



SA Power Networks

2018 Reset Engagement Advice

Findings and Recommendations, October 2018



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Introduction

In October 2018, SA Power Networks engaged an independent consultant to assess the SA Power Networks approach to stakeholder engagement for the 2020-25 Reset Regulatory Proposal (Reset Project).

The assessment involved a gap analysis of the Reset Project Engagement Program against good practice principles for stakeholder engagement, focusing on Phase 3 of the Reset Engagement Program as well as a comparison with the results of previous gap analyses of the engagement program conducted by the consultant in 2017 and in May 2018.

This Gap Analysis Report (the Report) provides an update on progress of the key findings and recommendations from the initial assessment (Phase 1) and secondary assessment (Phase 2), with a focus on the gaps that were identified in the May 2018 assessment.

Purpose and Scope

The purpose of the Engagement was to:

1. Assess SA Power Networks' current level of alignment to good practice principles for stakeholder engagement (within the Reset Project) and highlight areas of change relative to the assessments previously conducted by the independent consultant; and
2. Develop recommendations to assist SA Power Networks to close the gaps identified. These recommended actions will be aimed at the continued development of a consistent, leading-practice approach to managing SA Power Networks' stakeholder engagement activities within its broader stakeholder management framework.

The scope of the Engagement included reviewing SA Power Network's approach to customer and stakeholder engagement program as outlined in the company's 2020-25 Price Reset Engagement Approach. This approach was assessed against the following external standards:

- the AER Consumer Engagement Guideline for network service providers (2013);
- AA1000 Stakeholder Engagement Standard (2018); and
- IAP2 Public Participation Spectrum.

The assessment involved a combination of offsite desktop analysis and teleconference interviews, aimed at identifying gaps and alignment opportunities against the standards detailed above and drawing on existing knowledge of good practice principles for stakeholder engagement where relevant.

The Engagement Scope excludes assessing the performance/outcomes of the Engagement program and only includes consideration of SA Power Networks' corporate stakeholder engagement program to the extent it is relevant to the Reset Project.

Introduction cont.

Assessment methodology

The assessment methodology included:

- Review of 32 documents in addition to the 130 documents reviewed in previous Engagements, including corporate engagement policies, planning and design documents, engagement and workshop templates and records, educational pieces, communications and information disclosed to stakeholders;
- Telephone interviews with the Acting General Manager of Corporate Strategy, Stakeholder Engagement Lead, Reset Program Manager, Reset Engagement Consultant, Reset Engagement Support; and

The gap analysis was conducted using the criteria and ratings derived from the standards listed in the Scope section. This ensures the comparability of results across Phases.

Rating Definitions	
High	Meets or exceeds requirements
Medium	Mostly meets requirements, with some gaps
Low	Does not meet requirements
N/A	Not assessed

Report structure

The findings within this Report are presented as follows:

- **Findings - Stakeholder Engagement Process:** details the findings of the assessment against the criteria for stakeholder engagement processes;
- **Summary of Recommendations:** details the key recommendations to help address gaps identified in SA Power Networks' engagement approach and to strengthen the alignment of the consultation program with good practice standards.

Initial Findings:

Stakeholder Engagement Process

The core process requirements for stakeholder engagement, as defined in the relevant standards, are categorised under six elements:

1. Governance and integration
2. Purpose, scope and stakeholders
3. Planning
4. Preparing
5. Implementation
6. Review and improvement

Element	2017 Rating	2018 Rating
Governance and integration	High	High
Purpose, scope & stakeholders	High	High
Planning	High	High
Preparing	High	High
Implementation	Medium	High
Evaluation and review	Medium	High

Rating Definitions	
High	Meets or exceeds requirements
Medium	Mostly meets requirements, with some gaps
Low	Does not meet requirements
N/A	Not assessed

Summary of ratings

Governance and Integration

Criteria	2017	2018
Formal commitment to best practice	H	H
Stakeholder engagement strategy	H	H
Consumer involvement in strategy development	H	H
Clear purpose, scope and ownership	H	H
Integration of engagement outputs	H	H
High level support for BAU engagement	H	H

Summary of 2018 Findings and Recommendations

Overall, SA Power Networks' commitment to and integration of good practice principles meets, and in some cases exceeds, the AER Guideline and AA1000SES criteria for governance and integration. The commitment demonstrated in 2014 was strengthened through the development of a dedicated Stakeholder Engagement Strategy, and supplemented by the direct participation of senior management in the delivery of stakeholder engagement activities including the Directions Workshops.

