outcomes they valued most, with a view that these would improve services and reduce costs in the longer term. Stakeholders were more reticent, urging Endeavour Energy to find ways to limit spending to meet customers' expectations.</p>	<p>We are working to balance the feedback we received from customers to invest more in some services with feedback from other stakeholders (specifically the RRG, some Deep Dive participants and some high energy users) who urged us to retain affordability as the guiding principle of our Regulatory Proposal.</p> <p>Achieving balance and addressing different perceptions of fairness has been an overarching goal of our engagement program, and we recognise this increasing imperative in the face of external factors outside our control that are leading to increased energy prices. One example is the material impact on the prices our customers pay of any increase in the AER's RoR from the current economic conditions.</p> <p>As a result, we propose minimal but targeted changes to our previously published Preliminary Proposal to keep our contribution to customer bills as low as possible while delivering customer priorities. This will mean a typical increase in our annual prices of \$34 for residential customers and \$61 for Small to Medium Enterprises (SME) customers from the end of this current period (FY24) to the average over the next period (FY25-29), inclusive of the changes proposed.</p>
<b>Reliability</b> <a href="#">Page 50</a>	<p>Customers and stakeholders broadly told us they are comfortable with the current levels of reliability we provide. In principle, most would prefer the same level of reliability that they experience now at a similar cost.</p> <p>However, many customers also indicated a preference to invest in long-term improvements in service reliability, and many customers were mindful that others in the worst-served areas at the edge of the grid sought improved reliability. But when customers considered competing priorities, improvements to reliability rated lower than investment in resilience or future energy choices.</p> <p>Stakeholders preferred that Endeavour Energy maintain or seek to improve reliability through operating efficiencies rather than increased investment.</p>	<p>In keeping with our customers' and stakeholders' overall preferences, we are <b>not proposing any increase</b> to our Preliminary Proposal to improve reliability performance. We will seek efficiency and technological improvements within our preliminary forecast to manage the increasingly challenging task of maintaining reliability. This includes targeted investments, for instance in microgrids and Stand-alone Power Systems (SAPS), to support customers in the worst served areas of our network.</p> <p>We will continue our efficiency program which has established us as the most efficient electricity network in NSW and the sixth most efficient in the National Electricity Market (NEM).</p>



Priority area	What we heard	How we will respond
<b>Resilience</b> <a href="#">Page 52</a>	<p>Customers and stakeholders are keenly aware of the growing risk that climate change induced weather events, such as extreme heat, bushfires and floods, pose to their electricity supply and to community wellbeing.</p> <p>Our engagement program revealed a strong sense of community-mindedness among our customers and a consistent desire to minimise the impacts of such events across our supply area. Indeed, final customer preferences from the Customer Panel suggested that taking a more proactive approach to improving network resilience in the face of increasing major weather events should be a key priority of our developing Regulatory Proposal. Stakeholder preferences on resilience were in close alignment with customer views.</p> <p>Both customers and stakeholders favoured Endeavour Energy taking a more proactive approach to maintaining network services in the face of major weather events (recognising that some resilience initiatives will always be responsive in nature) and working more closely with Government, other utilities and communities to improve community resilience overall.</p>	<p>Included in the estimated average annual increase of \$34 per residential customer and \$61 per SME customer outlined above, we propose an <b>increase</b> from our Preliminary Proposal capital expenditure (Capex) of <b>\$28 million</b> to be spent over the regulatory period in further targeted initiatives that improve network and community resilience in areas identified as having the most elevated risk of fires, floods and/or storms.</p> <p>In line with customer feedback, this investment will prioritise improved resilience through a combination of network hardening and providing backup power to critical infrastructure and community hubs.</p> <p>We will also continue to engage with Government, think tanks, local councils and community groups on ways to improve community and network resilience, noting that partnerships typically enable innovation and improved customer and community outcomes.</p>
<b>Supporting growth</b> <a href="#">Page 54</a>	<p>Customers acknowledged that growth is inevitable and must be serviced in a timely manner. This means building infrastructure at the same time as other utilities at a steady cost.</p> <p>Although most customers ultimately preferred the existing 'causer pays' approach, there were mixed views on how growth should be funded. 'Beneficiary pays' was generally considered a fairer approach that removes cross-subsidies between new and existing customers resulting in all customers benefitting from the growth in the network. However, there was concern that developers would not be obliged to pass on the savings to newly connecting customers, which could achieve greater equity if passed on.</p> <p>A clear majority of stakeholders preferred that Endeavour Energy maintain the existing 'causer pays' approach, considering this as being in the best interests of customers.</p>	<p>We are not proposing to change our approach to supporting network growth from our Preliminary Proposal, as our 'just in advance' approach was widely accepted by customers and stakeholders. We propose to maintain the current contributions policy included in our Preliminary Proposal on the balance of customer and stakeholder preferences.</p> <p>Since our Preliminary Proposal was published, we are forecasting additional development activity in our network area over the FY25-29 period. However, in the interests of maintaining affordability, we will judiciously manage this increased demand.</p> <p>Our Connections capex is calculated on the basis of forecast customer growth. We have updated this forecast capex for the latest available forecast growth. We have also offset this increase with a reduction to our capitalised overheads forecast.</p>

# What we heard and how we will respond

Priority area	What we heard	How we will respond
<b>Supporting customer choice and innovation</b> <a href="#">Page 57</a>	<p>Customers and stakeholders were keen to be involved in the transition to a low-carbon economy and want Endeavour Energy to take steps to prepare for an accelerated transition, with customers considering further significant take-up of solar panels, Electric Vehicles (EVs) and batteries.</p> <p>Customers aspired to the energy transition delivering a win-win outcome: a cleaner environment while also achieving personal savings through smarter, more efficient technologies and greater choice and control of their energy usage. Renters and those living in home units were eager to be involved and concerned that they may not have the options available to others.</p> <p>Therefore, there was an expectation that Endeavour Energy increase its focus on technological innovation and implement smarter ways of serving customers and communities.</p> <p>Stakeholders were mindful of meeting customer expectations to generate and share their energy with minimal limitations on the uptake of Distributed Energy Resources (DER) to support a low-carbon future and customer energy savings. They were also concerned about the impact the transition to large-scale renewable generation across NSW would have on electricity bills and the need to support the transition to DER in a fair and equitable manner.</p>	<p>We maintain our DER expenditure forecast from our Preliminary Proposal based on a Value of DER (VaDER) that is consistent with the AER's guidance and supports a level of investment that meets our customers' expectations and supports the Australian Energy Market Operator's (AEMO) Integrated System Plan (ISP).</p> <p>In response to customer priorities, we propose to increase our focus on innovation by <b>establishing an Innovation Allowance of \$25 million (\$20 million Capex and \$5 million Opex)</b>.</p> <p>This fund will be excluded from the Capital Efficiency Sharing Scheme (CESS) and operate in a similar manner to the Demand Management Innovation Allowance (DMIA) but with oversight from a newly constituted customer reference group.</p>
<b>Tariffs</b> <a href="#">Page 59</a>	<p>Customers were supportive of cost-reflective tariffs in principle and keen to have more control over their bills and opportunities to save money. However, there were concerns about customers' ability to respond to tariffs and most felt that a transition period and appropriate education would be important. Views were mixed on whether cost-reflective tariffs should be mandated or elective, with the majority of the Customer Panel preferring an opt-in approach.</p> <p>While customers appreciated the challenge that solar exports present to network stability and customer equity, they did not want solar customers to be limited in the amount of excess solar energy they could export back to the grid, both because they believed individual customers should benefit from the solar technology they invested in and because renewable energy has an environmental (and potential cost) benefit for all. There was a clear preference for an opt-in approach to solar export tariffs to allow solar customers to adjust to them and a growing preference to defer a decision on this issue until at least 2030.</p> <p>Stakeholders were also supportive of cost-reflective tariffs, expanding these to solar exports (with charge and reward windows) and other new technologies like EVs, grid-scale and residential batteries, dynamic controlled load and embedded networks. They were also supportive of stronger measures to accelerate the take-up of cost-reflective tariffs through mandates.</p>	<p>We will respond to the customer and stakeholder feedback and look to simplify and advance cost-reflective tariff reform for all customers with smart metering. We will seek to further understand consumers' concerns about their ability to respond to cost-reflective tariffs and opportunities to improve education as we refine our Proposal for submission in January 2023.</p> <p>We will simplify our tariff strategy by replacing our Seasonal Time of Use (STOU) Demand tariff as the default tariff offering with our STOU Energy tariff. We will advance cost-reflective tariff reform by assigning all customers with smart metering to a cost-reflective tariff. To manage the customer impact of this transition, we propose a two-year transition period. This both manages customer impacts and will provide customers time to better understand the impacts of their electricity usage on their network bill.</p> <p>We will introduce an Export and Reward tariff. We propose to offer our 'Prosumer' tariff on an optional basis. Any customer can opt-in to the tariff from 1 July 2024; however, from 1 July 2025, we will place all new and upgrading customers on the tariff as the default. Customers assigned to this tariff will retain the option to opt-out of this tariff offering.</p> <p>We will also look to encourage ongoing efficient use of new technologies with a prosumer reward and tariff structure for customers who adopt new technologies, including batteries and vehicle-to-grid, on an opt-in basis. New tariff structures to efficiently and fairly enable grid and community batteries, embedded networks and scheduled load structures will also be implemented.</p>

Priority area	What we heard	How we will respond
<b>Keeping customers informed</b> <a href="#">Page 61</a>	<p>Keeping customers informed (via multiple channels) of planned and unplanned outages to minimise disruption was identified as a top five priority of customers in our exploratory research. Residential and business customers participating in our quantitative survey both identified communications on planned outages as a key future service priority, and customers in both our early exploratory research and recent quantitative survey want improved access to data, in general, to manage their electricity usage and bills more actively.</p> <p>Options for new measures to keep customers informed were explicitly explored with our Customer Panel, with around 90% supporting additional metrics focused on outages communication and overall customer experience.</p> <p>Our stakeholders stressed the importance of embedding our improved engagement approach into our business-as-usual activities to improve customer communications and deliver improved customer service outcomes. There is an expectation that Endeavour Energy provides timely and ongoing updates to customers about the electricity industry (especially the NSW Electricity Infrastructure Roadmap costs and wholesale market price increases) so customers remain fully informed as Endeavour Energy continually seeks to understand customer preferences in an evolving environment.</p>	<p>In response to the feedback received, we have developed a Customer Service Incentive Scheme (CSIS) in addition to the current customer service incentive that measures telephone calls answered within 30 seconds.</p> <p>We are proposing a series of more contemporary customer service measures focused on improving our communication and management of planned outages and incentivising improved customer satisfaction as measured by regular surveys, targeting customer experience in planned outages, unplanned outages and customer contact centre enquiries, while having the flexibility to target developing areas of customer priority.</p> <p>Our ICT investment and corporate communications plans look to increasingly improve access to information for customers through our website and via social media channels, enabling customers to make more empowered decisions about their energy usage and choices.</p> <p>We have also committed to embedding our improved engagement approach, and to undertake an additional phase of regulatory engagement to confirm the feedback we have received in light of cost-of-living and cost of doing business pressures and significant changes occurring in the energy industry.</p>
<b>Smart cities and communities (street lighting /councils)</b> <a href="#">Page 63</a>	<p>Throughout our engagement, local councils have sought more collaboration with Endeavour Energy on managing severe weather, particularly extreme heat, and taking steps to improve community resilience and accelerate the transition to renewable energy.</p> <p>Councils remain committed to and expect our support of their rapid transition to more energy-efficient public lighting technology and creating value for their communities through associated 'smart' services.</p>	<p>We have updated our Public Lighting Modelling approach to simplify it so that new technologies can be transparently priced and more quickly introduced over the course of a regulatory period. We have also improved the accuracy of our prices and increased our LED maintenance cycle. Collectively, these changes generally reduce our LED charges relative to old luminaire technologies, further enhancing the cost-saving and decarbonisation benefits councils can achieve in transitioning to LED lighting.</p> <p>We will also continue to collaborate with all councils on how to best deliver on their sustainability objectives and support their community resilience plans.</p>

## : 2. Our commitment to continuous improvement in engagement



*Western Sydney local  
council workshop,  
June 2022*



## Our commitment to engagement and approach

Every day, Endeavour Energy engages with people and organisations who have an interest in or connection to what we do and who we are. The relationships and understandings we build through these interactions determine how well we will execute on our vision to deliver a customer-centric Regulatory Proposal that meets our customers' future energy needs.

As the Australian energy industry changes, we recognise that we must continually improve our engagement so that our day-to-day operations and plans benefit from fresh insights and ideas and changing customer priorities.

Endeavour Energy is committed to quality customer and stakeholder engagement across all parts of our business so that we always place our customers at the heart of what we do. We are a signatory to the Energy Charter, a national collaboration of energy businesses working together to deliver a more affordable, reliable and sustainable energy system for all Australians in line with community expectations.

## Critically evaluating our past engagement and making changes for the better

Ahead of this regulatory review period, the Endeavour Energy Board and Executive Leadership Team committed to ensuring that customer engagement is an organisational priority and is always led from the top.

To achieve this, the Board and Executive approved a new Stakeholder Engagement Framework and an organisation-wide uplift in engagement that ensured engagement would be a focus and priority of the Executive and of the Board.

To ensure that this commitment would be embedded in our day-to-day operations, we reflected on the experience and learnings of previous regulatory determinations and sought to better understand what best practice looks like across Australia and internationally. We thank fellow Energy Charter signatory, Powerlink, for its willingness to share the learnings of its co-designed engagement process with us.

**This process of reflection and critical evaluation led us to commit to engagement that is:**

- led from the top, with a significant commitment from and involvement of the Executive and Board Directors
- integrated with a broader uplift in customer focus and engagement across Endeavour Energy's business
- co-designed with customer advocates, including the engagement design and the development of the proposal itself
- comprehensive, including expanded representation of and engagement with informed stakeholders via Endeavour Energy's PCSC and three supporting sub committees: the RRG, the FGRG and the ReRG. We also removed barriers to participation, with some RRG and FGRG members being remunerated for their time to ensure the right capabilities and experience across the teams

- inclusive, featuring more engagement with a culturally and linguistically diverse (CALD) group and First Nations consumers, including, for the first time, in-language engagement and expanded social programs
- proactive, particularly in relation to our engagement with the AER and via the Early Signal Pathway under its Better Resets Handbook
- upfront, providing an early indication of Endeavour Energy's key positions through the publication of the Preliminary Proposal that will inform future engagement
- collaborative, working closely with other distribution networks and agencies on issues of common interest to our stakeholders (e.g, resilience) but also taking a coordinated approach to respect the time of stakeholders participating in multiple regulatory processes.

These commitments build on and, in some cases, extend those made by Endeavour Energy in the Regulatory Proposal Overview for the 2019-2024 period, released in April 2018 (see from pages 13-14 [here](#)).

### 3. Co-designing the engagement process



*Stakeholder Deep Dive,  
July 2022*

# The role of the Regulatory Reference Group

In late 2021, Endeavour Energy invited members of its PCSC and experienced stakeholders to participate in a newly created RRG, acting as a sub committee of the PCSC.

The RRG comprises independent stakeholders and representatives of Endeavour Energy. The RRG was established on a principle of co-design, in which independent members of the RRG and representatives of Endeavour Energy have worked collaboratively on the development and implementation of an engagement plan and the development of the Endeavour Energy 2024-2029 Regulatory Proposal.

Co-design is a process whereby different stakeholders come together to develop a solution to a challenge. It is a process of collaborative creation rather than the traditional 'consult and obtain feedback' approach.

The Independent Members Panel, acting in an advisory capacity, have been performing the following roles in accordance the an agreed Terms of Reference throughout

the development of the Regulatory Proposal:

- representing the long-term interests of Endeavour Energy customers
- co-designing the engagement program
- participating as key stakeholders in the Regulatory Proposal engagement
- challenging Endeavour Energy throughout the development of its 2024-2029 Revenue Proposal, both on its proposal and the engagement program.

Endeavour Energy has been scrupulous in ensuring that this commitment to the principles and practice of co-design should not infringe the autonomy of the Independent Members Panel, who represent peak stakeholder organisations and consumers at large and who are expected to report separately to the AER on the Endeavour Energy proposal and Endeavour Energy's engagement program.

The Independent Members Panel of the RRG is shown below.



**Simon Moore**  
Business NSW



**Bruce McClelland**  
Business Western  
Sydney



**Iain Maitland**  
Ethnic Communities'  
Council of NSW



**Mark Grenning**  
Energy Users'  
Association of Australia



**Lis Ross**  
Elisabeth Ross  
Consulting



**Jan Kucic-Riker**  
Public Interest  
Advocacy Centre



**Mike Swanston**  
The Customer Advocate  
(Independent Members  
Panel Coordinator)



**Nic Pasternatsky**  
Western Sydney Regional  
Organisation of Councils

Endeavour Energy warmly acknowledges the vital and extensive contributions of these RRG members, including former members Miyuru Ediriweera, Anna Livesey and Douglas McCloskey (Public Interest Advocacy Centre), Anthony Cooper (Business Australia) and Mark Byrne (Total Environment Centre), to the development of our Draft Proposal.

## Co-design workshop with stakeholders and senior leaders

In keeping with our core value to ‘partner for success’ and our focus on long-term customer interests, Endeavour Energy formally commenced the regulatory engagement process with a co-design workshop with the RRG held in May 2021.

