

seed



Seed Advisory

Consumer Engagement Report

Report for ElectraNet

28 February 2022



ACKNOWLEDGEMENTS

We acknowledge the passing of Consumer Advisory Panel (CAP) Member, Working Group Member and long-time consumer advocate David Headberry on 12 November 2021.

David was a valued and active contributor to the CAP and the Working Group and played an active role in shaping this regulatory proposal.

We acknowledge the Traditional Owners of Country throughout Australia. We pay our respects to their Elders past, present and emerging.

We appreciate and acknowledge the contribution and support of ElectraNet and the CAP members for their input into this Report.

DISCLAIMERS

This report provides an independent assessment of ElectraNet's consumer engagement process and outcomes as detailed in the scope and approach Section.

We did not audit or validate the information provided to us by ElectraNet.

This report does not provide an opinion over the accuracy or validity of ElectraNet's revenue proposal, this is subject to a detailed review and approval by the Australian Energy Regulator.

Our report should be read in conjunction with ElectraNet's customer engagement outcomes report dated 31 January 2022.



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1 Executive Summary

1.1 Introduction

ElectraNet Pty Ltd (ElectraNet) was seeking assistance with the preparation of an independent report into the extent and effectiveness of the consumer engagement with the Consumer Advisory Panel (CAP) and the CAP Working Group and to draw any perspectives about the extent to which the ElectraNet regulatory proposal is capable of support by consumers.

This independent report is written for ElectraNet by Seed Advisory (Peter Eben) and Mark Henley (a Consumer Advisory Panel member) and has been reviewed and endorsed by the CAP and CAP Working Group. We also understand this report will be provided to the Australian Energy Regulator (AER) as part of (or a supplement to) ElectraNet's regulatory proposal submission.

1.2 Scope and approach

Our scope involved assessing the nature of engagement in relation to the revenue proposal, its breadth and depth as well as the evidence of its impact. Our conclusions assessed the engagement process separately to the outcome. The approach involved the following key tasks:

- Developing an assessment methodology and framework (refer Section 4).
- Undertaking one on one stakeholder discussions (refer Section 4.2 and 6.1).
- Using the framework to qualitatively analyse the extent and effectiveness of ElectraNet's consumer engagement (refer Section 6.2 and 6.3).
- Identifying improvement opportunities (refer Section 6.4).

1.3 Key conclusions

Engagement process

The evidence that we have gathered leads to the conclusion that from a customer (CAP / Working Group) perspective, the process of the engagement was slow to establish with initial engagement being heavily content driven.

CAP and Working Group members generally considered engagement up to about September / October 2021 to be in the "inform" and "consult" range of the International Association for Public Participation (IAP2) Public Participation spectrum.

At no stage was there any doubt about the genuineness of ElectraNet's engagement intent, and there was agreement that it improved to include much more "involve" and "collaborate" from about mid October 2021, though there are differing views about the 'order of magnitude' of the improvement. The type of engagement is dependent on the desired outcomes and the topics covered, a "one size fits all" approach is not necessarily an appropriate or better engagement strategy. For example, "inform" level engagement is necessary before potentially moving into "involve" and / or "collaborate" levels.

We note customer representatives have been able to inform and influence outcomes in the revenue proposal. We suggest that influence has been both direct and indirect with significant influence evident in the final proposal



All parties also acknowledge there is still room for further improvement.

Outcome (revenue proposal)

Our conclusions and discussions have confirmed that the revenue proposal does not contain any surprises and is also regarded as ‘capable of support’ by the CAP. This is obviously pending the upcoming AER review.

1.4 Improvement opportunities

Stakeholders identified several improvement opportunities, some of which have already been identified and endorsed by ElectraNet in their engagement outcomes report. We note and support these improvement opportunities identified by ElectraNet.

Other opportunities for improvement that we recommend for consideration include:

- ElectraNet must continue to grow and develop its engagement culture, from the top down.
- When ElectraNet is developing measurable success criteria for its engagement that they separately seek to assess process versus outcome based measures.
- Broadening engagement to include topics such as social license, including strategies to develop reconciliation action plans, improve gender diversity within the organisation and responses to vulnerable customer needs.
- Where practical, include face to face engagement in regional SA
- Consider stronger engagement with SAPN and potentially a series of joint workshops and developing / utilising a single set of demand forecasts and other relevant analysis.

Refer Section 6.4 for further details on the identified improvement opportunities.



2 Background

2.1 Purpose of this report

ElectraNet Pty Ltd (ElectraNet) next 5-year regulatory control period commences on 1 July 2023 to 30 June 2028. ElectraNet has submitted its regulatory proposal to the Australian Energy Regulator (AER) on 31 January 2022.

As part of its consumer engagement strategy and to assist in the preparation of its regulatory proposal, ElectraNet has established a Working Group (WG) within its Consumer Advisory Panel (CAP). The CAP and CAP WG provide consumer perspectives and input into the development of ElectraNet's regulatory proposal.

ElectraNet was seeking assistance with the preparation of an independent report into the extent and effectiveness of the consumer engagement with the CAP and the CAP WG and to draw any perspectives about the extent to which the ElectraNet regulatory proposal is capable of support by consumers.

This independent report has been reviewed and endorsed by the CAP and the CAP WG.

2.2 Context

Context is important with any regulatory proposal, and the uncertainties facing energy businesses globally at the moment add to the importance of locating a regulatory proposal within a broader context. This section summarises some key aspects of influence for the ElectraNet 2023-28 regulatory proposal. We have summarised context under three broad categories:

- Distributed Energy Resources (DER), renewables and the future grid
- The South Australian (SA) context
- COVID-19

Note that a fourth aspect of context, ElectraNet's consumer engagement recent history is considered in section 5.1 as consumer engagement is the focus of Section 5.

DER, renewables and the future grid

The South Australian electricity market is recognised as being at the forefront of integrating renewable energy into an established electricity grid.

The Australian Energy Market Operator (AEMO) South Australian Electricity¹ report published in 2020 summarises aspects of South Australian electricity market and its world leading realities, they wrote:

In 2019-20, South Australia's world-leading energy transformation again saw new records set, variability in demand grow further, and the continued emergence of trends requiring action to maintain secure and reliable supply.

- *South Australian consumers continued to invest in distributed energy resources (DER, primarily distributed photovoltaic [PV] systems), and AEMO*

¹ [South Australian Electricity Report 2019 \(aemo.com.au\)](https://aemo.com.au)



forecasts this growth to continue over the next decade, with installation rates remaining strong despite COVID-19 impacts in 2020: – South Australia now has approximately 33% of dwellings with rooftop PV installed – the highest proportional penetration of all Australian states and territories, and among the highest proportional uptake in the world.

- *The high penetration of distributed PV systems is lowering minimum operational (grid) demand, as distributed PV generation meets a growing proportion of consumer demand in the daytime.*

– Declining minimum demand is already creating operational and planning challenges in South Australia, related to the security of the grid, managing voltage, and having enough system strength and inertia. AEMO is working closely with the South Australian Government, ElectraNet, SA Power Networks, the Energy Security Board (ESB), and wider industry on actions ,,,

- *The number of embedded batteries in South Australia is estimated to have increased by 35% to 17,000 units in 2019-20, and is forecast to almost triple in the next five years, representing approximately 20% of all the batteries forecast to be installed in the NEM by 2025.*

The development of the Integrated System Plan by AEMO is now an ongoing process that impacts network businesses as efforts are made to ensure that the national electricity grid is able to deal with future demand, meet system strength and other reliability criteria and incorporate increasing level of renewable energy.