Since the 2017 assessment, SA Power Networks has finalised the targets for Key Performance Indicators to measure success against the principles of inclusivity, openness, transparency, consistency, listening, responsiveness, targeted and measurability. Results from previous workshops have been explicitly reported and communicated to participants, and there is a clear internal process outlined for how this will continue to be tracked over the course of the engagement program.

SA Power Networks has continued to act in line with good practice in this regard, and has enhanced its communication and reporting of workshop outcomes since 2017.

There has been no change between the ratings in the May 2018 report and this report, with consistent practice observed since the last assessment.

Purpose, scope and stakeholders

Criteria	2017	2018
Clear purpose and goals	H	H
Clear scope	H	H
Ownership and mandate established	H	H
Stakeholder mapping	M	M

Summary of 2018 Findings and Recommendations

In 2017, it was found that SA Power Networks directly involves stakeholder groups in the setting of priorities through a staged consultation approach, which seeks stakeholder input at an early stage and then informs the subsequent engagement activities. The 2020-25 Regulatory Reset Engagement Approach details a plan to generate ideas regarding priority areas through strategic internal discussions and customer research and then the testing of priorities with stakeholders.

The Engagement Strategy indicates a clear commitment to adopting a formal process for stakeholder identification and mapping. Stakeholders are clearly identified in the Strategy. Diverse opinions have been considered, captured and formally reported on through the CALD report, published in November 2017. Interviews in 2017 confirmed that stakeholder cohorts have been identified through strategic internal meetings, desktop research and through the use of internal networks and intelligence from business units who have knowledge of and receive feedback about business and community relationships and sentiment.

The 2018 assessment confirmed the 2017 findings and that SA Power Networks undertakes a number of stakeholder identification activities that are regularly reviewed and updated. However, the 2018 assessment also revealed that this process has not yet been formally documented in a consolidated way. While a Customer Relationship Management (CRM) system was intended to be implemented to improve stakeholder data management, the CRM that is being rolled out is a general tool and will not address stakeholder mapping in a targeted way specific to the reset engagement process. Additionally, the planned roll-out and implementation of the CRM system has been delayed and has not yet been actioned.

The CRM system has not yet been implemented. There has been no change between the ratings in the May 2018 report and this report.

Summary of ratings

Planning

Criteria	2017	2018
Method and level of engagement determined	H	H
Pre-engagement activities	H	H
Method of engagement is appropriate	H	H
Communicate boundaries of disclosure	H	H
Develop a stakeholder engagement plan	M	M
The plan responds to issues of priority to customers and stakeholders	H	H
Work with consumer to plan approaches	H	H
Consider market research	H	H
Establish measurable, objective indicators	H	H

Summary of 2018 Findings and Recommendations

Documentation and interviews confirmed that planning and preparing for engagement activities continues to be a strength for SA Power Networks. Key strengths, conducted consistently, include setting clear agendas, briefing, debriefing and collecting feedback. The 2017 assessment recommended that the process for engagement should be outlined in a consolidated stakeholder engagement plan ('engagement plan'), which should cover tasks and timelines, contact persons, technologies used, ground rules, comfort requirements, engagement risks, resource requirements, budget, channels of communication, monitoring and evaluation and reporting the engagement outputs and outcomes.

The 2018 review confirmed that this information exists across a number of disparate documents, including detail about channels of communication, contact persons resourcing requires and monitoring and evaluation. Compiling these documents into a consolidated plan remains a key recommendation for improvement.