The workshop was designed to bring together independent stakeholders on the RRG, our regulatory project team, Endeavour Energy’s Board and Executive to determine what a meaningful engagement approach would look like and to ensure any future plan reflected best practice, learnings from past regulatory processes and the needs and objectives of customers and stakeholders.

The outcomes agreed upon at this co-designed workshop guided the development of the Regulatory Engagement Plan.

## An agreed engagement goal

Our engagement goal for the 2024-2029 regulatory reset was also co-created and refined with the RRG. It is: to undertake engagement that delivers our purpose of powering communities for a brighter future by developing a revenue proposal that balances the priorities, preferences, diversity and current and future needs of our customers with sustainable returns to shareholders and can be considered prudent and efficient by the AER.

This means providing fair access to the modern grid and ensuring customers pay no more than is necessary for a safe, reliable and secure electricity supply and quality service.

This is consistent with the **National Electricity Objective**, as stated in the National Electricity Law. That is:

*‘to promote efficient investment in and efficient operation and use of, electricity services for the long-term interests of consumers of electricity with respect to:*

- *price, quality, safety and reliability and security of supply of electricity*
- *the reliability, safety and security of the national electricity system.’*

## The engagement plan as a ‘living document’

Following the co-design workshop, we developed a detailed customer and stakeholder engagement plan for the 2024-2029 regulatory reset.

Again, this key reference document was co-designed with our Board, Executive and customer and stakeholder representatives on the RRG.

The plan was guided by:

- Endeavour Energy’s Corporate Strategy
- Endeavour Energy’s Stakeholder Engagement Framework
- The Energy Charter
- The IAP2 Core Values for public participation.

The detailed engagement plan was reviewed by the RRG and changes were made to reflect their feedback.

Subsequently, a summary of the detailed engagement plan was developed and published in April 2022 and can be viewed [here](#).

The detailed engagement plan is considered by Endeavour Energy and the Independent Members Panel of the RRG as a ‘living document’ and, as a result, has been collaboratively amended several times (currently Version 6) as our engagement program has progressed.

Amendments were made to the detailed engagement plan towards the end of the Prioritise Phase in direct response to recommendations in the RRG Independent Members Panel’s first report on our engagement. These recent amendments added more detail to the Refine Phase of engagement to be undertaken following the publication of our Draft Proposal and added a fifth engagement phase (Confirm Phase), which will take place in the first half of 2023 to confirm our customers’ priorities in a changing economic environment.

## Engagement guided by the IAP2 Public Participation Spectrum

As part of the co-design process, Endeavour Energy’s Board, Executive and RRG reviewed a list of possible engagement topics and then considered which could have the largest impact on revenue or long-term risk outcomes against the ability for each element to be influenced by customer engagement.



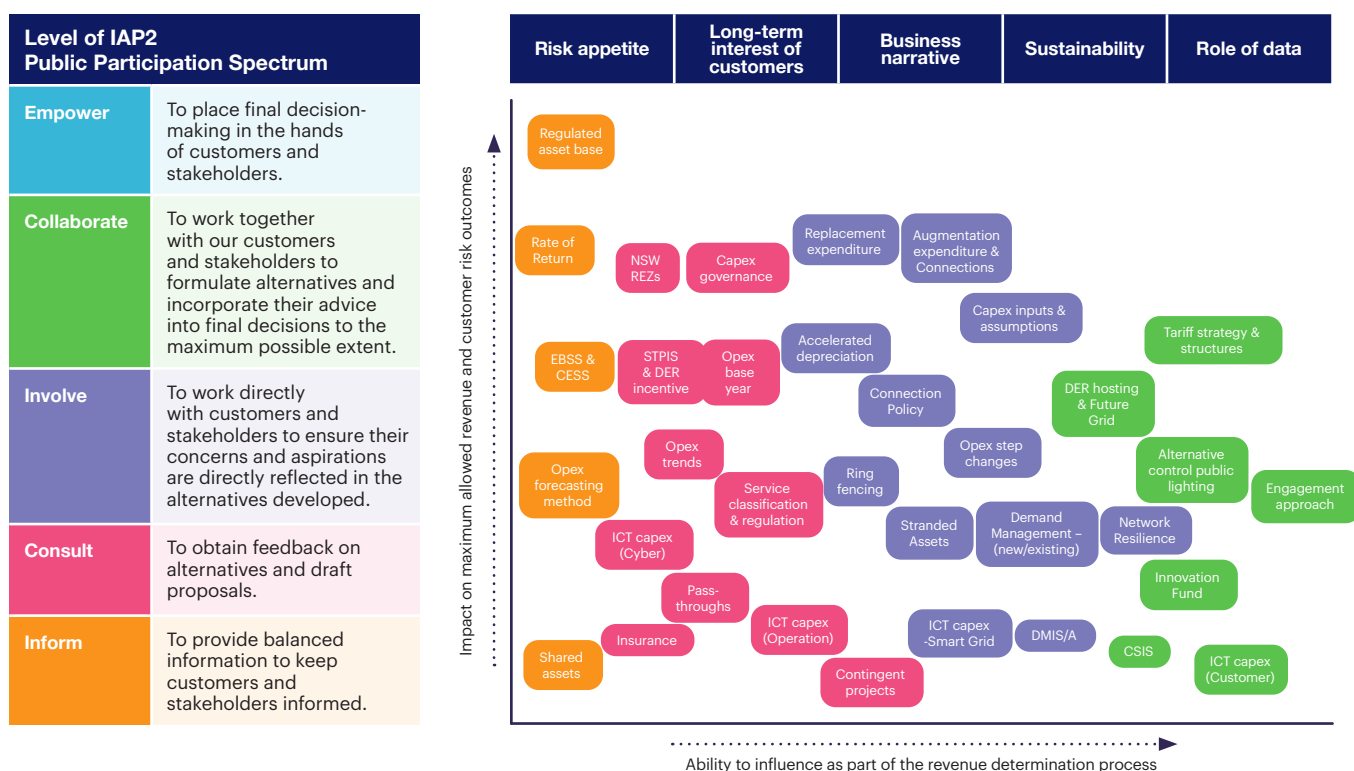
We then tested this against the IAP2 Public Participation Spectrum to clearly define customers' and stakeholders' roles in the engagement process.

The outcome of this process is depicted in the matrix below. If a topic sits towards the left of the matrix, there is less ability for feedback to influence an outcome (e.g. that item might be governed by a regulatory instrument like the RoR).

However, if a topic sits towards the right of the matrix, there is a greater capacity for feedback to shape outcomes.

This engagement map formed a foundational reference for the entire engagement program and includes some 'inform' and 'consult' elements, with many 'involve' and 'collaborate' opportunities, particularly for our most informed and engaged stakeholders.

Increasing impact on the decision					
	Inform	Consult	Involve	Collaborate	Empower
Public participation goal	To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision, including the development of alternatives and the identification of the preferred solution.	To place final decision-making in the hands of the public.
Promise to the public	We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and aspirations and provide feedback on how public input influenced the decision.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.	We will look to you for advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	We will implement what you decide.



# Engagement aligned with the Australian Energy Regulator's Better Resets Handbook

The AER released its Better Resets Handbook in December 2021. It encourages electricity distribution and transmission networks to engage meaningfully

with customers and stakeholders and ensure consumer preferences drive the development of regulatory proposals. The Handbook sets out the AER's expectations on consumer engagement. They cover:

- the nature of engagement
- the breadth and depth of engagement
- the clearly evidenced impact of this engagement.

In the table below, we have outlined these expectations and explained how Endeavour Energy's engagement approach has sought to meet them.

## The nature of engagement

The nature of engagement is about how networks engage with their consumers. Our expectations are that network businesses will sincerely partner with consumers and equip them to effectively engage in the development of their proposals.

How this should manifest	How Endeavour Energy's engagement approach meets this expectation
<p><b>Sincerity of engagement</b></p> <p>The Handbook urges DNSPs to be sincere in their engagement, noting this requires commitment from the most senior leaders to give effect to consumer preferences, openness to new ideas and change, allowing customers to 'set the agenda' and providing opportunities to understand and ensuring consumer confidence in the engagement process.</p>	<ul style="list-style-type: none"> <li>• The Board, Executive and Senior Leadership Team led engagement activities, including those with end consumers. This involved 607 hours of face-to-face engagement with stakeholders and customers, as well as internal strategic oversight and guidance.</li> <li>• Welcomed and acted on regular feedback and insights and implemented a wide variety of changes or adaptations in response. Actions were tracked in a feedback register, which formed the basis of feedback loops with the RRG, customers and stakeholders. Evidence of this can be found in Appendix</li> <li>• To help all Endeavour Energy staff participate meaningfully in the regulatory engagement process and in BAU engagement, Endeavour Energy worked with its engagement partner SEC Newgate to provide engagement training to core staff who wanted to upskill in this area.</li> <li>• <b>The quarterly RRG evaluation survey contains two metrics related to sincerity of engagement. In the most recent survey, 100% of RRG members rated Endeavour Energy as good or excellent on these measures.</b></li> </ul>
<p><b>Consumers as partners</b></p> <p>The Handbook asks DNSPs to make consumers partners in forming proposals. They should collaborate with and, where appropriate, empower consumers in developing regulatory proposals.</p> <p>The Handbook also notes engagement should be a continuous BAU process.</p>	<ul style="list-style-type: none"> <li>• Endeavour Energy co-designed an engagement program that spans the IAP2 spectrum, with a focus on 'Involve' and 'Collaborate', as agreed by the RRG. This approach reflected the stakeholder feedback in the Discover Phase of engagement and was co-designed with the Independent Members Panel of the RRG.</li> <li>• 'Collaborate' engagement activities focused on issues that the most informed stakeholders, such as the RRG and PCSC, who have been core partners in the co-creation and delivery of the Draft Proposal, could meaningfully influence. However, our Customer Panel, which was a central part of the Prioritise Phase of engagement was co-designed to 'involve' our customers.</li> <li>• On the IAP2 spectrum of public participation, 'empower' means committing to giving complete control of an outcome to stakeholders. The RRG agreed that no issue relating to the regulatory engagement could be identified as 'empower' as defined by IAP2. Nevertheless, the common meaning of the word 'empower' is relevant to the approach that Endeavour Energy has taken with customers and stakeholders to enable them to participate meaningfully and purposefully and ultimately influence the engagement program.</li> <li>• Endeavour Energy has an extensive BAU engagement program, which features ongoing listening to customer and stakeholder segments and deep analysis of insights and trends that drive innovation and improved processes. Many of these BAU processes have been drawn upon to help guide the regulatory engagement process – e.g. customer journey mapping, the Energy Charter, Better Together teams, the monthly Voice of Customer and RepTrak research programs, the annual State of the Network forums and the regular meetings with the PCSC.</li> <li>• Endeavour Energy is also actively considering how some of the regulatory engagement activities – particularly the Customer Panel – might be utilised.</li> <li>• <b>The quarterly RRG evaluation survey contains two metrics related to 'consumers as partners'. In the most recent survey, 89% of RRG members rated Endeavour Energy as good or excellent on this measure regarding collaboration and 71% rated Endeavour Energy as good or excellent for embedding this as a continuous BAU process. All other RRG members rated these measures as either fair or not applicable.</b></li> </ul>

## The nature of engagement *continued*

How this should manifest	How Endeavour Energy's engagement approach meets this expectation
<p><b>Equipping consumers</b></p> <p>The Handbook states that equipping consumers is about ensuring consumers can effectively engage with and provide informed feedback to network businesses.</p> <p>The Handbook goes on to note that it is important that this is done in a way that maintains the independence and integrity of consumer engagement processes.</p>	<ul style="list-style-type: none"> <li>• The 89-member Customer Panel was provided with three full days of online capacity-building training modules before their first Zoom forum and this approach to capacity-building was repeated in an online community throughout the engagement process. The process helped panel members provide informed preferences by ensuring that the modules focused on improving understanding of the sector, of Endeavour Energy, of the key issues where they could influence the Regulatory Proposal and of their role in the engagement process.</li> <li>• To ensure the information presented to the Customer Panel was accurate, easy to understand and unbiased, we ran pilot focus groups in advance of panel engagement with a small number of other Endeavour Energy customers to 'sense check' the materials and understand and rectify any confusion or misunderstanding. These focus groups were observed by members of the RRG, who also fed into this process, providing their own detailed feedback ahead of the first two waves of the Customer Panel. These customer and stakeholder insights led to significant design and content improvements in these engagements.</li> <li>• To ensure the independence and integrity of the consumer engagement process, Endeavour Energy and the Independent Members Panel agreed to governance protocols and processes. These included: <ul style="list-style-type: none"> <li>– arranging regular meetings of the RRG Independent Members Panel (without Endeavour Energy presence or contributions)</li> <li>– regular declarations of any conflicts of interest at all stakeholder meetings</li> <li>– clear governance arrangements, set out in the co-designed Terms of Reference that are publicly available on our Your Say website, including information about remuneration arrangements.</li> </ul> </li> <li>• <b>The quarterly RRG evaluation survey contains two metrics on 'equipping consumers'. In the most recent survey, 78% of RRG members rated Endeavour Energy as good or excellent on these measures. All other RRG members rated this as fair.</b></li> </ul>
<p><b>Accountability</b></p> <p>The Handbook notes the importance of transparent reporting on consultation commitments and outcomes.</p>	<ul style="list-style-type: none"> <li>• Endeavour Energy regularly shared the feedback received and information about how this is shaping decision-making with stakeholders and customers in reports and newsletters, during engagement events and in follow-up emails or letters.</li> <li>• This information has been published on Endeavour Energy's Your Say engagement portal and shared directly with engagement participants as appropriate.</li> <li>• The third Customer Panel session focused largely on how customer feedback had been considered and how it had shaped decision-making. Similarly, a final Deep Dive session was held online specifically to demonstrate how feedback has been considered.</li> <li>• <b>The quarterly RRG evaluation survey includes two metrics related to accountability. In the most recent survey, 100% of RRG members rated Endeavour Energy as good or excellent on this measure relating to reporting of commitments and 89% on evaluating the effectiveness of engagement. All other RRG members rated this as fair.</b></li> </ul>



Greater Sydney local government workshop, June 2022

## The breadth and depth of engagement

Breadth and depth are related to the scope of engagement with consumers and the level of detail at which network businesses engage on issues. The breadth and depth of engagement also cover the variety of avenues used to engage with consumers.

How this should manifest	How Endeavour Energy's engagement approach meets this expectation
<p><b>Accessible, clear and transparent engagement</b></p> <p>The Handbook urges DNSPs to transparently set out their engagement plans, including their objectives, engagement issues/topics, and the level of participation and influence consumers can expect on the Regulatory Proposal.</p>	<ul style="list-style-type: none"> <li>• In keeping with the agreed outcomes of the co-design workshop, Endeavour Energy developed a detailed Consumer Engagement Plan that was shared with and approved by the RRG. It set out the objectives, engagement issues/topics, and level of participation and influence consumers could expect to have on each aspect of the Regulatory Proposal. The detailed plan was published on the RRG's own Your Say page, and the co-designed engagement 'map' showing where each topic sat on the IAP2 spectrum was shared at the start of each engagement event or meeting, confirming where agenda items were positioned on the map.</li> <li>• A more streamlined, accessible version of this document was then created for a broader audience (specifically with consumers in mind). This was shared publicly, including on the Your Say website, in newsletters to stakeholders and on social media.</li> <li>• An updated version of this plan was recently published on the public Your Say page. It includes more information about the Refine Phase of engagement and the added Confirm Phase, due to take place in 2023.</li> <li>• <b>In our most recent quarterly evaluation survey, 100% of RRG members rated Endeavour Energy as good or excellent on this measure.</b></li> </ul>
<p><b>Consultation on desired outcomes and then inputs</b></p> <p>The Handbook notes consumers should be consulted on the (short-and long-term) outcomes that they want from the proposal and how network businesses can deliver these outcomes.</p>	<ul style="list-style-type: none"> <li>• Engagement with customers was designed to focus on the outcomes customers want from their energy service and then reflect these in the AER's typical inputs.</li> <li>• This was achieved by focusing on customer feedback on a consistent list of current and future services and key 'trade-off' questions to understand how different segments might value these across different points in time.</li> <li>• While collecting feedback that relates to the upcoming regulatory period, decisions were placed in the context of broader, long-term trends and plans, directing customers and stakeholders to Endeavour Energy's Business Narrative and Corporate Strategy as appropriate to build a sense of the 'bigger picture'.</li> <li>• The Handbook notes, that if circumstances change, further engagement with consumers may be required. Endeavour Energy has fulfilled this requirement of the Handbook and expectations of the RRG Independent Members Panel, including by amending the engagement plan for a sixth time in August 2022 in response to the Independent Members Panel's recommendations.</li> <li>• <b>In the most recent quarterly evaluation survey, 100% of RRG members rated Endeavour Energy as good or excellent on this measure.</b></li> </ul>



Stakeholder Deep Dive, July 2022



## The breadth and depth of engagement *continued*

How this should manifest	How Endeavour Energy's engagement approach meets this expectation
<p><b>Multiple channels of engagement</b></p> <p>The Handbook urges DNSPs to utilise multiple complementary channels to engage with customers. The channels chosen should reflect customer preferences and include some direct engagement.</p>	<ul style="list-style-type: none"> <li>• Endeavour Energy utilised a range of different engagement channels to ensure it had a comprehensive understanding of different customers and stakeholders and their preferences.</li> <li>• The engagement program included: <ul style="list-style-type: none"> <li>– 15 exploratory focus groups (in English)</li> <li>– in-language 'Dinners with Endeavour' with two language groups</li> <li>– a Customer Panel made up of nearly 90 customers from across Endeavour Energy's network area (including one pilot or test focus group to test materials before each main session)</li> <li>– in-person and online stakeholder workshops with high-energy users, local councils and energy retailers</li> <li>– two stakeholder Deep Dives</li> <li>– one-on-one engagements with commercial and industrial energy users</li> <li>– In-depth in-language engagement with the Vietnamese community in a streamlined deliberative process designed to mirror the Customer Panel</li> <li>– a comprehensive and representative quantitative survey</li> <li>– regular RepTrak reputational surveys</li> <li>– regular engagement with the PCSC</li> <li>– a comprehensive program of meetings, workshops (including the State of the Network series), mini Deep Dives and one-on-one engagements with the RRG Independent Members Panel</li> <li>– active social media outreach via LinkedIn, Facebook and Endeavour Energy's Your Say engagement portal.</li> </ul> </li> <li>• This approach was informed by the co-design process with the RRG but also by the exploratory research phase, where consumers were asked about their engagement preferences.</li> <li>• <b>In the most recent quarterly evaluation survey 89% of RRG members rated Endeavour Energy as good or excellent on this measure. All other RRG members rated this as fair.</b></li> </ul>
<p><b>Consumers' influence on the proposal</b></p> <p>The Handbook notes engagement should consider the IAP2 Public Participation Spectrum and consult with consumers on the range of issues consumers can have an influence over.</p>	<ul style="list-style-type: none"> <li>• As noted above, in the 'Explore Phase', Endeavour Energy consulted with customers and stakeholders about how they wanted to be engaged and about what was important to them. Engagement topics were mapped against the IAP2 spectrum to ensure there was a strong focus on engaging on topics where customers and stakeholders could exert the most influence.</li> <li>• The final approach reflects this feedback and approach.</li> <li>• <b>In the most recent quarterly evaluation survey, 100% of RRG members rated Endeavour Energy as good or excellent on this measure.</b></li> </ul>

## The impact of engagement is clearly evidenced

A clearly evidenced impact is about how a proposal represents and is shown to represent consumer views.