Both distribution business, SA Power Networks and ElectraNet have been diligent in seeking to best integrate renewable electricity generation and associated two way flows from households into ‘the grid.’

The challenges and opportunities for higher levels of renewable generation and the challenges of maintaining system strength and associated reliability matters continue for ElectraNet.

The South Australian context

There are a number of aspects of the South Australian market that further define the operating environment, including:

- Geography. South Australia is a large State of 984, 320 square kilometers with a highly concentrated population of 1.7 million, of whom 1.3 million live in Adelaide, with a fairly concentrated electricity grid while only one quarter of the population, 400,000 people live in the rest of the state, with very few electricity customers per kilometer of electricity grid.
- A statewide system black event in September 2016, created significant consumer and political pressure on ElectraNet to minimize the potential of any future statewide black outs. The event was also highly politicised, despite the reality that the major cause was highly unusual, for SA, cyclonic winds. Images of transmission tower being blown over lead to some people questioning aspects of ElectraNet’s network management.
- During about 2017-2019 SA electricity prices were very high, building on the ‘highest cost in the NEM’ perspectives. Many businesses and community organisations were facing doubling or annual energy forward contract costs. Business groups, in



particular, stressed the need for all elements of the electricity 'price stack' to be focused on lowering costs.

- Electricity costs and summer reliability were significant political issues going into the SA Election in March 2018.
- Project Energy Connect, a new interconnector linking the SA and NSW Transmission networks is the largest capital program undertaken by ElectraNet and has been a major focus of the business over the current regulatory period.

COVID-19

The advent of COVID-19 has impacted all business and most households across Australia, ElectraNet is no exception.

We recognise that COVID has had two significant impacts on ElectraNet:

- Greater difficulty in forecasting demand, both maximum and minimum demand, over the coming years.
- Reduced capacity and practical challenges to undertake consumer engagement activities in the development of the 2023-28 revenue proposal.

Each of these contextual factors are recognised by the authors and add a degree of uncertainty and hence difficulty for ElectraNet in developing their revenue proposal. Increased uncertainty and elevated complexity in context are all the more reason for robust and ongoing consumer engagement to assist with problem solving and responses to fickle circumstances.



3 Scope and approach

3.1 Scope of work

The scope involved preparing an independent report for ElectraNet that we understand will be provided to the AER as part of (or a supplement to) ElectraNet’s regulatory proposal submission. This report considered the extent and effectiveness of consumer engagement in relation to ElectraNet’s revenue proposal for the period 2023 - 2028.

The framework used for this report is outlined in Section 4 and considered the following:

- The nature of engagement;
- The breadth and depth of engagement; and
- The evidence of the impact of engagement.

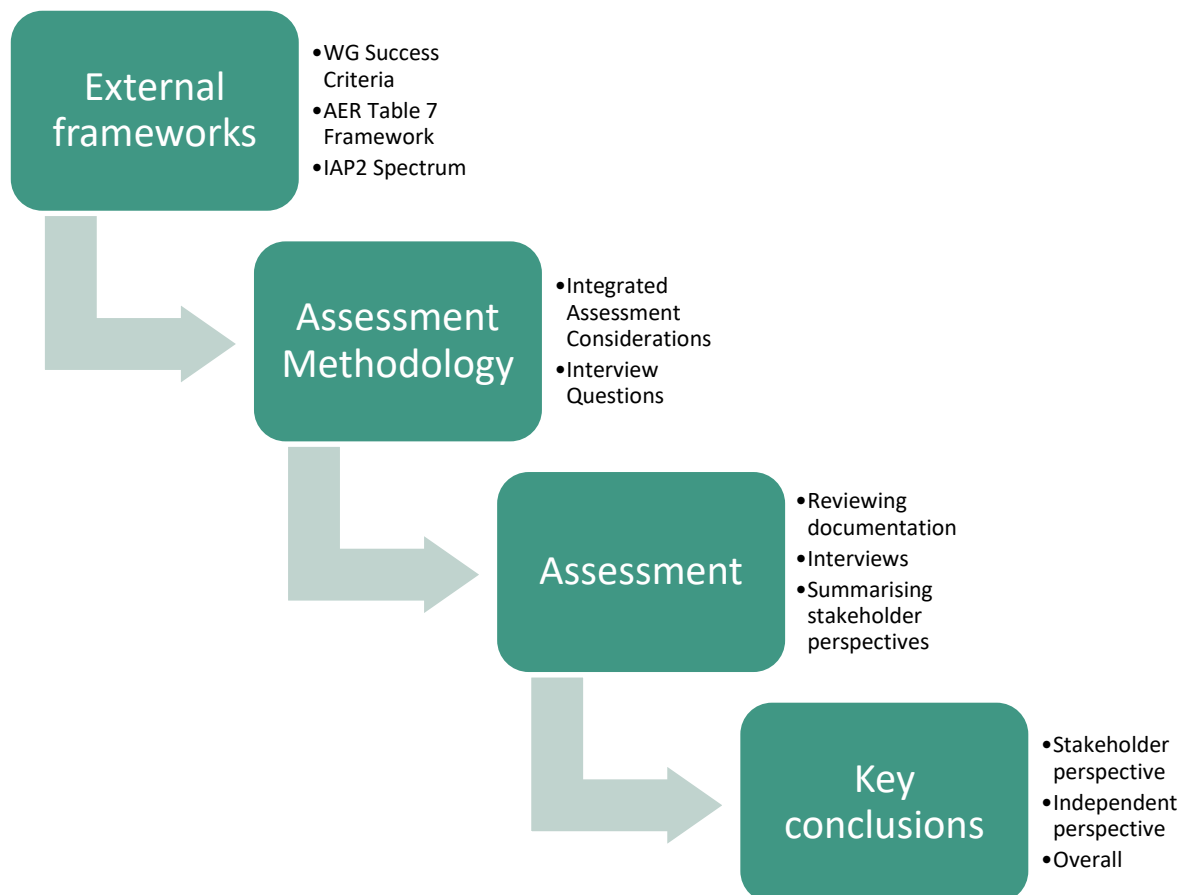
The scope excluded:

- Auditing or validating any information provided by ElectraNet or the CAP WG.
- Undertaking any engineering, legal, tax, accounting or similar technical analysis. We undertook commercial analysis only.

3.2 Approach

Based on the scope outlined above our approach is summarised in the figure below.

Figure 3.1: Overview of approach





Our approach involved the following tasks:

- Developing an assessment methodology and framework to be used in our analysis based on select developed frameworks (refer Section 4).
- Undertaking one on one stakeholder discussions with key stakeholders (refer Section 4.2 and 6.1). Our stakeholder interviews were completed under Chatham House rules so no comments will be attributed to individuals.
- Reviewing key materials provided by ElectraNet (refer Section 3.4 and Section 5).
- Using the framework to qualitatively analyse the extent and effectiveness of ElectraNet's consumer engagement (refer Section 6.2 and 6.3).
- Identifying improvement opportunities (refer Section 6.4).
- Drafting and finalising this Report.

3.3 Report authors

This independent report was co-authored by Peter Eben (a Director of Seed Advisory) and Mark Henley (a member of the CAP Working Group) and one of a very limited number of SA consumers with a long-standing engagement history with ElectraNet.

The choice of team was designed to provide a combination of independent perspectives as well as deep and direct experience from participation in the CAP Working Group.

In addition, an early draft of the report was provided to ElectraNet and the CAP Working Group and their feedback was incorporated into the final version of this report.