A stakeholder engagement plan was created for the Draft Report consultation phase, which included classification of engagement levels with different stakeholders, potential engagement risks and controls, internal and external media plans, work plans, event plans for the launch, budget and measures for success. Interviewees confirmed that a similar plan is being drafted for the entire Reset Engagement Program. However, evidence was not available that it will include key details such as a risk assessment. As this is in draft, the rating remains medium.

Preparing

Criteria	2017	2018
Identify and gain approval for resources	H	H
Document resource requirements	M	H
Ensure staff capacity to facilitate engagement	H	H
Identify gaps in stakeholder capability	H	H
Build stakeholder engagement capability if needed	H	H
Identify and prepare for risks	M	M

Summary of 2018 Findings and Recommendations

The 2017 assessment recommended that details of budget and resourcing requirements should be added to the engagement plan. In this review, interview discussions and documentation confirmed that there is a detailed breakdown of resourcing and budget considerations specific to the engagement program, and that this is managed by the responsible project manager, with direct reporting responsibility to the general manager. Interviews confirmed that, for commercial reasons, the budget breakdown is not included in the engagement plan itself. As a result, the 2018 review rating was raised to high, with a recommendation to include an overview summary of resourcing and accountabilities in a consolidated engagement plan for completeness.

Session plans and briefing packs prepared for each workshop were a strong enhancement of previous practice and are applied effectively and consistently to ensure the successful delivery of workshops. These packs equip relevant staff to facilitate the engagement and are an example of proactive good practice applied by SA Power Networks. Workshop observation confirmed the effectiveness of these briefings packs, as well as the associated team meetings, in enhancing staff capacity to facilitate engagement.

There is evidence that stakeholder engagement risks and contingencies have been further considered and documented since the early assessments. However, interviewees acknowledged that individual risk mitigation strategies in relation to stakeholder engagement activities have not been formally documented, prioritised or given a risk rating, as recommended in the initial assessment. Engagement risks specific to the engagement activities, such as stakeholder fatigue, power dynamics and imbalances, and contingency plans and mitigation strategies to address them, need to be explicitly detailed in the risk assessment matrix. While this has been done for the Draft Plan consultation and included in the stakeholder engagement plan for that phase, this information should also be expanded to consider the full Reset Engagement Program and detailed in the engagement plan. This could be done by adding an activity-specific tab to the risk assessment matrix.

Summary of ratings

Implementation

Criteria	2017	2018
Invite stakeholders well in advance	H	H
Provide briefing materials	H	H
Establish workshop ground rules	H	H
Promote two-way communication during and after	H	H
Continue consulting on difficult topics	H	H
Disclose all relevant information	H	H
Provide access to a grievance mechanism	M	H
Document the engagement and its outputs	M	H
Develop an action plan for outputs	M	H
Communicate action plan to participants	M	H

Summary of 2018 Findings and Recommendations

The 2017 assessment recommended that an action plan be developed to address arising stakeholder concerns in a consolidated way, and that this is communicated to stakeholders. Documentary evidence and interviews confirmed that feedback and any outstanding questions are captured, considered and responded to in a timely manner by SA Power Networks. The Talking Power Management Strategy document also clearly outlines the engagement process and actions that will be taken, when and by whom, including an explanation of how the Draft Plan will be communicated to stakeholders. Evidence was also sighted which confirmed that the workshop outputs had been developed into infographics and directly communicated to stakeholders, as well as made available publicly on the Talking Power website.

The previous assessments recommended that SA Power Networks explain the grievance process in more detail. Documentary evidence in the last review confirmed that there is a clear internal process in place to manage grievances, and that accountabilities in this regard are established and clearly articulated. This latest review confirmed that the process is now communicated externally through the Talking Power website, in alignment with good practice. This rating has been elevated from Medium to High.

Evaluation and review

Criteria	2017	2018
Monitor, evaluate and review engagement tools	M	H
Review action plan and update stakeholders	H	H
Realign priorities and commitments to consumer feedback	M	H
Act on specific improvements	M	H
Report publicly on engagement process	M	H

2018 Findings and Recommendations

Good practice asks that companies systematically monitor and periodically evaluate and review engagement tools, mechanisms and activities, and articulate and report transparently, accurately, promptly and on an ongoing basis, on the engagement process. The previous 2018 review revealed improvement in this area, with documented evidence of monitoring and evaluation data being used as a basis to realign identified priorities with consumer feedback on both the engagement process and the subject of the engagement.