How this should manifest	How Endeavour Energy's engagement approach meets this expectation
<p><b>Proposals linked to consumer preferences</b></p> <p>The Handbook notes there needs to be a clear link between consumer research and engagement, a network business's representation of the outcomes desired by consumers and how the proposal gives effect to those outcomes.</p>	<ul style="list-style-type: none"> <li>• <a href="#">Pages 44-67</a> of this document set out the links between consumer research, the engagement findings and the outcomes desired by consumers (what we heard) and how the proposal gives effect to those outcomes (how we will respond).</li> <li>• In addition, Endeavour Energy released a comprehensive Preliminary Proposal that set out clear, early positions on a number of matters, allowing customers and stakeholders to deeply understand the company's potential plans before undertaking any engagement. The early publication of a Preliminary Proposal, which was industry-leading, was designed to ensure that engagement was as meaningful and as informed as possible and to allow customers to test and challenge specific early thinking about the developing Regulatory Proposal</li> <li>• The Draft Proposal submitted alongside this document clearly sets out how Endeavour Energy has responded to any submissions or feedback on the Preliminary Proposal.</li> <li>• <b>In the most recent quarterly evaluation survey, 89% of RRG members rated Endeavour Energy as good or excellent on this measure. All other RRG members rated this as fair.</b></li> </ul>
<p><b>Independent consumer support for the proposal</b></p>	<ul style="list-style-type: none"> <li>• In keeping with the co-designed engagement goal that underpinned our engagement plan, we have worked with the RRG Independent Members Panel of customer advocates to develop a proposal that they are willing to support. The RRG Independent Members Panel has evaluated our engagement process using the criteria set out in the AER's Better Resets Handbook. An overview of their feedback is included on <a href="#">page 8</a> and their report will be available on Endeavour Energy's public Your Say platform in mid-November.</li> <li>• <b>At the end of Wave 3, during which Customer Panel members were shown and had explained Endeavour Energy's proposed positions for the Draft Proposal, 90% felt that Endeavour Energy's Draft Proposal reflected customer priorities and 87% felt positive about the way Endeavour Energy had taken customer and stakeholder feedback into account.</b></li> </ul>



RRG meeting, April 2022

# An approach to deliver depth and breadth of engagement

As noted above, Endeavour Energy has utilised a wide variety of engagement methods and channels to ensure the overall regulatory engagement program achieves both deep and broad engagement with a diverse cross-section of customers and stakeholders.




Some of these engagement opportunities are BAU (e.g. State of the Network and the ongoing Voice of Customer or RepTrak programs), but some were developed to meet specific needs of the regulatory program (e.g. the RRG and the Customer Panel).

Endeavour Energy also considered ways to target specific stakeholders and customers who might be more difficult to involve in broader engagement forums. This might be because they have very specific areas of interest (e.g., large energy users or local councils) or because they are time-poor, unable to share frank feedback in public settings (e.g., due to privacy or competition reasons) or just need a bespoke approach to ensure their voices are properly heard and then considered in decision-making (e.g., customers with English as a second language).

This targeted engagement typically took the form of small group meetings or workshops with smaller customer groups or stakeholder segments.

This multifaceted engagement approach was designed based on feedback received in Endeavour Energy's last Regulatory Proposal and refreshed in the Discover and Explore phases of this program, where stakeholders were asked for their engagement preferences.

This mixed-method approach ensured a comprehensive understanding of a wide range of customer and stakeholder views and preferences.

Deep engagement methods 	Broad engagement methods 	Targeted engagement methods 
<ul style="list-style-type: none"><li>• Customer Panel</li><li>• RRG engagement, including a series of additional small group workshops ('mini Deep Dives') with subject matter experts on key topics chosen by the RRG</li><li>• PCSC engagement</li><li>• Stakeholder Deep Dives</li><li>• Future Grid Workshops</li></ul>	<ul style="list-style-type: none"><li>• Residential and SME customer quantitative study</li><li>• RepTrak surveys with end customers and stakeholders</li><li>• Exploratory focus groups with end residential and SME customers</li><li>• State of the Network forum with a broad range of stakeholders</li><li>• Joint stakeholder workshops with other DNSPs</li><li>• A 'Have Your Say' section on the Endeavour Energy website</li><li>• LinkedIn and Facebook posts</li></ul>	<ul style="list-style-type: none"><li>• CALD in-language engagement</li><li>• High Energy User workshop</li><li>• 'Dinners with Endeavour' in-language engagement</li><li>• Local Council Workshops</li><li>• Meetings with commercial and industrial energy users</li></ul>

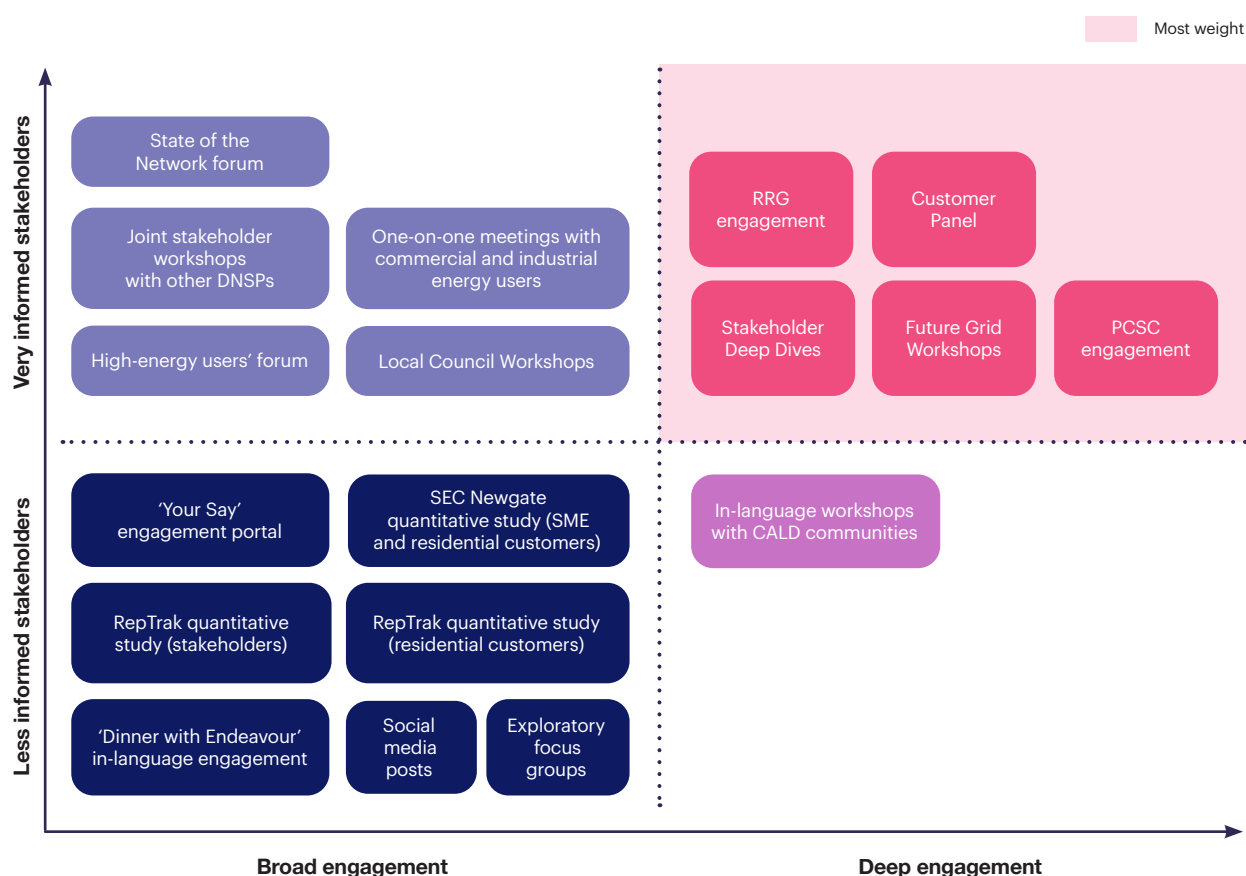
# Using the preferences and insights from different stakeholders and forums to influence decision-making

Endeavour Energy values feedback from all stakeholders; however, when it comes to influencing decision-making, the greatest emphasis has been placed on preferences and insights obtained from customers and stakeholders who have the capacity to form more informed views through deliberative processes over a longer period of time.

This means that feedback from deep and ongoing engagement with the Customer Panel, RRG, PCSC, Stakeholder Deep Dives and customer segment workshops (i.e., local councils and high-energy users) has been consistently weighted to set directions and guide decision-making in the development of our Draft Proposal.

Conversely, feedback from broader engagement methods (including the quantitative study and ongoing RepTrak surveys) has been used to 'sense-check' or confirm that the direction provided by these deliberative groups is aligned with a larger and more representative sample of the community or Endeavour Energy's stakeholders.

The graphic below seeks to demonstrate one way that the feedback gathered in different forums has been assessed and used to influence decision-making.





Each of these considerations shaped our final engagement approach



Western Sydney site tour, May 2022

## 4. Our engagement program



*Stakeholder Deep Dive,  
August 2022*

The engagement program involves five key phases, each with distinct deliverables. This approach has allowed the team to gather feedback at different points over a long period and to reflect on how views might be changing over time. This was especially important over the period that the program was rolled out, where customers and stakeholders have experienced significant change and upheaval in the energy sector and in the economy more broadly. The current iteration of the engagement plan is summarised as below.

Preparation	Phase 1 Discover	Phase 2 Explore	Phase 3 Prioritise	Phase 4 Refine	Phase 5 Confirm
Oct 2020 – Mar 2021	Apr 2021 – Sept 2021	Oct 2021 – Apr 2022	May 2022 – Oct 2022	Nov 2022 – Jan 2023	Feb 2023 – Jul 2023
A period of forward-planning to prepare Endeavour Energy for the launch of the regulatory cycle	A research period to better understand customer and stakeholder needs and preferences to help shape our engagement approach	A period of deeper exploration of key issues to help inform the development of our Preliminary Proposal	Broad and deep engagement on our Preliminary Proposal, identifying aspects of greatest importance to customers	Developing and refining our Final Proposal using insights from the previous phase	Confirming our customers' priorities in the context of a changing economic environment
<ul style="list-style-type: none"> <li>Benchmarking previous engagement with best practice</li> <li>Engagement partner appointed</li> <li>PCSC membership enhanced</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of RRG, FGRG and ReRG and determine the Terms of Reference</li> <li>Board/Executive/customer co-design workshop</li> <li>RRG engagement planning</li> <li>Joint DNSP engagement (emerging services)</li> <li>Future Grid workshop</li> <li>Co-designed exploratory research straw man</li> <li>Board check-in</li> <li>PCSC</li> <li>Exploratory research (residential)</li> <li>Exploratory research – SME (Dinners with Endeavour)</li> <li>Exploratory research (CALD)</li> <li>Ongoing engagement with AER</li> </ul>	<ul style="list-style-type: none"> <li>RRG and AER Investment Value Framework</li> <li>BAU State of the Network Forum (Illawarra and South Coast)</li> <li>BAU State of the Network Forum (Greater Western Sydney)</li> <li>High-energy users' workshop</li> <li>Future Grid workshops</li> <li>RRG</li> <li>PCSC x 2</li> <li>Joint DNSP engagement (tariffs)</li> <li>Ongoing RRG mini Deep Dives</li> <li>Board check-in</li> <li>Commence engagement of AER's CCP</li> <li>Ongoing engagement with AER</li> <li>One-on-one briefings with stakeholders</li> <li>RepTrak benchmarking study</li> </ul>	<ul style="list-style-type: none"> <li>Local Council Workshop (Illawarra and South Coast)</li> <li>Local Council Workshop – Western Sydney</li> <li>Customer Panel Wave 1</li> <li>Customer Panel Wave 2</li> <li>Deep Dive 1</li> <li>Deep Dive 2</li> <li>One-on-one briefings with stakeholders</li> <li>Quantitative survey</li> <li>RRG webinars x 3</li> <li>PCSC x 3</li> <li>Ongoing RRG mini Deep Dives</li> <li>In-language direct engagement with CALD communities</li> <li>Customer Panel Wave 3</li> <li>Ongoing engagement with AER</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholder check-ins</li> <li>Individual retailer engagements</li> <li>Local council workshop (street lighting tariffs check-in)</li> <li>RRG bi monthly meetings</li> <li>RepTrak benchmarking study</li> </ul>	<ul style="list-style-type: none"> <li>Customer Panel check-in</li> <li>Stakeholder check-in</li> <li>RRG bimonthly meetings</li> <li>AER public hearing</li> </ul>
	<ul style="list-style-type: none"> <li>Engagement Plan</li> <li>Exploratory Customer Research Report</li> </ul>	<ul style="list-style-type: none"> <li>Preliminary Proposal</li> <li>Business Narrative</li> </ul>	<ul style="list-style-type: none"> <li>Draft Proposal</li> <li>Engagement Summary Report</li> </ul>	<ul style="list-style-type: none"> <li>Final Proposal</li> <li>Final Proposal Customer Overview</li> </ul>	

While this report covers all engagement phases, it focuses largely on the **Prioritise Phase (Phase 3)**, where the majority of customer and stakeholder engagement took place.

RRG Mini Deep Dives	Preliminary Proposal	Customer Panel (1 & 2)	Deep Dives	Quantitative survey	Customer Panel (3)
<ul style="list-style-type: none"> <li>Key stakeholder insights informing the Preliminary Proposal</li> </ul>	<ul style="list-style-type: none"> <li>Providing customers with informed engagement</li> </ul>	<ul style="list-style-type: none"> <li>Seeking breadth of customer insights</li> </ul>	<ul style="list-style-type: none"> <li>Bringing customer insights to stakeholders for deeper analysis</li> </ul>	<ul style="list-style-type: none"> <li>Seeking broader customer insights</li> </ul>	<ul style="list-style-type: none"> <li>Closing the loop with customers to check-in on final direction</li> </ul>

← Ongoing engagement with the RRG and PCSC →



## 5. Overview of the key engagement methodologies



*Stakeholder Deep Dive,  
July 2022*

As noted throughout this document, Endeavour Energy built a multi-channel engagement approach that allows the business to engage with a wide variety of stakeholders – some in great depth – to share its proposals and gather feedback.

Across the next set of pages is a summary or explanation of some of the key engagement activities.

It is important to note that Endeavour Energy's Draft Proposal includes a number of appendices that explain in detail each component of the engagement program.

## Exploratory research, end users and small to medium enterprises



The exploratory research involved direct engagement with a representative sample of 92 Endeavour Energy customers. The aim was to obtain early contextual insights about key customer issues and values that could inform initial thinking about the Draft Proposal, as well as the design of future engagement activities. More specifically, Endeavour Energy's brief was to:

- obtain customer perceptions of a list of services that Endeavour Energy currently provides, understand customer experiences and expectations of these services, and how they would prioritise these services and why
- examine a list of services that Endeavour Energy could provide in the future and discuss each to understand how they would prioritise them and why
- briefly explore trade-offs relating to affordability, reliability and safety
- explore how customers feel Endeavour Energy should work to enhance network resilience in the face of climate extremes

- investigate how customers feel about issues such as the energy transition to a low-carbon economy and how proactive or reactive networks should be in supporting that transition
- explore how customers want to be able to interact with energy in the future and how involved they want to be.

The fieldwork comprised 15 focus groups with 88 end-use customers, including two in-language focus groups (Vietnamese and Assyrian). Following the identification of the need for one-on-one discussions to engage with SME CALD customers in-language, four additional discussions with one or two Assyrian small business owners were added to the methodology. Customers were drawn from across the Endeavour Energy catchment, including Greater Western Sydney, Southwest Sydney, Blue Mountains, Southern Highlands and the South Coast. Further details on the sample and methodology are available [here](#).

