

# Australian Gas Networks' Reference Group Charter

**Final**

January 2016

*Informing the strategic development of business decisions*

# Table of Contents

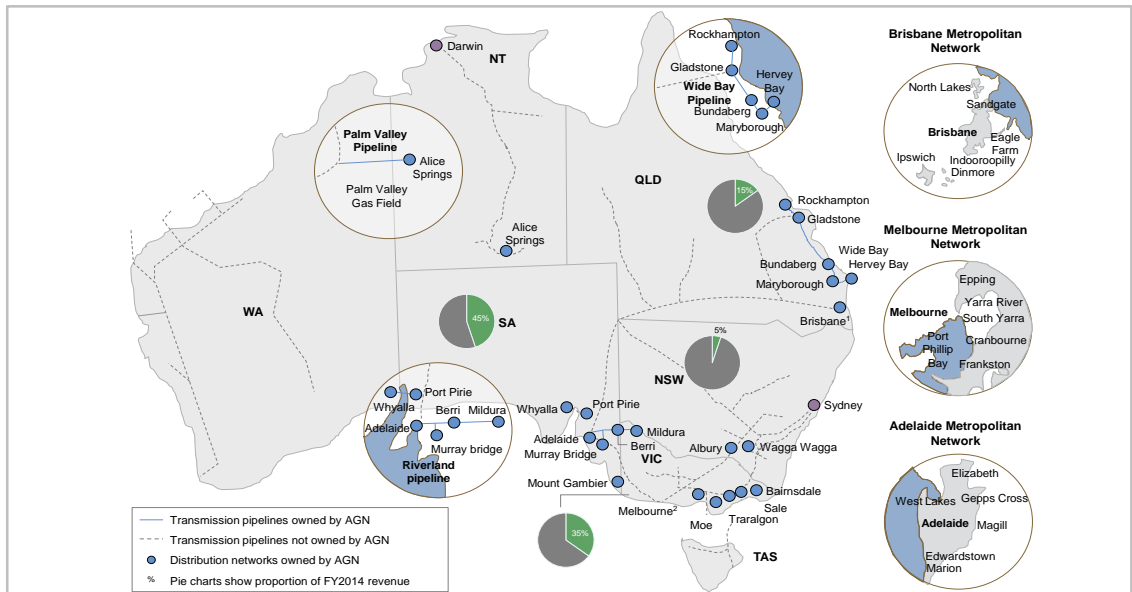
|          |  |          |
|----------|--|----------|
| <b>1</b> | <b>Introduction</b>                              | <b>1</b> |
| 1.1      | About Australian Gas Networks                    | 1        |
| 1.2      | Overview and Purpose of this Document            | 2        |
| <b>2</b> | <b>Role and Responsibilities</b>                 | <b>3</b> |
| 2.1      | Role   | 3        |
| 2.2      | Terms of Reference                               | 3        |
| 2.3      | Responsibilities                                 | 4        |
| <b>3</b> | <b>Administration of the AGN Reference Group</b> | <b>6</b> |
| 3.1      | Group Structure                                  | 6        |
| 3.2      | Selection Criteria and Term                      | 7        |
| 3.3      | Frequency of Meetings                            | 7        |
| 3.4      | Resources  | 7        |
| 3.5      | Funding  | 7        |
| 3.6      | Review of the Charter                            | 8        |

# 1 Introduction

## 1.1 About Australian Gas Networks

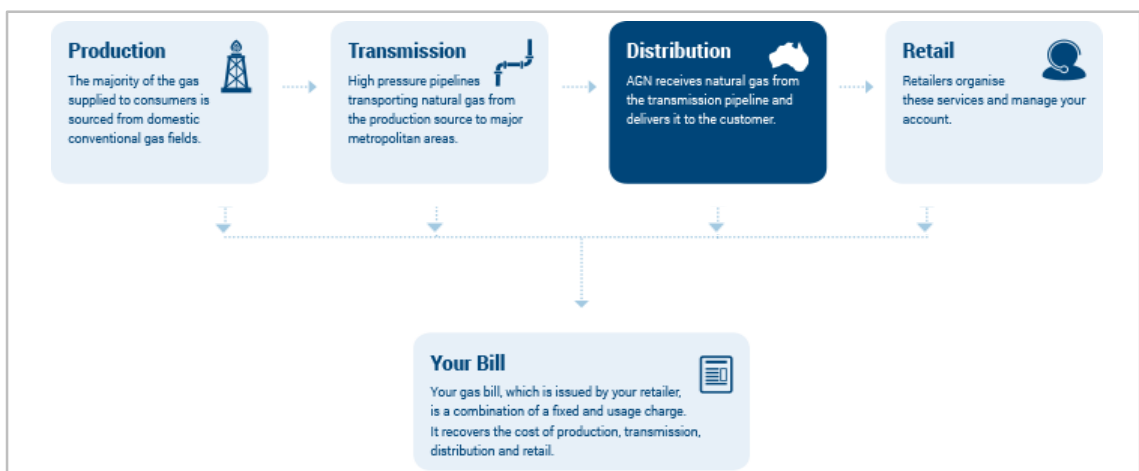
Australian Gas Networks Limited (AGN) is one of the leading natural gas distribution businesses in Australia, servicing around 1.2 million domestic, small business and large industrial customers. AGN owns over 23,000 kilometres of natural gas distribution networks and 1,100 kilometres of transmission pipelines in Victoria, South Australia, Queensland, New South Wales and the Northern Territory. AGN is owned by the Cheung Kong Hutchinson Group of companies based in Hong Kong (see Figure 1).

