# Presentation to the Australian Energy Regulator (AER) Public Forum

Wed 19/10/22

Leanne Muffet + Mark Henley (ElectraNet Consumer Advisory Panel [CAP])

## Responding to need for deeper consumer engagement

A range of improvement opportunities were identified by ElectraNet and Seed Advisory in its February 2022 report



#### Establishing the Framework (Table 1)

Opportunity	Our Response
Re-engage an Independent Facilitator (IF) + strengthen the engagement culture	Re-engage an <i>Independent Facilitator</i> to work with the CAP + contribute to the broader engagement culture of ElectraNet  The IF has engaged with ElectraNet's Executive  The IF works closely with ElectraNet's CAP Team
Update Consumer Advisory Panel (CAP) Terms of Reference (ToR)	Develop a Terms of Reference (ToR) that has a strong interface with the International Association of Public Participation (IAP2)  Ensure that the Objectives create legitimacy for the CAP  Clarify roles and responsibilities  Ensure connection with ElectraNet's Executive and Board
Reform the CAP with Diverse Membership	<ul> <li>New CAP members span a diversity of expertise and skills</li> <li>Environment, Disadvantaged Communities, Business, Agricultural, R+D, and Commercial Energy Consumers. *One seat left at the table</li> </ul>
Induction and training support for CAP	ElectraNet has held an initial round of induction sessions for new and reappointed CAP members  • We will continue to seek feedback on CAP member's needs
Metrics of Success	<ul> <li>Develop metrics of success for the CAP (participatory + impact)</li> <li>Metrics of success are embedded in the updated Terms of Reference</li> <li>Seek CAP input (involvement / collaboration)</li> </ul>

#### IAP2 Spectrum

PUBLIC PARTICIPATION GOAL

> PROMISE TO THE PUBLIC



#### **INFORM**

To provide the public with balanced and objective information to assist them in understanding the problem, alternatives and/or solutions.

We will keep you informed.



#### CONSULT

To obtain public feedback on analysis, alternatives and/or decision.

We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public input

influenced the

decision.



#### INVOLVE

To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.

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.



#### COLLABORATE

To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.

We will look to you for advice and innovation in formulating solutions and incorporate your advice & recommendations into the decisions to the maximum extent possible.



#### **EMPOWER**

To place final decision-making in the hands of the public.

We will implement what you decide.

#### INCREASING IMPACT ON THE DECISION

© International Association for Public Participation

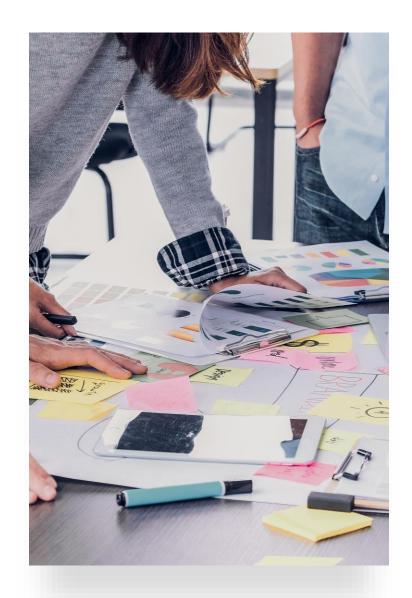
iap2.org

#### CAP main areas of work (Table 2)

Opportunity		Our Response
Early engagement on Revised Revenue Proposal	•	New CAP members have had two meetings specifically on the
		Revised Revenue Proposal (late Sept + Mid Oct 2022)
	•	Some deliberations out of session
	•	A follow up meeting is scheduled for late October 2022
CAP involvement in Annual Planning Process	•	Involve the CAP in twice yearly considerations of the
		development of network and asset plans including the
		Transmission Annual Planning Report (TAPR)
	•	Engagement in the annual planning process will commence in
		the first quarter 2023
	•	Presently the CAP is focused on the Revised Revenue Proposal

#### **Practices**

- Face to face meetings as far as possible
- Clear and regular communication with the CAP
- A clear meeting schedule and timely meeting papers
- Include a face to face meeting in regional SA
- Coordinate with SA Power Networks potentially through a series of joint workshops / meetings



## Response to AER Draft Decision (matters arising post lodgement)

• The CESS (capital incentive scheme adjustment)

ElectraNet proposed an adjustment to the CAPEX expenditure base for CESS calculations, after lodgement of the proposal – with limited opportunity for more considered engagement. The 'new' CAP has sought further information and may engage further

• Draft Decision \$282.1 million (15.4%) higher than amount sought by ElectraNet due to Rate of Return increase.

This is a hefty increase for customers (Business and households) to pay, and could go higher in Final Decision. CAP has asked what options exist to mitigate impact for customers: e.g. transition to apply the RoR increase, increase opex productivity, innovation?

There's no easy answers here!

### Response to AER Draft Decision (matters considered by previous CAP)

- Business narrative: "Network Vision was reviewed and updated with stakeholders in 2020 and early 2021." Might need further adjustment for Revised Revenue Proposal 2 years on.
- Uncertainty remains: DER / changing nature of electricity supply / ISP impacts etc
- Opex step changes: Insurance and Cyber Security both considered in detail pre-lodgement.

  AER agrees that both are material, discussion nearing agreement about prudent level of
  investment. Re Cyber: CAP supports SP level 3, as currently required, but what will be
  required in 2028?
- Contingent Projects: Also extensive engagement with previous CAP potential projects list now shorter and better projects better defined
- Capex, noting inter-period capex (any further change in amount of PEC work needing to move into the next reg period? NB CESS story)

## Questions and or comments

