

# AGN Retailer Reference Group – Meeting 3 Minutes

## 1.1 Details

<b>Date:</b>	Tuesday, 2 February 2016
<b>Time:</b>	10.30am – 12.30pm AEDT
<b>Resources:</b>	Revised Retailer Reference Group Charter (circulated with Agenda) Final AGN Stakeholder Engagement Scoping Paper (circulated with Agenda) Victoria/Albury Consolidation Process (circulated with Agenda) AGN Presentation on Victoria/Albury Engagement Strategy (circulated on 2 February) AGN SA Revised Access Arrangement Information Presentation (circulated with Agenda)

## 1.2 Attendees and Apologies

### 1.2.1 Attendees

Retailer Reference Group	AGN
Patrick Whish-Wilson (AGL)	Craig de Laine (Chair)
Geoff Hargreaves (Energy Australia)	Anna Mitchell
Constantine Noutso (Lumo Energy)	Vicky Knighton
Sean Greenup (Origin Energy)	

### 1.2.2 Apologies

Retailer Reference Group	AGN
Paul Mullan (Alinta Energy)	
David Curtain (Simply Energy)	
Elizabeth Molyneux (AGL)	
Stefanie Macri (Lumo Energy)	
Sallie-Ann Proctor (Lumo Energy)	
Lillian Patterson (Origin Energy)	
Observer (ERAA)	

## 1.3 Minutes

- The teleconference commenced at approximately 10:30am AEDT.

### 1. Welcome

- AGN (Craig de Laine) (CdL) welcomed the group and thanked them again for their time and commitment and reiterated that AGN remains committed to keeping the meetings to two hours.

### 2. Previous Action Items

- Placeholders for the remaining meeting dates for 2016 have been emailed, AGN will endeavour to keep to these timelines, noting any changes would be advised ASAP.
- Focus for meeting is the stakeholder engagement strategy for Victoria/Albury Access Arrangement (AA) over the next 12 mths and seeking Reference Group (RG) feedback. What does this group want to get out of the AGN process and what are the key issues the RG wants to speak about? CdL stressed AGN wanted this group to influence what this group talks about.

- AGN (Anna Mitchell) thanked the group for feedback on the 2 key documents;
  - AGN's Stakeholder Engagement Scoping Paper, noting only minimal feedback was received, which indicates the group was satisfied with the document.
  - The Retailer Reference Group Charter was updated to incorporate feedback from AGN's two other Reference Groups (South Australia (SA), and Victoria/Albury (VA)) for consistency.
  - Pending the next meeting with the Victoria/Albury Reference Group (VARG) on 4 February, we will consider both those documents now final and accepted.
- Previous Meeting minutes have been finalised and will be uploaded to AGN's Stakeholder Engagement website shortly.

### **3. Update on Victoria/Albury Consolidation Process (circulated with Agenda)**

- CdL spoke to the presentation circulated prior to the meeting stopping throughout for comment and questions. Key points noted by CdL included:
  - This group were broadly supportive of AGN's application for consolidation.
  - AGN's view is this consolidation is very much an administrative issue that joins the two access arrangements together.
  - Submission made to the AER on 9 November 2015.
  - AGN have had subsequent discussions with the AER (as well as other stakeholders), and the view is they are also supportive of consolidating the AA but the AER will place key conditions on that support.
  - The first key condition will be that the AER will likely require AGN to maintain a separate Regulatory Asset Base etc. to ensure cross subsidisation does not occur.
  - AER will want to ensure that there is no price cross-subsidisation between Albury and Victoria as a result of the consolidation.
  - Another key position the AER will be seeking will be to maintain a separate pricing zone for Albury, (effectively continuing the Albury tariff zone) to ensure there is no cross-subsidisation as a result of the consolidation process.
  - CdL commented that an item AGN is keen to discuss in the future is our tariffs. AGN currently has five tariff zones including Albury in Victoria (compared to SA residential, commercial and industrial volume market which has 1 zone). AGN will be seeking feedback on whether those zones in Victoria is the right way to go forward. Discussion to continue.
  - Next steps: AER will distribute a position paper this Friday 5 February and they will be seeking comment from Stakeholders.
  - CdL has requested that any position paper released by the AER on this matter should be distributed to this RG and confirmed that the RG gave their approval for AGN to provide to their details to the AER. All in agreement.