FIGURE 1: MAP OF AGN'S NETWORKS



Gas distribution is an important part of the natural gas supply chain (see Figure 2). Our distribution network receives natural gas from transmission pipelines and delivers that gas to the customer's home or business. Retailers are responsible for entering into contracts for the purchase of gas from the producer and for the transport of that gas on the transmission pipelines (not owned by AGN) and the distribution network (owned by AGN). The distribution charge accounts for around 40% to 60% of the bill issued by the retailer to the customer.<sup>1</sup>

FIGURE 2: THE NATURAL SUPPLY CHAIN – GETTING GAS TO CUSTOMERS



<sup>1</sup> Energy and Water Ombudsman Victoria, <https://www.ewov.com.au/publications-and-media/news-hot-topics/hot-topic-archive/how-is-the-price-of-electricity-and-gas-calculated-in-victoria>.

## 1.2 Overview and Purpose of this Document

AGN aims to be the leading natural gas distributor in Australia. A key input into achieving this aim is to effectively engage with a range of internal and external stakeholders of the business. AGN has sought to design our approach to stakeholder engagement such that it is consistent with promoting the National Gas Objective (NGO)<sup>2</sup> and the Australian Energy Regulator's (AER's) Customer Engagement Guideline for Network Service Providers (CE Guideline)<sup>3</sup>.

The AGN Reference Group is a key component of our approach to stakeholder engagement.

This Charter outlines the role and responsibilities of the AGN Reference Group and the administration of its operation such as member selection, meeting procedures and funding.

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<sup>2</sup> The NGO is set out in Section 23 of the National Gas Law.

<sup>3</sup> AER 2013, "Consumer Engagement Guideline for Network Service Providers", <https://www.aer.gov.au/node/18894>.

## 2 Role and Responsibilities

### 2.1 Role

The role of the AGN Reference Group (hereafter referred to as the “Reference Group”) is to provide regular input, on behalf of the bodies they represent, into all relevant issues and concerns regarding AGN’s price and service offering. This includes:

- Providing structured and considered advice to AGN on stakeholder values, needs and priorities, including as these relate to AGN’s Business Plans and Gas Access Arrangement proposals.
- Providing structured and considered advice to AGN on the most appropriate ways to engage with stakeholders.
- Provide structure and considered review of the success of engagement activities to date.
- Engaging with AGN on current and expected significant operational, industry and strategic issues.
- Raising stakeholder issues on behalf of their constituents with AGN.
- Fostering an open and honest relationship with AGN including through their representative bodies.
- To assist improve AGNs communication channels with stakeholders.
- Working collaboratively to identify and provide input on emerging issues.
- To strengthen the partnership and understanding between AGN and the reference groups constituents.

AGN expects that open, honest and regular engagement with the Reference Group will assist in our understanding of stakeholder values and expectations, allowing us to better ensure our operations are consistent with the long-term interests of stakeholders. It will also promote a better understanding of the natural gas industry and AGN’s operations by stakeholders more generally. AGN expects that communication with the Reference Group will be a two way process, so that AGN can learn from the Reference Group and the Reference Group can learn from AGN.

### 2.2 Terms of Reference

The Reference Group is a key component of AGN’s wider stakeholder engagement program. It is designed to provide AGN with efficient access to a broad cross-section of key community stakeholder groups and consumer representatives/special interest groups in order to assist the business make informed decisions having regard to our stakeholders and customers.