3.4 Key information sources

In completing this report we reviewed (at a high level) documents provided by ElectraNet and interviewed relevant stakeholders.

The documentation we reviewed covered the following categories:

- CAP meeting documents – agendas, minutes and presentation materials.
- ElectraNet's Revenue Proposal and Engagement Outcomes Report as submitted to the AER 31 January 2022.
- ElectraNet public forum related information.
- A selection of documents relating to earlier ElectraNet engagement, including the revenue proposal for 2018-23.

The stakeholders we interviewed were selected by us and included 12 representatives from:

- ElectraNet;
- CAP and CAP Working Group; and
- External stakeholders: Essential Services Commission of South Australia (ESCoSA) and South Australian Government.



4 Assessment methodology

This section outlines the methodology we used, noting that our approach was not designed to provide a quantitative measure of ElectraNet’s engagement, rather a qualitative set of criteria that then informed a set of questions used to guide interviews with key stakeholders and ultimately our conclusions.

4.1 Assessment criteria

The figure below summarises the assessment criteria used in this review. These were based on an amalgamation of the ElectraNet success criteria as developed by the CAP Working Group (primary source), the AER “Table 7 Framework” (for categorisation) with a general overlay of the International Association for Public Participation (IAP2) Public Participation spectrum.

The frameworks are outlined in Sections 4.3 - 4.5.

Figure 4.1: Assessment criteria

<p><u>Nature of engagement</u></p> <ul style="list-style-type: none"> The review process was collaborative, targeted and effective
<p><u>Breadth and depth</u></p> <ul style="list-style-type: none"> Key issues identified by ElectraNet and customers have been adequately explored from a customer perspective (sufficient breadth and depth of engagement)
<p><u>Clearly evidenced impact</u></p> <ul style="list-style-type: none"> Customer representatives have been able to influence outcomes as demonstrated by a transparent public record of engagement outcomes The Revenue Proposal is targeted to the needs of customers There are no surprises – the January 2022 Revenue Proposal is as expected, and the Working Group would be satisfied if the AER were to accept it

4.2 Stakeholder interview questions

Our interview questions were guided by our assessment criteria above. We used the questions as a guide to facilitate the discussions. Not every question was necessarily raised with or relevant to every stakeholder.

Table 4.1: Stakeholder interview questions

Focus area	Assessment criteria	Example questions
Introductory / context	N/A	<ul style="list-style-type: none"> What was your role in the ElectraNet engagement process? What worked well? What didn’t work so well? What did ElectraNet learn along the



Focus area	Assessment criteria	Example questions
		way and improve?
Engagement process	Nature of engagement	<ul style="list-style-type: none"> Where would you map the ElectraNet engagement against the IAP2 spectrum and why?
	Breadth and depth	<ul style="list-style-type: none"> How did you satisfy yourself that there was sufficient breadth and depth to ensure all material issues were covered? Who else did you engage with (e.g. other people within your constituency, other constituents, other energy market participants etc.) as part of the process?
	Clearly evidenced impact	<ul style="list-style-type: none"> What were the material consumer issues? How were these issues addressed (or not) in the engagement process?
Outcome	Clearly evidenced impact	<ul style="list-style-type: none"> Were there any surprises in the revenue proposal? Has the revenue proposal addressed all the material consumer issues? i.e. is this revenue proposal capable of receiving your support?
Improvement opportunities	N/A	<ul style="list-style-type: none"> What would you suggest ElectraNet do differently going forward?

4.3 ElectraNet CAP Working Group success criteria

This section summarises the success criteria developed by the CAP Working Group over its initial meetings and finalised in September 2021. Our assessment criteria strongly leveraged these success criteria.



Figure 4.2: ElectraNet success criteria as developed by the CAP Working Group

ElectraNet objective and CAP / CAP working group success criteria

Objective: To develop a well-tested set of proposals that are targeted to the needs of customers, and capable of support by customers and acceptance by the AER

The engagement process will have been successful if the Working Group and CAP agree that:

- The review process was collaborative, targeted and effective.
- Key issues identified by ElectraNet and customers have been adequately explored from a customer perspective (sufficient breadth and depth of engagement).
- Customer representatives have been able to influence outcomes as demonstrated by a transparent public record of engagement outcomes.
- The Revenue Proposal is targeted to the needs of customers.
- There are no surprises – the Jan 2022 Revenue Proposal is as expected, and the Working Group would be satisfied if the AER were to accept it.

Source: CAP Working Group meeting workshop 4: 10 September 2021

4.4 AER engagement related criteria

The framework below was developed and used by the AER in its decision on AusNet Services (Victorian Electricity distribution business) regulatory proposal, sometimes it is referred to as “the Table 7 framework” for considering consumer engagement. We note it has been labelled differently in other AER reports. Its purpose was to help structure AER assessment of a network businesses’ consumer engagement.

Table 4.2: AER Table 7 Framework

Element	Examples
Nature of engagement	<ul style="list-style-type: none"> • Consumers partner in forming the proposal rather than asked for feedback on distributor’s proposal • Relevant skills and experience of the consumers, representatives, and advocates • Consumers provided with impartial support to engage with energy sector issues • Sincerity of engagement with consumers • Independence of consumers and their funding • Multiple channels used to engage with a range of consumers across a distributor’s consumer base
Breadth and depth	<ul style="list-style-type: none"> • Clear identification of topics for engagement and how these will feed into the regulatory proposal • Consumers consulted on broad range of topics • Consumers able to influence topics for engagement • Consumers encouraged to test the assumptions and strategies underpinning the proposal • Consumers were able to access and resource independent



Element	Examples
	research and engagement
Clearly evidenced impact	<ul style="list-style-type: none"> • Proposal clearly tied to expressed views of consumers • High level of business engagement, e.g. consumers given access to the distributor’s CEO and/or board • Distributors responding to consumer views rather than just recording them • Impact of engagement can be clearly identified • Submissions on proposal show consumers feel the impact is consistent with their expectations
Proof point	<ul style="list-style-type: none"> • Reasonable opex and capex allowances proposed • In line with, or lower than, historical expenditure • In line with, or lower than, our top-down analysis of appropriate expenditure • If not in line with top down, can be explained through bottom-up category analysis

Source: [AER - Draft decision - AusNet Services distribution determination 2021-26 - Overview - September 2020.pdf](#) (Pg 45)

4.5 Other frameworks utilised

IAP2 has developed a Public Participation Spectrum which is designed to assist with the selection of the level of participation that defines the public’s role in any community engagement program.

There is no one perfect point on the Spectrum, rather there are differing levels of participation that may be more suitable depending on the goals, time frames, resources and levels of concern in the decision to be made. The Spectrum is widely used and is quoted.

Figure 4.3: Spectrum of public participation

IAP2 Spectrum of Public Participation



IAP2’s Spectrum of Public Participation was designed to assist with the selection of the level of participation that defines the public’s role in any public participation process. The Spectrum is used internationally, and it is found in public participation plans around the world.

		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.

Source: [Spectrum 8.5x11 Print \(iap2.org.au\)](#)



5 ElectraNet's consumer engagement

This section is intended to be 'fact' based summary of ElectraNet's consumer engagement for the 2023 – 2028 revenue proposal. It utilises verifiable commentary and observations.

ElectraNet have submitted a report² on their engagement with their revenue proposal that has also been seen by the CAP, the CAP Working Group and the authors of this report. The report was tested with the CAP Working Group, though probably didn't get the full attention that would have been ideal due to its end of year release and seasonal busyness. This said, we consider the report to be a fair representation of the process and topics considered and this has been reviewed and endorsed by the CAP at their meeting on 18th February 2022.