Due to COVID restrictions, all groups and discussions were held online.

# Workshops with various stakeholder groups



## Local Council Workshops

Endeavour Energy conducted two workshops and a subsequent briefing with representatives from local councils from across its supply area as part of the exploratory customer engagement program.

The workshops were co-designed with the local government representatives on our PCSC (Nic Pasternatsky, Western Sydney Regional Organisation of Councils, a member of the RRG Independent Members Panel and Roger Stephan, Illawarra Shoalhaven Joint Organisation). These workshops were designed to build upon the findings from BAU engagement with these stakeholders, including quarterly energy forums with regional council groupings and regular research such as Endeavour Energy's RepTrak survey. With a focus on sustainability, vegetation management and street lighting (public lighting) as recommended by our council representatives, Endeavour Energy sought to:

- explore local councils' recent experiences working with Endeavour Energy
- understand what existing services and outcomes local council stakeholders value most
- test what kinds of services and outcomes they would like from Endeavour Energy in the future.

The first workshop was held online and included councils from the Illawarra, South Coast and Southern Highlands. The second was held in person and included councils from Greater Western Sydney and the Blue Mountains. Over 40 stakeholders from nearly 20 local council areas and various regional council representative bodies attended the workshops.

Leaders and senior representatives of all 22 councils within Endeavour Energy's distribution area were also invited to a facilitated briefing regarding Endeavour Energy's proposed new street lighting tariffs model, which is designed to be more fit-for-purpose for modern technology and simpler for councils to work with. As LEDs are introduced across the street lighting network, street lighting maintenance tariffs are of particular interest to local government.

This engagement is ongoing in the Refine Phase.

## High Energy User Workshop

Similar to its engagement with local councils, Endeavour Energy also conducted a workshop with a cross-section of high-energy users. The aim of this activity was to:

- explore high-energy users' experiences in working with Endeavour Energy
- understand what existing services and outcomes they value most
- explore what services and outcomes they anticipate wanting from Endeavour Energy in future.

Eleven high-energy users attended the two-hour online workshop. They represented diverse businesses that operate across Endeavour Energy's supply area, including Greater Western Sydney, the Southern Highlands and the Illawarra and Shoalhaven regions, including Port Kembla Steelworks, NSW Health, Sydney Metro, Coles, Woolworths and Shoalhaven City Council.

After this workshop, the methodology was expanded to include one-on-one engagement with data centres. A dedicated account manager has been appointed to help foster a better understanding of their needs, noting that this customer segment is expected to consume the highest portion of our load by 2030.

This engagement is ongoing.

## Retailer webinars

As part of an uplift in engagement with retailers, Endeavour Energy established a ReRG in 2021 to ensure that retailers stayed in touch with its developing plans for tariffs and had multiple opportunities to influence tariff structures. Webinars were held in November 2021, April, August and October 2022 and all retailers on the ReRG were invited to participate in our stakeholder Deep Dives.

Competition rules prohibit collaborative engagement among retailers. Therefore, Endeavour Energy recognises the limitations of group conversations with retailers in the ReRG. Thus, the webinars have been designed as 'inform' and 'consult' engagements rather than 'involve' and 'collaborate', even though tariffs are a highly rated engagement topic on the IAP2 spectrum.

To ensure ongoing, fulsome discussion with these important stakeholders, Endeavour Energy is scheduling one-on-one engagements with retailers as part of its Refine Phase of engagement following the publication of the Draft Proposal.



# Customer Panel

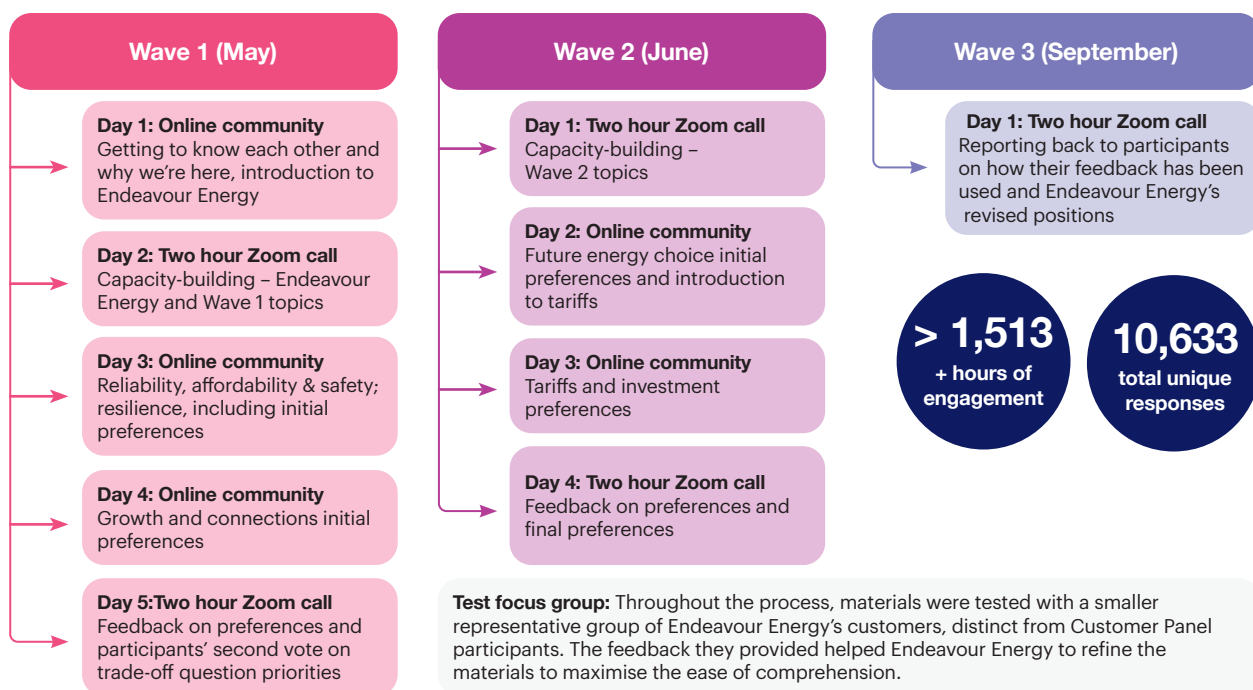


The Customer Panel was a key element of our engagement approach. Its purpose was to deeply engage with a broad and representative cross-section of residential and small business customers through an extended deliberative process to inform the organisation's Draft Proposal.

The panel comprised 89 participants who were provided extensive background information and undertook many different capacity-building activities in an online community to deliberate on the following key questions:

1. How should Endeavour Energy best meet customer expectations for a safe, reliable and affordable electricity supply?
2. Should Endeavour Energy take a more proactive or responsive approach to maintain network services in the face of increasing major weather events storms, bushfires, floods, urban heat, etc.?
3. How should Endeavour Energy time the delivery of the electricity infrastructure required for the economic development of Greater Western Sydney and other areas?
4. Should new customers be required to pay 'upfront' for the infrastructure required to service new development, or should the costs for this infrastructure be recovered over time from all customers through existing charges?
5. How do we modernise the network to meet emerging and future customer service expectations as technology and markets evolve?
6. Should the tariffs reflect the different demands customers place on the network?
7. Should solar export tariffs be introduced by Endeavour Energy to reflect the different demands customers place on the network?
8. Does Endeavour Energy's proposal reflect customers' priorities, preferred outcomes and long-term interests by providing a reliable, affordable and safe distribution network?

These questions were tested multiple times, both with and without indicative bill and service outcomes, both individually and in combination, over multiple waves. This process is depicted below.



The Customer Panel included quotas for customers from relevant CALD backgrounds, First Nations people, those currently experiencing financial pressures, innovators and those who have experienced impacts from major weather events. These were in addition to geographic and demographic quotas, including representatives from urban and rural areas within the network, as well as

those living on the outskirts of major centres. The panel also included members living in residential units and houses home owner and renters. Further details about the Customer Panel methodology and findings, along with verbatims from participants, can be found [here](#).

## Deep Dives



In order to explore any divergence between the views of customers and stakeholders, the Customer Panel's preferences from Waves 1 and 2 were shared with a broad group of stakeholders in a series of full-day Deep Dives in July and August.

The Deep Dives involved more than 100 well-informed customer advocates who represented a diverse set of views across 13 different customer segments, from Accredited Service Providers to developers, sustainability and technology businesses to advocates of vulnerable customers. Ahead of each session, participants were urged to read the Preliminary Proposal to understand Endeavour Energy's current positions. Participants were also sent a range of questions to consider, ensuring they arrived ready to provide meaningful contributions.

Stakeholders attending the Deep Dives were asked for their preferences on exactly the same questions put to our Customer Panel and asked to explore the alignment or misalignment of their views with our customers.

This process allowed for sophisticated and informed discussion, which included a robust challenge of Endeavour Energy's positions and a deep examination of how the competing preferences of customers should be balanced. It put our customers' views at the centre of our Prioritise Phase of engagement.

These stakeholder views were subsequently shared with the Customer Panel to provide them with oversight of different perspectives for their final deliberations in Wave 3.

## Quantitative survey



The Customer Panel involved an extended deliberative process with customers and significant capacity-building. While this allowed for more detailed discussion, it could mean the panel participants are no longer considered representative of Endeavour Energy's general customer base by the end of the process.

In addition, the Customer Panel was conducted at specific points in time. Notably, wave 2 of our Customer Panel deliberative forums occurred during the announcement of large increases in electricity prices from July 2022, several flood disasters and the suspension of the wholesale electricity market. The effects of the Russian-Ukrainian War and the international economic downturn were also beginning to take shape during this period.

Therefore, in addition to testing the Customer Panel's preferences with expert stakeholders in the Deep Dives, we also conducted further research through a quantitative survey. The purpose of the quantitative study

was to test key findings from the Customer Panel with the broader customer base and to provide another point-in-time snapshot of customer preferences to understand the effect of ongoing changes in the broader environment, particularly cost of living pressures.

The 20-minute survey was conducted in August 2022 with 1,266 participants which included 1,001 residential customers and 265 small business customers across the network.

The study focused on the following key areas:

- knowledge and awareness of Endeavour Energy
- ratings and performance of Endeavour Energy's current services
- ratings and performance of Endeavour Energy's proposed future services.

# Determining the core engagement topics



With the engagement approach agreed upon, and a program of engagement activities mapped out for the 'Explore' and 'Prioritise' phases of engagement, Endeavour Energy considered the findings of exploratory customer research from the 'Discover' Phase to develop a Business Narrative that was customer-focussed and remained a 'living document' open to ongoing amendments co-designed by the RRG as further engagement revealed more customer insights.

The Business Narrative is now in its fourth iteration following the first draft in December 2021 and identifies the key topics to be explored with stakeholders and customers for this regulatory reset to understand their views and enable their preferences and priorities to shape investment decisions.

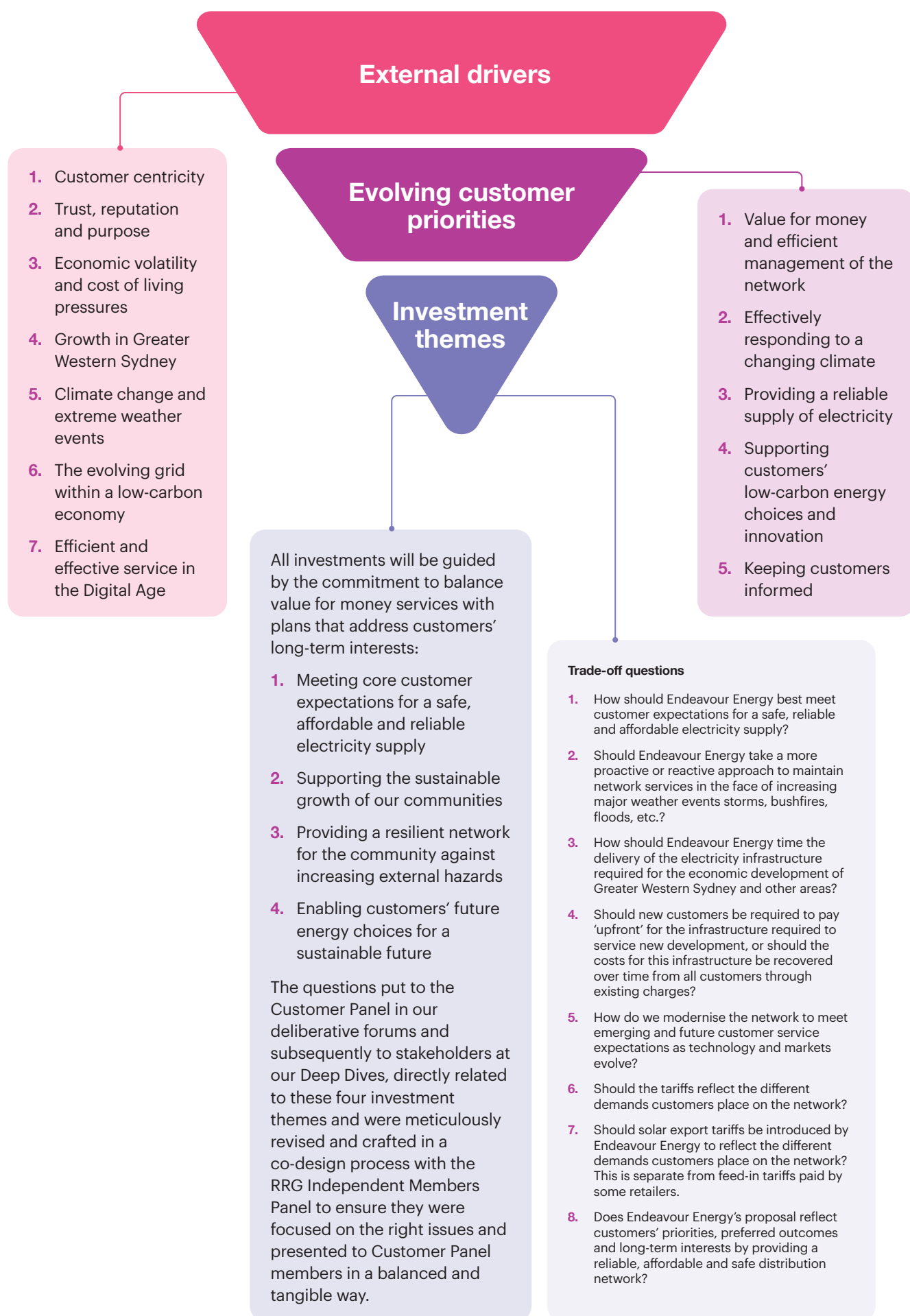
The Business Narrative also provides a clear line-of-sight between Endeavour Energy's Corporate Strategy, the business' changing operational context,

changing customer expectations and our investment priorities for the coming regulatory period. It provides a framework that guides Endeavour Energy's future initiatives and investment decisions as the organisation adapts to external pressures on the energy sector in a way that meets the priorities and expectations of our existing and future customers.

The Business Narrative includes an analysis of the external drivers and evolving customer preferences that are shaping decision-making within the business, communicating four investment themes and an overarching investment objective that were co-designed to ensure customers have reliable access to an electricity network that is affordable, safe and sustainable and that enables them to access energy in a way that suits them and their energy needs. How this process operates is depicted on the following page.



RRG meeting, April 2022





# Engaging as the landscape changed

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It is important to note that the engagement program for this regulatory period was conducted at a time of significant international and national upheaval and change in the energy sector, in the economy more broadly and in the community.

For example, in June, our online Customer Panel deliberative forum was at risk of disruption due to potential load shedding as a result of generator shortfalls. On that same day, the AEMO suspended the national electricity market. Both of these events raised concern for some customers about their power remaining on.

Around that time, the AER approved increases to the default market offer due to increased wholesale costs and the Russian-Ukrainian War began to impact energy markets here and abroad. In addition, during this engagement period, AEMO released its ISP as the NSW Government continued to develop its Electricity Infrastructure Road Map. Both of these events are expected to impact prices for consumers.

Additionally, our customers were facing record-high petrol prices, and many home owners faced their first-ever interest rate rises, with five consecutive interest rate rises now recorded for 2022. All of these factors combined to cause cost of living concerns increase for many and increased costs and supply chain constraints for those operating a business.

This context was on top of the first-hand experiences of many customers of the impacts of extreme weather events. Endeavour Energy customers living in the Nepean and Hawkesbury catchment endured four catastrophic floods in just 15 months between 2021 and 2022. In addition, 55,000 Endeavour Energy customers experienced electricity disruptions during the 2019-2020 Australian bushfire season, which burnt across 45% of our supply area, leaving some customers deeply traumatised.

We note these external factors to help the reader to place the insights and preferences we received from customers in their proper context, but also to highlight the fact that all research and engagement reflects a 'point in time', capturing the views and concerns of customers in the moment. These views cannot be considered to be 'set in stone', but rather they offer powerful guidance.

Indeed, the approach Endeavour Energy has taken of weaving in the results of BAU and ongoing engagement reflects this understanding. We acknowledge that feedback must be regularly sought and considered to ensure evolving trends are identified and addressed quickly.

## 6. Detailed engagement findings: What we heard



Greater Western Sydney site tour,  
May 2022

Despite significant changes in the external operating environment during our engagement, customer priorities have remained largely consistent from the exploratory phase in mid-2021 to the quantitative research in August 2022.