### **4. Victoria/Albury Strategy for Stakeholder Engagement (presentation circulated on 2 February)**

- CdL commented that this presentation mirrors and expands on our Scoping Paper, it also incorporates learnings from SA over the last 12 months. The Scoping Paper sets out to inform our Stakeholder Engagement Strategy, in particular Who we engage with, How we engage, and What we engage on.
- CdL spoke to the presentation stopping throughout for comment and questions. Key points noted by CdL included:
  - AGN need to understand what consumers and stakeholders value and reflect that in our proposal to the AER.
  - Slide 4: Similar approach to SA, however, AGN are now conscious of engagement fatigue. AGN is attempting to address the issue by working with the two other Victorian distributors. DB's were invited to observe what we do through our Victoria/Albury Reference Group (VARG).
  - Timing: AGN is further advanced than the other distributors to allow for repeat engagement (which was done well with this group around T&C's in SA) but also to meet AGN's objective of putting a draft plan AA information out by 5 July this year for stakeholder engagement which is a key change in AGN's approach.
  - Victoria/Albury specific strategy to be finalised by end of February.
  - Slide 5: AGN is in the Strategy Phase now (engaging with key stakeholders, particularly our three Reference Groups) and defining Who we engage with, How we engage and What we engage on, as well as what the group hopes to get out of this process, AGN welcomes any feedback.
  - Slide 8: Key Learnings: AGN conducted a survey with the SARG asking for feedback on performance, did not receive a lot of feedback. Organisations may be concerned as to how AGN interprets the information and uses that going forward. CdL stressed that AGN will never use Stakeholder Engagement to underpin large submissions to the AER, it will always need to be justified against the requirements of the rules, AGN uses Stakeholder Engagement to inform what they are doing and hopes to keep developing our engagement.
  - Slide 8: Consumer survey was very ambitious in asking 'willingness to pay' questions and did not receive a good response. AGN will still survey stakeholders but in a different form, directional questions, and will not be testing 'willingness to pay'.
  - Slide 8: Can learn a lot from engagement in SA with Large Industrials. Industrial and Commercial customers were invited to 1:1 meetings, not a lot of input received. AGN will take a different approach in Victoria/Albury.
  - Slide 9: CdL pointed out that the VARG has a representative from the Master Plumbers Association which will ensure we engage well with Facilitators.
  - CdL asked the group for any feedback, taken as properly scoped out.
  - CdL noted that one stakeholder group we needed to keep on the agenda was vulnerable customers, as we are all acting in that space. AGN sees its role in that area is to work alongside the groups already doing the work. CdL stressed that anything AGN proposes within that area, will be consulted on via the RG. CdL invited the RG to advise AGN of any assistance required i.e. Fact Sheets.
  - Action: AGN to periodically add Vulnerable Customers to the agenda.

- Slide 10: Make up of VARG:  
All Retailers are covered.  
AGN advised of changes going on in ERAA, AGN has extended invitation for an ERAA /ECAA representative to observe these Reference Groups, and is awaiting a response.  
CdL asked for any feedback on composition of group.  
One member questioned perhaps the Energy Consumers Australia (ECA).  
AGN (Vicky Knighton) provided an update and advised the ECA suggested that it wasn't their role to be on Reference Groups, but rather to skill up and resourcing other representative members of the community to be involved i.e. COTA. COTA has representatives on both AGN Reference Groups.
- Slide 13: CdL asked if issues listed were relevant topics, highlighting that the engagement with retailers around Terms & Conditions was some of the most valuable and effective undertaken in SA.  
One member asked AGN's views regarding 'consistency of message' especially in regard to Tariff structures.  
AGN confirmed the group is interested to see Tariff structures remain on the agenda.  
AGN wants to ensure we have an understanding of retailers intentions so there is a consistency in tariff messaging that comes from both retailers and AGN.  
CdL suggested ALL monitor opportunities for an alignment with consumer messaging.
- In SA, Tariff discussion was at a very high level. Any feedback on Tariffs will be brought back to this RG. AGN did not believe the consumer workshops were the avenue to get into detailed structural issues.
- Action: AGN to bring a considered paper to the group for discussion at a future meeting.  
The number of zones in Victoria a potential discussion topic.
- CdL asked for any further feedback and encouraged retailers to provide further feedback on key issues on any of the items covered.
- Action: AGN will finalise our Vic/Albury Strategy and circulate it to the group for comment.

#### **5. Update on Revised South Australian Access Arrangement Proposal (AGN SA Revised Access Arrangement Information Presentation circulated with Agenda)**

- CdL spoke to the presentation stopping throughout for comment and questions. Key points noted by CdL included:
  - AGN wishes to continue with an open and transparent approach to all stakeholders.
  - AGN has taken a pragmatic approach to our revised response.
  - Key issue to be resolved relate to Mains Replacement and Mount Barker and Opex (particularly productivity adjustment) and Financeability.
  - CdL asked for any feedback, one member commented that there will be issues (WACC) that the group would not agree on.
  - Slide 7: AGN has responded with a rigorous risk assessment and a cost benefit analysis.
  - Action: AGN to distribute reference to Slide 12: Chart from AA Proposal which shows the differences in risk on network after each 5 year regulatory period and a difference in cost to customers.
  - Slide 14: AGN believes the Mount Barker project is economically sound, and would appreciate stakeholder support for this initiative.

## 6. Other and Next Steps

- Refer to slide 21
- Next meeting: 2<sup>nd</sup> May 2016 to provide an overview of progress of AGN's research phase; Tariffs and the Terms & Conditions which will be provided to Retailers in mid-March.
  - ACTION: AGN to provide information on Terms and Conditions to RRG in mid-March.
  - CdL closed the meeting and reiterated offer to the group to provide feedback at any time.
  - Meeting closed at approx. 12.17pm

## Action Items

- Retailer Reference Group:
  - Provide potential agenda items (at least 3 weeks prior to meeting).
  - Monitor opportunities for an alignment with consumer messaging (ongoing).
- AGN:
  - Circulate draft meeting minutes pertaining to Meeting 3 for comment and discussion.
  - Provide RRG details to enable AER to forward discussion papers (complete)
  - Ensure Vulnerable Customers are periodically added to the agenda.
  - Monitor opportunities for an alignment with consumer messaging (ongoing).
  - Provide a considered Tariff paper to the group for discussion at a future meeting. The number of zones in Victoria is a potential discussion topic.
  - Finalise Victoria/Albury Strategy for Stakeholder Engagement and circulate to the group for comment by end February.
  - Distribute reference to Slide 12: Chart from AA Proposal which shows the differences in risk on network after each 5 year regulatory period and a difference in cost to customers.
  - Provide information on Terms and Conditions to RG in mid-March.