We haven't duplicated most of the evidence available, rather we have highlighted key aspects of the engagement that the CAP / Working Group considered to be significant.

5.1 Engagement history

We start our brief review of ElectraNet engagement history with reference to the engagement leading to the lodgment of their revenue proposal for 2018-23. We commence here for two main reasons:

- The engagement approach was recognized as industry leading for Australian energy networks
- It served as a reference point for the CAP and Working Group process, albeit generally at an informal level.

The AER's Draft Determination for ElectraNet's 2018-23 regulatory proposal³ said:

"ElectraNet's consumer engagement for this revenue proposal has led the way and establishes one of the best practices we have seen from network service providers. This is also reflected in the comments made by the CCP9:

ElectraNet has undertaken an extended, open and well-structured program that has provided multiple opportunities for customers to develop their understanding of the transmission business's issues and to provide meaningful feedback to ElectraNet on its plans. It has endeavoured, and generally succeeded, in building a high level of trust amongst its stakeholders. (page 34)"

The ElectraNet consumer engagement approach for 2018-23 was the inaugural winner of the ENA/ECA Consumer Engagement Award in 2017. The ENA media release⁴ summarised ElectraNet's engagement approach:

² ElectraNet, *Customer Engagement Outcomes Report, Revenue Proposal 2023-24 to 2027-28*, 31 January 2022

³ <https://www.aer.gov.au/system/files/AER%20-%20Draft%20Decision%20-%20Overview%20-%2026%20October%202017%20%28amended%203%20Nov%202017%29.pdf>



“The recipient of the Energy Consumers Australia, Consumer Engagement Award, ElectraNet engaged early, with Board-level backing to improve the value of electricity transmission services for South Australian customers. ElectraNet’s principled, robust and early engagement approach helped it navigate the impacts of the September 2016 system black event.”

Aspects of ElectraNet’s engagement approach for the 2018-23 regulatory proposal included:

- Consumer Advisory Panel appointed with a diversity of customer perspectives
- Independent facilitator appointed to support ElectraNet and CAP throughout the process
- Engagement started early
- Co-design with the CAP to develop the engagement process
- Separate process to identify issues for discussion between CAP and ElectraNet
- Process review by consultants Harding Katz
- CAP involvement in the development of the Preliminary Proposal
- Well focused deep dives, particularly on major augmentation proposals, AER and consumers actively involved
- Facilitator regularly check in with each CAP member to ascertain their views about progress and inclusivity of process.

After the finalisation of the reset process, in April 2018, ElectraNet’s engagement shifted to its large augmentation capital projects, particularly the SA – NSW interconnector, Project Energy Connect.

In 2020 ElectraNet commissioned Harding Katz to review their engagement approach, noting the Harding Katz provided advice in 2016. Advice from this review was implemented by ElectraNet.

5.2 Engagement plan 2023 – 2028 reset

ElectraNet have fairly documented their engagement in their engagement outcomes report, this section again summarises and highlights key aspects of their engagement.

From later in 2020, ElectraNet increased their focus on preparing for the current revenue proposal and subsequently summarised their engagement plan for the period post November 2020 with the diagram on the following page⁵.

Some of the key aspects of engagement indicated by this timeline are:

- Substantive engagement for 2023-28 regulatory proposal commenced in February 2021 with a Stakeholder Forum focused on their “Network Vision”. We note some earlier meetings did occur however they were more general and preliminary in nature.
- CAP meetings were scheduled in a bi-monthly basis.
- A Working Group of the CAP was established in late June 2021 to provide the CAP focus on the regulatory proposal.

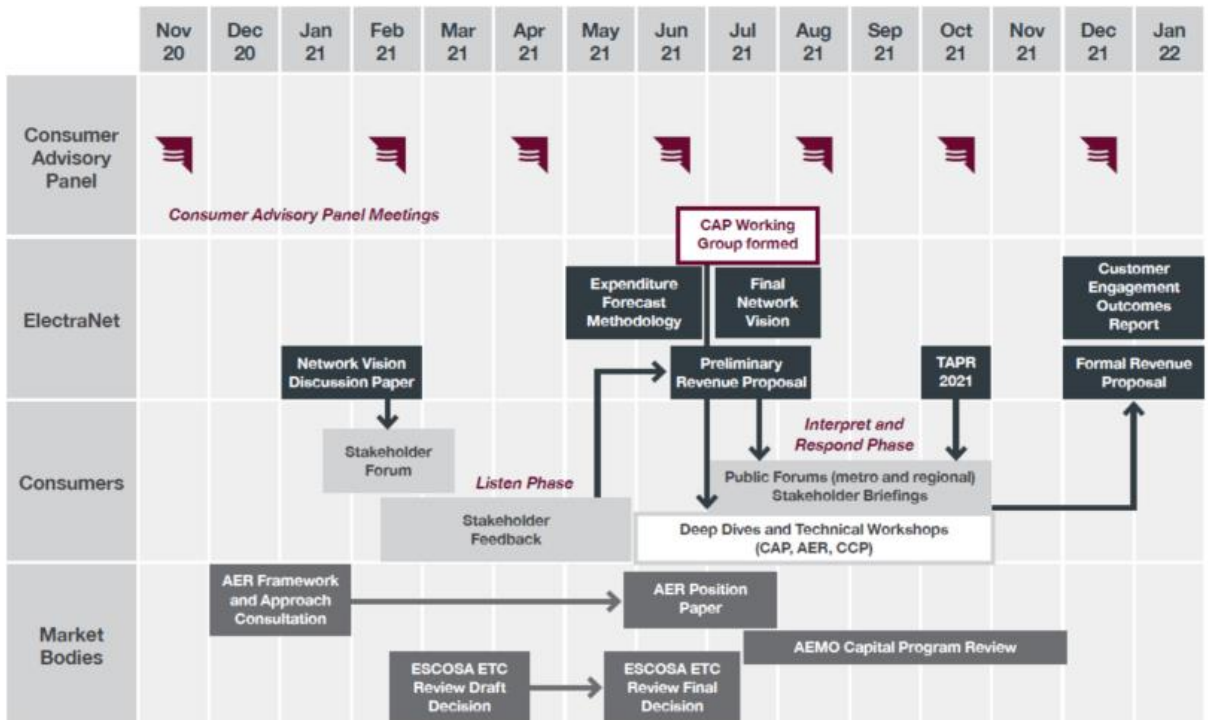
⁴ <https://www.energynetworks.com.au/news/media-releases/consumer-engagement-and-innovation-award-recipients-announced/>

⁵ ElectraNet customer engagement outcomes report, page 13



- Engagement with AER, AEMO and ESCoSA was planned.
- A Preliminary Revenue Proposal was released in July 2021.

Figure 5.1: ElectraNet engagement process summary November 2020 onwards



5.3 Overview of engagement

The engagement for the 2023-28 regulatory proposal was initially influenced by the Network Vision process that was undertaken during 2020-21.

ElectraNet and the CAP were clear that they both wanted to focus on topics where there was capacity for consumer focused input to meaningfully influence outcomes. So the diagram on the following page⁶ was developed by ElectraNet and is a useful summary of topics that could have been considered plotted against revenue impacts and ability to influence.

ElectraNet were clear from the beginning of the engagement process that they were aiming for a proposal that had low-cost impact on customers and that they were not planning any major new capital (augmentation) projects.

⁶ ElectraNet customer engagement outcomes report, page 23



Figure 5.2: ElectraNet, Themes for engagement



The table below contains an events timeline that summarises the core events and timing of the 2023 – 2028 revenue proposal engagement process.