The terms of reference under which the Reference Group operates are as follows:

- The scope of the Reference Group will be targeted towards issues that relate to the business activities of AGN, but may also include wider gas supply sector issues and industry trends.
- The Reference Group will provide structure and considered review of the success of engagement activities to date.
- Members of the Reference Group are encouraged to provide AGN with written and verbal information gathered from their constituents, or from other individual sources, that they believe is relevant to the operation of AGN, including on matters included on the agenda items of upcoming meetings.
- The Reference Group may form sub-committees to address special interests.

- Members of the Reference Group are encouraged to ask AGN for further information to enable them to provide informed feedback at meetings.
- The Reference Group is an advisory panel only. It can make recommendations, but has no decision making authority. Members are not required to reach consensus on issues or make binding group recommendations.
- The Reference Group is not considered to be public relations or market research (focus groups).
- Members of the Reference Group are not, by virtue of their appointment, or for any purpose employees or agents of AGN. Members have no power of authority to bind or represent AGN, and must not represent themselves as such, or as an employee or agent of AGN.
- Reference Group members are freely available to publicly comment on matters concerning AGN and/or the AGN Reference Group (other than on confidential material or matters). AGN request that as a matter of courtesy, members advise AGN of their intention to participate in such activity.
- AGN has identified additional key stakeholders i.e. government and regulatory stakeholders which may be able to make valuable contributions to the Reference Group but may be conflicted with respect to their ability to directly participate. In these circumstances, representatives of these groups may be invited to attend Reference Group meetings as Guests.

## 2.3 Responsibilities

### 2.3.1 AGN Reference Group Responsibilities

It is the responsibility of AGN Reference Group members to:

- Regularly attend meetings in person. Should a member be unable to attend, they may nominate an alternate from their organisation or request dial-in facilities.
- Actively participate in pre-reading and meeting discussions in a respectful manner.
- Proactively engage with AGN as appropriate outside of defined meetings. This includes providing feedback on future agenda items, reviewing meeting minutes and seeking further information as required.
- Provide feedback to AGN on the nature of engagement activities, this includes reviewing draft meeting minutes and participating in surveys designed to assess AGN's engagement performance.
- Use materials provided by AGN in the manner in which they were intended and not use their Reference Group position for individual gain.
- Work within the guidelines set out in this Charter.

### 2.3.2 AGN Responsibilities

It is the responsibility of AGN to:

- Provide the required level of organisational support.
- Foster a supportive and respectful meeting environment where participants feel able to actively participate in discussions.
- Ensure meetings are run efficiently (meeting duration will not exceed two hours), acknowledging that member's time is valuable.

- Develop and circulate pre-reading materials, including meeting agendas, as required.
- Clearly highlight any materials or matters that are provided to the AGN Reference Group in confidence.
- Actively respond to feedback from Reference Group members.
- Accurately report on minutes of each meeting, circulating these minutes in draft to members for comment prior to finalisation, circulation and publication.
- Make available to the Reference Group staff members with specialist skills or knowledge to assist with technical or other areas.
- Participate in transparent engagement, including making relevant materials (such as ratified meeting minutes) publicly available on AGN's stakeholder website (<http://stakeholders.agnl.com.au>) and transparently reporting back to the Reference Group on how feedback has been provided to the wider business.
- Provide feedback to the Group on how their input has influenced any business decisions, policies or arrangements.
- Determine when appropriate to invite Guests to attend the Reference Group meetings.
- Work within the guidelines set out in this Charter.

### 3 Administration of the AGN Reference Group

#### 3.1 Group Structure

##### 3.1.1 Jurisdictional Segregation

As outlined in Section 1.1 of this Charter, AGN has operations in five separate Australian states and territories. AGN understands that the values and expectations of stakeholders will likely vary across jurisdictions, given differences in climate, economic status, network penetration, demographics et al. As a result AGN intends to have separate Reference Groups in each jurisdiction.

Each jurisdictional Reference Group will operate under the same charter.