What our customers have told us they value most about our services is a reliable electricity supply that is resilient in the face of major weather events, affordable and safe. What they want from us in the future is the ability to have more choice and control over their electricity consumption and bills, ongoing reliability, and new opportunities to save money and help them reduce their emissions. They also want us to keep them informed about outages so they can get on with living their lives.

The following tables over the next set of pages detail what we've heard from our customers and stakeholders over the past two years. Each of these 'pillars of evidence' has been considered by Endeavour Energy in developing our Draft Proposal, but we recognise that no one piece of feedback provides a comprehensive picture and that the multiple sources of feedback must be considered to determine whether a clear and consistent direction or mandate exists that we should respond to.

## Priority area

Safety	<a href="#">46</a>
Affordability and value for money	<a href="#">47</a>
Reliability	<a href="#">50</a>
Resilience	<a href="#">52</a>
Sustainable growth	<a href="#">54</a>
Supporting customer choice and innovation	<a href="#">57</a>
Tariffs	<a href="#">59</a>
Keeping customers informed	<a href="#">61</a>
Smart cities and communities (public lighting/councils)	<a href="#">63</a>

## Forum/Pillars

1. Exploratory focus groups	
2. In-language CALD engagement	
3. Quantitative study	
4. Customer Panel	
5. Local Council Workshops	
6. Stakeholder Deep Dives	
7. High Energy User Forum	
8. Business as usual engagement	

## Strategic themes

Meeting core customer expectations for a safe, affordable and reliable electricity supply

Supporting the sustainable growth of our communities

Providing a resilient network for the community against increasing external hazards

Enabling customers future energy choices for a sustainable future





- Safety is a non-negotiable priority and core expectation for customers and is also regarded as a 'given' or 'hygiene factor' by stakeholders.
- There is no urgent platform for change to Endeavour Energy's existing approach to safety.

## 1. Exploratory focus groups



### Feedback received

- Safety is a priority, but for most, it appears to be largely assumed as a given or hygiene factor. Though important, responding to emergencies was prioritised more for reliability than for safety reasons. Keeping the grid electricity supply safe is considered one of the reasons Endeavour Energy exists.

## 2. In-language CALD engagement



### Feedback received

- In-language participants in the exploratory phase placed greater priority on safety.
- Some participants in in-depth engagement in Vietnamese viewed safety in the context of the impact of extreme weather events on the network (e.g., fallen power poles).
- CALD participants in the quantitative study (conducted in English) were more likely to be concerned about safety issues associated with electricity (36% v. 24% of those were not CALD).

## 3. Quantitative study



### Feedback received

- Most residential customers did not think much about safety issues.
- Moving existing power lines underground to reduce the risk of sparking bushfires and risk of outages or blackouts (at a significant cost to all customers) was ranked at the top priority service by SMEs. In general, SMEs were more concerned about safety issues associated with electricity and placed a higher priority on safety-related issues when it comes to future services. They also placed more importance on strengthening the network in regions facing increasing major weather events to improve resilience and many considered underground power lines a way to improve resilience.
- Among residential customers, Endeavour Energy's safety performance is a key strength.

## 4. Customer Panel



### Feedback received

- Although recognised as important, there was no real concern about existing safety in relation to electricity, but a sufficient investment to minimise bushfire risks was a driver for increasing expenditure in this area.

## 5. Local Council Workshops



### Feedback received

- Safety is considered a given. It was rated as a mid-level priority for current services, but there was certainly no desire for significant changes to the current approach to safety.
- Regional quarterly energy forums in Greater Western Sydney revealed intense interest in community safety, particularly during extreme weather events.

## 6. Stakeholder Deep Dives



### Feedback received

- Deep Dive participants recognised the obvious importance of safety but, like in many other engagement forums, considered this a given or hygiene factor. They understood safety as a key regulatory licence obligation.

## 7. High Energy User Forum



### Feedback received

- These customers gave safety a lower priority than others. The discussion suggested it is important but considered a hygiene factor.
- Some mentioned the risks to the safety of their own staff and customers if the electricity supply is disrupted.

## 8. Business as usual engagement



### Feedback received

- In the annual RepTrak survey, Stakeholders indicated that remaining focused on safety was one of the most important factors for Endeavour Energy to continue with.





- Customers want a safe and reliable supply of electricity at an affordable price. They also want to help themselves by understanding what they can do to manage and reduce their bills.
- Affordability became an increasingly important issue for customers over the course of our engagement activities as the economic environment changed, with customers wary of increasing pressure on the cost of living and cost of doing business and stakeholders expressing particular concerns about the cumulative impact of energy costs outside of Endeavour Energy's control, including inflationary pressures on the AER's RoR framework, wholesale market volatility and costs associated with the NSW REZs.
- Despite this focus on affordability, customer preferences still suggested support for a small increase in costs that targeted the outcomes they valued most, including access to new technology to help them save money, with a view that these would improve services and reduce costs in the longer term.
- Stakeholders were more reticent, urging Endeavour Energy to find ways to limit spending to meet customers' expectations.

## 1. Exploratory focus groups



### Feedback received

- Customers want access to reliable, affordable energy. Most would like to reduce their electricity bills in the context of cost of living expenses and are conscious of trying to reduce their consumption where possible without impacting their lifestyle (such as not using air-conditioning on hot days).
- While affordability was important (particularly in the face of additional financial pressures during COVID-19 lockdowns), most customers were not willing to compromise reliability to save money.
- The core services most highly valued (and prioritised) were reliability, restoring power after emergencies and network efficiencies, including the development of new technologies that will ultimately save money. The core services least valued were answering emergency telephone calls within 30 seconds, fast-tracked connections/disconnections, meter reading and streetlights.
- Vulnerable customers and some SMEs were more likely to prioritise affordability over reliability.

## 2. In-language CALD engagement



### Feedback received

- Affordability was a key priority for participants across all in-language aspects of the engagement program.
- During the in-depth Vietnamese engagement, affordability was mentioned first when discussing electricity. The participants (both residential and business owners) reported experiencing a significant increase in their electricity bills. They expect the operational costs to be affordable (only steady price rises are acceptable) and that Endeavour Energy should manage the network to reduce long-term costs.
- CALD participants in the quantitative survey (conducted in English) were also more concerned about affordability than others, as they were more likely to:
  - be concerned about being able to keep their house cool in summer and warm in winter (50% v. 41%) than other participants
  - give a higher priority to future services that help customers save money by adjusting when they use energy (79% v. 71%).

## 3. Quantitative study



### Feedback received

- The cost of electricity is one of the most concerning issues for residential customers, and the majority are more concerned than they were 12 months ago.
- Helping customers save money was the most important future service that customers sought from Endeavour Energy.
- Managing the network efficiency is a key driver of customer opinions of Endeavour Energy.



Stakeholder Deep Dive, July 2022



## 4. Customer Panel



### Feedback received

- At the start of the engagement (April 2022), affordability was the focus, but most customers were best described as being 'mindful' to do what they could to reduce their energy bills, as opposed to 'concerned' about them.
- Affordability became an increasingly important contextual issue during the engagement amid increasing electricity prices and rising cost of living concerns more broadly, especially fuel, interest rates and groceries.
- At the end of Wave 3 of the deliberative forum engagement, around two-thirds of all participants (56% of residential participants and more than nine in 10 SMEs) indicated they would prefer Endeavour Energy deliver long-term improvements in services at an average cost of \$10 per year, with the remainder keen to see the current level of service and cost maintained. Those under financial pressure were more likely than others to support additional investment in this area.
- Support for long-term improvement at higher cost was primarily driven by perceptions that the amount required was relatively small, would reduce the risk of fire and outages and would save customers money in the long-term while ensuring the network remained match fit in the face of increased demand. Those preferring to maintain the current approach felt the service improvement promised was insufficient to justify additional costs.

### Key statistics

- A total of 66% of Customer Panel members would prefer long-term service improvements, but at a higher cost, adding about \$10 to their bill for five years (an increase of \$50 in total).
- There was the highest level of support for improved services from SMEs and participants in Wollongong, the South Coast and Shoalhaven.
- Innovators and residents of Southwest Sydney and the Southern Highlands were more likely to support maintaining the status quo.
- CALD and First Nations people participants were slightly more likely than others to support a deterioration of service and a deferral of cost.

*'As a general principle, we need to keep investing in new technology and not rely on failing, outdated infrastructure... but the problem is that this cost increase can be never-ending'.*

**(Residential, high-energy user, South Coast)**

*'I am happy to pay a little extra for the electricity network per year to keep it in good order (this will result in lower electricity prices over time)'.*

**(Residential, First Nations people, innovator, South-West Sydney)**

*"The trade-off was pro-activity for management of disasters, improved infrastructure etc., for less increase of costs. I found the question around choosing to be more proactive for disasters very difficult to answer and I'm on the fence as I think, long-term, perhaps the additional \$7.50 increase isn't that bad'.*

**(SME, impacted by bushfires, South-West Sydney)**

*'Costs played a big part in my decisions, and I made the investment decision based on what would be good for my family and new development that may occur'.*

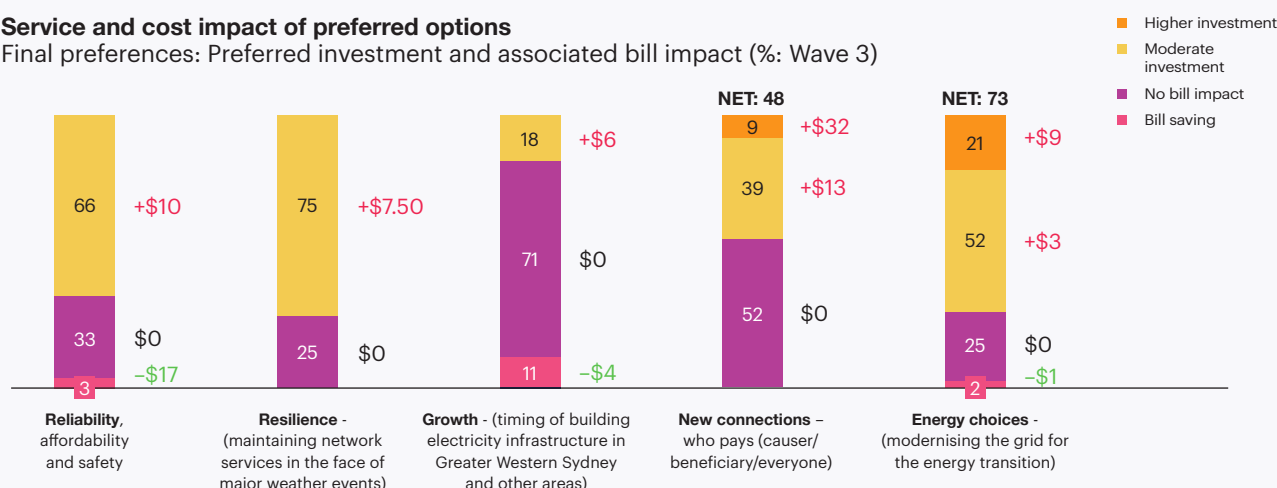
**(General residential, high-energy user, South-West Sydney)**

*'I believe that I can handle the price rise, but it would also be important to me that the new equipment would eventually reduce my bill and that it would last longer than the current equipment'.*

**(Residential, under financial pressure, South Coast)**

### Service and cost impact of preferred options

Final preferences: Preferred investment and associated bill impact (%: Wave 3)





### 5. Local Council Workshops



#### Feedback received

- Affordability is a 'top-of-mind' concern for Council stakeholders. Councils are keen to ensure they receive the services they rely upon for the lowest possible cost. Many noted this has become increasingly important in recent times as they see other costs or expenses increase.
- However, at the same time, Councils are very interested in new or different services or technology options Endeavour Energy might be able to provide, particularly when these could help Councils meet their sustainability goals and obligations. Many expressed a willingness to pay more to access these services or technologies.
- When tariffs for street lighting were raised, Councils expressed a desire for greater simplicity and transparency and expected to see a decrease in maintenance costs as a result of the upgrade to LED luminaires.
- Councils found it difficult to comment on specific proposals without a very clear indication of what these changes would mean for them financially.
- Quarterly energy forums held in Greater Western Sydney confirmed Council interest in ways to reduce their energy bills.

### 6. Stakeholder Deep Dives



#### Feedback received

- Stakeholders who attended the Deep Dives were acutely aware of cost of living pressures and wanted to understand how broader contextual challenges are being factored into Endeavour Energy's long-term plans.
- Some participants expressed the view that perhaps Endeavour Energy can do some things better or work smarter to deliver improvements for customers. In this context, stakeholders wanted to know what efficiencies Endeavour Energy had considered and if existing budgets could be re-prioritised to meet customer needs, as opposed to adding in new costs.
- Overall, it was clear Deep Dive participants were looking for Endeavour Energy to balance short- and long-term objectives in order to keep costs low while also preparing adequately for the future.

#### Key statistics

- A total of 61% of Deep Dive participants wanted Endeavour Energy to maintain the current level of services and costs.
- Only 35% supported an improved service at a higher cost.

### 7. High Energy User Forum



#### Feedback received

- Affordability is considered a core competency rather than a service. It is assumed and expected that they are paying no more than necessary for the safe, reliable and secure electricity they use.
- Efficiencies are important and high-energy users want to work with Endeavour Energy to explore ways to do things more efficiently and use new technologies such as demand response and distributed energy resources to reduce their energy costs.
- They value reliable service and tend to focus more on the costs incurred when supply is disrupted, both in terms of financial impacts and the impact on their ability to meet their commitments to their own customers. Without electricity, mining and manufacturing, healthcare, telecommunications and transport can be compromised and the safety of staff and customers can be put at risk.

### 8. Business as usual engagement



#### Feedback received

- RepTrak community surveys show that delivering safe, reliable and affordable supply of energy is a top three priority, alongside responding quickly to natural disasters and providing timely and accurate information in relation to outages.



- Customers and stakeholders broadly told us they are comfortable with the current levels of reliability we provide. In principle, most would prefer the same level of reliability that they experience now at a similar cost.
- However, many customers indicated a preference to invest in long-term improvements in service reliability, with many mindful that others in worst-served areas at the edge of the grid sought improved reliability.
- Stakeholders preferred that Endeavour Energy maintain or seek to improve reliability through operating efficiencies rather than increased investment.

## 1. Exploratory focus groups



### Feedback received

- Reliability is highly valued. Most customers are satisfied with the current number and length of outages they experience.
- Those in peri-urban areas are less satisfied and appear to have more outages as a result of storms and other natural disasters, as well as planned outages for repairs.
- Vulnerable customers were more likely to prioritise affordability over reliability, though reliability remained important.

## 2. In-language CALD engagement



### Feedback received

- Residential customers from Vietnamese- speaking backgrounds in both the exploratory and in-depth in-language engagement prioritised reliability above all other services provided by Endeavour Energy. Most felt that a reliable supply of electricity was very important to their lives, work and study. Any unplanned disruption was viewed as having a major impact on their lives – business cannot keep their food safe, people working from home cannot perform their tasks, mothers cannot cook food for their children, etc. A small majority favoured improving long-term service outcomes with a small price increase over maintaining current service levels with no change in price.
- Assyrian community participants were more likely to prioritise affordability over reliability, though reliability remained important.
- In the quantitative survey (in English), concerns about being able to afford to pay electricity bills were largely consistent between the overall sample and participants identifying as having a CALD background.

## 3. Quantitative study



### Feedback received

- Reliability was the most important priority among the services Endeavour Energy currently provides but is not something participants were generally concerned about.

## 4. Customer Panel



### Feedback received

- Most customers have little or no experience of outages and are comfortable with current levels of reliability.
- In principle, most would prefer the same level of reliability as they have now at a similar cost.
- However, note that those living at the edge of the grid were more concerned about current levels of reliability and, in principle most felt everyone in the catchment should have the same level of reliability.

### Key statistics

- In principle, **80%** of Customer Panel members wanted to maintain their existing level of reliability at the same cost as today.
- When considering preferences with indicative costs, 66% of Customer Panel members supported long-term service improvements at the higher cost. This was highest among SMEs (92%); those living in the Wollongong, Illawarra and South Coast areas (76%); and those under financial pressure (70%).
- In principle, **5%** said they'd prefer a lower level of reliability and a decrease in Endeavour Energy's part of their bill. This was higher in South Western Sydney and the Southern Highlands and among SMEs and customers with CALD or First Nations cultural backgrounds.

*'Everyone deserves reliable energy, no matter where they live, how they live or how much they are willing to pay for it'.*

**(Residential, under financial pressure, high-energy user, North West Sydney)**

*'People often make informed decisions to live in areas on the fringe, and lower service levels are part of this decision process. While it would be wonderful to offer everyone the best available power generation system, the cost pressure it puts on everyone must be taken into consideration. This cost may be in higher prices or cost-cutting in other areas, which will lessen the quality or safety of the system as a whole'.*

**(Residential, high-energy user, South Western Sydney)**





### 5. Local Council Workshops



#### Feedback received

- As essential service providers and leaders in emergency response, Councils view reliability as critical. The importance of reliability and resilience was brought home during recent bushfire and flood events, especially given the impact of a loss of power on telecommunications, water and sewage pumping and access to money, food and fuel.

### 6. Stakeholder Deep Dives



#### Feedback received

- As noted above, Deep Dive participants were keen to understand how Endeavour Energy intends to strike a balance between affordability, reliability and safety.
- Feedback provided centred around 'doing more for less' and efficiency gains over new investments.
- Participants shared a firm view that Endeavour Energy must invest at the right time and everyone should benefit.
- Additionally, where investments are made, they should focus on improvements for customers who are already experiencing reliability issues at the edge of the grid.