Table 5.1: Engagement process, key events summary

Timeframe	Key Event
November 2020	Engagement approach developed, with some reference to the CAP
February 2021	Network Vision report released, and Stakeholder forum conducted
March & April 2021	Initial priorities developed for revenue proposal with major reference to Network Vision
May & June 2021	ElectraNet develops initial revenue proposal forecasts and briefs CAP
July 2021	CAP Working Group established Preliminary Revenue Proposal released
August 2021	Updated Network Vision released
August- November 2021	CAP Working Group in depth meetings
15 th October 2021	All day CAP Working Group workshop
November 2021	ElectraNet 1:1 meetings with CAP Working Group members to explore progress and particularly process themes raised during October
Nov – early Dec 2021	Final discussions with CAP Working Group before going to ElectraNet Board



Timeframe	Key Event
Dec – early Jan 2021	Final input from CAP members
January 2022	Revenue Proposal lodged with AER, including ElectraNet’s customer engagement outcomes report.

To provide the opportunity for detailed considerations of key topics, in June 2021 ElectraNet asked the CAP to establish a reset Working Group, as a subgroup of the CAP, that could consider reset topics in greater depth. A 4-person CAP Working Group was established, with a fifth person joining where possible.

Key topics covered by the CAP Working Group as listed by ElectraNet in their engagement outcomes report are given as:

- Cost
- Consumer focus
- Collaboration with SAPN, AEMO and other key stakeholders
- Tower anti-climb
- Northern REZ future options and land acquisition
- Power quality (with respect to increased renewable generation)
- Cyber security
- Substation security

We would add to this list the following additional topics:

- Productivity and efficiency, with particular regard to operating costs. This discussion made reference to the AER’s TNSP benchmarking report
- Insurance
- Contingent projects
- Internal governance process with respect to expenditure prioritisation and necessity. The view of the Working Group was that if consumers are satisfied that internal processes, particularly about expenditure proposals, are robust, rigorous and transparent, then outcomes will be well respected.

5.4 ElectraNet’s assessment of their engagement

On page 5 of their consumer engagement outcomes report, ElectraNet state:

“Our engagement program has seen us work most directly with customer representative groups and organisations as the most effective way to engage on transmission issues.”

On page 21, of their report, ElectraNet state:

“We remain committed to effective ongoing engagement and learning from our engagement experiences and those of others as to how we can do better.”

While ElectraNet staff have been clear with this review that they are satisfied overall with their engagement approach for the reset, there is recognition within the business that their engagement approach is still developing. They also recognised areas for improvement, writing in their engagement report, page 21:



“In reflecting on the current engagement process more generally we have identified the following improvement opportunities:

- *Reinstate an independent facilitator to run meetings and work with CAP members to ensure ElectraNet and consumer expectations are met during meetings and engagement and to facilitate full and open discussion.*
- *Meeting presentations and supporting information to be provided to participants well in advance of meetings.*
- *Greater involvement of the CAP (or a CAP Working Group) earlier during the development of the Preliminary Revenue Proposal*
- *Ongoing engagement of the CAP in our annual planning process with the introduction of twice-yearly sessions in say March and September that would provide insight and the opportunity for input in the development of network and asset plans, including the Transmission Annual Planning Report.*
- *Offer to fund operational, independent training for Working Group members with minimal / no experience in understanding network proposals or network business operations to get the most from their unique experiences and expertise.*
- *Face-to-face meetings as much as possible got greater collaboration opportunities*
- *Develop measurable success criteria that are less subjective and open to interpretation.”*

We provide our perspective on the identified opportunities for improvement in Section 6.4 of this report.



6 **Assessment of ElectraNet's consumer engagement**

This section provides the key insights from the stakeholder discussions as well as our assessment of the effectiveness of ElectraNet's consumer engagement.

6.1 **Stakeholder perspectives**

The table on the following page provides a detailed summary and key themes from the discussions with stakeholders.

It is not intended to be a transcript of the interviews, and we have not quoted or attributed any comments to an individual. In addition we do not envisage that all stakeholders will necessarily agree with every item noted. This is not intended to operate as a consensus summary, but rather an amalgamation of perspectives.

Notwithstanding this, there was generally a high degree of alignment in almost all the responses we received. In other words, the perspectives of ElectraNet, the CAP and the CAP WG were generally aligned in almost all areas. There were no questions that elicited evidently different views from any one aligned group of respondents.

Table 6.1: Stakeholder perspectives - further detail

Context Assessment criteria / focus area	Question	Stakeholder perspectives
Introduction / context	What worked well?	<ul style="list-style-type: none"> • Good intent – the engagement was genuine • Good structured input , good content and detailed information was provided by ElectraNet • Robust and respectful discussions in CAP and Working Group • “Great learning journey”. CAP member • All parties willing to have the ‘tough discussions’. • No evident resistance from ElectraNet to any suggestions • ElectraNet internal processes appear rigorous and focused on lowest cost • Board member, CEO and senior executive active involvement • ElectraNet was fully transparent with the CAP: “the CAP sees some things before our Board” ElectraNet staff member • “Genuine commitment from all to do a good job and to reach the end in a shared place.” ElectraNet staff member • “They were approachable, sit with you, not above you”. CAP member referring to ElectraNet Board / CEO attendance at meetings. • ElectraNet senior staff said to WG members “Don’t hold back, we want to hear any thoughts.” • CAP and Working Group worked well as a team: good people with range of expertise and perspective. • ElectraNet producing a Preliminary Proposal was helpful
	What didn’t work so well?	<ul style="list-style-type: none"> • “execution was not as good as had been planned” ElectraNet staff member • “Committee worked out very quickly that they needed to work as a group, but ElectraNet didn’t work that out so quickly.” CAP member • In earlier meetings ElectraNet was quite defensive of any suggestions made or questions asked • “If we had our time over we would have done just as much thinking but less writing and talking... more listening...”. ElectraNet staff member • “it would have been good if the Working Group developed the matrix of issues together with ElectraNet” CAP member • Relatively new and inexperienced CAP

Context Assessment criteria / focus area	Question	Stakeholder perspectives
		<ul style="list-style-type: none"> • No real engagement with South Australian Power Networks (SAPN) • Is there SAPN/ ElectraNet duplication? “Why don’t the two use the same EV, demand etc. forecasts?” Consumers probably paying for two forecasts for the same state. • Preliminary Proposal developed with minimal CAP input • Project Energy Connect dominated ElectraNet’s headspace and early stages of the engagement process. • Working Group should have met on its own, much earlier in the piece • Earlier start of the process would have been good • The meeting cadence was sometimes ineffective, with large gaps between meetings and a loss of momentum. • “Struggle to find balance between meaty issue and room for influence” ElectraNet staff member. • “I was unimpressed by expectations about the level of assumed knowledge” CAP member • Sometimes materials were provided to the CAP with limited review time prior to meetings • Lack of independent facilitator hampered good process along with good content input. • Lack of AER input. AER briefing for newer consumer members would have helped. AER staff were unable to engage on content matters during discussions (unlike last time) • ElectraNet distancing themselves from “ISP projects” all look the same to the customer • Who leads? CAP Working Group and ElectraNet looked to each other for leadership on key topics, particularly in earlier meetings.
Engagement process (nature of engagement)	Where would you map the ElectraNet engagement against the IAP2 spectrum and why?	<ul style="list-style-type: none"> • “Wouldn’t want to give a single answer...” CAP member • “We were trying to find topics where they wanted to shift to the right, but felt they were being dragged back to the left.” ElectraNet staff member. In this instance, the word “they” was inferred to mean the CAP / meeting attendees. • Generally the view was that pre October 2021 it ranged from inform to consult, from October 2021 it moved more to involve nudging into collaborate. • “Depends on the issue . e.g. RAB and depreciation: ‘inform’ level because externally set.” ElectraNet staff member.
Engagement process	How did you satisfy yourself that there was sufficient	<ul style="list-style-type: none"> • Some noted they leveraged their previous experience and industry knowledge. • There was a good rapport amongst the CAP and Working Group where knowledge and information was