This latest assessment identified that an evaluation of the overall Reset Engagement Program was commissioned. Think Human who conducted the evaluation provided its report to SA Power with recommendations. Included in this report is an analysis of engagement activities, identification of high performing areas and areas for improvement, actual and target levels of engagement with stakeholder groups and templates for future engagement activities. This evaluation will assist with ensuring that the evaluation process is replicable for future engagement programs. It was noted that an evaluation of the program is likely to be part of a broader post implementation review. These are all positive steps towards alignment with good practice and so the rating has been elevated to High. Consolidation of these evaluation activities in an engagement plan, discussed earlier, will elevate overall alignment.

The Draft Plan has details of the engagement activities and feedback received to date throughout the Reset Engagement Program. This is a public document and fulfils the requirements for reporting publicly and transparently on an ongoing basis. The Talking Power Newsletters also provide regular updates on engagement activities and outcomes, with details of what is being done with the information gathered. Therefore this rating has been elevated to High.

A tall, lattice-structured electricity pylon stands prominently against a sunset sky. The sky is a mix of blue, orange, and yellow, with soft clouds. Several other smaller pylons are visible in the distance, receding into the background. The pylon is the central focus, with its complex metal framework clearly visible.

Initial Findings: **Stakeholder Engagement Principles**

- Accessibility and Inclusivity
- Materiality
- Clarity, accuracy, timeliness and responsiveness
- Transparency
- Measurability

Summary of Stakeholder Engagement Principles

Accessibility and Inclusivity

Overall, SA Power Networks met the AER Guideline and AA1000SES criteria for accessibility and inclusivity, with some gaps.

Strengths are the inclusion of a diverse range of consumers and other stakeholders representing various demographics, geographic locations and hardship levels. SA Power Networks consult with affected stakeholders and use multiple methods of engagement to improve the accessibility of the consultation process and extend the process to stakeholder groups with different preferences and capacities to engage. Stakeholders are also provided with a number of opportunities to participate and raise issues during and after workshops, which SA Power Networks responded to promptly and visibly. While SA Power Networks has taken steps to formalise its review and mapping process to test the completeness of identified stakeholder groups and to understand stakeholders' capacity to engage, this process has not yet been consolidated or formally reviewed.

It is acknowledged that SA Power Networks intends to more strategically engage with stakeholders in future engagement programs so that engagement is targeted and sustainable. This decision should be documented in the engagement plan and that the strategy and choices around targeting particular stakeholder groups are based on a documented, defensible process. SA Power Networks has taken an inclusive approach to the current program, which has been resource-intensive. In order for a more strategic approach to be defensible, it will be important to implement the recommendation to formalise the consolidation of the stakeholder identification and mapping process to ensure it is replicable and able to be readily reviewed and revised.

Materiality

Overall, the reset engagement program meets the AA1000SES and AA1000APS criteria for materiality.

SA Power Networks has a formalised approach to issue identification and prioritisation and directly involves stakeholders in materiality deliberations at an early stage. SA Power Networks' issue identification approach draws on a wide range of stakeholder groups and information sources (including stakeholders, societal norms, financial considerations, peer-based norms and policies). Review of documentation confirmed that SA Power Networks engaged in a formally documented process of assessing the relevance, significance and priority of issues against relevance and risk criteria. This approach helps to ensure, at the start of consultation, completeness of information and the appropriateness of topics for engagement.

Clarity, accuracy and responsiveness

Overall, the engagement program meets, and in some aspects exceeds, the AER Guideline criteria for clarity, accuracy and timeliness. Strengths of the program are that it engages stakeholders at an early stage of the Reset Project, in a staged and consistent manner, and so provides sufficient time and information for stakeholders to participate in an informed and effective manner.