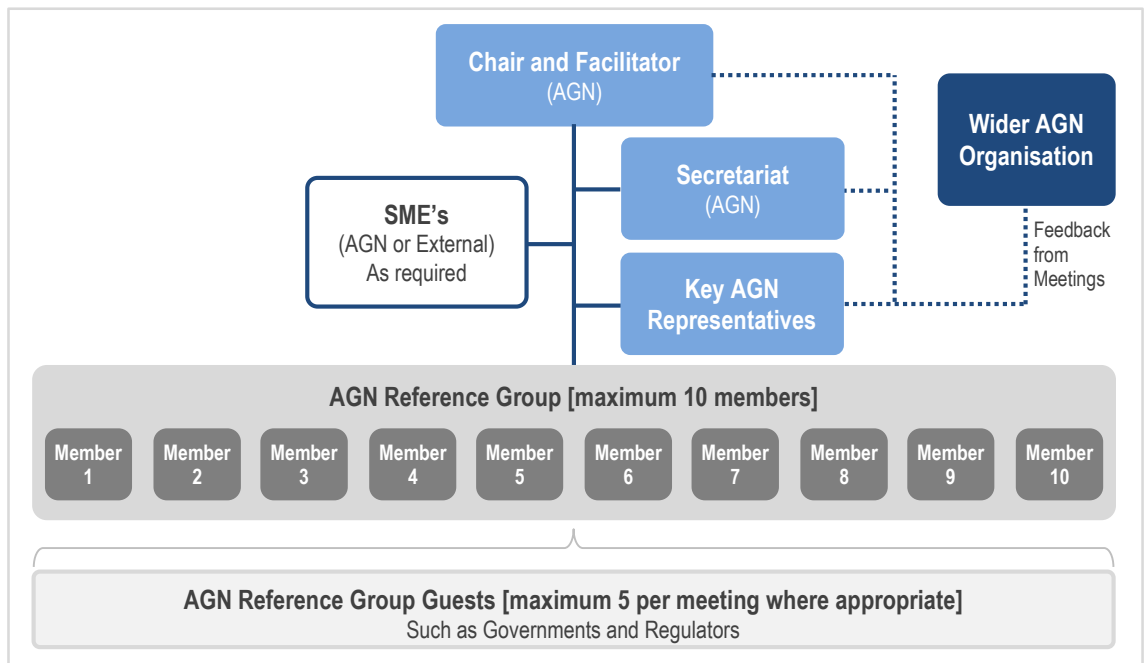
##### 3.1.2 Members

The Reference Group will comprise a broad range of community stakeholder groups relevant to the jurisdiction. This could include groups representing general consumers; the disadvantaged or vulnerable; businesses (including large users), primary producers; the environment and local government.<sup>4</sup> To ensure the Reference Group functions effectively, participation will be restricted to a maximum of 10 members.

AGN will chair and facilitate the meeting as well as provide secretariat support. Key AGN personnel will attend the meetings and Subject Matter Experts (SME) (internal AGN and/or external) will be invited as required.

As outlined in Section 2.3, AGN is responsible for the development and distribution of meeting agendas. AGN Reference Group members, observers and SMEs are encouraged to develop agenda items at their discretion.

**FIGURE 1: REFERENCE GROUP STRUCTURE**



<sup>4</sup> It is noteworthy that AGN will engage with retailers separately through the Retailer Reference Group.



## 3.2 Selection Criteria and Term

AGN will invite and appoint Groups to the Reference Group to represent one or more of the member types outlined in Section 3.1.2. Each Group is then responsible for nominating an appropriate representative to act as a member of the AGN Reference Group.

To be a member of the Reference Group, organisations must satisfy the following criteria:

- be a formally constituted entity, with an appropriately sized and representative membership base;
- be non-party political in nature; and
- be sufficiently resourced to meaningfully contribute.

The Group may also include selected large gas customers who do not satisfy the above criteria.

There is no defined membership term. Once appointed, members may serve until their organisation chooses to withdraw the member or the organisation or until membership is terminated.

Should an organisation choose to withdraw a member or the organisation from participation in the Reference Group, they must do so in writing to AGN.

AGN reserves the right to, at any time:

- fill any vacancy on the Reference Group;
- alter Reference Group representation; and/or
- terminate member bodies.

Any change to the Reference Group structure or any termination will be made in writing by AGN to the members directly impacted by the change. Reasons for termination may include misconduct, breach of confidentiality, failure to declare a conflict of interest, inappropriate conflict of interest, failure to attend two consecutive Reference Group meetings or any breach of this Charter.

## 3.3 Frequency of Meetings

The Reference Group will aim to meet a minimum of four times per year. Additional meetings may be arranged at the request of either the Reference Group or AGN.

## 3.4 Resources

AGN will provide adequate resources to ensure the Reference Group runs effectively and efficiently. This includes providing:

- Meeting facilities (such as meeting rooms, digital facilities and general amenities).
- Secretariat support including to draft meeting minutes for review and endorsement by the Reference Group.

## 3.5 Funding

AGN acknowledges and is grateful for the time investment from members participating in the Reference Group. AGN is pleased to offer members a sitting fee of \$250 per meeting to cover any costs associated with attending and participating in meetings.

### 3.6 Review of the Reference Group and Charter

The Charter of the Reference Group will be reviewed annually to ensure currency and effectiveness. Any recommendations or suggestions will be circulated to Group members for consideration prior to incorporation. AGN will also seek annual feedback on the performance of AGN's engagement program.