Context Assessment criteria / focus area	Question	Stakeholder perspectives
(breadth and depth)	breadth and depth to ensure all material issues were covered?	<p>shared where possible.</p> <ul style="list-style-type: none"> • Others however acknowledged that they were “Learning as we went along”. • There was some reliance placed on the initial ElectraNet issues identification. • Some CAP Working Group members were able to check in with constituents on matters of high relevance.
	Who else did you engage with (e.g. other people within your constituency, other constituents, other energy market participants etc.) as part of the process?	<ul style="list-style-type: none"> • ElectraNet staff highlighted direct connected customer engagement as ongoing • Some CAP members engaged with other panel members for advice • Some were able to discuss issues with other constituents or organisations. • Some ElectraNet representatives had discussions with parties such as AER, AEMO, AEMC • ElectraNet had informal conversations with other networks • ElectraNet undertook a public consultation and public forum process on specific aspects • State Government was kept informed
Engagement process (clearly evidence impact)	What were the material consumer issues?	<ul style="list-style-type: none"> • The number of and cost impacts of contingent projects. • Transition of the network and future uncertainty (DER integration, renewable generation etc.). • Hydrogen and electric vehicle opportunities and impacts. • Replacement expenditure. • Operating cost step changes, e.g. Insurance and Cybersecurity. • ISP – where does it fit in? Where it impacted ElectraNet, who were quite ‘hands off’ about ISP projects. • Governance process. “CAP members couldn’t be on top of all the individual project costs and cost options, but if they can be satisfied by diligent internal processes being applied, then we can be satisfied”.
	How were these issues addressed (or not) in the engagement process?	<ul style="list-style-type: none"> • Most felt that the key issues were addressed to a reasonable degree. • “We got there in the end” ElectraNet staff member. • Some tension: ElectraNet wanted CAP/WP to impact the proposal, but there are very few issues with much discretion, while the CAP/WG looking for topics to influence to justify the considerable information provision • “Did not feel like ElectraNet integrated well or considered the ISP and SAPN well enough, rather had the focus of this is my RAB...” CAP member • “There’s a lot less up for grabs with TNSP’s” (Compared to DNSP resets) ElectraNet staff member.
Outcome	Were there any surprises in	<ul style="list-style-type: none"> • (near) Unanimous agreement that there were ‘no surprises’ at least in the penultimate draft and most likely

Context Assessment criteria / focus area	Question	Stakeholder perspectives
(clearly evidenced impact)	the revenue proposal?	<p>in the final proposal. Noting not everyone had a chance to review the final proposal before we interviewed them.</p> <ul style="list-style-type: none"> • This reflects comments above about the good intent and genuineness of engagement
	Has the revenue proposal addressed all the material consumer issues? i.e. is this revenue proposal capable of receiving your support?	<ul style="list-style-type: none"> • Significant majority said “capable of support/acceptance’ pending AER testing and review. • Sense that with more time, earlier engagement, there may well have been further topics that emerged where better consumer outcomes were possible: “the unknown unknowns”. • “Hand on heart – we did our best” – CAP member
Improvement opportunities	What would you suggest ElectraNet do differently going forward?	<ul style="list-style-type: none"> • General consistency with the improvement opportunities identified in the ElectraNet customer outcomes report (refer Section 5.4). • Most agreed with the benefit of having an independent facilitator. • There were clear views of the need to increase CAP membership and size, noting recent departures. This could include consideration of an ESCOSA representative as part of the CAP. • Increase CAP engagement in key business as usual planning activities. “Transition is happening much faster than people had thought”. “Engagement is not a destination but a journey”. “CAP more involved in the annual planning process”. ElectraNet staff members. • CAP involvement in the development of future scenario options and responses. • The CAP should be more active in driving the agenda and initiating issues to be discussed. • The need for CAP involvement in ongoing monitoring and updates on contingent projects, e.g. the CAP involvement in synchronous condenser discussions was welcomed. • The CAP should have access to a budget to engage independent advice on complex topics. • Some suggested a need to broaden the considerations of the CAP including social licence, reconciliation action plans, regional issues and other similar focus areas. • The CAP requires information and materials in a timelier manner before meetings. • The need for better cooperation with SAPN, including on consumer engagement. • ElectraNet should consider engaging more with generators and battery operators to better understand their challenges and the ways in which their businesses can provide services to the network. • Increased need for induction / education of consumer advocates – both within and outside of the CAP. • Higher priority and stronger engagement on the development of a longer-term network direction and what

Context Assessment criteria / focus area	Question	Stakeholder perspectives
		<p>the strategy and development plan is to achieve that direction. From the agreed direction the regulatory reset can be aligned and focused.</p> <p>Our interviews also identified suggested improvement opportunities for parties other than ElectraNet.</p> <ul style="list-style-type: none"> • The AER needs to have a greater involvement in the induction of new consumer representatives. • Consideration should be given to change the reset timeline to align SAPN and ElectraNet reset periods. • Increased flexibility should be developed in the regulatory framework to adapt faster and “not think of the world in 5-year time slices”. We understand that the AER’s better resets handbook is heading in this direction.



6.2 Observations against framework

This section provides our independent observations and assessment of ElectraNet's engagement. It uses the assessment criteria noted in Section 4.1 and is based on the information in Section 5.4 (ElectraNet's assessment of its engagement) and Section 6.1 (stakeholder perspectives) as well as our assessment of the other information provided and participation in the engagement process more generally.

6.2.1 Nature of engagement

Our assessment criteria for the nature of engagement considered whether or not the review process was collaborative, targeted and effective.

Collaborative

There was sincerity and a desire by ElectraNet to engage collaboratively with consumers. The review process was intended to be collaborative but there were times where the process fell short of this ambition. For example:

- There was no early deliberate, directed and robust co-design of the engagement process or brainstorming of issues of common interest with the CAP. We acknowledge however that there was early discussion about aspects of the engagement process with good intentions, however the execution fell somewhat short of our understanding of a co-design process, see note 2 in Section 6.3.1 for our understanding of co-design.
- The preliminary revenue proposal was developed by ElectraNet and not with the CAP's involvement.

Targeted

In undertaking the engagement ElectraNet used multiple channels to engage with a range of consumers, including discussions with direct connect customers, the CAP, and a public forum. We note however that there were no regional sessions⁷ and relatively little engagement with smaller businesses and also SAPN.

Certainly by comparison to the previous revenue proposal the current proposal is a "slimmed down" proposal. We believe this is mainly due to minimal augmentation capex and lower rates of return.

The unknown is whether a better functioning Working Group focussing on the regulatory proposal for longer, rather than engaging intensively near the end of the time available would have identified further topics for targeting and /or potential cost savings.

On balance however the proposal can likely be considered to be well targeted.

Effective

The CAP working group was only formally established in July 2021, which was relatively late in the process.

⁷ We understand one was offered, however due to COVID related challenges it never occurred.