### 7. High Energy User Forum



#### Feedback received

- Reliable electricity is a non-negotiable critical business input for high-energy users. Without electricity, business losses mount quickly, and the safety of staff and customers is compromised.
- While they consider increasing pressures on the electricity supply a result of growth, climate change impacts and new technology, they expect the current level of reliability to be maintained.

### 8. Business as usual engagement



#### Feedback received

- RepTrak community surveys showed that delivering a safe, reliable and affordable supply of energy is a top three priority, alongside responding quickly to natural disasters and providing timely and accurate information in relation to outages.



Future Grid workshop, June 2021



- Customers and stakeholders are keenly aware of the growing risk that climate change-induced weather events, such as extreme heat, bushfires and floods, pose to their electricity supply and to community wellbeing.
- Both customers and stakeholders favoured Endeavour Energy taking a more proactive approach to maintain network services in the face of major weather events (recognising that some resilience initiatives will always be responsive in nature) and working more closely with government, other utilities and communities to improve community resilience overall.

## 1. Exploratory focus groups



### Feedback received

- Participants generally viewed resilience as being more about the quick restoration of their energy supply than about climate change.
- Climate change and increasing extreme weather events are considered 'a given' and certainly a reason to prioritise investment in this space. Customers had not previously thought about this issue or who would pay. Some think the cost of responding to emergencies, in general, is paid for by governments and had not made a connection to increased electricity costs via their bill.
- Concern was higher among innovators and lower among SMEs though both expected that ensuring the network was fit-for-purpose was largely BAU for a network.
- Customer feedback throughout and following major events in the lead-up to this Regulatory Proposal also indicated a very high dependence on electricity to ensure access to the fundamentals of life, including fuel, food and telecommunications. It meant that resilience was top-of-mind for many customers during engagement sessions.

## 2. In-language CALD engagement



### Feedback received

- CALD participants in the quantitative study (conducted in English) were more likely to be concerned about climate change (51% v. 43% of those not CALD) and the impact of extreme weather events such as heat waves and cold snaps (48% v. 40%), bushfires (38% v. 30%) and drought/water supply (43% v. 32%).
- Discussions in in-language engagement suggested that resilience is primarily viewed through the lens of safety and reliability, with the latter considered very important, especially among small business participants.

## 3. Quantitative study



### Feedback received

- Being proactive to strengthen the electricity network to deal with an expected increase in major weather events was in the top seven issues of importance for customers.
- SME customers considered undergrounding of power lines to minimise the risk of bushfires and outages to be the most important factor in their future services. They also placed more importance on strengthening the network in regions facing increasing major weather events to improve resilience.

## 4. Customer Panel



### Feedback received

- There was strong interest in the issue of resilience, and many were acutely aware of issues related to bushfires and flooding, with some having been personally affected.
- Endeavour Energy was perceived as having done a good job in the way it has responded to and restored power after major weather events to date, with most saying it was either in line with or had exceeded expectations.
- In future, participants felt priority should be given to providing back up power to critical infrastructure such as mobile phone towers, as well as taking actions like the use of concrete poles and covered conductors to reduce bushfire risk.
- They noted that all three tiers of government and individual customers have a role to play in increasing resilience and reducing risk.

### Key statistics

- At the end of engagement, around **three-quarters of all participants said they would prefer Endeavour Energy take a mix of proactive and responsive approaches to maintaining network services in the face of major weather events** at an average cost of \$7.50 per year.
- The remainder said they would prefer no increase in costs and accept some declining levels of service.
- Those who favoured more proactive approaches felt the sum was relatively small, prioritised safety and would save customers money in the long term; those who wanted to maintain the current approach felt the cost was too high and there was an insufficient personal benefit.
- Customer Panel members felt taking action to improve network resilience in the face of increasing weather events was a key overall priority for Endeavour Energy in developing its Regulatory Proposal.
- **Putting costs aside, it was the second most important priority**, following action on safety, affordability and reliability.
- **With all costs taken into account, it was the second most important priority**, after supporting an accelerated energy transition.



*'If it does only cost the consumer \$7.50/year, it seems an obvious choice to go the proactive route. At that price, it would certainly outweigh the potential cost'.*

**(Residential, under financial pressure, South Western Sydney)**

*'It is important to be proactive given major weather events are occurring at a higher and more regular frequency... \$7.50 each year is a small cost that would pay its return tenfold'.*

**(SME, First Nations people, South Coast)**

*'The electricity bills are already so high due to the circumstances in the past two years. We don't want to pay any additional cost on top of that. I think the government should take care of all these expenses'.*

**(CALD, high-energy user, South Western Sydney)**

*'An in-between option would be the best as obviously any increase in costs of already expensive but absolutely essential utility services like electricity is not preferable. Therefore, a fine balance between a proactive and a reactive approach would be the optimum solution at this stage'.*

**(Residential, CALD, high-energy user, North West Sydney)**

### 5. Local Council Workshops



#### Feedback received

- Councils placed a high value on resilience. Many noted they had seen first-hand the need for greater emphasis on resilience in recent times due to their direct experience of repeated floods, record heat and catastrophic bushfires.
- Councils noted the important role they play in emergency management and providing essential services to their constituents. This sharpened their focus on resilience.
- Councils asked Endeavour Energy to work closely with them to ensure any future resilience plans dovetail with their own resilience plans (e.g., share the location of key Council sites that must have power maintained or restored quickly in the event of an outage or natural disaster).

### 6. Stakeholder Deep Dives



#### Feedback received

- When it came to resilience, the preferences of Deep Dive participants and Customer Panel members were very closely aligned.
- Deep Dive participants noted they were looking for Endeavour Energy to act quickly to ensure **a more proactive approach to resilience**, particularly for its most vulnerable customers.
- They also noted they wanted Endeavour Energy to consider the extent to which recent experiences with floods and risk of outages had impacted Customer Panel views.

#### Key statistics

- **A total of 81%** of Deep Dive participants wanted Endeavour Energy to take a more proactive approach to maintain network services in the face of major weather events at an increasing cost to customers.

### 7. High Energy User Forum



#### Feedback received

- Resilience was a strong theme among participants. They clearly see climate-related threats and want to know what Endeavour Energy is doing to address them.
- The desired response includes infrastructure investment (such as undergrounding), new technologies (such as microgrids), improved communication around outages and greater collaboration (such as sharing generators).

### 8. Business as usual engagement



#### Feedback received

- State of the Network forums revealed that the first-hand experience of natural disasters had increased interest in resilience, particularly how Endeavour Energy can prepare in advance to minimise impacts.
- Regional energy forums with local councils also welcomed collaboration with Endeavour Energy to help communities prepare, respond and recover from natural disasters and help manage interruptions to community infrastructure.



- Customers acknowledge that growth is inevitable and must be serviced in a timely manner. This means building infrastructure at the same time as other utilities at a steady cost.
- There were mixed views from customers on how this growth should be funded by existing and newly connecting customers. A slight majority of the Customer Panel preferred the 'causer pays' option with nil impact on their own bills, largely because they did not want to pay for something they would not personally use. There was also concern that developers would not be obliged to pass on savings to newly connecting customers, which would result in greater equity for all.
- A clear majority of stakeholders preferred that Endeavour Energy maintain the existing 'causer pays' approach, considering this in the best interests of customers.

## 1. Exploratory focus groups



### Feedback received

- Catering for growth was not a high priority as most had limited first-hand experience with connections.
- The expectation was that those who want to connect would be able to do so in a timely manner, but this is not an urgent issue for these participants.

## 2. In-language CALD engagement



### Feedback received

- In-language engagement with Vietnamese customers suggested they put a higher priority on prompt connections and disconnections (rating in the top five current service priorities)
- CALD participants in the quantitative survey (conducted in English) also gave higher priority to prompt connections and disconnections than other residential participants (15% v. 10% selecting this in the top three current services provided).
- CALD participants in the Customer Panel (conducted in English) were equally split between a 'causer' or 'beneficiary' pays approach to funding new connections.

## 3. Quantitative study



### Feedback received

- Facilitating growth ranked as a mid-level priority among both residential and SME customers.

## 4. Customer Panel



### Feedback received

- **Three-quarters of residential and around two-thirds of SME participants said they would prefer Endeavour Energy to invest in the infrastructure required for the economic development of Greater Western Sydney and other areas at the same time as gas, water and roads are being built, just in advance of growth and at a steady cost to customers.**
- There were several reasons they preferred this option. Firstly, most considered it a reasonable approach that would enable electricity supply to be available when needed with less cost pressure. Some referred to previous situations where new communities had been developed without the sufficient infrastructure in place and were keen to avoid this. Secondly, it seemed logical to install all utilities at the same time.
- Although most did not want to spend any more than necessary earlier than necessary, almost a third of SMEs and one in seven residential participants said they would prefer Endeavour Energy build electricity infrastructure in advance to boost the economic growth of our regions at the cost of \$6 per year.
- Just over 10% said they would prefer it build electricity infrastructure only when 100% certain it is needed, with a potential short-term bill decrease of \$4 per year, but most were concerned that this option might impact the reliability experienced by existing customers.
- Some said they would prefer an option between 'just in advance of growth' and 'well in advance of growth'.
- Customers have mixed views over who should meet the costs associated with new connections. In all cases, customers were considering which approach would be the 'fairest' from their own perspective.
- A slight majority of all participants preferred the 'causer pays' option with nil impact on their own bills by having new customers pay more compared to existing customers. Many commented that they did not want to have to pay for something they would not personally use and that new homebuyers and developers are more able to afford the cost in the context of overall housing prices. This is the status quo.
- Just over one-third of participants preferred no cross-subsidy between new customers and existing customers, with both benefitting ('beneficiary pays') and paying at a cost increase of \$13 per year in the short term. Customer Panel members felt it represented 'the middle ground' or a 'win-win for all'. This is the AER's preferred option and the approach taken by several other networks.
- **A key issue in decision-making was a sense that lower costs imposed on developers would not be passed on to those buying homes as they would sell at a price the market would bear.**
- **Putting cost aside, action on growth (both in relation to the timing of infrastructure and who should pay for it) was considered the lowest priority for the Customer Panel.**





### Key statistics

- Almost 70% of participants want Endeavour Energy to build electricity infrastructure **at the same time** as gas, water and roads are being built, just in advance of growth
- SMEs were more likely to vote to build electricity infrastructure **in advance** to boost the economic growth of our regions.
- Views on who should pay for new connections were mixed, with a slight majority preferring the status quo.

*'The infrastructure will have to be built sooner rather than later, and then everyone is playing catch up. Forward-planning and estimations of what might be needed in the future should be paramount. The mention of data centres just goes to prove why investment in that area should be undertaken now rather than in the future'.*

**(SME, Impacted by the floods, North West Sydney)**

*'I feel that building infrastructure in advance is definitely the way to go. This would ensure that all future needs are covered. It also covers the needs of the large number of customers who will move into the area in the future. It would also ensure the best economic outcome for growth in the area'.*

**(Residential, innovator, high-energy user, North West Sydney)**

### Who pays

*'I think the cost should be spread across the network. With more customers connecting and contributing, the pay-off will happen over time'.*

**(SME, high-energy user, South Coast)**

*'For me, as a pensioner, \$32 is a surprisingly significant amount, especially when added to the previous increases we've discussed. I think the cost should be borne by both parties'.*

**(Residential, under financial pressure, North West Sydney)**

*'I think this is the best option overall and is fair to the existing customers. The overall impact is minimal to existing customers. It is keeping the cost of new homes as low as possible, especially when interest rates are increasing'.*

**(Residential, innovator, high-energy user, North West Sydney)**

## 5. Local Council Workshops



### Feedback received

- Participants from Greater Western Sydney noted that the high levels of growth expected in the region over the coming years presented a unique opportunity for Endeavour Energy to work with Councils and developers to ensure new technologies like EV charging stations, batteries and microgrids could be put in place as early as possible to ensure maximum benefit.

## 6. Stakeholder Deep Dives



### Feedback received

- Stakeholder views closely aligned with the Customer Panel, with stakeholders slightly more likely to prefer Endeavour Energy build electricity infrastructure at the same as time gas, water and roads, just in advance of growth.
- Similar to the Customer Panel, Deep Dive participants told us they preferred the 'just in advance' approach as it would ensure electricity supply is available when needed and infrastructure keeps pace with demand while also keeping costs down.
- Stakeholders were more likely than Customer Panel members to prefer Endeavour Energy take a 'causer pays' approach. Stakeholders' preferences (and a small majority of the Customer Panel) were aligned with Endeavour Energy's Preliminary Proposal.
- Deep Dive participants who preferred a 'causer pays' approach felt this would encourage the most efficient use of the network and the best outcome for customers.

### Key statistics

- A total of 81% of stakeholders preferred that Endeavour Energy build electricity infrastructure at the same time as gas, water and roads, just in advance of growth.
- A total of 74% of stakeholders preferred a 'causer pays' approach to funding new connections.
- No stakeholders voted for an 'everyone pays' approach.



### 7. High Energy User Forum



#### Feedback received

- High energy users were interested in working with Endeavour Energy in planning for future growth so they have greater clarity and input into network expansion plans.
- They also want the opportunity to identify ways to use the network more efficiently to avoid costs.

### 8. Business as usual engagement



#### Feedback received

- Customers attending State of the Network forums sought assurances that power will be available when and where they want it to enable expansion plans. They want Endeavour Energy to meet the increased demand for large new energy users such as data centres in a targeted way.
- In terms of effectiveness, customers rated Endeavour Energy most positively for building and maintaining the electricity network and responding quickly to natural disasters in RepTrak community surveys.



Greater Western Sydney local government workshop, June 2022



- Customers and stakeholders are keen to be involved in the transition to a low-carbon economy and want Endeavour Energy to take steps to prepare for an accelerated transition, with customers considering further significant take-up of solar panels, EVs and batteries.
- Customers aspired to the energy transition delivering a win-win outcome: a cleaner environment while also achieving personal savings through smarter, more efficient technologies and greater choice and control of their energy usage.
- Therefore, there was an expectation that Endeavour Energy increase its focus on technological innovation and implement smarter ways of serving customers and communities.
- Stakeholders were mindful of meeting customer expectations to generate and share their energy with minimal limitations on the uptake of DER to support a low-carbon future and customer energy savings. Stakeholders were also concerned about the impact the transition to large-scale renewable generation across NSW would have on electricity bills and the need to support the transition to DER in a fair and equitable manner for all customers

## 1. Exploratory focus groups



### Feedback received

- Customers would like to keep their options open when it comes to engaging with electricity and be able to choose whether to 'set and forget', get more involved or indeed dip in and out of that direct control when they need to (such as increased cost pressures during COVID-19).
- They want access to the tools and data that help them make decisions. The Future Grid is most relevant to consumers if it directly benefits them by reducing costs, increasing reliability and/or reducing emissions.
- Customers felt Endeavour Energy should be responsive to the energy transition underway and act to ensure they are not responsible for holding up the introduction of the services customers are looking for.

## 2. In-language CALD engagement



### Feedback received

- Participants in the CALD in-language engagement were already doing, or very likely to in the future, monitor their energy consumption, install solar panels, export their excess energy back to the grid and/or explore the benefits of home batteries.
- Despite this interest in reducing the costs, the majority opted for a gradual transition as they considered much high-end technology, such as EVs, as unaffordable and inflexible.
- In exploratory research, residential Vietnamese participants expressed greater interest in community batteries, with digital security being of higher importance to Assyrian participants.
- In the English-language quantitative study, those with CALD backgrounds were more likely than other residential customers to be interested in researching, trialling and installing new technologies such as batteries to improve the efficiency of infrastructure investment where possible, helping contribute to long-term affordability of electricity bills. They also gave higher priority to Endeavour Energy providing future support for solar panels, EVs and electricity trading than other segments.

## 3. Quantitative study



### Feedback received

- Customers were interested in technology primarily as a way to help them save money, with access to usage data a top three priority and the ability to export as much energy as they want to the grid ranking as the fifth priority.
- Residential customers were equally likely to get a battery as they were solar over the next 12 months (13% to 14%)



### 4. Customer Panel



#### Feedback received

- The majority (73%) of participants, including 84% of SMEs and over two-thirds of residential customers, want Endeavour Energy to modernise the network in preparation for either a rapid (very fast) or accelerated (fast) energy transition to accommodate future customer expectations as technology and markets evolve.
- Of the Customer Panel, 21% who opted for a rapid transition, including increased network capacity and extensive trials, described the cost of \$9 a year as a relatively small cost and felt it was outweighed by the potential benefits of lower bills, more choice and improved access to the network. They did not want to risk constraints and potential blackouts, and felt that urgent action was required now to tackle climate change.
- The majority (52%) who preferred an accelerated transition with limited trials and a smaller cost increase of \$3 a year considered this as a more prudent and pragmatic approach that balances innovation and bills, particularly in the face of higher cost of living pressures.
- Just 2% of participants selected the lowest cost option of a stalled energy transition and 25% opted for a gradual change that delivers some benefits without increased bills. These customers did not think that the case for further spending had been sufficiently made, especially in relation to trials.
- Putting cost aside, action on this issue was considered the second highest priority behind resilience among those whose preferences totalled a modest increase (up to \$10) in electricity bills per year.

#### Key statistics

- A total of 73% of participants, including 84% of SMEs and almost four-in-five residential customers, want Endeavour Energy to modernise the network in preparation for either a rapid (very fast) or accelerated (fast) energy transition.
- No participants selected the lowest cost option of a stalled energy transition.

