

Minutes

AGN Victoria/Albury Reference Group | Meeting 6

Date

Monday, 27 February 2017

Where

Via Teleconference - [Dial in details](#)

Dial: 1800 672 949

Guest Passcode: 7242 2670 0000

Time

12.00pm – 2.00pm

Attendees

Reference Group	AGN
Gavin Dufty (St Vincent de Paul Society)	Craig de Laine (Chair)
Mark Henley (Uniting Communities)	Ben Wilson
Chris James (NORTH Link)	Peter Bucki
Jon Onley (Australian Industry Group)	Jin Singh
Teresa Mitchell (Ministerial Council for Small Business)	Anna Mitchell
	APA: Ken Hedley

Apologies

Reference Group	AGN
David Havyatt (Energy Consumers Australia)	APA: Andrew Foley
Randal Harkin (COTA VIC)	
Ken Gardner (Master Plumbers Association)	
Ben Martin Hobbs (Consumer Policy Research Centre, formerly CUAC)	

Minutes

The teleconference commenced at approximately 12.00pm AEDT

1. Welcome

AGN, Ben Wilson (BW) welcome all to the call and thanked members again for their contribution to AGN's stakeholder engagement program. BW commented that AGN's Draft Plan and Final Plan would not have been the documents that they were if it not for the support of this group and the time commitment made to the process.

AGN, Craig de Laine (CdL) made some comments on changes in AGN staffing, noting Peter Bucki had been appointed to the role of Head of Regulation, CdL's role had expanded to focus on the strategy side of the business, and Anna Mitchell, has joined AGN, from APA Group as Manager Stakeholder Engagement, further displaying AGN's commitment to continuing this program with this group and right across AGN's business.

2. Review of Minutes from previous meeting and action items

Meeting minutes for Meeting 5 have been circulated and noted.

3. Final Plan update

CdL noted that the Victorian/Albury Access Arrangement cuts across all key areas in AGN's Vision.

CdL then referred to the Key Metrics infographic for Victoria and Albury (slide 4) noting there were no surprises in the Final Plan.

This infographic was first used during AGN's Draft Plan stage and has been carried through to post submission of Final Plan. It sets out on one page, the key outcomes/deliverables that AGN is proposing over the next five years for Victoria/Albury.

- **Highlights:**

- 11% reduction in distribution charges from 1 Jan 2018, (actual cut is 11.5%), however, this is consistent with how information is presented throughout the Final Plan, AGN have used conservative messaging which is clear and concise.

- **Key deliverables:**

- Maintain and improve safety performance, also of note, AGN is proposing to complete the replacement of all low pressure cast iron and PVC pipes from the Victorian network (297km remaining) which has been part of a 10 year program.
- AGN followed our Reference Group's advice on the issue of engagement with the technical and safety regulator on this issue, AGN now has ESV support for the volume of mains replacement AGN is proposing in the current period. See below a link to the letter from the ESV supporting the proposed mains and services replacement program:

<https://www.aer.gov.au/system/files/AGN%20-%20Attachment%208.9%20-%20Energy%20Safe%20Victoria%20-%20Letter%20to%20AGN%20-%20Australian%20Gas%20Networks%20distribution%20mains%20and%20services%20integrity%20plan%20September%202016%20-%2020161220%20-%20Public.pdf>

- Lower costs: a \$23m cut in total expenditure (totex), primarily driven by the lower volume of mains replacement in the next period. AGN has delivered 696km replaced in this current period.
- BW added that is against a background of growing customers, the customer base will grow more than 10% period on period.
- The other key driver is the Rate of Return, AGN are proposing a 2% cut in rate of return (AGN have used a placeholder period of September 2016 to set the Rate of Return, which at that time was 5.3% as required by the AER).
- AGN is proposing to connect an additional 80 000 customers to the network over the next period.
- A good environmental story to tell about gas.

CdL then opened the discussion to other's thoughts, feedback and expectations.

Member comment: The presentation of AGN's Final Plan was in line with expectations, and there were no surprises.

Member question: Around AGN's growth in customer number forecasts, what reassurance can AGN provide that that 10% growth is attainable?

- Peter Bucki, AGN (PB) responded by explaining AGN's growth forecasts use independent HIA forecasts for dwelling numbers, which from a residential perspective is a key driver of AGN's growth. Melbourne's growth is extremely strong, AGN's network covers two of Melbourne's growth corridors.
- CdL also noted that this was consistent with the approach used in AGN's SA Access Arrangement and approved by the AER.

Member question: Is AGN's growth Brownfields or Greenfields?

- BW confirmed that it was mostly Greenfields. AGN's Line of Main is currently at 90-95% penetration, so the majority of growth nationally, is coming from Greenfields.

Member comment: Recent milestone article on the additional 650 approximately new homes coming onto the line of main in Wandong/Heathcote junction which was great news for AGN as well as the local community.

- BW noted that this project was funded by the Energy for the Regions program. AGN has come in under budget and has agreed with the Victorian Government to do additional reticulation than originally planned, so the scheme is getting extended further.

Member comment: Echoed these concerns for regional Victoria in the Gippsland region, particularly the Dairy industry.

Members, Teresa Mitchell (TM) and Mark Henley (MH) had both been at the Consumer Energy Congress prior to the meeting, which focused on the importance of collaborative partnerships on these types of issues.

Action:

TM, MH to report back on any opportunities for this group from the Congress.