The engagement process effectiveness increased over time, most notably after the all day workshop with the CAP in mid-October 2021. Prior to this date, the engagement was more “inform heavy” with ElectraNet dominating the discussions in the meetings providing a significant level of detailed information to the CAP with limited time for real engagement and discussions. Post this date, there was a clear change in approach with an increased level of involvement and genuine dialogue with the CAP, noting that this was towards the end of the year so significant calls on CAP member time was made as the lodge deadline loomed.

6.2.2 **Breadth and depth**

This criterion required consideration of whether or not:

Key issues identified by ElectraNet and customers have been adequately explored from a customer perspective (sufficient breadth and depth of engagement).

ElectraNet developed a framework / diagram “Themes for engagement” (refer Figure 5.2). This framework was used as a basis to assist in identifying focus areas for discussion. We note however that the items in this framework as relatively generic and lack some specificity of what the key underlying material issues of interest to consumers may be.

We also note that as discussed above that there was no early deliberate co-design of the issues of common interest with the CAP and that there was a sense that with more time, earlier engagement, there may well have been further topics that emerged where better consumer outcomes were possible: “the unknown unknowns”.

From October 2021 there was a much greater focus during the meetings and discussions where the CAP engaged in depth on specific issues, however this was relatively late in the overall revenue proposal timeline. As noted above, there was likely insufficient breadth in relation to regional sessions and smaller business issues.

The CAP were encouraged and able to test the assumptions and strategies underpinning the draft proposal. The CAP also had the ability to access independent expertise and advice, however there was limited time for the CAP to utilise this resource and no independent advice was ever sought.

6.2.3 **Clearly evidenced impact**

This criterion required us to consider whether or not:

- *Customer representatives have been able to influence outcomes as demonstrated by a transparent public record of engagement outcomes*
- *The Revenue Proposal is targeted to the needs of customers*
- *There are no surprises – the January 2022 Revenue Proposal is as expected, and the Working Group would be satisfied if the AER were to accept it*

Our interviews with stakeholders confirmed that there were no surprises (at least in the penultimate draft proposal) and that a significant majority had said the proposal was “capable of support/acceptance’ pending AER testing and review.

We note that in ElectraNet’s customer engagement outcomes report and the CAP meeting documentation there is a strong and detailed audit trail of specific areas where the CAP had direct influence on the final proposal submitted.



There was a high level of business engagement with ElectraNet's CEO, executive team and select Board members involved in meetings and discussions with the CAP.

6.3 Overall conclusions

Our report needed to consider the *extent and effectiveness of consumer engagement*. Our view is that this is best served by considering the engagement process separate to the outcome (i.e. content of the revenue proposal). We were also asked to identify improvement opportunities.

The diagram below summarises our approach to developing our overall perspective which separately highlights the need to consider the revenue proposal (i.e. the outcome), the engagement process and the improvement opportunities that come together to inform our overall conclusions.

As noted previously there was a workshop on 15th October 2021 that in some ways was a turning point or key moment in the engagement process, Figure 6.2 provides some further insights in this regard.

Figure 6.1: Overall conclusions categorisation

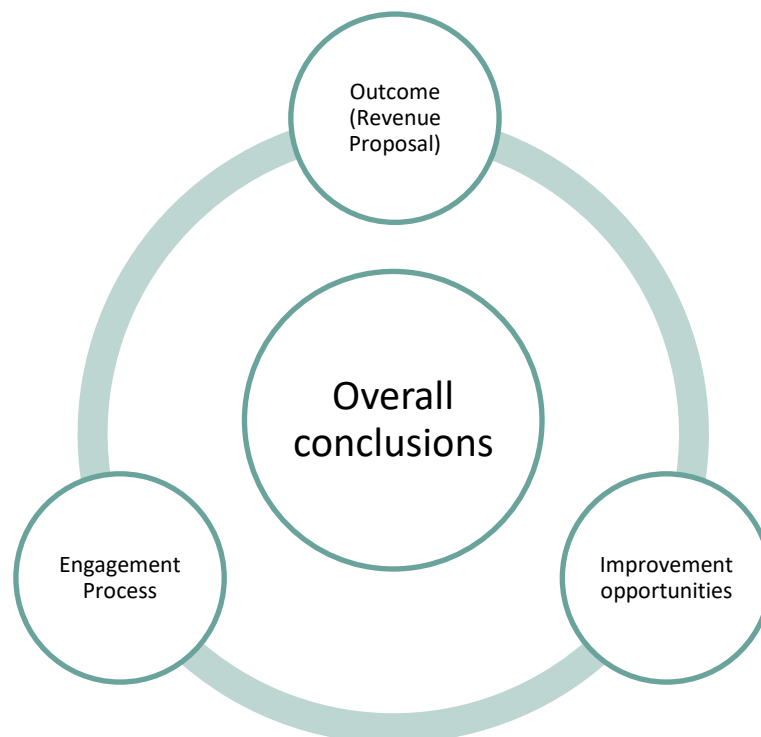




Figure 6.2: A story from the 15th October 2022 workshop

A key story from the interviews was about the all day workshop on 15th October 2021 (conducted in a pre-Omicron window that allowed a face to face meeting).

A number of interviewees talked of some underlying frustration with neither the CAP nor ElectraNet fully satisfied that the engagement was 'hitting the mark' on capacity to influence the outcomes.

CAP members feeling that the process was very information heavy and ElectraNet frustrated that CAP members weren't more forthcoming with topics that they wanted to influence. (All parties have subsequently agreed that the areas for significant impact are limited in a Transmission proposal that has no new augmentation capital projects).

Late in the day an ElectraNet participant opined that the 2023-28 engagement by ElectraNet had been better than the 2018-23 engagement. This was met by a rebuttal from a CAP member who opined that the previous process had been superior.

In the Australian way, this difference in opinion was met by the immediate decision to 'head to the pub.' So over the better part of two hours, the question of merits of the two processes was explored, in a firm and respectful manner.

Source: Stakeholder feedback and Mark Henley's participation in the all day workshop

6.3.1 Comparison of engagement processes

As noted above, some felt that the engagement process undertaken for the prior reset was more effective.

The following table seeks to summarise some of the differences between the two processes as a basis for considering the 2023-28 engagement process and areas for further engagement development.

It also seeks to explore the different implicit understandings and expectations that CAP members and ElectraNet held as they entered into the development of the current regulatory proposal engagement.

Table 6.2: Comparison of ElectraNet's engagement approaches between 2018-23 and 2023-28 proposals

Engagement element	2018-23	2023-28
CAP appointed	Yes	Yes
Working Group established	Yes	Yes
Engagement on the proposal started early (See note 1)	Yes (about 16 months before lodgment)	No (10 months before lodgment)
Co-design to develop process	Yes	To a lesser extent



Engagement element	2018-23	2023-28
(See note 2)		
Issues for engagement agreed early (at least 15 months before lodgment)	Yes	No
Independent facilitator	Yes	No
Process review by independent consultant (See note 3)	Yes, Harding Katz	Some review
Internal review of process	Yes	Stronger
Preliminary Proposal	Yes	Yes
Deep dives (See note 4)	Yes	No (though Working Group provided some of this functionality)
Facilitator checks in with each CAP member regularly	Yes	No
1:1 with direct connect / C&I customers	Yes	Yes
CEO / Board engaged with process	Partly	Stronger
Stakeholder forum	Yes	Yes (re Preliminary Proposal)

Source: Seed Advisory analysis, based on Interviews with 2023-28 stakeholders and regulatory documents for the two periods.