### 5. Local Council Workshops



#### Feedback received

- Councils were very keen to understand more about how they could partner with Endeavour Energy to meet their sustainability goals; new or evolving technology options like community batteries, virtual power plants (VPPs) and EVs were all considered an important part of this.
- Many were surprised by the trials or innovations Endeavour Energy were pursuing.

### 6. Stakeholder Deep Dives



#### Feedback received

- Stakeholders were more likely than Customer Panel members to prefer Endeavour Energy's plan for a rapid energy transition, the fastest and most ambitious of the four options presented.
- Comments from Deep Dive participants suggested they consider a rapid energy transition inevitable and, similarly to the Customer Panel, they do not want the grid to act as a barrier to the take-up of new technologies.
- The lack of certainty about the future highlighted the importance of data-driven insights and innovative and dynamic approaches to planning.

#### Key statistics

- A total of 64% of stakeholders want Endeavour Energy to plan for a rapid energy transition.
- A total of 32% voted for an accelerated transition.
- Similar to the Customer Panel, no stakeholders voted for a stalled energy transition.

### 7. High Energy User Forum



#### Feedback received

- Full engagement as a trusted partner in navigating the future is the preferred position of high energy users. They do not want to be blindsided by risks or miss out on opportunities to benefit from the energy transition.
- Endeavour Energy is expected to be an enabler of how they will engage in the Future Grid.

### 8. Business as usual engagement



#### Feedback received

- State of the Network forums revealed a keen interest in ensuring the future growth of Greater Western Sydney via enabled choices such as EVs and industrial solar. This is considered a requirement of a future city.
- RepTrak community surveys showed that 60% of customers believe it is very important for Endeavour Energy to focus on designing renewable energy solutions and planning the transition to a low-carbon environment.





- Customers were supportive of cost-reflective tariffs in principle and keen to have more control over their bills and opportunities to save money. But when deciding whether cost-reflective tariffs should be mandated or opt-in, views were mixed, with 60% of the Customer Panel preferring an opt-in approach due to concerns regarding customers' ability to respond to tariffs and most felt a transition period and appropriate education would be important.
- While customers appreciated the challenge that solar exports present to network stability and customer equity, they did not want solar customers to be limited in the amount of excess solar energy they could export back to the grid, both because they believed individual customers should benefit from the solar technology they invested in and because renewable energy has an environmental (and potential cost) benefit for all. There was a clear preference for an opt-in approach to solar export tariffs to allow solar customers to adjust to them.
- Stakeholders were strongly supportive of expanding a cost-reflective approach to include a solar export tariff (with charge and reward windows) and new cost-reflective tariffs for new technologies like EVs, grid-scale and residential batteries, dynamic controlled load and embedded networks. They were also more supportive than customers of mandating cost-reflective tariffs.

## 1. Exploratory focus groups



### Feedback received

- There was strong support for the ability to save money by changing behaviour.
- Those who were aware of different types of tariffs questioned whether retailers would pass on the price signals and the value of Endeavour Energy engaging on these issues.
- In the context of discussing demand management, financial incentives were enthusiastically supported by most.

## 2. In-language CALD engagement



### Feedback received

- Topic not explored in detail in-language
- In the English-language Customer Panel, those from CALD backgrounds mostly supported an opt-in rather than mandated a approach to cost-reflective tariffs.
- In the quantitative study (conducted in English), helping customers save money by adjusting when they use energy was the top priority among CALD customers, in line with most other customer segments.

## 3. Quantitative study



### Feedback received

- The complexity of tariffs meant this topic was unable to be meaningfully explored through a large-scale quantitative study.

## 4. Customer Panel



### Feedback received

- In principle, almost 90% of customers would choose a cost-reflective tariff for their household or business over a flat tariff, because it would give them more control over their bills and opportunities to save money.
- However, when deciding whether cost-reflective tariffs should be mandated or opt-in, the majority (60%) favoured an opt-in approach ahead of mandating cost-reflective tariffs for either new or upgrading customers (24%) or all customers with the enabling technologies (17%). This view was largely consistent across residential and SME customers.
- Participants wanted to have freedom of choice in how they used energy and were concerned that some people (e.g., working families) would not be able to change their behaviour and would be worse off. They hoped that education would mean people would ultimately choose cost-reflective tariffs as a way to save money.
- The fifth in favour of a mandate for all customers focused on fairness and equity liked that those using the most energy would pay more and that tariffs would incentivise behaviour change and enable more urgent action to support grid stability and address climate change.
- There was also a clear preference for an opt-in approach to solar export tariffs. There was strong negativity towards a mandate, especially among residential customers and concerns that solar customers would be 'penalised' after having 'done the right thing' and invested in solar.
- The 28% of participants who preferred a mandate for all solar customers wanted those with solar to be responsible for the impact of their generation and export activities on the network. However, we note that some were concerned that incentives or subsidies to purchase batteries should be made available to support this.
- Support for deferring the introduction of a solar export tariff until at least the next revenue reset period more than doubled between June and September to almost 20%.



### 5. Local Council Workshops



#### Feedback received

- For Councils, cost were the most important factor in any conversation about street lighting tariffs.
- Participants also prioritised simplicity and ease of billing. Transparency was critical in this regard. However, stakeholders did note that the success of a simplified or rationalised price models would rely heavily on whether or not they actually deliver lower prices.
- There was a strong interest in hearing more from the AER about how the Regulator could assist with the regulation and management of street lighting. This was often raised in the context of a desire for simpler and easier processes or procedures.

### 6. Stakeholder Deep Dives



#### Feedback received

- Three-quarters of Deep Dive participant stakeholders were supportive of a mandated approach to cost-reflective tariffs for either all or new and upgrading customers.
- Fewer than one-third of Deep Dive stakeholders preferred to allow customers to opt-in compared to almost half of the Customer Panel.
- The principal reason given for supporting a mandate for all customers, or new or upgrading customers, to adopt cost-reflective tariffs was to drive behaviour change and, in turn, more efficient use of the network. The main reason to support the opt-in approach was concern about both residential and business customers being unable to change their energy use profile.
- However, there was some debate among stakeholders about whether these tariffs would or must be passed on to customers by retailers, how Endeavour Energy could overcome low levels of smart meter penetration to enable such tariffs to be widely used and how tariffs could best be structured to accommodate EVs in an equitable way.
- Stakeholder views were consistent with the Customer Panel, with both preferring an opt-in approach to solar export tariffs, though one-third preferred mandated export tariffs compared to a quarter of Customer Panel members. Support for an opt-in approach aligns with Endeavour Energy's position in the Preliminary Proposal.

#### Key statistics

- A total of 46% of stakeholders want Endeavour Energy to mandate the take-up of cost-reflective tariffs for all customers who have the enabling technology.
- A total of 57% of stakeholders want opt-in tariffs for customers with solar to reflect both the positive and negative impacts they have on the whole grid.

### 7. High Energy User Forum



#### Feedback received

- High energy users believe tariff reform is needed to incentivise DER and demand response.
- Some felt that Endeavour Energy was falling behind its peers in tariff reform and want to see more progress in this to help them prioritise investment in more sustainable technologies and help them save money.

### 8. Business as usual engagement



#### Feedback received

- Retailers prefer the simplicity of tariffs and consistency across states so they can streamline offerings and easily explain them to customers.

# Keeping customers informed



- Keeping customers informed (via multiple channels) of planned and unplanned outages to minimise disruption was identified as a top five priority of customers in our exploratory research, and communication about planned outages was identified as a priority future service by residential and business customers in the quantitative survey. Customers also want improved access to data in general in order to manage their electricity usage and bills more actively.
- Our stakeholders stressed the importance of embedding our improved engagement approach into our BAU activities to improve customer communications and deliver improved customer service outcomes. There is an expectation that Endeavour Energy provides timely and ongoing updates to customers about the electricity industry (especially the NSW Electricity Infrastructure Roadmap costs and wholesale market price increases) so customers remain fully informed as Endeavour Energy continually seeks to understand customer preferences in an evolving environment.

## 1. Exploratory focus groups



### Feedback received

- When outages occur, customers want to see supply restored as quickly as possible and to be kept in the loop on when services are likely to resume.
- Many felt Endeavour Energy should do more to explain who it is and what role it plays, noting that they felt it would be a trusted source of information on what actions they can take to reduce their costs in the context of the energy transition.

## 2. In-language CALD engagement



### Feedback received

- In-language communication is preferred where possible.
- In-language exploratory research participants placed a higher priority on meter readings than other residential customers.

## 3. Quantitative study



### Feedback received

- Keeping customers informed was in the top three priorities for 22% of residential respondents and in the number one priority for 7%. SME participants felt similarly (24% and 6%), respectively.

## 4. Customer Panel



### Feedback received

- Participants said that keeping people informed of when planned outages were happening and how long before power would be restored during an unplanned outage were important for allowing them to decide what actions – if any – they needed to take. SMEs said efforts to ensure planned outages are scheduled outside of business hours were very much appreciated.
- Almost 90% of Customer Panel members either strongly or somewhat supported Endeavour Energy's proposed plan to focus CSIS incentives on improving communication about planned network outages and the overall experience customers have when engaging with Endeavour Energy.

## 5. Local Council Workshops



### Feedback received

- Being less focused on outages, keeping customers informed was a lower-level priority for local government.
- Some Councils were very interested in data and knowing more about how they could work with Endeavour Energy to share data and information to deliver better services.
- Some Councils were keen to learn more about grants or government funding that might be available to help them plant trees and wondered if Endeavour Energy could help share this information.

## 6. Stakeholder Deep Dives



### Feedback received

- Topic not explored during this engagement



### 7. High Energy User Forum



#### Feedback received

- Keeping customers informed of planned and unplanned outages to minimise disruption to operations was a top two priority for high energy users.
- Because of the importance of reliability, high energy users value a 'go to' person who understands the nature of their business, and can be proactive in providing information about planned and unplanned outages and quickly respond to questions.

### 8. Business as usual engagement



#### Feedback received

- Our PCSC supported the transition to a new customer service measurement based on feedback from customers provided during the Voice of the Customer interviews.



Stakeholder Deep Dive, July 2022





- Throughout our engagement, local councils have sought more collaboration with Endeavour Energy on managing severe weather, particularly extreme heat and in taking steps to improve community resilience and accelerate the transition to renewable energy.
- Councils remain committed to and expect our support of their rapid transition to more energy-efficient public lighting technology and creating value for their communities through associated 'smart' services.

### 1. Exploratory focus groups



#### Feedback received

- This topic was not raised spontaneously.
- Maintaining streetlights was generally a low-level priority among focus group participants.

### 2. In-language CALD engagement



#### Feedback received

- In the in-language exploratory research, the importance of good street lighting was higher for in-language participants as it was considered a community safety issue, with street lighting allowing safe driving and walking in the local neighbourhood.

### 3. Quantitative study



#### Feedback received

- This is not considered a high priority as Endeavour Energy is perceived as performing well in installing and maintaining streetlights.

### 4. Customer Panel



#### Feedback received

- Streetlight installation and maintenance was considered a mid-level priority.

### 5. Local Council Workshops



#### Feedback received

- This is a high-priority issue for local councils in Endeavour Energy's service area. [See the summary above.](#)

### 6. Stakeholder Deep Dives



#### Feedback received

- This topic was not explored in this engagement.

### 7. High Energy User Forum



#### Feedback received

- This topic was not explored in this engagement.

### 8. Business as usual engagement



#### Feedback received

- In six monthly meetings with local councils, most have expressed interest in moving to more sustainable, smart LED lighting technologies.

## : 7. How we are responding



Our Draft Proposal provides a detailed breakdown of our plans for the 2024-2029 regulatory period and how these have been informed by the feedback we have received from our stakeholders and consumers.

It identifies two key challenges that have emerged from the engagement program:


1. how to actively support customers to take control of their energy usage and bills through a fair and equitable transition to renewable and decentralised energy, while managing the increasing risks of climate change to the reliable supply of electricity and community resilience
2. providing a value for money service, in the context of increasing energy prices and cost of living pressures, that meets customer expectations and promotes efficiency and innovation.

This does not mean wholesale changes to our Preliminary Proposal, which endeavoured to strike an appropriate balance between these competing priorities, but rather targeted and proportionate changes that recognise the challenges our customers face today. As such, we have:

- revised our Business Narrative to recognise cost of living and cost of doing business pressures as a new external factor and updated our objective to provide a value for money service to customers in balancing our investment drivers
- updated our engagement plan to add a fifth phase in order to 'confirm' our findings to date in an evolving environment; we have also committed to embedding an uplift in BAU engagement activities – the details of both will be co-designed with the RRG

- continued to constrain our capex forecast and committed to further productivity improvements to deliver our service outcome commitments of safety and reliability
- further increased the efficiency in the way we deliver our capex
- made targeted and modest increases to our resilience-related expenditure and proposed an Innovation Fund for resilience, technology and DER-related trials
- used the AER's methodology to develop our DER-related expenditure program and taken a conservative position by not valuing environmental benefits as part of our broader commitment to constraining capex.
- constrained our opex step change proposal to an amount significantly below the range estimated internally and from expert advice
- proposed a tariff assignment policy for our tariff structures and export tariffs that advances cost-reflective tariffs in line with stakeholder feedback; we are taking into account customer concerns about their ability to respond to tariffs and the need for customer education and information.

These responses are summarised against our key findings below and further detailed in the Draft Proposal.



*Western Sydney local government workshop, June 2022*

# How we are responding to each priority area

Priority area	How we are responding
<b>Safety</b> <a href="#">Page 46</a>	<p>Safety is a core element in all forecasts across opex (e.g., maintaining vegetation around assets to reduce safety hazards and interruptions to supply), capex and replacement expenditure, including key investments such as:</p> <ul style="list-style-type: none"> <li>a high-voltage distribution switchgear replacement (MD4) \$39 million planned program across five years to address an increasing customer reliability, collateral damage and public safety risk across parts of the network.</li> <li>a pole replacement \$78 million reactive program over five years to reinforce or replace poles that no longer have a suitable safety factor in the community.</li> <li>major substation circuit breaker and switchgear replacements \$25 million targeting predominately oil-filled circuit breakers within zone substations to manage the reliability, obsolescence and safety risk posed by these units.</li> <li>power transformer replacements \$41 million to replace targeted high-risk transformers based on individual asset health and risk data.</li> <li>oil cable replacement \$39 million to replace, prior to failure, the oil filled cables that support the Parramatta CBD.</li> </ul>
<b>Affordability and value for money</b> <a href="#">Page 47</a>	<p>We are working to balance the feedback we received from customers to invest more in some services with feedback from other stakeholders (specifically the RRG, Deep Dive participants and some high energy users) who urged us to retain affordability as the guiding principle of our Regulatory Proposal.</p> <p>Achieving balance and addressing different perceptions of fairness has been an overarching goal of our engagement program and we recognise this increasing imperative in the face of external factors that are leading to increased energy prices. One example is the material impact on the prices our customers pay from any increase in the AER's RoR in current economic conditions.</p> <p>As a result, we propose minimal but targeted changes to our previously published Preliminary Proposal that keep our bill contribution as low as possible while delivering customer priorities. This would mean a typical <b>increase</b> in our annual prices of \$34 for residential customers and \$61 for the average small to medium business from the end of this current period (FY2024) to the average over the next period (FY2025-29), inclusive of the changes proposed below.</p>
<b>Reliability</b> <a href="#">Page 50</a>	<p>In keeping with our customers' and stakeholders' overall preferences, we are <b>not proposing any increase</b> to our Preliminary Proposal to improve reliability performance. We will seek efficiency and technological improvements within our preliminary forecast to manage the increasingly challenging task of maintaining reliability. This includes targeted investments, for instance, in microgrids and standalone power systems, to support customers in the worst-served areas of our network.</p> <p>We will continue our efficiency program, which has established us as the most efficient electricity network in NSW and the sixth most efficient in the National Electricity Market.</p>
<b>Resilience</b> <a href="#">Page 52</a>	<p>Included in the estimated average annual increase of \$34 per residential customer and \$61 per SME customer outlined above, we are proposing a modest <b>increase</b> from our Preliminary Proposal capex of <b>\$28 million</b> to be spent over the regulatory period on targeted initiatives that improve network and community resilience at locations of elevated risk of adverse impacts from major weather events, including bushfires, floods and storms.</p> <p>In line with customer feedback, this investment will prioritise improved resilience through a combination of network hardening and providing backup power to critical infrastructure and community hubs.</p> <p>We will also continue to engage with Government, think tanks, local councils and community groups on ways to improve community and network resilience, noting that partnerships typically enable innovation and improved customer and community outcomes.</p>
<b>Sustainable growth</b> <a href="#">Page 54</a>	<p>In line with customer and stakeholder feedback, we do not propose to change the contribution policy underpinning our Preliminary Proposal or our approach to supporting network growth. Accordingly we propose to maintain the 'causer pays' approach. Since our Preliminary Proposal was published, we are forecasting additional development activity in our network area over the FY2025-29 period. However, in the interests of maintaining affordability we will judiciously manage this increased demand.</p> <p>Our Connections capex is calculated on the basis of forecast customer growth. We have updated this forecast with the latest available forecast growth. We have also offset this increase with a reduction to our capitalised overheads forecast.</p>



