

5 June 2012

Mr Moston Neck
Director Network Regulation
Australian Energy Regulator
Level 24, 400 George Street
Brisbane Qld 4000

By Email to: moston.neck@aer.gov.au



Dear Moston,

Better Regulation – Proposed Service Provider Consumer Engagement Guideline

Thank you for providing Envestra with the opportunity to comment on the proposed Service Provider Consumer Engagement Guideline (the Guideline).

On 29 November 2012 the AEMC made changes to the National Electricity Rules (NER) and National Gas Rules (NGR) following an extensive consultation process. The changes to the NER and NGR were in response to proposed rule change requests from the AER and a group of major energy users.

Following this consultation process, the AEMC decided to make certain changes to the NER to incorporate a requirement for electricity businesses to describe the nature of customer engagement that occurred in developing a regulatory proposal. Importantly, no such changes were either proposed or made to the NGR.

Envestra considers that there are clear reasons as to why similar changes in regards to customer engagement were not also made to the NGR, including that:

- service standards/levels in the gas distribution industry are generally at very high levels; and
- natural gas is a fuel of choice, and where it is used, it has limited applications relative to electricity use.

This has resulted in far less community interest, including by large energy users, in regulatory review processes involving gas distribution networks.

This low level of community interest has been reflected in very low attendance levels at public forums held by the AER for previous Envestra Access Arrangement review processes, to the extent that the AER decided against holding a public forum as part of our recent Victorian review process completed in April 2013. Moreover, relatively few submissions are made by stakeholders during gas regulatory reviews.

Envestra therefore considers that it is inappropriate that the AER set out customer engagement expectations for gas businesses in its proposed Guideline, particularly if those expectations are consistent with that set for electricity businesses. This was not the intention of the recent AEMC rule changes.

This is not to say that Envestra will seek to limit what it considers to be prudent levels of customer engagement before, during and after an Access Arrangement review process. Indeed Envestra recently undertook a consultation process with a range of key stakeholders prior to submitting an application to the NCC for the revocation of coverage for the Wagga Wagga distribution network.

The aim of the consultation process, which included government, relevant regulatory authorities, retailers and large users, was to inform stakeholders of the review process, explain the key reasons for Envestra seeking revocation of coverage of the Wagga Wagga distribution network and to receive feedback for our consideration prior to lodging our application with the NCC.

This feedback was incorporated into the application that Envestra lodged with the NCC on 1 May 2013. Interestingly, stakeholders have not expressed a strong desire for further consultation with Envestra following the lodgement of our application, which provides further caution over the customer engagement expectations placed on gas businesses.

In summary, Envestra considers that expectations for customer engagement by gas businesses should not be included in the proposed Guideline, which should appropriately remain focussed on electricity businesses as per the intention of the recent AEMC rule changes.

Please feel free to contact either myself (08 8418 1129) or Geoff Barton (08 8418 1130) if you would like to discuss this matter further.

Yours sincerely



Craig de Laine
Manager Network Regulation