CdL encouraged the conversation to continue, as the remaining slides on the Final Plan covered background information already familiar to the group, additionally, what the group would like to see as future Agenda items to be discussed.

One member commented that there were opportunities in 'operationalizing' the plan around improving communications.

Member question: Why does AGN view marketing as step change, rather than a cost of doing business?

- CdL noted that AGN see it as both, AGN already does market in areas where they are the only gas distributor, however, AGN on its own, cannot market to metropolitan Melbourne as it is also covered by two other distributors (AusNet Services and Multinet Gas) due to 1) 'free rider' issue and the benefit to the other distributors, and 2) it would not be practical, for example, marketing/implementing a rebates program (the core of AGN's marketing activities) only available in certain areas would be extremely difficult, therefore it would need to be a joint program.
- AGN sees a joint marketing program as a practical and efficient way to overcome this and is necessary for a unique situation such as the Victorian network.

- AGN see this as a step change as it is something that hasn't been delivered in the past, and it hasn't had the coordination to be able to roll out such a program previously.
- This is the only step change in AGN's Final Plan.
- One member commented that there were competitive factors in the market today, and marketing was required to respond to alternate fuels and if we don't do it now, those other alternate fuels will continue to gain strength and market share.

Member question on Innovation Scheme: Where will the consumer benefit be from an Innovation Scheme and how will that be quantified in short-medium term? The member believed the time is right as long as the maximum benefit from any research project is passed back to the consumer.

- CdL commented that it was important for AGN to position the business for going forward, particularly in areas such as de-carbonising gas. This type of innovation Scheme will allow for pilot program projects in new technologies, and believe these types of projects should only be funded if there is clear reporting and accountabilities on project outcomes and the implications to customers going forward.

The discussion then moved to agenda items looking forward when the conversation with this group becomes more business as usual as opposed to regulatory driven. Items for discussion to include Consumer education and awareness, and how this group can contribute to the messaging about gas.

4. Planned customer activities for 2017

AGN, Anna Mitchell (AM) provided the group with an overview of AGN's planned customer activities for 2017.

Customer Service Benchmarking update: AGN now has a full 12 months' worth of data which provides a good analysis into the drivers of dissatisfaction over the three key touchpoints, being planned outages, unplanned outages and new connections. This program will now be embedded into AGN's business as usual activities which includes setting stretch targets based on the previous year's performance.

On communications, one member commented that he thought there was not enough communication around behind the meter, for example, planned notifications could be more appropriate if appliances were known, current notifications are out of date, and don't provide enough information. Another questioned if it were possible to have gas appliances listed on the gas bill?

- AGN, Jin Singh (JS) advised that information (behind the meter) was held by the retailers, we (AGN) know what (how much) is being consumed but not what appliances. However, it is something that AGN would be pleased to work towards with retailers.
- JS also commented that ATTCO (WA distributor) have joined the benchmarking program which will allow us to compare results and are hopeful that others will join.

One member asked how else AGN sources customer feedback and defines future expectations from customers (compared to this interaction based surveys)? And also suggested that AGN could hold alot of additional information on the website (for example information on different types of appliances linked back to notification letters, to get people asking about gas).

- JS mentioned that AGN sources customer feedback via a range of different methods; meetings like these with consumer advocates as well as workshops with end users, and outside the regulatory framework, AGN undertakes focus groups and surveys to understand customers perception of gas and their expectations of us and future use of gas.

AM provided the group with an overview of natural gas benefits and awareness campaign, supported by TV commercial (in selected areas), and digital campaign to commence shortly following on from AGN's 'Everyday Experts recommend natural gas' campaign.

Continuation and standardisation of rebates program which promotes the installation of gas appliances in partnership with gas appliance retailers/plumbers/gasfitters etc.

Ongoing optimisation and further development of www.australiangasnetworks.com.au which launched in October 2016 and consolidated several customer websites into one.

Action:

AGN to provide further detail on customer engagement opportunities for end users as well as advocates.

5. Reference Group Charter review

AM thanked the group for their survey feedback.

AGN is currently reviewing the Reference Group Charter and encouraged the group's feedback.

Action:

AM to distribute Reference Group Charter, Reference Group to provide any feedback to AGN.

6. Future Agenda items

Suggestions included:

- Medium – long term planning
- Research & Development on the changing mix of fuels, reducing carbon emissions, de-carbonising gas and what current research is showing. AGN could consider, when the time is right, holding some public forums on these issues.
- AGN's response to/how it will deal with groups/advocates who encourage customers to leave the gas network (the value proposition for gas may temper those arguments).
- ENA's Gas Vision 2050: AGN will circulate to group and will discuss AGN's role further
- Leadership in communication: to ensure there is good information available to customers about what the options are that customers have.

7. Thanks and close

CdL thanked all in attendance.

The meeting concluded at approximately 1.30pm

Next Meeting: Meeting 7 | Tuesday 25 July 2017, 2.00m – 4.00pm

Action Items

Reference Group	Who	When
One week after circulation: Provide feedback on meeting minutes	All	22/03/2017
Report back to group on any opportunities from the Consumer Energy Congress.	TM, MH	Before next meeting
Provide feedback to AGN on Reference Group Charter	All	By 22/03/2017

AGN	Who	When
Circulate draft meeting minutes	AM	15/03/2017
Provide further detail on customer engagement opportunities for end users as well as advocates.	AGN	Ongoing
Distribute Reference Group Charter	AM	With minutes