

4 March 2022

Ms Clare Savage
Chair
Australian Energy Regulator

By email: clare.savage@aer.gov.au

Dear Clare

re: Independent Consumer Engagement Report on ElectraNet's Revenue Proposal

On 3 May 2021, we wrote to you seeking support for our early engagement approach to the development of ElectraNet's 2022 Revenue Proposal. The overall aim of this approach is to develop a well-tested set of proposals that are targeted to the needs of customers and capable of acceptance through the formal regulatory process.

ElectraNet submitted its Revenue Proposal to the AER on 31 January 2022, along with our Customer Engagement Outcomes Report.

I am now pleased to enclose a Consumer Engagement Report prepared by our Consumer Advisory Panel (Panel), which provides an independent assessment of the engagement undertaken in developing our Revenue Proposal.

The report was prepared by Mark Henley, a longstanding Member of both the Panel and the Working Group established to engage on our Revenue Proposal, and Peter Eben of Seed Advisory. It was approved by the Panel on 18 February 2022.

The timing of this report was agreed with AER staff to help inform the development of the AER's Issues Paper on our Revenue Proposal, to be released later this month.

The report considers the breadth and depth of our engagement with our customers and the impact of that engagement on our Revenue Proposal. It does this by reference to the AER's *framework for considering public engagement* and the IAP2 spectrum of public participation, as now incorporated in the AER's *Better Resets Handbook*.

As its central outcome, the report concludes that the Revenue Proposal is capable of support by the Panel, pending AER review.

The report notes that ElectraNet has provided a "strong and detailed audit trail" of the impact the Panel has had on our Revenue Proposal.

Customer engagement has contributed to substantial reductions in expenditure forecasts compared to our Preliminary Revenue Proposal, including:

- a 12 per cent reduction in capital expenditure
- a 3 per cent reduction in operating expenditure
- a reduction in real price impact for customers (down from 5% to 0.8%).

The report also provides a constructive review of our engagement process, recognising the genuine intent underlying the engagement and noting several improvement opportunities identified by ElectraNet and the Panel.

We remain committed to genuine and ongoing engagement with customers and wider stakeholders and have already begun working with the Panel to implement improvements, including formally establishing a role for customer engagement in our annual planning processes.

The report should be read in conjunction with our Customer Engagement Outcomes Report which provides a detailed summary of the engagement undertaken, the range of topics covered and the impact of that engagement. Together, these two reports provide a comprehensive summary and analysis of the outcomes of engagement on our Revenue Proposal.

I would like to thank all those who engaged with us for their valuable contribution in helping to shape our Revenue Proposal, and in particular the members of the Consumer Advisory Panel for their time, commitment, and candour throughout this engagement.

ElectraNet looks forward to working with the AER and stakeholders through the formal assessment of our Revenue Proposal.

Yours sincerely



Rainer Korte
Interim Chief Executive