We recognise that aspects of the views summarised in table 6.2 are nuanced and so seek to clarify key terms and processes, from our understanding, in the notes below.

Note 1. The exact timing of commencement of a reset process and associated customer engagement is not necessarily precise. We have sought to define the commencement as the first meeting of the CAP in this instance that was primarily focused on the pending revenue proposal. So while there was some consideration of the 2023-28 revenue proposal before March 2021, this was the timing of the first revenue proposal focused CAP meeting, to the best of our understanding.

Note 2. Co-design is where consumer representatives, network staff and other key stakeholders deliberately plan and agree the engagement process, prior to the commencement of formal engagement.

Note 3. The understanding here is that a process review by an independent consultant is process focused and occurs early enough in the engagement process to inform the process though providing independent observation and enabling participants the opportunity to consider application of consultant feedback. For the 2023-28 processes there was independent advice sought by ElectraNet about process improvements, but we



observe that this occurred much later in the process than the previous process and was more of a partial review of process.

Note 4. Deep dives. We understand ‘deep dives’ to be extended debate/discussion (more than say 3 hours) about a specific question or hypothesis that involves a small number of people (less than about 10) representing a diversity of stakeholders, ideally including the AER (as in 2018-23 deep dives) who have significant shared knowledge / information pertinent to the topic that is the subject of the deep dive. So we characterise the 2023-28 discussion of the CAP as including some discussions in depth, without being ‘deep dives.’.

The October 15th discussion was described by a number of interviewees as the point of time as which things changed, i.e. the process improved for all parties. It was not a specific event that led to the frank discussions, but a point at which the opportunities arose.

Significant actions that ElectraNet undertook from mid-October included:

- Substantial internal reflection by ElectraNet.
- Seeking independent advice from an IAP2 expert (discussed in interviews for this report).
- Bringing forward IAP2 training for ElectraNet staff and executives.
- 1:1 interviews with CAP members by ElectraNet staff about process and areas for improvement.
- Changing chairing arrangements of the Working Group to better delineate process and content matters.
- Exploring areas for improvement for 2022 and beyond.

The speed and detail of the ElectraNet response to the realisation of frustrations with aspects of the process emphasize the genuineness of ElectraNet’s engagement intent.

The sad loss of David Headberry during this time was also felt, particularly by those who know him and his central role on the CAP also diminished its capacity.

6.3.2 Summary observations

Our summary observations about ElectraNet’s engagement are:

Outcome (revenue proposal)

The revenue proposal does not contain any surprises and is also regarded as ‘capable of support’, pending AER review. This was likely achieved by a combination of robust, rigorous and transparent internal process, solid CAP input, particularly through the Working Group and the ‘unseen consumer’⁸ at internal ElectraNet cost considerations demanding the lowest efficient cost.

⁸ By unseen consumer we mean that when ElectraNet was considering expenditure and other issues internally it was as if there was a consumer voice in the room influencing their deliberations.



Engagement process

There can be little doubt about the genuineness of engagement by all parties. The engagement process started off a little weaker than ideal but improved along the way, however all parties acknowledge there is still room for further improvement. Key observations include:

- ElectraNet were too ‘content’ heavy, particularly early on, failing to recognise the importance of sound engagement process to match well informed content input and consideration.
- Perhaps ElectraNet leaned a bit too heavily on their successful 2018-23 engagement and assumed that they would just pick up where they left off for 2023-28 engagement.
- Perhaps too, the heavy focus on Project Energy Connect meant that business as usual engagement dropped off.
- The relationship between the Network Vision engagement and the regulatory proposal was probably stronger and clearer for ElectraNet than the CAP working group.
- The process was in two parts: before October 2021 and from October 2021.
- A reality for TNSP’s may well be that in general there are fewer aspects of a proposal that can be meaningfully influenced by consumer and stakeholder engagement.

The outcomes for ElectraNet are that there is continuing goodwill from stakeholders with plenty of opportunities for improvement into 2022 and beyond.

6.4 Improvement opportunities

Stakeholders identified several improvement opportunities, some of which have already been identified and endorsed by ElectraNet in their engagement outcomes report.

We note and support these improvement opportunities identified by ElectraNet as summarised in Section 5.4, the following sections reflect on some these commitments and other improvements we suggest.

Independent facilitator and engagement culture

The ElectraNet engagement report recognises the value in reinstating “an independent facilitator.” An outcome that has strong CAP support. However this role needs to be more than “to run meetings and work with CAP members to ensure ElectraNet and consumer expectations are met during meetings and engagement and to facilitate full and open discussion.”

The facilitator role should also be about contributing to the engagement culture of ElectraNet and the CAP. ElectraNet must continue to grow and develop its engagement culture, from the top down.

Engagement capacity cannot be turned on and off at the flick of a switch. For example, an aspect for improvement for the CAP Working Group process during 2021 would have been for CAP Working Group members to meet with each other and to explore expectations, group roles, process and related functionality topics soon after appointment. In our interviews there was a view expressed that the Working Party members should have sorted this out on their own. Yet in most group processes, this role would be taken by chair / convenor - which was a role that ElectraNet assumed. The



independent facilitator will help build culture and functionality by identifying CAP support needs and enabling their implementation.

An effective CAP will have capacity and expectation for times of deliberation and even discernment, including about future network, uncertainty, emerging technologies etc. The facilitator should also support functions of this nature.

Ongoing engagement of the CAP in the annual planning process

This learning has strong support, including suggestions that the CAP is involved with twice yearly considerations of the development of network and asset plans, including the Transmission Annual Planning Report (TAPR).

Develop measurable success criteria.

While the intent of this observation is understood, some aspects of engagement are subjective and so do not lend themselves to quantitatively measurable criteria. Satisfaction that the engagement is effective may well suffice for some aspects of CAP engagement. We would suggest that these are made measurable and separately seek to assess process versus outcome based measures.

Other ElectraNet opportunities

Other opportunities for improvement that we recommend for consideration include:

- Engagement on how ElectraNet can build social license, including strategies to develop reconciliation action plans, improve gender diversity within the organisation and responses to vulnerable customer needs. Note that the AER is developing a vulnerable customer strategy and that the other two energy networks in SA, AGIG and SAPN have well developed vulnerable customer plans.
- A bolder and more active development of a network direction and strategy that is developed in conjunction with stakeholders and can be a clear guiding document to aid in the development of future revenue proposals.
- Include face to face engagement in regional SA, particularly once COVID limitations have receded.
- Invite ESCoSA to join the CAP to assist in providing additional insights and expertise.
- Share uncertainty with consumers, e.g. regarding future network and future demand, ISP etc. This also includes consideration of publishing further information and more detail on the forward asset plans and the state of the network. To assist in guiding investment opportunities.
- Stronger engagement with generators and battery operators to better understand how their business models work and how they can contribute to ElectraNet's system and improve cooperation.
- Consider stronger engagement with SAPN and potentially a series of joint workshop and developing / utilising a single set of demand forecasts and other relevant analysis.

Other non ElectraNet improvement opportunities

To assist in further improving ElectraNet's engagement processes we suggest the AER consider the following improvement opportunities:



- The AER needs to have a greater involvement in the induction of new consumer representatives. This will assist in providing much needed support, education and insights into the AER's approach and considerations.
- If feasible there would be benefit in aligning the reset timelines for SAPN and ElectraNet. The strong inter-dependence between the two networks is generally recognised by many consumer groups in South Australia. Aligning the two would not only provide improved efficiencies in the engagement process for consumer representative and the two network businesses, it will also assist in aligning and optimising the increasingly complex network investment options.

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