Priority area	How we are responding
<b>Supporting customer choice and innovation</b> <a href="#">Page 57</a>	<p>We maintain our DER expenditure forecast from our Preliminary Proposal based on a Value of DER that is consistent with the AER's guidance and supports a level of investment that meets our customers' expectations and supports AEMO's ISP.</p> <p>Instead, in response to customer priorities, we propose to increase our focus on innovation by <b>establishing an Innovation Allowance of \$25 million</b> (\$20 million capex and \$5 million opex).</p> <p>This fund will be excluded from the CESS and operate in a similar manner to the Demand Management Innovation Allowance but with oversight from a newly constituted customer reference group.</p>
<b>Tariffs</b> <a href="#">Page 59</a>	<p>We will respond to the customer and stakeholder feedback and look to simplify and advance cost-reflective tariff reform for all customers with smart metering. We will work and collaborate with retailers to further understand consumers' concerns about their ability to respond to cost-reflective tariffs and opportunities to improve education as we refine our Final Proposal.</p> <p>We will simplify our tariff strategy and help retailers adopt new tariffs by replacing our Seasonal TOU Demand tariff as the default tariff offering with our Seasonal TOU Energy tariff. We will advance cost-reflective tariff reform by assigning all customers with smart metering to a cost-reflective tariff. To manage the customer impacts of this transition, we propose a two-year transition period. This both manages customer impacts and will provide customers time to better understand the impacts of their electricity usage on their network bill.</p> <p>We will introduce and support retailers adopt an Export and Reward tariff. We propose to offer our 'Prosumer' tariff on an optional basis. Any customer can opt-in to the tariff from 1 July 2024; however, from 1 July 2025, we will place all new and upgrading customers on the tariff as the default. Customers assigned to this tariff will retain the option to opt-out of this tariff offering.</p> <p>We will also look to encourage ongoing efficient use of new technologies with a prosumer reward and tariff structure for customers who adopt new technologies, including batteries and vehicle-to-grid, on an opt-in basis. New tariff structures to efficiently and fairly enable grid and community batteries, embedded networks and scheduled load structures will also be implemented.</p>
<b>Keeping customers informed</b> <a href="#">Page 61</a>	<p>In response to the feedback received, we have developed a CSIS in addition to the current customer service incentive that measures telephone calls answered within 30 seconds, coupled with reliability performance.</p> <p>We propose to add a series of more contemporary customer service measures focused on improving our communication and management of planned outages and incentivising improved customer satisfaction as measured by regular surveys, targeting customer experience in planned outages, unplanned outages and customer contact centre enquiries, while having the flexibility to target developing areas of customer priority.</p> <p>Our ICT investment and Corporate Communications plans look to increasingly improve access to information for customers through our website and via social media channels, enabling customers to make more empowered decisions about their energy usage and choices.</p> <p>We have also committed to embedding our improved engagement approach and to undertake an additional phase of regulatory engagement to confirm the feedback we have received in light of external financial pressures and significant changes occurring in the energy industry.</p>
<b>Smart cities and communities (public lighting/ councils)</b> <a href="#">Page 63</a>	<p>We will continue to partner with the Western Sydney Regional Organisation of Councils on its regular energy forums and plan to expand this approach via a community of practice with all 22 councils across our supply area focused on resilience, sustainability and renewable technologies.</p> <p>We have updated our Public Lighting Model to make it much simpler, more agile and more transparent and make new technology lighting (LEDs) affordable to install and maintain, while also delivering significant energy savings to local councils. Collectively, these changes generally reduce our LED charges relative to old luminaire technologies, further enhancing the cost-saving and decarbonisation benefits councils can achieve in transitioning to LED lighting.</p>

## : 8. Evaluating engagement



Customer Panel online deliberative forum,  
September 2022

# Evaluation approach

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Evaluation has been a core aspect of engagement throughout this program. From the very early stages of co-design, a rigorous evaluation methodology was in place to regularly identify and respond to feedback and to demonstrate quantifiable evidence to the AER and other stakeholders when assessing the quality of Endeavour Energy's engagement.

The evaluation approach sought to genuinely and consistently measure whether our engagement reflects the intent of four key references:

- our engagement goal
- the AER's Better Resets Handbook
- Endeavour Energy's Stakeholder Engagement Framework
- IAP2 Core Values.

Therefore, evaluation has been captured in three streams that combine opinion-based survey metrics and data that detail the scope of the engagement plan. The three streams were:

1. evaluation surveys for each engagement event
2. more detailed quarterly evaluation surveys of the overall engagement approach completed by the RRG
3. collecting of data in relation to the scale of engagement.

Each stream is briefly explained below:

- **Evaluation surveys for each engagement event** – these were short unattributed surveys filled in by participants either at or immediately following each event. The surveys were broadly consistent across different event types and stakeholder groups to provide consistent and easily comparable and trackable results.
- **Quarterly evaluation completed by the RRG** – RRG members completed an attributable quarterly survey to enable a bigger-picture view of the overall engagement program. It enabled Endeavour Energy to be responsive to evaluation and consider adjustments to the program as it progresses. The decision was made to make this survey attributable so Endeavour Energy could follow-up on any issues or suggestions raised by RRG members for further, deeper discussion.
- **Collection of data** – in addition to the above, we collected quantifiable data points to measure the efficacy and scale of the engagement program. This included metrics like the number and variety of engagement events, the number of RRG and PCSC meetings, the number of overall stakeholders consulted, the number of end-users consulted, participation of the Executive Leadership Team and Board, and diversity statistics (where possible).

Together, these three assessment streams provide a rich and detailed summary of the engagement program and can underpin key stakeholders' assessments of Endeavour Energy's approach.

# Engagement by the numbers

## Overall engagement reach



**116**

unique engagement events or opportunities



**1,793**

individuals directly engaged (including customers and stakeholders)



**123**

organisations engaged



**616**

hours of face-to-face engagement, with Board and Executive participation



**2,262**

total hours of face-to-face engagement by Endeavour Energy overall

## Regulatory Reference Group



**13**

RRG members

## AER Consumer Challenge Panel



**7**

informal CCP check-ins

## Peak Customer and Stakeholder Committee



**15**

members



**6**

PCSC meetings



**30**

formal RRG meetings



**23**

informal RRG meetings



**14**

Independent Members Panel meetings

## Business as usual engagement (feeding into the regulatory engagement process)



Number of **RepTrak** surveys and participants

**13** surveys comprising **1,700** customers & **246** stakeholders



**75,134**

Voice of Customer surveys issued to customers (Dec 21 to Aug 22)



**4,940**

Voice of Customer survey responses received (Dec 21 to Aug 22)



**13**

mini deep-dives and individual engagements on subjects determined by RRG members



Greater Western Sydney local government workshop, June 2022



## Online and digital engagement



16 regulatory reset stories posted to LinkedIn with a reach of

**40,075**

6 regulatory reset stories posted to Facebook with a reach of

**41,743**

**Your Say engagement**  
(private RRG page)

**82** newsfeed articles,  
**166** documents and  
**519** downloads

### Newsletters

**4** sent  
**658** opens  
**75%** average open rate

**Your Say engagement**  
(public engagement portal)

**1,400** 'aware visitors'  
**950** 'informed visitors'  
(engaged with material on the site)  
**2,070** downloads  
**1,057** downloads of the Preliminary Proposal

## Customer Panel



**89**

Customer Panel members



**1,513**

hours of Customer Panel engagement



**10,633**

unique responses from Customer Panel members

## CALD and First Nations people engagement



**20**

different language groups represented



**230**

CALD participants



**52**

First Nations people participants

## Core engagement documents and co-designed revisions



**6**

versions of the Engagement Plan



**5**

versions of the Business Narrative



**8**

versions of the RRG Terms of Reference

# Key performance indicators and targets

For all evaluation surveys, we adopted a consistent scale that measured the quality of Endeavour Energy's performance as either excellent, good, fair, poor or very poor.

We set a stretch target of 100% combined ratings of good or excellent for all event-related evaluation surveys and quarterly evaluation surveys from the RRG.

The aim of 100% 'good or excellent ratings reflects Endeavour Energy's drive to deliver best practice engagement that underpins a customer-focused revenue proposal and informs improved BAU engagement practices across the business.

## Evaluation outcomes: How participants rated our performance

Total number of responses: 446

Key performance indicator	Outcome at the time of publishing (%)
Percentage of participants who rated the <b>overall quality of the engagement event</b> as good or excellent	95
Percentage of participants who rated the <b>explanation of the purpose of the engagement and how feedback will be used</b> as good or excellent	97
Percentage of participants who rated <b>the clarity about the issues you are able to influence</b> as good or excellent	88
Percentage of participants who rated <b>fulfilling the purpose of the engagement established at the outset</b> as good or excellent	92
Percentage of participants who rated Endeavour Energy's <b>provision of pre-reading/presentations that enable participants to engage meaningfully</b> as good or excellent	91
Percentage of participants who rated Endeavour Energy good or excellent regarding <b>ensuring everyone has an opportunity to participate</b>	89
Percentage of participants who rated Endeavour Energy good or excellent regarding <b>the quality of the facilitator</b>	97
Percentage of participants who rated Endeavour Energy good or excellent regarding <b>demonstrating genuine interest in your opinion</b>	93
Percentage of participants who rated Endeavour Energy good or excellent regarding <b>demonstrating clear feedback loops from previous engagements with the group (if relevant)</b>	89

## Evaluation outcomes: How our Regulatory Reference Group rated our performance

Key performance indicator	Outcome at the time of publishing (%) <sup>1</sup>
<b>Sincerity of engagement</b> – demonstrating sincerity in engaging with consumers to understand and reflect their preferences in the Regulatory Proposal, extending down from the Board and Executive	100
<b>Accountability</b> – commitments arising from consumer engagement are reported to allow for evaluation and ensure accountability	100
<b>Sincerity of engagement</b> – being genuinely open to feedback and willing to explore new ideas and change	100
<b>Accessible, clear and transparent engagement</b> – delivery of transparent engagement plans that include objectives, issues/topics, and the level of participation and influence that consumers can expect with consultation time frames appropriate to the complexity of the issue and different engagement methods used when appropriate	100
<b>Consumers' influence on the proposal</b> – considering the IAP2 Spectrum of Public Participation in developing of the engagement plan and working with consumers to agree upon the issues they can influence	100
<b>Nature of engagement overall</b> – delivering a customer-focused engagement program	100
<b>Consultation on desired outcomes and then in-puts</b> – consulting consumers on the long-term outcomes they want from the proposal and how they would like Endeavour Energy to engage with them to develop a proposal that will deliver those outcomes	100
<b>Clearly evidenced impact overall</b> – delivery of a Preliminary Proposal that clearly explains how customer feedback has influenced the proposal (if possible, please rate this based on what you are experiencing so far in this area)	100
<b>Breadth and depth overall</b> – appropriate breadth and depth of engagement with consumers	100
<b>Accountability</b> – regularly evaluating the effectiveness of engagement, taking feedback on board and refining the approach as appropriate	89
<b>Consumers as partners</b> – collaborating with consumers, making them partners in forming proposals rather than simply being asked for feedback	89
<b>Proposals linked to consumer preferences</b> – delivering a proposal that explains how diverse or divergent consumer views were considered (if possible, please rate this based on what you are experiencing so far in this area)	89
<b>Multiple channels of engagement</b> – providing multiple channels of engagement to gain a comprehensive understanding of consumer preferences	89

<sup>1</sup> Results from RRG's Quarterly Evaluation Report #4, 23 September – 6 October 2022. Note: Most RRG members had not reviewed the Draft Proposal when they completed this survey.

## Evaluation outcomes: How our the Regulatory Reference Group rated our performance continued

Key performance indicator	Outcome at the time of publishing (%)
<b>Proposals linked to consumer preferences</b> – delivering a proposal that clearly links consumer research and engagement, the outcomes desired by consumers and how the proposal gives effect to those outcomes	88
<b>Equipping consumers</b> – providing consumer advocates with impartial support to engage with energy sector issues	78
<b>Equipping consumers</b> – equipping consumers with accurate and unbiased information necessary to participate in a meaningful way	78
<b>Consumers as partners</b> – ensuring consumer engagement is a continuous BAU process and not only undertaken solely in preparing for regulatory proposals	71

## Evaluation outcomes: Additional attributes from Endeavour Energy's Revenue 2024-2029 Determination Engagement Goal

Key performance indicator	Outcome at the time of publishing (%)
Engaging with a broad, diverse group of customers and stakeholders	100
Engaging on topics that reflect customer priorities	100
Delivering a Draft Proposal that provides fair access to the modern grid (If possible, please rate this based on what you are experiencing so far in this area)	89



Stakeholder Deep Dive, August 2022



## Evaluation outcomes: Additional attributes from Endeavour Energy's Revenue 2024-2029 Determination Engagement Goal

Key performance indicator	Outcome at the time of publishing (%)
<b>Best practice</b> – appropriate level of involvement of Executive, CEO and Board in engagement	100
<b>Collaborative</b> – working collaboratively with peak groups from the start to develop an appropriate approach to consumer engagement that considers topics, audience segments and scope for customer influence	100
<b>Collaborative</b> – sharing the results of engagement activities and associated evaluation with our stakeholders	100
<b>Responsive</b> – doing what we say we will do	100
<b>Transparent</b> – provides appropriate feedback loops for engagement with RRG members	100
<b>Purposeful</b> – clearly explaining the purpose of each engagement activity and how feedback will inform Endeavour Energy's Draft Proposal (if possible, please rate this based on what you are experiencing so far in this area)	89
<b>Best practice</b> – striving to take a best practice approach to stakeholder and community engagement, including using the IAP2 framework	89
<b>Timely</b> – providing peak stakeholders (including RRG members) with timely information on engagement schedules and timely responses to questions and feedback	89
<b>Transparent</b> – providing appropriate feedback loops for engagement with end use customers	89
<b>Responsive</b> – reflecting stakeholder needs and preferences in the design of our stakeholder engagement methods	78

## : 9. How we're embedding engagement in 'business as usual' activities



Western Sydney site tour,  
May 2022

Endeavour Energy is keen to ensure high-quality engagement is a feature of BAU activity across the business – not just throughout the regulatory review process – consistent with feedback provided to Endeavour Energy in its last regulatory process.

To achieve this, we have made significant investments in engagement in recent years to upskill and support staff, increase dedicated resources (e.g. customer account managers have been assigned to deepen engagement with key customer segments, including local government, data centres and high-energy users, and retailers and sensitive/vulnerable customers) and to establish new avenues to regularly ‘check-in’ with customers and stakeholders to understand their views and preferences and then ensure these are considered in decision-making.

We have also pursued better engagement across all sectors of the energy industry as one of the original signatories to The Energy Charter, committing to work collaboratively to achieve better customer outcomes. Endeavour Energy has actively contributed to The Energy Charter’s #BetterTogether teams, which this year resulted in 2,000 fewer customers being disconnected, helped to rebuild trust across CALD communities by engaging in-language and in-community, and partnered with other signatories to build a community of practice that promotes deeper understanding and improved responses to customer and community engagement.

To this end, many aspects of the regulatory engagement process are actually BAU activities that were established ahead of the regulatory cycle. Now enhanced, we expect they will remain in place for the years to come.

Results from these activities are reported to the Board and Executive Leadership Team on a regular basis to enable strategic leadership that is informed by customer preferences.

These include forums like the PCSC (meeting quarterly), the State of the Network forums (due to take place each year), the monthly Voice of Customer, which helps to identify actionable customer pain points, and Endeavour Energy’s monthly customer and annual stakeholder RepTrak surveys.

Endeavour Energy will also continue as an Energy Charter signatory, publicly accounting for its journey towards a customer-centric culture as the industry transitions to a clean energy future while collaborating across the energy industry on some of its most complex customer issues.

Looking ahead, although the feedback on this engagement program has been uniformly positive, plans are in place to review the learnings from this regulatory engagement period and to embed the structures, processes and channels required to ensure high-quality engagement sits at the core of what we do. This is dependent on future decisions on the strategy, resourcing, accountabilities and capability needed to sustain Endeavour Energy’s position as a leading, customer-centric energy business.

As part of this review process, we will also revise the role, skill set and membership of our PCSC and subcommittees to ensure we are well positioned for the energy transition and consider the scope, purpose, operation and costs of an ongoing customer panel.

## : 10. Next steps



*Stakeholder Deep Dive,  
August 2022*





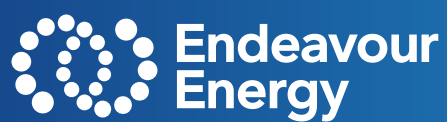
**Thank you for taking the time to read about the ways in which Endeavour Energy's consumer and stakeholder engagement activities shaped the outcomes of our Draft Regulatory Proposal.**

Endeavour Energy publicly released its Draft Proposal on 31 October 2022.

Our rigorous evaluation program suggests that we have co-designed and implemented a high-quality engagement program. However, there is always room for improvement and we have paid close attention to constructive feedback received in evaluation surveys from our customers and stakeholders. We recognise the need to respond faster and more obviously to our changing environment, to better understand the drivers of consumer views of cost-reflective tariffs, to work closely with retailers, to manage engagement fatigue among our key stakeholders and to ensure an ongoing uplift of our engagement process across the business so customers are always - and remain - at the centre of all we do.

We will continue to reach out to our customers and stakeholders as we move through the Refine and Confirm phases of this regulatory engagement process, both up to and beyond the submission of our Proposal in January 2023.

To view our Draft Proposal and stay in touch with our ongoing regulatory engagement plans, please visit [yoursay.endeavourenergy.com.au](https://yoursay.endeavourenergy.com.au).



W: [endeavourenergy.com.au](http://endeavourenergy.com.au)  
E: [yoursay@endeavourenergy.com.au](mailto:yoursay@endeavourenergy.com.au)  
T: 133 718



ABN 11 247 365 823