The program also meets the AA1000SES criteria for responsiveness. The feedback and evaluation gathered from engagement activities has been visibly incorporated into subsequent engagement. SA Power Networks' engagement documents (including the Engagement Strategy) and engagement activities to date reflect the collation of learnings from the previous regulatory reset processes, but this should be built out into a plan for future engagement which is easy to follow and replicable. For example, interviewees noted that the CCP submission revealed a potential mismatch of expectations in relation to the nature of stakeholder engagement. SA Power Networks' interviewees reflected on the potential need for greater clarity on this point, and the need to make it clear what type of engagement they are conducting, and testing that view with their stakeholders at the outset. SA Power Networks has demonstrated responsiveness throughout the program.

Summary of Stakeholder Engagement Principles

Transparency

Overall, the engagement program meets, and in some aspects exceeds, the AER Guideline criteria for transparency.

The strengths identified in 2014 and 2017 carry over to the current process, and included the reporting of crucial information to stakeholders and the wider public prior to the start of the program, as well as during and on completion of the program, which allowed stakeholders to participate in an informed manner and to understand how their input affected decision making in the Reset Project. This included the provision of information through a range of online, print, radio and other multimedia communication channels on the purpose and scope of engagement, the engagement process and timeframe, stakeholders' role in engagement, and the intended outcomes of engagement. Documentation provided an insight into how results from the workshops are communicated back to stakeholders on a regular basis.

As with the previous assessed process, the use of external consultants in the design, execution and reporting of the consultation program was a strength in that it enabled SA Power Networks to maintain transparency and independence in the engagement process.

Measurability

The review confirmed that overall, the engagement program meets, and in some aspects exceeds, the AER Guideline criteria for measurability.

In 2017 it was found that SA Power Networks had established formal processes to track and improve the reach of specific engagement mechanisms (such as surveys, research and public submission processes), as well as to collate stakeholders' feedback on the program itself to enhance the quality of future engagement. There are clear research objectives set, SA Power Networks has addressed the gaps that were previously identified in terms of establishing set criteria, indicators and measurable objectives at the onset of the program. KPIs relevant to each phase of the reset engagement are documented and initial results have been analysed. There is a clear plan for how KPIs will be continuously tracked and improved, outlined in a preliminary evaluation framework. An evaluation of the Reset Engagement Program was conducted by external consultants, which includes an evaluation framework for future engagement programs.

Summary of recommendations

Recommendation	Summary	Reference
1. Formalise approach to stakeholder identification and mapping	Consolidate stakeholder identification, mapping and analysis processes and expedite the development of a new Customer Relationship Management (CRM) system to facilitate this. SA Power Networks' stakeholder database should be regularly reviewed to maintain its relevance, and provide a strong basis for individual engagement programs beyond Regulatory Proposal projects.	Process: Purpose, Scope & Stakeholders Principles: Accessibility and Inclusivity
2. Adopt stronger risk management approach	Identify and prepare for risks specific to the reset engagement process and prepare contingency plans to deal with the most likely or damaging risks. Individual risks in relation to stakeholder engagement activities should be explicitly documented, prioritised and given a risk rating. Appropriate mitigation strategies should be identified with an indication of how these will impact on the risk ratings, e.g. consider if a control will change a high risk to medium or low. This will help to prioritise actions.	Process: Preparing Principles: Measurability
3. Finalise the stakeholder engagement plan, showing how engagement outcomes will inform and be responded to through organisational decision-making processes	<p>Finalise consolidating all planning documentation in one stakeholder engagement plan, so that engagement processes are easily tracked, updated, evaluated, replicated and communicated between team members as needed.</p> <p>While SA Power Networks has demonstrated that a responsive and comprehensive approach has been taken towards stakeholder engagement, a few aspects remain informal. Finalisation of this plan will mean that the breadth of its activities to date are formally documented, demonstrating a concretised approach that is sustainable and replicable, and elevating the present approach to full alignment with good practice standards.</p>	Process: Planning and Implementation Principles: Clarity, accuracy, timeliness and responsiveness



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